CALIFORNIA LEGISLATURE

2015–16 REGULAR SESSION

ASSEMBLY DAILY JOURNAL

Tuesday, January 13, 2015

SEVENTH SESSION DAY

FORTY-FOURTH CALENDAR DAY

AT SACRAMENTO, CALIFORNIA

NOTE: Official record of rollcall votes. All amendments considered by the Assembly on this day are on file with the Chief Clerk of the Assembly and available on request. All Senate amendments to Assembly measures considered by the Assembly on this day are on file with the Secretary of the Senate and available on request. A list of all measures amended and on which amendments were offered in the Assembly is shown on the final page of this day's Assembly Journal.

(Please direct any inquiries and report any omissions or errors to Minute Clerk: Phone 916-319-2360)

PROCEEDINGS OF THE ASSEMBLY

IN ASSEMBLY

Assembly Chamber, Sacramento
Tuesday, January 13, 2015

The Assembly met at 7 a.m.
Hon. Jim Cooper, Assembly Member, 9th District, presiding.
Chief Clerk E. Dotson Wilson at the Desk.
Reading Clerk Kathleen M. Lewis reading.

ROLLCALL

The following were placed upon the morning rollcall—77:

Achadjian	Dahle	Jones	Perea
Alejo	Daly	Jones-Sawyer	Quirk
Allen	Dodd	Kim	Rendon
Baker	Eggman	Lackey	Rodriguez
Bigelow	Frazier	Levine	Salas
Bloom	Gallagher	Linder	Santiago
Bonta	Garcia, C.	Lopez	Steinorth
Brough	Garcia, E.	Low	Stone
Brown	Gatto	Maienschein	Thurmond
Burke	Gipson	Mathis	Ting
Calderon	Gomez	Mayes	Wagner
Campos	Gonzalez	McCarty	Waldron
Chang	Gordon	Medina	Weber
Chau	Gray	Melendez	Wilk
Chávez	Grove	Mullin	Williams
Chiu	Hadley	Nazarian	Wood
Chu	Harper	Obernolte	Mme. Speaker
Cooley	Hernández	O'Donnell	
Cooper	Holden	Olsen	
Dababneh	Irwin	Patterson	

Quorum present.

At 1:52 p.m., Hon. Rudy Salas, Jr., 32nd District, presiding

REGULAR BUSINESS DISPENSED WITH

By unanimous consent, the regular order of business of the Assembly was dispensed with for this legislative day.

LEAVES OF ABSENCE FOR THE DAY

By unanimous consent, the following Assembly Members were granted leaves of absence for the day:

On legislative business: Assembly Member Ridley-Thomas.

On legislative business, per diem waived for the 2015–16 Session (Assembly Journal, page 63): Assembly Member Beth Gaines.

Because of illness: Assembly Member Bonilla.

EXPLANATIONS OF ABSENCE

Pursuant to the Assembly Rules, the following explanations of absence were ordered printed in the Journal:

January 13, 2015

The Honorable Toni G. Atkins
Speaker of the Assembly
State Capitol, Room 219
Sacramento, California

Dear Speaker Atkins: I write to request permission to be excused from Check-in Session on Tuesday, January 13, 2015. I have a legislative matter that I must attend to in my district. Thank you for your assistance in this matter. If you have questions or need more information, please call Lourdes Machado, at (916) 319-2054.

Sincerely,
SEBASTIAN RIDLEY-THOMAS, Assembly Member
Fifty-fourth District

January 13, 2015

The Honorable Toni G. Atkins
Speaker of the Assembly
State Capitol, Room 219
Sacramento, California

Dear Speaker Atkins: I respectfully request to be excused from Check-in Session on Tuesday, January 13, 2015, so I may tend to legislative business in my district. If you have any questions, please contact my scheduler, Jenna Chandler at (916) 319-2006. Your consideration of this request would be greatly appreciated.

Best regards,
BETH GAINES, Assembly Member
Sixth District

REPORTS

The following letters of transmittal were presented by the Chief Clerk and ordered printed in the Journal:

California State Auditor

2013-125
December 11, 2014

The Honorable Speaker of the Assembly
The Honorable Members of the Assembly
of the Legislature of California
State Capitol, Room 3196
Sacramento, California

Members of the Assembly: As requested by the Joint Legislative Audit Committee, the California State Auditor (state auditor) presents this audit report concerning how the Medi-Cal Dental Program (program), administered by the California Department of Health Care Services (Health Care Services), is fulfilling its mandate to ensure that children enrolled in Medi-Cal (child beneficiaries) receive the dental care for which they are eligible. This report concludes that Health Care Services' information shortcomings and ineffective actions are putting child beneficiaries at higher risk of dental disease.

Federal data showed that nearly 56 percent of the 5.1 million children enrolled in Medi-Cal in federal fiscal year 2013 did not receive dental care through the program. Our review of Health Care Services' data for 2011 through 2013 found similar results. Studies we reviewed concerning utilization cite low provider participation among the factors contributing to low utilization rates. A primary reason for low dental provider participation rates is low reimbursement rates. California's dental reimbursement rates are relatively low compared to national and regional averages and to the reimbursement rates of other states we examined. For example, California's rates for the 10 dental procedures most frequently authorized for payment within the Medi-Cal program's fee-for-service delivery system in 2012 averaged $21.60, which is only 35 percent of the national average of $61.96 for the same 10 procedures in 2011.

Although California as a whole appeared to have an adequate number of active providers to meet child beneficiaries' dental needs as of January 2014, five counties may lack active providers. In addition, 11 counties had no providers willing to accept new Medi-Cal patients while 16 other counties appear to have an insufficient number of providers. Furthermore, recent changes in federal and state laws that increase the number of children and adults who can receive additional covered dental services make us question whether there will be enough dental providers to meet the needs of Medi-Cal beneficiaries. We estimate that these changes could increase the number of individuals using Medi-Cal dental services from 2.7 million to as many as 6.4 million people.

Health Care Services has also failed to adequately monitor the program. For instance, it has not complied with state law requiring it to annually review reimbursement rates to ensure reasonable access of Medi-Cal beneficiaries to dental services. In addition, Health Care Services has not enforced certain terms of its contract with Delta Dental of California (Delta Dental) related to improving beneficiary utilization rates and provider participation. For instance, under this contract, in effect since 2004, Health Care Services has not required Delta Dental to contract with fixed facilities or mobile clinics to provide dental services in underserved areas. Health Care Services also fails to track each county's ratio of providers to beneficiaries, and thus cannot effectively measure children's access to and availability of dental services in each county, nor can it accurately predict whether sufficient numbers of providers are available to meet the increasing needs of the program.

Respectfully submitted,

ELAINE M. HOWLE, CPA
State Auditor

Above report referred to the Committee on Health.

California State Auditor

2014-119
December 16, 2014

The Honorable Speaker of the Assembly
The Honorable Members of the Assembly
of the Legislature of California
State Capitol, Room 3196
Sacramento, California

Members of the Assembly: As requested by the Joint Legislative Audit Committee, the California State Auditor presents this audit report concerning the disposition of bond proceeds for Community Facilities District No. 2004-3 (Terra Lago).

This report concludes that the city of Indio (city) complied with the requirements of the Mello-Roos Community Facilities Act of 1982 in forming Terra Lago, assigning and paying Terra Lago's development costs, and responding to a tax relief petition from residents. However, the city created inequities between Terra Lago's two improvement areas when it charged $2.6 million to Terra Lago's Improvement Area Number 1 (Area 1) for water fees that will primarily benefit Improvement Area Number 2 (Area 2), and when it paid $1.1 million for sewer infrastructure that solely benefits Area 2. As a result, Area 1 property owners are paying higher Mello-Roos special taxes.

The city has recently taken actions that partially addressed the inequities. Specifically, the city finalized an agreement with the new property developer for Area 2, which will pay $2 million to the city for use in retiring a portion of Area 1 bonds. However, Area 1's bond debt still covers about $1.2 million of remaining costs that benefit Area 2. Therefore, the city should shift a share of the water facilities cost borne by Area 1 to Area 2 residents in proportion to the benefits Area 2 residents receive from the facilities. To do so, it should impose through its Indio Water Authority a water fee on Area 2 residents and use the related revenues to reduce the bond debt of Area 1.

Respectfully submitted,

ELAINE M. HOWLE, CPA
State Auditor

Above report referred to the Committee on Revenue and Taxation.

California State Auditor

2014-107
January 7, 2015

The Honorable Speaker of the Assembly
The Honorable Members of the Assembly
of the Legislature of California
State Capitol, Room 3196
Sacramento, California

Members of the Assembly: As requested by the Joint Legislative Audit Committee, the California State Auditor presents this audit report concerning judicial branch operations, including the Judicial Council of California's (Judicial Council) and the Administrative Office of the

Courts' (AOC) administration of judicial branch funds. Public confidence in the judicial system stems, in part, from confidence that the system's administrators manage its operations efficiently and appropriately. This report concludes that questionable fiscal and operational decisions by the Judicial Council and the AOC have limited funds available to the courts.

State law affords the Judicial Council a significant amount of autonomy related to developing budgets and approving expenditures on behalf of the trial courts. With this autonomy, the Judicial Council has an obligation to act in the best interest of the public, especially during times of fiscal hardship. To maximize funding available to the courts, we expected that the Judicial Council and the AOC would have carefully scrutinized their operations and expenditures to ensure they were necessary, justified, and prudent. However, we found that this was not always the case. Specifically, the Judicial Council failed to adequately oversee the AOC—its staff agency that assists it in managing the judicial branch budget and provides administrative support to judicial branch entities. In the absence of such oversight, the AOC engaged in about $30 million in questionable compensation and business practices over a four-year period and failed to adequately disclose its expenditures to stakeholders and the public.

Furthermore, although state law authorizes the Judicial Council and the AOC to spend state funding appropriated for the trial courts on behalf of those courts, we have concerns regarding the appropriateness of some of the expenditures. Over the past four years, the AOC spent $386 million on behalf of the trial courts including $186 million in payments to consultants, contractors, and temporary employees using the trial courts local assistance appropriations; however, the AOC could have paid a portion of these costs using its own appropriation. If it had done so, some of those local assistance funds would have been available to support the courts.

Moreover, because the AOC's primary function is to provide services to the courts, we expected that it would have identified the needs of the courts in a comprehensive manner; however, it has not. To obtain information and other feedback about the AOC's services, we surveyed the courts and found that on average the courts reported they use only 55 percent of the services that the AOC provides. If the AOC does not focus on offering only those services that the courts need, it cannot provide assurance that it uses available resources to best serve the courts and ultimately the public.

Given the lapses in the Judicial Council's oversight and the AOC's decision making, we believe significant change is necessary to ensure that the State's courts receive the critical funding they require to provide access to justice for all Californians. As such, we made numerous recommendations that we believe will improve operations, increase transparency, and ensure accountability within the judicial branch. Although the AOC in its response to this report indicates that it will consider our recommendations through the deliberative processes established by the Judicial Council and its advisory bodies, it did so without proposing a specific plan. Consequently, we are concerned that meaningful change may not occur; however, we expect that the AOC's future correspondence will contain detailed plans, including time frames for implementation, of what the Judicial Council and the AOC intend to do or have done to address our recommendations.

Respectfully submitted,

ELAINE M. HOWLE, CPA
State Auditor

Above report referred to the Committee on Judiciary.

California State Auditor

2014-118
January 13, 2015

The Honorable Speaker of the Assembly
The Honorable Members of the Assembly
of the Legislature of California
State Capitol, Room 3196
Sacramento, California

Members of the Assembly: As requested by the Joint Legislative Audit Committee, the California State Auditor presents this audit report concerning administration of the Parental Fee Program by the California Department of Developmental Services (Developmental Services). The Parental Fee Program assesses a fee to parents of children under the age of 18 who receive 24-hour out-of-home care.

This report concludes that the process Developmental Services uses to assess parental fees is riddled with unnecessary delays, lack of documentation, incorrect calculations, and inconsistent staff interpretations. For instance, because Developmental Services does not hold regional centers accountable for providing required reports of children newly placed in out-of-home care, months or even years pass before Developmental Services becomes aware of the need to assess fees on certain families, causing a significant loss in unbilled parental fees. Applying the results of our analysis of a selection of accounts to the roughly 250 assessments Developmental Services performs each year, we estimate the annual amount of unbilled fees ranges from $740,000 to $1.1 million.

Further, Developmental Services could not provide documentation to support over 40 percent of the fee assessments we reviewed and incorrectly calculated many others. In fact, we found instances in which Developmental Services incorrectly assessed fees by hundreds of dollars per month due to various staff errors. We also noted that staff required documentation of certain expenses from some families but not from others. We observed similar errors, lack of documentation, and inconsistent staff interpretations with the process Developmental Services uses to review parents' appeals of fees. Because Developmental Services' appeals process considers additional expenses and deductions that are not taken into account in the initial fee assessment process, 95 percent of all appeals result in a fee reduction.

As a result of staff error and inconsistent interpretations and processes, parents with similar financial circumstances may be assessed different levels of fees. The program failures described here, and the fact that Developmental Services collects only about 60 percent of assessed fees, exemplify the department's ineffectiveness in operating the Parental Fee Program. The root cause of these program deficiencies appears to be a lack of management oversight and policy development.

Respectfully submitted,

ELAINE M. HOWLE, CPA
State Auditor

Above report referred to the Committee on Human Services.

ENGROSSMENT AND ENROLLMENT REPORTS

Assembly Chamber, January 13, 2015

Mme. Speaker: Pursuant to your instructions, the Chief Clerk has examined:

Assembly Concurrent Resolution No. 5

And reports the same correctly engrossed.

E. DOTSON WILSON, Chief Clerk

Above resolution ordered on file.

INTRODUCTION AND FIRST READING OF ASSEMBLY BILLS

The following bills were introduced and read the first time:

ASSEMBLY BILL NO. 144—Mathis. An act to amend Section 832.16 of the Penal Code, relating to peace officers.

ASSEMBLY BILL NO. 145—Gomez. An act to amend Section 1095 of the Unemployment Insurance Code, relating to private employment, and declaring the urgency thereof, to take effect immediately.

ASSEMBLY BILL NO. 146—Cristina Garcia. An act to amend Sections 51210, 51220, and 51226.3 of the Education Code, relating to pupil instruction.

ADJOURNMENT

At 3 p.m., the Assembly adjourned until 7 a.m., Wednesday, January 14, 2015.

TONI G. ATKINS, Speaker

AMY LEACH, Minute Clerk

O