

AMENDED IN SENATE JULY 7, 1996  
AMENDED IN ASSEMBLY JUNE 5, 1996  
AMENDED IN ASSEMBLY MAY 23, 1996

CALIFORNIA LEGISLATURE—1995-96 REGULAR SESSION

**ASSEMBLY BILL**

**No. 3497**

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Introduced by ~~Committee on Budget (Miller (Chairman),  
Alby, Baugh, Cunneen, Harvey, Hawkins, Kaloogian,  
Knowles, Kuykendall, Morrow, Olberg, and Richter)~~  
*Assembly Member Richter*

April 10, 1996

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~~An act to add and repeal Chapter 8.1 (commencing with  
Section 6110) of Title 7 of Part 3 of the Penal Code, relating  
to corrections, and declaring the urgency thereof, to take  
effect immediately. An act to amend Section 42238 of, and to  
add Sections 42238.41, 42238.42, and 42238.43 to, the Education  
Code, relating to school finance, making an appropriation  
therefor, and declaring the urgency thereof, to take effect  
immediately.~~

LEGISLATIVE COUNSEL'S DIGEST

AB 3497, as amended, ~~Committee on Budget  
Richter. State prisons: health services Education finance:  
revenue limits.~~

(1) Existing law requires each county superintendent of schools to make specified calculations to determine a base revenue limit for each school district in the county. As part of that computation, existing law requires the Superintendent of

*Public Instruction to compute a revenue limit equalization adjustment for the 1995–96 fiscal year for each school district's base revenue limit pursuant to a specified formula.*

*This bill would require the county superintendent of schools, in conjunction with the Superintendent of Public Instruction, to compute an equalization adjustment for each school district in the county so that no district's 1996–97 base revenue limit per unit of average daily attendance is less than the 1995–96 fiscal year statewide average base revenue limit for the appropriate size and type of district. This bill would make conforming changes to related provisions of law so that the amount of the increase is included in the computation of school district revenue limits in subsequent fiscal years.*

*This bill would appropriate an amount, equal to the total amount computed pursuant to those equalization provisions for each school district for the 1996–97 fiscal year, but not to exceed \$147,000,000, to the Superintendent of Public Instruction for allocation to school districts as equalization adjustments for the 1996–97 fiscal year.*

*(2) Pursuant to Section 8 of Article XVI of the California Constitution, the state is required to appropriate a computed minimum level of funds from the General Fund for the support of school districts and community college districts for each fiscal year (hereafter "the state's minimum funding obligation pursuant to Section 8"). Existing law requires the Controller each fiscal year, to transfer from the General Fund to Section A of the State School Fund, certain amounts certified by the Superintendent of Public Instruction for the purpose of making apportionments to school districts. The Budget Act of 1996 identifies the amount appropriated pursuant to that act for the purposes of meeting the state's minimum funding obligation pursuant to Section 8. Existing law applies a deficit factor to the revenue limits computed for county superintendents of schools and school districts.*

*This bill would require the Department of Finance to compute the amount by which the amount required to be appropriated for the purpose of meeting the state's minimum funding obligation to school districts and community college districts pursuant to Section 8 for the 1996–97 fiscal year, exceeds the total amount actually appropriated for that*



*purpose for the 1996–97 fiscal year, as determined as of February 1, 1997, as certified by the Department of Finance. The bill would require that of the amount computed by the Department of Finance, a computed percentage of that amount be set aside from General Fund revenues for community college districts, to be appropriated by the Legislature. The bill would appropriate an amount equal to the remaining balance of the amount computed by the Department of Finance from the General Fund to the Superintendent of Public Instruction, with 50% of the balance allocated for the purposes of equalizing revenue limits, as specified, and with 50% of the balance allocated for the purposes of reducing the deficit factors applied to the revenue limits computed for county superintendents of schools and school districts. The bill would set forth a method for computing equalization adjustments to the revenue limits of school districts based on the statewide average base revenue limits for school districts for the 1996–97 fiscal year, as adjusted for inflation.*

*This bill would declare that it is to take effect immediately as an urgency statute.*

~~Existing law authorizes the Director of Corrections to establish pilot projects in which the Department of Corrections contracts with private sector health care facilities for the provision of medical, developmental, and mental health services.~~

~~This bill would authorize the Director of Corrections to establish 2 4-year pilot programs under which the Department of Corrections contracts with private enterprise, governmental health care entities, or nonprofit organizations for comprehensive health service delivery systems, or contracts with physicians' groups for health care services at select state prisons, or contracts for both. The bill would require the director to report to the Legislature regarding the effectiveness of the pilot programs.~~

~~This bill would declare that it is to take effect immediately as an urgency statute.~~

Vote:  $\frac{2}{3}$ . Appropriation: ~~no~~ yes. Fiscal committee: yes. State-mandated local program: no.



The people of the State of California do enact as follows:

1     ~~SECTION 1. Chapter 8.1 (commencing with Section~~  
2     *SECTION 1. Section 42238 of the Education Code is*  
3     *amended to read:*  
4     42238. (a) For the 1984–85 fiscal year and each fiscal  
5     year thereafter, the county superintendent of schools  
6     shall determine a revenue limit for each school district in  
7     the county pursuant to this section.  
8     (b) The base revenue limit for the current fiscal year  
9     shall be determined by adding to the base revenue limit  
10    for the prior fiscal year the following amounts:  
11    (1) The inflation adjustment specified in Section  
12    42238.1.  
13    (2) For the 1995–96 fiscal year, the equalization  
14    adjustment specified in Section 42238.4.  
15    (3) *For the 1996–97 fiscal year, the equalization*  
16    *adjustments specified in Sections 42238.41, 42238.42, and*  
17    *42238.43.*  
18    (4) For the 1985–86 fiscal year, the amount received  
19    per unit of average daily attendance in the 1984–85 fiscal  
20    year pursuant to Section 42238.7.  
21    ~~(4)~~  
22    (5) For the 1985–86, 1986–87, and 1987–88 fiscal years,  
23    the amount per unit of average daily attendance received  
24    in the prior fiscal year pursuant to Section 42238.8.  
25    (c) Except for districts subject to subdivision (d), the  
26    base revenue limit computed pursuant to subdivision (b)  
27    shall be multiplied by the district average daily  
28    attendance computed pursuant to Section 42238.5.  
29    (d) For districts for which the number of units of  
30    average daily attendance determined pursuant to Section  
31    42238.5 is greater for the current fiscal year than for the  
32    1982–83 fiscal year, compute the following amount, in lieu  
33    of the amount computed pursuant to subdivision (c):  
34    (1) Multiply the base revenue limit computed  
35    pursuant to subdivision (c) by the average daily  
36    attendance computed pursuant to Section 42238.5 for the  
37    1982–83 fiscal year.



1 (2) Multiply the lesser of the amount in subdivision (c)  
2 or 1.05 times the statewide average base revenue limit per  
3 unit of average daily attendance for districts of similar  
4 type for the current fiscal year by the difference between  
5 the average daily attendance computed pursuant to  
6 Section 42238.5 for the current and 1982–83 fiscal years.

7 (3) Add the amounts in paragraphs (1) and (2).

8 (e) The base revenue limit per unit of average daily  
9 attendance shall be the lesser of the following amounts:

10 (1) The amount determined in subdivision (b).

11 (2) The amount computed pursuant to Section 42238  
12 for the prior fiscal year divided by the prior fiscal year  
13 revenue limit average daily attendance times the sum of  
14 1.0 and twice the percentage increase in revenue limits  
15 computed pursuant to Section 42238.1 for the current  
16 fiscal year.

17 (f) For districts electing to compute units of average  
18 daily attendance pursuant to paragraph (3) of subdivision  
19 (a) of Section 42238.5, the amount computed pursuant to  
20 Article 4 (commencing with Section 42280) shall be  
21 added to the amount computed in subdivision (c) or (d),  
22 as appropriate.

23 (g) For the 1984–85 fiscal year only, the county  
24 superintendent shall reduce the total revenue limit  
25 computed in this section by the amount of the decreased  
26 employer contributions to the Public Employees'  
27 Retirement System resulting from enactment of Chapter  
28 330 of the Statutes of 1982, offset by any increase in those  
29 contributions, as of the 1983–84 fiscal year, resulting from  
30 subsequent changes in employer contribution rates.

31 The reduction shall be calculated as follows:

32 (1) Determine the amount of employer contributions  
33 that would have been made in the 1983–84 fiscal year if  
34 the applicable Public Employees' Retirement System  
35 employer contribution rate in effect immediately prior to  
36 the enactment of Chapter 330 of the Statutes of 1982 were  
37 in effect during the 1983–84 fiscal year.

38 (2) Subtract from the amount determined in  
39 paragraph (1) the greater of subparagraph (A) or (B):



1 (A) The amount of employer contributions that would  
2 have been made in the 1983–84 fiscal year if the applicable  
3 Public Employees’ Retirement System employer  
4 contribution rate in effect immediately after the  
5 enactment of Chapter 330 of the Statutes of 1982 were in  
6 effect during the 1983–84 fiscal year.

7 (B) The actual amount of employer contributions  
8 made to the Public Employees’ Retirement System in the  
9 1983–84 fiscal year.

10 (3) For purposes of this subdivision, employer  
11 contributions to the Public Employees’ Retirement  
12 System for any of the following shall be excluded from the  
13 calculation specified above:

14 (A) Positions supported totally by federal funds that  
15 were subject to supplanting restrictions.

16 (B) Positions supported by funds received pursuant to  
17 Section 42243.6.

18 (C) Positions supported, to the extent of employer  
19 contributions not exceeding twenty-five thousand dollars  
20 (\$25,000) by any single educational agency, from a  
21 revenue source determined on the basis of equity to be  
22 properly excludable from the provisions of this  
23 subdivision by the Superintendent of Public Instruction  
24 with the approval of the Director of Finance.

25 (4) For accounting purposes, the reduction made by  
26 this subdivision may be reflected as an expenditure from  
27 appropriate sources of revenue as directed by the  
28 Superintendent of Public Instruction.

29 (h) The Superintendent of Public Instruction shall  
30 apportion to each school district the amount determined  
31 in this section less the sum of:

32 (1) The district’s property tax revenue received  
33 pursuant to Chapter 3 (commencing with Section 75) and  
34 Chapter 6 (commencing with Section 95) of Part 0.5 of  
35 the Revenue and Taxation Code.

36 (2) The amount, if any, received pursuant to Part 18.5  
37 (commencing with Section 38101) of the Revenue and  
38 Taxation Code.



1 (3) The amount, if any, received pursuant to Chapter  
2 3 (commencing with Section 16140) of the Government  
3 Code.

4 (4) Prior years taxes and taxes on the unsecured roll.

5 (5) Fifty percent of the amount received pursuant to  
6 Section 41603.

7 (6) The amount of motor vehicle license fees  
8 distributed pursuant to Section 11003.4 of the Revenue  
9 and Taxation Code.

10 (7) The amount, if any, received pursuant to any  
11 provision of the Community Redevelopment Law (Part  
12 1 (commencing with Section 33000) of Division 24 of the  
13 Health and Safety Code), except for any amount received  
14 pursuant to Section 33401 or 33676 of the Health and  
15 Safety Code that is used for land acquisition, facility  
16 construction, reconstruction, or remodeling, or deferred  
17 maintenance, except for any amount received pursuant  
18 to Section 33492.15, paragraph (3) of subdivision (a) of  
19 Section 33607.5, or Section 33607.7 of the Health and  
20 Safety Code that is allocated exclusively for educational  
21 facilities.

22 (i) This section shall become operative July 1, 1984.

23 *SEC. 2. Section 42238.41 is added to the Education*  
24 *Code, to read:*

25 *42238.41. (a) For the 1996–97 fiscal year, the county*  
26 *superintendent of schools, in conjunction with the*  
27 *Superintendent of Public Instruction, shall compute an*  
28 *equalization adjustment for each school district in the*  
29 *county, so that no district's 1995–96 base revenue limit per*  
30 *unit of average daily attendance is less than the 1995–96*  
31 *fiscal year statewide average base revenue limit for the*  
32 *appropriate size and type of district listed in subdivision*  
33 *(b).*

34 *For purposes of this section, the district base revenue*  
35 *limit and the statewide average base revenue limit shall*  
36 *not include any amounts attributable to Section 45023.4,*  
37 *46200, or 46201.*

38 *(b) Subdivision (a) shall apply to the following school*  
39 *districts, which shall be grouped according to size and*  
40 *type as follows:*



1	District	ADA
2	Elementary .....	less than 101
3	Elementary .....	more than 100
4	High School .....	less than 301
5	High School .....	more than 300
6	Unified .....	less than 1,501
7	Unified .....	more than 1,500

8  
9 (c) The Superintendent of Public Instruction shall  
10 compute a revenue limit equalization adjustment for  
11 each school district's base revenue limit per unit of  
12 average daily attendance as follows:

13 (1) Add the products of the amount computed for  
14 each school district by the county superintendent  
15 pursuant to subdivision (a) and the average daily  
16 attendance used to calculate the district's revenue limit  
17 for the current fiscal year as adjusted for the deficit factor  
18 in Section 42238.145.

19 (2) Divide the amount appropriated for purposes of  
20 this section for the current fiscal year by the amount  
21 computed pursuant to paragraph (1).

22 (3) Multiply the amount computed for the school  
23 district pursuant to subdivision (a) by the amount  
24 computed pursuant to paragraph (2).

25 (d) For the purposes of this section, the 1995-96  
26 statewide average base revenue limits determined for the  
27 purposes of subdivision (a) and the fraction computed  
28 pursuant to paragraph (2) of subdivision (c) by the  
29 Superintendent of Public Instruction for the 1995-96  
30 second principal apportionment shall be final, and shall  
31 not be recalculated at subsequent apportionments. In no  
32 event shall the fraction computed pursuant to paragraph  
33 (2) of subdivision (c) exceed 1.00. For the purposes of  
34 determining the size of a district used in subdivision (b),  
35 county superintendents of schools, in conjunction with  
36 the Superintendent of Public Instruction, shall use a  
37 school district's revenue limit average daily attendance  
38 for the 1995-96 fiscal year as determined pursuant the  
39 Section 42238.5 and Article 4 (commencing with Section  
40 42280).



1 SEC. 3. Section 42238.42 is added to the Education  
2 Code, to read:

3 42238.42. (a) In the event that the amount required  
4 to be appropriated for the purpose of the state's minimum  
5 funding obligation to school districts and community  
6 college districts pursuant to Section 8 of Article XVI of the  
7 California Constitution for the 1996-97 fiscal year, as  
8 determined in paragraph (1) of subdivision (b), exceeds  
9 the amount appropriated for that purpose for the 1996-97  
10 fiscal year, as determined pursuant to paragraph (2) of  
11 subdivision (b), the amount computed pursuant to  
12 subdivision (d), is hereby appropriated from the General  
13 Fund to the Superintendent of Public Instruction for the  
14 purposes of equalizing the revenue limits of school  
15 districts pursuant to subdivision (e) and Section 42238.43  
16 and for the purpose of reducing the deficit factor applied  
17 to the revenue limits of county superintendents of schools  
18 pursuant to Section 2558.45 and reducing the deficit  
19 factor applied to the revenue limits of the school districts  
20 pursuant to Section 42238.145.

21 (b) To determine the amounts available for the  
22 purposes of this section, the Department of Finance shall  
23 make the following computations:

24 (1) At the first principal apportionment for the  
25 1997-98 fiscal year, compute the level of General Fund  
26 revenues that meets the state's minimum funding  
27 obligation to school districts and community college  
28 districts pursuant to Section 8 of Article XVI of the  
29 California Constitution for the 1996-97 fiscal year based  
30 upon the most current determination of data as defined  
31 in subdivision (a) of Section 41206 of the Education Code.

32 (2) Subtract from the amount determined in  
33 paragraph (1) an amount equal to the total amount of  
34 General Fund revenues that have been appropriated for  
35 the purpose of meeting the state's minimum funding  
36 obligation for the 1996-97 fiscal year to school districts and  
37 community college districts pursuant to Section 8 of  
38 Article XVI of the California Constitution as of February  
39 1, 1997.

1 (3) If the amount computed in paragraph (2) is  
2 greater than zero, that amount is the total amount  
3 available for the purposes of this section.

4 (c) To determine the portion of the amount computed  
5 in subdivision (a) to set aside for community college  
6 districts pursuant to this section, the Department of  
7 Finance shall make the following computations:

8 (1) Add the total General Fund allocations to school  
9 districts and community college districts for the purposes  
10 of meeting the state's minimum funding obligation to  
11 school districts and community college districts pursuant  
12 to Section 8 of Article XVI of the California Constitution  
13 for the 1996–97 fiscal year to the total statewide amount  
14 of “allocated local proceeds of taxes,” as defined in  
15 subdivisions (g) and (h) of Section 41202, allocated to  
16 school districts and community college districts for the  
17 1996–97 fiscal year.

18 (2) Divide the sum of the General Fund allocations  
19 made to community college districts for the purposes of  
20 meeting the state's minimum funding obligation to  
21 community college districts pursuant to Section 8 of  
22 Article XVI of the California Constitution for the 1996–97  
23 fiscal year and the total statewide amount of “allocated  
24 local proceeds of taxes,” as defined in subdivision (h) of  
25 Section 41202, allocated to community college districts for  
26 the 1996–97 fiscal year by the sum computed pursuant to  
27 paragraph (1).

28 (3) Multiply the amount computed pursuant to  
29 subdivision (b) by the percentage determined in  
30 paragraph (2). Community college districts shall be  
31 entitled to receive an amount equal to the amount  
32 computed pursuant to this paragraph and that amount  
33 shall be set aside from the General Fund for  
34 appropriation to community college districts by the  
35 Legislature.

36 (d) The amount of the appropriation made pursuant  
37 to subdivision (a) of this section shall be computed by  
38 subtracting the amount computed in paragraph (3) of  
39 subdivision (c) from the amount computed pursuant to  
40 subdivision (b). The Director of the Department of



1 Finance shall certify to the Controller the amount of the  
2 appropriation computed pursuant to this subdivision and  
3 under no circumstances shall funds be released by the  
4 Controller for purposes of this section before that  
5 certification is received by the Controller.

6 (e) Prior to the allocation provided in subdivision (f),  
7 the Superintendent of Public Instruction shall allocate 50  
8 percent of the amount computed pursuant to subdivision  
9 (d) to school districts for the purpose of making  
10 equalization adjustments to the base revenue limit of  
11 school districts for the 1996–97 fiscal year, as follows:

12 (1) The Superintendent of Public Instruction shall  
13 perform the computations set forth in Section 42238.43 for  
14 the purpose of equalization adjustments to the base  
15 revenue limits of school districts for the 1996–97 fiscal year  
16 to determine the amount to allocate to each school  
17 district pursuant to this paragraph.

18 (2) The Superintendent of Public Instruction shall  
19 repeat the process of computing equalization  
20 adjustments to the base revenue limits of school districts  
21 for the 1996–97 fiscal year pursuant to Section 42238.42  
22 until the total amount of funds available for that purpose  
23 pursuant to this subdivision is allocated to school districts.

24 (3) If the total amount of funds available for allocation  
25 pursuant to this subdivision is insufficient to fully fund the  
26 amounts computed pursuant to paragraph (1) or the  
27 amount computed pursuant to any of the iterations made  
28 pursuant to paragraph (2), the allocations computed  
29 pursuant to those paragraphs shall be reduced  
30 proportionately.

31 (f) The Superintendent of Public Instruction shall  
32 allocate 50 percent of the amount computed pursuant to  
33 subdivision (b) to county superintendents of schools for  
34 the purpose of reducing the deficit factors applied to the  
35 revenue limits of county superintendent of schools and  
36 school districts pursuant to Sections 2558.45 and  
37 42238.145, respectively. The amount of the allocation  
38 made to each school district and county superintendent  
39 of schools for the purpose of reducing their respective  
40 deficit factors shall be computed in proportion to their



1 *respective shares of the total statewide amount of the*  
2 *deficit factors applied to the revenue limits for school*  
3 *districts and county superintendents of schools.*

4 *(g) In no event shall this section be construed to*  
5 *require an appropriation that would cause the aggregate*  
6 *amount required to be appropriated from the General*  
7 *Fund for the 1996-97 fiscal year pursuant to Section 8 of*  
8 *Article XVI of the California Constitution to be exceeded.*

9 *SEC. 4. Section 42238.43 is added to the Education*  
10 *Code, to read:*

11 *42238.43. (a) For the 1996-97 fiscal year, the county*  
12 *superintendent of schools, in conjunction with the*  
13 *Superintendent of Public Instruction, shall compute an*  
14 *equalization adjustment for each school district in the*  
15 *county, so that no district's base revenue limit per unit of*  
16 *average daily attendance is less than the 1996-97 fiscal*  
17 *year statewide average base revenue limit for the*  
18 *appropriate size and type of district listed in subdivision*  
19 *(b) plus the inflation adjustment specified in Section*  
20 *42238.1 for the current fiscal year for the appropriate type*  
21 *of district.*

22 *For purposes of this section, the district base revenue*  
23 *limit and the statewide average base revenue limit shall*  
24 *not include any amounts attributable to Section 45023.4,*  
25 *46200, or 46201.*

26 *(b) Subdivision (a) shall apply to the following school*  
27 *districts, which shall be grouped according to size and*  
28 *type as follows:*

<i>District</i>	<i>ADA</i>
31 <i>Elementary</i> .....	<i>less than 101</i>
32 <i>Elementary</i> .....	<i>more than 100</i>
33 <i>High School</i> .....	<i>less than 301</i>
34 <i>High School</i> .....	<i>more than 300</i>
35 <i>Unified</i> .....	<i>less than 1,501</i>
36 <i>Unified</i> .....	<i>more than 1,500</i>

37  
38 *(c) The equalization adjustment computed pursuant*  
39 *to this section shall only be funded from amounts*



1 appropriated for that purpose pursuant to Section  
2 42238.41.

3 (d) For the purposes of the computation made  
4 pursuant to paragraph (1) of subdivision (e) of Section  
5 42238.42, the 1996–97 statewide average base revenue  
6 limits determined for the purposes of subdivision (a) and  
7 the fraction, if any, computed pursuant to paragraph (3)  
8 of subdivision (e) of Section 42238.42 by the  
9 Superintendent of Public Instruction for the 1996–97  
10 second principal apportionment shall be final, and shall  
11 not be calculated as subsequent apportionments. In no  
12 event shall the fraction computed pursuant to paragraph  
13 (3) of subdivision (e) of Section 42238.42 exceed 1.00. If  
14 any iterations are required pursuant to paragraph (2) of  
15 Section 42238.42, the Superintendent of Public  
16 Instruction shall recompute the 1996–97 statewide  
17 average base revenue limit to include any adjustments  
18 made by the immediately preceeding iteration. For the  
19 purposes of determining the size of a district used in  
20 subdivision (b), the Superintendent of Public Instruction  
21 shall use a school district’s revenue limit average daily  
22 attendance for the 1996–97 fiscal year as determined  
23 pursuant to Section 42238.5 and Article 4 (commencing  
24 with Section 42280).

25 SEC. 5. (a) The Legislature hereby appropriates  
26 from the General Fund to the Superintendent of Public  
27 Instruction, for allocation to school districts, a sum that is  
28 equal to the total statewide amount necessary to fund the  
29 equalization adjustments computed for each school  
30 district for the 1996–97 fiscal year pursuant to Section  
31 42238.41 of the Education Code. The Director of the  
32 Department of Finance shall certify to the Controller the  
33 amount of the appropriation computed pursuant to this  
34 section. In no event shall the total amount appropriated  
35 for the purpose of Section 42238.41 of the Education Code  
36 pursuant to this section exceed one hundred forty-seven  
37 million one hundred thousand dollars (\$147,100,000). The  
38 Superintendent of Public Instruction, if necessary, shall  
39 reduce the equalization adjustments computed for the  
40 base revenue limits of school districts pursuant to Section



1 42238.41 of the Education Code as provided in that  
2 section. This section shall not be construed to limit in any  
3 way the amounts computed pursuant to Sections 42238.42  
4 and 42238.43 of the Education Code.

5 (b) For the purposes of making the computations  
6 required by Section 8 of Article XVI of the California  
7 Constitution, the appropriation made by subdivision (a)  
8 shall be deemed to be 'General Fund revenues  
9 appropriated to school districts,' as defined in subdivision

10 (c) of Section 41202 of the Education Code for the  
11 1996-97 fiscal year, and included within the 'total  
12 allocations to school districts and community college  
13 districts from General Fund proceeds of taxes  
14 appropriated pursuant to Article XIII B' as defined in  
15 subdivision (e) of Section 41202 of the Education Code,  
16 for the 1996-97 fiscal year.

17 SEC. 6. This act is an urgency statute necessary for the  
18 immediate preservation of the public peace, health, or  
19 safety within the meaning of Article IV of the California  
20 Constitution and shall go into immediate effect. The facts  
21 constituting the necessity are:

22 In order to make statutory changes necessary for the  
23 implementation of the Budget Act of 1996, it is necessary  
24 for this act to take effect immediately.

25 ~~6110) is added to Title 7 of Part 3 of the Penal Code, to~~  
26 ~~read:~~

27

28 CHAPTER 8.1. HEALTH SERVICE DELIVERY

29

30 ~~6110. Notwithstanding any other provision of law, the~~  
31 ~~Director of Corrections may establish two four-year pilot~~  
32 ~~programs under which the Department of Corrections~~  
33 ~~contracts with private enterprise, governmental health~~  
34 ~~care entities, or nonprofit organizations for~~  
35 ~~comprehensive health service delivery systems, or~~  
36 ~~contracts with physicians' groups for health care services~~  
37 ~~at select state prisons, or contracts for both.~~

38 ~~6111. A pilot program under this chapter shall be~~  
39 ~~conducted in no more than two service delivery areas, as~~  
40 ~~defined by the department's medical and mental health~~



1 ~~service delivery plan, and utilize no more than two~~  
2 ~~contract approaches.~~

3 ~~6112. Criteria for selection of pilot program locations~~  
4 ~~shall include either of the following:~~

5 ~~(a) Numerous existing individual contracts for~~  
6 ~~services.~~

7 ~~(b) Major costs for community hospital services in~~  
8 ~~comparison with other locations.~~

9 ~~6113. The cost of contracted services under a pilot~~  
10 ~~program established pursuant to this chapter shall not~~  
11 ~~exceed the direct and indirect costs that the department~~  
12 ~~would expect to incur if the services were not provided~~  
13 ~~by contract pursuant to this chapter.~~

14 ~~6114. Any contract entered into for purposes of a pilot~~  
15 ~~program authorized by this chapter is exempt from the~~  
16 ~~provisions of Chapter 2.2 (commencing with Section~~  
17 ~~1340) of Division 2 of the Health and Safety Code.~~

18 ~~6115. Service providers contracted pursuant to this~~  
19 ~~chapter shall not displace existing state civil service~~  
20 ~~employees. Health care services provided under contract~~  
21 ~~pursuant to this chapter shall not also be provided by state~~  
22 ~~civil service employees at the locations selected for the~~  
23 ~~pilot programs.~~

24 ~~6116. (a) The Director of Corrections shall report to~~  
25 ~~the Legislature on the pilot programs established~~  
26 ~~pursuant to this chapter. An interim report is due on~~  
27 ~~March 31, 1999, and a final report is due on March 31, 2001.~~

28 ~~(b) The reports shall include an evaluation of the~~  
29 ~~effectiveness of the pilot programs based on the~~  
30 ~~following:~~

31 ~~(1) The cost savings achieved.~~

32 ~~(2) The improvement of medical care.~~

33 ~~6117. This chapter shall remain in effect only until~~  
34 ~~January 1, 2000, and as of that date is repealed, unless a~~  
35 ~~later enacted statute, that is enacted before January 1,~~  
36 ~~2000, deletes or extends that date.~~

37 ~~SEC. 2. This act is an urgency statute necessary for the~~  
38 ~~immediate preservation of the public peace, health, or~~  
39 ~~safety within the meaning of Article IV of the~~



1 ~~Constitution and shall go into immediate effect. The facts~~  
2 ~~constituting the necessity are:~~  
3 ~~In order to make the necessary changes to implement~~  
4 ~~the Budget Act of 1996 at the earliest possible time, it is~~  
5 ~~necessary that this act take effect immediately.~~

O

