

Date of Hearing: May 9, 2018

ASSEMBLY COMMITTEE ON APPROPRIATIONS

Lorena Gonzalez Fletcher, Chair

AB 1744 (McCarty) – As Amended April 26, 2018

Policy Committee:	Education	Vote:	7 - 0
	Health		15 - 0

Urgency: No State Mandated Local Program: No Reimbursable: No

SUMMARY: This bill specifically authorizes California Department of Health Care Services (DHCS) to consider after-school programs in allocating funds generated from an excise tax on the retail sale of cannabis for youth education, prevention and treatment efforts, and encourages schools offering specified after-school programs to apply for these funds.

FISCAL EFFECT:

No fiscal effect on tax revenues. This bill may change the distribution of tax revenues, to the extent after school programs would be more likely to receive funding than they are under current law. However, it would not change the overall amount of funding available.

COMMENTS:

- 1) **Purpose.** According to the author, voters were told after school programs would benefit from Proposition 64 revenues, but there are not currently statutory requirements ensuring funding is allocated to after school programs.
- 2) **Proposition 64.** Proposition 64—also known as the Control, Regulate and Tax Adult Use of Marijuana Act—was passed by voters in November 2016. It taxes the cultivation and consumption of cannabis. Tax revenue, as well as certain fine revenue, is to be deposited in a special fund. Sixty percent of the funds are to be allocated to the Youth Education, Prevention, Early Intervention and Treatment Account (Youth Account) for distribution by DHCS for youth programs which include information about substance use disorder, prevention, and treatment.

The amount of revenue to be generated by Proposition 64 is highly uncertain. However, in January 2018, the Department of Finance estimated this measure could generate additional state and local tax revenues in the 2017-18 fiscal year in the range of \$200 million for use in the 2018-19 fiscal year, and revenues in the high hundreds of millions annually thereafter, beginning in 2018-19 fiscal year for use in the 2019-20 fiscal year. Using this estimate, about \$2 million would be available in the Youth Account for use in 2018-19 fiscal year and about \$350 million would be available in the Youth Account beginning in the 2019-20 fiscal year.

- 3) **Afterschool Programs.** The state offers three primary afterschool programs: After School Education and Safety Programs (ASES), 21st Century Community Learning Centers (CLC), and 21st Century High School After School Safety and Enrichment for Teens Programs (ASSETs).

In the 2017-18 fiscal year, CDE provided \$542 million Proposition 98 General Fund for ASES to provide after school enrichment programs for students in kindergarten through ninth grade. It also provided \$15 million in federal CLC funding for before-and after-school enrichment programs for students in kindergarten through twelfth grade and \$17 million in federal ASSETs funding for before school, after-school, and summer enrichment programs for students in high school.

- 4) **Related Legislation.** AB 2471 (Thurmond), of this legislative session, requires the transfer of funds from the Youth Account to the California Department of Education to establish a grant program that allows schools to provide in-school support services to pupils. The bill is pending before this committee.

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