



Special Legislative Update ■ March 19, 2020

Governor Announces Statewide Shelter in Place Order

Governor Gavin Newsom announced this evening that, effective immediately, the entire state is under a shelter in place order in an effort to control the spread of the COVID-19 virus. Executive Order [N-33-20](#) states, in part, that the directive is necessary to “ensure that we mitigate the impact of COVID-19 ... [and] ... disrupt the spread of the virus.” It makes clear that Californians will continue to have access to necessities such as food, prescriptions, and health care, but requires that previously described social distancing practices be adhered to at all times. The statewide order remains in place until further notice.

State Legislative and Budget Horizon: Preparing for the Long Haul

As you are well aware, the Legislature – as of Monday evening – is on hiatus for the foreseeable future. While the members’ expected return date is April 13, there is some speculation that – if the country is still gripped by the pandemic at that time – the houses’ return to Sacramento could be further delayed.

So what does this uncertainty mean from a legislative and budgetary perspective? A few things to consider ...

Bill process – Under normal circumstances, the months of March and April feature heavy policy committee hearing activity in the run-up to two major legislative deadlines in late April and early May. By mid-May, all bills (fiscal and non-fiscal) would have to be moved to the floor, and each house would be required to move all bills to the other house by May 29. Given the suspension of all legislative activity for at least a month, we offer the following observations:

- Clearly, the capacity of the houses to process more than a thousand bills newly introduced in 2020 in – under the best case scenario – a short four-week window is unlikely, if not impossible. We have already have heard that members have been asked to dramatically pare back their bill loads.
- When the members do return, it is likely they will focus nearly exclusively (in addition to the state budget, as discussed below) on legislation directly linked or responsive to the COVID-19 response and/or recovery.
- Presumably some of the bill deadlines could be adjusted and/or the Governor could call a special (or extraordinary) session that would be able to meet up through November 30, which is the last day of the 2019-20 session (“adjournment sine die”).

- The Legislature's planned recess from July 3 to August 3 may also be cancelled.

State budget impacts – As outlined in the Legislative Analyst's perspective shared yesterday evening, a number of factors will upend the normal state budget process. Beyond the market impacts, we face the practical reality that the May Revision – the Governor's January spending plan updated to reflect the April tax receipts – will have to be barebones at best, given the 90-day delay in tax filing deadlines. Presumably, the Legislature and Administration will be in sync about getting a status quo spending plan in place by June 15, as required by the state constitution. Other cascading impacts we would anticipate:

- Whatever form the 2020-21 spending plan takes, we have to assume that there will be *no new spending* ... certainly nothing beyond what the Governor set forth in his proposed 2020-21 budget. Any new expenditures laid out in the January budget also are likely at risk, unless the investment or initiative could be tied in some way to the COVID-19 response or recovery.
- It is unclear how the state budget process will proceed once members return, but we have heard in our travels that some are speculating that the budget subcommittee process may well be suspended. That suggests the houses will focus only on the absolute necessities.

While we are somewhat hesitant to share rumors at a time when the future remains rather uncertain, it is our responsibility to ensure that folks engaged in the advocacy process are prepared for a vastly different reality when the Legislature is able to safely return to Sacramento. We all need to expect significant disruptions in the normal legislative and budget processes in the near-term.

We remain engaged and active in conversations around Sacramento and will continue to responsibly and honestly share information with you so we can all be prepared for the next phase of advocacy.

Finally, we want to advise that you document all costs associated with your local COVID-19 response so that you are prepared when funding and/or reimbursement opportunities become available down the line.

Governor Newsom Extends Requests to Feds for Additional Assistance

The Newsom Administration released two letters today that were sent to the federal government requesting additional assistance with COVID-19. The first [letter](#) requests federal assistance to support COVID-19 surge. Addressed to the House and Senate leadership, this request seeks all of the following:

- \$1 billion in ongoing pandemic response for the state counties, hospitals and health systems;
- Additional funding to increase unemployment insurance benefits and extension of benefits beyond 26 weeks;
- An additional increase to the Medicaid Federal Medical Assistance Percentage;
- Halting the Medicaid Financial Accountability Rule;

- Increasing the Temporary Assistance for Needy Families (TANF) blocks grant and increased flexibility;
- Increased funding for all major federal food assistance programs;
- Expanding funding for housing and homelessness programs;
- Expanding funding for state-subsidized early learning and childcare programs;
- Funding for tribal communities;
- Creation of a new Treasury Authority to provide guaranteed loans made by banks to small and medium-sized businesses;
- Direct cash assistance and zero-interest loans to small businesses;
- Rental assistance for businesses;
- Additional funding for schools and universities to delivery instruction through technology;
- Direct financial support to stabilize state and local government budgets impacted by the economic downturn.

The second [letter](#) requests President Trump deploy the USNS Mercy Hospital ship to the Port of Los Angeles through September 1, 2020 to help address the COVID-19 impact on the health care delivery system in the Los Angeles area. The letter includes a Newsom Administration projection that more than 50 percent of Californians could be infected with COVID-19 over an eight week period.

ICYMI: New Online COVID-19 Resources Available

In case you missed it in our previous publication, here's a quick reminder about a few online resources that could be helpful in the days ahead. The state has launched a one-stop [website](#) for information on the COVID-19 outbreak, including links to services and information as well as a [toolkit](#) that offers videos and social media messages to get the word out on available resources. Additionally, CSAC has developed an interactive [map](#) that tracks individual counties' responses to the pandemic, including emergency declarations and shelter-in-place orders. Finally, the Governor has been providing daily updates via [Facebook](#) Live or his Twitter feed (@CAGovernor), should you be interested in watching these broadcasts in real time.