



Special Legislative Update ■ April 17, 2020

County Coalition Advocacy Letter on Federal Funding

In response to reports that certain cities were attempting to seek a portion of counties' federal CARES funding, a county coalition letter (attached) will be distributed this evening to the Governor and legislative leadership advocating that federal relief funding be directed to local governments based on direct service responsibilities.

Observations on Senate's Special Budget Subcommittee Hearing

As reported yesterday, the Senate's Special Budget and Fiscal Review Subcommittee on COVID-19 Response met Thursday afternoon into the evening. The hearing went just past four hours, with the last hour or more devoted to the public comment period during which testimony was taken telephonically. While the hearing featured far more questions than answers, we can share a few observations and take-aways of note.

The LAO talked about mild and more severe recession scenarios. Under a mild recession, the LAO forecasts state budget revenues drop by \$20 billion. Under a more severe recession — akin to the Great Recession — the LAO forecasts that state budget revenues drop by \$35 billion in the budget year and another \$85 billion over the out years. Based on limited unemployment data, the LAO believes the more severe recession scenario may be more likely.

The LAO emphasized that federal actions will affect state (and local) budgets, continuing to highlight the need for visible advocacy at the federal level and close communication about federal efforts with the Administration and Legislature.

Both Senators Caballero and Pan asked several health-related questions during the hearing — inquiring about rural hospitals; the fiscal health of hospitals, clinics, and physician providers; public health; testing; and contact tracing. It is very clear that their respective local health communities are talking to these Senators directly about their specific circumstances, underscoring the importance for local conversations during the pandemic emergency.

Assembly Budget Subcommittee Hearing Scheduled for Monday

The Assembly Budget Subcommittee No. 6 on Budget Process, Oversight, and Program Evaluation will meet on Monday, April 20 at 10:00 a.m. to discuss the state's response to the COVID-19 outbreak. Chaired by Assembly Member Phil Ting, the committee's membership includes Dr. Joaquin Arambula, Richard Bloom, Bill Brough, Jim Cooper, Vince Fong, Kevin McCarty, Jay Obernolte, and Dr. Shirley Weber. The agenda for the meeting is available [here](#), and the hearing will be streamed [online](#). Like this week's Senate hearing, public participation will be limited to telephone conference call with instructions shared at the start of the hearing.

One interesting budget-related note, California's Franchise Tax Board reports that personal and corporate income tax receipts are down 97% from this day last year. Withholding, however, was slightly above the same week in 2019; hard to say that this is a trend, but something hopeful to hold onto for a bit.

Governor Newsom Names Economic Recovery Task Force

During his noon briefing, Governor Newsom announced that he has named members of a new Task Force on Business and Jobs Recovery, including a number of California luminaries. Chaired by billionaire and former presidential candidate Tom Steyer and Newsom Chief of Staff Ann O'Leary, the [80-member task force](#) includes Apple CEO Tim Cook, Disney Chairman Bob Iger, and the former chair of the Federal Reserve Janet Yellen. The task force will also include the state's four living former governors – Jerry Brown, Arnold Schwarzenegger, Gray Davis, and Pete Wilson – as well as labor and business leaders.

The Governor acknowledged today that "We are now in a pandemic-induced recession here in the state of California." Expect announcements from the Administration to begin to focus on economic recovery in the coming weeks.

More Counties Issue Face Mask Orders

Today, San Francisco, Alameda, Contra Costa, and Marin Counties each issued orders requiring employees and individuals shopping at essential businesses or using public transit and facilities to wear a mask. Earlier this week, Sonoma and Los Angeles Counties took similar action, while Riverside and San Bernardino Counties issued orders requiring facial coverings earlier this month.

Governor Newsom Signs New Executive Order with Assorted Actions

Late yesterday, Governor Newsom signed Executive Order [N-52-20](#), which addresses a range of COVID-related issues. The order touches on all of the following: adjustments to admissions requirements for the California State University system, modifications to certain background check procedures for essential workers, new allowances for licensed food trucks operating in rest areas, and specifications for how federal stimulus checks will be disbursed to custodial parents who are owed back child support.

HCD Updates Guidance for SB 35 Implementation

SB 35 (Chapter No. 366, Statutes of 2017) requires counties and cities that have not met certain milestones towards meeting their share of the regional housing needs allocation to provide for a streamlined, ministerial development approval process. The California Department of Housing and Community Development (HCD) just announced an update to its implementation guidance to incorporate new statutory changes that passed the Legislature in 2019 and other clarifications. Both the [Draft Streamlined Ministerial Approval Process Guidelines](#) and [Statement of Reasons](#) are now available for public comment through May 18, 2020. HCD is also offering a webinar on May 1, 2020 at 2:00 pm to provide an overview of the changes to the guidelines. You can access the webinar [here](#).