



Special Legislative Update ■ April 6, 2020

Assembly Budget Letter Sets Forth New Budget Process

Assembly Member Phil Ting, Chair of the Assembly Budget Committee, just released a [letter](#) that provides additional specificity regarding the Assembly's plans with respect to the 2020-21 budget process. Recognizing the reality that once the Legislature returns from its prolonged recess, there will be fewer resources and less time to take action on a state budget, Chair Ting outlines the following expected process changes:

- *June 15 Baseline Budget* – The Governor's May Revision is expected to be a "workload" budget, reflecting current (2019-20) service levels. When the Legislature resumes its work, it will not consider new spending priorities or stakeholder ideas, with the exception of COVID-19 related costs, wildfire prevention, and homelessness funding. In fact, it may be necessary to revisit reductions to existing state programs depending on the state's fiscal condition. Assembly budget subcommittees will be directed to agendaize only items necessary to build a baseline budget or those associated with the recovery and response efforts (i.e., COVID-19, wildfire, and homelessness). Finally, Assembly Member Ting indicates all deliberations on special fund programs – such as those that receive Greenhouse Gas Reduction Funds – will be deferred until after June 15.
- *"August" Revision* – Given the three-month delay in the deadline for personal income taxes, Chair Ting points out that the state will not have a complete picture of available revenues until August. Accordingly, he expects that a second round of budget deliberations in August will be necessary. Again, the need to revisit potential programmatic reductions is a possibility.
- *Deferring the Promises of 2020* – Finally, his memo reiterates that the January budget reflected a small ongoing surplus that would have permitted commitment of resources to new services, but any new spending proposals will not be considered. Despite today's starkly different reality, Chair Ting points out that the state is in far better shape to weather

an economic downturn given the responsible decision making and planning that have taken place in the last eight or so years.

CTC Considers Alternative Schedule for FY 2020-21 SB 1 Local Streets and Roads Funding

The California Transportation Commission (Commission) is holding two workshops on Thursday, April 9 to gather input from impacted counties, cities, and other stakeholders regarding the SB 1 Local Streets and Roads Program schedule for FY 2020-21. In order to be eligible for funding from the Road Maintenance and Rehabilitation Account (RMRA) each fiscal year, cities and counties must first submit to the Commission a planned project list approved by their governing body. Specifically, due to the COVID-19 pandemic, many local governments have postponed public meetings or otherwise reallocated resources and staff to COVID-19 related purposes, thereby delaying the process for adopting the required annual list of potential SB 1 funded projects and associated resolution by the May 1 deadline.

Local government associations have specifically requested the deadline be extended to at least July 1, 2020. There is an approximately two-month delay between collection and disbursement of RMRA revenues. (For example, the first allocation of fiscal year 2019-20 RMRA revenues was made to local governments on September 20, 2019.) Therefore, a July 1st deadline extension would provide local governments with needed flexibility, allow the Commission and State Controller's office sufficient time to confirm eligibility, and *not delay* the first allocation of Fiscal Year 2020-21 revenues in September.

The first workshop on April 9 from 1:00 - 2:30 p.m. is at maximum capacity (500 participants!). The Commission will now host a second workshop from 3:00 – 4:30 p.m. You can register for the second workshop using [this link](#).

Newsom Issues Executive Order on Child Care

Over the weekend, Governor Newsom issued an Executive Order [N-45-20](#) to facilitate child care for children of essential critical infrastructure workers by waiving programmatic and administrative requirements. Provisions in the executive order do all of the following:

- Allow the Department of Education (CDE) to suspend provisions of state law for 60 days to allow essential critical infrastructure workers to access child care.
- Allow CDE to waive eligibility requirements for child care programs for critical infrastructure workers administered by CDE.
- Require CDE and the Department of Social Services (DSS) by April 7, 2020 to issue guidance to prioritize enrollment for children of critical infrastructure workers.
- Require CDE and DSS by April 7, 2020 to issue guidance on group size, physical distancing, food safety, and other healthy practices in child care settings.
- Suspend CDE's fee authority for preschool and child care for 60 days.
- Allow limited data sharing between CDE and DSS to identify students who may be eligible for the Pandemic SNAP benefit.

- Allow DSS to waive licensing, contractual and payment requirements related to CalWORKs Stage One Child Care, Emergency Child Care Bridge for Foster Children, and Child Care Provider Registry.
- Extend the period to fill a vacancy on the Delta Stewardship Council by 60 days.

Governor’s Press Conference Today

Governor Newsom focused his noon press conference, held at the Sleep Train Arena in Sacramento, on discussing health care delivery system expansion to prepare for the COVID-19 surge. He talked about existing hospital systems preparing to expand by 30,000 beds and detailed state efforts to secure an additional 20,000 beds. The state has secured over 4,000 beds and is currently negotiating for an additional 5,000 beds. The following chart details state secured alternative care sites and hospitals.

| Type | Facility | Beds |
|-----------------------|----------------------------------|--|
| Alternative Care Site | Eight federal medical stations | 250 beds each |
| Alternative Care Site | Former Sleep Train Arena | Up to 400 beds |
| Alternative Care Site | Fairview Developmental Center | Up to 520 beds |
| Alternative Care Site | Porterville Developmental Center | Up to 246 beds |
| Alternative Care Site | San Carlos Hotel | Up to 150 beds |
| Alternative Care Site | CPMC – Pacific Campus | Up to 291 beds |
| Hospital | Seton Medical Center | Up to 220 beds |
| Hospital | St. Vincent Medical Center | Up to 266 beds |
| Hospital | USNS Mercy | Up to 550 beds (up to 1,000 capacity with bunk beds) |
| TOTAL | | Up to 4,643 |

The alternate care sites will be staffed by a number of sources, including the California Health Corps. The Governor also noted that 81,879 have enrolled in the California Health Corps program via the state website.

California also announced today that they are loaning 500 ventilators to New York, via the National Stockpile. The loan is conditioned on changing health care needs in California (the ventilators will be returned if conditions in California change and necessitate their return).

Governor’s Saturday Statement on Property Tax Deadline

After growing focus by various interest groups on the April 10 deadline for the second installment in property tax payments, CSAC and the association of the county treasurers and tax collectors put out a [statement](#) on Saturday affirming that counties remain committed to using all existing authority to cancel penalties and other charges for homeowners, small businesses, and other property owners unable to pay their property taxes due to circumstances caused by COVID-19. The

Governor subsequently issued a [statement](#) lauding counties for assuring economic relief to those in need.

Judicial Council Adopts Additional Temporary Emergency Actions

The Judicial Council held another emergency meeting this afternoon – see the associated [agenda](#), [discussion item](#), and [circulating orders](#) – according additional authority and flexibility to the appellate and trial courts during the ongoing public health emergency. Actions approved today include the adoption of [temporary rules of court](#) to: suspend the entry of defaults in unlawful detainer actions; suspend judicial foreclosures; provide for remote appearance via technology; adopt a statewide emergency bail schedule that sets bail at \$0 for most misdemeanor and lower-level felony 2 offenses; provide for personal appearance through counsel for defendants in pretrial criminal proceedings; prioritize for juvenile dependency and juvenile delinquency proceedings various hearing and orders and set a structure for remote hearings and continuances; extend the timeframes for specified temporary restraining orders; and adopt miscellaneous civil proposals, including suspending the statutes of limitations governing civil actions. An audio recording and post-meeting recap are now available [here](#).

BSCC Meets April 9

The Board of State and Community Corrections (BSCC) will meet [remotely](#) Thursday, April 9 at 10 a.m. An agenda with links to staff reports can be reviewed [here](#). Board members will receive updates on COVID-19 impacts, including resulting adjustments in adult and juvenile facility operations and associated BSCC guidance provided to the field. Additionally, the Board will be asked to consider a number of actions, including extension of grant deadlines and adoption of other operational flexibility necessitated by the pandemic.

LAO Issues Two New Reports

The Legislative Analyst's Office released two reports today. This [post](#) discusses the three primary factors associated with the pandemic – higher costs associated with responding to the public health emergency, higher indirect costs resulting from changes in the economy, and decreased revenue levels – that will drive budget problems and then assesses how recent federal legislation could help mitigate these factors. The second [update](#) assesses the status of the state and school district reserves.