



Special Legislative Update ■ May 24, 2020

Assembly and Senate Consider May Revision Budget Proposals in Truncated Hearings

Budget Oversight

Assembly Budget Subcommittee No. 6 met Friday and focused on the Administration's proposals to maintain expenditure authority via budget control section language that allows the Administration to notify the Joint Legislative Budget Committee (JLBC) before expending about \$2.9 billion in funding related to the COVID-19 pandemic, as well as additional resources from the CARES Act, including \$1.75 billion in CARES Act funds allocated to counties and cities and \$750 million in CARES Act funds to Project Roomkey.

While the Administration suggests that the additional allocation would allow the state to react quickly to a potential COVID-19 uptick during the fall while the Legislature is adjourned, the Legislature had a strong response to the proposal, noting that the Governor could call the Legislature into a special session if quick action were needed. (For more information, check out this [letter](#) from the Department of Finance and this [handout](#) from the Legislative Analyst's Office.) Senate Budget Subcommittee No. 4, which heard the control section item, struck a similar tone, with members questioning the Administration's proposal and challenging the assertion that they needed the authority to respond quickly. While the Governor has publicly welcomed a dialogue with legislators, it has become clear that this issue will be a significant matter in negotiations over the 2020-21 state budget.

Health and Human Services

Assembly Budget Subcommittee No. 1 held two hearings last week to discuss the health and human services items in the May Revision. Both hearings were formatted similarly, with an overview presentation from the Legislative Analyst's Office (LAO) – see their [health](#) and [human services](#) handouts – brief remarks from a representative of the Health and Human Services Agency and Department of Finance. Members then asked questions, leaving the majority of the remaining time for public comment (approximately four hours each meeting).

Assembly Members raised issues with program eliminations and cuts impacting seniors and person disabilities, such as the elimination of the Community Based Adult Services (CBAS) program and Multipurpose Senior Services Program (MSSP). Chair Arambula specifically mentioned concerns with public health infrastructure, behavioral health, the proposed elimination of the Family Urgent Response System, cuts to CalWORKs subsidized employment, cuts to Song-Brown workforce

funding and the decision to withdraw the Medi-Cal expansion to undocumented seniors. Assembly Member Wood asked the Newsom Administration why policy decisions that were enacted last year through Legislation signed by the Governor were being eliminated instead of paused.

The LAO and Assembly are looking critically at the Administration's estimated caseload increases in CalWORKs and Medi-Cal, concerned that if estimates are inflated the Legislature will be cutting programs unnecessarily. Cuts to CalWORKs caseload estimates could further affect funding for employment services and other activities designed to get people back to work. The Administration's May Revision already cuts CalWORKs employment services and child care by \$650 million.

It does not appear that the Assembly budget process will include votes on individual budget items via subcommittees, as is the historical practice. Senate Budget Subcommittee No. 3 will be meeting in what is expected to be a marathon hearing today (Sunday, May 24) to discuss their budget items. Based on actions in other Senate subcommittees, it is expected that they will be taking votes on January and May budget proposals. The health agenda can be viewed [here](#); the human services agenda can be viewed [here](#) and [here](#).

State Administration

Assembly Budget Subcommittee No. 4 also met this week and briefly discussed the Administration's proposal on Project Roomkey and elections, but took no actions. Senate Budget Subcommittee No. 4 also meet to discuss Project Roomkey, elections, and control section language proposed for allocation of federal funds, including CARES Act funds, currently proposed to be shared in part with counties and cities; these items, for the most part, were held open. The Administration proposed new [trailer bill language](#) associated with land use issues surrounding Project Roomkey late Friday evening.

Public Safety and Corrections

Finally, both Senate and Assembly Budget Subcommittees No. 5 on public safety issues met this past week. The LAO's handout on the major corrections and public safety proposals is [here](#). The Senate took a set of very specific [actions](#) on a range of items, including voting to accept various May Revision proposals and withdraw of various January budget proposals, while the Assembly had more general discussions about May Revision proposals.

Here is what is notable. Both subcommittees generally – with a few limited exceptions – indicated broad support for the Governor's May proposal to fully realign the juvenile justice system to counties. Dozens and dozens of reform advocates spoke in favor of the proposal to shutter the remaining Division of Juvenile Justice (DJJ) facilities; called for increased oversight of the transition and implementation of the regionalized approach at the county level; and advocated for permitting community-based organizations to have an increased role in local service delivery – including access to funding. While the Assembly took no specific actions, the Senate subcommittee deliberately "left open" the proposal to execute the shift of responsibility to allow for more time to design a framework for the realignment. Notably, however, the Senate also affirmatively adopted provisions to reverse the 2019 changes in law that moved DJJ from the state corrections agency to

a new entity within the health and human services agency. In so doing, DJJ effectively has no home – making evident that the only realistic outcome is a shift of this population to the county jurisdiction. Discussions among the Senate subcommittee members began to explore the complexities of this proposed transition, while making clear that their overall policy preference and perspective is that these youth are better served in smaller, more responsive programs closer to home.

Committee of the Whole and Other Procedural Plans

The Assembly has indicated it intends to employ the “Committee of the Whole” process – a deliberative assembly of the entire house using modified procedural rules – to discuss and consider the state budget. This process has not been used for many decades. The full Assembly will gather as a Committee of the Whole on Tuesday, May 26, first hearing presentations from the Legislative Analyst’s Office and the Administration. Individual members will then have an opportunity to make statements, propose budget alternatives, and ask questions during the afternoon session.

Based on our conversations, it also does *not* appear that a Budget Conference Committee will be convened to hash out differences between the two houses in their approaches to adopting a state budget – perhaps a sign that the two houses expect little difference in their budget approaches.

DHCS Announces New Long Term Care at Home Benefit

The Department of Health Care Services (DHCS) informed stakeholders late last week that it will begin development of a potential new “Long Term Care at Home” benefit in Medi-Cal. This new model of care is intended to help address the coronavirus pandemic, and provide eligible consumers with a coordinated and bundled set of home and community services to help vulnerable adults statewide stay healthy at home.

The Long Term Care at Home benefit will include: 1) individual, person centered assessment; 2) transition services; 3) care management; and 4) home and community based services. This benefit will be bundled with existing Medi-Cal benefits offered through Medi-Cal managed care and fee-for-service delivery systems. It’s not clear whether the new benefit is related in any way to the Administration’s proposals to eliminate CBAS and the MSSP.

This benefit is intended to support home care for individuals transferring from hospitals to home, from skilled nursing facilities to home or to prevent a skilled nursing facility stay. This benefit would also allow skilled nursing facilities and residential care facilities to decompress, so fewer people are exposed to the demonstrably-higher risks of viral infection in communal settings.

DHCS will develop this model in coordination with the Master Plan for Aging Stakeholder Advisory Committee. The proposal will require approval from the federal Centers for Medicare & Medicaid Services; DHCS is intending to implement this model by early 2021 and believes the benefit will be cost-neutral for the state General Fund. DHCS will be posting more information as it becomes available on their website.

Governor Newsom Update on Stage Two Progress, New Contact Tracing Awareness Program

The Governor noted that over 40 counties had submitted attestations and demonstrated readiness to move further into Stage 2 of re-opening. As of 8 a.m. today (May 24), 46 of the 58 counties have submitted attestations and demonstrated readiness. (The state updates the county variance process in real-time at this [link](#).) The Governor also warned that as the state reopens, transmissions may increase. The county attestation plans include the ability to toggle back to address disease spread.

The Governor specifically mentioned the concerns in Imperial County where hospitals are stretched due to an increase in the number of COVID-19 related patients. The state sent out a field medical station of 125 beds to decompress the system. Last week, 75% of the ventilators in the county were in use; as of Friday 52% of ventilators in the county are in use.

The Administration is working closely with the faith community and expect to release guidance for churches no later than Monday (May 25). He also said additional information will be forthcoming about casinos (on or near June 8). He also mentioned day camps and summer camps as an item that will be addressed in guidance in the next couple of weeks.

The Governor also talked about contact tracing during the press conference. The goal in Phase 1 of the efforts to ramp up contact tracing is to have 10,000 contact tracers working. Five hundred people have completed the state's training academy, and an additional 300 individuals are in the next cohort of training. The Administration also announced California Connected, a public awareness campaign about the contact tracing program.

As part of California Connected, public health workers from communities across the state will connect with individuals who test positive for COVID-19 and work with them, and people they have been in close contact with, to ensure they have access to confidential testing, as well as medical care and other services to help prevent the spread of the virus.

The public awareness campaign is being supported by multiple private partners who have committed a total of \$5.1 million in funding and in-kind resources to help educate all Californians, and underserved communities in particular. These partners include Jeff Skoll and his organizations (The Skoll Foundation, Participant, and Ending Pandemics), The California Health Care Foundation, The California Endowment, Twitter and Facebook, in addition to existing media partners engaged in the larger public awareness effort. The campaign will include radio ads, billboards, social media posts and videos in multiple languages. For more information, visit [this site](#).

Senate Democrats Unveil Housing Production Package, Assembly Advances its own Housing Legislation

After [SB 50](#) by Senator Scott Weiner failed passage on the Senate Floor in late January and the pro Tem Toni Atkins' subsequent commitment to pass a housing production bill by the end of the 2020 legislative session, Senate Democrats released its [housing production plan](#) this past Thursday. The

package of bills is intended to remove barriers and streamline the development process at the local level and bolster the production of new housing. With exception of a new CEQA streamlining proposal for affordable housing development, the plan includes amended versions of bills that have been moving through the legislative process since the start of the year, including:

- [SB 902](#) (Wiener), which would authorize a local government to pass an ordinance to zone any parcel for up to 10 units of residential density per parcel, at a height specified by the local government in the ordinance, if the parcel is located in a transit-rich area, a jobs-rich area, or an urban infill site.
- [SB 995](#) (Atkins), which would provide California Environmental Quality Act (CEQA) relief by expanding the existing AB 900 process for Environmental Leadership Development Projects for housing projects, particularly affordable housing.
- [SB 1085](#) (Skinner), which would revise state density bonus law and, among other things, require a city or county to grant a density bonus and certain incentives or concessions if the developer agrees to construct a housing development that will contain a specified percentage of units for households of low or moderate incomes.
- [SB 1120](#) (Atkins), which would require a proposed housing development containing two residential units to be considered ministerially in zones where allowable uses are limited to single-family residential development if the proposed housing development meets certain requirements. This bill would also require a city or county to ministerially approve a parcel map for an urban lot split that meets certain requirements.
- [SB 1385](#) (Caballero), which would permit housing development to be proposed for a site zoned for office or retail commercial use if the site has no existing commercial or residential tenants on 50% or more of its total square footage for a period of at least 3 years prior to the submission of the application.

The Assembly Housing and Community Development Committee also met this week and passed several affordable housing and planning and land use related measures onto Appropriations Committee on similar subjects as the Senate production package. Moving forward for a fiscal hearing is [AB 2345](#) by Assembly Member Lorena Gonzalez which would also increase the waivers and concessions provided under state density bonus law, [AB 3107](#) by Assembly Member Richard Bloom which would provide for the development of housing with certain percentages set-aside for lower-income households on commercial zones, and [AB 3155](#) by Assembly Member Robert Rivas which would provide for a streamlined, ministerial approval process for small lot subdivisions.

The Senate's package of production bills is up for policy committee hearings in Senate Housing Committee (SB 902, SB 1085), Senate Governance and Finance Committee (SB 1120, SB 1385), and Senate Environmental Quality Committee (SB 995) next week.

Public Safety Bills Worth Noting

- [SB 1290](#) (Durazo) – Collection of Juvenile Fees
By way of background, SB 190 (Mitchell, 2017) eliminated counties' authority to charge and collect fees from the families of youth in the juvenile delinquency system. The measure was, however, silent with respect to vacating existing debt associated with fees levied prior to the effective date of the measure; some jurisdictions continue to pursue debt collection on these past obligations. SB 1290 would expressly prohibit the collection of outstanding balances associated with specified county-assessed or court-ordered fees. The measure is supported by a variety of justice reform and civil rights advocates. In its hearing this week in the Senate Public Safety Committee, it passed on a 5 to 1 vote. It will be heard in the Senate Appropriations Committee on June 1.
- [AB 2483](#) (Bauer-Kahan) – Reporting of County Recidivism Data
This measure would, beginning on January 1, 2023, require each county sheriff to compile and submit recidivism – as defined – data to the Board of State and Community Corrections (BSCC) on an annual basis. Specific elements include data on antirecidivism programs offered in county jail facilities and associated success rates in reducing recidivism in each of those programs. The measure was approved unanimously in the Assembly Public Safety Committee on May 19. The state sheriffs' association raised opposition to the measure on the basis that the data collection requirements are vague and likely to produce disparate information across jurisdictions. Additionally, they indicate that given the broad nature of recidivism in the measure, AB 2483 contemplates requiring jails to seek relevant data from other agencies – jails and courts in other jurisdictions as well as the state and federal corrections system. This aspect of the measure would be operationally challenging and costly, particularly given that there is no funding provided to support the new workload. The bill now goes to the Assembly Appropriations Committee for review.

Gig Worker Initiative Eligible for November Ballot

On Friday, the Secretary of State announced that the initiative sponsored by Uber, Lyft, and other transportation network companies (think DoorDash, GrubHub, etc.) is eligible for the November ballot. The language of the initiative is what the companies unsuccessfully sought during negotiations on last year's AB 5 (Gonzalez) and establishes a hybrid classification between employee and independent contractor. Opponents of the measure, of course, suggest that the benefits offered to employees under this model fall short of those that could be achieved if drivers were categorized as employees (and were unionized).

Proponents have until June 25 to determine whether to remove the measure from the ballot.

LAO Report: Updated Information on Federal Assistance to Businesses

The LAO, in this [post](#) from last week, updates information regarding federal assistance available to assist business in the context of the COVID-19 pandemic.