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*Established in 1991, UCC serves as the representative voice for state legislative advocacy for high-population counties in California. Initially composed of seven counties, the association has grown to 14 today. Over 80 percent of the state's population reside in UCC counties. Consequently, urban counties carry out critical programs and services to the state's most vulnerable populations. For more information, including details on our Board of Directors, please visit [our website](#).*

## UCC Weekly News: February 12, 2021

### **Assembly Holds Oversight Hearing on Vaccines**

The Assembly Committees on Accountability and Administrative Oversight along with the Assembly Emergency Management Committee held a joint hearing on Wednesday on COVID-19 vaccine distribution. The agenda and materials can be found [here](#).

The hearing kicked off with a local panel, featuring the public health officer from Yolo County and the chief science officer from Los Angeles County. The Yolo County health officer raised discrepancies between state and local vaccine administration data. Both officials noted that counties would be able to vaccinate more residents if they had adequate vaccine supplies. They both expressed frustration with the lack of information about the new system that Blue Shield will administer.

The Committee also heard from a panel of state officials. The Administration anticipates that the Blue Shield contract will enable the state to administer four million doses per week once vaccine supplies are adequate and the provider network is fully developed. The Administration committed to working with counties and assured the Legislature that counties will continue to receive vaccines to serve underserved communities. The Administration noted that they have started weekly steering committee meetings that include local health officials on the Blue Shield transition.

Over the next month, Blue Shield will partner with county health providers to build a network. Blue Shield will be selecting providers strategically and will include multiple approaches, including home-based vaccinations and mobile vaccination. The Administration is working to finalize the Blue Shield contract by February 15 and will begin engaging counties and providers immediately to

work on the details of implementation and transition. The Administration plans to transition counties to Blue Shield and My Turn in three waves.

The recently announced FEMA vaccination sites – which are scheduled to open February 16 – will be getting supplies directly from the federal government in addition to the state’s vaccine allocation. Appointments for the FEMA sites can be made via My Turn.

Several Assembly Members – both Democrats and Republicans – expressed frustrations with the state for the vaccine rollout. Assembly Member Gray was critical of the lack of a mass vaccination site for the Central Valley. Members asked questions about county capacity to increase vaccinations, state data systems, how and why the prioritization system for vaccines has changed, accountability and transparency.

Cottie Petrie-Norris, who chairs the Accountability and Administrative Oversight Committee, called on the state to set clear and achievable goals, avoid changing vaccine eligibility criteria, and have better communication with county officials. More to come ...

### **State Auditor Report: Homeless Coordinating and Financing Council Not Coordinating Enough**

After a Joint Legislative Audit Committee (JLAC) request to evaluate Continuums of Care (CoCs) and their practices, the Bureau of State Audits (BSA) has released its [report](#), concluding that the state continues to struggle with coordinating its efforts to address homelessness and that CoCs do not always comply with federal regulations or follow best practices.

To summarize, the BSA indicates that the state’s approach to addressing homelessness is fragmented among nine state agencies that administer 41 different programs. The Homeless Coordinating and Financing Council was established to identify homelessness resources, benefits and services, but does not track how the state spends funds to combat homelessness and has not coordinated existing state and federal funding. Additionally, the Council lacks complete data and cannot assess how effectively the state responds to homelessness, as most CoCs do not collect data from all service providers on services they provide or who they serve. The BSA also notes that the Council has not provided CoCs with support and guidance to effectively address homelessness.

On the COC front, the BSA reviewed CoCs administered by the City of Fresno and the Counties of Mendocino, Riverside, Santa Barbara, and Santa Clara. The audit noted that these CoCs did not consistently comply with regulations

or implement best practices related to identifying, planning for, and providing services to those experiencing homelessness. Further, none conducts a comprehensive annual gaps analysis to determine if the amount and type of services provided in their areas are adequate to achieve the goal of reducing homelessness. Finally, the BSA indicates that some COCs reviewed do not have comprehensive plans with strategies to address homelessness, some still manually conduct counts and record data, and some lack a dedicated hotline for assisting the homeless.

Expect the Legislature to respond to this report with statutory changes to improve coordination and oversight at the state level, and perhaps additional reporting and oversight for local agencies and CoCs.

### **LAO Confirms: December and January State Revenues Way Up**

In a recent [report](#) on January state tax revenues, the Legislative Analyst's Office (LAO) confirmed the Governor's recent TikTok announcement indicating that December and January state revenues has exceeded budget estimates by more than \$10 billion.

According to the LAO, about \$1.1 billion of those funds were those that the Governor has proposed sending to lower income Californians via the "Golden State Stimulus" proposal from January. Since the Legislature has not acted on that proposal, the funds remain in state coffers. Should the Legislature approve the \$1.1 billion for the Golden State Stimulus, that leaves about \$9.4 billion, of which about \$3.5 billion would be constitutionally dedicated to schools and about \$1.5-\$2 billion to state reserves, leaving about \$4 billion in discretionary revenues.

The LAO also suggests that California's budget picture may further improve based on indications that federal reimbursements for costs associated with the pandemic will increase under the Biden Administration. Of course, California's notorious revenue volatility could also come into play, in addition to increased costs for programs and services, given the unprecedented nature of the pandemic.

### **Very Notable Actions at BSCC Meeting**

The Board of State and Community Corrections (BSCC) met yesterday ([agenda](#)) and took action on a number of items of consequence for counties. We highlight three specific actions of interest; please note in particular the grant application extension described under the heading immediately below.

### ***CESF Grant Program Application Extended to March 12***

In 2020, the BSCC received a direct allocation from the federal government of Coronavirus Emergency Supplemental Funding (CESF); \$15 million was allocated off the top last year to six regional providers to assist in connecting state prison inmates who were granted early release to emergency housing options. (See more on the latter below.) The remaining \$41 million in CESF funding was made available to counties through an application [process](#). Grant funds could be used to support a fairly broad set of eligible re-entry activities, as specified in the application; examples include addressing the medical needs of inmates in state, local, and tribal prisons, jails, and detention centers; equipment (including law enforcement and medical personal protective equipment); hiring; overtime; supplies; training; and travel expenses. The initial application process closed February 1, but **33 counties [did not submit an application](#)**. **It's critical to note that this grant program is not competitive; if a county fulfills the application requirements, it receives its defined share of the funds.** (See county-by-county allocation details [here](#); see second column from right.)

The BSCC approved an extension to March 12 to try to increase county uptake on the grant opportunity. We encourage all counties to examine this grant program application and take the steps needed to access these funds.

#### ***[Expansion of Allowable Activities through STOP Funding](#)***

As noted above, the BSCC previously took action to allocate \$15 million in CESF through existing contracts the California Department of Corrections and Rehabilitation (CDCR) has with six regional networks that subcontract with community-based organizations for purposes of providing emergency housing services to those who have been granted early release from prison due to COVID. At yesterday's meeting, the Board expanded the eligible activities so that the \$15 million can support an array of reentry services, as specified in the staff report [here](#).

#### ***[SB 823 Programs and Facilities Grant Program: County Input Reviewed and Grant Application Forthcoming](#)***

Lastly, the BSCC received a [report](#) on survey results by counties that offer input on potential uses for the \$9.6 million Regional Youth Programs and Facilities Grant Program that was approved as part of the DJJ Realignment legislation last year. Additionally, counties offered insights into their implementation planning process and how they anticipate managing the new responsibilities associated with the closure of the state's youth facilities and stoppage of intake as of July 1, 2021.

Counties noted in particular the high-priority treatment needs of three populations that may require reliance on other counties and/or regional efforts

for specialized treatment: females, sex offenders, and youth with serious mental health issues.

As described in the staff [report](#), the BSCC intends to develop a Request for Application that will:

- Dedicate \$4 million for four projects (up to \$1 million) to develop regional hubs to serve youth referred by other counties to address the high-needs populations identified above; and
- Award the remaining \$5.12 million on a pro rata basis to all counties to support infrastructure and other improvements needed to serve their in-county population of DJJ eligible youth.

The BSCC will consider the RFA at its April meeting, with county awards being announced at its June meeting. See additional information [here](#) on the population currently being housed and treated in DJJ facilities.

### **Budget Hearings Kick Off: Rundown of Recent HHS Subcommittee Deliberations**

Senate and Assembly Budget Subcommittees started their budget discussions on last week. Assembly Budget Subcommittee No. 1 focused a good portion of their February 8 hearing on public health issues and COVID response.

The California Department of Public Health (CDPH) identified the following as outstanding challenges for pandemic response: 1) vaccine supply, 2) the new COVID variant, 3) pandemic fatigue among general population, and 4) school reopening. CDPH acknowledged that public health infrastructure at the state and local levels declined over the last decade (prior to the pandemic) in terms of staff and data systems. The state also acknowledges that resources are not evenly distributed across the state, mentioning in particular the Imperial and Central Valleys, as well as in rural areas.

The Administration is also still looking at how the state can use the recently available \$357 million in federal funds for vaccines. CDPH has not yet proposed how to spend those new resources.

Sarah Bosse, Madera County's Health Director, talked to the budget subcommittee about the erosion of public health infrastructure. At local level, prior to the pandemic counties had limited contact tracing, disease investigation, epidemiology, and data systems; decreased lab capacity; and old equipment. Since the Great Recession, local health departments were serving more people with fewer resources. Counties have doubled and tripled the size of their public health staff to deal with pandemic.

The LAO was supportive of addressing public health infrastructure and had a number of recommendations for the Legislature in evaluating the piecemeal or incremental funding coming from the state and federal governments for public health response. For more details on the LAO recommendation, see below.

The subcommittee was very engaged on public health issues. Questions from members included how vaccine distribution works, what locals would like to see for improvements on vaccine efforts, the Valencia lab (specifically, on the sole source contract and recent whistleblower report), IT systems, what the Third Party Administrator will do, the cost of the Blue Shield contract, when the Blue Shield contract will be available publicly, and data accuracy. Assembly Members Ramos and Arambula both made public remarks in support of ongoing public health infrastructure funding. Assembly Member Arambula noted, “Shame on us if we can’t figure out how to elevate public health.”

The California Association of Public Hospitals and Health Systems also presented their budget request for \$300 million in the current year to support their losses due related to inpatient fee-for-service days, and costs due to vaccinations and staffing. In response, the Department of Health Care Services confirmed CAPH’s underlying assumptions and noted that they are seeing a high rate of fee-for-service COVID cases and higher fee-for-service emergency room usage in 2020, while utilization in the outpatient setting is lower. DHCS noted they “look forward to working and partnering with public hospital systems.” Assembly Member Ramos was supportive of this item.

Senate Budget Subcommittee No. 3 heard the Office of Health Care Affordability on February 5. Senator Pan questioned the Office of Statewide Health Planning and Development’s (OSHPD) about why they were setting cost targets in 2022 if the all payers claims database isn’t going to be ready until 2023. He also raised concern about OSHPD’s request for staff for investigation and enforcement and notion of penalizing providers if the department is setting cost targets without good data. Assembly Budget Subcommittee No. 1 heard the OSHPD budget but did not agendaize or discuss the Office of Health Care Affordability. Assembly Member Wood will be carrying a bill this year to create an Office of Health Care Affordability.

### **Highlights on Recent LAO Reports**

**Public Health** – The Legislative Analyst’s Office (LAO) released a [report](#) this week on the California Department of Public Health’s COVID response in conjunction with the Assembly Budget Subcommittee No. 1 hearing on public health issues on February 8.

The document provides: 1) an overview of direct COVID-19 spending within the CDPH budget; 2) an overview funding for the 61 local health departments for COVID response; 3) a framework for evaluating mid-year and budget year proposals and actions related to COVID-19 within CDPH's budget; and 4) key public health issues for legislative consideration during the COVID-19 recovery.

The LAO identifies the following public health issues for legislative consideration:

- Addressing COVID-19 public health infrastructure needs over the near and potentially longer terms, including: 1) resources that could be leveraged in the near and longer terms (state public health lab capacity, public health workforce, research partnerships and data sharing agreements, IT systems and data dashboards). The LAO recommends the Legislature consider which of these newly developed resources to sustain over the next several years or on an ongoing basis for disease monitoring. More generally, the LAO also recommend the Legislature ask the administration of its plans for maintaining COVID-19 surveillance capacity over the next few years.
- Asking the administration for more information about the public health work that was deferred in the past year as workforce and resources were redirected to respond to COVID-19. Questions could include: which responsibilities have been deferred? What is needed to recover in these areas?
- Creating an after-action review to learn from the pandemic. The COVID-19 pandemic revealed a variety of problems, among them:
  1. under-resourced state and local public health infrastructure;
  2. outdated data collection, analysis, and reporting systems;
  3. significant disparities in rates of infection and death across race and ethnic groups;
  4. coordination problems in public health governance structures;
  5. health care delivery inadequacies, including workforce shortages, insufficient infection control at skilled nursing facilities, and inadequate stockpiles of PPE and other medical equipment and supplies;
  6. challenges ramping up workforce and surge capacity in a short time frame.

The LAO recommends the Legislature require a comprehensive after-action review and assessment of the state's public health response to COVID-19. The review should broadly assess what went well and what did not go well with the

state's response. The review and assessment should serve as the basis for developing a plan to remediate the structural issues identified.

**CalAIM** – The LAO also released their [analysis](#) of the Administration's CalAIM proposal. While the LAO notes that the CalAIM is largely similar to the CalAIM proposal from last year, they identify the following changes: implementation timeline is delayed; the proposal commits to pursuing a federal waiver opportunity – the Severe Mental Illness (SMI) and/or Severe Emotional Disturbance (SED) demonstration; and a new in-lieu of service benefit for asthma remediation services has been added.

The LAO notes the potential for CalAIM to bring major benefits, including:

- Reduce health disparities and improve service delivery through expanded availability of supportive services, improved care coordination, reducing delivery system complexity, modernizing behavioral health service delivery and financing.
- Strengthen managed care plan's capacities and incentives to coordinate care.

The LAO also identifies major unanswered questions, including:

- Is managed care well positioned for a significant expansion of responsibilities?
- Would new benefits expand the supply of already limited services?
- What new complexities does CalAIM create?
- Does a major ongoing augmentation make sense in light of the state's projected multiyear budget shortfall?
- Is the funding plan reasonable and what are the longer-term fiscal risks? The report notes that CalAIM would make various changes that affect county responsibilities, such as (1) the transfer of responsibility for covering specialty mental health services in two counties where today a Medi-Cal managed care plan (Kaiser) covers such services and (2) new requirements for counties to initiate the Medi-Cal enrollment process and coordinate care for county inmates. The funding plan does not appear to reimburse counties for these costs despite potential responsibility on the part of the state to reimburse counties for new state mandates placed on them.
- Is the updated implementation timeline realistic?
- How would the reforms be overseen and evaluated?

The LAO is recommending the Legislature focus on these resolving these key questions through the budget and policy processes. The Legislature has confirmed that the CalAIM proposal will be discussed in both budget and policy

committees. Additionally, the LAO will be releasing a fiscal analysis of CalAIM in the coming weeks.