

Legislature Works to Align Approach on State Budget Framework; Budget Subcommittees Wrap Up

As the month of May comes to a close, the June 15 constitutional deadline for a balanced state budget looms large. With the Governor's nearly complete rewrite of his state spending plan at the May Revision, he gave the Legislature a lot of new ideas to consider. It is our understanding that – at least partly due to the ongoing limitations on access to hearing rooms occasioned by the social distancing and other public health requirements still in place – there will be no Budget Conference Committee process this year. Instead, the two houses are working cooperatively to land a unified budget architecture to present to the Administration, and negotiations on the details will further refine from there. Keep in mind that this approach means that many (perhaps more than usual?) consequential decisions will be made behind closed doors in the days and weeks ahead.

Given a number of factors – the considerable resources available to spend, the complexity and size of certain new programs unveiled in the May Revision, and the limited time available to resolve the budget issues – it is likely that budget deliberations and development of trailer bills will continue through the summer and up until the houses' mid-September adjournment. Word has it that the Legislature will seek conceptual support for a framework on several big-ticket issues – for example, homelessness and children's behavioral health – but defer many of the more detailed and technical decisions until post-June 15.

As for budget actions this week, the houses' subcommittees took votes on dozens of items and have shut down their work for the year. The full budget committees meet next week – the Senate on Tuesday afternoon, and the Assembly on Wednesday afternoon – where we could see discussion of issues that were not resolved at the subcommittee level. We have noted actions on several priority issues below.

Health and Human Services
<ul style="list-style-type: none">▪ \$200 million for public health workforce and infrastructure – no action. Full budget is expected to address next week.▪ \$300 million (federal American Rescue Plan funds) for public hospitals – both houses approved the May Revision▪ Telehealth – both houses rejected Administration's TBL and adopt placeholder trailer bill language similar to AB 32.▪ \$2.455 billion total funds over three years for the Behavioral Health Continuum Infrastructure Program – held open.▪ \$4 billion over five years for the Children and Youth Behavioral Health Initiative – held open.▪ Halt the intake of new patients and returning existing Lanterman-Petris-Short (LPS) conservatees from state hospitals to counties – held open.▪ Continuation of the 65 percent state and 35 percent county sharing ratio for the In Home Supportive Services (IHSS) program and the continuation of the 10 percent over three years option – approved and adopted placeholder trailer bill language.

- Medi-Cal Coverage to Undocumented Older Adults (60+) – both houses approved trailer bill language to increase Medi-Cal to those 50 and older effective May 1, 2022.
- Office of Health Care Affordability – held open.
- \$50 million one-time General Fund to support grants to new residency programs through the Song-Brown Program – both houses approved as budgeted.
- Five-Year Medi-Cal Eligibility Extension for Postpartum Individuals and Doula benefit – both houses approved as budgeted and adopted placeholder trailer bill language.
- Families First Prevention Services Act (FFPSA) – held open.
- \$105.2 million one-time General Fund for the Rapid Response Fund to provide support for migrant family arrivals at the Southern California border and additional funding for other emergency responses, including wildfires and drought – both houses approved as budgeted and adopted modified placeholder budget bill language.
- Human services administered housing and homelessness programs – held open.

Administration of Justice

- Office of Youth and Community Restoration – both houses approved an increase in annual funding (\$30 million) and placeholder budget and trailer bill language to clarify/expand scope and authority of office charged with various juvenile justice oversight functions pursuant to SB 823, the 2020 DJJ Realignment legislation. The OYCR, within the Health and Human Services Agency, is established as of July 1, 2021, concurrent with the effective date for the shift of DJJ responsibility to counties.
- Dependency counsel funding – Assembly subcommittee adopted staff recommendation for continued discussion of various access to justice investments, including dependency counsel; Senate did not agendaize this item, but has expressed support for the augmentation.
- Distribution methodology for \$65 million in backfill associated with implementation of AB 1869 (2020) – no action. Possibly will be addressed in full budget committee, but certainly through eventual trailer bill language.
- Fine and fee forgiveness program with local county/court backfill – Senate left open; Assembly acknowledged its support for various (yet non-specific) proposals to reduce court-related debt.
- Expansion of pre-trial services projects – Assembly did not discuss; Senate held open.

General Government

- Homelessness – Both houses are expected to consider a “framework” for homeless investments in full budget committees next week.
- Broadband – Assembly adopted placeholder language and deferred action until the final budget package; Senate held the item open pending full Senate Budget Committee hearing.

- Property tax backfill for wildfire losses – both houses approved the May Revision proposal to provide a backfill of property taxes for those counties and cities that suffered losses associated with 2020 wildfires.
- Assessment appeals deadline extension – both houses approved the May Revision proposal to extend the 2-year deadline for assessment appeals to December 31, 2021.
- County Veterans' Service Offices – both houses approved an additional \$5.4 million to county veterans' service offices.

Governor Unveils COVID-19 Vaccination Incentive Program

On Thursday, Governor Gavin Newsom [announced](#) "Vax for the Win", promising the chance of cash and prizes to incentivize vaccinations in the lead-up to the state's reopening on June 15. Details include the following prize opportunities:

- \$16.5 million in cash prizes for all vaccinated Californians.
 - Ten winners will be selected on June 15 to win cash prizes of \$1.5 million each, totaling \$15 million in cash prizes.
 - Thirty winners will be selected to win a \$50,000 cash prize each, with 15 winners selected on Friday, June 4 and the other half selected on Friday, June 11 – totaling \$1.5 million in cash prizes.
- \$100 million incentive cards for newly vaccinated Californians.
 - Beginning May 27, the next two million people who begin and then complete their COVID-19 vaccination will automatically be eligible for a \$50 Virtual Prepaid Card or a \$50 grocery gift card.

Californians who already have received the vaccine will automatically be entered for the \$16.5 million cash prize drawings. Californians with at least one dose of the COVID-19 vaccine who are 12 years of age and older will be eligible for these incentive programs, including undocumented immigrants. If someone under the age of 18 wins, the cash will be put in a savings account for them until they turn 18. More information on the incentive program announced this week can be found [here](#).

Provisions of COVID-19 Hazard Pay Measure Expanded

[AB 650](#), a measure by Assembly Member Al Muratsuchi to provide health care workers with COVID-19 hazard pay retention bonuses, was amended on May 24 to expand its provisions to public hospitals. The measure would require health care providers, including but not limited to, specified licensing clinics, outpatient settings, county medical facilities, and home health agencies, that employ 100 or more employees in the state to provide bonuses to health care workers. The bill defines covered health care worker as someone providing direct patient care or services directly supporting patient, including but not limited to, pharmacists, clinicians, nurses, aides, technicians, janitorial and housekeeping staff, security guards, food services workers, laundry workers, nonmanagerial administrative staff, and physicians, as specified. The bill would require bonuses to be paid in 4 quarterly payments in 2022 of in the amounts of \$2,500 (\$10,000 total) for full-time workers; \$1,500 (\$6,000 total) for part-time workers; and

\$1,000 (\$4,000 total) for less than part-time workers. The bill's sponsor, the Service Employees International Union (SEIU) State Council, indicated that they are working on amendments that may be in print early next week before the bill is taken up on the Assembly Floor. Potential amendments may address credit for employers who have paid bonuses and a process for exempting employers that cannot afford them.

Latest Greenhouse Gas Auction Raises Nearly \$1 Billion

Last week's quarterly greenhouse gas credits auction raised \$915 million, buoying the state's Greenhouse Gas Reduction Fund, available for programs that reduce greenhouse gas emissions. Revenues were higher this auction because more credits were offered for sale. Under state regulations, allowances that went unsold in previous auctions can reenter the market after two fully sold-out auctions. The allowances from the May 2020 auction, which saw demand plummet during the pandemic, all sold last week. The strong demand appears to indicate an expected increase in emissions as the economy continues to recover from the pandemic.

Assembly Census Back to 79; One Vacancy Remains

The California State Assembly swore in its newest member this week. Representing the 54th Assembly District (portions of the County of Los Angeles), Issac Bryan won the special election to replace the seat vacated by now-Senator Sydney Kamlager. Assembly Member Bryan was a founding director of the UCLA Black Policy Project, described as a policy-oriented research initiative housed within the Ralph J. Bunche Center for African American Studies. He also was a co-chair of the campaign for Measure J in Los Angeles County, a charter amendment that was approved by voters in November, requiring that 10 percent of the County's unrestricted general funds be spent on housing, mental health treatment, jail diversion programs, and other alternatives to incarceration. The Assembly District 18 seat remains vacant following the recent appointment of Rob Bonta as the state's newest Attorney General.