



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](#).

January 7, 2022

2022 Legislative Session Off to a (Weird) Start; Assembly Departure Leads to Committee Shake-ups

The Legislature returned to Sacramento on Monday to kick-off the second year of the 2021-22 legislative session. The week featured several expected and at least one surprising developments. First, as might be anticipated considering the widespread surge in COVID infections related to the highly transmissible Omicron variant marching its way across the globe, many legislators turned up with positive cases or were facing quarantine by week's end. At Thursday's Assembly session, a full 27 members were not present due to COVID protocols. Access to members and staff in their new office space remains limited, and further restrictions were put in place this week that limit to one the number of legislative staff who can be present in Senators' offices.

On the more surprising side, Assembly Member Lorena Gonzalez (D-San Diego) – who also served as chair of the Appropriations Committee – announced her resignation effective January 5. Assembly Member Gonzalez will be assuming the top leadership role at the California Labor Federation later this year. With Assembly Member Gonzalez's departure, the Assembly currently has four vacancies – meaning four special elections will be forthcoming.

Other ramifications of members' early exits were reflected in a new round of changes to committee chair assignments (and some associated musical chairs) that came out of Assembly Speaker Rendon's office earlier this week, effective immediately. To see chart click [here](#).

Legislative Movement on Single Payer

Assembly Member Ash Kalra held a press conference yesterday to announce a financing package to accompany his single payer bill, **AB 1400**. The financing measure is a constitutional amendment, **ACA 11**, that includes 1) an excise tax on businesses of 2.3 percent, minus their first two million dollars in receipts; 2) a payroll tax of 1.25 percent of businesses with 50 or more employees; and 3) personal income tax increases on individuals who make \$150,000 or more a year, escalating as incomes increase. The constitutional amendments also exempts the ACA 11 revenues from the State Appropriations Limit calculation.

Additionally, Assembly Member Jim Wood, chair of Assembly Health Committee, issued a press [statement](#) Thursday announcing he will support AB 1400 when it is heard on January 11 in his committee, stating:

Single payer health care can be the catalyst for change. Reforming the individual segments of the health care industry has proved inadequate. Do I have concerns? Yes. Do I think it will solve all our problems? No. That's why I will continue to work hard to pass my bill, AB 1130, which will create the Office of Health Care Affordability designed to address costs throughout health care by establishing enforceable cost targets. Any major reform, including single-payer system will need to understand how we spend our health care dollars. We will be able to use that information to improve health outcomes for patients.

AB 1400, a two-year bill that was introduced in 2021, was not referred to a policy committee last year. The measure must move out of Assembly Health Committee by January 14, out of Assembly Appropriations by January 21 and off the Assembly Floor by January 31. It is unclear with the Democratic departures from the Legislature coupled with redistricting and election year politics will make it difficult to get AB 1400 off the Assembly floor. Assembly Member Kalra would not comment on whether he has secured the 41 votes necessary to move the bill.

AB 1400 is opposed by the California Medical Association, the California Hospital Association, the California Chamber of Commerce, and the California Association of Health Plans.

Federal Government Approves CalAIM Implementation; Informational Webinar Upcoming

Shortly before the end of 2021, the Centers for Medicare and Medicaid Services (CMS) and the California Department of Health Care Services (DHCS) announced federal approval of the Section 1115 waiver, Section 1915(b) waiver, and State Plan Amendments necessary to implement portions of CalAIM. The approval letter and accompanying documents can be found [here](#).

On January 14, DHCS will host a webinar to provide a status update on and overview of the recently approved CalAIM Section 1115 and 1915(b) waivers. DHCS will review the approved initiatives and components in the CalAIM waivers, as well as provide an update on pending CalAIM waiver requests. Attendees will also have an opportunity to ask questions. Advance [registration](#) is required.

While CMS approved most of the CalAIM provisions, the approval letter notes that DHCS and CMS continue to work toward additional approvals for CalAIM initiatives that provide services and supports for justice-involved adults and youth, which are slated to be implemented in January 2023. CMS approval of these waivers is anticipated in early 2022. CMS did not approve the state's request for federal funding of Designated State Health Program (DSHPs) to support the non-federal share funding for the PATH program but will continue to review the state's proposal; these components are still under active CMS review.

Key provisions approved are included in the chart [here](#).

Delivery System Transformation and Alignment shifts California's managed care delivery systems – Medi-Cal Managed Care, Dental Managed Care, Specialty Mental Health Services, and Drug Medi-Cal Organized Delivery System – to one coordinating authority to simplify and align the programs, enhance oversight, and standardize benefits and enrollment into Medi-Cal (*1915(b) waiver*).

Enhanced Care Management addresses clinical and non-clinical needs of the highest-need Medi-Cal enrollees through intensive coordination of health and health-related services (*1915(b) waiver*).

Community Supports (previously called “in lieu of services”) provides new statewide services covered by Medi-Cal managed care plans as medically appropriate alternatives to traditional medical services or settings, including assistance with housing supports, caregiver respite, food insecurity, and transitioning from nursing home care to the community (*1115 & 1915(b) waivers*).

Providing Access and Transforming Health (PATH) Supports provides funding to community-based organizations, counties, and other local providers to support capacity building as they begin to implement and scale Enhanced Care Management and Community Supports, in particular increasing resources available to populations and communities that have been historically under-resourced and under-served. In addition, PATH will support justice-involved adults and youth by sustaining the pre-release and post-release services (*1115 waiver*).

Substance Use Disorder Services and Initiatives advances treatment for individuals with substance use disorder, including:

Ø Reauthorization of California’s Medi-Cal 2020 waiver to permit the **Drug Medi-Cal Organized Delivery System** services to be delivered for short-term residential treatment stays (*State Plan Amendment, 1115 & 1915(b) waivers*).

- Beginning in July 2022, new authorization of **Contingency Management** as a Drug Medi-Cal Organized Delivery System (DMC-ODS) benefit to offer evidence-based, cost-effective treatment for stimulant use disorder that combines motivational incentives with behavioral health treatments (*1115 waiver*).
- Beginning in July 2022, **Peer Support Specialists** will offer culturally competent services that promote recovery, engagement, socialization, self-sufficiency, self-advocacy, development of natural supports, and identification of strengths. Using a combination of federal authorities, peer support specialist services will be implemented at the option of individual counties (*State Plan Amendment, 1115 & 1915(b) waivers*).

Coordination and Integration for Dual Eligibles better coordinates coverage programs for the complex health care needs of individuals eligible for both Medi-Cal and Medicare (“dual eligibles”). CalAIM provides a special kind of managed care plan that coordinates all benefits in one plan for eligible

enrollees, building an infrastructure to integrate managed long-term services and supports for all Medi-Cal enrollees who qualify (*1115 waiver*).

New Dental Benefits expands key dental benefits statewide, including a tool to identify risk factors of dental decay for all Medi-Cal children, and silver diamine fluoride for children and certain high-risk populations (*State Plan Amendment*).

Global Payment Program (GPP) renews California's statewide pool of funding for care provided to California's remaining uninsured population. This includes streamlining funding sources for California's uninsured population served by California's public hospitals (*1115 waiver*).

In alignment with the waiver approvals, CMS has also authorized a number of statewide benefits via Medi-Cal State Plan Amendments, including the statewide expansion of coverage for low-income pregnant women and substance use treatment services. For additional information about the numerous State Plan Amendments approved, visit the [DHCS State Plan Amendment webpage](#).

CMS Conditionally Approves Home and Community Based Services Spending Plan

CMS announced this week its conditional approval of California's October 27, 2021 revised Home and Community Based Services (HCBS) Spending Plan. The CMS approval letter can be found [here](#) and California's revised HCBS plan can be found [here](#).

Resources to Address Organized Retail Theft

In mid-December, Governor Newsom – along with Attorney General Rob Bonta as well as other state and local officials – announced his intention to make a considerable investment in efforts to address organized retail theft. As outlined in further detail [here](#), the resources the Governor is expected to incorporate in his January 10 budget proposal will include all of the following:

- \$250 million in competitive grants for local law enforcement (retail theft focused)
- Support to DOJ for full-time investigation and prosecution team on retail theft
- \$20 million in district attorney grants
- \$20 million in border issues targeting fentanyl (have seen some success with National Guard)
- \$20 million for impacted small businesses

- \$25 million for largest statewide gun buyback program
- Private right of action for illegal firearms

We will share more details on Monday as part of our state budget summary.

Criminal Justice Fee Repeal Funding – Important Reminders

On December 2, the State Controller's Office issued the **first of five annual payments to counties** to mitigate the local revenue impact of criminal justice administrative fees repealed in **AB 1869 (2020)**. Given the need to continue advocacy efforts for ongoing funding, counties will want to carefully consider the expenditure and reporting requirements included in subsequent legislation (AB 143-2020 and **Government Code section 29553**).

Counties have broad authority on the expenditure of these funds with the legislation identifying that the Board of Supervisors shall have the authority to determine how the funds will be spent. However each January, commencing with 2023, counties will need to submit a report detailing how funds were spent, including: (1) the total annual budget of the county department or departments that receive the allocation, the share of the backfill allocation received, and an accounting of the expenditures of the allocation by county department that receive a share of this allocation and (2) a description of the programs, services, strategies, and enhancements supported by or made with the allocation by county department.

Additionally, by May 1, 2022, counties must submit a report estimating the actual revenue lost from each individual fee repealed in AB 1869 for the three most recent years that the county collected on the fee. These collective reporting requirements will be an opportunity for counties to demonstrate the adequacy of the backfill and the important programs and services funded with the backfill.

Committee on the Revision of the Penal Code: December 2021 Report and Recommendations

As we have discussed previously, the Governor recommended and the Legislature approved in the 2019-20 budget the creation of the Penal Code Revision Committee (see Sections 11-18 of **SB 94**, the 2019-20 public safety budget trailer bill). The committee's stated objectives are as follows:

- 1) Simplify and rationalize the substance of criminal law.
- 2) Simplify and rationalize criminal procedures.

3) Establish alternatives to incarceration that will aid in the rehabilitation of offenders

4) Improve the system of parole and probation.

In mid-December, the Committee released its annual **report and recommendations** that are centered around the seven following policy objectives:

- Strengthening California's mental health diversion law.
- Encouraging alternatives to incarceration.
- Expanding CDCR's existing reentry programs.
- Equalizing parole eligibility for all offenses.
- Modernizing the county parole system.
- Repealing the Three Strikes law.
- Creating a review process for people serving sentences of life without the possibility of parole.

The Committee's report is organized around each of these seven objectives; each section provides an overview of current law, presents relevant data and statistics, and outlines a rationale for the recommended changes or reform.

US Treasury Releases Final ARPA Fiscal Recovery Fund Rule

The United States Treasury released the **Final Rule** for the State and Local Coronavirus Fiscal Recovery Fund (Recovery Fund), which was authorized under the American Rescue Plan Act. The Final Rule will go into effect on April 1, 2022.

The National Association of Counties (NACo) is hosting two webinars next week to brief and answer questions about the Final Rule. (Additionally, a webinar hosted today was recorded and will be posted online.) Please note registration is required.

January 10, 2022

1 p.m. PST/4 p.m. EST

Register

January 12, 2022

10 a.m PST/1 p.m. EST

Register

The Final Rule provides the following changes and new flexibility:

- Allows eligible entities to use up to \$10 million in ARPA Recovery Funds for the provision of government services without having to go through a complicated “revenue loss” calculation.
- Allows Recovery Funds to be used for the modernization of cybersecurity for existing and new broadband infrastructure, including the modernization of hardware and software
- Expands eligible uses for water and sewer projects to include culvert repair, dam and reservoir rehabilitation and stormwater infrastructure, among others
- Clarifies how eligible entities can use Recovery Funds for certain capital expenditures to respond to public health and economic impacts
- Streamlines options to provide premium pay by broadening the share of eligible workers

See the US Treasury’s summary of the Final Rule [here](#).

Treasury Releases Emergency Rental Assistance Round 1 Reallocation Amounts

Today, the US Treasury [released](#) more than \$1 billion in pandemic rental assistance to states and cities with additional need. California will receive more than \$50 million, with a handful of individual cities and counties receiving a direct allocation.

Prior to today’s announcement, Treasury had begun warning state officials that the amount of new funding requested by states and cities was far greater than what would be available to reallocate. For more information, visit the Treasury’s Emergency Rental Assistance website [here](#).

No Place Like Home Round 4 FAQ and Webinar

As a reminder, the California Department of Housing and Community Development previously released a [NOFA](#) for round 4 of No Place Like Home.

This round of funding includes competitive (\$486 million) and noncompetitive (\$19 million) components aimed at developing permanent supportive housing for homeless individuals or those at risk of homelessness.

New resources are now available to help navigate the application process. A recording of the November 16 workshop presentation and a new frequently asked questions document can both be found in the [Training and Technical Assistance section](#) of the No Place Like Home Program webpage.

Applications requesting both competitive and noncompetitive allocation funds are due on **January 19, 2022**, while applications requesting only noncompetitive allocation funds are on **February 1, 2022**.

SB 1383 Local Assistance Grant Program Applications Available

CalRecycle has announced the availability of applications for the SB 1383 Local Assistance Grant Program. Guidelines and instructions for information on how to apply for the grant [here](#). Applications are due February 1, 2022. Estimated funding amounts are available on the Notice of Funds Available (NOFA) [webpage](#). Questions can be submitted via email to grants@calrecycle.ca.gov.

Other Competitive Grant Programs Abound

As a continued result of the state's recent budget surpluses and windfall of federal funds, in the coming weeks and months, counties, cities, regional governments, Tribes, and non-profits, can compete for billions of dollars in statewide grant programs for a variety of infrastructure investments and associated planning and technical assistance activities. Competitive grant programs include investments in multimodal transportation programs, the statewide middle-mile broadband initiative and associated last-mile projects, affordable housing, and community beautification programs. Each competitive grant program is on a different timeline but all share one commonality – applications are either active or soon forthcoming. The following table summarizes upcoming grant programs and timelines for applications and awards.

Housing for a Healthy California NOFA Available – Applications due March 1, 2022

The California Department of Housing and Community Development (HCD) announced the Notice of Funding Availability (NOFA) for \$160 million in federal National Housing Trust Fund funding for the [Housing for a Healthy California \(HHC\) Program](#), Article I. Applications must be submitted through the online [eCivis Grants Network System](#) (GMS). The GMS will start to accept

applications on January 17, 2022. Over-the-counter applications are due February 15, 2022. Competitive applications are due March 1, 2022. The HHC Program creates supportive housing for chronically homeless individuals or those who are homeless and are high-cost health users, makes funding available to developers for the acquisition, rehabilitation, and/or new construction of multi-family rental housing. HHC sets aside 20 percent of funding for projects located in rural areas and reserves 10 percent for Tribal entities.

Clean California Local Grant Program – Applications due February 1, 2022

Caltrans' [Clean California Local Grant Program](#) released a call for projects on December 1, 2021 with [applications](#) due February 1, 2022. Caltrans has posted a helpful [FAQ document](#) for eligible entities which include cities, counties, regional agencies, transit agencies, and federally recognized tribes (non-profit organizations can partner with eligible entities in an application). The application and other documentation as well as the recordings from past workshops can be found on the program website. When Caltrans makes award announcements in March 2022, they will allocate approximately \$296 million to local communities to beautify and improve local streets and roads, tribal lands, parks, pathways, and transit centers to clean and enhance public spaces.

SB 1 Competitive Grant Programs – Calls for Projects Summer 2022

The California Transportation Commission (CTC) is in the process of updating guidelines for four multimodal transportation grant programs all funded by SB 1 – the Road Repair and Accountability Act of 2017. The CTC is hosting workshops through April to solicit and incorporate stakeholder feedback into the next cycle of funding. Once the CTC adopts the new program guidelines, calls for projects are anticipated in the summer of 2022 with awards being announced no later than the winter of 2022. Visit each programs website ([Active Transportation Program](#), [Local Partnership Program](#), [Trade Corridor Enhancement Program](#), [Solutions for Congested Corridors](#)) for previous workshop recordings, meeting minutes, draft guidelines (when posted), and more.

Regional Early Action Planning Grant – Application Period Set to Open February 2022

The [Regional Early Action Planning \(REAP\) Grant Program](#), created and first authorized in the 2019 budget act, is intended to support transformative planning and implementation activities that include, but are not limited to, accelerating infill and affordable development; supporting residents through

realizing multimodal communities; shifting travel behavior through reducing driving; and increasing transit ridership, walking, and biking as primary modes of transportation. The 2021-22 State Budget invested \$600 million for a second round of REAP (REAP 2.0) which the California Department of Housing and Community Development (HCD), Strategic Growth Council (SGC), and Governor's Office of Planning and Research (OPR) is administering. HCD recently released its **REAP 2.0 Framework Paper** with final guidelines and program implementation commencing sometime in February 2022. HCD will open an "over-the-counter" application period in February as well with applications being accepted through December 31, 2022. Eligible entities, which can receive funding through a direct allocation or a suballocation from a direct recipient, include a metropolitan planning organization, a single or multicounty council of governments, a regional transportation planning agency, a city, a county, or a city and county, a transit agency or district, a county transportation agency, or a tribal entity.

Statewide Middle- and Last-Mile Broadband Initiative

The California Department of Technology (CDT) is actively working with the state's Third-Party Administrator (TPA) and the Middle-Mile Advisory Committee (Advisory Committee) to plan, design, and build the **first 18 projects** selected as part of the statewide open-access middle-mile broadband network. Also under development is a middle-mile "Program Plan" that outlines the processes and operational steps that will guide all current and future middle-mile projects.

Regarding last-mile investments, the California Public Utilities Commission (CPUC) is working on and getting ready to release technical assistance grants, federal funding account applications, and loan loss reserve funding in the first half of 2022. Specifically, the CPUC anticipates adopting a technical assistance (TA) grant program in the first quarter of 2022 with applications made available 30 days after CPUC approval. The goal of the TA program is to assist local agencies in preparing project proposals to improve broadband access in their respective jurisdictions. The CPUC anticipates accepting Federal Funding Account applications in the second quarter of 2022. The Federal Funding Account is intended to expeditiously connect unserved and underserved communities to fast, reliable, and affordable broadband internet access. Finally, the Loan Loss Reserve Program, intended to support the financing of broadband infrastructure by local governments, should become available to local agencies late in the second quarter and no later than the third quarter.

The Advisory Committee continues to meet monthly and the TPA updates and presentations provide the most succinct and current information available. You can access past meeting recordings and presentations on the [Advisory Committee webpage](#). The next meeting is scheduled for January 21, 2022 from 10 am to 11:30 am.