



*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. Nearly 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](#).*

## August 5, 2022

### **Legislature Returns; Countdown Clock Begins**

Members returned Monday, August 1 from their four-week summer break and hit the ground running. The houses' respective Appropriations Committees met on Monday (Senate) and Wednesday (Assembly) to begin the final winnowing process of measures with fiscal impacts. All told, a combined 649 bills that would impose state or local fiscal impacts remain alive. On Thursday of next week, the committees will hold their final suspense file hearings to announce decisions on which measures will move on to the floor for the final step in the months-long how-a-bill-becomes-a-law process. We will report out in next Friday's update on the outcomes for bills of greatest significance.

Following next week's final fiscal deadline, the houses will – during their last two weeks before the August 31 adjournment date – focus exclusively on floor sessions to debate and determine which bills end up before the Governor for his consideration. As always, the policy topics before the houses are diverse and consequential. Top of the list of weighty bills is **SB 1338** (Umberg and Eggman), the vehicle to implement the Governor's CARE Act. A new set of substantive amendments is expected to be in print as the measure comes off suspense next week, with at least one additional round of changes coming prior to the end of session.

Pursuant to ongoing conversations with the county coalition, considerable progress has been made on issues of greatest consequence, including the implementation timeline, application of sanctions, and the front-end petition process. Based on feedback from other stakeholder groups, the Administration has also amended provisions regarding legal representation for the

respondent. A key focus in the weeks ahead will be to finalize a fiscal package – both start-up and ongoing funding – to accompany the new responsibilities. The Legislature also has work on outstanding budget issues to wrap up before they adjourn at the end of the month, the CARE Act included. Additionally, we anticipate provisions to clarify, correct, and otherwise clean-up aspects of the budget and trailer bills enacted as part of the June package. As we like to say, stay tuned for more!

### **State and Federal Governments Declare Monkeypox Emergency**

Yesterday, the Biden Administration declared a public health emergency regarding the rapidly expanding monkeypox outbreak. The move is intended to speed up distribution of the vaccines and expand testing. Earlier this week, Governor Newsom declared a state emergency in California over monkeypox, becoming the second state do so after New York ([press release/emergency proclamation](#)).

More than 6,600 monkeypox infections have been reported in the United States. There has been a particularly rapid uptick this week, with more than 1,200 U.S. cases reported in the last three days. As of August 2, California had 1,135 confirmed/probable cases across 28 local health jurisdictions; 68 percent of California's cases are in San Francisco and Los Angeles counties.

California remains concerned about the vaccine supply and distribution, as well as resources. The federal government announced last week that it expects to ship an additional 800,000 vaccine doses in the coming weeks, though health experts anticipate that supply will still be well short of what is needed to contain the outbreak. An additional 150,000 doses are expected in September.

In the meantime, state Senator Scott Wiener from San Francisco asked the Governor for an emergency budget appropriation of \$38.5 million to help counties respond to monkeypox. Additionally, Senate President Pro Tempore Toni Atkins has created a Senate Select Committee on Monkeypox, naming Senator Wiener as the chair. Other members include Senators Susan Eggman, Lena Gonzalez, John Laird, Rosilicie Ochoa Bogh, and Richard Pan. A first informational hearing – focused on state and local responses to the outbreak – is scheduled for Tuesday, August 9 at 1:30 p.m.

### **LAO: Big-Three Revenue Outlook Takes a Turn for the Worse**

This week, the Legislative Analyst's Office (LAO) released an update of its revenue outlook and the news – perhaps not surprisingly – is not good. This update adjusts the May Revision revenue outlook to account for revised economic and revenue information and compares it to 2022 Budget Act assumptions.

According to the LAO, economic indicators continue to point in the direction of an economic slowdown and updated estimates suggest that state revenue collections from the “big three” (personal income, sales, and corporation) taxes are more likely than not to fall below the Budget Act assumption of \$210 billion. While a great deal of uncertainty remains about what the economy will do in the coming months and how much revenue the state will ultimately collect, the implications of an economic downturn are “not straightforward.” Dramatic revenue declines also have an impact on the calculation of the State Appropriations Limit, an already complex constitutional obligation.

Check out the LAO’s updated revenue outlook post [here](#).

### **Behavioral Health Continuum Infrastructure Program (BHCIP) Update**

Three rounds of funding for the Behavioral Health Continuum Infrastructure Program (BHCIP) remain. Recall that the 2021-22 state budget established BHCIP and awarded \$2.1 billion to construct, acquire, and expand properties and invest in mobile crisis infrastructure related to behavioral health. The following provides a brief update on upcoming rounds:

#### ***BHCIP Round 4 – Focus on Children and Youth***

- BHCIP Round 4 focuses on children and youth ages 25 and younger, including pregnant and postpartum people and their children, children, and transition-age youth, as well as their families. All applicants must demonstrate how their infrastructure project will expand behavioral health services for this population exclusively. DHCS will award \$480.5 million for children- and youth-focused behavioral health infrastructure projects in this fourth round of competitive grants. The deadline to submit applications for the Request for Application (RFA) for **Round 4: Children and Youth** is August 31, 2022. Applicants will be expected to demonstrate “project readiness,” as detailed in the RFA, and will be funded according to the pre-construction phases into which their project falls. Full project funding will be contingent upon completion of all three phases of development planning.

#### ***BHCIP Round 5 and Round 6 – In Planning Phase***

- BHCIP Rounds 5 and 6 are currently in the planning phases. DHCS held a listening session yesterday to assist in planning the final two rounds of funding. For more information about future rounds of funding, please visit the [BHCIP project website](#) or email [BHCIP@dhcs.ca.gov](mailto:BHCIP@dhcs.ca.gov).

**DHCS Moving Forward with Long Term Services Gap Analysis**

In March 2022, the Department of Health Care Services (DHCS) released a Request for Information (RFI) soliciting information from interested parties to assist DHCS in launching a major project to conduct a statewide **Gap Analysis and Multiyear Roadmap** of California's Home and Community Based Services (HCBS) and Managed Medi-Cal Long-Term Supports and Services (MLTSS) programs and networks. DHCS received multiple bids and ultimately selected Mathematica to meet the goals of the Money Follows the Person (MFP) Supplemental Funding – Gap Analysis and Multiyear Roadmap. DHCS plans to finalize the contract and scope of work with Mathematica in August, with the contractor beginning work immediately after contract execution. Submission of the gap analysis will occur by September 30, 2023, and the multiyear roadmap will be submitted by March 31, 2024. DHCS will present final deliverables to stakeholders and legislators by June 30, 2024.

### **Medi-Cal Stakeholder Advisory Committee July Meeting**

DHCS's Medi-Cal Stakeholder Advisory Committee-Behavioral Health Stakeholder Advisory Committee (SAC and SAC-BH) met on July 22 to discuss a number of Medi-Cal issues. The **agenda** and **presentation** materials have been posted.

Staff provided updates on the CARE Act, including the Administration's objective to develop and deliver individualized mental health and substance use disorder care plans to most severely impacted Californians who languish in homelessness or incarceration. The Administration acknowledged that concerns remain about the approach and confirmed that they remain open to feedback and are committed to working with stakeholder communities. Questions/comments were raised about a variety of overarching as well as specific implementation issues, including: prioritization of services for individuals with Medi-Cal, the addition of legal aid (in place of or in addition to public defenders) as source of respondents' legal representation, standards around contracting pieces, the need for additional court reporters to ensure clear records are established for all hearings, the benefits of testing the new service concepts through a pilot program, and a recommendation that the 18 to 25 year old cohort be diverted to other programs and services.

Also notable was the briefing on the Administration's efforts on the CalAIM Justice-Involved initiative, which contemplates two key components: (1) a mandatory Medi-Cal application process for individuals exiting a custody setting, which is set to go live on January 1, 2023 and (2) delivery of a targeted set of "in-reach" services for justice-involved individuals 90 days prior to their release that plans for and helps support a successful reentry process. On the latter component, the Administration acknowledged the challenges associated with building a Medi-Cal structure in a carceral setting and confirmed that while conversations are ongoing, this piece remains subject to federal approval.

More information will be shared as discussions with the federal government continue.

One interesting observation was offered by a county behavioral health leader in the context of the update on CalAIM implementation efforts. While acknowledging the vision and policy-driven ambition of the Administration, they cautioned that we need to collectively make sure to execute the multiple, complex reform initiatives well. Noting that the behavioral health payment reform effort is in and of itself transformational, there are dozens of other significant changes and initiatives in various phases of planning and implementation – which, collectively, could strain our ability to deliver on the promise of any one of these important ideas. The demands of what the Administration is seeking to operationalize must be considered, and all parties need to be mindful of timelines and goals to ensure success.

Updates on DHCS’s Consumer Advisory Committee, initial findings from the Medi-Cal COVID-19 Vaccination Incentive Program, as well as implementation of the Medi-Cal expansion for adults aged 50 and older also were provided.

### **Chief Justice Announces Retirement**

Last week, Chief Justice Tani Cantil-Sakauye announced that she will be retiring upon completion of her current term in office effective January 1, 2023. The Chief has served with distinction in her role as the top justice of the California Supreme Court – and, accordingly, as the chair of the Judicial Council – since January 2011. The first person of color and second woman to lead the state’s high court, the Chief – in addition to her role in ruling on cases with her six colleagues on the Supreme Court – provided leadership and guidance to the court system through an era of considerable justice reform, challenging fiscal conditions, and the unprecedented shutdown occasioned by the pandemic. Read more on her contributions to the judicial branch and larger policy issues in the state [here](#). She will be missed.

### **CDIAC In-Person Municipal Debt Essentials**

The California Debt and Investment Advisory Committee (CDIAC) has announced its return to in-person events this fall with a slate of seminars on the basics of municipal debt. Public sector agencies may **register** for three days or a single day of instruction in Monterey County:

#### **Debt Basics | 8:00 a.m. – 5:00 p.m. | September 27, 2022 | Agenda**

- Day one of this three-day seminar covers fundamental elements of debt financing, from the core terminology and roles and responsibilities of issuers and their financing team, to the types of debt state and local governments can issue. It is designed to

provide municipal financing principles through lecture and short examples and exercises.

### **Mechanics of a Bond Sale | 8:00 a.m. – 5:00 p.m. | September 28, 2022 | Agenda**

- Day two of this three-day seminar is focused on the preparation, planning, and processes involved in issuing municipal debt. Topics include, but are not limited to, the development of a debt policy and plan of finance, structuring debt service payments, managing the costs of issuance, and the development of legal documents.

### **Ongoing Administration | 8:00 a.m. – 3:45 p.m. | September 29, 2022 | Agenda**

- Day three of this three-day seminar is designed to provide government officers with the knowledge needed to manage continuing disclosure responsibilities, post-issuance filing and reporting, and compliance with federal arbitrage rules.

Travel and lodging information is available on the CDIAC website. Registration is on a first-come, first-served basis.

### **Newsom Issues Climate Demands**

Last month, Governor Newsom issued a [press release](#) announcing he had sent a [letter](#) to California Air Resources Board (ARB) Chair Liane Randolph calling “for bold actions to move faster toward climate goals.” The announcement and letter signal the Governor’s enthusiasm for new and rapid achievement of climate targets. Experts suggest that the communication puts pressure on ARB’s Scoping Plan process to address certain elements, such as reducing methane leaks near communities and advancing carbon removal through new targets. ARB has issued a [draft Scoping Plan](#), with final approval likely to occur by the end of the year. It also indicates a personal interest by the Governor in the development of offshore wind, calling for a 20 gigawatt planning target by 2045 (in contrast, a [draft CEC report](#) calls for 10-15 gigawatts by 2045).

Finally, the Governor wants the Legislature to send him a bill that codifies the state’s carbon neutrality efforts, which is currently governed by an Executive Order, and to “bring new ambition to the state’s clean energy goals.” At this point, it isn’t clear what clean energy policies the Governor wants to pursue, but we understand that he made a plea to legislative Democrats in person this week to tackle climate issues. The major energy bills still in play are largely contained in the Senate’s [12 bill climate legislative package](#), which includes SB 1020 (Laird/Atkins), the Clean Energy, Jobs, and Affordability Act of 2022.

The Governor's letter also directs state agencies to plan for an energy transition that avoids the need for new natural gas power plants, establishes a goal for "climate-ready and climate-friendly homes," and asks ARB to look at tightening up the Low Carbon Fuel Standard.

### **Newsom Says Water Conservation Efforts Are Working, But More Must Be Done**

Last month, Governor Newsom convened a group of water agency leaders to discuss the state's water conservation efforts and ask them to do more to permanently conserve water to prepare for a hotter and drier climate.

While the Governor noted that current water conservation efforts have been effective, he urged leaders of the state's largest urban water suppliers to continue local efforts to cut back water usage in the face of limited supplies due to extreme heat and dry weather. He also underscored the urgency of reporting monthly water use data as quickly as possible so the state can more effectively monitor progress in real time. Finally, Governor Newsom asked water agencies and associations to think beyond immediate water conservation needs as the state – and the entire West – navigate a hotter and drier environment driven by climate change.

### **Newsom Weighs-In on Homeless Encampment**

On July 22, a federal judge issued a decision to maintain a previous temporary restraining order that prohibited Caltrans from moving forward with closing an Oakland homeless encampment. Reportedly, the encampment had led to numerous fires and dangerous conditions and Caltrans had a goal of closing the encampment by August 1. According to the [Governor Newsom's press release](#), the state provided \$4.7 million in grants to the City of Oakland specifically to rehouse individuals at the Wood Street encampment. Now, Caltrans cannot move forward until alternative shelter or housing is provided to the homeless individuals.

With similar other rulings – Sacramento this week – surrounding the closing of homeless encampments, and the state budget including \$700 million for encampment resolution grants, there is certain to be additional conversations ahead.

### **BSCC Takes Steps to Establish Processes for New Grant Programs Authorized in State Budget**

At its July 25 meeting, the Board of State and Community Corrections – in addition to [awarding](#) \$125 million in Proposition 47 recidivism reduction grants to two dozen governmental and community-based organizations – also took action to effectuate various grant programs authorized by the 2022-23 budget. The BSCC took action to establish an Executive Steering Committee that will

administer the **following** grant programs, including developing and designing the application process, rating proposals, and recommending awards to the Board.

HBE will provide updates on these grant opportunities in the months ahead. In the meantime, more details can be found in Board's July agenda and associated materials at this [link](#).