



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](#).

February 10, 2023

One Week Left for Bill Introductions

It's worth noting that the 2023 bill introduction deadline is one week away. As we approach the February 17 date, the volume of introduced bills each day will typically be bigger than the last. We are working our way through the new bill proposals and are available for questions at any time. More to come!

State of California Files Response with CA Supreme Court to CARE Act Litigation

This morning, the state filed its **preliminary opposition** to the litigation filed by Disability Rights of California, the ACLU, and Western Center on Law and Poverty seeking to block implementation of the Community Assistance, Recovery and Empowerment (CARE) Act. In summary, the state recommends that the court deny the petitioners' writ of mandamus without any order to show cause given that there is no "plausible entitlement for relief." The state further requests that the Court provide additional guidance to "discourage abstract, speculative litigation over the CARE Act" so that implementation efforts can continue. We will keep you apprised on the Supreme Court's response – meaning whether they decide to take up the case – in the weeks ahead.

Assembly Budget Committee Holds First Hearing of 2023

On Wednesday, the full Assembly Budget Committee convened for its first meeting of year during which they received overview presentations on the Governor's 2023-24 January budget proposal by Department of Finance and the Legislative Analyst's Office (LAO). Assembly Member Phil Ting, the committee's chair, set the tone in his opening remarks. He observed that the state is in uncertain economic times, with opinions differing on whether the state is facing a slowdown or a rebound. He emphasized that the state's revenue picture may end up even worse than that which was projected in the January budget. Chair Ting

also reminded committee members that because of tax filing extensions granted in the wake of the early January storms, the state will not have a fully informed fiscal picture when the May Revision is released. He did, however, remark that the state's budget planning and spending restraint in recent years along with required reserve building position the state differently to face financial contraction.

After hearing from the Department of Finance's overview presentation on the Governor's proposed budget, the Legislative Analyst offered his insights and comments ([handout](#)). The LAO continues to encourage the Legislature to (1) consider solutions for a larger problem than that which the Administration has described, (2) make adjustments now so that the state can avoid future year deficits, and (3) consider its own choices that align with the Legislature's priorities rather than feeling constrained by the Governor's approach, which – while prudent – reflect his policy priorities.

Committee members then engaged in a lengthy back-and-forth with Department of Finance staff primarily. The committee vice-chair, Assembly Member Vince Fong, and members of his caucus asked questions about many areas where policy perspectives differ, including the gas tax, water storage, and public safety – with specific focus on the Administration's approach to making decisions on prison closures.

From here, there are more hearings to come! The budget subcommittees in both houses have announced their schedules for the next several months running through the release of the May Revision. It's just the beginning of the budget season, and we will be keeping you apprised about budget committee deliberations in the days ahead. (See immediately below more details on an oversight hearing held this week on housing and homelessness issues.)

Senate Budget Hearing – Review of Housing and Homelessness Programs

On February 6, the Senate Budget and Fiscal Review Committee held an oversight hearing examining California's housing and homelessness programs. The [agenda](#) included two panels, one with state officials discussing homelessness investments and another focused on affordable housing investments. Additionally, the Legislative Analyst's Office presented their [report](#) titled *California's Housing and Homelessness Challenges in Context*. Unfortunately, technical difficulties interrupted the hearing and prevented the second panel from presenting.

In providing an update on the status of Project Homekey, Zachary Olmstead, Chief Deputy Director of the Department of Housing and Community Development, thanked local governments for continuing to step-up to partner on the program. He also stated that the Department will be releasing a Request for Proposals in March for the final budgeted round of Project Homekey funding. Approximately \$740 million will be available in this round.

Dr. Mark Ghaly, Secretary of the Health and Human Services Agency, mentioned several state programs in his overview of state efforts to address homelessness. He also focused on the need for local leaders to connect with their local health plans to coordinate on homelessness solutions.

Senators were eager to express their opinions and concerns with the state of the state's homelessness response. Senator Roth asked if there was an overall plan for housing/homelessness and whether there was a matrix to evaluate the effectiveness of all of the programs discussed. He also asked about the intersection of these programs with mental health programs and highlighted the need to expand acute psychiatric treatment capacity. Senator Eggman expressed a renewed hope that CalAIM will make a difference by providing ongoing funding and creating oversight and accountability for counties and health plans. She also acknowledged that the city and county experience is often disconnected from that of the state. Senator Dahle expressed concern that the hearing was missing the city and county perspective and he identified the difficulty of developing an ongoing plan to address homelessness at the local level while relying on one-time state investments.

If it was not clear already, the hearing signaled the Legislature's interest in more robust oversight of homelessness programs and spending this year. The conversation will certainly continue when budget subcommittees begin their work later this month.

Measures Qualify for the November 2024 Ballot

We just celebrated a new year, reviewed the Governor's January budget proposal, and are heading into Super Bowl weekend, but folks have already cast their eyes to the November 2024 ballot. Last week, two measures qualified for consideration by the voters, joining another that qualified the week prior.

The referendum process has become a forceful tool by corporations that seek to blunt progressive legislation coming out of the Capitol. First, a coalition of fast food restaurants qualified a referendum on [AB 257](#) (Holden, 2022), which would establish a fast-food council authorized to increase the minimum wage of workers in the fast-food industry to \$22 per hour and regulate working hours and conditions. Also, oil companies financed a referendum on [SB 1137](#) (L. Gonzalez, 2022), which would ban new oil wells within 3,200 feet of locations including schools, homes, day-care and healthcare centers, parks, jails and businesses open to the public, a key legislative priority of the Governor.

Referendums can be challenging for voters in that a "yes" vote means the measure should become the law and a "no" vote means the law should be repealed. When a law is referendu, it does not take effect until voters approve it, meaning the two bills passed by the Legislature and signed by the Governor will

not take effect unless and until the referenda are successful at the November 2024 ballot.

An **initiative** sponsored by the California Business Roundtable that was originally slated for the November 2022 ballot also recently qualified for the November 2024 ballot. The Taxpayer Protection and Government Accountability Act would place new restrictions on the state's and local agencies' ability to raise local taxes and fees, make it easier for any person or business to challenge revenue measures and sue to stop the collection of taxes, and retroactively reverse voter-approved measures that passed after January 1, 2022. A coalition of local government associations and infrastructure advocates has formed to oppose the measure.

As a quick reminder, ballot measures are *eligible* for the November 2024 ballot once sufficient signatures are certified by the Secretary of State. Eligible initiative measures will become *qualified* for the ballot on the 131st day prior to the next Statewide General Election unless withdrawn by the proponents prior to its qualification by the Secretary of State.

State Launches Medi-Cal Redeterminations Renewal Campaign

On Wednesday, the Department of Health Care Services (DHCS), launched the Medi-Cal renewal **campaign**, a broad and targeted public campaign to raise awareness among Medi-Cal members about the return of Medi-Cal redeterminations when the continuous coverage requirement ends on March 31, 2023. The statewide campaign is targeted to Medi-Cal members who had their redeterminations on hold during the COVID public health emergency due to the federal continuous coverage requirement.

More information about DHCS' strategy to unwind the continuous coverage requirement is available in the **Medi-Cal COVID-19 Public Health Emergency and Continuous Coverage Unwinding Plan**.

Children and Youth Behavioral Health Initiative (CYBHI) Grant Funding Available

This week, as part of the Children and Youth Behavioral Health Initiative (CYBHI), DHCS released a **Request for Application (RFA)** seeking proposals for the second round of grant **funding totaling \$100 million to scale evidence-based practices and community-defined evidence practices across the state. For the second round of evidence-based practices and community-defined evidence practices grant funding, DHCS is seeking proposals from various individuals, organizations, and agencies to scale trauma-informed programs and practices.** The applications, which are due by April 10, can be accessed **here**.

LAO Analysis of Medi-Cal Budget Available

The Legislative Analyst's Office released its **analysis** of the Medi-Cal budget today; it includes an in-depth review of the Managed Care Organization (MCO) tax and Medi-Cal caseload and COVID policies.

On the MCO tax proposal, the LAO concludes the tax makes budgetary sense but highlights that key details are outstanding. Given the potential benefits to the General Fund of adopting a new MCO tax and the state's current budget situation, the LAO believes that adopting a new tax is worthy of serious legislative consideration and, accordingly, recommends that the Legislature direct the Administration during the budget process to provide more robust information about the proposal. Specifically, the LAO suggests the Legislature seek additional details on: (1) the proposed structure of the new tax, (2) year-by-year projections of the new tax revenues and associated offset to the General Fund, (3) the year-by-year net cost to the health insurance industry, and (4) an analysis demonstrating the proposed tax structure likely meets federal rules.

The LAO also offers an analysis of the Medi-Cal caseload and COVID policies. Relative to the Governor's budget, the LAO is projecting a net reduction of about \$1 billion General Fund in 2023-24 for Medi-Cal. Their difference with the Administration is due to further reductions in caseload costs combined with additional months of enhanced federal funding, both of which will reduce General Fund spending in 2023-24. The LAO is projecting that the persons with disabilities caseload is likely overstated.

Despite finding that General Fund costs could be around \$1 billion lower in 2023-24 than assumed in the Governor's budget, the LAO recommends withholding action on these adjustments until after the May Revision. By that point, the Administration will have had time to update their estimates to incorporate additional months of caseload data and the recent federal actions.