



Agenda

LEGISLATION COMMITTEE

August 3, 2009
10:30 A.M.

651 Pine Street, Room 101, Martinez

Supervisor Susan A. Bonilla, District IV, Chair
Supervisor Mary N. Piepho, District III, Vice Chair

Agenda Items:

Items may be taken out of order based on the business of the day and preference of the Committee

1. **Introductions**
2. **Public comment on any item under the jurisdiction of the Committee and not on this agenda.**
(Speakers may be limited to three minutes.)
3. **Record of Action:** June 10, 2009
4. **State Budget Update Report**– Presenters: Lara DeLaney and Cathy Christian
5. **Timeline of Budget Crisis Report**—Prepared by District V Intern, Dana Cruz
6. **Update on Status of 2009 State and Federal Legislation**– Presenters: Lara DeLaney, Cathy Christian, Roberta Goulart
7. **Indian Gaming Consultant Contracts**– Presenter: Lara DeLaney
8. **Adjourn to the next regular meeting scheduled for Monday, September 1, 2009 at 10:30 a.m.**

☺ *The Legislation Committee will provide reasonable accommodations for persons with disabilities planning to attend Legislation Committee meetings. Contact the staff person listed below at least 72 hours before the meeting. Access a telecommunications device for the deaf by calling 1-800-735-2929 and asking the relay service operator for (925) 335-1240.*

☞ *Any disclosable public records related to an open session item on a regular meeting agenda and distributed by the County to a majority of members of the Legislation Committee less than 96 hours prior to that meeting are available for public inspection at 651 Pine Street, 11th floor, during normal business hours.*

✉ *Public comment may be submitted via electronic mail on agenda items at least one full work day prior to the published meeting time.*

For Additional Information Contact:

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Glossary of Acronyms, Abbreviations, and other Terms (in alphabetical order):

Contra Costa County has a policy of making limited use of acronyms, abbreviations, and industry-specific language in its Board of Supervisors meetings and written materials. Following is a list of commonly used language that may appear in oral presentations and written materials associated with Board meetings:

AB	Assembly Bill	HIPAA	Health Insurance Portability and Accountability Act
ABAG	Association of Bay Area Governments	HIV	Human Immunodeficiency Syndrome
ACA	Assembly Constitutional Amendment	HOV	High Occupancy Vehicle
ADA	Americans with Disabilities Act of 1990	HR	Human Resources
AFSCME	American Federation of State County and Municipal Employees	HUD	United States Department of Housing and Urban Development
AICP	American Institute of Certified Planners	Inc.	Incorporated
AIDS	Acquired Immunodeficiency Syndrome	IOC	Internal Operations Committee
ALUC	Airport Land Use Commission	ISO	Industrial Safety Ordinance
AOD	Alcohol and Other Drugs	JPA	Joint (exercise of) Powers Authority or Agreement
BAAQMD	Bay Area Air Quality Management District	Lamorinda	Lafayette-Moraga-Orinda Area
BART	Bay Area Rapid Transit District	LAFCo	Local Agency Formation Commission
BCDC	Bay Conservation & Development Commission	LLC	Limited Liability Company
BGO	Better Government Ordinance	LLP	Limited Liability Partnership
BOS	Board of Supervisors	Local 1	Public Employees Union Local 1
CALTRANS	California Department of Transportation	LVN	Licensed Vocational Nurse
CalWIN	California Works Information Network	MAC	Municipal Advisory Council
CalWORKS	California Work Opportunity and Responsibility to Kids	MBE	Minority Business Enterprise
CAER	Community Awareness Emergency Response	M.D.	Medical Doctor
CAO	County Administrative Officer or Office	M.F.T.	Marriage and Family Therapist
CCHP	Contra Costa Health Plan	MIS	Management Information System
CCTA	Contra Costa Transportation Authority	MOE	Maintenance of Effort
CDBG	Community Development Block Grant	MOU	Memorandum of Understanding
CEQA	California Environmental Quality Act	MTC	Metropolitan Transportation Commission
CIO	Chief Information Officer	NACo	National Association of Counties
COLA	Cost of living adjustment	OB-GYN	Obstetrics and Gynecology
ConFire	Contra Costa Consolidated Fire District	O.D.	Doctor of Optometry
CPA	Certified Public Accountant	OES-EOC	Office of Emergency Services-Emergency Operations Center
CPI	Consumer Price Index	OSHA	Occupational Safety and Health Administration
CSA	County Service Area	Psy.D.	Doctor of Psychology
CSAC	California State Association of Counties	RDA	Redevelopment Agency
CTC	California Transportation Commission	RFI	Request For Information
dba	doing business as	RFP	Request For Proposal
EBMUD	East Bay Municipal Utility District	RFQ	Request For Qualifications
EIR	Environmental Impact Report	RN	Registered Nurse
EIS	Environmental Impact Statement	SB	Senate Bill
EMCC	Emergency Medical Care Committee	SBE	Small Business Enterprise
EMS	Emergency Medical Services	SWAT	Southwest Area Transportation Committee
EPSDT	State Early Periodic Screening, Diagnosis and treatment Program (Mental Health)	TRANSPAC	Transportation Partnership & Cooperation (Central)
et al.	et alii (and others)	TRANSPLAN	Transportation Planning Committee (East County)
FAA	Federal Aviation Administration	TRE or TTE	Trustee
FEMA	Federal Emergency Management Agency	TWIC	Transportation, Water and Infrastructure Committee
F&HS	Family and Human Services Committee	UCC	Urban Counties Caucus
First 5	First Five Children and Families Commission (Proposition 10)	VA	Department of Veterans Affairs
FTE	Full Time Equivalent	vs.	versus (against)
FY	Fiscal Year	WAN	Wide Area Network
GHAD	Geologic Hazard Abatement District	WBE	Women Business Enterprise
GIS	Geographic Information System	WCCTAC	West Contra Costa Transportation Advisory Committee
HCD	(State Dept of) Housing & Community Development		
HHS	Department of Health and Human Services		

Schedule of Upcoming BOS Meetings

August 25, 2009
 Sept. 15, 2009
 Sept. 22, 2009

Legislation Committee
Supervisor Susan A. Bonilla, Chair
Supervisor Mary N. Piepho, Vice Chair

Record of Actions

June 10, 2009, 10:30 a.m.
Room 108, 651 Pine Street, Martinez

1. Introductions

The meeting was called to order by Chair Bonilla. Supervisor Piepho was in attendance. Staff and the public introduced themselves.

2. Public Comment: None.

3. Record of Action of May 4, 2009 Meeting

Approved with no changes.

4. Review State Budget Update Report

Lara DeLaney, staff to the Committee, provided a brief status report on the State budget negotiations. The Committee discussed the UCC Budget Principles and requested additional information about mandate flexibility. Supervisor Bonilla requested additional information about the City County School (CCS) Summit to be convened in July be sent to the Supervisors' offices. The Committee requested that a timeline be developed that showed how the fiscal crisis in California developed since Proposition 13 was passed. Mariana Moore requested information about the costs of decisions made today (such as the proposal to eliminate CalWorks) on future budgets. Steve Kowaleski, Deputy Director of Public Works, provided the Talking Points on the impacts of the proposed HUTA raid.

5. Update on Status of 2009 State and Federal Legislation

Roberta Goulart and Supervisor Piepho briefed the Committee on the status of Delta Water legislative efforts and the County's involvement in that arena.

6. Adjourned to the next regular meeting scheduled in July

(The July meeting was subsequently cancelled.)

**OFFICE OF THE COUNTY ADMINISTRATOR
CONTRA COSTA COUNTY**

TO: Legislation Committee
Supervisor Susan A. Bonilla, Chair
Supervisor Mary N. Piepho, Vice Chair

FROM: Lara DeLaney, Legislative Coordinator 

DATE: July 29, 2009

SUBJECT: **Agenda Item #4: State Budget Update**

RECOMMENDATION

RECEIVE the report and discuss impacts to and response from Contra Costa County.

BACKGROUND

After a marathon night of arm-twisting in the Senate and much cajoling in the Assembly, the Legislature approved a 27-bill budget package on July 24 that revises the 2009–10 spending plan enacted in February.

The Legislature was tasked with passing a package of bills to close California's more than \$26 billion budget gap, but several of the proposals hit rough waters in the Assembly and were shelved: the proposed \$1.7 billion Highway Users Tax Act take-turned-loan (HUTA) (ABX4 24 and 30), the redevelopment extension/securitization proposal (ABX4 27), and the \$100 million Tranquillon Ridge oil drilling project (ABX4 23).

Both houses saved the most contentious issues until the end, which included the RDA proposals, the HUTA take/borrow/repayment, Proposition 1A suspension and repayment, and the offshore oil drilling measure. In order to gain approval of these controversial measures, the Senate altered a number of trailer bills, including transforming the HUTA take into a 10-year loan. However, the Assembly placed both HUTA bills on the inactive file and voted down the Tranquillon Ridge project.

The second redevelopment bill with the securitization language also posed problems for the Legislature. The Senate had modified the RDA proposal (ABX4 26 and ABX4 27) to make the RDA take a majority vote bill and to place the \$1.7 billion RDA take in the RDA extension/securitization bill (i.e. if the City of Industry proposal worked, the \$1.7 billion RDA take would not occur). The Assembly passed ABX4 26 on a majority vote,

as did the Senate, but the Assembly did not take up ABX4 27 before adjourning. It appears that litigation against the state on both the HUTA and RDA issues is not necessary.

The Senate and Assembly have adjourned until August 17 for their summer recess, and the pared-down spending package went forward to the Governor's desk. The Assembly's rejection of the HUTA, RDA, and oil drilling proposals created an over \$1 billion hole in the budget package.

And while members are out of town for three weeks, we anticipate a busy August, as work begins to clean up and honor many of the handshake deals that occurred over the last 48 hours. Among the expected key policy work planned for August includes legislation to address policy changes needed to achieve \$1.2 billion in unallocated cuts to the state corrections agency. Counties are counting on additional work to fine-tune Proposition 1A securitization language to ensure that local entities have solid protections that enable borrowing. The state will also have to contend with possible lawsuits and the fact that the Controller said yesterday that he is still not certain that the state has enough cash on hand to discontinue issuing IOUs.

Elements of the budget package, as we know it, include:

Williamson Act. Program slated for a 20 percent reduction this fiscal year (ABX4 1). Final fund numbers are still in flux due to decisions as to how to score state savings. CSAC will continue to seek clarity on the exact funding amount for 2009-10.

IHSS Fraud. All of the Governor's costly IHSS fraud prevention measures made it through the night (ABX4 19), including fingerprinting for IHSS providers and recipients and background checks for providers.

Privatizing Eligibility. The Governor's ill-conceived proposal to privatize eligibility functions for the CalWORKs, Medi-Cal and Food Stamps programs (ABX4 7) was passed by both houses, but contains language requiring a stakeholder process and legislative approval before procurement.

CalWORKs. The budget package includes wholesale changes to the sanctions policy, including large grant reductions; mandatory six-month self-sufficiency reviews; and permanent elimination of COLAs for grants (ABX4 8). The single allocation is also reduced by \$375 million (ABX4 4).

Public Safety: DOJ Cuts Out; Corrections Decisions Deferred. The public safety/judiciary trailer bill (ABX4 13) rejects both of the following (1) a proposal to charge state and local agencies a fee for the use of state forensic lab services; and (2) a \$20 million reduction to the Bureau of Narcotics Enforcement. The revised spending plan also imposes a \$1.2 billion unallocated reduction to the Department of Corrections and Rehabilitation, with the Legislature putting off until August more detailed policy discussions as to how to direct the department to achieve a cut of that size.

How does passage of the budget revisions impact IOUs?

State Controller John Chiang has indicated that even with adoption of the budget package, he cannot guarantee that he will be able to stop issuing IOUs. Additionally, the Controller does not know how the state's cash flow situation will shape up in October, when the IOUs that have already been issued can be redeemed. There is a possibility that the state will not be able to repay the IOUs when they can be redeemed on October 2.

Immediately after passage of the budget, the Controller's Office, State Treasurer and Department of Finance will be assessing cash flow projections. As was the case in February, it may take a couple of weeks to complete this analysis. In the meantime, the Controller will continue issuing IOUs until the state has sufficient cash on hand to resume check writing.

Budget Aftermath

The Governor signed the Budget Revision on July 28 and released the vetoes and additional cuts made as part of the budget.

These cuts include:

- **Child Welfare.** 10% cut to Child Welfare Services which totals \$80 million, and is identical to the Governor's May Revision proposal.
- **IHSS.** \$37.6 million cut to IHSS, which includes \$28.9 million due to eliminating the exemptions to the IHSS service cuts for recipients with paramedical services. Also includes \$8.7 million cut from Public Authority administration.
- **Medi-Cal.** \$60.5 million cut to county Medi-Cal Administration.
- **Healthy Families.** \$50 million cut to the Healthy Families Program.
- **Williamson Act.** Basically eliminated all funding to Williamson Act by reducing the \$27 million appropriation to \$1,000.

Deferrals

The Budget Revision as adopted by the Legislature includes the following deferrals:

- Defer the payment of Proposition 42 for the first two quarters for a savings of \$288 million.
- Defer the payments for the Highway Users Tax Account from July through December 2009. These payments will be paid anytime after January 1, 2010.
- Defer county mental health payments for 11 months.
- Defer payments and suspend 31 local government mandates and maintains mandates for open meetings and animal adoptions.

Revenues

The Budget Revision does include some revenue generation without raising taxes:

- Accelerate income tax withholding to provide savings of \$1.7 billion.
- Increase estimated tax payments for businesses and the self-employed for \$610 million.
- Require non-retailers with receipts over \$100,000 to register with the Board of Equalization.
- Conform California law to federal backup withholding rules related to various non-wage payments which would provide revenue gain of \$26 million.
- Sell the State Compensation Insurance Fund for \$1 billion.

In a conference call with the Governor's Office regarding the Budget, DOF Director Mike Genest indicated that they would work with cities and counties to ensure that the Proposition 1A suspension is invisible and will not result in cuts to local government.

Speaker Bass released a statement on the Governor's vetoes and stated that "it is an Administration hostile to safety net programs." Speaker Bass also indicated through press reports that she is going to ask Legislative Counsel if the Governor's vetoes were legal.

Attached please find a revised UCC Summary of Actions and the latest CSAC Budget Bulletin.

HUTA Grab Provisions Removed, But Obsolete Deferral Remains (SBx4 16)

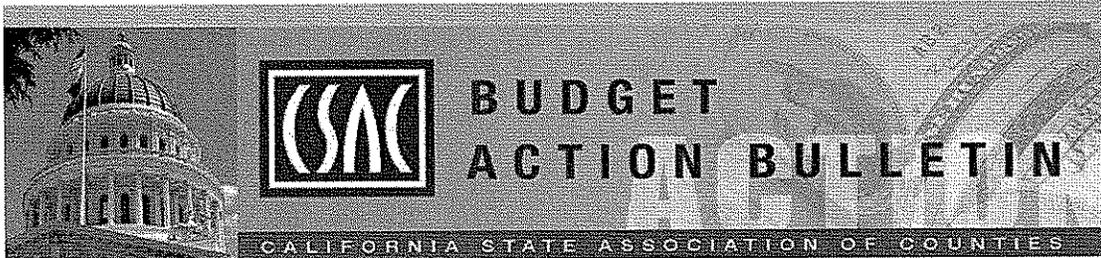
The final budget package approved last Friday did not include seizing local Highway Users Tax Account (HUTA, or "gas tax") funds because the Assembly responded to local requests to kill the plan early Friday afternoon, July 24. The day before, however, the Assembly amended and passed SBx4 16, a multi-section bill containing many payment deferrals and other budget related clarifications, and the Senate approved SBx4 16 before it adjourned early Friday morning (before the Assembly killed the gas tax raid). Among its many provisions, SBx4 16 contains language (see Sec. 16) that defers monthly HUTA payments to cities and counties that would normally occur in July through December until after January 1, 2010. While it is now obsolete, the deferral originally was included, it appears, to facilitate the HUTA seizure that the Assembly later killed.

The League of California Cities and CSAC are exploring options on the best and fastest way to have this language removed. The best option, at this point, seems to be a clean-up bill. The legislature routinely passes clean-up bills following the passage of significant legislation in order to "fix" language that is written incorrectly or is no longer needed. While this deferral is now obsolete, it may take a concerted effort of the League, CSAC and our members to secure the release of these funds on schedule. You will remember some of the recent deferrals of HUTA payments to cities and counties that were designed to assist the state through its cash shortfalls similar to its current position.

Special Session Announcement

Gov. Arnold Schwarzenegger announced on July 29 that he will call a special session in late September so legislators can consider the Commission on the 21st Century Economy's recommendations for overhauling the state's tax system.

An exact date for the special session has not been set, but the press release notes that the commission's deadline for submitting its findings has been extended yet again to Sept. 20. That means legislators could be back in the Capitol just over a week after the regular session ends Sept. 11.



**2009-10 State Budget Revision – Governor’s Vetoes
Week of July 27, 2009**

July 28, 2009

TO: CSAC Board of Directors
County Administrative Officers
CSAC Corporate Associates

FROM: Paul McIntosh, CSAC Executive Director
Jim Wiltshire, CSAC Deputy Executive Director
Jean Kinney Hurst, CSAC Legislative Representative

RE: Budget Action Bulletin #8

Governor Arnold Schwarzenegger signed the 2009-10 budget revision this morning, after making significant reductions to health and human services programs, eliminating funding for the Williamson Act, and applying additional funding reductions to numerous other state departments. In his press conference today, the Governor expressed frustration that the Legislature sent him a budget package that eliminated the reserve and then some, creating a plan that was an estimated \$156 million in the red. As a result, he line-item vetoed spending to achieve his goal for a reasonable reserve of \$500 million. In fact, in most instances, the Governor prefaces his veto message with: “In order to create a reasonable reserve...”

Director of Finance Mike Genest briefed the media after the budget signing and indicated that the Governor would be open to discussions with the Legislature focused on reversing some of these reductions. However, he cautioned that the \$500 million reserve was “skimpy” and the budget summary document indicates a 2010-11 budget deficit of \$7 to \$8 billion, with even larger shortfalls projected in the out years. The Department of Finance is scheduled to meet with the Treasurer and Controller tomorrow to discuss the state’s cash situation and should have its cash projections completed in the coming weeks.

The Governor’s action set off a heated exchange among the legislative leaders, with Senate President Pro Tempore Darrell Steinberg vowing to fight the vetoes to health and human services programs. “We question whether the majority of these vetoes are legal,” Steinberg told the press.

This Budget Action Bulletin outlines the Governor’s final actions on the 2009-10 budget revision. For a detailed list of vetoes and a summary of the budget plan, please visit the Department of Finance’s [website](#). Please refer to [Budget Action Bulletin No. 7](#) issued yesterday for a recap of the package approved by the Legislature.

How the \$60 Billion Budget Gap Was Closed

(dollars in millions)

	2009-10 Budget Act enacted in February	Amendments to the 2009-10 Budget Act	Total Solutions
Cuts	\$14,893	\$16,125	\$31,018
Taxes	12,513	-	12,513
Federal Stimulus	8,016	-	8,016
Other	402	8,034	8,436
Total	\$35,824	\$24,159	\$59,983

Solutions Adopted in the Budget Amendments

(dollars in millions)

	2008-09	2009-10	Total	
Expenditure Reductions	\$3,708	\$12,417	\$16,125	67%
Fund Shifts	6	999	1,005	4%
Revenue Increases	-	3,492	3,492	14%
Borrowing	-	2,182	2,182	9%
Other	-	1,355	1,355	6%
Total	\$3,714	\$20,445	\$24,150	100%

WHAT'S BEEN HAPPENING

ADMINISTRATION OF JUSTICE

The Governor's line-item vetoes do not affect any local public safety programs. In the justice area, the only items of interest include his veto of several provisions relating to the budget for California Department of Corrections and Rehabilitation (CDCR). Under the corrections agency budget, the Governor deletes various provisions that would have required additional expenditure reporting and imposed certain expenditure restrictions. The Governor also rejected the Legislature's effort to restrict further expenditures — until certain, specified conditions were met — to remedy the condemned inmate housing at San Quentin; this action will allow the construction project to move forward.

It is also worth noting that in the budget summary document, the Administration provides additional details on the \$785 million reduction to CDCR's budget. The Governor confirms that legislation to be discussed later this summer — likely to include a combination of policy reforms in the areas of parole, custody, and program credit reforms — will help direct the specific means to achieve the needed reductions. The Governor also clarifies that the certain actions taken in the budget, along with authorities vested through the Constitution, permit the implementation of the following reductions without further action on the part of the Legislature:

- **Select commutation and deportation of undocumented persons in state prison** – \$182.1 million in savings;
- **Rehabilitative program reductions** – \$175 million in savings associated with eliminating or scaling back of rehabilitative programs for prison inmates and parolees;
- **Operational savings** – \$147.6 million in a one-time reduction for facility repairs, efficiencies within the state juvenile justice systems; and other operational savings;
- **Contract Medical Rates** – \$50 million associated with a cap (in SBX4 13) on contract reimbursement rates for inmate medical services.

The remaining savings needed — approximately \$631 million, which includes the unallocated \$400 million cut the Governor imposed in February at the time of the initial enactment of the 2009-10 budget — will be achieved through the reforms to be discussed when the Legislature returns in August.

AGRICULTURE AND NATURAL RESOURCES

ELIMINATION OF WILLIAMSON ACT SUBVENTIONS

The Governor used his blue pencil to effectively eliminate the Williamson Act subventions, taking the appropriation from \$27.8 million to \$1,000. His veto cited the need to “provide a prudent reserve in the General Fund.”

STATE PARKS

The Governor made an additional cut of \$14.2 million to the Department of Parks and Recreation. According to the Governor, this reduction — coupled with previous cuts — will reduce State Parks funding by \$22.2 million when fully implemented. The cuts will result in the closure of probably more than 100 parks, which will be identified once the Department has been able to complete a full assessment of its remaining resources.

HEALTH AND HUMAN SERVICES

The Governor made a total of \$656 million in line-item vetoes, \$397.6 million (more than 60 percent) of which were in the health and human services area.

CHILD WELFARE SERVICES

The Governor line-item vetoed a total of \$124 million (\$80 million General Fund) from Child Welfare Services, which is more than the \$70 million cut he had proposed in his May Revision, including:

- \$60.9 million unallocated reduction to county CWS programs. This cut affects 56 counties; Los Angeles and Alameda are not included in this reduction.
- \$19.1 million from Alameda and Los Angeles Counties, which participate in a federal Title IV-E Waiver.



The funds cut by the Governor would fund 755 social workers caring for abused and neglected children. The funding reduction comes without direction about how to implement the cut – all state requirements related to the child welfare system remain in place. Counties are expected to do the same amount of work with significantly less funds, putting children at great risk of harm.

COUNTY ADMINISTRATION OF MEDI-CAL

The Governor vetoed \$120 million (\$60 million General Fund) in funding for county administration of the Medi-Cal. The funding reduction essentially eliminates funding to account for the increased workload due to the uptick in Medi-Cal applications related to the down economy.

IN HOME SUPPORTIVE SERVICES (IHSS)

The Governor line-item vetoed an additional \$37.5 million from the IHSS program, including:

- **Domestic Services for Medically Fragile Recipients.** The Governor vetoed \$28.9 million and included language eliminating domestic and related services for all IHSS recipients. The budget as passed by the Legislature (ABX4 4) had eliminated these services for all but those receiving paramedical services, protective services, and 120 or more overall hours per month; the Governor's action today eliminates domestic services for these recipients as well.
- **Public Authorities.** The Governor also cut \$8.7 million from IHSS Public Authority Administration, leaving \$10 million General Fund in 2009-10.

HEALTHY FAMILIES PROGRAM (HFP)

The Governor made what he characterized as an "ugly" cut of an additional \$50 million from the state's Healthy Families Program for a total 2009-10 cut of \$172.6 million.

The budget as passed by the Legislature last week reflected a \$125 million cut; the Governor's additional \$50 million cut will likely result in longer wait lists and possibly even some current recipients losing insurance. The Managed Risk Medical Insurance Board (MRMIB), which administers the program, had already instituted a waiting list on July 17; MRMIB will meet this Thursday to discuss options, including soliciting funding help from the California Children and Families (First 5) Commission and possibly local county commissions. Please note that the First 5 funds can only be used for children age 0 to 5. Therefore, these funds cannot be used to backfill the full amount of the hit.

The Healthy Families Program provides low-cost health insurance to children aged 0 to 18 whose families' income falls at or below 250 percent of the Federal Poverty Level. HFP program currently serves 900,000 children statewide and expects to have 400,000 children on the waiting list at the end of this fiscal year.

HIV/AIDS PROGRAMS

The Governor eliminated \$52.1 million from several key programs and services within the Office of AIDS, including:

- Education and Prevention,
- Therapeutic Monitoring
- Counseling and Testing
- Early Intervention,
- Home and Community Based Care
- Housing.

The Governor did leave in place some funding for the AIDS Drug Assistance Program to help low-income individuals access drug therapies. However, these eliminations will affect all program participants and may threaten federal matching funds for core surveillance activities and the state's ability to meet federal reporting requirements.

PUBLIC HEALTH

In addition, the Governor vetoed \$16.3 million from the Domestic Violence Program; \$9.0 million from the Adolescent Family Life Program; and \$3.0 million from the Black Infant Health Program.

COMMUNITY CLINICS

The Governor cut \$25 million from the Primary and Rural Health Program, which all but eliminates General Fund support of community clinics. The Governor states that these clinics are still eligible for certain federal, state, nonprofit, and local funding.

AGING

The Governor cut funding by \$6 million for various aging programs. The cuts include elimination of funding for the Linkages program. This program provides comprehensive care management to allow frail seniors to remain in their homes.

In addition, the Governor also eliminated funding for other Community Based Services programs, including the Brown Bag program (monthly donated food to seniors), Senior Companions, caregiver respite care, and Alzheimer's Day Care Resource Centers. The Governor stated that these were non-mandated programs and that they cannot be continued due to the state's severe budget constraints.

SMOKING PREVENTION

The Governor deleted the one-time augmentation of \$6.8 million in Proposition 99 funds for the tobacco control program contained in the budget package. This one-time augmentation had been proposed by the Administration, but in his veto message, the Governor stated that tobacco tax revenues have declined to levels insufficient to support these efforts. The money would have been used to fund anti-tobacco media campaigns and competitive grants to local entities.

OTHER HHS CUTS

DEVELOPMENTAL SERVICES

The Governor reduced funding for Regional Center Purchase of Service by \$50 million for services to children up to age 5. The Governor states that services are “eligible for funding for the California Children and Families Commission. I am directing the Secretary for the Health and Human Services Agency, the Department of Developmental Services, and the Department of Finance to immediately request funds from the Commission for this purpose. I do not intend to pursue separate legislation changing eligibility or services for these children for purposes of achieving these savings. I urge the Commission to provide supplemental funding for the growth in these services.”

CAREGIVER RESOURCE CENTERS

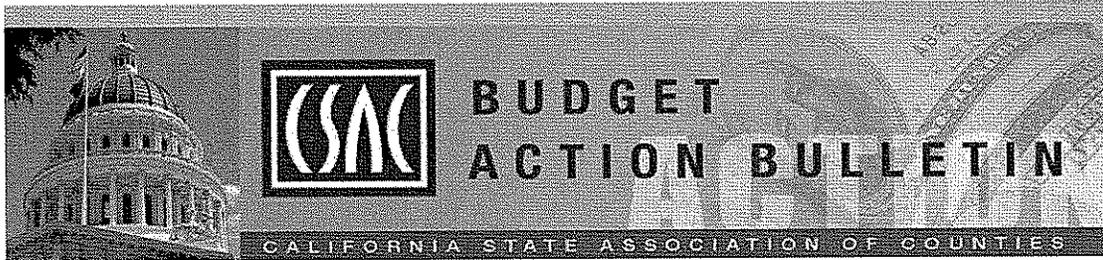
The Governor cut another \$4 million in funding for the Caregiver Resource Centers, beyond the Legislature’s reduction.

WHAT'S GOING TO HAPPEN NEXT

Hold your breath ... we will certainly keep counties advised about post-budget discussions and impending decisions about the state’s cash management plan.

STAY TUNED FOR THE NEXT BUDGET ACTION BULLETIN!

If you would like to receive the Budget Action Bulletin electronically, please e-mail Amanda Yang, CSAC Legislative Assistant, at ayang@counties.org. We’re happy to accommodate you!



**Revisions to the 2009-10 State Budget
Week of July 27, 2009**

July 27, 2009

TO: CSAC Board of Directors
County Administrative Officers
CSAC Corporate Associates

FROM: Paul McIntosh, CSAC Executive Director
Jim Wiltshire, CSAC Deputy Executive Director
Jean Kinney Hurst, CSAC Legislative Representative

RE: **Budget Action Bulletin #7**

Over a long and difficult nearly two-day long budget session, the Legislature approved a 27-bill package that revises the 2009-10 spending plan enacted in February. Notably, the budget does not include several of the major elements negotiated among legislative leadership and the Governor in Big Five meetings, leaving the state's fiscal position unclear.

This Budget Action Bulletin outlines the provisions of the 2009-10 state budget revisions as approved by the Legislature. (One thing to make clear: the majority of budget trailer bills were introduced and voted on in the Fourth Extraordinary Session. Measures that received majority vote approval, assuming that the Governor signs them, have an effective date of 90 days post-adjourning of the extraordinary session. The Assembly and Senate adjourned the Fourth Extraordinary Session on July 24, 2009. Urgency measures, those that received a 2/3 vote, will take effect immediately upon the Governor's signature.) As a result of the complex maneuvering that occurred in the wee hours of the morning, a number of components of the package are in question. We are doing our best to attempt to find clarity in some of these provisions; however it is very likely that clean-up legislation will be required in August to resolve some of these issues. Please don't hesitate to contact us if we can offer assistance in resolving your questions.

When the Senate finally convened on Thursday evening, July 23, it appeared that final votes on budget bills were inevitable. However, as the hours waned, Republican and Democratic caucuses continued, and it became clear that, in many instances, bill language was not in final draft form, activity in the Capitol hallways increased, and efforts to influence the package were renewed.

Focusing on the local government components of the package, the \$1.7 billion "take" of local gas tax subventions (also known as the "HUTA take") stalled in the Senate with a vote of 20-20. This occurred even after an additional bill was included in the package to change the HUTA

“take” to a loan, with a 10-year repayment of \$200 million annually. With some half-jokingly calling for Lieutenant Governor John Garamendi to come to the Capitol to cast the deciding vote, the complications involved with a certain congressional race made that seem unlikely. Eventually, one Senator put up a vote on the HUTA take-turned-loan and the bill was moved to the Assembly.

An additional change in the Senate included an amendment to the redevelopment agencies extension/securitization proposal, which contained a trigger that would have *turned off* the HUTA take and the Proposition 1A securitization; the amendment added the \$1.7 billion shift from redevelopment agencies to the items that would have been *triggered off*. The Senate also approved this measure, ABX4 27, which was then moved to the Assembly. Additionally, ABX4 26, the measure that included the \$1.7 billion shift from redevelopment agencies was amended to be a majority vote bill.

Once these controversial measures had arrived in the Assembly, the legislative give-and-take was not over. In an effort to secure votes (according to some, votes were needed on the Proposition 1A suspension; others claim votes were needed for the Proposition 98 maintenance factor measure), the two HUTA measures, the “take” and the loan repayment measure, were moved to the Inactive File. The Assembly adjourned without considering the redevelopment extension/securitization proposal measure, thus essentially eliminating the “trigger” components of that measure. Finally, the Assembly defeated the \$100 million Tranquillon Ridge oil drilling project.

When all voting was completed on the afternoon of Friday, July 24, the Legislature sent a budget revision package to the Governor that was about \$1.1 billion short of the deal agreed to by the Big Five. The Governor is set to sign the package of bills tomorrow (July 28) and is likely to use his line-item veto authority to adjust spending to accommodate the Assembly’s changes. CSAC will report out the Governor’s actions as soon as they are available.

BUDGET AGGREGATES

The package of bills the Legislature thought they would be passing purported to create \$24 billion in budget savings, including a \$921 million reserve. However, that package changed so significantly before passage and no one can now claim that the Legislature’s actions late last week closed the entire budget gap; even the Governor’s line-item vetoes—likely substantial—might not do that.

Given this, and given that the state’s revenues are still faltering, and that some major pieces of this budget face imminent litigation, many observers expect another budget brannigan before the year is up. If they manage to pass new balancing acts before the scheduled end of this year’s session in mid-September, the state will have enacted four budgets or major budget revisions in the space of twelve months.

With no new revenue as part of the deal, and resistance to cutting entire programs, about a third of the package as passed relies either on local money (Proposition 1A and redevelopment), one-time gimmicks (like moving state workers’ payday from June 30, 2010, one day to July 1), and some borrowing. Legislative leaders and the Governor all seem sure that investors will

believe this budget is sufficiently credible to allow the Treasurer to sell enough intra-year debt for the state to manage its cash flow and stop issuing IOUs, at least for the time being.

Building a Deficit

	\$ in Billions
Starting Reserve	\$2.0
Reduced May Revision Revenues	-12.3
Increased May Revision Expenditures	-3.1
Loss of Special Election Solutions	-5.8
May Revision Projected Shortfall	-19.2
Less \$3 billion in Projected Revenue Loss	-3.1
Less \$536 million Net 2008-09 Loss	-0.5
Lost 2008-09 RDA Cut	-0.4
Projected Budget Shortfall	-23.1

STATEWIDE ISSUES

PROPOSITION 98

The total combined cut to Proposition 98 for 2008-09 and 2009-10 now totals \$5.7 billion, \$1.7 billion of which is a payment deferral to 2010-11, and \$1.6 billion of which is 2008-09 funding that hasn't been sent to local agencies yet. In addition, \$450 million of federal funds will be used to backfill cuts instead of fulfill their intended purpose.

One of the most contentious parts of the entire package of budget amendments relates to whether or not the Legislature's actions last fiscal year (2008-09) created a "maintenance factor" under the terms of Proposition 98. In the end, one of the bills, ABX4 3, certifies that the maintenance factor owed in 2008-09 was \$11.2 billion.

Under Proposition 98, the state must repay this money and raise the education-funding floor as if the money they had appropriated it from the beginning. However, this repayment requirement does not begin until state revenues rise. School advocates don't expect this to happen for years due to the temporary tax increases running out and the large, future corporate tax cuts recently enacted.

BOARDS AND COMMISSIONS

The budget abolishes and reorganizes a few state bureaus and boards aside from the California Integrated Waste Management Board, which is covered later in this BAB. These other affected

entities deal with naturopathic medicine, pest control, home appliances and furnishings, insulation, and geologists.

STATE CASHFLOW AND PAYMENT DEFERRALS

To deal with their cashflow problem, the Legislature approved several payment deferrals in addition to those they passed in February.

Schools share in the deferral pains. Local K-12 agencies will receive only five percent of their state payments in July and August, then nine percent in all subsequent months. These agencies won't see almost \$680 million in April 2010 and \$1 billion in June 2010 until August of the following fiscal year. Furthermore, the state will delay a billion dollars of payments from October to December 2009 and another billion from November 2009 to January 2010, with hardship exceptions.

Higher education also takes deferral hits in addition to those they received in February. UC sees an additional \$750 million deferred from July through September 2009; the state will repay a third of that in October 2009, and the other half-billion between April and June 2010. CSU sees \$290 million in payments moved from July to October 2009. Community colleges see an additional \$115 million deferred from April through June 2009 until July 2010, for a total of \$703 million (when combined with previously planned delays).

Lastly, the Legislature changed rules about state agencies' fees for past due collections, attempting to focus staff on larger receivables, and loosened rules that trigger the state needing to pay penalties on late payments it makes.

Explanations of the Proposition 42 and HUTA payment delays are located in the Housing, Land Use & Transportation section of this BAB.

SELLING PART OF SCIF

The budget deal authorizes the Director of Finance, in consultation with the State Treasurer, to sell part of the State Compensation Insurance Fund (SCIF) by January 10, 2012, with the intent of raising \$1 billion.

SURPLUS PROPERTY

The budget gives the Department of General Services (DGS) broad authorization to lease out most types of state property if it's not immediately needed. It also authorizes the sale of the Orange County Fairgrounds and the sale or long-term lease of 17 other properties. These 17 properties may not be sold at less than fair market value—as the state often does when selling property to local agencies—and are exempt from CEQA requirements if leased “as is” or subject to CEQA through local land use restrictions.

STATE PROCUREMENT

The budget also tightens requirements that some state procurement contracts have related to disabled veteran participation in the businesses receiving the contracts. The deal also gives DGS

more flexibility on awarding IT procurement contracts and on how much of the contract price to withhold until final delivery.

STATE CASH MANAGEMENT

Part of the budget deal will expand the market for California's debt instruments by allowing various state entities to buy them. Specifically, it gives the Lottery Commission and the State Compensation Insurance Fund permission to invest in state-issued general obligation bonds, RANs, and RAWs. It also clarifies that the Treasurer may invest the state's surplus money in IOUs (registered warrants) as well as bonds and notes. Further, the Treasurer will now have permission to invest state funds in Negotiable Order or Withdrawal (NOW) Accounts.

TAX WITHHOLDING

The budget amendments change personal income and corporate tax withholding schedules. Employers will now have to withhold 10% more than they did before of employees' paychecks for personal income tax purposes, with conforming changes to stock options and bonuses.

For corporations and people with non-wage incomes, withholdings also rise. Current requires payments to the state of 30 percent of estimated annual tax liability in the first two quarters and 20 percent in the third and fourth quarters (through last year, most taxpayers had to send four quarterly payments of 25 percent each). Under the terms of the budget amendments, the second quarter payment will increase to 40 percent, the third quarter payment would lapse, and the fourth quarter payment in December would increase to 30 percent of annual tax liability.

The deal also requires businesses to withhold seven percent of reportable, non-wage compensation like gambling winnings and other forms of income if the IRS determines a condition for withholding exists, generally conforming California to federal rules.

The independent contractor withholding that the Governor and Legislature at one time considered was not a part of the final agreement.

STATE EMPLOYEES

State employees will continue three unpaid furlough days per month with many state offices closed on alternating Fridays.

The deal also permanently moves the day state workers are paid for the pay period ending June 30 from that day to July 1 (the next fiscal year), for savings that are essentially one-time in nature.

THE CAPITOL

Also, in the interest of putting their fiscal house in order, the Governor and Legislature are willing to let their actual house decay a little. By suspending Capitol repairs, the General Fund will save \$5 million.

WHAT'S BEEN HAPPENING

ADMINISTRATION OF JUSTICE

In the Administration of Justice (AOJ) area, a few last-minute restorations took two problematic budget proposals off the table. The budget package passed last week **rejects both** (1) the proposal to charge state and local agencies for the use of Department of Justice (DOJ) forensic lab services and (2) the \$20 million reduction to the DOJ's Bureau of Narcotics Enforcement, which would have affected local multiagency gang/drug task forces.

As detailed below, most of the justice-related changes are contained within the judiciary/public safety trailer bill (SBX4 13). As for policy changes related to achieving a \$1.2 billion unallocated reduction to the Department of Corrections and Rehabilitation (CDCR), the Legislature put off the detailed policy discussion until it returns in August. The budget package contains only an unallocated cut to CDCR, but does not specify the means by which the corrections agency might achieve it.

MONTHLY COURT CLOSURES/JUDICIAL BRANCH

The judiciary/public safety trailer bill (SBX4 13) gives the Judicial Council the authority to close the courts one day per month as a cost-cutting means to help absorb the various reductions to the judicial branch budget. The monthly closure day will be treated as a court holiday for purposes of various deadlines defined in statute. The Judicial Council is scheduled to meet on July 29 presumably to exercise its court-closure authority. It is widely believed that the third Wednesday of the month will be the day selected for the monthly statewide court closure, but that decision will only be finalized following Judicial Council discussion and action.

The court closure will affect court security contracts between the sheriff and local court. Specifically, the trailer bill requires good faith negotiation of any court security Memorandum of Understanding (MOU) to reduce the compensation due the sheriff for the provision of court security services by 4.62 percent (equivalent to 12 monthly closure days). A similar provision applies the reduction in those counties in which an MOU has not been executed. The court closure provisions are operative only through the end of the fiscal year. As part of the court closure agreement, court employees will be "held harmless" for purposes of retirement benefits meaning they will not lose any service credit due to the furlough. For those counties and courts in a joint contract with the California Public Employees' Retirement System (CalPERS), CalPERS may require additional administrative steps to implement this "hold harmless" provision. To the extent that your county reports payroll data to CalPERS for the court, your county may be affected.

In addition, SBX4 13 also increases the court security fee by \$10 (from \$20 to \$30) for a period of two years, with the proceeds helping bridge the shortfall in the court security funding line item.

Other items of note within the judiciary/public safety trailer bill:

- A transfer not to exceed \$25 million in funds from the Immediate and Critical Needs Account (established pursuant to SB 1407, Perata (2008)) of the State Court Facilities Construction

Fund to the Trial Court Trust Fund. (This action will help offset other reductions to the courts' overall budget.)

- Other increases to court fees, including a \$10 increase in various post judgment fees and a \$5 increase in the uniform filing fee.
- Required public disclosure, when requested, of an array of contract, salary, and expenditure information relating to the courts' budgets — both at the statewide level (Administrative Office of the Courts (AOC)) and at the local trial court level.
- Additional budget reporting requirements from the Judicial Council to the Legislature.
- Expanded use of electronic reporting for the purpose of monitoring judicial officer performance.
- Cap on rates that the state corrections agency is authorized to pay a provider of hospital, physician, or ambulance services.
- Conversion of the annual Youthful Offender Block Grant (YOBG) allocation (funds counties receive pursuant to SB 81, 2007 to serve and supervise the transferred juvenile offender population) to quarterly allocations, to be paid in four equal installments in September, December, March and June of each fiscal year.
- Expanded reporting requirements for the YOBG.

COURT SECURITY

In addition to the impact on court security contacts contemplated by the court closure proposal, counties also should be aware that the judiciary/public safety trailer bill also contains two notable policy changes that affect court security budgeting. First, SBX4 13 limits, for purposes of court security funding, the cost of services to the average cost of salary and benefits for court security officers (based on equivalent classifications within the individual county) rather than actual costs. Secondly, the trailer bill also excludes the cost of retiree health benefits from the definition of "benefits" used in the context of allowable court security costs. For several years, the Legislature has contemplated these policy changes, but, until now, has not acted on them.

REDUCTIONS TO CDCR

AB X4 1 applies an unallocated reduction of nearly \$800 million to the California Department of Corrections and Rehabilitation's (CDCR) budget in 2009-10. This reduction is in addition to the unallocated reduction of \$400 million the Governor imposed while exercising his line-item veto at the time of the initial signing of the 2009-10 budget in February. Taken together, these two reductions bring CDCR's total cut for 2009-10 to roughly \$1.2 billion. As indicated above, the Legislature took no specific action in the budget to direct CDCR as to how to achieve a savings of this size. Over the last many months, a range of cost-savings proposals has been put on the table by various sources, from parole reforms and sentencing/credit earning changes to the reduction of property crime thresholds and conversion of wobblers to misdemeanors. To view the proposed policy changes the Administration is advocating, please refer to the first two documents posted under "Budget Update" on the CSAC AOJ [page](#). It is anticipated that many of these policy options remain open for discussion when the Legislature returns in August.

BYRNE-JAG FEDERAL STIMULUS FUNDING

AB X4 1 contains language directing the California Emergency Management Agency (CalEMA) to distribute \$135 million in Byrne-JAG federal stimulus funding. The measure outlines the specific programs and funding levels, as summarized below:

- **Adult Probation Services** – CalEMA is directed to distribute \$45 million proportionately to all county probation departments that submit a qualifying application based on each county’s population of adults aged 18 to 25 years. These funds are the intended to serve as “seed money” to get the probation incentive funding program, which will be established pursuant to SB 678 (Leno and Benoit), up and running. The AOC is to receive \$424,000 off the top of the overall allocation for the provision of technical assistance to recipient county probation departments.
- **Offender Treatment Program (OTP)** – To offset reductions to the OTP and the elimination of Proposition 36 funding, \$45 million in Byrne JAG funds will be added to the OTP and used to provide substance abuse treatment to criminal offenders in a drug court setting. CalEMA is to provide \$600,000 through an interagency agreement with the State Department of Alcohol and Drug Programs (DADP) to administer the OTP funds.
- **Anti-Drug Abuse (ADA) Enforcement Program** – \$ 19.75 million dedicated to support multijurisdictional drug task forces that combat mid-level drug sales, manufacturing, and distribution at the local level.
- **Reentry Courts** – The Judicial Council is to receive \$10 million to create, in partnership with CDCR, collaborative reentry courts with enhanced supervision and services for parole violators.
- **California Multijurisdictional Methamphetamine Enforcement Teams (Cal-MMET) Program** – \$4.5 million in funding to combat mid-to-high level methamphetamine manufacturing and drug trafficking organizations.
- **Human Trafficking Task Forces** – \$3.75 million in funding to increase coordination among law enforcement agencies, district attorneys, victim services groups, and others to improve or increase training in human trafficking cases and investigation and prosecution of such cases.
- **Firearm Trafficking Programs** – \$3.3 million to increase coordination among state, federal and local law enforcement agencies in California’s border region.
- **Regional Anti-Gang Intelligence-Led Policing Program** – \$2.1 million to establish a statewide network of anti-gang coordinators among law enforcement agencies and community anti-gang efforts to support intelligence-led policing focused on gang violence.
- **Victim Information and Notification Everyday (VINE) Program** – \$1.5 million to improve victims’ access to offender information.
- **California District Attorneys Association (CDA) Training Program** – \$150,000 for training related to the aforementioned ADA Enforcement Program’s multijurisdictional drug task forces.

It is important to note that the federal stimulus Byrne-JAG funds are one-time allocations, and recipient county programs receiving have three years to expend the funds. Further, there will be additional reporting requirements for these funds per the American Recovery and Reinvestment Act (ARRA).

OTHER NOTABLES

We should also note that the revised 2009-10 budget does not make any changes to the public safety VLF increment dedicated to local public safety programs. (See a jointly published CSAC-CPOC-CSSA document [here](#) for further information on the funding structure established in February 2009.) VLF revenue is down considerably, and counties are now working through various implementation issues as funding transitions to a VLF funding base for such programs as Citizens' Option to Public Safety (COPS), the Juvenile Justice Crime Prevention Act (JJCPA), and booking fee replacement revenue, to name a few. Based on information from state finance officials, it is expected that a supplemental 4th quarter payment for 2008-09 may come in August from late VLF payments, which should help offset the lower-than-anticipated funding levels.

Counties should also be aware of another proposal that surfaced in the days leading up to the budget agreement. Proposed for inclusion in the transportation trailer bill that would have codified the two-year take of the local gas tax funds (ABX4 30), a provision would have given counties for the 2009-10 and 2010-11 the authority to loan "any available funds" in the county recorder's modernization fund (Government Code Section 27361(c)) to the county road fund in an amount not to exceed the local gas tax diverted to the state. Of course, because the Assembly did not approve ABX4 30, the recorder loan language also now is obsolete.

AGRICULTURE AND NATURAL RESOURCES

WILLIAMSON ACT

The final budget package includes an additional one year 20 percent reduction to Williamson Act subvention funding, leaving a total of \$27.7 million in the program.

EMERGENCY RESPONSE INITIATIVE/SRA FEE

The Emergency Response Initiative (ERI) and State Responsibility Area (SRA) Fee proposals were not included in the final budget package. The ERI proposal would have included a 4.8 percent surcharge on all residential and commercial property insurance statewide for the purposes of funding fire prevention and forestry activities. Additionally, the budget package did not include the SRA fee, which would have charged a \$30 to 50 fee on structures located within the State Responsibility Areas.

STATE PARKS FEES

The final budget spared the closure of the majority of California's state parks, as previously proposed. Instead, the Department of Parks and Recreation took an \$8 million cut, which will result in some park closures. Decisions as to which parks will close have not yet been made.

CALIFORNIA INTEGRATED WASTE MANAGEMENT BOARD

As part of the final budget package, the Legislature approved the dismantling of the California Integrated Waste Management Board (CIWMB). In its place, the Legislature approved the creation of the Department of Natural Resources, Recycling and Recovery within the Natural



Resources Agency. Duties and responsibilities of the CIWMB will be transferred to the new department, as well as the management of the Bottle Bill recycling program.

ENERGY EFFICIENCY AND CONSERVATION BLOCK GRANTS

Language included in ABX4 11, the resources trailer bill, provides counties with the necessary legislative fix to the Energy Efficiency and Conservation Block Grant Program (EECBG). The bill includes needed clarifying language related to EECBG eligibility, allowing all counties not eligible for the large city/county EECBG program to be eligible for the small city/county program administered by the California Energy Commission. The bill also contains language that expressly allows cities and counties to use EECBG funding for the purpose of climate change planning.

GOVERNMENT FINANCE AND OPERATIONS

PROPOSITION 1A

The budget package approved by the Assembly includes two measures related to the suspension of Proposition 1A, ABX4 14 and ABX4 15. ABX4 14 suspends the Proposition 1A protection of local property tax revenues, thereby authorizing a “loan” of local revenues to the state. The measure also provides that the Governor’s proclamation calling the Legislature into special session due to a fiscal emergency meets the requirements of the Constitution under Proposition 1A. ABX4 14 is an urgency statute, taking effect immediately upon the Governor’s signature.

ABX4 15 outlines the repayment provisions for Proposition 1A, as well as authorizes securitization of the Proposition 1A receivable. The statutory provisions mirror those of the Vehicle License Fee (VLF) securitization of 2003. A joint powers authority (JPA) of no fewer than 100 local agency members is authorized to purchase the Proposition 1A receivable and issue bonds with the receivable pledged as payment. This provision will enable local agencies to receive cash upfront instead of waiting for the state’s repayment. As of this writing, we understand that the California Statewide Communities Development Authority (CSCDA) would be the issuer of bonds, as it meets the statutory requirements.

The terms and conditions of the JPA’s bond issuance must be approved by the Director of Finance and the Treasurer. The aggregate principal amount of the bonds may not exceed \$2.25 billion (to include principal, plus credit enhancements and cost of issuance) and the interest rate is capped at 8%. The state covenants that it will not take any action that would materially adversely affect the interest of the bond holders or otherwise impair the security of the bonds.

ABX4 15 also authorizes a county to borrow its Proposition 1A amount from its redevelopment agency with repayment required within three years.

The amount shifted from each local agency equals 8% of the total amount of ad valorem property tax revenue that was apportioned to the local agency for the 2008-09 fiscal year. The statute explicitly includes amounts that were transferred for the VLF Swap and Triple Flip.

For those communities experiencing extreme fiscal hardship, upon written request, the Director of Finance may decrease the reduction amount. Extreme fiscal hardship may include: whether the community is in bankruptcy proceedings or that the reduction would likely cause the local

agency to seek bankruptcy protection; or whether the requesting local agency has available reserves and whether the reduction would impair the ability of the local agency to provide a basic level of core services. If the Director of Finance decreases a local agency's reduction as a result of hardship, the amount of the decrease will be allocated proportionately among other local agencies within the county, not to exceed more than 10 percent of the total reduction amounts for all local agencies within the county.

Two or more local agencies are able to reallocate their reduction amongst themselves.

These amounts are then transferred to a Supplemental Revenue Augmentation Fund (SRAF) and will be allocated to the county office of education, which will then transfer them to the Controller to reimburse the state for costs of providing health care, trial court, correctional, or other state-funded services and costs until the funds are exhausted. The funds are required to be used to reimburse costs within the county only. Any remaining funds are held over to fund state costs in the following fiscal year. Some funds will be transferred to Educational Revenue Augmentation Funds (ERAF), but will only be transferred in amounts that allow the state to continue to meet its federal Maintenance of Effort (MOE) requirement to draw down federal stimulus funds for schools.

ABX4 15 provides that the state will pay principal amounts of the bonds on the date of maturity, periodic interest (if applicable), and accrued interest. There is also the option for a local agency to not securitize its repayment, but instead receive repayment from the state within the three year period at an interest rate set by the Director of Finance at a rate higher than the Pooled Money Investment Account (PMIA) rate but capped at 6%.

The repayment is continuously appropriated in the General Fund, with authorization for the Controller to make the repayment by June 30, 2013. The repayment is a priority payment behind obligations to schools and general obligation bonds. If the state has not fully reimbursed local agencies by June 30, 2013, local agencies or the bond issuer may seek a writ of mandamus to compel the Controller to fully pay the amounts the state is obligated to pay. The petition for writ of mandamus has priority and preference in setting and review and may be filed in the California Supreme Court.

Please note that there are a number of provisions that require clean-up legislation in order to ensure timely issuance of bonds. Since the redevelopment extension/securitization measure did not pass, many of the dates in ABX4 15 will likely need to change. We will keep counties posted as to the progress of clean-up legislation.

REDEVELOPMENT

As reported earlier, the budget includes \$1.7 billion in total shifts from redevelopment agencies, plus, an additional one-year, \$350 million SRAF shift from redevelopment agencies in 2010-11. Counties will recall that the California Redevelopment Association (CRA) sued the state over the 2008-09 \$350 million ERAF shift and won in Superior Court; the language in ABX4 26 attempts to address the issues raised in that decision. In this instance, county auditors will calculate the



amount of funds shifted from each redevelopment agency to schools in a manner proportionate to its statewide share of tax increment. These funds will then be allocated to a K-12 school district or county office of education located partially or entirely within any project area of the redevelopment agency in proportion to the average daily attendance of each school district. The auditor must then reduce the allocation of property taxes to the school district in an amount equal to the amount transferred from redevelopment agencies and deposit those funds in the SRAF. The SRAF will then be allocated to fund state costs as outlined in the ABX4 15 (the Proposition 1A suspension).

The \$350 million shift scheduled for 2010-11 is drafted to work in the same manner.

Redevelopment agencies may extend their time limits for plan effectiveness and for receipt of tax increment revenues by one year after they meet their payment obligation for 2009-10.

During the 2009-10 fiscal year, the agency is not required to allocate funds to its low- and moderate-income housing fund and must pay back its fund by June 30, 2015. If it does not fully repay its low- and moderate-income housing fund by that time, its set-aside requirement for low- and moderate-income housing increases from 20% to 25%.

It is widely anticipated that the CRA will challenge this statute in court. We urge counties that are interested in participating in such litigation or learning more about it to visit the CRA [website](#) or call them at 916-448-8760.

STATE MANDATES

As previously reported, the budget agreement decreases funding for state mandates from \$142 million to about \$76.4 million. A list of all mandates funded in the February budget deal and their disposition in the current set of budget amendments is included as an attachment to this BAB.

USE TAX COMPLIANCE

The budget amendments add \$9.6 million to the Board of Equalization's budget to register businesses that do not require a seller's license and have receipts over \$100,000 per year. Their intent is to increase use tax compliance to the tune of \$26 million for the General Fund in 2009-10, \$122 million in 2010-11, and more in future years. These businesses will have to file annual use tax returns by April 15 of each year. This program will also increase use tax revenue for many local agencies.

BOE TAX ADMINISTRATION COSTS

The budget deal rejects a request from the Board of Equalization (BOE) to reallocate \$6.4 million sales tax administrative costs from local governments to the state's General Fund. The BOE requested the change to align the distribution of administrative costs with revenue benefits, just as counties do in allocating property tax administrative costs. The budget deal includes an exception to the usual method for allocating these costs because "there was no actual increase in costs."

SPECIAL ELECTION REIMBURSEMENT

The budget deal does not include a repayment of counties' cost to run the May 19 special election. A comprehensive survey conducted by elections officials show a statewide cost of just over \$68 million.

CALIFORNIA STATE MEDIATION AND CONCILIATION SERVICE

AB X4 12 authorizes the Director of the Department of Industrial Relations to seek and collect reimbursement from private and public sector employers, labor unions, and employee organizations for election, arbitration, and training and facilitation services provided by the California State Mediation & Conciliation Service (SMCS). The bill requires the Director to adopt regulations to implement this provision. SMCS currently provides their services to cities and counties for free, including administering elections and other disputes on elections, mediating impasses, and providing training. Some county Employer-Employee Relations Resolutions may require the parties to use SCMS.

CALPERS-SPONSORED PREFERRED PROVIDER ORGANIZATION HEALTH PLANS

AB 4X 12 authorizes the Board of Administration of the California Public Employees' Retirement System (CalPERS) to use reserves to reduce the premiums charged in self-funded health benefit plans. According to CalPERS, self-funded Preferred Provider Organization (PPO) health plans have generated funds beyond what is required for their reserves. In consideration of the unique economic climate, CalPERS proposes to offset employer and subscriber premium payments with the excess reserves. This proposal will provide relief to employers and employees in these health plans. This trailer bill will replace the similar provisions found in Assembly Bill 399 by Assembly Member Julia Brownley.

HEALTH AND HUMAN SERVICES

The 2009-10 revised budget includes significant changes to the safety net, most notably to the CalWORKs program. The Administration pushed very hard for cuts and policy changes that will result in people being unable to access health and social services programs. It is unclear what the long-term ramifications of these changes will be on counties and communities, although children, families and seniors will have fewer services available and, in some cases, may be unable to access services.

The trailer bills with the vast majority of health and human services provisions include the following:

- ABX4 4: Human Services Omnibus trailer bill
- ABX4 5: Health Omnibus trailer bill
- ABX4 6: Medi-Cal Managed Care changes
- ABX4 7: Centralized Eligibility proposal
- ABX4 8: CalWORKs changes
- ABX4 19: In-Home Supportive Services (IHSS) fraud initiative

CALWORKS

The Governor sought significant changes to the CalWORKs program during the recent budget negotiations, and was successful in securing \$528 million in cuts and/or anticipated savings, with many of the scored savings slated to be realized in the out years. Though the Governor originally sought to abolish the entire CalWORKs program in May, the reform proposals as voted on by the Legislature represent significant and wholesale changes in the way the program is administered and will ultimately result in fewer grants to needy Californians.

ABX4 4 is the omnibus human services trailer bill and includes some of the CalWORKs provisions. Additional changes to CalWORKs, including sanctions, self-sufficiency reviews and the COLA changes, are in ABX4 8.

County Single Allocation Cut. Of the \$528 million in cuts to the CalWORKs program, \$375 million come from a straight cut to county Single Allocation funding. Counties use this funding to administer the program, including providing employment and child care services, and to meet local needs. A cut of this magnitude guts each county's ability to meet its obligation to assist CalWORKs program participants on the road to self sufficiency. This cut represents 71 percent of the total reduction to the program and is effective in the current fiscal year.

ABX4 4 provides some flexibility in determining how to prioritize resources and services. The measure provides exemptions from work for parents with children age 12 to 23 months or two or more children under age six. The trailer bill language sunsets this provision on July 1, 2011. ABX4 4 also includes language to increase county flexibility to transfer funds from the mental health and substance abuse accounts to the single allocation if needed.

COLA Elimination. The Governor pushed for, and got, the elimination of automatic cost of living adjustments (COLAs) for CalWORKs grants.

ABX4 8 did not include any of the Governor's proposals to eliminate the safety net and child-only programs or an across-the-board grant reduction.

Time Limit Changes. ABX4 8 reduces length of time an adult recipient who fails to meet work participation requirements may collect continuous CalWORKs benefits from 60 months to 48 months. However, after a 12-month "time out" from the program, that recipient may receive CalWORKs grants for an additional 12 months before being permanently sanctioned due to a failure to meet work participation requirements. These changes will take effect on July 1, 2011 and represent a significant administrative and fiscal challenge for counties.

Increased Sanctions. The language in ABX4 8 directs counties to perform interventions for families that are in danger of incurring sanctions through a failure to meet work requirements, and, if the adult recipient is still unable to meet work requirements, reduces the family grant by 25 percent and, after nine months of noncompliance, 50 percent of the total grant. Also, families that have received aid for more than 60 months through California's safety net program will see a 25 percent cut to the child portion of the grant. These changes will take effect on July 1, 2011.

Semi-Annual Self Sufficiency Reviews. Requires self-sufficiency reviews to be conducted six months after a determination of eligibility for recipients not in compliance with work requirements and after each annual redetermination if work requirements continue to not be met. Counties would also be required to conduct an intensive assessment of families entering the safety net. If the recipient fails to attend the review, the county shall reduce the recipient's benefits by 60 percent after 30 calendar days, unless the participant has complied or provided good cause. These changes will take effect on July 1, 2011 and carry with them significant administrative costs.

Further, ABX4 8 also requires counties, by January 1, 2013, to provide the Department of Social Services with an evaluation of the implementation of the requirement regarding semi-annual self-sufficiency reviews and requires the Department to send those evaluations to the Legislature.

Child Care. The package restores child care services for CalWORKs families and families transitioning off of CalWORKs, and does not increase family fees. It also retains funding for ROC/P and Adult Education CalWORKs services. However, the Extended Day Care (Latchkey) program is eliminated, although funding is provided until the start of the 2009-10 school year. The package also keeps Regional Market Reimbursement rates at 2005 levels, and only provides reimbursement up to a maximum of the 85th percentile. Finally, the budget deal directs \$10 million in federal American Recovery and Reinvestment Act (ARRA) stimulus funds to hold program levels constant for this fiscal year and increase child care slots in the voucher program when possible.

PRIVATIZING ELIGIBILITY

The final budget package included the Governor's proposal to privatize eligibility for CalWORKs, Medi-Cal, and the Supplemental Nutrition Assistance Program (SNAP, formerly known as the federal Food Stamp program). Embodied in ABX4 7, the Governor's plan is to develop a centralized statewide eligibility and enrollment determination process for these programs.

The state Department of Health Care Services and Department of Social Services are tasked with developing a comprehensive plan for such a system, including cost benefit analysis, benefits and drawbacks of procuring a new statewide process, an assessment of risks that includes other states' experiences, and budget. However, the departments must first convene a stakeholder steering committee, of which CSAC is a named member, to review all of the above. After this process is completed the departments' comprehensive plan shall be submitted to the fiscal and applicable policy committees of the Legislature at least 45 days prior to a request for an appropriation. The departments cannot proceed with the procurement activities without legislative approval and an appropriation.

This proposal is strongly opposed by CSAC, county affiliates, and other stakeholders, based on evidence from other states (Texas and Indiana) that such efforts are likely to fail and often harm clients. CSAC will participate in the stakeholder process and continue to make our concerns with the overall proposal known.



IN-HOME SUPPORTIVE SERVICES (IHSS)

Two bills contain major provisions related to the In Home Supportive Services (IHSS) program: ABX4 9 and ABX4 19. Many of the provisions either were written to address perceived fraud or contain cuts that, taken in total, are estimated to add up to \$211 million. However, counties note that the centerpiece fraud initiatives are costly to implement, difficult to administer, and create no long-term net savings.

Fraud Provisions. The fraud provisions as contained in ABX4 19 include criminal background checks for all IHSS providers (and which the provider must pay for) fingerprinting requirements for both providers AND recipients, and more strict timesheet standards

Counties are required to deny or terminate providers who have been convicted of specified offenses, including:

- Conviction for, or incarceration following a conviction for, fraud against a government health care or supportive services program, including Medicare, Medicaid, or services provided under Title V, Title XX, or Title XXI of the federal Social Security Act,
- Child abuse (Section 273a of the Penal Code),
- Elder and dependent adult abuse (Section 368 of the Penal Code), or
- Similar violations in another jurisdiction.

Though ABX4 19 is not entirely clear on who bears the costs of the fingerprinting requirement, it appears providers are required to pay for their background checks and that these checks must be completed for current providers by July 1, 2010. The requirement on fingerprinting recipients is effective April 1, 2010 for new applicants and at the time of the next reassessment for existing consumers after April 1. There is also language in the measure requiring the state DSS to seek federal financial participation.

The measure also provides \$10 million for local home visits, but places additional duties on county workers to conduct unannounced visits for certain high-risk cases and complete additional fraud-detection training.

The fraud proposal also includes changes to time sheets. ABX4 19 establishes a civil penalty for time-sheet fraud and requires both the provider and recipient to sign time sheets. Additionally, providers and recipients will be required to place a fingerprint on the time sheets. The measure also requires in-person verification of employment documents by a county worker.

Other Savings. Additionally, there are several major program changes:

- **Eliminate IHSS Services Entirely.** ABX4 4 eliminates all IHSS services for recipients with Functional Index (FI) scores below 2, effective September 1, 2009. Recipients with paramedical services, protective services, and recipients receiving 120 or more overall hours per month would be exempted.
- **Eliminates Domestic Services.** ABX4 4 eliminates IHSS domestic and related services for recipients with FI rankings below 4. Recipients with paramedical services, protective

- services, and recipients receiving 120 or more overall hours per month would be exempted. This is also effective on September 1, 2009. Combined, the two proposals to eliminate and reduce services to contain costs generate savings of \$53.2 million General Fund.
- **Share of Cost.** Increases the share of cost by 50 percent for IHSS recipients receiving a state buyout effective September 1, 2009. This proposal saves \$20 million General Fund in 2009-10 and \$24 million in 2010-11.
 - **Public Authorities.** The budget reduces Public Authority administration rates by 20 percent for a General Fund savings on \$4.6 million.

MEDI-CAL

Medi-Cal Savings. The budget includes an unallocated cut of \$323.2 million General Fund to the Medi-Cal program. The Medi-Cal provisions of the budget are contained in ABX4 5.

Governor's Federal Medi-Cal Flexibility and Stabilization. The budget package includes \$1 billion General Fund savings assumption from the Medi-Cal program. The Committee adopted budget bill language to provide for the state to obtain federal funds owed to California, including but not limited to: (1) disability insurance benefits which resulted in state expenditures instead of federal Medicare expenditures; (2) the retroactive payment of Medicare Part B premiums dues to systemic errors by the Social Security Administration; (3) adjustments to formulas that penalize California, such as the Medicare Part D "clawback"; and (4) receipt of federal funds due to California under various existing Medi-Cal waiver programs.

The \$1 billion in savings comes from the following assumptions: receiving \$700 million owed to the state from disability insurance expenditures, receiving \$75 million in Medicare Part D clawback, and receiving over \$400 million from other waivers.

Medi-Cal Managed Care. The budget package also includes a stand alone measure, ABX4 6, to require the Department of Health Care Services to submit a waiver to the federal government to implement mandatory enrollment of seniors or persons with disabilities in Medi-Cal managed care OR a medical home model.

The bill also contains a provision authorizing the Department of Health Care Services to maximize federal funds by claiming federal reimbursement for programs that receive realignment funds, including the County Medical Services Program; expenditures in programs funded by the Mental Health Services Act; and other public expenditures and state-only funded programs.

Hospitals. The budget reduces the Distressed Hospital Fund by \$23 million General Fund. Additionally, it reduces payments to private hospitals by \$23.9 million General Fund to reflect a ten percent reduction in disproportionate share hospital funding.

Drug Medi-Cal. The budget reduces Drug Medi-Cal rates by 10 percent. This provision was originally proposed in the May Revision, and nets the state \$8.8 million in General Fund savings.

The budget package adopts several Medi-Cal pharmacy reforms included in the May Revision for an estimated savings of \$109 million General Fund.

Long-Term Care. The budget expands long-term care fees for \$18 million in revenue and reduces long-term care rates for a savings of nearly \$76 million General Fund. The final package did not adopt the May Revision proposal to eliminate Adult Day Health Care benefits, but it does institute a temporary 3-day cap, minimum standard on medical necessity, and some anti-fraud measures for approximately \$25 million in General Fund savings.

Community Clinics. The bill reduces General Fund support for community clinic programs by 30 percent, including Rural Health Services (\$2.2 million); Seasonal Migratory Worker Program (\$1.9 million); Indian Health Program (\$1.5 million); and Expanded Access to Primary Care Program (\$4.5 million General Fund and \$3.9 million Proposition 98 funds).

HEALTHY FAMILIES PROGRAM

The Healthy Families Program (HFP) is slated for \$124 million in cuts, with no changes to eligibility in the final legislation. Officials at the Managed Risk Medical Insurance Board (MRMIB), which administers the HFP, having already instituted a waiting list on July 17, are expected to close enrollment for the remainder of the fiscal year. Furthermore, the shortfall in funding may require MRMIB to disenroll eligible children at their annual renewal dates, a move that would essentially dismantle the program.

ABX4 5 does contain language to allow outside sources of funding for HFP, and the state First 5 Commission may also meet in the coming week to authorize a transfer of funds that would at least stave off disenrollment for children aged 5 and under. This move would be similar to the combined efforts of the state and individual county First 5 Commissions undertaken to support the HFP earlier this year.

MRMIB is slated to meet to discuss the above measures July 30.

The HFP currently serves 900,000 children statewide, with about 400,000 expected to join the waiting list over the course of the 2009-10 fiscal year. Created in 1997, the program offers low-cost health insurance for children aged 0-18 in families earning up to 250 percent of the federal poverty level.

SUPPLEMENTAL SECURITY INCOME/STATE SUPPLEMENTARY PAYMENT (SSI/SSP)

The package adopts the Governor's proposal to reduce SSI/SSP grants for couples to the federal minimum of \$1,047, and reduces grants for individuals by \$5 per month to \$845 for a savings of \$155 million annually. This provision would take effect on October 1.

Further, the Governor pushed for, and got, the elimination of automatic cost of living adjustments for SSI/SSP grants.

AID FOR IMMIGRANTS

ABX4 4 allows preserves the Cash Assistance Program for Immigrants (CAPI) and the California Food Assistance Program. However, under the bill, CAPI grants are aligned with those in SSI/SSP for a General Fund reduction of \$1 million.

PROPOSITION 36/OFFENDER TREATMENT PROGRAM (OTP)

The budget package eliminates all \$90 million in General Fund support for Proposition 36 Substance Abuse and Crime Prevention Act programs, but maintains \$18 million General Fund for the Offender Treatment Program. The budget includes \$45 million of Edward Byrne Memorial Justice Assistance Grant program funding provided through the ARRA for the Offender Treatment Program. This is a one-time fund source. Therefore, \$63 million is available in 2009-10 for the Offender Treatment Program.

CHILD WELFARE SERVICES

The budget packages does not include the May Revision proposal to reduce Child Welfare Services funding by \$70 million or reduce the Supplemental Clothing Allowance and Specialized Care Increment rates, but it does make a number of cuts and changes to related programs, including:

- Reduces rates for Group Homes, Foster Family Agencies, and Seriously Emotionally Disturbed programs by 10 percent for savings of \$26.6 million General Fund (before federal stimulus funds are taken into account).
- Adopts a one-time \$5 million General Fund cut to the Transitional Housing Program – Plus (THP-Plus).
- Reforms the Adoption Assistance Program to tie benefit levels to need, rather than increase grants based on age. This proposal is estimated to save the state \$900,000 General Fund.

HEALTH

AIDS/HIV Program. The budget rejects the May Revision Proposal to eliminate all General Fund support for the AIDS Drug Assistance Program and other Office of AIDS Programs by \$80 million, but reduces these programs by \$35 million.

Immunizations. The budget eliminates \$18 million General Fund for the Immunization Program on a one-time basis.

Aid to Infants and Mother (AIM). This program takes a \$4.9 million reduction in Proposition 99 funding.

Maternal and Child Health. The budget rejects the May Revision proposal to eliminate all General Fund support for Maternal, Child, and Adolescent Health (MCAH) programs but does implement the following reductions:

- \$900,000 from the Black Infant Health Program



- \$1.75 million from the Adolescent Family Life Program
- \$2.1 million from local County Maternal and Child Health Grants
- \$3.5 million from MCAH state support

Poison Control. Reduces funding for the California Poison Control System by 50 percent to \$2.95 million. This program had been proposed for elimination in the May Revision.

Managed Risk Medical Insurance Program (MRMIP). The budget reduces \$6.6 million in Proposition 99 funding for the MRMIP program.

Aging. The budget approves smaller reductions than proposed in the May Revision for the Linkages Program, cutting \$2.5 million General Fund from a local assistance budget of \$6 million, and cuts \$1.2 million General Fund from Alzheimer's Day Care Resource Centers.

MENTAL HEALTH

Most of the mental health provisions, since they are cuts, are contained in the revised 2009-10 budget bill, AB4X 1.

- **Early Periodic Screening Diagnosis and Treatment (EPSDT) Program.** The budget package includes the Administration's proposal for EPSDT funding 2009-10. The total amount of adjustment approved for EPSDT funds is \$364.8 million (with an additional \$674.1 million expected for federal reimbursements), which overall reflects a reduction over the current year of \$14.6 million.
- **Prior Year Cost Settlement for EPSDT.** The defers funding a deficiency that the state owes counties for cost report settlements in the amount of \$15.8 million for 2006-07. The budget package, defers payment of the deficiency to 2010-11.
- **Medi-Cal Managed Care.** The budget essentially cuts in half (from \$225 million to \$113.4 million) the allocation to counties for the Medi-Cal Managed Care program.
- **Defer \$52 Million in AB 3632 Mandate Payment to Counties.** The budget package includes a deferral of \$52 million of the \$104 million that is in the approved 2009-10 budget to pay counties for past mandate claims (2006-07 and 2007-08).
- **Proposition 63 Funding.** The budget defers \$300 million in Proposition 63 funding to counties during the 2009-10 fiscal year.

CHILD SUPPORT

AB4X 4 calls for a new \$25 administrative fee on child support collections to increase the speed and efficiency of child support enforcement efforts. The language in the bill is hopeful at best, promising to incur no state or county costs due to the projection of increased collections and welfare recoupment funded by the fee. This provision would be implemented by October 1, 2010.

The language also specifies that 100 percent of the new funds must be used by a local child support agency to maintain staffing levels in order to stabilize child support collections. Once collected, the funds will be distributed based on two performance measures: Collections on

Current Support and Cases with Collections in Arrears. Finally, custodial parties must collect at least \$500 annually for the \$25 administrative fee to kick in.

HOUSING, LAND USE AND TRANSPORTATION

HIGHWAY USERS TAX ACCOUNT

While revisions to the 2009-10 state budget ultimately did not take the local share of the gas tax, also known as the Highway User Tax Account (HUTA), monthly payments are being deferred from July through December 2009 to be repaid at an unspecified date in the future sometime after January 10, 2010 (contained in AB 4X 16). While it has yet to be confirmed with the State Controller's Office (SCO), CSAC interprets budget trailer bill language to mean that monthly HUTA payments will not be made starting this July 31st. Also, CSAC has already made inquiries with the SCO to learn of their plans for paying back this deferral to cities and counties. We will update you as we learn more.

PROPOSITION 42

The 2009-10 state budget defers the first two quarterly payments of Proposition 42 (the October 2009 and January 2010 payments) to cities and counties until May 2010. These deferrals total \$288 million dollars, \$144 million of which is a direct hit to counties. At this point in time, cities and counties are slated to receive their third and fourth quarterly payments on schedule (April and July 2010). Please note that this action is a deferral and not a loan, thus the Proposition 1A protections for Proposition 42 funds are not triggered and the State will not pay back the funds with interest.

PROPOSITION 1B LOCAL STREETS AND ROADS ACCOUNT

The remaining \$700 million in Proposition 1B Local Streets and Roads (LSR) monies were appropriated in the 2009-10 budget revisions with approximately \$442 million for counties (see attached chart for a county by county breakdown of remaining Proposition 1B funds). The budget trailer bill provides cities and counties the ability to backfill the Proposition 42 deferrals with LSR funds during the period of the deferral as long as Proposition 1B is made whole upon repayment by the State.

The budget trailer bill package did not provide this same authority for cities and counties to backfill the HUTA deferrals with LSR funds so we will seek clean-up language to address this when the Legislature returns in August.

Furthermore, trailer bill language added a number of new requirements in order for counties to access the 2009-10 Proposition 1B appropriation. A city, county, or city and county must meet the following requirements:

- Shall have received its full allocation for 2007-08.
- Shall have submitted annual reporting information to the State for 2007-08.
- Shall agree that 2009-10 funds received will be used for projects that are not currently fully funded with a dedicated funding source or sources.



- Shall agree to encumber the funds before July 1, 2010.
- Shall report to the Department of Finance the total balance of unencumbered funds in the road fund.
- Shall certify that the total balance of unobligated or unencumbered funds in the road fund is no more than the sum balance of three months of anticipated apportionments from the Highway Users Tax Account in the Transportation Tax Fund and from the Transportation Investment Fund.
- Any of the funds that are not allocated by July 1, 2010, shall revert to the Local Streets and Road Improvement, Congestion Relief, and Traffic Safety Account of 2006 to be appropriated in future years.

WHAT YOU SHOULD DO

Take a break and prepare yourself for another round of severe cuts when new revenue estimates are prepared and lawsuits decided, perhaps as early as August.

WHAT'S GOING TO HAPPEN NEXT

The Governor will sign the budget package tomorrow. We will report to you the details of any line-item vetoes as soon as that information becomes available.

STAY TUNED FOR THE NEXT BUDGET ACTION BULLETIN!

If you would like to receive the Budget Action Bulletin electronically, please e-mail Amanda Yang, CSAC Legislative Assistant, at ayang@counties.org. We're happy to accommodate you!

**2009-10 Revised Budget
Budget and Trailer Bill List**

Bill #	Description
	4th Extraordinary Session
AB 1	Changes to 2009-10 Budget
AB 2	Education / Higher Education
AB 3	Education: 2008-09 Reversion, Certification
AB 4	Human Services
AB 5	Health
AB 6	Medi-Cal Managed Care
AB 7	Centralized Eligibility
AB 8	CalWORKs Policy, IHSS Fraud, COLA Changes
AB 9	Developmental Disabilities
AB 10	Transportation
AB 11	Resources
AB 12	General Government
SB 13	Public Safety / Judicial
AB 14	Proposition 1A Suspension
AB 15	Proposition 1A Payback
SB 16	Cash Deferrals
AB 17	Revenues #1
AB 18	Revenues #2
AB 20	Boards—Consolidations and Eliminations
AB 21	Procurement
AB 22	Asset Management
AB 25	Cash Management
AB 26	RDA Shift
	Regular Session
SB 63	Integrated Waste Management Board
SB 90	Supplemental Appropriations for 2007-08 and 2008-09



Chair
Supervisor John Gioia
Executive Director
Jolena L. Voorhis

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Budget Revision Summary – July 2009 Revised July 28, 2009

The Budget Revision contains solutions that total \$23 billion. This is short of the entire package agreed upon in the Big Five of \$26 billion. The final package does not include the gas tax (i.e. HUTA) raid, the proposal for oil drilling, or the redevelopment securitization proposal which leaves a shortfall of \$1.1 billion.

The major impacts to local government are the remaining big borrowings/raids:

- Suspension of Proposition 1A and borrowing of \$1.9 billion from local government.
- Taking \$1.7 billion from redevelopment agencies (\$1.350 billion in FY 2009-10) and (\$350 in 2010-11).

For more details on these proposals see the Local Government section of the summary.

Governor's Action

The Governor signed the Budget on Tuesday, July 28th. In his comments prior to signing the package he indicated that due to the fact that the Legislature enacted a \$156 million negative reserve, he had to make additional cuts so that the state had a prudent reserve.

These cuts include:

- Child Welfare. 10% cut to Child Welfare Services which totals \$80 million, and is identical to the Governor's May Revision proposal.
- IHSS. \$37.6 million cut to IHSS, which includes \$28.9 million due to eliminating the exemptions to the IHSS service cuts for recipients with paramedical services. Also includes \$8.7 million cut from Public Authority administration.
- Medi-Cal. \$60.5 million cut to county Medi-Cal Administration.
- Healthy Families. \$50 million cut to the Healthy Families Program.
- Williamson Act. Basically eliminated all funding to Williamson Act by reducing the \$27 million appropriation to \$1,000.

Board of Directors: Chair: Supervisor John Gioia, Contra Costa County Vice Chair: Supervisor Paul Biane, San Bernardino County Treasurer: John Guthrie, Finance Director, Santa Clara County **Members:** Supervisor Keith Carson, Alameda County; Supervisor Don Knabe, Los Angeles County; Supervisor John Moorlach, Orange County; Supervisor John Tavaglione, Riverside County; Supervisor Roger Dickinson, Sacramento County; Supervisor Greg Cox, San Diego County; Supervisor Carmen Chu, San Francisco County; Supervisor Rose Jacobs Gibson, San Mateo County; Supervisor Liz Kniss, Santa Clara County; Supervisor Kathy Long, Ventura County.

Deferrals

The Budget Revision as adopted by the Legislature includes the following deferrals:

- Defer the payment of Proposition 42 for the first two quarters for a savings of \$288 million.
- Defer the payments for the Highway Users Tax Account from July through December 2009. These payments will be paid anytime after January 1, 2010.
- Defer county mental health payments for 11 months.
- Defer payments and suspend 31 local government mandates and maintains mandates for open meetings and animal adoptions.

Revenues

The Budget Revision does include some revenue generation without raising taxes:

- Accelerate income tax withholding to provide savings of \$1.7 billion.
- Increase estimated tax payments for businesses and the self-employed for \$610 million.
- Require non-retailers with receipts over \$100,000 to register with the Board of Equalization.
- Conform California law to federal backup withholding rules related to various non-wage payments which would provide revenue gain of \$26 million.
- Sell the State Compensation Insurance Fund for \$1 billion.

Local Government Provisions

- **Proposition 1A Suspension.** Borrows \$1.9 billion from local governments by suspending Proposition 1A. This will divert an amount equal to 8 percent of the total property tax revenues received by cities, counties and special districts. This amount will be redirected from local agencies in each county to be used by the County Offices of Education during 2009-10 to reimburse the state for a portion of the cost of Medi-Cal and other state services provided within each county.

Securitization and Repayment

There is also language on the securitization and provides that the state will repay the suspension amounts with interest no later than June 30, 2013, as follows:

- The language provides a securitization mechanism which provides that a joint powers authority will issue noted backed by the state's repayment obligation and use the proceeds to replace the diverted property taxes.
- The state will pay the costs of the securitization including payment of an interest rate of up to 8 percent for an issuance amount of up to \$2.25 billion.
- Provides for an alternative to securitization for local agencies that can choose to take their property tax reduction in 2009-10 and then be repaid by the state directly at an interest rate that will be set by the Department of Finance (DOF) subject to a cap of 6 percent.

Hardship Provisions

The suspension language also includes hardship provisions that allows local agencies in bankruptcy, in danger of bankruptcy, or unable to provide core services to apply to DOF for a reduction or elimination of their property tax suspension. DOF may grant hardship suspension reductions or eliminations totaling up to 10 percent of the total suspension amount in any county. Any hardship amounts will be reallocated to all of the other local agencies in the county, so the total suspension amount remains unchanged. Counties may also borrow from their redevelopment agencies to cover the suspension amounts if they choose to do so, and two or more local agencies in a county may agree to reallocate exclusively among themselves as part of their reduction amounts.

- **Redevelopment Shift.** The \$1.7 billion take from redevelopment agencies would help to support schools and programs that service residents of the redevelopment areas or that live in redevelopment-financed housing. Here are the specifics:
 - RDAs may suspend their contributions to their Low and Moderate Income Housing Funds (L&M Funds) in 2009-10 in order to help finance payments, or may borrow from their parent city or county.
 - Any RDA that fails to restore their L&M Funds by June 30, 2015 will be subject to a 5 percent increase in their required annual housing set-aside.
 - RDAs may extend their time limits for plan effectiveness and for receipt of tax increment revenues by one year after they meet their payment obligation for 2009-10.

Proposed Budget Cuts and Program Changes

Administration of Justice

While the agreement out of the Big Five included a \$1.2 billion cut to Corrections, the policy changes needed to obtain this reduction are not included in the Budget Revision package due to concerns from Republicans and others about the policy changes. It is our understanding that these changes will be done sometime in August. The list of the proposals the Administration is considering include the following:

- Adjusting Property Crime Thresholds and/or Changing Crimes to Misdemeanors
- Alternative Custody Options for Lower Risk Offenders
- Commutation of Select Deportable Criminal Aliens
- Program Funding Reductions in Parole Programs
- Risk-Based Parole Supervision and Lower Agent Caseloads
- Staff Efficiencies through Elimination of Positions at Division of Juvenile Justice and Headquarters
- Using GPS as Alternative Sanction

It should also be noted that the previous proposal in the Conference Committee to increase fees on local governments that use the forensic lab services at DOJ has been withdrawn and is not a part of the package.

The reductions in the public safety area include:

- Gives Judicial Council authority to close courts for transaction of judicial business for one day per month during 2009-10.
- Specifies that courts shall renegotiate contracts with county sheriffs for provision of court security services to reduce overall costs by 4.62% to reflect court closures.
- Increases court security fee from \$20 to \$30 to help close shortfall in court security budget, expiring after two years (July 1, 2011).
- Imposes reporting requirements and quarterly funding allocations (Sept, Dec, March, and June) for Youthful Offender Block Grant (YOBG), the funds counties receive to support juvenile population transfer of 2007.

Health and Human Services – CalWORKs

- *Grant Funding.* Reduces CalWORKs funding by \$528 million, including a reduction of \$375 million from the county allocation.
- *Time Limits.* Beginning July 1, 2011, the 60 month time limit on CalWORKs would be reduced to 48 months. On the 48th month, recipients would receive safety net grants. After 12 months in safety net grants, recipients can come back on the program for 12 more months before being termed out of the program.
- *Self-Sufficiency Reviews.* Beginning July 1, 2011 all CalWORKs adults would be required to meet face-to-face twice a year with county workers as a condition of eligibility. The purpose of the self-sufficiency review is to determine barriers to participation in order to increase his or her work or community service participation. If the recipient fails to attend the review, the county must provide the recipient with a notice that the county will reduce the recipients benefits by 50% after 30 calendar days, unless the participant has complied or provided good cause.
- *Reporting.* Requires that no later than January 1, 2013 each county must provide the Department with an evaluation of the implementation of the self-sufficiency reviews that address the effectiveness of the reviews.
- *Sanctions.* Provides for graduated sanctions for those who refuse to comply with program requirements: 1) If an adult refuses to comply within a cumulative total of 3 months, the adult-portion of the grant is removed; 2) If, after another 3 months and an intervention, the adult does not comply, 25% of the grant is removed from the child-only portion; 3) If, after another 3 months and an intervention the adult does not comply, another 25% is removed from the child-only portion for a total of 50% child-only grant reduction.

Health and Human Services – IHSS

- *Targeted Mailings.* Effective January 1, 2010, the application for IHSS recipients must include a notice that his or her provider will be given written notice of the recipient's authorized services and provide a toll-free telephone fraud hotline. This also requires DSS by December 31, 2011 in consultation with county welfare departments, to develop a process to ensure that a provider of services receives a list of the approved duties to be performed.

- *Provider Training.* Effective November 1, 2009, all prospective providers must complete a provider orientation training at the time of enrollment which must include the requirements to be an eligible IHSS provider, description of the program, rules and regulation of the program, consequences of committing fraud, and the toll-free number for reporting fraud. In order to complete provider enrollment all applicants must sign a statement acknowledging their duties and responsibilities. Refusal to sign the statement will result in the provider being ineligible to receive payment for services.
- *Fingerprinting and Background Checks.* Requires all providers to go through a criminal background check process, including fingerprinting. Recipients will be required to submit a fingerprint to the county on or after April 1, 2010. Both the provider and recipient will be required to submit fingerprints as part of the timecard submission process. Counties are required to deny or terminate providers who have been convicted of specified offenses which include fraud, child abuse, or elder abuse.
- *Home Visits.* Provides that in targeted cases, to protect program integrity, monitoring may include a visit to the recipient's home to verify the receipt of services.
- *Timesheets.* Establishes a civil penalty for time-sheet fraud, requires providers to sign to an acknowledgement of eligible recipient services, and requires in person verification of Provider Employment Documents by a county worker. Beginning July 1, 2011, timesheets must also contain designated spaced for the index fingerprint of the provider and the recipients.
- *Fraud Detection.* Provides \$10 million for local anti-fraud investigations and activities. Provides additional positions at Department of Social Services (DSS) and Department of Health Care Services (DHCS) for anti-fraud activities, requires counties to train staff in additional fraud-prevention efforts, and limits the ability of providers to receive a check at a Post Office Box.
- *Share of Cost.* Increases in the Share of Cost by 50% for IHSS.
- *Service Changes.* Eliminates IHSS domestic and related services for recipients with a Functional Index (FI) ranking below 4 with exemptions for those with paramedical services or protective supervision.
- *Service Changes.* Eliminates services for recipients with FI scores below 2, with exemptions for those with paramedical services or protective supervision.

Health and Human Services – General

Centralize Eligibility:

One of the biggest changes in human services is the proposal to contract out eligibility. The Budget Revision would allow the DHCS and the DSS to develop a request for proposal to centralize and contract various eligibility program processing functions currently performed by counties. This proposal sets specific deliverables that must be provided in the report and requires a stakeholder process, and requires that additional legislative authorization is needed to begin the contracting process.

The proposal requires that the development of this process achieve all of the following outcomes:

- Facilitate better access to services and aid for eligible clients.
- Lower the costs of enrolling persons into CalWORKs, Medi-Cal, and SNAP without reducing access.

- Improve consistency of eligibility determination and enrollment approach and processes statewide.
- Create an efficient process that eliminates redundancies and inefficiencies.
- Employ state-of-the-art technology to improve efficiency of the eligibility determination process.
- Minimize the number of technology systems that the state shall support in performing the eligibility process.

This change was strongly opposed by counties including CSAC, county affiliates and other stakeholders.

Other changes include:

- Eliminates automatic Cost of Living Adjustments (COLAs) for CalWORKs and SSI/SSP grants.
- Eliminates funding for Proposition 36 for a savings of \$108 million.
- Eliminates Proposition 99 funds for county health services.
- Unallocated cut of \$323.2 million to the Medi-Cal Program.
- Reduces Healthy Families Program by \$124 million.
- Reduces SSI/SSP grants for couples to the federal minimum and reduces grants for individuals by \$5 per month to save \$155 million. This reduction is effective on October 1, 2009.
- Reduces funds to Early Periodic Screening Diagnosis and Treatment (EPSDT) Program of \$14.6 million.
- Reduces Mental Health Managed Care by \$113 million.
- Defers 50% of the state's payment for county claims for providing mental health services to students with serious emotional disturbances who are enrolled in special education for a savings of \$52 million.
- Cuts to Foster Care of \$26.6 million by approving the reduction to Group Home, Foster Family Agency and Seriously Emotionally Disturbed rates.

Miscellaneous

- The Resources trailer bill (ABx4 11) includes provisions to clarify that the Energy Block Grants can be awarded to suburban and smaller counties for federal funds. This is similar to provisions in AB 262 (Bass) which also would have clarified that all counties can apply for the funds.
- The General Government trailer bill (ABx4 12) includes a provision that would suspend the current requirement that cities and counties provide an annual report to the Department of Housing and Community Development on the progress on their housing element.

Government Reorganization

The Budget Revisions includes proposals to streamline state government including:

- Eliminates the Integrated Waste Management Board
- Eliminates Bureau of Naturopathic Medicine
- Eliminates Board of Geologists and the Geophysicists and combine into Mining and Geology Board.

- Eliminates Hearing Aid Dispensers Bureau.
- Consolidates Bureau of Home Furnishings and Thermal Insulation with the Bureau of Electronic and Appliance Repair.
- Consolidates Structural Pest Control Board within the Department of Pesticide Regulation.

There is also a commitment from the Big Five to do more reorganizations later this summer including consolidating energy departments, tax departments, and real estate departments.

**OFFICE OF THE COUNTY ADMINISTRATOR
CONTRA COSTA COUNTY**

TO: Legislation Committee
Supervisor Susan A. Bonilla, Chair
Supervisor Mary N. Piepho, Vice Chair

FROM: Lara DeLaney, Legislative Coordinator 

DATE: July 29, 2009

SUBJECT: **Agenda Item #5: Timeline of State Budget Crisis**

RECOMMENDATION

REVIEW the attached report, which is a timeline of the California State Budget Crisis, developed by District V Intern, Dana Cruz.

BACKGROUND

At their June meeting, the Legislation Committee requested that a timeline be developed that presents a history of actions by the government and the voters of California that have led to the present-day budget crisis.

This project was undertaken by District V Intern, Dana Cruz, who did a commendable job on the project during his stint in the County Administrator's Office in July.

Attachment A is his report for your review and comment.



**CONTRA COSTA COUNTY
COUNTY ADMINISTRATOR'S OFFICE**

Interim DATA CLUE
JULY 16, 2009

CASE STUDY

CALIFORNIA TIMELINE:

**HOW THE STATE WENT
FROM FIRST TO WORST**

State of California



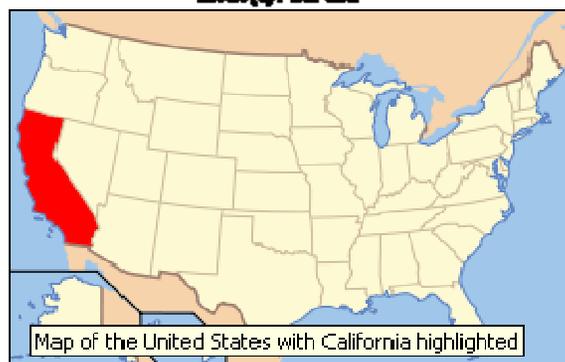
Flag of California



Seal

Nickname(s): The Golden State

Motto(s): Eureka!



Taken from: California article on wikipedia.org

Official language(s) English
Demonym Californian
Capital Sacramento
Largest city Los Angeles
Largest metro area Greater Los Angeles
Area Ranked 3rd in the US
- **Total** 163,696 sq mi (423,970 km²)
- **Width** 250 miles (400 km)
- **Length** 770 miles (1,240 km)
- **% water** 4.7
- **Latitude** 32°32' N to 42° N
- **Longitude** 114°8' W to 124°26' W
Population Ranked 1st in the US
- **Total** 36,756,666 (2008 est.)
33,871,648 (2000)
- **Density** 234.4/sq mi (90.49/km²)
Ranked 11th in the US
- **Median income** US\$54,385 (11th)
Elevation
- **Highest point** Mount Whitney
14,505 ft (4,421 m)
- **Mean** 2,900 ft (884 m)
- **Lowest point** Death Valley
-282 ft (-86 m)
Admission to Union September 9, 1850 (31st)
Governor Arnold Schwarzenegger (R)
Lieutenant Governor John Garamendi (D)
U.S. Senators Dianne Feinstein (D)
Barbara Boxer (D)
U.S. House delegation 34 Democrats, 19 Republicans
Time zone Pacific: UTC-8/-7
Abbreviations CA Calif. US-CA
Website ca.gov

California Budget Crisis Timeline 7.29.09.xls
On the Road to Budget Crises

	STATEHOOD	CALIFORNIA'S GOLDEN AGE	UNLUCKY PROP 13	NO MORE STATE INHERITANCE	"FOR OUR KIDS" PROP 98	WE NEED NEW CANDIDATES	IN-DEBT	PROSPERING TIMES	TIME FOR TAX BREAKS	DOT COM BUBBLE BURSTS	PARTISAN REDISTRICTING	RECALLED-BRING IN "GOVERNATOR"	NO MORE CAR TAX
DATE	1850	1960s	1978	1982	1988	1990	1991	1995	1998	2001	2002	2003	2004
Governor at time	PETER BURNETT	PAT BROWN	JERRY BROWN	GEORGE DEUKMEIJAN				PETE WILSON			GRAY DAVIS		ARNOLD SCHWZNGR
	California is admitted into the US as 31st state (Sept 9).	Gov. Pat Brown builds an efficient network of freeways and thriving, affordable public universities—California is a prospering area.	Prop. 13 passes w/ 64%, limiting rising property taxes, capping it at only 1% for govts.	Voters pass several initiatives ending any state inheritance on estate taxes--\$1 billion.	Prop. 98 passes, requiring state budgets to allocates 40% or more to education.	Term limits imposed on state officials making it harder for more experienced officials with long collaborative relationships to remain in power.	Gov Pete Wilson inherits \$14 billion deficit, raises \$7 billion in taxes.	Dot Com industry brings in enormous revenue; \$75.7 billion in income taxes from FY 2000-2001.	With a \$4 billion surplus, legislators pass a \$1.4 billion tax cut.	The Dot Com Bubble bursts, leaving \$14 billion operating deficit for California; deficits ever since.	Redistricting assures for more extreme liberals and conservatives are seated.	Gray Davis recalled after increasing car tax; Schwarzenegger elected, revokes car tax, eliminating \$4 billion annual revenue.	Schwarzenegger repeals car tax; Voters approve \$15 billion in bonds to refinance short-term debt the state could not repay, leaving multibillion dollar debt, worsening deficit.

California Budget Crisis Timeline 7.29.09.xls
2008 Budget Crisis

2008

DATE	1/10	2/8	2/15	4/24	4/29	5/6	6/11	6/30	7/8	7/9	7/31	8/4	8/11	8/18	8/20	9/8	9/18	10/7	11/5	11/6	11/25
Current Governor	ARNOLD SCHWARZENEGGER																				
	Schwzgr unveils 08-09 budget.	Prop 93 fails, allowing previous term limits to remain; would have allowed a total 14 years for state legislators.	Legislators approve \$2 million in emergency funding until spring.	Schwzgr says there will be \$10 billion deficit for 09-10.	Schwzgr's budget aid project \$20.2 billion in budget gap starting July 1st.	Republicans oppose tax hikes to close 08-09 budget gap.	Sen. Dem reject plan to tap into state lottery funds; propose \$11.5 billion in taxes for 08-09.	Republicans propose spending cap to percentage growth in population plus inflation to end boom-bust cycle of state budget.	Dem propose \$8.2 billion tax increases on businesses and high earners for 08-09.	Republicans reject tax hikes.	10,300 temp state workers laid off.	1% sales tax increase proposed.	Controller John Chiang sued to reduce pay to federal minimum wage for state employees.	08-09 budget vote fails 48 days after beginning of fiscal year.	Governor's "compromise" assailed.	Senate reject GOP proposal for more cuts into health and human services and lottery funds.	Legislators pass 08-09 budget after agreeing to strengthen a rainy day fund and eliminating more personal income taxes.	Sen. Pres Pro Temp Perata approximates additional \$3-5 billion shortfall in current 08-09 fiscal year.	Perata warns that California faces massive \$11.2 billion deficit for 08-09, will grow to \$13 billion for 09-10.	Gov. says 1.5 sales tax increases, levies, cuts, will close estimated \$24.2 deficit until June 2010.	Dems' \$17 billion tax hikes and budget cuts to ease projected \$27.8 billion shortfall in next 19 mo. rejected in both chambers.

*Schwarzenegger is abbreviated as Schwzgr

California Budget Crisis Timeline 7.29.09.xls
 2008 Budget Crisis

12/10	12/18	12/19	12/31
Gov says Calif "headed in financial Amedgeddon;" state's two year budget hole grown to \$40 billion.	Gov pledges to veto package of spending cuts and increases in income and gas taxes that Dems approve without any GOP votes.	Gov. orders two unpaid furlough days each month starting in Feb 2009.	Gov proposed 09-10 budget.

2009

DATE	2/6	2/11	2/16	2/19	3/13	5/11	5/19	5/22	5/29	6/5	6/24	7/2	7/6	7/8	7/10	7/14	7/20	7/24
	First "Furlough Friday".	Deal made to close \$40 billion budget gap.	Sen Pres Pro Temp vows to a lockdown after lawmakers fail to gain 1 more GOP vote for state budget.	Lawmakers pass budget to ease \$40 billion shortfall.	Legislative analyst Mac Taylor warns revenues will be \$8 billion lower than expected for 09-10.	Gov tells legislators that California deficit will grow to \$21.3 through June 2010.	Voters reject 5 of 6 measures to alleviate state budget crisis.	Schwzgr fails to get loan guarantee from Obama administration.	Schwzgr asks for \$2.8 billion more in spending cuts; reduces state salaries; proposes cutting education budget.	Gov denies illegal immigrants caused \$24.3 deficit.	Legislators fail to reach compromise for 09-10.	California issues IOUs for the first since 1992.	California bond ratings drop fro A- to BBB.	Governor proposes 20% wage cuts for state employees.	Banks refuse to honor IOUs.	State officials say governor prepared to cut another 2000 jobs.	Legislators come to agreement to balance \$26 billion deficit by cutting across state government, shifting costs into future, taking from local govts.	Senate approves to close \$26 billion shortfall through spending cuts.
Current Governor	ARNOLD SCHWARZENEGGER																	

*Schwarzenegger is abbreviated as Schwzgr

Causes



Solutions



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**OFFICE OF THE COUNTY ADMINISTRATOR
CONTRA COSTA COUNTY**

TO: Legislation Committee
Supervisor Susan A. Bonilla, Chair
Supervisor Mary N. Piepho, Vice Chair

FROM: Lara DeLaney, Legislative Coordinator *LD*

DATE: July 29, 2009

SUBJECT: **Agenda Item #6: Status of 2009 State and Federal Legislation**

RECOMMENDATION

ACCEPT the report on state and federal legislative matters.

BACKGROUND

Attached to this report is information about various bills in which the County may have an interest or on which the County has already taken a position. (*Attachment A: CSAC Legislative Bulletin, July 10, 2009; Attachment B: Senate Committee on Local Government Bills During 2009; Attachment C: County Health Executives Association of California Hot Sheet #15.*) Additional information may be provided to the Committee regarding any of these bills or activities.

STATE LEGISLATIVE ACTIVITY

SB 686 (DeSaulnier): Environment, CEQA Exemption

Contra Costa County has enlisted the support of Senator DeSaulnier to introduce a bill that would address an inequity in CEQA guidelines related to infill development in unincorporated areas. The bill, SB 686, passed out of the Senate. However, Senator DeSaulnier's office agreed that we respect the wishes of the Pro Tem and author of SB 375 and agree to make SB 686 a two-year bill. With the state budget crisis and the fact that CEQA was a hot topic in the budget negotiations, it is better to wait for this issue until we have more time. The Chief Consultant to the Senate Natural Resources committee agreed to work with us this fall to put together the necessary meetings and language.

Delta Water Bills

Our state advocate, Cathy Christian, confirmed with Senator Lois Wolk's office the following information:

1. No bill language yet. Once it comes out, an informational hearing will follow very soon unless the budget gets in the way. No budget, no Delta hearing.
2. No meeting with Senator Steinberg on July 22.
3. If a budget is passed, there could be an informational hearing on short notice.
4. Amendments to SB 457 are still possible. We need to get them in writing.

We expect a package of 5 bills to go to print in the near future. Here is what Senator Lois Wolk has told us thus far:

This will be a 5 bill bicameral package consisting of the following:

1. SB 12 Simitian – Delta Council
2. AB 39 Huffman – Delta Plan
3. SB 457 or 458 Wolk– Combined DPC/Conservancy Bill
4. AB 49 Feuer/Huffman Water Conservation
5. Pavley bill on groundwater and water measurement
 - Delta Council has two slots for Delta local government – one is temporary (5 years?)
 - DPC/Conservancy will be Senator Wolk's language
 - Fuzzy on contents of Pavley bill
 - Financing is still up in the air- no bond proposed yet – fees being considered

There will be an informational policy committee hearings soon.

Conference Committee will follow hearings. Senator Wolk is trying to get on the Conference Committee, but the committee has not been formed yet.

FEDERAL LEGISLATIVE ACTIVITY

Reauthorization of Transportation Bill

Rep. James Oberstar (D-Minn.) is looking to turn the tables in his ongoing battle with the White House and Senate over transportation legislation. If the chairman of the House Transportation and Infrastructure Committee has his way, the House this week will approve a \$3 billion infusion for the ailing Highway Trust Fund before leaving town Friday. Doing so would head off a projected shortfall in the account that in mid-August would halt federal payments for highway projects, funds desperately needed by cash-starved states.

Moreover, the gambit buys time for Oberstar to press his six-year transportation overhaul, also known as the highway bill, by throwing off a plan advancing in the Senate that would extend the current transportation law for 18 months beyond its Sept. 30 expiration.

Senate leaders are aiming to pass the bill before the recess, but with the House scheduled to adjourn one week earlier, the Senate could be forced to act on a short-term fix to keep highway dollars flowing.

"We have to do something before August," Sen. Patty Murray (D-Wash.), chairwoman of the Appropriations Subcommittee on Transportation and Housing and Urban Development, acknowledged last week. Murray said it was unclear if the Senate would do a short-term plug or a \$26 billion fix proposed by Senate Finance Chairman Max Baucus (D-Mont.), which would keep the highway trust fund afloat for 18 months.

The 18-month extension is favored by the Obama administration, which doesn't want to add a tough fight over transportation revenues to an agenda already teetering under the weight of health care reform and global warming. Three Senate committees have already passed the extension, which would be joined with Baucus' plan.

Senate Majority Whip Dick Durbin (D-Ill.) earlier this month called the 18-month plan "realistic" given the tight schedule and agenda. "I think six years is difficult because you've got to talk about some pretty significant revenue sources to replenish the Highway Trust Fund," he said.

But Oberstar is digging in on his \$500 billion, 775-page overhaul, arguing the administration's delay will kick the can down the road indefinitely. "It's not going to be 18 months, it's going to be four years," he said in an interview last week.

He said he agrees with the revenue sources in Baucus' bill, which would allow the highway fund to earn interest on its balance and restore billions of dollars of funds withdrawn for nontransportation emergencies over the years, but not its purpose --to prop up the extension.

Oberstar's bill, which would tilt federal transportation policy toward sustainability and "intermodal" transport, is the culmination of an impressive career that has seen the 74-year-old rise from the top staffer slot on the former House Public Works Committee to chairman of its current incarnation, the Transportation and Infrastructure panel. With more than four decades of experience under his belt, Oberstar is acclaimed for his policy expertise and at one point was mentioned as a possible Transportation secretary after President Barack Obama was elected last year.

But relations between the White House and the 18-term Congressman have soured in recent months. Oberstar was furious earlier this year after White House Press Secretary Robert Gibbs said a proposal to tax vehicle miles traveled was a nonstarter. The tension

was exacerbated by the administration's call earlier this summer for the 18-month extension.

Oberstar last week sounded an exasperated tone when asked about the White House's response to his \$3 billion plug. "I don't know," he said. "I've called over six months, I've called; I've left messages; I've asked for their input; I've got nothing. Until finally they said, Oh, oh my God, we can't do anything, we've got to wait 18 months and then we'll think of some good projects."

However, administration officials deny they've ignored Oberstar, noting that Transportation Secretary Ray LaHood has traveled to Capitol Hill repeatedly to meet with the chairman. But one official acknowledged that Oberstar's short-term fix is tripping up efforts to extend the current law. "We'd prefer to do it all at once," said the source.

In an e-mail, Transportation Department spokeswoman Jill Zuckman said: "We appreciate all proposals because it shows the commitment of Congress to work towards shoring up the highway trust fund which is on the verge of a serious shortfall."

But the administration privately says Oberstar's \$3 billion fix isn't enough to see the fund through the end of the year, and between \$5 billion and \$7 billion may be needed. Oberstar spokesman Jim Berard said the \$3 billion request is based on recent DOT estimates.

Oberstar claims the backing of the House Democratic leadership for his six-year rewrite, although he acknowledged that continued support may hinge on the political feasibility of the bill's revenue-raisers.

Speaker Nancy Pelosi (D-Calif.) last week sought to downplay the issue. "Oh, eventually ... we will have a transportation bill. It is just a question if we take it in a smaller dose or a bigger dose," she said.

July 27, 2009
By Geof Koss, CongressNow Staff

Health Care Reform

The Energy and Commerce Committee will resume its markup of healthcare legislation Wednesday afternoon under a deal between Blue Dogs and House leaders, but there will be no floor vote on the legislation before August.

Delaying a vote until after August was a key demand of the Blue Dogs, along with reducing the cost of the bill by \$100 billion and allowing states to create health "co-ops" that would compete with the government-run "public option" and private insurers.

White House Chief of Staff Rahm Emanuel was in the negotiations speaking for President Obama.

"We cut the cost of the bill, delayed a floor vote and ensured that the public option will not be forced on anyone," said Rep. Mike Ross (D-Ark.) who has led the negotiations for the Blue Dogs. "Members will have time to go home to talk to their constituents and actually read the bill."

Energy and Commerce Chairman Henry Waxman (D-Calif.) said he plans to finish the markup by Friday, the day Congress is scheduled to adjourn.

"That is my expectation and hope," Waxman said.

Later on Wednesday, Waxman emerged from a meeting of the Democrats on his committee and said the committee would not vote Wednesday night. Instead, he said, the committee Democrats would meet to discuss the Blue Dog deal.

"It's more important to let members ask questions, raise concerns," Waxman said.

The deal split the seven Blue Dogs who had been threatening to block the bill. Waxman struck the deal with only four.

"We never expected it to be 100 percent," Ross said. "It's hard to get unanimity around here to name a post office."

Ross joined with Reps. Bart Gordon (D-Tenn.), Baron Hill (D-Ind.) and Zack Space (D-Ohio). The three who did not agree to the deal are Reps. John Barrow (D-Ga.), Charlie Melancon (D-La.) and Jim Matheson (D-Utah).

To win the support of the four Blue Dogs, Waxman agreed to loosen the employer mandate so that it covers businesses with payrolls of \$500,000 or more, instead of \$400,000. Rates on the "public option" will not be tied to Medicare, but negotiated separately, as private insurers do.

By reducing the cost by \$100 billion, the total price tag of the bill should be brought under \$1 trillion.

Ross said the Blue Dog amendments will be considered tonight at the markup. If they don't pass, the Blue Dogs will withdraw their support.

Ross also said he expects the income surtax on the wealthy to be replaced with another kind of tax before the bill comes to the floor. But that was not part of the negotiations because it is not under the jurisdiction of the Energy and Commerce Committee.

Rep. Stephanie Herseth Sandlin (D-S.D.) said she believes the Blue Dogs have scored a major victory by getting leaders to back away from their goal of having the House vote on a healthcare bill before members return home for the month of August.

"We've achieved the victory of not having a vote on the House floor that will give every member a chance to digest what's in the bill, whether it's in a markup that occurs in Energy and Commerce or whether it's as the bill exists right now," she said. "It is because of the Blue Dog Coalition that there is no floor vote before the August break."

By Jared Allen and Mike Soraghan, The Hill staffers
Posted: 07/29/09 12:08 PM [ET]



Friday, July 10, 2009

VOLUME 109 NUMBER 18

News & Advocacy

Counties, CSAC Gear Up for Reform Effort

Is AB 155 on Pause or on Stop?

Administration of Justice

Agriculture and Natural Resources

Employee Relations

Government Finance and Operations

Health and Human Services

Housing, Land Use and Transportation

Indian Gaming

Washington, D.C., Report

Calendar of Events

Ask Our Advocates

Legislative Tracking

PDF Version

July 10, 2009

Counties, CSAC Gear Up for Reform Effort

By Paul McIntosh, Executive Director
pmcintosh@counties.org

Next week, nearly 100 county supervisors, county administrative officers and other leaders will join their city and school board partners at the Local Government Summit on State Governance and Fiscal Reform, July 17- 18, in Sacramento. More than 400 participants are already signed up for this important event and registration is available through Monday, July 13.

The summit, titled "Rebuilding California— From the Ground Up," is an effort to hash out in detail the changes the state needs to make to restore effective governance and a sensible fiscal system. It kicks off Friday afternoon with CSAC Past President and San Mateo County Supervisor Rich Gordon giving an overview of the summit agenda, a look at how the summit came about, and the work the Cities Counties Schools (CCS) Partnership has done to develop joint principles as a starting point for discussions. As you are aware, the CCS Partnership is ongoing partnership of CSAC, the League of California Cities and the California School Boards Association.

On Friday, July 17, participants will hear from several speakers, including Fred Silva of California Forward, former legislator and current Board of Equalization member Bill Leonard, and Jim Wunderman, executive director of the Bay Area Council.

The principle element of the summit is the three-and-a-half hour session on Saturday morning (July 18) where local representatives will break into small groups and have detailed discussions about reform proposals. These possible changes run the gamut – from changing the initiative process to modifying the mandate reimbursement system, and restoring the rule of local control to broadly realigning revenue authority.

Counties have seen firsthand how the state's dysfunctional system dramatically affects services and constituents. It's clear the current state-local relationship is not working and needs to be changed. The summit's purpose is to reinvigorate California's system of governance and to restore efficiency, transparency, and accountability. The goal is to develop and prioritize reform measures and strategies that provide greater autonomy, flexibility, and fiscal tools to local governments.

How reform will happen – whether by an initiative process, legislation, or a Constitutional Convention – remains to be seen. But with this summit, county, city, and school officials are making sure they have a voice in that process.

To register, click [here](#). To view the summit agenda, FAQ, and principles, click [here](#).

July 10, 2009

Is AB 155 on Pause or on Stop?

In a somewhat unusual move, Assembly Member Tony Mendoza announced to the Senate Local Government Committee on Wednesday, July 8, that he would not take his bill, AB 155, up for a vote. He did, however, agree to present the measure to the committee and take testimony from proponents and opponents. This essentially means that AB 155 remains under the jurisdiction of the Committee, with no additional Senate Local Government Committee hearings scheduled for the remainder of the year.

Counties will recall that AB 155 would require local agencies to seek approval from the California Debt and Investment Advisory Commission (CDIAC) prior to seeking bankruptcy protection in federal court. CSAC opposes this bill as it is an unwarranted and unwise intrusion into local affairs.

AB 155 was supported by a broad range of public and private sector labor organizations. Opposition was led by Mayor Osby Davis of the City of Vallejo, who outlined in great detail for the committee the extraordinary lengths his city had gone to avoid bankruptcy and maintain services to its residents, as well as Vallejo's bankruptcy attorney, Marc Levinson, who described the federal bankruptcy process.

In opposition testimony, CSAC noted that it was particularly ironic to consider, given the state's issuance of IOUs instead of cash payments to counties for federal and state-mandated services, that a county would be required to ask the state's permission prior to seeking bankruptcy protection when the state's historic failure to deal with its own fiscal issues has essentially created, at least in part, the fiscal problems faced by that county. The League of California Cities, Urban Counties Caucus, Regional Council of Rural Counties, California Special Districts Association, Howard Jarvis Taxpayers Association, and numerous other local government representatives joined the opposition.

During testimony and questions from the committee, it became quite clear that AB 155 would not have received the requisite votes to ensure its passage. Senators Lois Wolk and Dave Cox both indicated their strong concerns with the bill and told the author that, had he brought the bill for a vote, they would have noted "no." We extend our sincere thanks to Senators Wolk and Cox and encourage counties to do so, as well.

We caution counties that this week's events do not necessarily mean that our efforts to defeat AB 155 are done for the year. Because the committee did not vote on the bill, there is the potential that the bill could be removed from the Senate Local Government Committee and re-referred to another committee. The contents of the bill could also be placed into another measure, a practice commonly referred to as "gut-and-amend." CSAC will be vigilant in keeping track of such actions through the end of session and keep counties informed of the latest news.

July 10, 2009

Administration of Justice

For more information, please contact Elizabeth Howard at 916/650-8131 or ehoward@counties.org or Rosemary Lamb at 916/650-8116 or rlamb@counties.org.

Remote Caller Bingo SB 126 (Cedillo) – Watch As Amended on June 18, 2009

SB 126, by Senator Gil Cedillo, is a technical clean-up measure to his measure SB 1369 from last year that authorized remote caller bingo. Remote caller bingo allows multiple sites to engage in the same bingo game without all participants being in the originating bingo site – where the bingo letters and numbers are being called. This type of bingo allows the winnings to be larger than the current \$250 single bingo game earnings, thereby expanding the attraction to remote caller bingo and allowing charities to generate additional revenue from increased bingo participation.

The June 18 amendments to the measure were cause for serious concern for local governments as they sought to establish a process whereby a charity is authorized to engage in remote caller bingo — unless a local ordinance currently exists banning such bingo or a county subsequently passes a resolution banning such bingo — until January 1, 2011. After January 1, 2011, a city and/or county would have needed to adopt an ordinance authorizing remote caller bingo in order for it to continue. This approach effectively would have created a situation where a county might have to pass an ordinance if it wished to ban remote caller bingo after remote caller bingo was already established in the community.

CSAC and the League of California Cities together worked with staff of Senator Cedillo's office regarding the ordinance language. The senator agreed to remove the ordinance language and keep local authority over regular and remote caller

bingo with county boards of supervisors and city councils. As a result, pursuant to the July 1 version of SB 126, a charity or other nonprofit organization wishing to engage in remote caller bingo will continue to be required to ensure that existing ordinances permit it and if not, work with their respective local board of supervisors or city council to modify the existing ordinance. More information on remote caller bingo will be forthcoming in a future bulletin.

SB 126 was heard by the Assembly Governmental Organization Committee on July 8 and passed out of committee on an 18-0 vote.

Vehicle Theft

AB 286 (Salas) – Support

As Amended on June 23, 2009

AB 286, by Assembly Member Mary Salas, is a reintroduction of her AB 860 from last year, which sought to extend the sunset date on county authority to impose additional fees on vehicle registration to fund local programs relating to vehicle theft crimes. AB 860 was vetoed by the Governor in his blanket veto message stating that the measure did not meet a priority threshold for the year, given the limited amount of time available to him to review legislation in the context of protracted budget negotiations.

AB 286 is again sponsored by the California State Sheriffs' Association, and CSAC is in support. It was heard in the Senate Transportation and Housing Committee on July 7, 2009 and passed out of committee on a 7-3 vote.

Civil Fees

AB 680 (Hall) – Support

As Amended on June 22, 2009

AB 680, by Assembly Member Isadore Hall, seeks to revise and increase various civil fees collected by county sheriff's departments for services rendered. Sponsored by the Los Angeles County Sheriff's Department, AB 680 is supported by a range of county public safety entities and CSAC.

AB 680 was heard by the Senate Judiciary Committee on July 7, 2009. It passed out of committee on a 4-1 vote.

Board of Community Corrections

SB 441 (Ducheny) – Support

As Amended on June 25, 2009

SB 441, by Senator Denise Ducheny, seeks to make the Corrections Standards Authority (CSA) an autonomous body and renaming it the Board of Community Corrections.

The CSA, formerly known as the Board of Corrections, was placed under the California Department of Corrections and Rehabilitation (CDCR) when that department was reorganized in 2005. SB 441 would, effective January 1, 2010, rename the CSA the Board of Community Corrections and would make it an independent entity separate and apart from CDCR – returning it to its status pre-2005. The measure slightly amends the composition of what was the CSA board; however a county supervisor or county administrative officer will serve on the Board of Community Corrections.

SB 441 was heard last week in the Assembly Public Safety Committee on July 30. It passed out of committee on a 7-0 vote.

Public Records Act

SB 359 (Romero) – Support

As Amended on As Amended May 5, 2009

SB 359, by Senator Gloria Romero, seeks to update the index of disclosure exemptions contained in the Public Records Act (PRA).

The PRA was amended in 1998 by SB 143 (Kopp) to incorporate an extensive index organized alphabetically of the various code sections a public agency can rely on to justify the nondisclosure of a public record. This index has proven to be a valuable resource for local governments. There has been no organized, comprehensive effort to update the PRA exemption

index since it was established in statute more than a decade ago. SB 359 seeks to bring the index up-to-date, consistent with legislative changes that have made certain records confidential in the intervening 11 years.

SB 359 was heard in the Assembly Governmental Organization Committee last week on July 1 and passed out of committee on the consent calendar.

July 10, 2009

Agriculture and Natural Resources

For more information, contact Karen Keene at 916/327-7500, ext. 511, or e-mail kkeene@counties.org or Cara Martinson at 915/327-7500, ext. 504, or email cmartinson@counties.org.

Private Sewer Laterals Proposed Legislation – Request Comment

The California Association of Sanitation Agencies (CASA) is considering the possible introduction of legislation regarding the inspection of private sewer laterals (PSLs) at the time of the sale of a home. A private sewer lateral (or private lateral) is the pipe that transports wastewater from a building to the public sewer main in the street.

The proposed legislation would require sanitation agencies to adopt ordinances that mandate property owners to obtain a compliance certificate through inspection, testing, repair, or replacement of their private laterals. New and existing ordinances would be required to meet minimum requirements defined by the legislation, but agencies will have the discretion to adopt a more stringent ordinance. Each agency will determine how best to structure its own PSL ordinance and certification program, what standards PSLs must meet, and how to fund any required resources needed to implement the program. Agencies will not be required to perform inspection, testing, repair, or replacement. The cost of work to obtain certification will be paid by the property owner. Very small sanitation agencies, and those that can show that private laterals in their service areas have no significant detrimental impact, would be excluded from the legislative requirements.

CASA has requested that CSAC seek comments from the counties regarding this proposal. Counties interested in providing input on the proposal may visit the CSAC Web site to review the [actual language](#) and [white paper](#). CSAC staff would like to know if counties are supportive of the proposal or if they have concerns. Please submit your comments to Karen Keene, CSAC Legislative Representative, by July 27.

Energy AB 222 (Adams) – Support As Amended on July 8, 2009

AB 222, by Assembly Member Anthony Adams, passed out of the Senate Energy Committee this week. This bill would update the Integrated Waste Management Act of 1989 to incorporate changes that will enable and expedite the production of advanced, non-food derived biofuels, green power, and other bio-based products from biomass. CSAC supports this bill because it will help California achieve the goals of its Renewable Portfolio Standard, Low Carbon Fuel Standard and Bioenergy Action Plan and aid local governments in achieving higher solid waste diversion rates. The bill is set for hearing on July 13 in the Senate Environmental Quality Committee.

AB 262 (Bass) – Support As Amended on April 14, 2009

AB 262, by Assembly Speaker Karen Bass, was passed out the Senate Energy Committee this week. CSAC has received indication from the author that this bill will be gutted and no longer contain its current provisions. However, language included in AB 262 has been incorporated into a budget trailer bill and will make the necessary changes to conform to the statute governing the Energy Efficiency and Conservation Block Grant Program (EECBG) to the federal American Recovery and Reinvestment Act (ARRA) guidelines, and provide a necessary fix to an eligibility issue that currently excludes 13 counties from the EECBG Program. Furthermore, the California Energy Commission (CEC) has released their draft guidelines for the EECBG program, and it specifies eligibility criteria that include the previously excluded 13 counties. To view a copy of the guidelines, visit the [CEC Web page](#).

ARRA—EECBG Program Workshops

The CEC has announced several more workshops around the state to invite stakeholder input on the development of the EECBG guidelines. To see more information about the workshops, which will be held next week in San Diego, Ripon and Santa Ana, visit the [CEC Web page](#).

AB 64 (Krekorian) – Oppose
As Amended on June 23, 2009

AB 64, by Assembly Member Paul Krekorian, passed out of the Senate Energy Committee this week by a narrow margin. This bill would increase California's Renewable Portfolio Standard (RPS) to require all retail sellers of electricity and all Publicly Owned Utilities (POUs) to procure at least 33% of electricity delivered to their retail customers from renewable resources by 2020. The bill would also establish the Energy Planning and Infrastructure Coordinating (EPIC) committee to develop a strategic plan to identify and rank renewable energy development zones, along with the needed transmission and distribution necessary to access those zones.

CSAC has joined with the League of California Cities (League) in opposing a provision in the bill that would transfer the responsibility of siting renewable energy facilities between 5 megawatts and 50 megawatts from local governments to the newly created Energy Planning and Infrastructure Coordinating committee. CSAC and the League have indicated to the author that this siting authority has long been the purview of local governments and we do not believe this authority should be taken away. This bill now moves to the Senate Appropriations Committee.

Fire
SB 505 (Kehoe) – Oppose
As Amended on June 1, 2009

SB 505, by Senator Christine Kehoe, passed out of the Assembly Natural Resources Committee on July 6. This bill would amend the general plan safety element requirements for state responsibility areas (SRA) and very high fire hazard severity zones. It would also attempt to strengthen the development review process under California Environmental Quality Act (CEQA) by expanding the initial study checklist to address fire hazard impacts of projects. CSAC, along with the Regional Council of Rural Counties (RCRC), is opposed to this bill because of the potential implementation costs, which will be in the thousands of dollars depending on the amount of public outreach, controversy, and environmental review. Counties impacted by this measure are urged to provide CSAC staff with anticipated cost estimates associated with the bill's implementation. SB 505 now moves to the Assembly Appropriations Committee.

Solid Waste
SB 25 (Padilla) – Oppose
As Amended on July 28, 2009

SB 25, by Senator Alex Padilla, was held in the Assembly Natural Resources Committee this week. This bill would have increased the solid waste diversion mandate on local governments to 60% by January 1, 2015, with a state-wide goal of 75% diversion by 2020.

July 10, 2009

Employee Relations

For more information, contact Eraina Ortega at 916/327-7500, ext. 521, oreortega@counties.org, or Faith L. Conley at 916/327-7500, ext. 522, or fconley@counties.org.

For a recent list of the status on all Employee Relations legislation, click [here](#).

Insurance Commissioner Steve Poizner Denies WCIRB's Request for Increase in Workers' Compensation Claims Cost Benchmark

This week, Insurance Commissioner Steve Poizner rejected a request from the Workers' Compensation Insurance Rating Bureau (WCIRB) to raise the Workers' Compensation Claims Cost Benchmark (Benchmark) by 23.7%.

The Benchmark is a determination of future costs in the workers' compensation system and is set by the Insurance

Commissioner. WCIRB completes an analysis of system-wide claims costs and makes recommendations to the Insurance Commissioner for projecting claims costs for the upcoming insurance policy period. The Benchmark is used to inform the public and stakeholders of trends in the workers' compensation system and to measure insurer rates.

WCIRB's July 1, 2009 analysis of workers' compensation costs and trends came with a recommendation to increase the Benchmark by 23.7% due to significant increases in medical loss severity, as well as general elevated medical costs. In response, Insurance Commissioner Poizner called for an investigative hearing to determine whether or not such an increase to the Benchmark was necessary.

At the hearing's completion, Poizner found WCIRB's data to be unsatisfactory and presented 27 recommendations to insurers to achieve further efficiencies in the workers' compensation system, including:

- Achieving a balance between cost and benefit with medical provider networks and utilization review.
- Communicating effectively with medical providers.
- Implementing regulations for electronic billing and a standard medical bill form.
- Requiring billing and payment at fee schedule.
- Requiring the prescribing and/or dispensing of generic drug equivalents.

Poizner commented that he would not consider a change to the Benchmark until many of the recommendations have been implemented and concurrently announced the creation of a Workers' Compensation Costs Advisory Group, which will inform the Insurance Commissioner and staff within the California Department of Insurance of key cost drivers within the system and recommendations on how to handle them.

For the Insurance Commissioner's full press release and links to the proposed recommendation and decision, click [here](#).

Workers' Compensation AB 586 (Huber) – Oppose As Amended on June 18, 2009

AB 586, by Assembly Member Alyson Huber, would provide that presumptions currently applicable to most fire and peace officer employees of the state and local government (cancer, hernia, pneumonia, heart problems, tuberculosis, blood-borne infectious diseases, meningitis and MRSA), will apply to any peace officer defined by California Penal Code Sections 830.1 through 830.38.

CSAC opposes AB 586 because it would expand presumptions to the following employees not currently covered:

- Welfare fraud investigators.
- Child support investigators.
- Coroners and deputy coroners.
- Arson investigators.

AB 586 is currently awaiting a hearing date in the Senate Appropriations Committee.

SB 186 (DeSaulnier) – Oppose As Introduced on February 27, 2009

SB 186, by Senator Mark DeSaulnier, would repeal the sunset date for provisions that allow injured workers to pre-designate their primary treating physician for workers' compensation purposes.

In enacting SB 899 (Poochigian) into law in 2004, workers were afforded the ability to pre-designate their personal physician of choice as the first medical provider in case of a work-place injury. However, that ability was scheduled to end on April 30, 2007. The reason for having a pre-designation period was to transition the direction employees take in seeking medical care as the reforms contained in SB 899 are implemented and workers are subsequently directed into Medical Provider Networks as a way to treat injured workers and get them back to work at a cost that is reasonable for the employers.

CSAC sees no reason to make pre-designation a permanent part of the workers' compensation system as it was enacted as a gap-measure as the reforms in SB 899 are fully implemented. CSAC is unaware of any short-comings for employees who do not pre-designate.

SB 186 will be heard next on the Assembly Floor.

Retirement Benefits
AB 399 (Brownley) – Support
As Amended on June 29, 2009

AB 399, by Assembly Member Julia Brownley, will allow the California Public Employees' Retirement System (CalPERS) to automatically distribute an inactive member's retirement contributions if the member has reached the age of 70 and is no longer in public service covered by CalPERS.

Currently, members of CalPERS who separate from CalPERS-covered employment have the option of electing to leave accumulated retirement options on deposit in the retirement fund. Current law deems the failure of a member to elect to withdraw the accumulated contributions as an election to leave them on deposit in the retirement fund. A member's election to leave the contribution in the retirement fund can be revoked at any time, except while:

- The member is employed in state service which does not exclude them from membership in CalPERS.
- The member is part of a retirement system supported by state funds.
- The member is in service as a member of a county retirement system.

If a member elects for a withdrawal of their accumulated retirement contributions, their membership is considered terminated. If a member does not elect to withdraw the funds, their membership is considered inactive and their funds remain on deposit with CalPERS until they either choose to withdraw their contributions or apply for service retirement.

Federal law requires that non-working members receive a required minimum distribution of their retirement contributions when they reach the age of 70½. Accordingly, CalPERS must regularly inform inactive members of the need to withdraw their contributions or apply for service retirement prior to reaching the age of 70½. When CalPERS is unable to locate an inactive member or the member does not respond, CalPERS is unable to release their contributions and since the income tax withholding, which would otherwise be deducted from the contributions, cannot be paid to the Internal Revenue Service, the member is put at risk of a large tax penalty.

AB 399 will allow CalPERS to automatically distribute a member's retirement contributions once he or she has reached the age of 70½ and are permanently separated from service covered by CalPERS. This bill will also permit CalPERS to transfer excess reserves between PERS self-funded health plans to pay all or a portion of member and retiree premiums.

AB 399 will be heard next on the Senate Floor.

Economic Development
AB 1394 (Bass) – Support
As Introduced on February 27, 2009

AB 1394, by Speaker Karen Bass, will authorize the California Workforce Investment Board's Green Collar Jobs Council (Council) to accept any revenues, grants, or services from state and federal entities to use for workforce training.

AB 3018 (Núñez/Bass, Statutes of 2008) created the Council within the California Workforce Investment Board. The Council conducts planning, research, and funding to meet California's growing need for a greener workforce.

CSAC supports taking action and building partnerships at the state and local levels to maximize funding from the federal American Recovery and Reinvestment Act of 2009 (ARRA) in order to provide additional training and jobs for California's workforce. AB 1394 will require the Council to partner with state and local agencies to award grant money and green workforce training funds received by the state under ARRA.

AB 1394 is currently awaiting hearing in the Assembly Appropriations Committee.

Labor Relations
SB 656 (DeSaulnier) – Oppose
As Introduced on February 27, 2009

SB 656, by Senator Mark DeSaulnier, would provide that a local public agency bargaining unit comprised of both safety and non-safety members will be removed from the Public Employment Relations Board's (PERB) dispute settlement jurisdiction if the majority of the members are safety members.

CSAC opposes SB 656 because it is inappropriate to extend what is now a narrow exemption from PERB for peace officers to

a larger group of miscellaneous employees. Counties do not see a significant problem with the current structure in which peace officer members of a mixed bargaining unit resolve their disputes in court while miscellaneous employees go before PERB. If a problem exists in a particular bargaining unit, existing law provides peace officers with the right to establish a separate bargaining unit.

SB 656 is awaiting a hearing date in the Assembly Appropriations Committee.

July 10, 2009

Government Finance and Operations

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Local Revenue

SB 10 (Leno) – Support

As Amended on July 8, 2009

SB 10, by Senator Mark Leno, would allow counties to put a measure before their voters to impose an assessment on vehicles owned by county residents. The imposed rate, combined with all state rates, could not exceed 2%. The measure would require counties to contract with the state Department of Motor Vehicles (DMV) to administer the assessment.

As counties continue to be responsible for the general health and well-being of their residents and as major revenue sources — especially property taxes and the state — continue to flag, counties are looking for new revenue options. SB 10 would give each county a chance to decide for itself whether it would like to impose this sort of assessment to support county programs and services.

The Assembly Revenue and Taxation Committee passed SB 10 at their meeting on July 6 on a 6-2 vote.

SCA 14 (Ducheny) – Support

As Amended on June 23, 2009

SCA 14, by Senator Denise Ducheny, would require that ballot initiatives that impose government costs include additional revenues to sufficiently fund those costs.

Particularly in this time of fiscal crisis, counties find themselves in the untenable position of providing services required by voter-approved initiatives without a means of financing those services. Without judgment on the merits of the various programs or services voters have already approved, counties are constantly challenged to balance the voters' desires for a certain service and the limitations of their financial resources. SCA 14 would help ensure that funds are provided to cover state and local costs that would be incurred as a result of voter-approved initiatives.

The Senate Appropriations Committee passed SCA 14 at their meeting on July 6 on an 11-0 vote.

SB 676 (Wolk) – Support

As Amended on June 25, 2009

SB 676, by Senator Lois Wolk, would provide important updates to numerous local fee provisions in state statute, some of which have not been updated since the 1980s. As a result, in many instances, counties are subsidizing fee-supported activities to the detriment of the county general fund, which is the primary funding source for local public safety programs and for local matching requirements for state- and federally-mandated health and human services programs that counties provide on the state's behalf.

The Assembly Public Safety Committee passed SB 676 at their meeting on July 7 on a 5-0 vote.

Mandates

AB 548 (Krekorian) – Support

As Amended on June 1, 2009

AB 548, by Assembly Member Paul Krekorian, would delete the provision of law that authorizes the State Controller to begin an audit more than three years from the date of the initial payment of the claim. It would also extend the time in which the

Controller may audit a claim for reimbursement to four years — instead of three — after the date the claim is filed or amended, whichever is later.

Existing statute generally limits audits to three years, but there is a strange exception for instances when the money has not yet been appropriated. This has led to audits going back well over twice the normal limit, which, in turn, creates record retention headaches for local officials. The long delays between service delivery and audit sometimes cause reimbursements to be based on which records have survived rather than the actual cost of providing the service.

The Senate Appropriations Committee has scheduled the bill for their consideration on July 13.

July 10, 2009

Health and Human Services

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Unions Allege State Acting in Contempt of Court on In-Home Supportive Services Wage Reduction

The Service Employees International Union (SEIU) has filed a motion with the U.S. District Court to compel the state to comply with last week's injunction by a U.S. District Court Judge on the wage reduction to In-Home Supportive Services (IHSS) providers included in the February budget package.

On June 29, the judge ordered the state to continuing paying wages and benefits to IHSS workers up to \$12.10 per hour, rather than the \$9.50 in wages and \$0.60 in benefits scheduled to go into effect July 1.

But attempts by counties to work with the state to reconfigure the payroll system to comply with the order have been met with resistance, as state officials have alternately declared their intention to appeal the ruling and cited difficulties in reconfiguring the state payroll system to comply with the order. The Ninth United States Circuit Court of Appeals has accepted the appeal by the state, but has yet to issue a ruling.

SEIU filed the motion to find the state in contempt of the ruling on July 8; the state had until 5 p.m. on July 9 to respond. The judge may allow SEIU to file a rebuttal this morning, and a ruling is expected in the next few days. SEIU is also seeking a charge of \$500,000 for each day the judge finds the state in contempt of the earlier ruling.

The original federal injunction issued by the judge was based on a determination that California failed to adequately study the impact of the wage cut on IHSS services, a requirement of the federal Medicaid Act.

The wage reduction would have generated approximately \$98 million in savings in the 2009-10 budget and was part of the notorious "trigger cuts" package this spring.

State Loses Medi-Cal Provider Rate Cut Case, Ordered to Pony Up Retroactive Payments

A group of pharmacists who provide Medi-Cal services was successful in suing the state for a 10% wage reduction to Medi-Cal providers that went into effect July 2008.

The Ninth United States Circuit Court of Appeals, in a 3-0 opinion, ruled that California acted illegally by trying to cut Medi-Cal reimbursement rates to providers by 10% as part of the 2008-09 state budget. The cut went into effect on July 1, 2008, but the pharmacists won an injunction that took effect on August 18 of that same year.

In their ruling, the judges based their decision on the same standard as the IHSS wages case outlined above, namely that the state cannot enact cuts to Medicaid programs for purely fiscal reasons. States are required to set provider rates at levels that will pay for quality care and lead to equal access to health services for the poor.

Judge N. Randy Smith said in the court ruling that "a budget crisis does not excuse ongoing violations of federal law."

Under the ruling, which was issued yesterday (July 9), the state is required to make about \$58,000 in retroactive payments to providers — including doctors, pharmacists, dentists, clinics, and adult day health care centers — for the time period that the cuts were in effect (July, 2008 through August 18, 2008). The 10% Medi-Cal provider cut sunset on March 1 of this year, and was originally estimated to save the state \$500 million.

Department of Health and Human Services Rescinds Medicaid Regulations

To ensure that states retain flexibility in serving their Medicaid beneficiaries, on June 29, the federal Department of Health and Human Services (HHS) announced its plan to rescind previously issued Medicaid regulations and delay the enforcement of a fourth.

The rescinded regulations are as follows:

- A final rule, published December 28, 2007, that would have eliminated reimbursement for school-based administrative costs and costs of transportation to and from schools. The rescission reflects concern that the rule would have limited the Medicaid administrative outreach activities of schools, and that the overall budgetary impact on schools could potentially impact their ability to offer Medicaid services to students.
- A rule, published November 7, 2008, that would have limited the outpatient hospital and clinic service benefit for Medicaid beneficiaries to the scope of services recognized as an outpatient hospital service under Medicare. This rule was rescinded because the Centers for Medicare and Medicaid Services (CMS) became aware that coverage beyond that scope could not be easily moved to other benefit categories, resulting in greater impacts than previously anticipated.
- Provisions of an interim final rule published December 4, 2007, which would have restricted beneficiary access to case management services. These provisions appeared to, in practice, restrict beneficiary access to needed covered case management services, and limit state flexibility in determining efficient and effective delivery systems for case management services. California was especially hit hard by this regulation.
- HHS will also delay until June 30, 2010, the enforcement of portions of a regulation that clarified limitations on health care-related tax programs so that CMS can determine whether states need additional clarification or guidance. CMS may also further review the potential impact of the regulation, and give additional consideration to alternative approaches.

MRMIB Freezes New Enrollment in the Healthy Families Program Pending a Budget Deal

On June 30, the Managed Risk Medical Insurance Board (MRMIB) voted to freeze children's enrollment in California's Healthy Families Program, effective July 17, 2009, unless the Governor and Legislature provide a budget solution to fully fund the program or private or other public resources can be found.

Should the freeze take place, an estimated 462,000 children in California could be denied coverage under the Healthy Families Program over the next 12 months.

Californians for Patient Care Unveils Web Site

Californians for Patient Care, a patient advocacy organization, has announced additions and enhancements to its Web site, www.myhealthresource.org. The site provides a database of health care programs and services, including a variety of local, state, and federal services and resources for those who are uninsured or underinsured.

The group has now incorporated information regarding patient rights and responsibilities, access to health care, health care reform, and monthly consumer research information. For example, in February the site features a comparison of pharmacy cash prices in Sacramento County.

The group is also seeking feedback on the site, which may be submitted by visiting www.myhealthresource.org/share.

Health

AB 217 (Beall) – Support As Amended on July 1, 2009

AB 217, by Assembly Member Jim Beall, would allow the state to draw down federal funding for providing confidential alcohol and drug screening and brief intervention services to specified Medi-Cal beneficiaries. Counties are seeking ways to make scarce intervention and treatment dollars stretch even farther. AB 217 provides counties

with a much-needed federal revenue stream – at no cost to the state – for these valuable services.

AB 217 was passed by the Senate Health Committee on July 8 and now goes to the Senate Appropriations Committee.

***AB 244 (Beall) – Support
As Amended on May 5, 2009***

AB 244 would require Knox-Keene licensed health plans to expand mental health coverage to include the diagnosis and treatment of any mental health condition or disorder as defined in the Diagnostic and Statistical Manual IV (DSM-IV) (or subsequent editions), including substance abuse conditions. AB 244 builds upon the original California mental health parity legislation, AB 88 (Thomson, Chapter 534, Statutes of 1999), which requires health plans to provide coverage for the diagnosis and medically necessary treatment of severe mental illnesses of a person of any age, and serious emotional disturbances of children, under the same terms and conditions applied to other medical conditions.

Since the enactment of AB 88, numerous studies have shown that mental illness is not only treatable, but also that appropriate and timely treatment of mental health conditions and disorders reduces costly hospitalizations, incarcerations, homelessness and, most importantly, human suffering. There is a growing body of evidence that suggests that mental health parity outweighs the societal costs and risks associated with untreated illness.

In addition, a large percentage of mental health clients also have co-occurring substance abuse disorders, and we know that treating one condition without treating the other is not cost-effective. We also know that individuals with mental health disorders who do not receive appropriate and necessary treatment are more likely to self-medicate with drugs and/or alcohol. AB 244 would help ensure that private health plans treat individuals with mental health, substance abuse or co-occurring disorders in a comprehensive and meaningful way.

AB 244 will be heard by the Senate Health Committee on July 15.

***AB 646 (Swanson) – Support
As Amended on May 5, 2009***

AB 646, by Assembly Member Sandré Swanson, would permit health care districts to directly employ physicians and surgeons in rural and underserved communities.

Counties across the state have issues recruiting physicians for our hospitals and clinics. The scarcity of qualified medical personnel in California continues to hamper our ability to provide quality health care to our residents and employees. SB 646 would enable 46 health care district hospitals and approximately 130 other public, independent community nonprofit hospitals and clinics to hire physicians directly.

The significant shortage of qualified medical personnel affects all counties large and small. For large urban counties and counties that operate hospitals, the shortage of medical personnel threatens their ability to meet state staff ratio standards and attract physicians. The impacts of the medical workforce shortage are also dire in rural counties, where access to medical specialists is severely limited. All counties report difficulty attracting and retaining primary care physicians.

According to a 2007 California Medical Association report, the average age of physicians in the rural and underserved urban communities is approaching 60, with many of those planning to retire in the next two years.

AB 646 will assist in attracting and retaining physicians in communities across California, and that is why CSAC supports the bill. It will be heard by two committees next week: Senate Business, Professions and Economic Development on July 13 and Senate Health on July 15.

***AB 710 (Yamada) – Support
As Amended on April 22, 2009***

AB 710, by Assembly Member Mariko Yamada, would create the Veterans' Substance Abuse and Mental Health Services Fund (Fund) for the purpose of receiving federal Substance Abuse and Mental Health Services Administration (SAMHSA) grant money. This bill will additionally require the California Department of Veterans' Affairs (CDVA) to submit an application to SAMHSA for this funding and then deposit it into the newly created Fund. Monies from the Fund would then be continuously appropriated by the Legislature to CDVA to fund community-based organizations providing substance abuse and mental health services to veterans. In counties where there are no community-based organizations serving veterans, AB 710 would allow a county to apply for a grant to be used to secure funding for providing such services.

AB 710 was passed by the Senate Health Committee on July 8 and is slated to be placed on the Senate's consent calendar.

***AB 754 (Chesbro) – Support
As Amended on June 2, 2009***

AB 754, by Assembly Member Wes Chesbro, clarifies the obligations and timeframes for the Department of Mental Health (DMH) and the Department of Health Care Services (DHCS) to reimburse county mental health plans for their Medi-Cal claims.

AB 754 will be heard by the Senate Health Committee on July 15.

***AB 861 (Ruskin) – Support
As Amended on May 5, 2009***

AB 861, by Assembly Member Ira Ruskin, would require the California Department of Public Health (CDPH) to implement a consolidated and streamlined administration and contracting process with counties for programs within the Department's Center for Infectious Disease and Center for Family Health.

AB 861 was placed on the Senate Appropriations Committee's suspense file on June 29.

***AB 1445 (Chesbro) – Support
As Amended on June 1, 2009***

AB 1445, by Assembly Member Wes Chesbro, would allow federally qualified health centers (FQHCs) to be reimbursed by Medi-Cal for multiple visits by a patient with a single or different health care professional on the same day at a single location.

AB 1445 was passed by the Senate Health Committee on July 8 and now goes to the Senate Appropriations Committee.

***AB 1571 (Committee on Veterans Affairs) – Pending
As Amended on July 6, 2009***

AB 1571 would require a county's local stakeholder group involved in the planning of county mental health programs, to include veterans and representatives from veterans' organizations and would require the Department of Mental Health, when it reviews the county plan, to inform the Department of Veterans Affairs of any outreach programs specifically for veterans.

Existing law requires each county mental health program to prepare and submit to the Department of Mental Health a three-year plan which would be approved after review and comment by the Mental Health Services Oversight and Accountability Commission. The plan must be developed with specified local stakeholders.

CSAC and the California Mental Health Directors Association continue to work with the committee on the reporting requirements associated with veterans. While the intent of this bill language is to identify the number of veterans served, attempting to do so in the way it is currently drafted will create administrative costs without resulting in accurate or meaningful information about veterans. Better data about veterans is sorely needed on a statewide basis, and have communicated to the author a desire to work with relevant state and community based organizations on how best to meet that shared goal.

The Committee on Veterans Affairs indicated this week that the July 6 amendments will reflect some of our concerns. AB 1571 is currently scheduled to be heard in its amended form in the Senate Health Committee on July 15.

Human Services

***AB 167 (Adams) – Support
As Amended on June 3, 2009***

AB 167, by Assembly Member Anthony Adams, would make it easier for foster youth to obtain high school diplomas in the event of a transfer from one school district to another. It would allow foster youth in grades 11 and 12 who have transferred to a new school district to earn a diploma based on state graduation requirements.

The Senate Appropriations Committee placed AB 167 on the suspense file at their meeting on June 29.

***AB 295 (Ammiano) – Support
As Amended on June 1, 2009***

AB 295, by Assembly Member Tom Ammiano, would eliminate the pilot status of the existing wraparound services program that is already operating in 40 counties. It also allows counties participating in a second pilot program aimed at increasing adoptions of older foster children to spend the project funding over a longer period.

The wraparound that seeks to maintain seriously emotionally disturbed children safely in their own homes instead of

treatment facilities has repeatedly been shown to be successful and cost-effective.

AB 295 is scheduled to be heard by the Senate Appropriations Committee on July 13.

AB 510 (Evans) – Support
As Amended on April 2, 2009

AB 510, by Assembly Member Noreen Evans, would prevent CalWORKs recipients who are unable to access welfare-to-work services due to the effects of recent budget cuts from being unfairly penalized.

The Senate Appropriations Committee will hear AB 510 on July 13.

AB 719 (B. Lowenthal) – Support
As Introduced on February 26, 2009

AB 719, by Assembly Member Bonnie Lowenthal, would extend food stamps for one year to foster youth after they “age out” of the current system.

The Senate Appropriations Committee will hear AB 719 on July 13.

AB 938 (Committee on Judiciary) – Support
As Amended on June 18, 2009

AB 938, introduced by the Assembly Judiciary Committee, would require county social workers to begin searching for adult relatives within 30 days when they remove children from their homes.

Searching for and contacting adult relatives of these abused and neglected children is already part of social workers' plan of action upon removing them from their homes, but new federal law accelerates the time in which they are performed. AB 938 would implement that new federal statute. Counties also support the state continuing the practice of funding the increased level of service this bill implements.

The Senate Appropriations Committee will hear AB 938 on July 13.

AB 1058 (Beall) – Support
As Amended on June 1, 2009

AB 1058, by Assembly Member Jim Beall, would make two key changes to CalWORKs program eligibility rules, allowing applicants and recipients to own reliable cars and build a small amount of savings. These changes will promote work participation and self-sufficiency, respectively. The current allowed vehicular value has not changed since the program's inception and dates to a 1977 Food Stamp rule. These changes will make it more likely that a CalWORKs recipient is able to find work and that once they are self-sufficient and out of the program one minor catastrophe (health, for instance) doesn't put them right back into the program.

CSAC, along with the County Welfare Directors Association, have sent a letter in support of the bill. It is scheduled to be heard by the Senate Appropriations Committee on July 13.

AB 1324 (Bass) – Support
As Amended on May 14, 2009

AB 1324, by Speaker Karen Bass, would provide assistance to foster youth who may have been victims of identity theft.

Foster youth who are victims of identity theft find increased difficulty in obtaining housing and accessing other financial services once they are emancipated. AB 1324 requires them to be referred to a government or nonprofit organization that provides information and assistance to victims of identity theft. Current law says the youth be referred to “an approved counseling organization.”

The Senate Human Services Committee passed AB 1324 5-0 at its meeting on June 23, and the bill has been placed on the Assembly's consent calendar. It is unclear whether it will be heard by the Senate Appropriations Committee.

AB 1325 (Cook) – Support
As Amended on May 6, 2009

AB 1325, by Assembly Member Paul Cook, would add a new, culturally appropriate permanency option for Native American children in foster care, known as tribal customary adoption. While similar to traditional adoption in that biological parents no longer have day-to-day custody, a tribal customary adoption does not completely terminate parental rights. Tribal customary adoption is recognized by the federal government and has been used in other states with success. This option

would be considered along with traditional adoption and guardianship. AB 1325 sets forth considerations for the tribe in developing the tribal customary adoption order, as well as provisions for the resolution of disagreements that may arise. The bill sets a four-year sunset of its provisions.

The Senate Judiciary Committee will hear the bill on July 14.

July 10, 2009

Housing, Land Use and Transportation

For more information, contact DeAnn Baker at 916/327-7500, ext. 509, or ordbaker@counties.org or Kiana Buss at 916/327-7500, ext. 566, or kbuss@counties.org.

Housing

AB 494 (Caballero) – Opposition Removed As Amended in Committee on July 8, 2009

AB 494, by Assembly Member Anna Caballero, as amended in committee on July 8 but not yet in print, would exempt from the Subdivision Map Act the lease of agriculturally zoned land to nonprofit organizations for the purpose of operating an agricultural labor housing project if the property meets three conditions: (1) The property is not more than five acres; (2) the lease is for at least 30 years; and (3) the lease is signed before January 1, 2020.

CSAC removed its opposition after months of negotiations because it's no longer viewed as a preemption of a county board of supervisors' land use authority.

AB 494 was passed out of the Senate Local Government Committee on July 8 by a vote of 3 to 2. The measure now awaits a hearing in the Senate Appropriations Committee.

AB 566 (Nava) – Support As Amended on June 30, 2009

AB 566, by Assembly Member Pedro Nava, would provide that a local government may consider the level of support that a subdivider's survey demonstrates when approving or disapproving a mobilehome park conversion to resident ownership.

AB 566 is scheduled for reconsideration in the Senate Transportation and Housing Committee on July 14.

Public Works Administration

SB 802 (Leno) – Oppose As Introduced on February 27, 2009

SB 802, by Senator Mark Leno, would require that contract retention proceeds not exceed 5% of the payment of all contracts entered into after January 2010, between a public entity and an original contractor, between an original contractor and a subcontractor, and between all subcontractors. This bill removes the authority of public entities to decide the appropriate amount of retention.

Local agencies must accept the lowest responsible bidder and the flexible retention rate helps to ensure timely and budget-conscious project completion. Local agencies commonly reduce retention to 5% at the half-way point of project completion, if adequate progress is being made and the contractor is acting in good faith. However, SB 802 would require local agencies to limit retention to 5% regardless of the progress or good faith of the contractor, thus protect potential bad actors either unknown or even known to the public agency, placing public interests and public funds at risk.

SB 802 was passed out of the Assembly Business and Professions Committee on July 7 by a unanimous vote. It now awaits a hearing in the Assembly Appropriations Committee.

Transportation

AB 1409 (Perez) – Oppose As Proposed to be Amended

AB 1409, by Assembly Member John Perez, as proposed to be amended, would gut the bill in its current form and would instead amend Public Contract Code (PCC), Section 22031 to prohibit a county under the Uniform Construction Cost Account Act (Act) from being able to use road commissioner authority granted under PCC, Section 20395.

The Act, created in 1983, allows among other things, local agencies to perform public project work up to \$30,000 with its own work force if the agency elects to follow specific cost accounting procedures. In exchange for following these specific accounting procedures that provide greater accountability and transparency, local agencies have additional contracting flexibility, higher thresholds, and an alternative bidding procedure when an agency performs public project work by contract.

Recognizing that decades old county road commissioner authority (since 1935) provides county transportation departments the necessary flexibility to address local issues such as natural disasters or emergencies as well as routine maintenance, the Act allows counties to retain critical flexibility and authority as granted under PCC, Section 20395 (c) while a part of the Act.

The Act provides many benefits to counties, mainly the informal bid process, which is used by various departments in addition to county public works departments to keep projects costs to a minimum. However, road commissioner authority as provided for in PCC, Section 20935 is still necessary to ensure our ability to perform work on county highways in a timely, efficient, and cost-effective manner. CSAC understands that AB 1409, as proposed to be amended, would therefore mean a county would have to give up the benefits of the Act, used by many other county departments, in order to retain critical road commissioner authority for transportation-related purposes.

AB 1409, as proposed to be amended, would tie the hands of county transportation departments that are a part of the Act. Essentially, the proposed amendments would require the 32 counties currently under the Act to choose between their overall county authority under the Act or road commissioner authority. County transportation departments would be restricted to the \$30,000 force account limit under the Act or be faced with convincing all other departments to give up their flexibility under the Act in order to exercise road commissioner authority under PCC 20395 (c).

CSAC continues to assert that the current authority provided for in existing law is working well and there is no proven reason necessitating such legislative proposals. Most counties already put larger construction projects out to bid and use road commissioner authority for basic maintenance activities and responding to emergencies and natural disasters. The proposed change in AB 1409 would require a county to choose between two proven effective programs at the expense of more efficient and effective public works projects.

Furthermore, it is a well known and widely agreed upon fact that transportation needs far exceed revenues available. A recent statewide needs assessment of the local system (a joint venture of CSAC, the League of California Cities, and the County Engineers Association of California) revealed that there is a \$71.4 billion shortfall over the next ten years for the local system alone. Counties do not have the resources to do what is currently needed even with using in-house staff, much less giving up important tools to keep project costs down. Given the state budget situation and sagging economy, we should be encouraging more efficient and effective uses for valuable transportation funds, not adding costly requirements that will result in fewer transportation projects at higher costs, increased backlogs and deferred maintenance, and ultimately a less safe transportation network for the constituents we all serve.

AB 1409 is scheduled for a hearing before the Senate Transportation and Housing Committee on July 14.

***SB 481 (Cox) – Support
As Amended on June 18, 2009***

SB 481, by Senator Dave Cox, would correct a conflict between state and federal law over the authority of public airports to manage wildlife that can be hazardous to the traveling public and to the flight's crew. This bill resolves this conflict by making it explicit that public airports have the same authority under state law to manage wildlife as they do under federal law according to the terms of a federally-issued permit (known as a federal fish and wildlife depredation permit).

SB 481 was passed out of the Assembly Appropriations Committee on July 1 and now awaits action by the entire Assembly.

***SB 728 (Lowenthal) – Support
As Amended on April 27, 2009***

B 728, by Senator Alan Lowenthal, would allow cities, counties, and air districts to ensure compliance with the state's parking cash-out law.

Current law requires an employer with 50 or more employees that provides a parking subsidy to employees to provide a cash allowance to an employee who does not use the parking space an amount equivalent to the amount the employer would otherwise pay to provide that employee a parking space. The program is administered by the California Air Resources

Board (CARB) and existing law allows the imposition a civil penalty of up to \$500 per employer. However, CARB has yet to enforce the program as it is somewhat impractical to do at the state level. Therefore, enforcement authority should also reside with local governments.

SB 728 was passed out of the Assembly Transportation Committee on June 29 by a vote of 8 to 5. The measure now awaits action by the entire Assembly.

July 10, 2009

Indian Gaming

For more information, contact DeAnn Baker at 916/327-7500, ext. 509, ordbaker@counties.org or Kiana Buss at 916/327-7500, ext. 566, or kbuss@counties.org.

SB 357 (Ducheny) – Watch As Amended on April 1, 2009

SB 357, by Senator Denise Ducheny, would extend the sunset date from January 1, 2010, to January 1, 2021, for the Indian Gaming Special Distribution Fund (SDF) local mitigation grant program.

SB 357 was passed out of the Assembly Governmental Organization Committee on July 1 by a vote of 17 to 0. The measure now awaits a hearing in the Assembly Appropriations Committee.

July 10, 2009

Washington, D.C., Report

For more information, contact Joe Krahn, Waterman and Associates, 202/898-1444, or e-mail jk@wafed.com.

Congress returned to Washington on July 6 following its one-week Independence Day recess. Members are gearing up for an intense five-week legislative marathon leading up to their next break beginning in August. The Senate is scheduled to start its month-long recess August 10, whereas the House will begin its annual summer hiatus on August 3.

Lawmakers face an ambitious agenda as they try to tackle a number of significant legislative items prior to the break, including comprehensive global warming and health care reform bills. Additionally, Congress is expected to move forward on the various fiscal year 2010 appropriations bills.

On June 26, the House narrowly passed global warming legislation (HR 2454) by a largely partisan vote of 219-212. With a number of concerns raised by key Democratic lawmakers, reaching a consensus on the controversial bill proved to be a challenging task for the House Democratic leadership.

The bill includes a mandate to decrease greenhouse gas emissions to 17% below current levels by the year 2020. In addition to emissions reduction goals, HR 2454 also would mandate that 20% of the nation's electricity shall come from renewable energy sources by 2020. Under the bill, 5% of the total could come from increased energy efficiency.

Across Capitol Hill, Senate Majority Leader Harry Reid (D-NV) and Environment and Public Works Committee Chairwoman Barbara Boxer (D-CA) are working on climate change legislation that will attract support from moderate Democrats. Senator Boxer has scheduled a number of hearings and hopes to introduce legislation soon after Congress reconvenes in September. It is expected that she will begin markup of a bill sometime after Labor Day.

On the health care front, multiple committees in both the Senate and House are developing legislation to overhaul the nation's health care system. However, a number of controversial issues must be resolved before the legislative process moves forward. Chief among these issues is whether there should be a government-run insurance program and how to pay for any emerging health reform package.

House Majority Leader Steny Hoyer (D-MD) expects the Ways and Means, Energy and Commerce, and Education and Labor Committees to begin marking up health reform legislation later this month. More details on the respective bills, including

how the overhaul would be financed, were expected to be revealed by the end of this week. However, details of the legislation were put on hold as moderate Democrats balked at the final version.

On the Senate side, the two committees with jurisdiction over health care legislation, the Finance Committee and the Health, Education, Labor, and Pensions (HELP) Committee, are aiming to complete their respective packages before the August recess. Senate leaders have signaled that the Senate's summer break could be delayed to allow time for floor consideration.

Among other legislative business being considered by Congress, House and Senate appropriators will be pushing to move as many fiscal 2010 spending bills as possible before leaving town in August. Congressional appropriations leaders are aiming to send President Obama all 12 funding bills separately this year through the regular process. Since 2005, lawmakers have failed to approve the annual funding bills individually, resulting in passage of a series of catch-all omnibus spending packages.

To date, the House has cleared five of its 12 appropriations bills and is hoping to pass the remaining seven by the August recess. While Senate leaders are aiming to pass at least six appropriations bills before the summer break, they have cleared only two spending measures – funding for the Legislative Branch and Homeland Security.

In other news, Al Franken (D-MN) became the newest member of the Senate this past week, ending an eight-month legal battle with former Senator Norm Coleman over their 2008 Minnesota senatorial race. Senator Franken has been appointed to serve on the Judiciary, HELP, Special Aging, and Indian Affairs Committees.

It should be noted that with Senator Franken's victory, Democrats now have a 60-40 advantage in the Senate, increasing their chances of ending any filibuster attempts by the GOP.

July 10, 2009

Calendar of Events

Don't miss these upcoming [CSAC events](#).

July 10, 2009

Ask Our Advocates

Further questions about a bill? Contact our [legislative staff](#).

July 10, 2009

Legislative Tracking

Keep track of legislation [online](#).

July 10, 2009

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Published by CSAC

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July 27, 2009

TO: People Interested in Local Government, Public Finance, and Land Use

FROM: Senator Patricia Wiggins

SUBJECT: Local Government Bills During 2009

Because you are interested in public finance, land use, redevelopment, and governance topics, I want you to know about some of the more interesting bills that the Senate Local Government Committee has been working on so far in 2009.

When the summer recess ends in August, legislators will vote on the bills that have passed through the policy and fiscal committees. An urgency bill takes effect when it's chaptered; regular bills will take effect on January 1, 2010.

These brief summaries cover a selection of the 75 bills that the Committee has reviewed. If you want to read the Committee's bill analysis or get a copy of a bill, please go to the Legislature's official website www.leginfo.ca.gov. You can also use that website to retrieve other bill analyses, official histories, voting records, and any veto messages.

LOCAL FINANCE & INFRASTRUCTURE

SB 27 (Hancock) prohibits counties and cities from entering into specified agreements to rebate local sales tax proceeds. Status: Signed; Chapter 4, Statutes of 2009.

* **SB 80 (Senate Budget Committee)** shifts \$350 million in property tax increment revenues from redevelopment agencies to schools. Status: Senate Floor; concurrence in Assembly amendments failed, reconsideration granted.

SB 99 (Senate Local Government Committee) imposes additional transparency and accountability requirements on public agencies that provide conduit financing. Status: Assembly Appropriations Committee.

SB 279 (Hancock) authorizes Mello-Roos Act financing for water conservation, energy efficiency, and renewable energy improvements on any real property. Status: Assembly Floor.

SB 676 (Wolk) increases or eliminates the statutory limits on 12 local fees. Status: Assembly Floor.

SCA 12 (Liu) exempts stormwater and urban runoff management fees or charges from voter approval requirements. Status: Senate Floor.

* **AB 14xxxx (Assembly Budget Committee)** and **AB 15xxxx (Gaines)** rely on Proposition 1A (2004) to borrow \$1.935 billion in property tax revenues from counties, cities, and special districts to help the State General Fund. Status: Governor's Desk.

* **AB 24xxxx (Bass & Blakeslee)** and **AB 30xxxx (Assembly Budget Committee)** divert and later repay \$971 million in Highway Users Tax Account (HUTA) revenues from counties and cities to help the State General Fund. Status: Assembly Floor; concurrence in Senate amendments died without a vote.

* **AB 26xxxx (Assembly Budget Committee)** shifts \$1.7 billion in property tax increment revenues from redevelopment agencies to schools in 2009-10 and another \$350 million in 2010-11 to help the State General Fund. Status: Governor's Desk.

AB 474 (Blumenfield) authorizes contractual assessment financing for water efficiency improvements on real property. Status: Senate Floor.

AB 1388 (Hernandez) authorizes counties, cities, and special districts to sell general obligation bonds at negotiated sales. Status: Senate Floor.

LOCAL POWERS & GOVERNANCE

SB 101, SB 102, and SB 103 (Senate Local Government Committee) are the annual Validating Acts. Status: The Governor signed SB 101 as Chapter 2, Statutes of 2009 (urgency). SB 102 and SB 103 are on the Assembly Floor Inactive File.

SB 106 (Senate Local Government Committee) requires school district, community college district, and county board of education officials to receive the same ethics training as other local government officials. Status: Assembly Appropriations Committee; two-year bill.

SB 113 (Senate Local Government Committee) is the annual Local Government Omnibus Act, making 39 relatively minor and noncontroversial changes to the state laws affecting local agencies' powers and duties. Status: Assembly Floor; Consent Calendar.

SB 250 (Flores) requires dogs and cats to be spayed or neutered under certain circumstances. Status: Assembly Appropriations Committee Suspense File.

SB 694 (Correa) requires competitive bidding on certain types of local public works contracts. Status: Senate Local Government Committee; two-year bill.

AB 18 (Knight) extends city councils' deadline to fill vacancies by appointment by 30 days. Status: Assembly Floor; concurrence pending.

AB 155 (Mendoza) requires a local public entity to obtain approval from CDIAC to file a bankruptcy petition. Status: Senate Local Government Committee; two-year bill.

AB 715 (Caballero) permits cities and counties to post approved ordinances on their websites in lieu of publishing the ordinances in general circulation newspapers. Status: Senate Local Government Committee; two-year bill.

AB 772 (Ammiano) authorizes counties to issue local identification cards that meet statutory criteria. Status: Senate Floor.

LAND USE PLANNING & DEVELOPMENT

SB 12 (Simitian) creates the Delta Ecosystem and Water Council with authority over planning and development decisions in the Sacramento-San Joaquin river delta. Status: Senate Floor; In Conference.

SB 194 (Florez) enacts the Community Equity Investment Act of 2009 with special provisions for development in disadvantaged fringe, island, and legacy communities. Status: Senate Appropriations Committee; two-year bill.

SB 457 (Wolk) creates the Delta Stewardship Council with authority over planning and development decisions in the Sacramento-San Joaquin river delta. Status: Assembly Water, Parks and Wildlife Committee; two-year bill.

SB 505 (Kehoe) expands the fire safety planning requirements in local general plans' safety elements. Status: Assembly Appropriations Committee.

SB 737 (Negrete McLeod) restores the requirement that every county with a public use airport must have an Airport Land Use Commission, with exceptions. Status: Senate Appropriations Committee; two-year bill.

AB 45 (Blakeslee) authorizes (and in some circumstances requires) cities and counties to permit the installation of small wind energy systems that meet statutory criteria. Status: Senate Appropriations Committee; two-year bill.

AB 300 (Caballero) requires the reduction of a proposed development's anticipated water demand based on voluntary water demand management measures. Status: Senate Natural Resources and Water Committee; two-year bill.

AB 333 (Fuentes) extends the life of existing tentative subdivision maps by two years. Status: Signed; Chapter 18, Statutes of 2009.

AB 338 (Ma) exempts cities and counties from statutory voter approval requirements for forming and financing of Infrastructure Financing Districts (IFDs) that finances public transit facilities in transit villages, and increases the maximum area of a transit village development district. Status: Senate Floor.

AB 494 (Caballero) exempts leases of agriculturally-zoned land for farmworker housing from the Subdivision Map Act. Status: Senate Floor.

AB 666 (Jones) requires county supervisors, when approving subdivisions in fire-prone areas, to find that adequate fire protection exists. Status: Senate Appropriations Committee.

REDEVELOPMENT

* **SB 4xx (Cogdill)** allows redevelopment officials to use the design-build contracting method for 10 public works projects. Status: Signed; Chapter 2, Statutes of the 2009 Second Extraordinary Session.

SB 93 (Kehoe) limits redevelopment officials' spending on public works outside of redevelopment project areas. Status: Assembly Floor.

* **AB 27xxxx (Evans)** allows redevelopment officials to extend their project areas' time limits by 40 years in return for shifting 10% of their property tax increment revenues to a new state account to securitize a multi-billion state bond issue. Status: Assembly Floor; concurrence in Senate amendments died without a vote.

LAFCOs & BOUNDARY CHANGES

SB 215 (Wiggins) requires LAFCOs to consider regional transportation plans, including sustainable communities strategies, before they act on boundary changes. Status: Assembly Floor.

AB 528 (Silva) clarifies the reporting requirements for political contributions and spending on proposed boundary changes. Status: Governor's Desk.

AB 853 (Arambula) expedites city annexations of unincorporated fringe communities and unincorporated island communities. Status: Senate Local Government Committee; two-year bill.

AB 1582 (Assembly Local Government Committee) makes six changes to the state laws affecting LAFCOs. Status: Governor's Desk.

* **This bill did not come to the Senate Local Government Committee.**

CHEAC Hot Sheet #15 – 2009

July 24, 2009

Bill Number Author Subject Last Amendment	Bill Status	Description	CHEAC Position
ASSEMBLY BILLS			
AB 54/Jeffries <i>EMS</i> Last amendment 3/26/09	<i>Location:</i> In Assembly Governmental Organization. *2-Year Bill	Requires the Department of Forestry and Fire Protection, Office of State Fire Marshall, State Board of Fire Services, Department of California Highway Patrol, the California Conservation Corps, and the Emergency Medical Services to form a working group to prepare a Governor's Reorganization plan to transfer the authorities and duties of the aforementioned departments to the California Emergency Management Agency.	O-3
AB 57/Price <i>Hospitals</i>	<i>Location:</i> In Senate Appropriations Committee.	Requires DPH to establish a procedure for the collection and review of written staffing plans (excluding nurses) from UC hospitals.	Watch w/ Concerns
AB 217/Beall <i>Medi-Cal Alcohol/Drug</i> Last amendment 6/1/09	<i>Location:</i> In Senate Appropriations Committee.	Establishes the Medi-Cal Alcohol and Drug Screening & Brief Intervention Services Program to allow local funds to draw down federal funds via CPE. Funding obtained to be used to provide alcohol and drug screening and brief intervention services to Medi-Cal beneficiaries who are pregnant women or women of childbearing age. Requires any public entity drawing down FFP to reimburse the state their costs for creating and administering the program.	Watch w/ Concerns S-3
AB 221/Portantino <i>HIV/AIDS</i> Last amendment 6/11/09	<i>Location:</i> In Senate Appropriations Committee.	Would exempt trained and supervised HIV counselors from phlebotomist certification requirements.	S-3
AB 233/Smyth <i>Animal Control</i> Last amendment 5/4/09	<i>Location:</i> In Assembly Appropriations Committee held on the Suspense File. *2-Year Bill	Allows a tax write off by a California taxpayer who adopts a pet from a qualified animal rescue organization (including county shelters).	S-2
AB 242/Nava <i>Animal Control</i> Last amendment 6/1/09	<i>Location:</i> In Senate Appropriations Committee.	Increases the prison-time for people convicted of engaging in dog-fighting activities while also increasing the penalties assessed for the act of watching a dogfight.	S-3

Bill Number Author Subject	Bill Status	Description	CHEAC Position
Last Amendment AB 342/Bass <i>Medi-Cal Hospitals</i> Last amendment 5/18/09	<i>Location:</i> In Senate Health Committee.	Requires DHCS to submit a waiver to CMS to implement a demonstration project to strengthen the safety net, expand coverage and improve health outcomes.	Special Interest Bill
AB 486/Chesbro <i>Health Officers PHEP</i>	<i>Location:</i> Signed by Governor. Chapter 6, Statutes of 2009.	Extends the review period by the Board of Supervisors of a local state emergency declared by a health officer from 14 or 21 days to 30 days.	S-2
AB 517/Ma <i>Public Health</i>	<i>Location:</i> In Senate Appropriations Committee.	Repeals existing state law on the practice of tattooing, body art and piercings. Would require all body art practitioners to register with local EH departments and require these practitioners to comply with specific requirements including the completion of a blood borne pathogens exposure control training program (with annual updates). Facilities are also required to have valid health permits issued by EH and must have infection prevention and control plans in place. Allows LHJs to collect fees sufficient to pay for the administration of these programs.	S-3
Amended 7/2/09 AB 861/Ruskin <i>Simplified Contract</i> Last amendment 5/5/09	<i>Location:</i> In Senate Appropriations Committee on the Suspense File.	Requires DPH, within existing resources, to develop and implement, in consultation with LHJ reps, a model consolidated and streamlined administration and contracting process with LHJs for programs in both the Center for Infectious Disease and the Center for Family Health.	S-2
AB 911/Lieu <i>EMS</i>	<i>Location:</i> In Senate Appropriations Committee.	Requires all licensed general acute care hospitals to assess the condition of their emergency rooms every four hours and then calculate and record a NEDECS overcrowding score. If a hospital does not record a NEDECS overcrowding score over 60 for the previous 30 days, it may assess its ER every eight hours; however, if it records a NEDOGS overcrowding score over 60, it must revert to the four hour schedule. Also requires hospitals to develop and implement a full-capacity protocol for each category on the overcrowding scale. These protocols must be filed with OSHPD.	Watch w/ Concerns
Amended 7/2/09 AB 1076/Jones <i>Medi-Cal</i> Last amendment 5/5/09	<i>Location:</i> In Senate Appropriations Committee.	As part of the existing Disease Management Waiver DHCS must seek, the disease management benefit shall now also include a designation of a primary care provider as a patient's medical home. Also directs the DHCS director if such a program is implemented to expand the program to include Medi-Cal beneficiaries who meet certain conditions.	S-3

Bill Number Author Subject	Bill Status	Description	CHEAC Position
Last Amendment AB 1199/Ammiano <i>Health Care Master Plans</i> Last amendment 4/13/09	<i>Location:</i> In Assembly Health Committee. *2-Year Bill	Requires counties to establish a working group to create a local health care master plan to consider among other things equitable distribution of health care services, including services provided by hospitals, clinics and other providers within the county.	Watch w/ Concerns
AB 1201/M.Perez <i>Immunizations</i> Last amendment 4/28/09	<i>Location:</i> In Assembly Appropriations Committee held on the Suspense File. *2-Year Bill	Compels health plans or insurers to fully reimburse physicians for their childhood immunization vaccine costs.	S-3
AB 1205/Logue <i>Injury Prevention</i>	<i>Location:</i> In Assembly Transportation Committee. Failed passage; reconsideration granted. *2-Year Bill	Exempts drivers, 18 years or older who has either completed a motorcycle safety training program or has been issued a class M1 license from wearing a safety helmet while operating a motorcycle, motor-driven cycle or motorized bicycle.	O-2
AB 1269/Brownley <i>Medi-Cal</i> Last amendment 4/14/09	<i>Location:</i> In Senate Appropriations Committee.	Extends Medi-Cal eligibility for the disabled who become unemployed for an additional 26 weeks if FFP is provided.	S-3
AB 1445/Chesbro <i>Medi-Cal</i> Last amendment 6/1/09	<i>Location:</i> In Senate Appropriations Committee.	Allows reimbursement for a max of two visits to an FQHC or RHC on the same day and at the same location if the patient suddenly suffers and illness or injury subsequent to the first visit or if the patient has a medical visit and "another health visit" – meaning a face-to-face encounter with a clinical psychologist, licensed clinical social worker, dentist, dental hygienist or registered dental hygienist in alternative practice.	S-3
AB 1487/Hill <i>Jail Medical</i> Last amendment 6/22/09	<i>Location:</i> In Senate Public Safety Committee.	Increases the fee that can be charged to an inmate's account for medical visits from \$3 to \$6.	SIA
AB 1503/Lieu <i>EMS</i>	<i>Location:</i> In Senate Health Committee.	Creates a new physician and surgeon pricing policy for uninsured visits to the emergency room. Ties Maddy Fund reimbursements to these new provisions.	Watch w/ Concerns
SENATE BILLS			
SB 1/Steinberg <i>Children's Health Expansion CCS</i>	<i>Location:</i> In Senate Health Committee. *2-Year Bill	Expands children's health insurance. Please note: CHEAC has concerns with the CCS provisions in the bill.	Watch w/ Concerns

Bill Number Author Subject	Bill Status	Description	CHEAC Position
Last Amendment SB 4/Oropeza <i>Public Health</i> Amended 7/13/09	<i>Location:</i> In Assembly Appropriations Committees.	Bans smoking at state parks and beaches.	S-3
SB 114/Liu <i>Medi-Cal</i> Last amendment 5/19/09	<i>Location:</i> In Senate Appropriations Committee held on the Suspend File. *2-Year Bill	Would deem independent foster children eligible for Medi-Cal upon their 18 th birthday without interruption in their benefits.	S-3
SB 124/Oropeza <i>Public Health</i> Last amendment 4/30/09	<i>Location:</i> On Assembly Floor.	Codifies current regulations on school bus idling into statute with the aim of reducing public exposure to diesel exhaust particulate matter.	S-3
SB 152/Cox <i>Medi-Cal</i> <i>Mental Health</i> Last amendment 4/14/09	<i>Location:</i> In Assembly Health Committee.	Would require DMH to send a reimbursement claim to the Controller for fee-for-service county mental health managed care contractors within 90 days. Interest accrues on unpaid claims and would come out of DMH's budget.	S-3
SB 208/Steinberg <i>Medi-Cal</i> <i>Hospitals</i>	<i>Location:</i> In Assembly Health Committee.	Requires DHCS to submit a waiver to CMS to implement a demonstration project to strengthen the safety net, expand coverage and improve health outcomes.	Special Interest Bill
SB 318/Calderon <i>Animal Control</i> Last amendment 5/28/09	<i>Location:</i> On Assembly Floor.	Provides procedures for the forfeiture of property connected with the crime of dog fighting.	S-3
SB 400/Corbett <i>Tobacco</i> Amended 7/23/09	<i>Location:</i> In Assembly Appropriations Committee.	Adds electronic cigarettes to the definition of "tobacco products" for both the Stop Tobacco Access to Kids Enforcement Act (STAKE) and the California Cigarette and Tobacco Products Licensing Act of 2003.	S-3

Bill Number Author Subject	Bill Status	Description	CHEAC Position
Last Amendment SB 600/Padilla <i>Tobacco</i>	<i>Location:</i> In Senate Revenue & Taxation Committee on the suspense file.	Increases existing tobacco taxes by \$1.50 per pack. 85% of the funds raised are directed to the state GF into the newly created Tobacco Tax General Fund Account. The remaining 15% is disbursed in four areas: 45% to DPH for tobacco prevention and control programs including funds for LHJs, 10% to the Department of Education for prevention programs, 10% to UC for medical research on the effects of tobacco use and for prevention and treatment of tobacco related diseases and 20% to UC for the establishment of a Lung Cancer Early Detection and Treatment Research Program. The remaining 15% is apportioned to law enforcement efforts to combat cigarette smuggling, tobacco tax evasion by law enforcement, the State Board of Equalization, the Attorney General's Office and DPH for local law enforcement activities. Does provide for the backfill of revenue losses to both Prop 99 and Prop 10.	S-3
Last amendment 6/9/09 SB 601/Padilla <i>Tobacco</i> Last amendment 5/18/09	<i>Location:</i> In Senate Appropriations Committee held on the Suspense File. *2-Year Bill	Restricts new retail tobacco licenses for businesses located within 600 feet of public or private elementary or secondary schools.	S-2
SB 602/Padilla <i>Tobacco</i> <i>Env. Health</i>	<i>Location:</i> In Assembly Rules Committee.	Allows the Board of Equalization (BOE) to take action against tobacco retailers who violate the STAKE Act. Increases the penalties for convictions. Requires a food handler, commencing 1/1/11, to obtain within 30 days of being hired and to maintain a valid food safety certification card while being employed.	S-3 Watch/BB
Amended 7/1/09 SB 603/Padilla <i>Tobacco</i>	<i>Location:</i> In Assembly Governmental Organization Committee.	Restricts new retail tobacco licenses for businesses located within 600 feet of public or private elementary or secondary schools. Caps the number of tobacco licenses issued in areas that are determined to have an area of overconcentration of tobacco retailers as well as require a fee paid for subsequent license renewals. Authorizes the BOE to issue a new license if the local governing body determines that public convenience or necessity would be served by issuing the license. Other provisions.	S-3 Watch
Amended 7/1/09			

Bill Number Author Subject	Bill Status	Description	CHEAC Position
Last Amendment SB 769/Alquist <i>Public Health</i> Amended 7/14/09	<i>Location:</i> In Assembly Appropriations Committee.	Provides that for FY 09/10 federal funding received pursuant ARRA for chronic disease prevention and wellness to the federal Supplemental Appropriations Act for state and local public health and emergency response infrastructure for pandemic flu be subject to appropriation by the Legislature for allocation by DPH pursuant to the CDC grant agreement. Requires DPH to use funds to expand CAHAN capacity for hospitals and clinics.	Special Interest Bill
SB 810/Leno <i>Health Care Reform</i> Last amendment 4/23/09	<i>Location:</i> In Senate Appropriations Committee held on the Suspend File. *2-Year Bill	Establishes the California Healthcare System to be administered by the newly created CA Healthcare Agency under the control of an elected Healthcare Commissioner. Makes all CA residents eligible for specified health care benefits under the system, which would, on a single-payer basis, negotiate for or set fees for health care services provided through the system and pay claims for those services. Requires the commissioner to seek all necessary waivers, exemptions, agreements or legislation to allow various existing federal, state and local health care payments to be paid to the system. Creates a health insurance policy board. Allows the Healthcare Commissioner to determine city and county contributions to the program. Other provisions.	SIA
SBX3 24/Alquist <i>Medi-Cal</i>	Signed by Governor. Chapter 24, Statutes of 2009.	Repeals the change from annual to semi-annual Medi-Cal eligibility determinations for children in order to qualify for the enhanced FMAP funding in the federal stimulus package.	S-1
SBX3 26/Alquist <i>HFP</i> Last amendment 4/16/09	<i>Location:</i> In Senate Rules Committee.	Would allow for the creation of a dental-only coverage option offered by the Healthy Families Program.	S-2

*2-Year Bill – A bill that has not passed out of its house of origin policy or appropriations committee by designated deadlines in the first year of a two-year legislative session. Must be then passed out of its house of origin by January 31, 2010, or it becomes a dead bill. (Please note all deadlines may be waived by Legislative leadership.)

Definitions of Legislative Terms

Chaptered – A bill passed by the Legislature and signed into law by the Governor.

Concurrence – The approval by the house of origin of a bill that was amended in the opposite house.

Dead Bill – A bill that has not passed out of its house of origin by the end of January of the second-year of the two-year legislative session. (Please note all deadlines may be waived by Legislative leadership.)

Failed Passage – A bill that has been voted on in either a committee or assembly or senate floor and did not receive a majority vote. An urgency measure or tax increase must receive 2/3 vote on the floor.

Gut and Amend – An amended bill where the previous legislative language is removed and replaced with entirely new subject matter.

Held in Committee – Status of a bill that is heard in committee but no action is taken.

Inactive File – A bill ready for floor consideration but placed on a dormant list upon the author's request.

Interim Study – The assignment of a bill's subject matter to the appropriate committee for study during the period the Legislature is not in session.

Reconsideration Granted – A motion giving the opportunity to take another vote on a bill that has failed passage in a committee hearing or floor session.

Rules Committee – All bills are initially referred to this committee in each house for policy committee assignments.

Spot Bill (or intent bill) – A bill that proposes nonsubstantive changes to a code section in a particular subject area. Often used as a legislative vehicle later in the legislative session for ideas not fully fleshed out when the bill is introduced.

Suspense File – Bills meeting a certain appropriation threshold in fiscal committees are placed on the suspense file. Fiscal committees in each house hold a special hearing close to the fiscal committee deadlines (late May and August) to determine which bills will come off the suspense file and move forward. The decision on each bill is pre-determined by leadership and the committee vote is mostly a formality.

CHEAC Legislative Position Chart

S - 1 Strong Support	S - 2 Soft Support	S - 3 Discretionary Support	SIA Support if Amended
O - 1 Strong Oppose	O - 2 Soft Oppose	O - 3 Discretionary Oppose	OUA Oppose Unless Amended
WC Watch with Concerns	W - SIB Watch - Special Interest Bill	W Watch	R/BB Refer/Bring Back