



County of San Mateo

Inter-Departmental Correspondence

Department: COUNTY MANAGER

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Special Notice / Hearing: None
Vote Required: Majority

To: Honorable Board of Supervisors
From: Michael Callagy, County Manager
Connie Juarez-Diroll, Legislative Officer
Subject: 2021 State and Federal Legislative Update #1

RECOMMENDATION:

Accept this informational report on the start of the 2021 State legislative session and elements of the recently passed American Rescue Plan of 2021.

BACKGROUND:

The California State Legislature convened on December 7, 2020 to begin the first year of the 2021-22 legislative cycle. Members introduced a total of 2,531 bills-1,666 in the Assembly and 865 in the Senate.

On March 31, 2021, President Biden signed the American Rescue Plan of 2021 (H.R. 1319) into law. The \$1.9 trillion package, based on President Biden's American Rescue Plan, is intended to combat the COVID-19 pandemic, including the public health and economic impacts.

DISCUSSION:

2021 State Legislative Session

The 2021 state legislative session began with legislators and staff conducting legislative proceedings in compliance with public health guidelines. In an effort to accommodate the large number of bills introduced by members under constrained meeting conditions, the Senate and Assembly have eliminated the 30-day-in-print rule to speed up the vetting process and more carefully regulate the usage of "spot" bills.

The main policy priorities for the legislature this year include: 1) responding to the COVID-19 pandemic, 2) increasing the stock of affordable housing units, 3) reducing homelessness, 4) expanding health care coverage, 5) closing the digital divide, 6) reforming law enforcement, and 7) investing in climate resiliency.

Due to the pressing nature of the pandemic, legislative action began with passage of SB 91 (Committee on Budget and Fiscal Review) which extended the moratorium on evictions for non-payment of rent due to COVID-19 financial hardship, subject to numerous conditions from January 31, 2021 to June 30, 2021. The bill also deployed California's share of the rental assistance in the December 2020 COVID-19 relief bill, which allocated \$1.5 billion to the state and \$1.1 billion

directly to local governments with populations with more than 200,000. Further, the bill established the criteria and prioritization for use of the state administered rental assistance funding from the federal bill, including the funding available to cities and counties with more than 200,000 population as state block grants.

On February 22nd, the legislature also passed a \$7.6 billion “early action” budget that included a six-bill package. Main elements of the package included: extension of unemployment insurance compensation to conform with federal changes; enactment of the Golden State Stimulus Program, establishment of the California Small Business COVID-19 Relief Grant Program with CalOSBA to assist qualified small businesses affected by the pandemic through the administration of \$2.075 billion in aid, and the adoption of parameters for the reopening of public schools (TK-6th) in the current year.

In addition to immediate state budget-related actions, members introduced numerous bills aimed at addressing elements of the pandemic. Some of the most notable bills include: **AB 255 (Muratsuchi)** that would provide commercial rent relief protections for small businesses affected by the pandemic; **AB 449 (Voepel)** that would require hospital reporting on personal protective equipment and COVID deaths; **SB 637 (Newman)** that would require hospital reporting on PPE, testing, staffing; **AB 814 (Levine)** that would ensure the privacy of information gathered through contact tracing; and **AB 4 (Arambula)** and **SB 56 (Durazo)** that seek to extend Medi-Cal benefits to individuals who are undocumented.

The pandemic accelerated the use of telehealth for both patients and healthcare personnel. The Centers for Medicare and Medicaid Services and the California Department of Health Care Services issued temporary policy changes last year that reduced barriers to telehealth access by expanding the list of services eligible for reimbursement. Even without a public health emergency, these flexibilities would ensure more individuals have access to affordable healthcare in California. **AB 32 (Aguiar-Curry)** seeks to authorize the continuance of these telehealth flexibilities. Further, equitable access to telehealth relies on closing the State’s digital divide. Both **AB 14 (Aguiar-Curry)** and **SB 4 (Gonzalez, Lena)** aim to expand broadband to underserved communities across California.

In 2020, the Legislature and the Newsom Administration made addressing the dual crises of affordable housing and homelessness major priorities. Unfortunately, due to the pandemic no major policy initiatives advanced. This year, members have reintroduced many of these stalled measures, including: **SB 9 (Atkins)** that would promote small-scale neighborhood residential development of duplexes; **SB 10 (Wiener)** that would allow upzoning close to transit and existing urbanized areas and **AB 561 (Ting)** that would encourage the purchase and use of more accessory dwelling units. In addition, there are large financial investment proposals to address homelessness and affordable housing including **AB 71 (Rivas, Luz)**, which would alter personal income and corporate tax code to fund a statewide homeless solutions program, and **SB 5 (Atkins)**, which would issue bonds to finance affordable rental housing and homeownership programs.

Aside from housing and homelessness, the Legislature is also proposing large investments in climate resiliency. **AB 1500 (Garcia, Eduardo)**, the Safe Drinking Water, Wildfire Prevention, Drought Preparation, Flood Protection, Extreme Heat Mitigation, and Workforce Development Bond Act of 2022, would authorize the issuance of \$6.7B in bond funding for various climate resiliency programs if approved by voters. Similarly, **SB 45 (Portantino)**, the Wildfire Prevention, Safe Drinking Water, Drought Preparation, and Flood Protection Bond Act of 2022 would put a \$5.5B bond proposal before the voters. There are also multiple proposals to further study, report on, and invest in measures to address sea level rise.

Reform of law enforcement continues to be a major focus of the Legislature in 2021. Bills have been introduced to create a process for the decertification of police officers including **SB 2 (Bradford)** focused on certain immunity, **AB 26 (Holden)** dealing with excessive force, **AB 48 (Gonzalez, Lorena)** that would prohibit the use of rubber bullets and chemical agents at protests, and **AB 16 (Skinner)** that would require the disclosure of incidents of excessive force. **SB 271 (Wiener)** would repeal the law that prohibits a person from being a candidate for a County Sheriff unless they have certain law enforcement credentials, so that all registered voters are eligible to run for Sheriff.

Of the 2,500+ bills circulating, the Intergovernmental and Public Affairs Unit is internally monitoring over 900 measures, including nearly 80 bills related to COVID-19, over 200 bills impacting our County Health System, approximately 150 bills impacting housing and homelessness issues, and over 100 bills related to public safety and justice.

Details on bills tracked by the County Manager’s Office can be found in the attached 2021 Legislative Activity Report.

American Rescue Plan of 2021

After nearly two months of deliberations on Capitol Hill, the Congress voted along party lines to approve a \$1.9 trillion COVID-19 relief package that reflects key components of President Biden's American Rescue Plan. The legislation (H.R. 1319) includes robust, direct, and flexible federal COVID-19-related financial support to all counties. The attached chart details the flow of federal funding to state and local governments.

Pursuant to the bill, counties across the country will receive a total of **\$65.1 billion**, with funds allocated based on population. San Mateo County is expected to receive approximately **\$148,672,113** in funding. The bill sets a 60-day deadline for the Department of Treasury to distribute most funds to state and local recipients. The second tranche of funds will be distributed to localities 12 months after the initial allocation. The Treasury Department could also withhold up to half of a state's allocation for as long as 12 months based on its unemployment rate and could require an updated certification of its funding needs.

In addition, and based on their size, cities throughout the nation are slated to receive \$65.1 billion in funds. The following are the anticipated funding levels for jurisdictions in our County:

- Daly City - \$26.79 million
- Redwood City - \$18.99 million
- San Mateo - \$18.64 million
- South San Francisco - \$12.30 million
- Atherton - \$1.34 million
- Belmont - \$5.07 million
- Brisbane - \$0.88 million
- Burlingame - \$5.81 million
- Colma - \$0.28 million
- East Palo Alto - \$5.52 million
- Foster City - \$6.38 million
- Half Moon Bay - \$2.43 million
- Hillsborough - \$2.14 million
- Menlo Park - \$6.53 million
- Millbrae - \$4.22 million
- Pacifica - \$7.26 million
- Portola Valley - \$0.86 million
- San Bruno - \$8.06 million
- San Carlos - \$5.68 million
- Woodside - \$1.03 million

As stated earlier, the new funding is flexible. Areas for specific use of the funds include:

- Responding to the public health emergency and addressing its negative effects, including through assistance to households, small businesses, and nonprofits or to aid impacted industries such as tourism, travel, hospitality;
- Providing "premium pay" to essential employees or grants to their employers. (Note: Premium pay could not exceed \$13 per hour or \$25,000 per worker);
- Providing government services affected by a revenue reduction during the pandemic; and
- Making investments in water, sewer, and broadband infrastructure.

The legislation includes the following guardrails:

- States are not allowed to use funds to either directly or indirectly offset a reduction in the net tax revenues that results from a change in law, regulation or administrative interpretation during the covered period that reduces any tax.
- No funds shall be deposited into any pension fund.

In addition, the final bill provides \$10 billion for states, territories, and tribal governments to carry out critical capital projects, specifically related to enabling work, education, and health monitoring, including remote options, in response to the COVID-19 public health emergency. This funding includes broadband infrastructure.

Other key national level investments of the COVID-19 Relief package that will impact County residents include:

- **FEMA Disaster Relief Fund**-\$50 billion to help replenish FEMA's Disaster Relief fund. The dollars will be available to reimburse state and local governments for various COVID-19-related costs, including vaccination efforts, deployment of the National Guard, and personal protective equipment. Funding will remain available through September 30, 2025. The funding can also be used to provide financial assistance for pandemic-related funeral expenses with 100 percent federal cost-share.
- **Economic Impact Payments**-provides individuals earning up to \$75,000 with an economic impact payment of \$1,400; joint filers earning up to \$150,000 will receive a \$2,800 payment, with the payment declining at higher incomes and zeroing out altogether at \$80,000/\$160,000. It should be noted that individuals with a social security number in mixed immigration status households will be eligible for a payment.
- **Unemployment Insurance**-extends the moratoriums on eviction and foreclosure actions through September 30, 2021. An additional \$21.6 billion will be available for emergency rental assistance, on top of the \$25 billion that Congress appropriated in December 2020. Five billion dollars will be available for home energy and water costs in arrears. The legislation also will allocate \$5 billion to entities serving individuals at risk or currently experiencing homelessness.
- **Vaccines**-\$14 billion to speed up the distribution and administration of COVID-19 vaccines across the country. The funding will support the development of community vaccination centers, as well as mobile vaccination units that can go into hard-to-reach areas. The measure also includes \$8.5 billion for the Centers for Disease Control and Prevention (CDC) to prepare, promote, administer, and track vaccines. Among other things, this funding can be used to support state and local public health departments.
- **Testing**-\$47.8 billion for a national testing strategy, with funding for rapid tests, community-based testing sites, and expanding lab capacity.
- **Public Health Workforce**-\$7.66 billion for a public health jobs program that will allow public health departments to hire new full-time public health workers.
- **Supplemental Nutrition Assistance Program**-extends the 15 percent increase in Supplemental Nutrition Assistance Program (SNAP/CalFresh) for an additional three months (to September 30, 2021). Additionally, SNAP administrative reimbursement will receive another \$1.135 billion over the next three years to partially account for the increased workload to process the COVID spike in SNAP applications.
- **Pandemic Electronic Benefit Transfer (P-EBT) Program**-the EBT benefit for youth eligible for school meals will continue through any school year during a designated public health emergency and the following summer period.
- **Temporary Assistance for Needy Families**-the TANF/CalWORKs program will receive a \$1 billion increase nationally, reflecting an approximate six percent boost to the program. It is expected that California, which provides relatively higher cash grants, will be given a slightly higher share of the funding relative to other states.
- **Child Tax Credit**-the relief bill makes the Child Tax Credit (CTC) fully refundable and authorizes \$300 monthly payments for children under the age of six and \$250 monthly payments for those six to seventeen years of age. The CTC will begin phasing out at \$75,000 for single filers and \$150,000 for those filing jointly.
- **Earned Income Tax Credit**-eligibility and amount of the EITC will be expanded under the legislation. The eligibility age for claiming "childless EITC" will be lowered from 25 to 19, except for full time students, and the maximum credit amount will increase from \$543 to \$1,502.
- **Transit**-\$30.5 billion to help assist with transit operating costs, including payroll and personal protective equipment.
- **Airports**-\$8 billion in federal assistance for airports. Airports receiving funding will be required to retain at least 90 percent of personnel employed as of March 27, 2020 through September 30.
- **Economic Development Administration**-\$3 billion in grant funding for the Economic Development Administration to address the pandemic's impact on local economies.
- **Elder Justice/Adult Protective Services**-\$100 million in FY 2022 nationally. California recently received nearly \$9.5 million from the COVID-19 legislation enacted this past December.
- **Older Americans Nutrition**-Title III nutrition programs will be increased by \$750 million.
- **Child Care**-\$15 billion for childcare to be available for this year and the following two fiscal years. Essential workers will be eligible for assistance without regard to their income.
- **Child Abuse Prevention and Treatment**-the Child Abuse Prevention and Treatment Act (CAPTA) will receive a \$250 million increase with no state match required. The regular FY 2021 appropriation was nearly \$270 million. These one-time funds will be available through September 2023.
- **Low Income Home Energy Assistance Program**-\$4.5 billion in funding with monies available through September 2021. Last year's appropriation was \$3.7 billion.
- **Medicaid Home and Community Based Care Services**-increases the federal contribution by 10 percentage

points for state expenditures on home and community-based services provided between April 1, 2021, and March 31, 2022. This increase is in addition to the current 6.2 percentage point increase in the federal financial share for Medicaid that is in place until the public health emergency (PHE) ends. Health and Human Services has informed states that it expects to continue the PHE declaration through the current calendar year.

- **Distance Learning**-establishes a \$7.17 billion Emergency Connectivity Fund, which will provide support to eligible schools and libraries to provide, among other things, eligible connected devices, internet service, and hotspots to students and teachers for internet use at home.
- **Paycheck Protection Program**-expands eligibility and increases funding for the Paycheck Protection Program. Specifically, the measure will increase the program's lending authority by \$7.25 billion.
- **Economic Injury Disaster Loan Program**-provides an additional \$15 billion for the Economic Injury Disaster Loan program, which is designed to provide economic relief to businesses that are currently experiencing a temporary loss of revenue due to the pandemic. Funds will be targeted to businesses with extreme revenue losses in low-income areas.
- **Restaurant Revitalization Fund**-\$28.6 billion for a new grant program that will aid restaurants and bars. Funding will be available for a wide variety of expenses, including payroll, mortgage, rent, utilities, supplies, food and beverage expenses, paid sick leave, and operational expenses.

County staff continue to review specific elements of the bill to determine local county impacts and await more guidance from the U.S. Treasury Department in several areas, such as eligible use of funding, formula funding questions, covered period(s), and others. Staff will continue to update your Board as we learn more through these monthly reports.

DIRECT ASSISTANCE FOR STATE AND LOCAL GOVERNMENTS

