



County of San Mateo

Inter-Departmental Correspondence

Department: COUNTY EXECUTIVE

File #: 22-546

Board Meeting Date: 7/12/2022

Special Notice / Hearing: None
Vote Required: Majority

To: Honorable Board of Supervisors
From: Michael Callagy, County Executive
Connie Juarez-Diroll, Chief Legislative Officer
Subject: 2022 State and Federal Legislative Update #4

RECOMMENDATION:

Accept this informational report on the 2022 State and Federal Legislative sessions.

BACKGROUND:

The California State Legislature continues to make its way through the 2022 legislative session. Further, legislators and the Governor reached a budget agreement for FY 2022-23.

The House Appropriations Committee began working on their twelve Fiscal Year (FY) 2023 appropriations bills at the federal level.

DISCUSSION:

The California State Legislature passed several critical legislative deadlines in the past few months. Since the last report, numerous bills have died in the Appropriations Committees of their house of origin or failed to pass through policy committees by the July 1 deadline when the Legislature's month-long Summer Recess begins. Once the members return on August 1, they will focus on Appropriations Committee hearings for all fiscal bills that moved out of the policy committees in the second house. The last two and a half weeks of the session will be solely dedicated to floor sessions during which the houses will debate measures and determine which will head to the Governor's desk for his consideration.

The following is a summary of the notable legislation currently making its way through the state legislative process:

CARE Courts: SB 1338 (Umberg and Eggman) would implement the Governor's Community Assistance, Recovery, and Empowerment (CARE) Act. Recent committee debate raised numerous issues with the bill, including:

- Piloting the CARE Court program in a limited number of counties to ensure all implementation issues are resolved before the program begins statewide.
- Concern that no dedicated funding for CARE Court is provided to counties.
- Fear that CARE Court will strain behavioral health services and housing supports.
- Worry that housing vouchers will be prioritized for the CARE Act population over other county clients.
- Lack of solutions to specifically address the number one reason for homelessness - the cost of housing.

Despite the plethora of concerns and the lack of amendments to address those concerns, the measure passed the Assembly Judiciary Committee on a 9-1 bipartisan vote. The County of San Mateo voiced its concerns to the Legislature, including the above issues and the proposal to impose sanctions on counties for “noncompliance.” The bill will be heard in the Assembly Appropriations Committee on August 3rd.

Behavioral Health Care Reform: Senator Susan Talamantes Eggman’s 8-bill package to improve the behavioral health system continues to progress through the legislature. Since the last report, two bills were held in the Assembly Judiciary Committee and are now “dead” for this legislative session. This includes **SB 1416 (Eggman-D)**, which would have expanded the definition of “gravely disabled” in the Lanterman-Petris-Short (LPS) Act for individuals with a mental health disorder to include the inability of an individual to provide for their basic personal needs for medical care in addition to being unable to provide for their basic personal needs for food, clothing, and shelter. **SB 965 (Eggman-D)** also died in the Assembly Judiciary Committee. It would have allowed relevant testimony to be heard during LPS conservatorship proceedings by creating an exception to the rule against medical hearsay. The Board of Supervisors approved a resolution supporting this measure on June 28, 2022.

The Brown Act: In this session, two bills proposed amending the Brown Act to address teleconferencing concerns. **AB 1944 (Lee)** would have authorized members of legislative bodies to teleconference from a remote location without making the address of that location public, with specific requirements. Local governments supported AB 1944; however, Assembly Member Lee pulled the bill from consideration in the Assembly Local Government Committee due to the Committee’s insistence on amending the bill in ways that would make it unworkable for local governments.

AB 2449 (Rubio) is the only active bill that would impact teleconferencing requirements for Brown Act meetings. Assembly Member Rubio has accepted numerous amendments from opposition groups concerned about limiting the public’s access to elected officials. AB 2449 would authorize, until January 1, 2026, members of legislative bodies to teleconference from a remote location without making the address of that location public. However, to do so would require a quorum of members to participate in person in a physical location open to the public. AB 2449 would also require a brief description of the “just cause” reasoning for a member’s remote participation on the meeting agenda, limit member teleconferencing to no more than three consecutive months, and require members to participate in both audio and video formats. Despite accepting their amendments, the ACLU, the First Amendment Coalition, Californians Aware, and the Leadership Council are still opposed. The California State Association of Counties (CSAC), Urban Counties of California (UCC), and other local government groups are also opposed.

Kaiser Deal: The Governor signed **AB 2724 (Arambula)**, which authorizes the Department of Health

Care Services (DHCS) to enter into a direct statewide contract with Kaiser Permanente to provide care for certain Medi-Cal beneficiaries. The County of San Mateo, CSAC, and a long list of local health plans and community health centers opposed AB 2724 due to concerns that this new contract would exempt Kaiser from the locally organized health care safety net and terminate input and oversight for Kaiser's operation within each county. Counties have multiple structures for ensuring health care access, including County Organized Health Systems (COHS) and two-plan models. Each model is led by the county, or a county subsidiary tasked with ensuring access to quality health care for all low-income residents. Future "clean-up" legislation is expected in the coming years.

Emergency Medical Services: SB 443 (Hertzberg) was gutted and amended in an attempt to overturn Emergency Medical Services (EMS) case law and dismantle county medical control authority for prehospital ground emergency medical services. The County of San Mateo and a broad coalition of county associations joined in opposition to this proposal, which was ultimately pulled from the committee and is now dead for this legislative session. The measure would have risked patient safety and care by creating a fragmented and inequitable "wild west" where EMS providers could operate without the accountability and safety of local medical oversight and state accountability. It is likely that the bill's sponsor-the California Fire Chiefs Association-will reintroduce the measure in 2023.

Plastics: SB 54 (Allen) was recently signed by the Governor. The bill established the Plastic Production Prevention and Packaging Producer Responsibility Act, which imposes minimum content requirements and source reduction requirements for single-use plastic packaging and food service ware to be achieved through an extended producer responsibility program. This bill was developed over a lengthy stakeholder process that included environmental organizations, producers, local governments, and recycling service providers. With the passage of this bill, the California Recycling and Plastic Pollution Reduction Initiative has been withdrawn from the November 2022 ballot.

The attached "2022 Legislative Activity Report" provides details on the bills the Intergovernmental and Public Affairs (IGPA) Unit is monitoring. An additional "Dead Bill Report" lists previously monitored bills that are no longer moving forward in the legislative process.

State Budget-Despite some items being deferred until later this summer, the Legislature and Administration reached a 2022-23 state budget agreement. The budget agreement is reflected in AB 178/SB 178 along with 25+ trailer bills. A table of the budget-related bills is attached.

Thanks to the stewardship of Assembly Member Marc Berman, the County will receive \$2,000,000 in funding for the Pescadero Community Plaza Project. The project, led by President of the Board, Don Horsley, aims to provide the financing for the planning and development phase of a community plaza and park within the unincorporated community of Pescadero.

The main budget bill (SB 154) includes \$96,052,000 in State General Fund to reimburse the County and its cities for shortfalls incurred in 2020-21 for the Vehicle License Fee (VLF) shortfall. The County's share of this amount is \$56,951,796. Thanks to strong advocacy by the County's delegation, the main budget bill does not include the Department of Finance's proposed May Revision trailer bill language that would have capped the County's excess ERAF and instead used these funds to pay the State's in-lieu VLF obligation. The CEO will continue to work with the Counties of Napa and Alpine, as well as our cities, to find a workable solution to our growing and ongoing VLF

shortfall problem, which also protects County revenues.

The following is a partial list of notable actions impacting counties included in the FY 2022-23 State Budget:

- \$64.7 million for the CARE Act proposal to fund state departments and Judicial Branch costs for the new program, contingent on adopting statutory changes codifying the program.
- \$300 million ongoing investment in state and local health departments to address vital public health priorities.
- \$200 million for the behavioral health workforce over four years.
- \$75.6 million for the public health workforce over four years.
- \$76 million for the primary care, clinic, and reproductive health workforce over four years.
- Expands full-scope Medical coverage to all income-eligible residents, regardless of immigration status, no later than January 1, 2024.
- \$1.5 billion over two years for immediate, clinically enhanced bridge housing solutions for individuals experiencing homelessness with serious mental illness.
- \$1 billion in both 2022-23 and 2023-24 for the Homeless Housing, Assistance and Prevention (HHAP) Program.
- \$1.3 billion for Project Homekey in 2022-23 and an additional \$150 million in 2021-22.
- \$1.077 billion in funding to provide hospital and nursing facility workers with retention payments recognizing their invaluable contributions during the pandemic. Payments would apply to specified employees and for a specified period to employees in general acute hospitals, psychiatric hospitals, skilled-nursing facilities (SNFs), clinics owned, affiliated, or controlled by hospitals or SNFs, physician organizations in an integrated health care system, and specified public hospitals.
- \$550 million in additional State General Fund for broadband infrastructure, spread across 2023-24 and 2024-25.
- \$10.8 billion over multiple years for transportation infrastructure programs, including funding for transit, freight, active transportation, climate adaptation, and other purposes.
- \$19.3 billion for the Climate-Energy Package (\$4.89 billion in 2021-22, \$4.83 billion in 2022-23, and \$9.59 billion for the out years), with details to be determined in future legislation.
- \$180 million for local assistance grants to improve organic waste infrastructure.

As the final piece of budget negotiations, the Governor and legislative leaders announced a \$17 billion fiscal relief package for individuals, small businesses, and nonprofits, including:

- \$2 billion in current year General Fund costs for rental assistance.
- \$9.5 billion to provide direct tax refunds to 17.5 million California tax filers.
 - Tax filers with incomes up to \$75,000/\$150,000 (Single Filers / Joint Filers): \$350 per tax filer, plus an additional \$350 if tax filer has at least one dependent.
 - Tax filers with incomes above the first tier but below \$125,000/\$250,000 (Single Filers /

Joint Filers): \$250 per tax filer, plus an additional \$250 if tax filer has at least one dependent.

- Tax filers with incomes above the second tier but below \$250,000/\$500,000 (Single Filers / Joint Filers): \$200 per tax filer, plus an additional \$200 if tax filer has at least one dependent.
- Relief to those enrolled in the SSI/SPP program and the CalWORKs program and \$1.4 billion in relief from unpaid utility bills.
- Targeted tax relief, including a Workers Tax Fairness Credit and a Young Child Tax Credit.
- \$2.3 billion in fiscal relief for small businesses and non-profits.

2022 Federal Legislative Update:

The following is a table detailing the funding level for each bill:

<u>Appropriations Bill</u>	<u>FY22 Enacted Funding Level (in billions)</u>	<u>FY23 House Committee Funding Level (in billions)</u>
Agriculture	\$25.125	\$27.2
Commerce, Justice, Science	\$78.1	\$85.7
Defense	\$728.474	\$761.681
Energy and Water	\$52.875	\$56.275
Financial Services	\$25.5	\$29.8
Homeland Security	\$82.97	\$85.67
Interior and the Environment	\$38.0	\$44.8
Labor, HHS, Education	\$213.6	\$242.1
Legislative Branch	\$4.748	\$5.702
MilCon/VA	\$284.6	\$314.1
State/Foreign Ops	\$56.095	\$64.57
Transportation, Housing, and Urban Development	\$80.0	\$90.9

Additionally, the House Appropriations Committee released the list of Member community projects included in each bill. All twelve bills have passed by the full appropriations committee and are awaiting consideration on the House floor. To date, the Senate Appropriations Committee has yet to release a markup schedule for their FY23 appropriations bills.

San Mateo County's \$1 million funding request for the Health System's electronic health records initiative is included in the Labor-HHS-Education bill. Rep. Jackie Speier advanced this community funding request. The next step in the process is consideration by the full House for debate and amendments, which could come before the House breaks for the extended summer recess on July 29th. Unfortunately, because the House Appropriations Committee is marking up these funding bills without an agreement on the top-line discretionary spending caps, the County may need to wait until after the midterm elections and an eventual lame-duck session of Congress to determine if the funding will advance.