



**TO:** Monterey County Legislative Committee      **DATE:** February 6, 2019

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**RE:** Legislative Program: State Advocacy Updates

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## 1. Status of Legislative Session

The State Legislature has until February 22, 2019 to introduce all bills; though many bills may lack content and be placeholders for future policy issues. Budget Sub-Committees are beginning their review process earlier than typical, given the breadth of Governor Newsom's proposed January proposed budget. Many policy committees are holding informational hearings to hear from experts regarding issues that will be discussed in the 2019-2020 session. We have attended many of these informational hearings including:

- 1/17/19: Senate: Overview of the Governor's 2019-20 Proposed Budget
- 1/23/19: Assembly: Homelessness in California: Federal, State, and Local Responses
- 1/29/19: Assembly: Overview of the Governor's 2019-20 Proposed Budget
- 1/30/19: Assembly: Not Just Your Granny's Granny Flat: An Examination of Accessory Dwelling Unit (ADU) Law and Policy Issues in California
- 1/31/19: Senate: Wildfire and Emergency Response and Preparedness
- 2/6/19: Assembly: Safe and Affordable Drinking Water

## 2. State Budget

a. **In-Home Supportive Services (IHSS):** The Governor's January Budget proposal would revise the In-Home Supportive Services (IHSS) Maintenance of Effort (MOE), providing significant fiscal relief for counties. The proposal is largely in response to CSAC and counties persistent engagement with the Department of Finance as part of the IHSS reopener report requirement. The key components of the Governor's IHSS proposal are outlined as follows and would be implemented over the next four years:

- Lowering the County IHSS MOE base in 2019-20 to \$1.56 billion,
- Reducing the MOE inflation factor from seven percent to four percent,
- Stopping the redirection of VLF growth funds from Health, Mental Health, and County Medical Services Program (CMSP) to Social Services,
- Ending the State General Fund IHSS mitigation,

- Returning to the original method for calculating IHSS caseload and no longer utilizing accelerated caseload growth, and
  - Funding IHSS administrative costs through a General Fund allocation.
- b. **Social Services Proposals:** The Governor has several proposals related to health and human services.
- The budget proposes \$100 million in General Fund for Whole Person Care to help provide housing options for participants with mental illness.
  - Includes \$50 million General Fund to increase mental health training and workforce program administered by the Office of Statewide Planning and Development.
  - Proposes to fund grants for the early treatment of psychosis with \$25 million in one-time General Fund grants.
  - Governor Newsom intends to expand Medi-Cal coverage to young undocumented adults aged 19 to 25.
  - Proposal provides an increase of \$53 million for Medi-Cal county administration over the 2018-19 funding level.
  - Proposes using \$22.5 million in Proposition 56 (2016 tobacco tax) funding to provide Adverse Childhood Experiences (ACES) screenings once every three years to Medi-Cal beneficiaries under age 65.
  - \$3 million General Fund to support research grants and a Governor's Taskforce for the Alzheimer's Disease Program and brain health.
  - \$2 million General Fund for local health departments intended to support sexually transmitted disease prevention efforts.
- c. **Housing / Transportation:** The Governor has several proposals related to housing and transportation.
- The Governor proposes an additional \$500 million in one-time General Fund for homeless siting emergency shelters, navigation centers, and supportive housing. Entities that apply for this funding must establish joint regional plans to address homelessness that include cities and counties, and report all funding used for homelessness services. The proposal would direct \$200 million of that funding to local Continuums of Care, \$100 million to the state's 11 largest cities, and the remaining \$200 million for "meeting milestones" grants to local jurisdictions that show progress toward developing housing and shelter.
  - The Governor proposes to expedite the allocation of No Place Like Home (NPLH) grant allocations to counties to build permanent supportive housing for those who are homeless or at risk of homelessness and who are living with a severe mental illness.
  - The Governor proposes to expand on a pilot program authorizing Caltrans to lease unused state property around state highways, commonly called airspace, to local jurisdictions for emergency shelters.

- The Governor proposes \$750 million in funding for revamping regional housing planning, setting new short- and long-term targets for housing production, and to provide incentive funding for local governments that successfully encourage housing production. The funding would be split between \$250 million for planning and target-setting grants and technical assistance to local governments, with \$500 million allocated to local government housing production incentives.
- The budget proposal includes a statement that “the state will strongly encourage jurisdictions to contribute to their fair share of the state’s housing supply by linking housing production to certain transportation funds and other applicable sources, if any.”
- The budget proposal expands California’s affordable housing tax credit program in 2019-20 up to \$500 million, and up to \$500 million annually thereafter upon an appropriation, with \$300 million allocated to the existing tax credit program and \$200 million allocated to housing development for households with incomes between 60 to 80 percent of Area Median Income. An additional \$500 million in one-time funding is included for moderate-income housing through the California Housing Finance Agency’s Mixed-Income Loan Program.

### **3. Legislation**

- a. **AB 331 (Medina) Pupil instruction: high school graduation requirements: ethnic studies – Recommend Support:** This bill is a reintroduction of AB 2772 (Medina – 2017/2018) and would add the completion of a one-semester course in ethnic studies to the high school graduation requirements commencing with the 2023–24 school year. This bill would authorize local educational agencies to require a full-year course in ethnic studies at their discretion.
- b. **SB 189 (Monning) Fort Ord Reuse Authority – Recommend Watch:** This bill is a placeholder for future legislation on a transition plan for FORA.
- c. **SB 5 (Beall) Local-State Sustainable Investment Incentive Program – Recommend Watch:** This bill would establish in state government the Local-State Sustainable Investment Incentive Program for economic development and affordable housing. Every city and county may apply to the authority to participate in the program and authorizes the committee to approve or deny applications. This bill, along with AB 11 (Chiu), has been deemed “Redevelopment 2.0” and emphasizes affordable housing over the economic development. County staff members will be presenting their review of this bill and will recommend a position and/or amendments.

- d. **AB 10 (Chiu) Income taxes: credits low-income housing: farmworker housing – Recommend Watch:** This bill would increase California’s Low Income Housing Tax Credit (LIHTC) by \$500 million. According to the Author, when partnered with federal funding, this bill would generate a new permanent source of over \$2 billion in funding for affordable housing annually. The result would be annual funding for 5,000 housing units affordable to low-income in California. County staff members will be presenting their review of this bill and will recommend a position and/or amendments.
- e. **AB 11 (Chiu) Community Redevelopment Law of 2019 – Recommend Watch:** This bill allows cities and counties to create affordable housing and infrastructure agencies to fund affordable housing and infrastructure projects using tax increment financing with state approval. The new agencies would be required to set aside thirty percent of funding for the creation, improvement, or rehabilitation of affordable housing. County staff members will be presenting their review of this bill and will recommend a position and/or amendments.
- f. **AB 72 (Committee on Budget) Budget Act of 2018 – Recommend Watch:** Supervisor Alejo has requested that IGLA and Nossaman review AB 72, a State Budget bill, regarding the county’s ability to backfill property tax for losses related to fire. Nossaman will follow up on this research and report to the County at the upcoming legislative committee meeting.
- g. **SB 45 (Allen) Wildfire, Drought, and Flood Protection Bond Act of 2020 – Recommend Watch:** This bill is a bond measure for \$4 billion for resource projects. There are placeholder allocations for several water and resource related categories. The County has been asked to join the Resilience Coalition to lobby in support of SB 45. The goal is to ensure that coastal communities will get their fair share of funding if the bond passes.
- h. **AB 2 (Santiago) Community colleges: California College Promise – Recommend Support:** This bill would expand the California College Promise to cover 2 academic years for certain students. Currently, the program waives some or all fees for certain students enrolled in at least 12 credits a semester, and who have filled out either the Free Application for Federal Student Aid or the California Dream Act application.
- i. **AB 286 (Bonta) Taxation: Cannabis – Recommend Watch:** This proposal would reduce the cannabis excise tax rate to 11% on and after the operative date of this bill until June 1, 2022, at which time the excise tax rate would revert back to 15%. This bill would suspend the imposition

of the cultivation tax on and after the operative date of this bill until June 1, 2022.

- j. **Student Homelessness:** At the request of supervisor Alejo, Nossaman and Ballard Spahr will work with IGLA to submit a letter urging state and federal legislators to draw attention to the issue of homeless students and request resources for provide services to these students and their families.
- k. **Cannabis Crop Report Proposal:** Nossaman is working with the Monterey County delegation and a few other members to finalize an author for this proposal.

4. **Receive State Bill/Issue Track**