



TO: Monterey County Legislative Committee **DATE:** January 14, 2020

FROM: Jennifer Capitolo, Senior Policy Advisor, Nossaman LLP
Ashley Walker, Senior Policy Advisor, Nossaman LLP

RE: Legislative Program: State Advocacy Updates

The Legislature began the second year of its two-year 2019-2020 legislative session on January 6. Bills that were introduced in 2019 that did not advance through the house of origin have the month of January 2020 to proceed in order to remain active in 2020. Any “two-year bills” that fail to advance out of the house of origin by January 31, 2020 will be considered as having failed passage and can no longer be acted upon during the 2020 Legislative Session.

At the same time, new legislation will begin to be introduced during the first two months of 2020. Newly introduced legislation will be considered in the Legislature on a standard schedule that would allow bills to be fully considered by both houses prior to the 2020 adjournment date of August 31, 2020.

Complicating the 2020 legislative session will be the overlay of an election year and the politics associated with election year dynamics

a. State Budget:

On January 10, Governor Newsom released his proposed state budget for the 2020-21 fiscal year. The proposed state budget reflects total expenditures of \$222 billion (up slightly over 3% from the current fiscal year), with a projected budget surplus of \$5.6 billion. The proposed state budget contains total General Fund expenditures proposed to be \$153 billion (up 2.2% from the current fiscal year).

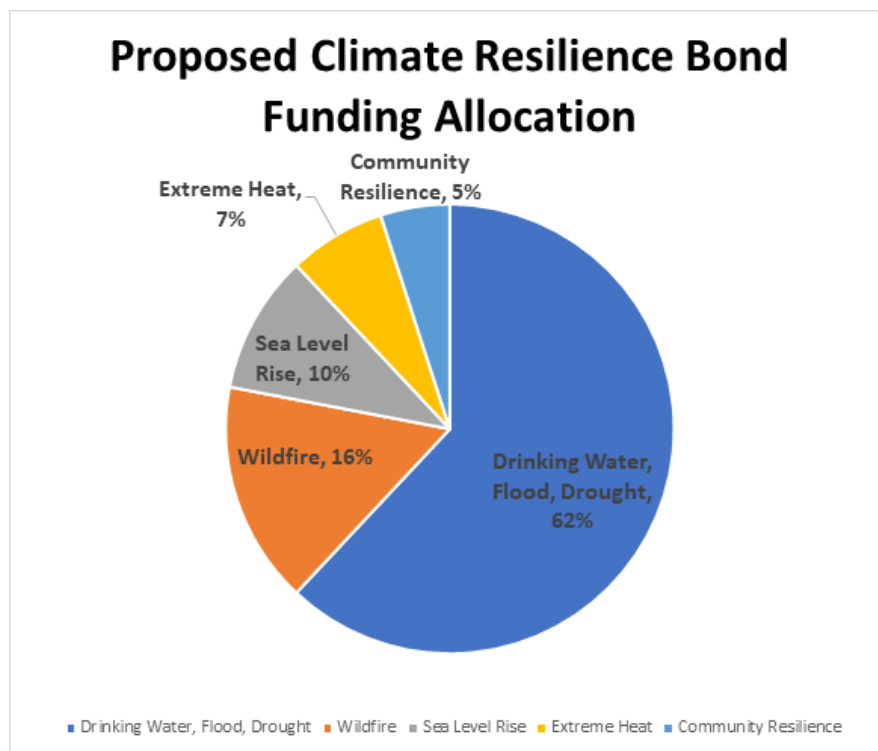
The Governor’s proposed budget outlines the following key priorities for the Administration over the next year:

- **Building Reserves and Reducing Liabilities:** The proposed state budget continues to grow the reserves in the Rainy Day Fund and assumes an additional transfer of nearly \$2 billion in 2020-21 and an additional \$1.4 billion over the remainder of the three-year forecast period. The Rainy Day Fund balance is projected to be \$18 billion in 2020-21 and \$19.4 billion by 2023-24.
- **Addressing the Affordability Crisis:** The state’s affordability crisis continues to threaten working families who are burdened by the rising costs of health care and prescription drugs, and the sky-high cost of housing and rent.
 - The Administration is proposing a new CalRx generic drug program making California the first state to create its own generic drug label and making the state’s generic prescription drugs available for sale to all Californians.

- The proposed state budget also moves the state toward universal coverage and furthers cost containment goals by expanding full-scope Medi-Cal coverage to low-income undocumented Californians aged 65 and above.
 - The proposed state budget authorizes \$500 million annually for the state's housing tax credit program and continues to support housing development on excess state lands.
 - The Administration proposing to continue working to establish a trust with \$331 million that will provide borrower relief and support housing counselors or other legal aid agencies in representing homeowners and renters in housing-related matters.
- **Confronting the Homelessness Crisis:** The proposed state budget outlines more than \$1 billion to radically shift the state's involvement to house the many unsheltered individuals living in California, by launching the [California Access to Housing and Services Fund](#) with a \$750 million initial investment. This Fund is intended to create a structure for developing affordable housing units, supplementing and augmenting rental subsidies, and stabilizing board and care homes.
- **Emergency Response and Effective Government:** The proposed state budget builds on the foundation of spending in the current year budget with investments intended to further strengthen California's ability to prevent and respond to fires and that provide the state's first responders with additional capabilities and support. The Budget enhances the Department of Forestry and Fire Protection's operational capabilities by adding funding for new firefighters during peak fire season, increasing the number of year-round engines, and providing further relief coverage to support state firefighter health and wellness. The Budget also increases the use of technology by obtaining Light Detection and Ranging (LiDAR) data to better inform resources management and hazard assessment decisions, and establishes a new Wildfire Forecast and Threat Intelligence Integration Center to analyze data on wildfire risk.
- **Promoting Opportunity for All:** The proposed state budget would allow the Administration to continue working toward a universal preschool system and a comprehensive, quality, and affordable child care system for California. Additionally, the proposed state budget proposes what it refers to as "a historic level of funding for K-12 schools." The proposed state budget outlines an investment of approximately \$900 million in teacher training, including professional development, educator service awards, and teacher residency programs. The proposed state budget also includes \$300 million one-time for grants and technical assistance to prepare and implement improvement plans at the state's lowest-performing schools, and includes \$300 million one-time for grants to develop community school models with innovative partnerships that support mental health and the whole child. The proposed state budget includes a 40-percent increase in state funding for school nutrition programs to boost the quality of meals provided and to expand access. The proposed state budget also includes \$10 million for grants to foster innovative farm-to-school linkages that support sustainable agriculture and make more healthy foods available to schoolchildren.
- **Expanding Access to Higher Education:** The proposed state budget contains major investments in Inland California communities that face higher unemployment and create

fewer jobs in high-wage sectors. The proposed state budget would allocate additional ongoing funding to expand enrollment and increase operational support for the UC Riverside School of Medicine and to expand the UC San Francisco School of Medicine Fresno Branch Campus in partnership with UC Merced. The proposed state budget also includes funding for a major new food innovation corridor in the Central Valley.

- **Climate Budget:** The proposed state budget also reflects substantial investment in addressing climate risks, including a proposed investment of \$12.5 billion over the next five years. The climate budget is intended to take a focused approach toward government investment in meeting the state's priority climate goals of reducing climate risk while achieving carbon neutrality. The proposed climate budget also outlines the Administration's priority to advance a \$4.75 billion Climate Resilience Bond for the November 2020 general election ballot. The bond is structured around climate risks, with over 60% of the proposed bond funding dedicated to programs that align with priorities identified in the Governor's Water Resilience Portfolio, which was released on .



Nossaman is continuing to closely analyze the Governor's proposed state budget along with CSAC and RCRC and we will make recommendations on positions as the budget process moves forward.

Next, the proposed state budget will be reviewed and shaped by the Legislature through a series of budget subcommittee hearings over the course of the Spring, and then the Governor will release an updated "May Revise" of the proposed state budget in the early May 2020 timeframe. The Legislature has until June 15 to adopt a state budget for the upcoming fiscal year, which begins on July 1.

- b. **AB 1080 (Gonzalez)/SB 54 (Allen) Solid Waste: Packaging and Products: Recommend Support.** AB 1080 and SB 54 are identical bills which would enact the California Circular Economy and Plastic Pollution Reduction Act to achieve a 75% reduction in single-use packaging and priority single-use plastic products by 2030. Both bills are two year bills and are pending on the floor of their 2nd House. The bill directs CalRecycle to examine single-use packaging and priority single-use plastic products across-the-board and develop an approach that would not only aid the state in meeting its 75% diversion goal, but also result in the reduction of waste and its associated environmental impacts, including GHG emissions and plastic pollution, and require the development of domestic markets for recyclable materials to foster in-state recycling infrastructure. More specifically, it requires CalRecycle to adopt regulations that would: 1) require single-use packaging and specified single-use plastic products be source reduced and require, by 2030, that all single-use packaging and specified single-use plastic products be recyclable or compostable; and, 2) achieve, by 2030, a 75% reduction of waste generated by each of single-use packaging and specified single-use plastic products. The bill provides CalRecycle with a variety of tools to achieve those goals.
- c. **Court Facilities: Receive Direction.** The Judicial Council met and approved staff's proposed methodology used to rank court facilities projects, and the new statewide court facilities project list. The methodology and list was presented to the Judicial Council for a vote at the November 14 meeting. The methodology and list was presented to the Legislature in December. We anticipate the Legislature will have questions and be engaged in taking a close look at the new list. We have heard that the issue will be taken up in the appropriate Budget Subcommittees during the next few months. Both Senator Caballero and Assemblymember Rivas have been very vocal and concerned about funding for the Greenfield Courthouse. Supervisor Alejo has requested we discuss the potential for requesting a State Audit of the Judicial Council's process in re-evaluating court facility projects, and unfulfilled public record requests by the courts and Judicial Council.
- d. **State Bill/Issue Track:** Attached.