



Legislative Bulletin

DRAFT

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December 19, 2023
Item No. 28

County of Orange Positions on Proposed Legislation

The Legislative Bulletin provides the Board of Supervisors with analyses of measures pending in Sacramento and Washington that are of interest to the County. Staff provides recommended positions that fall within the range of policies established by the Board. According to the County of Orange Legislative Affairs Program Guidelines adopted by the Board of Supervisors on January 25, 2022, staff recommendations for formal County positions on legislation will be agendized and presented in this document for Board action at regular Board of Supervisors meetings. When the Board takes formal action on a piece of legislation, the CEO will direct the County's legislative advocates to promote the individual bills as approved by the Board. The Legislative Bulletin also provides the Board of Supervisors with informative updates on State and Federal issues.

The 2023-2024 Legislative Platform was adopted by the Board of Supervisors on December 20, 2022.

On December 19, 2023, the Board of Supervisors will consider the following actions:

RECOMMENDED ACTIONS

- 1. Receive and File Legislative Bulletin**

INFORMATIONAL ITEMS

- 1. County Position Matrix: CEO-LA**
- 2. Sacramento Legislative Report**
- 3. Washington DC Legislative Report**

INFORMATIONAL ITEMS

1. County Position Matrix: CEO-LA

The tables below list the bills the Board of Supervisors has taken positions on in the 2023-24 legislative session.

State Legislation

As of Thursday, December 14, 2023


Bill No.	Author	Subject	Position	Date of Board Action	Status
<u>SB 44</u>	<u>Umberg</u>	Controlled substances	Support	1.24.23	Senate Public Safety Committee – 2 Year Bill
<u>SB 91</u>	<u>Umberg</u>	California Environmental Quality Act: exemption: supportive and transitional housing: motel conversion	Support	3.14.23	Chaptered
<u>AB 307</u>	<u>Chen</u>	Structural fumigation enforcement program	Support	3.14.23	Chaptered
<u>AB 400</u>	<u>Rubio</u>	Local agency design-build projects: authorization	Support	3.14.23	Chaptered
<u>AB 1270</u>	<u>Dixon</u>	Redevelopment: successor agency: City of Lake Forest	Sponsor	3.14.23	Chaptered
<u>SB 19</u>	<u>Seyarto</u>	Anti-Fentanyl Abuse Task Force	Support	3.28.23	Chaptered
<u>SB 62</u>	<u>Nguyen</u>	Controlled substances: fentanyl	Support	3.28.23	Senate Public Safety Committee – 2 Year Bill
<u>AB 701</u>	<u>Villapudua</u>	Controlled substances: fentanyl	Support	3.28.23	Chaptered
<u>AB 1058</u>	<u>Patterson</u>	Controlled substances: fentanyl	Support	3.28.23	Assembly Public Safety Committee – 2 Year Bill
<u>SB 706</u>	<u>Caballero</u>	Public contracts: progressive design-build: local agencies	Support	4.11.23	Chaptered
<u>AB 684</u>	<u>Ta</u>	County veterans service officers: additional resources	Support	4.25.23	Assembly Appropriations Committee – 2 Year Bill
<u>AB 955</u>	<u>Petrie-Norris</u>	Controlled substances	Support	5.9.23	Assembly Rules Committee
<u>AB 1057</u>	<u>Weber</u>	California Home Visiting Program	Support	5.9.23	Vetoed
<u>AB 1304</u>	<u>Papan</u>	Weights and measures: inspection fees	Support	5.9.23	Chaptered
<u>AB 1168</u>	<u>Bennett</u>	Emergency Medical Services (EMS): prehospital EMS	Oppose	6.27.23	Senate Floor 2 Year Bill
<u>SB 14</u>	<u>Grove</u>	Serious felonies: human trafficking	Support	8.8.23	Chaptered
<u>SB 326</u>	<u>Eggman</u>	The Behavioral Health Services Act	Concerns	8.22.23	Chaptered

Federal Legislation

As of Thursday, December 14, 2023

Bill No.	Author	Subject	Position	Date of Board Action	Status
<u>S 24</u>	Feinstein	Fighting Homelessness Through Services and Housing Act	Support	4.25.23	Senate Committee on Health, Education, Labor and Pensions
<u>HR 516</u>	Lieu	Fighting Homelessness Through Services and Housing Act	Support	4.25.23	House Committee on Financial Services

HR 984	Levin	Commitment to Veteran Support and Outreach Act	Support	4.25.23	House Committee on Veteran's Affairs
HR 467	Griffith	Halt All Lethal Trafficking (HALT) of Fentanyl Act	Support	6.06.23	Senate Judiciary Committee
S 971	Cassidy	Due Process Continuity of Care Act	Support	6.06.23	Senate Finance Committee
HR 3862	Levin	Spent Fuel Prioritization Act of 2023	Support	6.27.23	House Committee on Energy and Commerce

 Highlighted sections symbolize a status change.

2. Sacramento Legislative Report

Prepared by Precision Advocacy Group LLC

Legislative Analyst's Fiscal Outlook

The Legislative Analyst's Office (LAO) released its [fiscal outlook](#) on December 7, estimating that California will be facing a \$68 billion deficit in the new year. Compounding this news is their projection of a \$155 billion structural deficit across the forecast period 2024-25 through 2027-28:

- ~\$68 billion in 2024-25
- ~\$31 billion in 2025-26
- ~\$29 billion in 2026-27
- ~\$27 billion in 2027-28

These projections are subject to substantial uncertainty, however, assuming the administration is working with similar estimates, California policymakers will be subject to some serious number crunching in the next six months. The 2024-25 budget is unique in that lawmakers did not have an idea of 2022-23 revenues until mid-November. They were instead forced to budget based on projections of revenues that disappointingly, did not materialize. Additionally, the 2023-24 Budget Act built in an expected \$14 billion deficit entering 2024-25.

According to the governor's staff, we should not expect any new funding in his January budget proposal. Based on preliminary numbers, this was anticipated. What lawmakers haven't reckoned with in the last several years, which is now on the table, is cutting core services to vulnerable populations. Budget committee staff and the LAO are anticipating proposals for spending reductions, revenue increases, clawbacks of unspent funding, cost shifts, and tapping reserves.

Practically speaking, some of the risks Orange County should be cognizant of are the potential for the administration to reverse the \$1 billion in funding planned for the Homeless, Housing Assistance, and Prevention program in 2024-25; reductions to the Behavioral Health Bridge Housing program; elimination of the third year of the Public Defense Pilot Project; reductions to the Community Assistance, Recovery, and Empowerment (CARE) Act; and reductions to public health workforce funding. Additionally, it would not be unusual for the administration to propose a realignment of programs from the state level to the county level without commensurate funding.

LAO Advice to the Legislature

It is likely that ongoing spending reductions, revenue increases, or both will be necessary to balance the budget. Early budget action in 2024 could increase the legislature's flexibility by pulling back funding that has not yet been allocated. Using reserves is merited, but is unlikely to be sufficient to

cover the state's multiyear deficits. Preserving some reserves could provide a helpful cushion in the future.

Reserves: The state's Budget Stabilization Account (reserve) has about \$23 billion in it. Should the governor declare a fiscal emergency, which would be possible under the LAO's projections in both 2023-24 and 2024-25, lawmakers could suspend deposits and withdraw the lesser of the amount of the budget emergency or 50 percent of the reserve balance (in each year). There is approximately \$1 billion in the Safety Net Reserve which is available to fund program costs in health and human services programs which could also be utilized.

One-Time and Temporary Spending: The LAO estimates the state has \$8.6 billion in one-time and temporary spending slated for 2024-25 that can be reduced entirely to address the budget problem, including \$2.2 billion in transportation, \$1.9 billion in natural resources and environment, and \$1.8 billion in various education programs. There is also potentially billions of dollars from prior years that have been committed but not yet distributed.

Cost Shifts: The state used \$10 billion in cost shifts in the 2023-24 budget, and may have additional capacity to shift again this year.

New Revenue: In 2020-21, the state temporarily suspended net operating loss deductions, preventing corporations with net income over \$1 million from using them. The state also limited businesses from claiming more than \$5 million in tax credits. The state has also increased broad-based taxes on a temporary and permanent basis in similar revenue downturns.

Managed Care Organization (MCO) Tax: The state may have to explore using more of the MCO tax to offset the General Fund costs of Medi-Cal, rather than for other costs, such as increasing provider rates.

School Funding: School funding could be a major target for budget solutions, however, the legislature and administration have traditionally avoided cuts to K-14 if at all possible. According to the LAO's estimates, spending on schools and community colleges could be reduced by \$21 billion over three budget years based on the minimum General Fund spending requirement under Prop 98:

- \$9.6 billion in 2022-23,
- \$7 billion in 2023-24, and
- \$4.4 billion in 2024-25.

The automatic reduction in school spending is only \$4.3 billion however, mostly related to the automatic elimination of required deposits into the Prop 98 reserve in 2022-23 and 2023-24. To obtain savings, the state would have to reduce spending previously approved in 2022-23 and 2023-24. In previous downturns the state relied upon across-the-board reductions to per-pupil allocations and payment deferrals, both of which tend to be disruptive for school operations. Less disruptive options would be utilizing the Prop 98 reserve for 2022-23. Should the state withdraw funding for 2022-23, it would also have to withdraw the remaining reserve - about \$450 million in 2023-24.

Additional savings could come in the form of pulling back \$1.1 billion for grants to community schools in 2022-23 that haven't been awarded, as well as several hundreds of millions in State Preschool funding provided in 2022-23 and 2023-24 that is not currently obligated.

LAO's \$68 Billion Deficit Calculation

- State anticipated a deficit of around \$14 billion
- Revenues are lower than budget act projections by \$58 Billion
- School and community college spending is lower by more than \$4 billion
- Other spending is lower by \$4 billion. - \$3 billion of this is from health and human services programs

- Entering fund balance is lower by \$3 billion - Budgetary changes to years before the budget window are reflected in the 2022-23 entering fund balance
- Reserve deposits are higher by \$400 million - Proposition 2 requires the state to set aside minimum amounts to deposit into its reserve, pay down debts, and under certain conditions spend money on infrastructure. Ordinarily the set asides increase when revenues increase and drop when revenues decrease. This year, however, the state's reserve requirements would increase in response to the LAO's revenue forecast.

LAO Medi-Cal Fiscal Outlook

In addition to examining the state's overall fiscal outlook, the LAO provided an [analysis](#) of the outlook for Medi-Cal spending. Medi-Cal is California's second largest program as a share of General Fund spending, second to K-14 education.

The LAO estimates that Medi-Cal General Fund spending will be \$37 billion in 2023-24, a decrease of \$500 million (1.3%) as compared to the 2023-24 Budget Act. Monthly caseloads will average about 14 million in 2023-24, about 210,000 lower than assumed in the 2023-24 budget package.

The LAO projects that on net, General Fund spending on Medi-Cal will decrease in 2024-25 to \$36.6 billion, a decline of \$400 million (1.1%) because of a combination of factors:

- \$3.9 billion decline in spending due to reductions in one-time spending, such as the Children and Youth Behavioral Health Initiative and Behavioral Health Bridge Housing.
- \$3 billion decline in spending due to caseload declines resulting from eligibility redeterminations. Monthly caseloads are anticipated to average 12.1 million in 2024-25, a decrease of 1.9 million from 2023-24.
- \$1.8 billion increase in spending for per enrollee cost growth assuming Medi-Cal utilization and costs and their drivers continue to follow past trends.
- \$1.7 billion increase in spending for a full year of the expansion of Medi-Cal to undocumented immigrants between the ages of 26 and 49.
- \$1.6 billion increase in spending due to a reduced offset from the MCO tax- it was assumed in the budget package that the amount of funds used to offset General Fund spending in Medi-Cal will decrease from \$3.5 billion in 2023-24 to \$1.9 billion in 2024-25 because the package assumes more MCO tax funds will be needed to support programmatic increases.
- \$865 million increase in General Fund spending to backfill lost federal funding.

The LAO anticipates that Medi-Cal spending will be more than \$43 billion in 2027-28. Beginning in 2025-26, the LAO is projecting caseload growth of less than 1% per year due to unemployment and population.

If the managed care organization (MCO) tax is approved by the federal government, it is projected to generate revenues of \$8.2 billion in 2023-24 (\$32.1 billion through 2026-27). After factoring in the portion of revenues used to help cover the cost of the tax on health insurance plans, the budget package assumes that a portion of funds will be used to offset General Fund spending in Medi-Cal and the remainder will be used to increase support for Medi-Cal and other health programs.

Upcoming Hearings

Agendas are typically posted on the committee websites in the [Assembly](#) and [Senate](#) a few days prior to the hearings. To view hearings after they take place, you may access them in the [Assembly](#) or [Senate](#) media archives where they are generally available within a few hours of committee adjournment.

Monday, December 18, 2023, 1:00 p.m.
Senate Elections and Constitutional Amendments

Location: 1021 O Street, Room 2100
Oversight Hearing: California Voter's Choice Act

Tuesday, December 19, 2023, 1 p.m.
Assembly Select Committee on Retail Theft

Location: 1021 O Street, Room 1100
Informational Hearing: Retail Crime: Community Impacts and Solutions

Governor's Press Releases

Below is a list of the governor's press releases beginning December 6.

December 12: [Governor Newsom, Attorney General Bonta Take Legal Action Against La Cañada Flintridge to Enforce California's Housing Laws](#)

December 12: [WHAT THEY'RE SAYING: Water, Labor, Business, and Equity Leaders Support Proposed Delta Conveyance Project](#)

December 8: [Governor Newsom Highlights Funding for Climate Change Resiliency Projects Across California](#)

December 8: [California Gets \\$70 Million in Federal Funding to Accelerate Salton Sea Restoration](#)

December 8: [Governor Newsom Announces Appointments 12.8.23](#)

Sarah Brooks, of Sacramento, has been appointed Chief Deputy Director of Health Care Programs at the California Department of Health Care Services.

Madelynn McClain, of Sacramento, has been appointed Deputy Director of Real Estate Services at the California Department of General Services.

Felix Yip, of San Marino, has been appointed to the Medical Board of California.

December 8: [Governor Newsom Reaffirms Support for Updated Delta Conveyance Proposal](#)

December 7: [Governor Newsom Announces Appointments 12.7.23](#)

Harjinder Shergill-Chima, of Rocklin, has been appointed Director of the California State Lottery.

Alexandre Rasouli, of Los Angeles, has been reappointed to the California State Lottery Commission.

Steven Quinn, of Sacramento, has been appointed Deputy Executive Secretary at the California Native American Heritage Commission.

Erik Ekdahl, of Sacramento, has been appointed to the Western Water Cooperative Committee.

Ellen Junn, of Santa Monica, has been reappointed to the Western Interstate Commission for Higher Education.

Per F. Peterson, of Berkeley, has been reappointed to the Diablo Canyon Independent Safety Committee.

Benito Delgado-Olson, of Oakland, has been reappointed to the Low Income Oversight Board at the California Public Utilities Commission.

December 6: [92nd Annual California State Capitol Tree Lighting Ceremony](#)

3. Washington DC Legislative Report

Prepared by Van Scoyoc Associates

LEGISLATIVE BRANCH ACTIVITY

Immigration Talks Showing Promise, Could Revive Larger Spending Deals

Following several bleak days in which top Senate negotiators were unable to reach a deal on border security policy which threatened to sink the emergency security spending bill, there is now hope the two sides can reach a deal soon.

As a reminder, the main pillars of the [\\$110 billion emergency security supplemental](#) include spending for military aid to Ukraine, Israel, and Indo-Pacific partners, as well as border security. It also includes aid for the housing of migrants in US communities. But the real conflict in Congress has centered around rewriting immigration laws pertaining to asylum, humanitarian parole, and Title 42 authority.

For nearly two weeks, talks have been at an impasse. But the two sides now report progress on the negotiations following the involvement of White House policy staff. Reportedly the White House has accepted several concessions on asylum, humanitarian parole, and Title 42 (though we are not sure what the details are). But they still haven't put pen to paper. These are still just negotiations in principle at this stage.

Top negotiator Senator Chris Murphy (D-CT) says they are getting closer to deal in principle, so much so that Senate leaders have added votes to keep the Senate in an extra day or more. The hope is they can reach the deal in principle, and staff would spend the holiday recess formalizing the agreement into legislative text. The Senate would then vote on the bill when they return in early January.

But even if they can reach a deal, the security supplement still faces political hurdles, and passage is not a sure thing in either the Senate or House. Many Democrats in the Senate are unhappy with the border concessions being considered. Other Democrats are unhappy with Israel military aid. And many Republicans oppose Ukraine aid. In both chambers, we could foresee problems. And most importantly, top Democrats want assurances from House Republicans that they will not demand additional concessions after Senate Republicans sign off on a potential deal.

The progress on the security supplemental indirectly means progress for the larger FY24 appropriations package, portions of which are set to expire on January 19th and February 2nd. If Congress can dispense with the security supplemental, all attention would turn to the regular appropriations bills. However, Congress has little time and it remains unclear how they would approach the bills.

County Relevance:

- *Supplemental funding proposal in the Senate includes \$1.4 billion for sheltering of migrants by nongovernmental organizations.*
- *A federal shutdown would be highly disruptive to County projects and services.*
- *The threat of a shutdown in January/February is elevated, but subsiding based upon this week's news.*

House and Senate Advance Substance Use Disorder Legislation

The House and Senate this week both advanced their respective versions of the Support for Patients and Communities Act, which reauthorizes key federal programs providing mental health and substance use disorder activity.

The House voted 386-37 to advance [their version of the bill](#). According to the sponsors, the House bill includes:

- “Permanently places xylazine in Schedule III of the *Controlled Substances Act*, while maintaining access for veterinarians and ranchers to use in animals.
- Continues providing resources for training and education related to fentanyl and other illicit substances for first responders, particularly in rural areas.
- Renews support for individuals in substance use disorder (SUD) treatment and recovery to live independently and participate in the workforce.
- Protects moms and babies by reauthorizing resources for residential SUD treatment for pregnant and postpartum women.
- Permanently lifts Medicaid’s IMD Exclusion, which restricts access to care for rehab and institutional care services.
- Ensures Medicaid beneficiaries have access to Medication Assisted Treatment.
- Is fully compliant with House Republicans’ fiscal responsibility framework and spending is offset with reductions elsewhere.”

Additionally, the House bill modifies the current restriction on Medicaid coverage for foster youth in qualified residential treatment programs with more than 16 beds. The modification allows them to receive health services under Medicaid outside their QRTP.

Meanwhile, the Senate Health Committee passed its version of the bill. According to the Committee’s Ranking Member, Bill Cassidy (R-LA), the bill “reauthorizes funding for residential treatment programs for pregnant and postpartum women, training for first responders, resources for individuals in recovery re-entering the workforce, and programs to support children and youth mental health.”

The Senate bill is largely the same as the House companion. However, it does not include the IMD/QRTP fix the County has long advocated.

County Relevance:

- *The County has worked on Medicaid Inmate Exclusion and the IMD Exclusion are addressed in this bill.*

House Passes FAA Extension

Absent a long-term deal to reauthorize programs under the Federal Aviation Administration, this week the House voted 376-15 to temporarily extend current FAA policy through March 8th.

EXECUTIVE BRANCH ACTIVITY

FRA Awards \$8 Billion for Passenger Rail Projects

The Federal Railroad Administration (FRA) announced that it has awarded \$8.2 billion for 10 passenger rail projects across the country while announcing corridor planning activities that will impact every region nationwide.

Projects announced through the [Federal State Partnership for Intercity Passenger Rail](#) (Fed-State National) Program will advance two high-speed rail corridors and fund improvements to existing rail corridors for expanded service and performance.

At the same time, FRA is announcing [69 corridor selections](#) across 44 states through the Corridor Identification and Development (Corridor ID) Program, which will drive future passenger rail expansion. This list includes the California Surfliner Project. Corridor ID is a new planning program made possible by the Bipartisan Infrastructure Law and will help guide intercity passenger rail development throughout the country. This inaugural round of selections aims to upgrade 15 existing rail routes, add or extend service on 47 new routes, and advance 7 new high-speed rail projects, creating a pipeline of intercity passenger rail projects ready for implementation and future investment. FRA will work closely with states, transportation agencies, host and operating railroads, and local governments to develop and build these passenger rail projects.

More information about the Fed-State program can be found [here](#), and more information on the Corridor ID Program [here](#).

FEMA 2023 National Preparedness Report

The Federal Emergency Management Agency (FEMA) released its [2023 National Preparedness Report](#), a data-driven picture of national preparedness and emergency management trends.

The report provides an overview of the nation's current disaster risk and capability landscape and outlines progress toward achieving the national preparedness goal of a secure and resilient country. This year's report highlights the reality of rising costs, frequency and severity of disasters due to climate change as a challenge being faced across all levels of government. FEMA identified preparedness for ongoing community-level risk factors from large-scale disasters and cyber threats, gaps in individual and household preparedness, and the lack of building code adoption as key areas for improvement to increase national resilience. Specifically:

- **Lack of Standardized Building Code Adoption:** The inconsistent adoption of building codes is one of the most significant factors that compound risk and increase costs from natural hazards. Two out of three communities in the United States need to incorporate the latest building codes.
- **High Community-Level Risk:** Communities identified cyberattacks, pandemics and floods as most likely to occur and cyberattacks, pandemics and earthquakes as most stressful for one or more capabilities. Long-term housing, relocation assistance and community sheltering capabilities continue to be a challenge in higher-risk areas throughout the nation.
- **Ongoing Individual and Household Preparedness Gaps:** The 2022 National Household Survey on Disaster Preparedness found that 43% of households surveyed indicated that they intend to prepare in the future but have not started yet and 14% of survey participants indicated they did not intend to prepare.

FEMA also highlighted steps the agency is taking to mitigate these risks, including:

- [\\$1.8 billion available for Building Resilient Infrastructure and Communities \(BRIC\) and Flood Mitigation Assistance](#) grant programs designed to help communities increase their resilience to the impacts of climate change, including activities that incorporate eligible building code adoption. Aligned with the National Initiative to Advance Building Codes, FEMA set aside \$25 million for federally recognized tribes and \$2 million for each of the 50 states, the District of Columbia and U.S. territories that are committed to building code activities.
- The new [Shields Ready Campaign](#), a partnership between FEMA and the Cyber and Infrastructure Security Agency (CISA), empowers the critical infrastructure community to prepare for, adapt to, withstand and rapidly recover from disruptions caused by changing conditions. Shields Ready builds on CISA's Shields Up Campaign, which helps critical infrastructure stakeholders take specific, time-sensitive actions that reduce risk during cyberattacks, physical security threats or natural disasters.
- FEMA and CISA also released the first-ever [Cyber Incidents Planning Guidance for Emergency Managers](#), which provides a roadmap for emergency managers across the nation to plan for swift and effective solutions to address the consequences of a cyber incident.
- As part FEMA's [Ready Campaign](#) focused on individual preparedness, FEMA launched the first ever #SummerReady and #WinterReady initiatives to promote preparedness and resilience against extreme heat and cold. As part of the 2023 National Preparedness Month, FEMA focused on empowering older adults and their caregivers to increase their preparedness while encouraging them to spread preparedness in their communities. FEMA also released the Disaster Preparedness Guide for Older Adults.

Legislation Introduced by Orange County Delegation

Rep. Linda Sanchez:

- Introduced [legislation](#) to “allow retirement savers to roll over their Roth IRA savings into a Roth account within a workplace retirement plan. Current law prohibits workers from rolling Roth IRA savings into workplace-based Roth retirement plans offered by employers. This bill would specifically allow the transfer of contributions from Roth IRA plans to a workplace designated Roth account, such as Roth 401(k), Roth 403(b), or Roth 457(b).”

Rep. Lou Correa:

- Introduced the [Effective Screening and Testing for Tuberculosis Act](#) which would “require the Secretary of Health and Human Services to put in place requirements for the testing and screening of tuberculosis (TB) in donor materials used in medical procedures.”

Rep. Mike Levin:

- Introduced the [Clean Electricity and Transmission Acceleration \(CETA\) Act](#) is a comprehensive approach to addressing the primary permitting issues holding back the clean energy transition. Amend the Federal Power Act to direct the Federal Regulatory Commission to issue new rules on improving interregional planning, siting, and deployment of transmission.
 - Provide a 30% transmission investment tax credit.
 - Incentivize development of renewable energy on priority areas within our public lands.
 - Reform the Outer Continental Shelf Lands to encourage offshore wind deployment.
 - Expand meaningful consultation with disadvantaged groups and communities in the permitting process.

If you or your staff have any questions or require additional information on any of the items in this bulletin, please contact Peter DeMarco at 714-834-5777.