

SUBMITTAL TO THE BOARD OF SUPERVISORS
COUNTY OF RIVERSIDE, STATE OF CALIFORNIA



ITEM
2.4
(ID # 9895)

MEETING DATE:
Tuesday, May 21, 2019

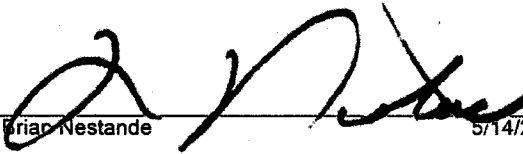
FROM : EXECUTIVE OFFICE:

SUBJECT: EXECUTIVE OFFICE: Receive & File State and Federal Legislative Summary
Report, All Districts. [\$0]

RECOMMENDED MOTION: That the Board of Supervisors:

1. Receive and File the Legislative Summaries.


ACTION: Consent


Brian Nestande 5/14/2019

MINUTES OF THE BOARD OF SUPERVISORS

On motion of Supervisor Perez, seconded by Supervisor Jeffries and duly carried by unanimous vote, IT WAS ORDERED that the above matter is received and filed as recommended.

Ayes: Jeffries, Spiegel, Washington, Perez and Hewitt
Nays: None
Absent: None
Date: May 21, 2019
xc: E.O.

Kecia Harper
Clerk of the Board,
By: 
Deputy

**SUBMITTAL TO THE BOARD OF SUPERVISORS COUNTY OF RIVERSIDE,
STATE OF CALIFORNIA**

FINANCIAL DATA	Current Fiscal Year:	Next Fiscal Year:	Total Cost:	Ongoing Cost
COST	\$0	\$0	\$0	\$0
NET COUNTY COST	\$0	\$0	\$0	\$0
SOURCE OF FUNDS: N/A			Budget Adjustment:	No
			For Fiscal Year:	18/19

C.E.O. RECOMMENDATION: Approve

BACKGROUND:

Summary

The purpose of Riverside County's Legislative Coordination Policy Program is to support legislation which benefits the County and its residents, and to oppose/amend legislation which might adversely affect the County. The following specific procedures are instituted to facilitate active participation by Departments, allow the Executive Office to act as a centralized "clearinghouse" for legislative matters, and to ensure that all advocacy efforts are entirely consistent with Board-approved positions.

STATE REPORT: TO ACCESS THE FULL REPORT, PLEASE OPEN ATTACHMENT

Governor Gavin Newsom released his May Revision to the Governor's proposed 2019-20 state budget this morning, a few days earlier than required by statute. (At the request of the Legislature, the Administration moved up the release date to allow for more time for deliberation.)

The Governor once again spent a significant amount of time presenting his updated budget proposals, cautioning about preparing for an economic downturn. While the forecast does not include a recession, the Governor reminded us that a moderate recession could result in a \$70 billion revenue loss and a budget deficit of \$40 billion over three years and that we are in an unprecedented tenth year of an economic expansion. As a result, Governor Newsom has proposed to sunset certain program expansions at the end of December 31, 2021.

The 2019-20 May Revision outlines a \$213 billion total state budget, with the General Fund budget at \$147 billion. The budget surplus – an estimated \$21.5 billion – is nearly the same as projected in January, but still the largest budget surplus in state history. Additional revenues of \$3.2 billion above the Governor's budget are largely obligated to debt repayment, reserves, and schools. The May Revision includes additional state revenues of \$3.2 billion, driven in large part by healthy personal income tax revenues, with estimates increased from January due to expected Initial Public Offerings (IPOs) by large California-based companies and a strong stock market.

The May Revision dedicates \$15 billion (January plus May) to building budgetary resiliency and paying down the state's unfunded liabilities, representing a \$1.4 billion increase over January.

**SUBMITTAL TO THE BOARD OF SUPERVISORS COUNTY OF RIVERSIDE,
STATE OF CALIFORNIA**

Total expenditures include \$4.5 billion to eliminate debts and reverse deferrals, \$5.7 billion to build reserves, and \$4.8 billion to pay down unfunded retirement benefits. Specifically, the May Revision reflects the repayment of loans to special funds of \$171 million and \$942 million in 2018-19 and 2019-20, respectively, eliminating all outstanding loans from special funds.

The Governor proposes an additional \$1.2 billion deposit into the Rainy Day Fund, bringing the reserve to \$16.5 billion in 2019-20. The Rainy Day Fund is anticipated to reach its constitutional cap of 10 percent of General Fund revenues in 2020-21, which is two years earlier than predicted in January. In addition, for the first time, nearly \$400 million in Proposition 98 funding will be deposited into the Public School System Stabilization Account as required by Proposition 2. The Public School System Stabilization Account was created as a separate rainy day fund for schools; however, the school community had not anticipated that the constitutional threshold would be met to require the set-aside this year and suggested that there was flexibility on the part of the Administration in determining the requirement, a take that was quickly rejected by the Director of Finance. Look for the debate on the schools' rainy day fund to be considerable as the Legislature deliberates the budget.

The May Revision maintains funding levels for the University of California (UC) and California State University (CSU) systems, as both systems had acknowledged that the Governor's January budget funding amounts were sufficient to avoid a tuition increase. Both systems are proposed to receive funding to address students experiencing homelessness, with an allocation of \$18.5 million for UC and \$21.5 million for CSU for student food and housing insecurity and rapid rehousing of homeless and housing insecure students.

As previously announced, the Governor has proposed expanding paid family leave for each parent from six to eight weeks as a down payment on his goal of paid family leave for the first six months of a child's life, effective July 1, 2020. The proposal also allows claimants to take a full eight weeks to assist a family member for military deployment, effective January 1, 2021. The Governor is convening a task force to consider options to phase-in and expand paid family leave to meet the Administration's goal; the task force will also consider policy issues including adjustment to the wage replacement rate, alignment of existing worker protections, and retaliation protections for employees who use the program, and is anticipated to issue recommendations for consideration in the Governor's 2020-21 proposed budget.

TO READ THE FULL REPORT ALONG WITH CSAC's PLEASE SEE ATTACHMENTS

FEDERAL REPORT

Despite Congress being in recess for most of the month, work started in earnest on the FY20 appropriations bills. Prior to adjourning for the Easter/Passover/spring break, the House approved the FY20 spending levels and "deemed" them to be in effect which was enough to allow the appropriations process to commence. April was also focused on the release of the Mueller report. Democrats went to Leesburg, Va. for their annual 2019 Issues Conference to

**SUBMITTAL TO THE BOARD OF SUPERVISORS COUNTY OF RIVERSIDE,
STATE OF CALIFORNIA**

discuss policy plans leading up to the 2020 election. Health care, infrastructure and oversight of the Trump Administration were top on the agenda.

Budget/Appropriations-

Proposed discretionary budget authority figures follow below -- not including Overseas Contingency Operations (OCO):

- Agriculture: \$24.3b (\$700m increase)
- Commerce-Justice-Science: \$66.4 billion (\$5.1b cut)
- Defense: \$622.1 billion (\$15.6b increase)
- Energy and Water: \$46.4 billion (\$1.8b increase)
- Financial Services: \$24.6 billion (\$1.2b increase)
- Homeland Security: \$49.7 billion (\$300m increase) Interior/EPA: \$37.28 billion; (\$1.73 billion increase)
- Labor-HHS-Education: \$189.9b (\$11.7b increase)
- Legislative Branch: \$5 billion (\$200m increase)
- Military Construction-VA: \$105.2 billion (\$7.1b increase)
- State and Foreign Operations: \$48.4 billion (\$2.2b increase)
- Transportation-HUD: \$75.8b (\$4.7b increase)

These numbers reflect the topline allocation adopted in H.Res.293, which calls for \$1.295 trillion in total discretionary spending.

While almost all the House subcommittee markups have been scheduled, none have been planned in the Senate. We will continue to monitor the House process as it moves ahead. Speaker Pelosi and Majority Leader McConnell have both pledged to develop agreed upon spending caps, but little progress is expected until later this year. In the meantime, work on the FY20 bills, the debt ceiling, and a potential infrastructure bill will move ahead. We will keep staff apprised of new developments relating to the budget process.

Infrastructure-

Infrastructure is moving forward on a few tracks:

1) The Speaker and the President announced a "deal" on a \$2.2 trillion infrastructure proposal. Aside from the total amount and that the proposal is supposed to include transportation, water, and broadband access, all we know about this effort is that they will meet again to discuss next steps. The biggest challenges - among many - for this effort, will be paying for it and garnering support from enough Congressional Republicans, particularly in the Senate.

2) The House Transportation and Infrastructure Committee (T&I) has been moving forward with its own infrastructure plans. Chairman Pete Defazio (D-OR) wants to use the momentum for infrastructure to raise revenue to pay for increased infrastructure spending. Specifically, he has proposed increasing the airline ticket tax that airports use to fund improvements, increasing outlays out of the Harbor Maintenance Trust fund (HMT) for ports, and raising revenues into the highway trust fund. For this last part, it is widely assumed he is talking about increasing the

**SUBMITTAL TO THE BOARD OF SUPERVISORS COUNTY OF RIVERSIDE,
STATE OF CALIFORNIA**

federal gas tax, although he has not proposed that yet. The Chairman is referring to these revenue raisers as the infrastructure bill and wants to move them, this year, as one bill.

The second part of his approach would be to use the already existing infrastructure bills to spend the money. The FAA bill would govern the ticket tax, the Water Resources bill would allocate HMT money, and the FAST Act reauthorization would control transportation spending. Each of these bills fall within the jurisdiction of House T&I, so it is easy to understand why the Chairman is pushing this approach.

3) The last part of the infrastructure effort is appropriations. The transportation appropriations bill is scheduled for markup on May 23, although that could slip.

The Senate Environment and Public Works Committee will approve a public works package by July, with the current surface authorization expiring at the end of 2020. The committee will hold hearings on draft legislation this spring.

Water in the west-

The House passed a measure governing water user in the Colorado River Basin. H.R. 2030, introduced by House Natural Resources Chairman Raul Grijalva (D-AZ). According to Robert Schettler, a spokesman for the Imperial Irrigation District in California, as cited in Bloomberg Environment the bill is much better than a "flawed draft version" proposed in March by the Bureau of Reclamation and the states in the basin because it includes environmental protections that will help California's Salton Sea. The seven states in the basin are Arizona, California, Colorado, Nevada, New Mexico, Utah, and Wyoming. The bill still lacks federal funding for the Salton Sea, something the agricultural and other interests in California's Imperial Valley have demanded. The Imperial Irrigation District and others have requested that the federal government authorize \$200 million for restoration efforts at the Sea.

ATTACHMENTS:
STATEUPDATE
CSAC Update
Federal Update