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

ITEM: 2.2
(ID # 11916)
MEETING DATE:
Tuesday, February 25, 2020

FROM : EXECUTIVE OFFICE:

SUBJECT: EXECUTIVE OFFICE: Receive and File the Legislative Update Report, All Districts. [$0]

RECOMMENDED MOTION: That the Board of Supervisors:

1. Receive and File the Legislative Update Report.

ACTION:Consent

Brian Nestande 2/20/2020

MINUTES OF THE BOARD OF SUPERVISORS

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

Ayes:	Jeffries, Spiegel, Washington, Perez and Hewitt
Nays:	None
Absent:	None
Date:	February 25, 2020
xc:	EO

Kecia R. Harper
Clerk of the Board
By: Deputy

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: 19/20	

C.E.O. RECOMMENDATION: Approve

BACKGROUND:

Summary

The following are legislative updates from the County's state and federal lobbyists.

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

Managed Care Organization Tax – Take Two

The Department of Health Care Services (DHCS) resubmitted a revised Managed Care Organization (MCO) tax to the Centers for Medicare and Medicaid Services (CMS) this week. The state believes the revised MCO tax will meet concerns raised by CMS with the first version that was submitted last fall. Please note that the revised MCO tax will raise approximately $1.5 billion in revenue, which is about $400 million less than the original submission.

Quick Takes on This Week's Informational Hearings

INFECTIOUS DISEASES

The Assembly Select Committee on Infectious Disease held a hearing this week to discuss rising rates of HIV, hepatitis C and Sexually Transmitted Diseases (STDs). The Committee invited state officials from the California Department of Public Health (CDPH), DHCS, and California Department of Corrections and Rehabilitation to talk about state efforts. CDPH is working on a statewide plan for HIV, hepatitis C and STDs. They heard from two subsequent of providers talking about challenges.

Issues raised include: 1) where individuals are tested v. where individuals receive care (which may occur in different jurisdictions and impacts funding), 2) transportation, 3) slow funding streams, 4) training medical staff, 5) behavioral health referrals, 6) challenges with public health workforce and infrastructure, 7) health system transformation, 8) mandatory HIV testing, 9) need for PrEP navigators, and 10) stigma. Assembly Member Mike Gipson raised concerns about lack of coordination at the state level.

Panelists talked about legislative and budget efforts this year to address the rise in HIV, hepatitis C, and STDs, including the End the Epidemics coalition effort to secure $50 million in ongoing state General Fund, SB 859 – Senator Scott Wiener's bill to create a master plan to end HIV, hepatitis C, and STDs – and local health departments' $20 million request to assist with navigation and connection to services for individuals with multiple or reoccurring STDs.

VAPING

The Senate Health Committee held an informational hearing this week on the rise of vaping. The Committee heard presentations on vaping rates and state efforts to address vaping products use and emerging health effects. The Committee also invited a panel of locals to talk about local government policies to decrease vaping, which included the health officers from San Francisco and Contra Costa counties and the Director of Public Health from Contra Costa County. More than 70 local governments have enacted flavor bans in California.

PUBLIC SAFETY BALLOT INITIATIVE

The Assembly and Senate Public Safety Committees met jointly this week to discuss an initiative eligible for the November 2020 ballot. Pursuant to legislative changes a few years back, there is now an opportunity for a measure that has secured sufficient signatures to be pulled back before it qualifies for the statewide ballot. An eligible initiative measure – like the one reviewed in the Legislature this week – is one for which the required number of signatures have been submitted to and verified by the county elections officials. Eligible initiative measures become qualified for the ballot on the 131st day prior to the next Statewide General Election unless withdrawn by the proponents prior to its qualification by the Secretary of State.

Back to the measure at hand. As summarized by the LAO in this handout, the proposed initiative would make changes in four primary areas: (1) increase criminal penalties for certain theft-related crimes (serial theft and organized retail theft), (2) change aspects of how offenders are supervised in the community, (3) modify the process created by Proposition 57 (2016) for considering the release of certain offenders from prison, and (4) expands DNA collection requirements to include adults who commit specified misdemeanors.

Notably, the proponents of the measure were not available to participate in the hearing. A number of opponents – mainly the reform groups that previously advocated for passage of Proposition 47 (2014) and Proposition 57 (2016) – spoke against the proposed initiative, which they would characterize as a rollback of successfully enacted and needed reforms. An agenda and materials, including the language of the initiative, for the hearing can be found here.

Audit Request Forthcoming on 2011 Realignment Community Corrections Account

Assembly Member Sydney Kamlager, who represents portions of Los Angeles County, announced this week that she intends to request an audit of three sheriffs departments' expenditures of AB 109 funding. Presumably, this audit request – which will be before the Joint Legislative Audit Committee at its February 26 meeting – would seek to capture details on the sheriffs' portion of the local Community Corrections Subaccount created as part of the 2011 Realignment fiscal structure. Assembly Member Kamlager has identified the Counties of Alameda, Fresno, and Los Angeles as the subjects of the requested audit. It is assumed that the audit request is an outgrowth of the joint reporting effort of the McClatchy papers and *ProPublica* that examined local detention facilities, with a specific focus on the post-Realignment era.

Board of State and Community Corrections Approves Plan for New Jail Oversight Process

The Board of State and Community Corrections (BSCC) met this week and, among other actions, approved an initial plan to revise the local jail inspection process. Consistent with Governor Newsom's articulated intent in his January budget proposal to "more actively engage counties regarding deficiencies identified as part of its inspections through its public board meeting process and by more frequent follow-up inspections," the BSCC proposed a number of

refinements to its existing inspection process. At its meeting this week, the Board approved a plan to establish proactive steps to engage counties in addressing issues of noncompliance identified as part of the inspection process as well as a formal timeframe to correct any deficiencies. Before finalizing the
new procedures at its June Board meeting, BSCC staff will seek public input on the changes through noticed hearings and its website.

TO READ THE FULL REPORT PLEASE SEE ATTACHMENT

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

FY21 Budget:

On February 10, 2020 the Trump Administration released its FY21 Budget which can be found at: https://www.govinfo.gov/content/pkg/BUDGET-2021-BUD/pdf/BUDGET-2021-BUD.pdf

Most agencies would be cut under President Donald Trump's Fiscal 2021 request. Trump's $4.8 trillion budget request will seek cuts across the federal government, with only NASA and four departments slated for increases. The administration is requesting $1.26 trillion in base discretionary funding for the fiscal year beginning Oct. 1, a 2.1% cut. The proposal includes $671.5 billion for programs covered by the defense spending cap, a 0.8% increase in line with last year's budget agreement (Public Law 116-37). It calls for $590 billion for nondefense programs, a 5.1% cut.

Those numbers don't reflect Overseas Contingency Operations (i.e. wars and other military actions) funds or other accounts that don't count against the spending caps. The chart below shows the Office of Management and Budget's comparisons of the base spending requested for departments and major agencies with what was provided in the fiscal 2020 appropriations laws.

Congress is likely to ignore President Donald Trump's proposal to cut nondefense discretionary spending in fiscal 2021, instead sticking to the levels set in last year's bipartisan budget caps deal according to statements by both House Speaker Nancy Pelosi and Senate Majority Leader Mitch McConnell. The caps deal (Public Law 116-37) allows as much as $634.5 billion in nondefense discretionary budget authority in fiscal 2021, from $632 billion in fiscal 2020. Trump's fiscal 2021 budget proposal calls for a base funding level of $590 billion.

Border Wall:

President Trump will reprogram $3.8 billion for Border Wall, a move that House Defense Appropriations Chairman Rep. Pete Visclosky (D-IN) rejects, though Trump has ignored rejections previously. Visclosky formally rejected the Trump administration's request to reprogram $3.8 billion from Department of Defense weapons systems in a letter, but he also

denied a similar $1 billion request in May 2019 and the administration moved the money anyway. This time, the chairman of the House Appropriations Defense Subcommittee warned that the move would contribute to the deteriorating relationship between the Trump administration and Congress.

"With this unilateral action, the historic and unprecedented comity that has existed between the Committee and the Department continues to be breached," Visclosky wrote. "We cannot with any degree of trust negotiate future appropriation bills when the Department conducts itself in bad faith. I hope that at some point the Department will have adequate leadership in place to restore trust to the appropriations process." Department of Defense officials sent lawmakers a plan to take $900 million from shipbuilding and $223 million from the Navy's F-35 Joint Strike Fighter program, among other moves.

Administration officials historically have asked appropriators for permission before reprogramming funds, though that's a matter of tradition rather than law. In fiscal 2019, Trump augmented total border wall spending partly through executive order reprogramming and partly by declaring a national emergency. Visclosky rejected that reprogramming request, but Trump used the money anyway. The House and Senate voted to reject his national emergency, but both chambers lacked the two-thirds majority needed to overcome Trump's veto.

Lawmakers gave the administration $1.4 billion for border fencing in fiscal 2020, but Democrats were unable to include provisions that would stop him from reprogramming more money.

The Week of February 16, 2020 - All times Eastern, subject to change.

President Trump departs for Los Angeles for three-day trip through California, Colorado, Nevada and Arizona.
Trump travels to California for a four-state trip this week to the West.
12:30pm: Trump departs White House for California
6:25pm: Trump arrives in Los Angeles
7:10pm: Trump participates briefing with U.S. Olympic and Paralympic Committee and LA 2028 organizers
8:45pm: Trump participates in roundtable with supporters; delivers remarks at 9:15pm
10:45pm: Trump departs Los Angeles en route to Las Vegas; arriving just after midnight ET

House, Senate return next week.

Coronavirus Update:

Fifteen cases have been treated in the U.S. as of 2-17-20. The government has instituted travel screening and quarantines to try to keep the virus, formally called COVID-19, from spreading. State and local authorities enlisted in the anti-virus efforts are also facing escalating costs.

Members are calling for more funding to fight the coronavirus. Instead of requesting new funds to fight the outbreak, HHS Secretary Alex Azar has shifted $136 million from other programs his agency oversees. Agency officials have told lawmakers they have enough money to handle the crisis and haven't yet made a supplemental funding request. Democrats have criticized the administration's new budget proposal for the coming fiscal year, which proposes cutting $100 million from the U.S. Centers for Disease Control and $35 million from its Infectious Disease Rapid Response Reserve Fund, the primary source of money for responding to crises like coronavirus.

Riverside County Congressmen Calvert, Takano and Ruiz signed a letter asking for federal re-imbursement of County costs related to the quarantine of people at March Air Force Reserve Base.

China reported the lowest number of new cases since announcing a change in its method of detection last week. A top expert in China said the outbreak could peak in parts of the country this month, but the World Health Organization has said it's too early to say if infections are truly declining. So far, 73,332 people have been infected and 1,873 have died around the world, the vast majority of them in China's Hubei province.

States Can Use Opioid Grants For Cocaine, Meth Overdoses according to HHS:

States can now use all federal opioid grant money to combat meth and cocaine overdoses, Admiral Brett Giroir, senior adviser to the HHS secretary for opioid policy, tells reporters Tuesday. States can now tap into roughly $500 million of targeted response grants originally intended for opioids to treat other drug use disorders. Meth is the "fourth wave" of drug abuse in the U.S. now that prescription opioid overdoses are down according to Adm. Giroir. States asked Congress for the flexibility to use opioid grants for a wider range of issues last month.

More than 68,000 people died of a drug overdose in 2018, a 5.1% drop from the previous year, according to provisional data from the Centers for Disease Control and Prevention. However, use of meth increased from 18.8% in 2011 to 34.2% in 2017 among treatment-seeking opioid users, according to a 2018 study.
Researchers are calling stimulant use the next stage of the opioid epidemic, and state health officials said they're seeing people move from opioids to meth. There are two main opioid grant programs: state opioid response grants and state targeted response grants. The opioid response grants are now allowed to be used for treatment of dependency on these two other drugs. However, the other grants are not, and alcohol use was not included. The opioid

response grants totaled $1 billion and targeted response grants totaled $500 million in fiscal year 2018

[Previous Report Follows Below.]

January:
January featured three weeks in session for the House, but the Senate was dominated by the Impeachment Trial.

2020:
2020 promises to be a very compressed Congressional Calendar. Including January, the House will be in session only 113 days (far shorter than the 171 days in session in 2018). Starting with February, the Senate is slated to be in session 146 days. This is typical of a presidential election year for both houses of the Congress. Each party will have their nominating conventions and longer recesses are scheduled to allow federal elected to be in their districts and states.

Important Dates to Watch in 2020:

Feb 4	State of the Union address
Feb 10	President's FY21 Budget released
March 15	Key authorities under the Foreign Intelligence Surveillance Act expire
April 17	Chemical Facility Anti-Terrorism Standards program expires
May 22	Several federal health programs expire, including: -Temporary Assistance for Needy Families program -Community health programs -Medicare programs
Aug 3–Sept 4	House summer recess
Aug 10–Sept 4	Senate summer recess
Sept 30	Fiscal 2020 funding expires along with: -Surface transportation authorization (FAST Act) -National Flood Insurance Program -Immigration programs (including E-Verify and EB-5 regional investor visas) -VA and Labor Dept. health care, housing, and homelessness authorities
Oct 5–Nov. 13	House election recess
Oct 12–Nov. 6	Senate election recess
Nov 3	**Election Day**
Dec 10	Target House adjournment
Dec 18	Target Senate adjournment
Dec 31	Tax breaks and credits expire

Legislative Outlook:
Must-pass legislation includes the annual National Defense Authorization Act, all twelve annual appropriation bills and renewals of several program authorities listed above. Likely-to-pass are Senate approval of federal judges, the biennial Water Resources Development Act (WRDA) and possibly a reauthorization of the Surface Transportation act. Transportation bills and the much larger infrastructure package discussed below are dependent on raising revenue measures (i.e. the federal gas tax), always difficult and especially so in a presidential election year.

House Democrat's released their Infrastructure, Transportation and Environment framework on January 29. According to the House Majority **Transportation and Infrastructure Committee, MOVING AMERICA AND THE ENVIRONMENT FORWARD: Funding Our Roads, Transit, Rail, Aviation, Broadband, Wastewater and Drinking Water Infrastructure**, also known as the *Moving Forward Framework* comprises a 5-year, $760 billion investment to "get existing infrastructure working again and fund new, transformative projects that will create more than 10 million jobs, while reducing carbon pollution, dramatically improving safety, and spurring economic activity."

Work is underway on surface transportation reauthorization as House Democrats released a $760 billion infrastructure proposal and the Senate Environment and Public Works Committee advanced a measure (S. 2302) to reauthorize highway programs through fiscal 2025. President Trump endorsed the Senate measure in his State of the Union speech. The White House said the House Democrats' plan "appears to be an introduction of the Green New Deal 2.0." Neither proposal tackles the key question of how to pay for the reauthorization. The Highway Trust Fund will be insolvent after fiscal 2021. House Ways and Means Chairman Richard Neal (D-Mass.) said Democrats won't propose a funding plan unless they reach an agreement with the Trump administration. Critically, Rep. Neal has been meeting with Treasury Secretary Mnuchin, presumably to discuss such issues as raising the gas tax. Details of the House Democrat's plan include:

Modern Highways & Highway Safety Investments — $329 Billion, including "Dramatically increasing the availability of charging stations and other alternative fueling options for electric and zero-emissions vehicles."
Transit Investment — $105 Billion, including "Increases investment in zero-emission buses to reduce carbon pollution."
Rail Investments — $55 Billion, Including "Expands our passenger rail network, giving travelers a reliable, low-carbon option to travel both short and long distances, including to regions that lack frequent or affordable airport service."
Airport Investments — $30 Billion, including "Incentivizes the development and use of sustainable aviation fuels and new aircraft technologies to reduce the carbon pollution from air travel."
Clean Water & Wastewater Infrastructure — $50.5 Billion
Water Infrastructure (Flood protection, navigation, etc.) — $10 Billion
Harbor Infrastructure — $19.7 Billion

Brownfield Restoration — $2.7 Billion
Drinking Water —$25.4 Billion
Clean Energy— $34.3 Billion, Including, "Invests in electric grid modernization to accommodate more renewable energy and to make the grid more secure, resilient and efficient" and "Supports the development of an electric vehicle charging network to facilitate the transition to zero emissions vehicles from coast to coast."
Public Safety Communications — $12 Billion

Medicaid – To Block Grant or not to Block Grant:
States could start receiving a set amount of federal funding for Medicaid under a new plan announced by the Trump administration. The plan, announced in a letter released January 30, lets the federal government give states a lump sum to spend on Medicaid instead of the currently unlimited amount of funding it can give, which grows and shrinks based on state need. Block grant proponents say that giving states a set amount of funding could better control rising costs and enrollment in the Medicaid program. Opponents, including patient advocates and some Democrats, worry it could lead to big cuts in the program and a reduction in the number of people able to get care. "This opportunity is designed to promote the program's objectives while furthering its sustainability for current and future beneficiaries, and achieving better health outcomes by increasing the accountability for delivering results," Seema Verma, administrator of the Centers for Medicare and Medicaid, said in a statement.

Leading congressional Democrats and some attorneys say such a policy would conflict with the federal Medicaid law and other statutes because they argue it would adjust the amount of federal funding given to states. States would need to seek permission from the CMS in the form of a waiver to receive the block grants, according to the letter. They will be able to receive lump sums under the plan only for people who got Medicaid through Obamacare or other non-disabled adults. Verma said that the policy doesn't waive any requirements under the law or change how states receive federal funding. The policy received review and approval from the Office of Management and Budget (OMB).

States that get permission for a block grant will be able to receive the set funding for five years. They may be able to renew that funding for up to 10 years, according to the letter. States won't be able to limit the number of people allowed to be on Medicaid, such as by changing the income eligibility standard for adults. States also will need to provide the essential health benefits that individual insurance exchanges offer, including mental health services and drug coverage. Verma stated that the benefits would be "more comprehensive" than what are currently required in the program. The letter provides that states receiving block grants can adjust cost-sharing requirements and offer benefits that are similar to those in commercial insurance plans.

States that spend less than their annual allotment and meet certain performance metrics will be eligible to receive 25% to 50% of any savings from the block grant program, according to the letter. However, states will have to spend at least 80% of the target amount. States will be

required to fully expand their Medicaid program for all people who make less than 138% of the federal poverty in order to get a waiver approved under the block grant program. This means states cannot partially expand their Medicaid program and get the greater amount of federal funding that goes with Medicaid expansion. States will be able to require these Medicaid beneficiaries to pay premiums or other out-of-pocket costs up to 5% of income and can suspend enrollees' benefits if they don't make those payments, according to the letter. The letter also allows participating states to limit the drugs offered by their Medicaid programs. They will still be required to cover drugs for mental health, drugs that treat HIV, and drugs approved by the Food and Drug Administration to treat opioid use disorders. In the case of any public health emergencies or disasters, states will be able to work with the CMS to make adjustments to their waivers.

Three dozen House Democrats had urged the administration not to issue the plan in a Jan. 29 letter to Department of Health and Human Services Secretary Alex Azar. Any state considering the policy should "commit its energy to implementing Medicaid as Congress intends," the 36 lawmakers wrote.

Republicans have been trying to implement block grants for decades, most recently through legislative efforts when Congress was considering repealing the Affordable Care Act in 2017. Several states—Alaska, Oklahoma, and Tennessee—have already expressed interest in getting block grants for their state Medicaid programs. Tennessee has gone as far as seeking federal approval for its proposal.

Coronavirus:

With the first federal quarantine issued since 1963 occurring at March Air Reserve Base, the County has been placed at the center and on the leading edge of this emerging public health issue. Efforts to fight the new coronavirus may get a $136 million infusion of federal funds, the Department of Health and Human Services reported on February 4. The department notified Congress that it could transfer funds to the Centers for Disease Control and Prevention as well as other areas of the agency working to prevent an outbreak of the virus in the U.S. The notification was made "out of an abundance of caution" to make sure the HHS could respond rapidly. HHS can shift the funds 15 days after it notifies Congress. The move highlights how quickly the cost of a coronavirus response could escalate. Officials tapped $105 million from an emergency fund last week, and House Appropriations Chairwoman Nita Lowey (D-N.Y.) said on Jan. 29 that she didn't see a supplemental spending measure as necessary yet.
HHS said it would move as much as $75 million to the CDC, as much as $52 million to the HHS Office of the Assistant Secretary for Preparedness and Response, and as much as $8 million to Office of Global Affairs. The additional funding would have to come from existing pots of money within HHS. Typically, those funds have come out of the National Institutes of Health or the CDC.

House members would also like to provide HHS with extra funds for the coronavirus response via the Puerto Rico emergency supplemental package, which would reduce any need to pull

funds from other accounts. Reps. Ami Bera (D-Calif.) offered a measure, cosponsored by Rep. Anna Eshoo (D-Calif.), that would provide $100 million as part of the supplemental spending bill (H.R. 5687) Lowey introduced for Puerto Rico. That measure includes $4.67 billion for Puerto Rico infrastructure and education.

Meanwhile, Senate Homeland Security Chairman Ron Johnson (R-Wis.) and ranking member Gary Peters (D-Mich.) announced the panel will hold a Feb. 12 roundtable to "examine the government's efforts to combat the spread of emerging infectious diseases and pandemics in an interagency response to global outbreaks." Members will "consider lessons learned from past outbreaks, including the 2014 Ebola outbreak," to weigh a response to the coronavirus outbreak, the panel said in a statement. Separately, Sen. Tina Smith (D-Minn.) urged the Senate Appropriations Health Subcommittee to quickly provide emergency funding to the "depleted" Public Health Emergency Fund so "state and local health departments aren't overwhelmed by the coronavirus outbreak. Sen. Smith is a member of the Senate Health, Education, Labor, and Pensions Committee,

In the Courts:

The Trump Administration urged the Supreme Court to skip an Obamacare challenge saying that the Court should pass on considering a ruling that a crucial part of the Affordable Care Act is unconstitutional until lower federal courts can further sort out the details. "Immediate review is unwarranted in the case's present posture because the court of appeals did not definitively resolve any question of practical consequence," said Solicitor General Noel J. Francisco, The House and several Democratic-led states filed separate petitions urging the high court to definitively rule that Obamacare is constitutional. The Supreme Court already rejected those petitioners' attempts to fast-track the appeal.

HURST+BROOKS+ESPINOSA

This Week in Sacramento

INFORMATION & INSIGHTS FROM HURST BROOKS ESPINOSA ■ WEEK OF FEBRUARY 10, 2020

Assembly Budget Subcommittee Kicks Tires on Governor's Homelessness Proposal

The Assembly Budget Subcommittee No. 6 on Budget Process Oversight and Program Review convened in San Francisco Thursday morning for the first hearing on the Governor's homelessness proposals since the release of the January State Budget. Recall that in his 2020-21 budget, the Governor proposes to (1) create a new program – the California Access to Housing and Services Fund (CAAHS) – overseen by the Department of Social Services (DSS) and (2) make a one-time investment of $750 million to fund various activities to curb street homelessness such as rental subsidies, the development or rehabilitation of affordable housing units, and investing in board and care facilities, to name a few. The hearing agenda also included a review of existing homelessness investments and programs including the Homeless Emergency Aid Program (HEAP) and the Homeless, Housing, Assistance and Prevention Program (HHAP) which are relatively new state programs as well, having only been established in 2018 and 2019, respectively.

While the severity of the homelessness crisis was not in dispute during the hearing, nor was the idea of investing additional general fund support to help solve the problem in the 2020-21 budget, the committee members were not convinced that creating another new program was the most effective next step for the state. Not only were they left wanting in terms of additional details on the Governor's proposal (what gaps does this new program fill that are not provided via existing programs, who will serve as regional administrators, why does the state need regional administrators, etc.), they were also concerned about the a lack of an overall vision for the state to comprehensively address homelessness. In fact, the Legislative Analyst's Office (LAO) released a report on the Governor's homelessness proposals earlier this week that raised the same concern and advised the Legislature to take one-time action this year by investing in existing homelessness mechanisms unless a clear strategy is developed in the next few months. (Have a look at the LAO's handout from this week's hearing as well.)

Worth Noting: Senate Plans to Hold 10 Hearings on Wildfires and Related Issues

Senate President pro Tempore Toni Atkins announced this week the upper house's intention to hold ten oversight hearings over the next few months focused on enforced power shutoffs, the solvency of utilities, as well as impacts of wildfires on access to the insurance market. Per Senator Atkins, the purpose of the series of hearings is to produce a package of bills representing a "comprehensive wildfire climate action plan."

Specific hearing topics will be organized by committee jurisdiction as follows:

- *Senate Energy, Utilities and Communications Committee*: avoiding blackouts (Public Safety Power Shutoffs), exploring alternative business models for utilities, and overseeing the Public Utilities Commission
- *Senate Insurance Committee*: options for homeowners insurance in fire-prone areas
- *Senate Natural Resources and Water Committee*: considering the relative costs of taking action versus inaction.

At one point during the hearing, the Chair of the Assembly Budget Committee, Assembly Member Phil Ting noted that given the lack of more detailed information from the Administration, additional hearings were in order and more hearings are already scheduled. Next up, the Assembly Budget Subcommittee No. 1 on Health and Human Services and No. 4 on State Administration meet jointly to discuss the Governor's proposal on Wednesday, February 19. The full Senate Budget and Fiscal Review Committee will convene the following week for an informational hearing on housing and homelessness.

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new procedures at its June Board meeting, BSCC staff will seek public input on the changes through noticed hearings and its website. For more details on the recommended jail inspection process changes, see the BSCC staff report here. .

Recent LAO Reports on Aspects of State Budget

One of the primary responsibilities of the Legislative Analyst's Office (LAO) is to provide a nonpartisan analysis of the state spending plan throughout the Legislature's deliberative budget development process, beginning with the proposed budget introduced in January. Accordingly, February is a high-volume month for LAO publications as the office prepares for budget subcommittee hearings that will begin in early March. Below are links to reports and analyses recently released from the LAO.

Subject Area	Topics
Medi-Cal Budget (February 14, 2020) | **link**	• Overview of the Governor's Budget • Medicaid Fiscal Accountability Regulation • Update on Medi Cal Pharmacy Services • Full Scope Expansion for Seniors Regardless of Immigration Status • SNF Rate Reform • County Administration • Proposal to End Dental Managed Care in the Two Pilot Counties • Summary of Recommendations
Cannabis (February 14, 2020) | **link**	• Governor's cannabis-related proposals
California's Recession Readiness (February 12, 2020) | **link**	• The LAO, Gabriel Petek, offers his perspectives on why and how the Legislature can continue to assess and strengthen the state's fiscal capacity.
Governor's Homelessness Plan (February 11, 2020) | **link** ► **A must read!**	• Background on the state's homelessness challenges • Update on major recent state efforts to address homelessness; assesses the Governor's 2020-21 homelessness plan • LAO's recommended a framework to help the Legislature develop its own plan and funding allocations • An alternative to the Governor's 2020-21 budget proposal
Budget Structure (February 10, 2020) | **link**	• Sets out a framework for evaluating budget structure and evaluates Governor's proposed 2020-21 spending plan through this framework.
Transportation (February 10, 2020) | **link**	• Reviews the Governor's 2020-21 budget proposals for transportation programs, including Caltrans, DMV, and high-speed rail, including a range of recommendations across departments.
State Correctional Spending (February 4, 2020) | **link**	• CDCR's correctional spending in context of substantial decrease in state prison populations

Upcoming Hearings

Please be sure to note the upcoming oversight and informational hearings on topics of interest.

Date	Committee	Topic
Tuesday, February 18	Senate Budget and Fiscal Review Committee	*Informational Hearing* – The Governor's Climate Budget Proposals

Date	Committee	Topic
Wednesday, February 19	Joint Senate and Assembly Health Committees	*Informational Hearing* – Background on California's Health Insurance Mandates and Essential Health Benefits
	Joint Hearing of the Assembly Budget Subcommittee No. 1 on Health and Human Services and Assembly Budget Subcommittee No. 4 on State Administration	*Informational Hearing* – Governor's 2020 Budget Proposal on Homelessness 0530 – California Health and Human Services Agency 5180 – Department of Social Services 0515 – Business, Consumer Services and Housing Agency 2240 – Department of Housing and Community Development
Thursday, February 20	Senate Budget and Fiscal Review Committee	*Informational Hearing* – California's Prison System: Past, Present and Future
Monday, February 24	Senate Human Services Committee	*Oversight Hearing* – State Oversight of Licensed Homes for Vulnerable Adults
Tuesday, February 25	Joint Hearing of Assembly Judiciary Committee and the Assembly Budget Subcommittee No. 5 on Public Safety	*Informational Hearing* – How Can California Improve Access to Justice for Unrepresented Litigants?
	Joint Hearing of the Senate Transportation and Judiciary Committees	*Informational Hearing* – More Mobility Options, More Data: Transportation and Privacy Issues in Shared-Mobility Data Use
	Assembly Health Committee	*Informational Hearing* – Cost Containment: Considerations for California
	Joint Hearing of Assembly Budget Subcommittee No. 4 on State Administration and Assembly Business and Professions Committee	*Informational Hearing* – Consolidation of Regulations and Identifying the Element of the Illicit Cannabis Market
	Joint Hearing of the Assembly Human Services Committee and the Assembly Housing and Community Development Committee	*Informational Hearing* – Homelessness Among California's Youth: Addressing Critical Needs Through Prevention and Early Intervention
	Joint Hearing of the Assembly Judiciary Committee and the Assembly Budget Subcommittee No. 5 on Public Safety	*Informational Hearing* – How Can California Improve Access to Justice for Unrepresented Litigants?
Wednesday, February 26	Joint Legislative Audit Committee	*Hearing to consider new audit requests* (New audit requests due by January 21)
	Senate Select Committee on Aerospace and Defense	*Informational Hearing* – Drone Use in Emergency Management
	Assembly Budget Subcommittee No. 3 on Resources and Transportation	- Cap and Trade - Climate Resilience Bond - Climate Catalyst Fund
	Joint Hearing of the Senate Health Committee and Senate Budget Committee No. 3 on Health and Human Services	*Informational Hearing* - Medi-Cal: Oversight of Managed Care Plan Responsibilities and Medi-Cal Healthier California for All Proposal
Thursday, February 27	Senate Budget and Fiscal Review Committee	*Informational Hearing* – Housing and Homelessness

Date	Committee	Topic
Wednesday, March 4	Joint Hearing of the Joint Legislative Audit Committee, Joint Legislative Committee on Emergency Management, Senate Governmental Organization Committee, and Assembly Governmental Organization Committee	*Oversight Hearing* – California is Not Adequately Prepared to Protect Its Most Vulnerable Residents from Natural Disasters (Report No. 2019-103)

Please feel free to contact any one of us at Hurst Brooks Espinosa with questions ...

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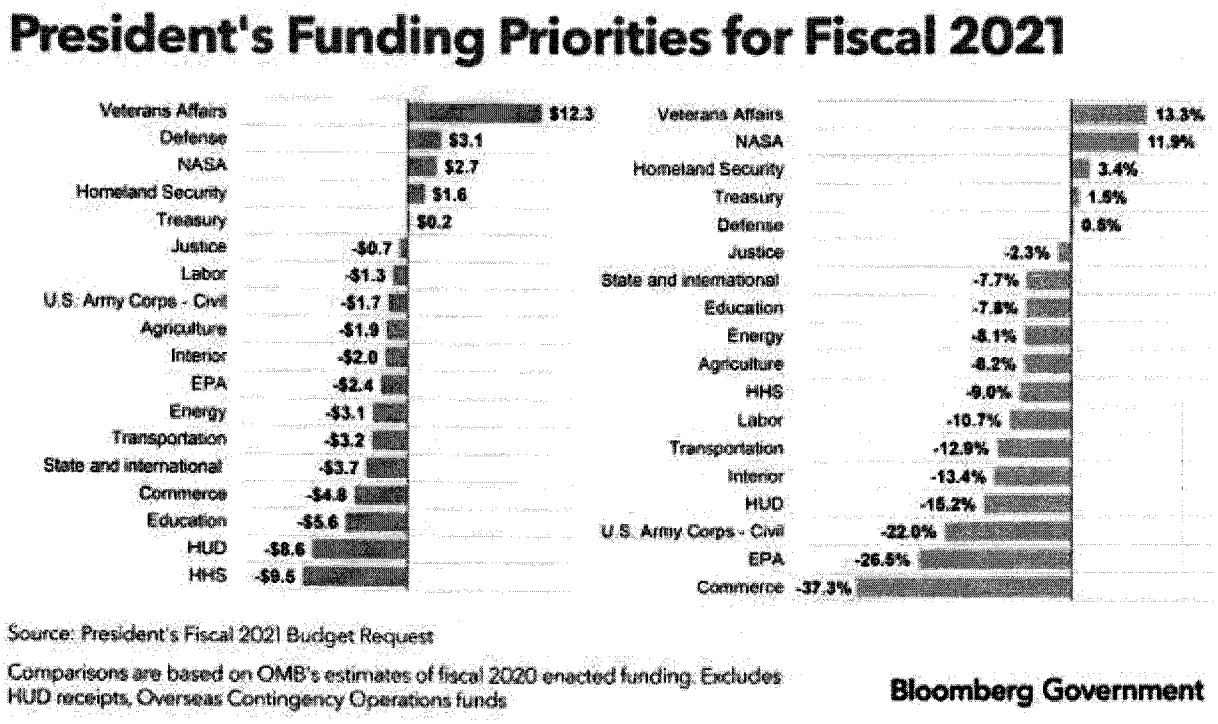
Federal Report for the January 2020
Updated as of February 18, 2020

FY21 Budget:

On February 10, 2020 the Trump Administration released its FY21 Budget which can be found at: https://www.govinfo.gov/content/pkg/BUDGET-2021-BUD/pdf/BUDGET-2021-BUD.pdf

Most agencies would be cut under President Donald Trump's Fiscal 2021 request. Trump's $4.8 trillion budget request will seek cuts across the federal government, with only NASA and four departments slated for increases. The administration is requesting $1.26 trillion in base discretionary funding for the fiscal year beginning Oct. 1, a 2.1% cut. The proposal includes $671.5 billion for programs covered by the defense spending cap, a 0.8% increase in line with last year's budget agreement (Public Law 116-37). It calls for $590 billion for nondefense programs, a 5.1% cut.

Those numbers don't reflect Overseas Contingency Operations (i.e. wars and other military actions) funds or other accounts that don't count against the spending caps. The chart below shows the Office of Management and Budget's comparisons of the base spending requested for departments and major agencies with what was provided in the fiscal 2020 appropriations laws.



Congress is likely to ignore President Donald Trump's proposal to cut nondefense discretionary spending in fiscal 2021, instead sticking to the levels set in last year's

bipartisan budget caps deal according to statements by both House Speaker Nancy Pelosi and Senate Majority Leader Mitch McConnell. The caps deal (Public Law 116-37) allows as much as $634.5 billion in nondefense discretionary budget authority in fiscal 2021, from $632 billion in fiscal 2020. Trump's fiscal 2021 budget proposal calls for a base funding level of $590 billion.

Border Wall:

President Trump will reprogram $3.8 billion for Border Wall, a move that House Defense Appropriations Chairman Rep. Pete Visclosky (D-IN) rejects, though Trump has ignored rejections previously. Visclosky formally rejected the Trump administration's request to reprogram $3.8 billion from Department of Defense weapons systems in a letter, but he also denied a similar $1 billion request in May 2019 and the administration moved the money anyway. This time, the chairman of the House Appropriations Defense Subcommittee warned that the move would contribute to the deteriorating relationship between the Trump administration and Congress.

"With this unilateral action, the historic and unprecedented comity that has existed between the Committee and the Department continues to be breached," Visclosky wrote. "We cannot with any degree of trust negotiate future appropriation bills when the Department conducts itself in bad faith. I hope that at some point the Department will have adequate leadership in place to restore trust to the appropriations process." Department of Defense officials sent lawmakers a plan to take $900 million from shipbuilding and $223 million from the Navy's F-35 Joint Strike Fighter program, among other moves.

Administration officials historically have asked appropriators for permission before reprogramming funds, though that's a matter of tradition rather than law. In fiscal 2019, Trump augmented total border wall spending partly through executive order reprogramming and partly by declaring a national emergency. Visclosky rejected that reprogramming request, but Trump used the money anyway. The House and Senate voted to reject his national emergency, but both chambers lacked the two-thirds majority needed to overcome Trump's veto.

Lawmakers gave the administration $1.4 billion for border fencing in fiscal 2020, but Democrats were unable to include provisions that would stop him from reprogramming more money.

President Trump departs for Los Angeles for three-day trip through California, Colorado, Nevada and Arizona.
Trump travels to California for a four-state trip this week to the West.
12:30pm: Trump departs White House for California
6:25pm: Trump arrives in Los Angeles
7:10pm: Trump participates briefing with U.S. Olympic and Paralympic Committee and LA 2028 organizers
8:45pm: Trump participates in roundtable with supporters; delivers remarks at 9:15pm
10:45pm: Trump departs Los Angeles en route to Las Vegas; arriving just after midnight ET

House, Senate return next week.

Coronavirus Update:

Fifteen cases have been treated in the U.S. as of 2-17-20. The government has instituted travel screening and quarantines to try to keep the virus, formally called COVID-19, from spreading. State and local authorities enlisted in the anti-virus efforts are also facing escalating costs.

Democrats call for more funding to fight the coronavirus saying that the Trump administration is skimping on efforts to contain the coronavirus and should immediately request additional funds. Instead of requesting new funds to fight the outbreak, HHS Secretary Alex Azar has shifted $136 million from other programs his agency oversees. The Trump administration hasn't informed Congress of how much funding it needs to fight the virus, 26 Democrats including Minority Leader Chuck Schumer (D-N.Y.) and Health, Education, Labor and Pensions Committee ranking Democrat Patty Murray (Wash.) stated. Their letter was addressed to both Azar and White House Office of Management and Budget Director Mick Mulvaney. Agency officials have told lawmakers they have enough money to handle the crisis and haven't yet made a supplemental funding request.

They also criticized the administration's new budget proposal for the coming fiscal year, which proposes cutting $100 million from the U.S. Centers for Disease Control and $35 million from its Infectious Disease Rapid Response Reserve Fund, the primary source of money for responding to crises like coronavirus.

China reported the lowest number of new cases since announcing a change in its method of detection last week. A top expert in China said the outbreak could peak in parts of the country this month, but the World Health Organization has said it's too early to say if infections are truly declining. So far, 73,332 people have been

infected and 1,873 have died around the world, the vast majority of them in China's Hubei province.

States Can Use Opioid Grants For Cocaine, Meth Overdoses according to HHS:

States can now use all federal opioid grant money to combat meth and cocaine overdoses, Admiral Brett Giroir, senior adviser to the HHS secretary for opioid policy, tells reporters Tuesday. States can now tap into roughly $500 million of targeted response grants originally intended for opioids to treat other drug use disorders. Meth is the "fourth wave" of drug abuse in the U.S. now that prescription opioid overdoses are down according to Adm. Giroir. States asked Congress for the flexibility to use opioid grants for a wider range of issues last month.

More than 68,000 people died of a drug overdose in 2018, a 5.1% drop from the previous year, according to provisional data from the Centers for Disease Control and Prevention. However, use of meth increased from 18.8% in 2011 to 34.2% in 2017 among treatment-seeking opioid users, according to a 2018 study. Researchers are calling stimulant use the next stage of the opioid epidemic, and state health officials said they're seeing people move from opioids to meth. There are two main opioid grant programs: state opioid response grants and state targeted response grants. The opioid response grants are now allowed to be used for treatment of dependency on these two other drugs. However, the other grants are not, and alcohol use was not included. The opioid response grants totaled $1 billion and targeted response grants totaled $500 million in fiscal year 2018

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[Previous Report Follows Below.]

January:
January featured three weeks in session for the House, but the Senate was dominated by the Impeachment Trial.

2020:
2020 promises to be a very compressed Congressional Calendar. Including January, the House will be in session only 113 days (far shorter than the 171 days in session in 2018). Starting with February, the Senate is slated to be in session 146 days. This is typical of a presidential election year for both houses of the Congress. Each party will have their nominating conventions and longer recesses are scheduled to allow federal elected to be in their districts and states.

Important Dates to Watch in 2020:

Feb 4	State of the Union address
Feb 10	President's FY21 Budget released

March 15	Key authorities under the Foreign Intelligence Surveillance Act expire
April 17	Chemical Facility Anti-Terrorism Standards program expires
May 22	Several federal health programs expire, including: -Temporary Assistance for Needy Families program -Community health programs -Medicare programs
Aug 3–Sept 4	House summer recess
Aug 10–Sept 4	Senate summer recess
Sept 30	Fiscal 2020 funding expires along with: -Surface transportation authorization (FAST Act) -National Flood Insurance Program -Immigration programs (including E-Verify and EB-5 regional investor visas) -VA and Labor Dept. health care, housing, and homelessness authorities
Oct 5–Nov. 13	House election recess
Oct 12–Nov. 6	Senate election recess
Nov 3	Election Day
Dec 10	Target House adjournment
Dec 18	Target Senate adjournment
Dec 31	Tax breaks and credits expire

Legislative Outlook:
Must-pass legislation includes the annual National Defense Authorization Act, all twelve annual appropriation bills and renewals of several program authorities listed above. Likely-to-pass are Senate approval of federal judges, the biennial Water Resources Development Act (WRDA) and possibly a reauthorization of the Surface Transportation act. Transportation bills and the much larger infrastructure package discussed below are dependent on raising revenue measures (i.e. the federal gas tax), always difficult and especially so in a presidential election year.

House Democrat's released their Infrastructure, Transportation and Environment framework on January 29. According to the House Majority Transportation and Infrastructure Committee, MOVING AMERICA AND THE ENVIRONMENT FORWARD: Funding Our Roads, Transit, Rail, Aviation, Broadband, Wastewater and Drinking Water Infrastructure, also known as the *Moving Forward Framework* comprises a 5-year, $760 billion investment to "get existing infrastructure working again and fund new, transformative projects that will create more than 10 million jobs, while reducing carbon pollution, dramatically improving safety, and spurring economic activity."

Work is underway on surface transportation reauthorization as House Democrats released a $760 billion infrastructure proposal and the Senate Environment and Public Works Committee advanced a measure (S. 2302) to reauthorize highway programs through fiscal 2025. President Trump endorsed the Senate measure in his State of the Union speech. The White House said the House Democrats' plan "appears to be an introduction of the Green New Deal 2.0." Neither proposal tackles the key question of how to pay for the reauthorization. The Highway Trust Fund will be insolvent after fiscal 2021. House Ways and Means Chairman Richard Neal (D-Mass.) said Democrats won't propose a funding plan unless they reach an agreement with the Trump administration. Critically, Rep. Neal has been meeting with Treasury Secretary Mnuchin, presumably to discuss such issues as raising the gas tax. Details of the House Democrat's plan include:

Modern Highways & Highway Safety Investments — $329 Billion, including "Dramatically increasing the availability of charging stations and other alternative fueling options for electric and zero-emissions vehicles."
Transit Investment — $105 Billion, including "Increases investment in zero-emission buses to reduce carbon pollution."
Rail Investments — $55 Billion, Including "Expands our passenger rail network, giving travelers a reliable, low-carbon option to travel both short and long distances, including to regions that lack frequent or affordable airport service."
Airport Investments — $30 Billion, including "Incentivizes the development and use of sustainable aviation fuels and new aircraft technologies to reduce the carbon pollution from air travel."
Clean Water & Wastewater Infrastructure — $50.5 Billion
Water Infrastructure (Flood protection, navigation, etc.) — $10 Billion
Harbor Infrastructure — $19.7 Billion
Brownfield Restoration — $2.7 Billion
Drinking Water —$25.4 Billion
Clean Energy— $34.3 Billion, Including, "Invests in electric grid modernization to accommodate more renewable energy and to make the grid more secure, resilient and efficient" and "Supports the development of an electric vehicle charging network to facilitate the transition to zero emissions vehicles from coast to coast."
Public Safety Communications — $12 Billion

Medicaid - To Block Grant or not to Block Grant:
States could start receiving a set amount of federal funding for Medicaid under a new plan announced by the Trump administration. The plan, announced in a letter released January 30, lets the federal government give states a lump sum to spend on Medicaid instead of the currently unlimited amount of funding it can give, which grows and shrinks based on state need. Block grant proponents say that giving states a set amount of funding could better control rising costs and enrollment in the Medicaid program. Opponents, including patient advocates and some

Democrats, worry it could lead to big cuts in the program and a reduction in the number of people able to get care. "This opportunity is designed to promote the program's objectives while furthering its sustainability for current and future beneficiaries, and achieving better health outcomes by increasing the accountability for delivering results," Seema Verma, administrator of the Centers for Medicare and Medicaid, said in a statement.

Leading congressional Democrats and some attorneys say such a policy would conflict with the federal Medicaid law and other statutes because they argue it would adjust the amount of federal funding given to states. States would need to seek permission from the CMS in the form of a waiver to receive the block grants, according to the letter. They will be able to receive lump sums under the plan only for people who got Medicaid through Obamacare or other non-disabled adults. Verma said that the policy doesn't waive any requirements under the law or change how states receive federal funding. The policy received review and approval from the Office of Management and Budget (OMB).

States that get permission for a block grant will be able to receive the set funding for five years. They may be able to renew that funding for up to 10 years, according to the letter. States won't be able to limit the number of people allowed to be on Medicaid, such as by changing the income eligibility standard for adults. States also will need to provide the essential health benefits that individual insurance exchanges offer, including mental health services and drug coverage. Verma stated that the benefits would be "more comprehensive" than what are currently required in the program. The letter provides that states receiving block grants can adjust cost-sharing requirements and offer benefits that are similar to those in commercial insurance plans.

States that spend less than their annual allotment and meet certain performance metrics will be eligible to receive 25% to 50% of any savings from the block grant program, according to the letter. However, states will have to spend at least 80% of the target amount. States will be required to fully expand their Medicaid program for all people who make less than 138% of the federal poverty in order to get a waiver approved under the block grant program. This means states cannot partially expand their Medicaid program and get the greater amount of federal funding that goes with Medicaid expansion. States will be able to require these Medicaid beneficiaries to pay premiums or other out-of-pocket costs up to 5% of income and can suspend enrollees' benefits if they don't make those payments, according to the letter. The letter also allows participating states to limit the drugs offered by their Medicaid programs. They will still be required to cover drugs for mental health, drugs that treat HIV, and drugs approved by the Food and Drug Administration to treat opioid use disorders. In the case of any public health emergencies or disasters, states will be able to work with the CMS to make adjustments to their waivers.

Three dozen House Democrats had urged the administration not to issue the plan in a Jan. 29 letter to Department of Health and Human Services Secretary Alex Azar. Any state considering the policy should "commit its energy to implementing Medicaid as Congress intends," the 36 lawmakers wrote.

Republicans have been trying to implement block grants for decades, most recently through legislative efforts when Congress was considering repealing the Affordable Care Act in 2017. Several states—Alaska, Oklahoma, and Tennessee—have already expressed interest in getting block grants for their state Medicaid programs. Tennessee has gone as far as seeking federal approval for its proposal.

Coronavirus:
With the first federal quarantine issued since 1963 occurring at March Air Reserve Base, the County has been placed at the center and on the leading edge of this emerging public health issue. Efforts to fight the new coronavirus may get a $136 million infusion of federal funds, the Department of Health and Human Services reported on February 4. The department notified Congress that it could transfer funds to the Centers for Disease Control and Prevention as well as other areas of the agency working to prevent an outbreak of the virus in the U.S. The notification was made "out of an abundance of caution" to make sure the HHS could respond rapidly. HHS can shift the funds 15 days after it notifies Congress. The move highlights how quickly the cost of a coronavirus response could escalate. Officials tapped $105 million from an emergency fund last week, and House Appropriations Chairwoman Nita Lowey (D-N.Y.) said on Jan. 29 that she didn't see a supplemental spending measure as necessary yet.
HHS said it would move as much as $75 million to the CDC, as much as $52 million to the HHS Office of the Assistant Secretary for Preparedness and Response, and as much as $8 million to Office of Global Affairs. The additional funding would have to come from existing pots of money within HHS. Typically, those funds have come out of the National Institutes of Health or the CDC.

House members would also like to provide HHS with extra funds for the coronavirus response via the Puerto Rico emergency supplemental package, which would reduce any need to pull funds from other accounts. Reps. Ami Bera (D-Calif.) offered a measure, cosponsored by Rep. Anna Eshoo (D-Calif.), that would provide $100 million as part of the supplemental spending bill (H.R. 5687) Lowey introduced for Puerto Rico. That measure includes $4.67 billion for Puerto Rico infrastructure and education.

Meanwhile, Senate Homeland Security Chairman Ron Johnson (R-Wis.) and ranking member Gary Peters (D-Mich.) announced the panel will hold a Feb. 12 roundtable to "examine the government's efforts to combat the spread of emerging infectious diseases and pandemics in an interagency response to global

outbreaks." Members will "consider lessons learned from past outbreaks, including the 2014 Ebola outbreak," to weigh a response to the coronavirus outbreak, the panel said in a statement. Separately, Sen. Tina Smith (D-Minn.) urged the Senate Appropriations Health Subcommittee to quickly provide emergency funding to the "depleted" Public Health Emergency Fund so "state and local health departments aren't overwhelmed by the coronavirus outbreak. Sen. Smith is a member of the Senate Health, Education, Labor, and Pensions Committee,

In the Courts:
The Trump Administration urged the Supreme Court to skip an Obamacare challenge saying that the Court should pass on considering a ruling that a crucial part of the Affordable Care Act is unconstitutional until lower federal courts can further sort out the details. "Immediate review is unwarranted in the case's present posture because the court of appeals did not definitively resolve any question of practical consequence," said Solicitor General Noel J. Francisco, The House and several Democratic-led states filed separate petitions urging the high court to definitively rule that Obamacare is constitutional. The Supreme Court already rejected those petitioners' attempts to fast-track the appeal.
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