ORIGINATING SECTION: Administration
CONTACT: Valerie Pryor

AGENDA DATE: July 15, 2020

SUBJECT: Legislative Update

SUMMARY:

- Zone 7 staff, with the support of Agency consultants, monitors legislation that is being considered in Sacramento, as well as other political and regulatory activities of interest. This item supports Strategic Plan, Goal F – Stakeholder Engagement, engage our stakeholders to foster understanding of their needs, the Agency, and its function.
- The attached summary of the legislative executive summary presents bills that are still on Committees, Senate Floor, Assembly Floor, DEAD and Assembly Desk for discussion.

RECOMMENDED ACTION:

Information only

ATTACHMENTS:

- Legislative Executive Summary – As of July 6, 2020
- Weekly Update – July 3, 2020
## EXECUTIVE SUMMARY
### State Legislation

Prepared for the Zone 7 Water Agency by The Gualco Group, Inc.

<table>
<thead>
<tr>
<th>Bill</th>
<th>Topic</th>
<th>Synopsis</th>
<th>Staff Recommendation</th>
<th>Status of the Bill/Comments as of 07/06/2020</th>
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<tbody>
<tr>
<td><strong>Drinking Water</strong></td>
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| **AB 134** *(Bloom)*  
Safe Drinking Water Restoration. | This bill would require the State Water Resources Control Board to report to the Legislature by July 1, 2025, on its progress in restoring safe drinking water to all California communities and to create an internet website that provides data transparency for all of the board's activities described in this measure. The bill would require the board to develop metrics to measure the efficacy of the fund in ensuring safe and affordable drinking water for all Californians. | Watch                  | Senator Committee on Environmental Quality |
| **AB 2560** *(Quirk)*  
Water quality: notification and response levels: procedures | The California Safe Drinking Water Act requires a public water system to provide prescribed notices within 30 days after it is first informed of a confirmed detection of a contaminant found in drinking water delivered by the public water system for human consumption that is in excess of a maximum contaminant level, a notification level, or a response level established by the state board. This bill would require the state board to comply with specified public notice and comment procedures when establishing or revising notification or response levels, except as specified. | Watch                  | Senator Committee on Environmental Quality |
| **SB 1056** *(Portantino)*  
Drinking water: testing: perfluoroalkyl and polyfluoroalkyl | This bill would require the State Water Resources Control Board, on or before January 1, 2022, to certify a methodology or methodologies for testing drinking water, groundwater, and surface water for perfluoroalkyl and polyfluoroalkyl substances, as provided, and to accredit qualified laboratories in California to analyze perfluoroalkyl and polyfluoroalkyl substances pursuant to the adopted methodology or methodologies. | Watch                  | DEAD                                       |
Employment

**AB 289 (Fong)**  California Public Records Act Ombudsperson.  
This bill would establish, within the California State Auditor’s Office, the California Public Records Act Ombudsperson. The bill would require the California State Auditor to appoint the ombudsperson subject to certain requirements. The bill would require the ombudsperson to receive and investigate requests for review, as defined, determine whether the denials of original requests, as defined, complied with the California Public Records Act, and issue written opinions of its determination, as provided.

Watch  Senate Committee on Judiciary

Natural Disasters

This bill would enact the Wildfire Prevention, Safe Drinking Water, Drought Preparation, and Flood Protection Bond Act of 2020, which, if approved by the voters, would authorize the issuance of bonds in the amount of $3,920,000,000 pursuant to the State General Obligation Bond Law to finance a wildlife prevention, safe drinking water, drought preparation, and flood protection program. The bill would provide for the submission of these provisions to the voters at the November 3, 2020, statewide general election. The bill would provide that its provisions are severable.

Watch  Senate Committee on Environmental Quality

**AB 3256 (Garcia, E.)**  Economic Recovery, Wildfire Prevention, Safe Drinking Water, Drought Preparation, and Flood Protection Bond Act of 2020  
This bill would enact the Economic Recovery, Wildfire Prevention, Safe Drinking Water, Drought Preparation, and Flood Protection Bond Act of 2020, which, if approved by the voters, would authorize the issuance of bonds in the amount of $6,980,000,000 pursuant to the State General Obligation Bond Law to finance projects for an economic recovery, wildfire prevention, safe drinking water, drought preparation, and flood protection program.

Watch  Assembly Committee on Rules

This bill would enact the Wildfire Prevention, Safe Drinking Water, Drought Preparation, and Flood Protection Bond Act of 2020, which, if approved by the voters, would authorize the issuance of bonds in the amount of $5,510,000,000 pursuant to the State General Obligation Bond Law to finance projects for a wildfire prevention, safe drinking water, drought preparation, and flood protection program.

Watch  Assembly Desk

**SB 226 (Nielsen)**  Watershed restoration: wildfires: grant program.  
This bill would upon appropriation by the Legislature, require the National Resources Agency to develop and implement a watershed restoration grant program, as provided, for purposes of awarding grants to eligible counties, as defined, to assist them with watershed restoration on watersheds that have been affected by wildfire, as specified.

Watch  Assembly Committee on Appropriations
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<tr>
<td>SB 290 (Dodd)</td>
<td>Natural disasters: insurance and related alternative risk transfer products: Special Fund for Economic Uncertainties.</td>
<td>This bill would authorize the Governor to purchase insurance, reinsurance, insurance linked securities, or other related alternative risk transfer products for the State of California to help mitigate against costs incurred by the state in response to a mudslide, wildfire, or flood. The bill would require the Office of Emergency Services, or another agency designated by the Governor, to work with the Treasurer and the Insurance Commissioner to determine the appropriate product to be purchased by the state pursuant to these provisions.</td>
<td>Assembly Committee on Appropriations</td>
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<td>AB 275 (Ramos)</td>
<td>Native American cultural preservation.</td>
<td>This bill would revise various definitions in the California Native American Graves Protection and Repatriation Act of 2001, including, among others, the definition of “California Indian tribe” to include both a tribe that meets the federal definition of Indian tribe and a tribe that is not recognized by the federal government, but that is a native tribe located in California that is on the list maintained by the Native American Heritage Commission.</td>
<td>Senate Committee on Appropriations</td>
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<td>AB 609 (Levine)</td>
<td>California Environmental Quality Act: notices and documents: electronic filing and posting.</td>
<td>The California Environmental Quality Act requires a lead agency to prepare a mitigated negative declaration for a project that may have a significant effect on the environment if revisions in the project would avoid or mitigate that effect and there is no substantial evidence that the project, as revised, would have a significant effect on the environment. The act requires the lead agency to mail certain notices to persons who have filed a written request for notices. This bill would require the lead agency and the project applicant to post those notices on their internet website.</td>
<td>Senate Committee on Environmental Quality</td>
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<td>AB 1839 (Bonta)</td>
<td>Economic, environmental, and social recovery: California COVID-19 Recovery Deal.</td>
<td>This bill would enact the California COVID-19 Recovery Deal. The bill would make a series of legislative findings and declarations pertaining to the coronavirus (COVID-19) pandemic and various economic, environmental, and social conditions in the state. The bill would state the intent of the Legislature that the state adopt a policy framework with principles and goals committed to accomplish specified economic, environmental, and social objectives and priorities as part of the state’s COVID-19 recovery spending.</td>
<td>DEAD</td>
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<td>AB 2178 (Levine)</td>
<td>Emergency Services</td>
<td>Current law defines the terms “state of emergency” and “local emergency” to mean a duly proclaimed existence of conditions of disaster or of extreme peril to the safety of persons and property within the state caused by, among other things, fire, storm, or riot. This bill would additionally include a deenergization, defined as a planned public safety power shutoff, as specified, within those conditions constituting a state of emergency and a local emergency.</td>
<td>Senate Committee on Governmental Organization</td>
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<td>AB 2182</td>
<td>Emergency backup generators: water and wastewater facilities: exemption</td>
<td>This will would exempt the operation of an alternative power source, as defined, to provide power to a critical facility, as defined, from any local, regional, or state regulation regarding the operation of that source. The bill would authorize providers of essential public services, in lieu of compliance with applicable legal requirements, to comply with the maintenance and testing procedure set forth in the National Fire Protection Association Standard for Emergency and Standby Power System, NFPA 110, for alternative power sources designated by the providers for the support of critical facilities.</td>
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<td>AB 2693</td>
<td>Shasta, Trinity, and Oroville Watershed Restoration Administration</td>
<td>This bill would require the Natural Resources Agency and the California Environmental Protection Agency to jointly develop and submit to the Legislature a spatially explicit plan for forest and watershed restoration investments in the drainages that supply the Oroville, Shasta, and Trinity Reservoirs. The bill would establish the Shasta, Trinity, and Oroville Watershed Restoration Administration (STOWRA) under the State Water Resources Control Board to coordinate and facilitate the restoration and conservation of the watersheds supplying the Oroville, Shasta, and Trinity Reservoirs. The bill would authorize General Fund moneys to be deposited in the Headwaters Restoration Account.</td>
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<td>SB 69</td>
<td>Ocean Resiliency Act of 2019</td>
<td>Current law requires the Fish and Game Commission to establish fish hatcheries for the purposes of stocking the waters of California with fish and requires the Department of Fish and Wildlife to maintain and operate those hatcheries. This bill would require the department to develop and implement a plan, in collaboration with specified scientists, experts, and representatives, as part of its fish hatchery operations for the improvement of the survival of hatchery-produced salmon, and the increased contribution of the hatchery program to commercial and recreational salmon fisheries.</td>
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<td>SB 204</td>
<td>State Water Project: contracts.</td>
<td>The bill would require the Department of Water Resources to provide at least 10 days’ notice to the Joint Legislative Budget Committee and relevant policy and fiscal committees of the Legislature before holding public sessions to negotiate any potential amendment of a long-term water supply contract that is of project wide significance with substantially similar terms intended to be offered to all contractors.</td>
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<td>SB 996</td>
<td>State Water Resources Control Board: Constituents of Emerging Concern Program</td>
<td>This bill would require the State Water Resources Control Board to establish, maintain, and direct an ongoing, dedicated program called the Constituents of Emerging Concern Program to assess the state of information and recommend areas for further study on constituents of emerging concern in drinking water that may pose risks to public health. The bill would require the state board to establish the Stakeholder Advisory Group and, by an unspecified date, the Science Advisory Panel, both as prescribed, to assist in the gathering and development of information for the program, among other functions.</td>
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<td>SB 1044</td>
<td>Firefighting equipment and foam: PFAS chemicals</td>
<td>This bill would, commencing January 1, 2022, would require any person, as defined, including a manufacturer, as defined, that sells firefighter personal protective equipment to any person to provide a written notice to the purchaser at the time of sale if the firefighter personal protective equipment contains perfluoroalkyl and polyfluoroalkyl substances (PFAS), and would provide that a violation of this requirement is punishable by a specified civil penalty.</td>
<td>Watch Assembly Committee on Environmental Safety and Toxic Materials</td>
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<td>SB 1099</td>
<td>Emergency backup generators: critical facilities: order for abatement: stipulations.</td>
<td>This bill would require, either commencing January 1, 2022, or 12 months after the adoption of a specified rule on emergency backup generators, the air pollution control officer to develop stipulations, as specified, and conditions, as specified, for an order for abatement that allows the operator of a critical facility, as defined, to use a permitted emergency backup generator, as defined, in exceedance of that permit’s runtime and testing and maintenance limits if specified conditions are met.</td>
<td>Watch Assembly Committee on Natural Resources</td>
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<td>AB 213</td>
<td>Local government finance: property tax revenue allocations: vehicle license fee adjustments.</td>
<td>This bill Would, for the 2019–20 fiscal year, require the vehicle license fee adjustment amount to be the sum of the vehicle license fee adjustment amount in the 2018–19 fiscal year, the product of that sum and the percentage change in gross taxable assessed valuation within the jurisdiction of that entity between the 2018–19 fiscal year to the 2018–19 fiscal year, and the product of the amount of specified motor vehicle license fee revenues that the Controller allocated to the applicable city in July 2010.</td>
<td>Watch Senate Committee on Appropriations</td>
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<td>SB 1386</td>
<td>Local government: assessments, fees, and charges: water.</td>
<td>Current law defines, among other terms, the term “water” for these purposes to mean any system of public improvements intended to provide for the production, storage, supply, treatment, or distribution of water from any source. This bill would specify that “water” for purposes of the Proposition 218 Omnibus Implementation Act also includes the public fixtures, appliances, and appurtenances connected to an above-described system of public improvements intended to provide for the production, storage, supply, treatment, or distribution of water from any source.</td>
<td>Assembly Committee on Local Government</td>
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<td>AB 722</td>
<td>Water: dams: fees.</td>
<td>Current law requires the Department of Water Resources to adopt, by regulation, a schedule of fees to cover the department’s costs in carrying out the supervision of dam safety. Existing law limits the total annual fee for a dam or reservoir located on a farm or ranch property or a privately-owned dam with less than 100 acre-feet of storage capacity to no more than 20% of the fees assessed pursuant to the schedule of fees. This bill would limit the total annual fee for a dam</td>
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<td>Watch Senate Committee on Natural Resources &amp; Water</td>
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operated by certain irrigation districts to no more than 20% of the fees assessed pursuant to the schedule of fees.

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<tr>
<td>AB 1415 (Friedman)</td>
<td>Department of Water Resources: reporting requirements: civil penalties.</td>
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<td>SB 1052 (Hertzberg)</td>
<td>Water quality: municipal wastewater agencies.</td>
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<tr>
<td>SB 1188 (Stern)</td>
<td>The California Water Plan</td>
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<tr>
<td>AB 292 (Quirk)</td>
<td>Recycled water: raw water and groundwater augmentation.</td>
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**AB 1415 (Friedman)**
Current law establishes in the Natural Resources Agency the Department of Water Resources, which is under the control of the Director of Water Resources. Current law requires specified plans and reports relating to water management to be provided to the department. This bill would require the department to impose a civil penalty on an entity that fails to file with the department a specified report or plan by the deadline required for that particular report or plan, as provided. The bill would authorize the department to reduce or waive the civil penalty under certain circumstances.

**SB 1052 (Hertzberg)**
This bill would establish municipal wastewater agencies and would authorize a municipal wastewater agency, among other things, to enter into agreements with entities responsible for stormwater management for the purpose of managing stormwater and dry weather runoff, to acquire, construct, expand, operate, maintain, and provide facilities for specified purposes relating to managing stormwater and dry weather runoff, and to levy taxes, fees, and charges consistent with the municipal wastewater agency’s existing authority in order to fund projects undertaken pursuant to the bill. The bill would require the exercise of any new authority granted under the bill to comply with the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000.

**SB 1188 (Stern)**
Current law requires the Department of Water Resources to update every 5 years the plan for the orderly and coordinated control, protection, conservation, development, and use of the water resources of the state, which is known as The California Water Plan. This bill would require the department to include in the plan update, instead of a discussion of various strategies, a discussion of various strategies for increasing regional water resilience, as defined.

**Water Recycling**

**AB 292 (Quirk)**
Current law requires the State Water Resources Control Board, on or before December 31, 2023, to adopt uniform water recycling criteria for direct potable reuse through raw water augmentation, as specified. Current law defines “direct potable reuse” and “indirect potable reuse for groundwater recharge” for these purposes. This bill would eliminate the definition of “direct potable reuse” and instead would substitute the term “groundwater augmentation” for “indirect potable reuse for groundwater recharge” in these definitions. The bill would revise the definition of “treated drinking water augmentation.”
### Water Rights

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<td><strong>SB 797 (Wilk)</strong></td>
<td>Water resources: permit to appropriate application procedure</td>
<td>This bill, if the State Water Resources Control Board has not rendered a final determination on an application for a permit to appropriate water within 30 years from the date the application was filed, would require the board to issue a new notice and provide an opportunity for protests before rendering a final determination, with specified exceptions.</td>
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### Water Supply

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<td><strong>ACA 3 (Mathis)</strong></td>
<td>Clean Water for All Act.</td>
<td>This measure, the Clean Water for All Act, would additionally require, commencing with the 2021–22 fiscal year, not less than 2% of specified state revenues to be set apart for the payment of principal and interest on bonds authorized pursuant to the Water Quality, Supply, and Infrastructure Improvement Act of 2014; water supply, delivery, and quality projects administered by the department, and water quality projects administered by the state board, as provided.</td>
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<td><strong>SB 414 (Caballero)</strong></td>
<td>Small System Water Authority Act of 2019.</td>
<td>This bill would create the Small System Water Authority Act of 2019 and state legislative findings and declarations relating to authorizing the creation of small system water authorities that will have powers to absorb, improve, and competently operate noncompliant public water systems. The bill, no later than March 1, 2020, would require the state board to provide written notice to cure to all public agencies, private water companies, or mutual water companies that operate a public water system that has either less than 3,000 service connections or that serves less than 10,000 people, and are not in compliance, for the period from July 1, 2018, through December 31, 2019, with one or more state or federal primary drinking water standard maximum contaminant levels, as specified.</td>
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Senate in Session While the Assembly Takes a Break from the Sacramento Heat
The Assembly wrapped up its business last Friday after passing the budget bill junior. The Senate stayed in the Capitol this week to wrap up its house of origin business. Both houses return on July 13 for the final sprint that will find the Regular Session wrapping up on August 31. (Please see section “Budget” below for more information.)

COVID-19 Is Still Very Much With Us...New Orders Issued
The governor resumed his daily press briefings on the spike in cases in many counties around the state. Seven counties were initially ordered to impose new restrictions while eight others were strongly encouraged to resume restrictions on public gatherings. Going into this holiday weekend, the governor expanded the list to 19 counties ordered to close indoor operations for certain sectors which promote the mixing of populations beyond households and make adherence to physical distancing and wearing face coverings difficult. And in advance of what is normally a celebratory July 4th holiday weekend the governor has ordered that additional steps be taken. That order is linked below. We have also provided the Wall Street Journal article that was published today that highlights California’s slide from high fives for its success to our return to a crisis level. One glaring example is how the transfer of inmates from the Chino facility to San Quentin, the oldest of the State’s prisons, resulted in a significant number of cases. Prior to that San Quentin was COVID-19 free. The spike has hit inmates and staff alike.

November Ballot Lineup is Set
The deadline for placement of measures on the November ballot has come and gone.

One possible legislative proposal that did not make it is a climate resiliency bond. That proposal was initially shelved by the governor and it likewise fell prey to the budget discussions between the governor and the legislative leadership.

Following is a list of what we all as voters will be asked to consider this fall:

**Legislative Measures**

- [ACA 5 (Resolution Chapter 23), Weber. Government preferences.](#)
- [ACA 6 (Resolution Chapter 24), McCarty. Elections: disqualification of electors.](#)
Initiatives

- **17-0044** Restricts parole for non-violent offenders. Authorizes felony sentences for certain offenses currently treated only as misdemeanors.
- **19-0001** Expands local governments' authority to enact rent control on residential property.
- **19-0003** Changes requirements for transferring property tax base to replacement property. Expands business property reassessment.
- **19-0008A1** Increases funding for public schools, community colleges, and local government services by changing tax assessment of commercial and industrial property.
- **19-0021A1** Amends consumer privacy laws.
- **19-0022A1** Authorizes bonds to continue funding stem cell and other medical research.
- **19-0025A1** Authorizes state regulation of kidney dialysis clinics. Establishes minimum staffing and other requirements.
- **19-0026A1** Changes employment classification rules for app-based transportation and delivery drivers.

Referenda

- **18-0009** Referendum to overturn a 2018 law that replaced money bail system with a system based on public safety risk.

In our previous weekly reports, we passed along Executive Orders regarding ballots and polling information. Here is a recap:

On May 8, 2020, Governor Newsom issued Executive Order N-64-20 to allow all ballots for the November 3rd election to be mailed to voters. Executive Order N-67-20 was issued on June 3rd to “procure supplies, secure polling places, enlist volunteers and draw up plans, among other steps – to ensure that the November 3, 2020, General Election is held in a manner that is accessible, secure and safe.” California voters can sign up for the Secretary of State’s “Where’s My Ballot?” tool. Information provided using this tool includes automatic updates about the status of their vote-by-mail ballot by text (SMS), voice call, or email. Sign-up at www.wheresmyballot.sos.ca.gov.

Budget 2020-21

Headlines from the Governor’s Budget Summary for Fiscal Year 2020-21, following Gov. Newsom’s signature earlier this week. The massive line-item document is not yet posted by the Department of Finance – we will send you the link, probably next week.
In addition to counting on $14 billion in new federal aid no later than Oct. 15, the signed budget bets personal income tax – the source of about two-thirds of California’s General Fund revenue – will decline by 19%, from $95.6 billion in FY19-20 to $77.6 billion this FY. (page 12) This bet placed in the face of record unemployment (stats on page 21), as we all know. Please recall that personal and certain business tax filing deadlines were pushed back to July 15, which will bring us an adjusted budget in August.

**Significant Budget Actions:**

- $11.1 billion in reductions and deferrals that will be restored if at least $14 billion in federal funds are received by Oct. 15. If the State receives a lesser amount between $2 billion and $14 billion, the reductions and deferrals will be partially restored. The trigger includes $6.6 billion in deferred spending on schools, approximately $970 million in funding for the University of California and the California State University, $2.8 billion for state employee compensation, $150 million for courts, and funding for child support administration, teacher training, moderate-income housing, and infrastructure to support infill housing. The trigger would also fund an additional $250 million for county programs to backfill revenue losses. (page 2)

- Temporarily suspends the use of net operating losses for medium and large businesses and temporarily limits to $5 million the amount of business incentive credits a taxpayer can use in any given tax year. These short-term limitations will generate $4.4 billion in new revenues in the 2020-21 fiscal year. (3)

- The budget also includes $750 million General Fund to provide support for counties experiencing revenue losses due to the pandemic. Funds are available for all local governments in compliance with federal guidance and State health requirements on COVID-19 response. If sufficient federal funds are made available by October 15, 2020, the budget provides an additional $250 million in support to counties for programs serving vulnerable populations. (4)

- A $716 million fund Newsom can use for emergency pandemic spending. That’s much less than the nearly $3 billion the Democratic governor initially proposed but is nonetheless a concession from lawmakers who initially said they would not let Newsom continue spending on COVID-19 response without their input.

Support for regulatory reform is given a nod: “Establish performance-based oversight of regulatory programs to better measure, track, and allocate limited resources based on predetermined program performance measures.” (103)

The budget concludes with an unnumbered page (hidden track, if you will) containing a single veto. Which sets a record for the last 50 years or so.
Agency, Department and Program Highlights:
(Please Note: The numbers shown within parentheses indicate the page/s that item is found in the Budget Summary linked at the end of this section)

COVID-19 funding summary (14-16).

Cal OES
California Cybersecurity Integration Center—$11.1 million General Fund in 2020-21 for various departments (including $7.6 million General Fund in 2020-21 for Cal OES), to enhance the state’s critical cybersecurity infrastructure. This investment will provide a full-time Joint Incident Response Team to bolster the state’s capabilities in preventing, mitigating, and responding to cyberattacks.

Wildfire Forecast and Threat Intelligence Integration Center—$2 million General Fund ongoing to enhance the state’s emergency response capabilities through improved forecasts for tracking and predicting critical fire weather systems, which improves situational awareness of fire threat conditions in real-time, consistent with Chapter 405, Statutes of 2019 (SB 209). (18)

HHS
DHCS – The Medi-Cal budget is $99.5 billion ($22.7 billion General Fund) in 2019-20 and $115.4 billion ($23.6 billion General Fund) in 2020-21. The 16-percent increase in total fund cost in 2020-21 compared with 2019-20 is generally attributable to the COVID-19 pandemic, including a projected increase in caseload. This increase is associated with higher projected unemployment as well as the temporary suspension of program disenrollment as a condition of receiving the temporary increase in the Federal Medical Assistance Percentage (“FMAP”). The Budget assumes caseload will peak at 14.5 million in July 2020, or about 2 million above what caseload would have been absent the COVID-19 pandemic. The Budget includes $898.6 million ($319.0 million General Fund) in 2019-20 and $6.9 billion ($2.4 billion General Fund) in 2020-21 for increased caseload. (54)

A decrease of $5.1 billion General Fund—and corresponding increase in federal funds—associated with the assumed receipt of an enhanced FMAP through June 30, 2021. This includes impacts reflected in the Department of Social Services and Department of Developmental Services budgets for Medicaid-covered services.

An increase of $67.7 million ($23.7 General Fund) in 2020-21 relative to the 2019 Budget Act for county eligibility determination activities based on growth in the California Consumer Price Index. The Budget also reflects an increase of $12.7 General Fund in 2019-20 and matching federal funds approved through the Control Section 36.00 process. (56)
DSS – Statutory changes to establish a single 60-month CalWORKs time limit and allow clients to participate in a greater array of welfare-to-work activities for the entire 60 months, effective May 1, 2022 or when automation is possible. The Budget includes $2.6 million General Fund/Temporary Assistance for Needy Families (“TANF”) block grant funding in 2020-21, growing to $66.2 million General Fund in 2023-24. And $2.4 billion General Fund/TANF for counties’ CalWORKs Single Allocation which funds employment services, county administration, Stage One childcare, and Cal-Learn.

DPH – The budget includes $3.2 billion ($214.1 million General Fund) in 2020-21 for DPH. Significant adjustments:

COVID-19 Testing and Resources—$5.9 million General Fund ($4.8 million ongoing) to support laboratory staff to increase the state laboratories’ testing capacity, and to purchase equipment and laboratory supplies used specifically for COVID-19 testing. Additionally, resources will support emergency coordination, communication, and response, and provide ongoing support for public health laboratory capacity and disease surveillance.

Licensing and Certification—$3.1 million State Licensing and Certification Program Fund and 75 positions to increase staff capacity to support health facility evaluations, provider technical support services, and healthcare-associated infection monitoring workload needs. The Department’s budget and position authority will increase over the following two fiscal years in order to perform 100 percent of estimated workload in 2020, depending on the future fiscal outlook of the state.

Ongoing Infectious Disease Prevention—$5 million ongoing General Fund each for STD, human immunodeficiency virus (“HIV”), and hepatitis C virus prevention and control that otherwise would have been suspended on January 1, 2022. (61)

DSH – Behavioral Health Focused Investigations—$2.8 million in 2020-21 and $4.7 million in 2020-21 and annually thereafter from the Managed Care Fund to further enforce full service commercial health plan’s compliance with laws requiring parity of the behavioral health service delivery system with that of the medical and surgical service delivery system. (62)

BCSHA
HOMELESS, from Roomkey to Homekey
The budget prioritizes funds to mitigate homelessness and takes a new approach by allocating $600 million to the Department of Housing and Community Development for Homekey to acquire permanent housing through the purchase and renovation of motel properties throughout the state. The budget also includes $300 million General Fund to cities, counties, and continuums of care to support efforts to reduce homelessness. (5)
As of late June, Project Roomkey and its county partners had secured over 15,700 hotel and motel units, of which more than 10,600 are occupied, providing safe shelter for an estimated 13,000 individuals in total. In addition, the state purchased and distributed over 1,300 trailers to local governments for the same purposes. This housing provides short-term emergency shelter for homeless individuals to mitigate the spread of COVID-19 among this vulnerable population and were intended to keep hospitals and emergency rooms available for a surge in treating critically ill COVID-19 patients. The opportunity now is to acquire as many of these hotels and motels as possible, together with other appropriate residential settings, and convert them into permanent and affordable housing opportunities for Californians experiencing homelessness.

Building from the success of the state’s short-term emergency solution, Project Roomkey, the budget includes $550 million of the state's direct allocation of federal Coronavirus Relief Fund (“CRF”) for Homekey—a statewide effort to acquire hotels, motels, residential care facilities, and other housing that can be converted and rehabilitated to provide permanent housing for persons experiencing homelessness, and who are also at risk of COVID-19. Through the Department of Housing and Community Development (“HCD”), the state will provide grants to local jurisdictions to acquire these facilities, which will be owned and operated at the local level. This funding must be expended by December 30, according to federal requirements. The budget also includes an additional $50 million General Fund for the acquisition of and to provide initial operating subsidies for Homekey sites. These funds will provide a critical supplement to allow cities and counties to support interim needs of these facilities and their residents.

HCD will accept applications from cities and counties that choose to participate in Homekey, and will distribute resources in a way that considers the needs of areas throughout the state, including the number of unsheltered persons, the incidence of COVID-19 infection rates, and the ability of applicants to support projects on an ongoing basis. The state will also provide significant technical assistance to local jurisdictions seeking to purchase and operate former Project Roomkey hotels.

Cities, counties, and Continuums of Care are key to solving the homelessness challenge by coordinating to provide homeless individuals and families with the necessary housing and services. The Budget builds onto the framework of supporting local action on homelessness that began with the $500 million provided in 2018-19 for the Homeless Emergency Aid Program (“HEAP”) and the $650 million provided in 2019-20 for the HHAP.

The budget provides $300 million General Fund for additional HHAP grants to be distributed based on the 2019 homelessness point-in-time counts, of which $130 million is for cities with populations of 300,000 or more, $90 million is for Continuums of Care, and $80 million is for counties. These funds will build on the regional collaboration that began with HEAP and with Round 1 of HHAP to develop unified regional responses to homelessness. To receive funds, eligible entities will apply to the Homeless Coordinating and Financing Council (“HCFC”) demonstrating how they have coordinated, and will continue to coordinate, with other local agencies in resolving homelessness on a regional level. The $300 million may be used for operating costs for Homekey facilities and for evidence-based solutions that include rapid rehousing; rental subsidies; subsidies for new and
existing housing and emergency shelters; services such as workforce, education, and training programs to support housing stability; and increasing permanent housing through efforts that include hotel and motel conversions. (67)

Summary appropriations chart page 68.

Homeless Data Integration System—The Budget includes statutory changes to allow the HCFC to establish a statewide Homeless Data Integration System. The system will consolidate existing homelessness data from the individual Continuums of Care throughout the state and allow the state to understand the demographics and shared characteristics of the homeless population. (69)

CANNABIS

The Governor’s Budget included an announcement of the Administration’s intention to consolidate the cannabis-regulatory functions in the Departments of Consumer Affairs, Food and Agriculture, and Public Health into a single Department of Cannabis Control and stated more details would be submitted to the Legislature in the spring.

The Administration was in the process of developing a more detailed plan, including establishing workgroups tasked with building a foundation and infrastructure for the transition. However, this process was interrupted by the COVID-19 pandemic, requiring the Administration to evaluate its ability to implement the consolidation on July 1 as planned. Consequently, the consolidation and creation of the new department is on hold and will be pursued through the 2021 budget process. In light of the delayed cannabis consolidation effort, the Budget includes special fund proposals from each of the licensing entities to address expiring limited-term funding and positions. These proposals include $68.2 million for the Department of Consumer Affairs, Bureau of Cannabis Control, $20.3 million for the Department of Public Health, and $42.4 million for the Department of Food and Agriculture to continue cannabis licensing and enforcement activities, as well as make improvements to enforcement including, but not limited to, proposed statutory changes to shift sworn investigators from the Department of Consumer Affairs’ Division of Investigations to its Bureau of Cannabis Control. (111)

LWDA

EDD

The budget includes an increase of $38 billion to reflect the projected increase in UI benefit payments, as well as $126.3 million and 777 positions to reflect additional federal funding and the projected workload increase to process UI benefit claims. Much of these resources are federally funded as a result of recently enacted federal legislation in response to the COVID-19 pandemic. This includes the Federal Pandemic Unemployment Compensation program that provides a temporary emergency increase of $600 per week in addition to the regular UI weekly benefit through July 31, 2020. It also includes the PUA program to provide up to 39 weeks of UI benefits to individuals who do not qualify for traditional unemployment compensation, including business owners, the self-employed, independent contractors, and other individuals not usually eligible for regular State UI benefits who are unemployed as a direct result of the COVID-19 pandemic. The PUA program runs through December 26.
The budget also includes $46 million to continue implementation of the Benefit Systems Modernization project. This project will modernize and consolidate the EDD’s UI, Disability Insurance, and PFL benefit systems. The state of EDD’s information technology system and the need to replace it has come into sharp focus during the COVID-19 pandemic as millions of Californians have accessed the system to apply for UI benefits. (72-3)

RESOURCES
DWR
SGMA – $9.6 million and 37 positions to further develop DWR’s Sustainable Groundwater Management Program and provide critical assistance to GSAs. The resources included in the Budget are critical to advancing SGMA while assisting local communities with implementation of strong GSPs that can achieve groundwater sustainability and helping communities plan for major changes in groundwater management that could affect economic activity.

The state remains committed to supporting local communities’ transition to sustainable groundwater use, and DWR will allocate $26 million of existing Proposition 68 bond funds to local agencies in critically overdrafted basins to help defray the cost of implementation projects. In addition, a state interagency team will be created to work with stakeholders to identify tools and strategies to address the economic, environmental, and social effects of changing land use and agricultural production. (94)

DFW
The Department of Fish and Wildlife, which serves as a trustee for California’s natural resources, has worked with stakeholders on a statutorily mandated service-based budget analysis. Preliminary results have identified gaps in specified levels of service. The Budget continues to support the Department in addressing service-based budget gaps by making permanent approximately $23.4 million General Fund that expires in 2020-21, and funding new mandates associated with recently chaptered legislation. (94)

ENVIRONMENTAL PROTECTION
CAP & TRADE (Includes Drinking Water for Disadvantaged Communities)
The Cap and Trade Program is one of the key policies included in the 2017 Scoping Plan to achieve the 2030 emission-reduction target specified in Chapter 249, Statutes of 2016 (SB 32). The 2022 Scoping Plan Update will evaluate the state’s progress towards achieving the SB 32 target and provide a path for achieving carbon neutrality by mid-century.

As part of the 2022 Scoping Plan Update, the Air Resources Board will evaluate and identify if any policies, including the Cap and Trade Program, should be adjusted through a subsequent rulemaking to keep the State on track to achieve the 2030 target and support further emission reductions to achieve carbon neutrality by mid-century.
While the enacted Budget does not include funding, the Administration will work with the Legislature in the coming months to enact a Cap and Trade Expenditure Plan for the 2020-21 fiscal year. Programs that are most protective of vulnerable communities, such as the Safe and Affordable Drinking Water program and the Community Air Protection program, will likely be prioritized. (100)

**GOVOPS - “TRANSFORMING STATE GOVERNMENT”**

Transforming state government will include lessons learned from the State’s real-time experiment with a statewide telework program. The State’s response has shown that teleworking on a large scale is possible, and the ability to optimize a telework approach can reduce the State’s carbon footprint and leased office space, while increasing the State’s digital presence for the benefit of both California’s employees and the people they serve. (101)

Led by the Government Operations Agency, the Administration will work with agencies and departments to examine their workforce to determine classifications and/or positions that can telework without disruption in serving the citizens of California. Increased telework can reduce statewide absenteeism, increase employee retention, promote inclusion, and move the State toward being an “employer of choice.” Telework is also environmentally favorable as it reduces vehicle miles traveled and improves air quality.

The COVID-19 pandemic has challenged the State to reexamine in-person processes to protect State employees and the public. For example, the Department of Motor Vehicles (“DMV”) temporarily closed its field offices but encouraged the public to use its alternative service channels such as online, mail, kiosks, and a new Service Advisor on DMV’s website. Additionally, DMV launched its Virtual Field Office to create new digital options for transactions with DMV staff that previously required an in-person office visit. As a result, a substantial majority of all DMV transactions can now be processed without a field office visit. The State will build on DMV’s successful pilot program and look to implement similar digital-based services in other agencies or departments that provide a direct service to the public.

In an effort to transform the way the State conducts business and serves Californians, the Administration will use the Office of Digital Innovation to assist agencies and departments to rethink how to meet the public’s needs, including by delivering more government services online. The state will build on the lessons learned through establishing the — [https://COVID-19.ca.gov](https://COVID-19.ca.gov) — website to build a new CA.gov website. The new site will be user-centered to allow Californians simple, easily understood transactions and to access all state information at a single portal. (102)

**LINK:**  
[http://www.ebudget.ca.gov/FullBudgetSummary.pdf](http://www.ebudget.ca.gov/FullBudgetSummary.pdf)
LAO COVID-19 Issues

The Legislative Analyst’s Office’s COVID-19 Issues series will look at how recent actions by the federal government affect California as well as how the coronavirus disease 2019 (COVID-19) emergency may affect the state budget more broadly. We will add to the series and update the posts as additional actions are taken and additional information becomes available.

Federal Actions Affecting California

COVID-19: Federal Health-Related Response (Updated: June 1, 2020)
An Overview of Federal Higher Education Relief (Updated: May 26, 2020)
Federal Assistance for Businesses Affected by COVID-19 (Updated: May 19, 2020)
Overview of Federal COVID-19 Research Funding (May 13, 2020)
Federal COVID-19 Response Actions Affecting Older Adults and Persons with Disabilities (Updated: May 6, 2020)
COVID-19: Federal Health-Related Response (Updated: May 6, 2020)
An Overview of Federal Higher Education Relief (April 29, 2020)
Federal COVID-19-Related Funding to California (April 28, 2020)
Federal Stimulus Funds for Transit (April 15, 2020)
Nutrition Programs in COVID-19 Recovery Actions (Updated: April 10, 2020)
COVID-19 and the National Guard (April 8, 2020)
COVID-19 Disaster Declarations and Funding Implications (Updated: April 6, 2020)
Broad-Based Cash Assistance in COVID-19 Recovery Actions (April 3, 2020)
Unemployment Insurance for Workers Impacted by COVID-19 (Updated: March 30, 2020)
Federal Paid Leave for Workers Impacted by COVID-19 (H.R. 6201) (March 27, 2020)

California Fiscal Issues

Handout: COVID-19 Fiscal Effects on Schools (April 28, 2020)
Update on State and School District Reserves (Updated: April 23, 2020)
State Funding Actions Related to COVID-19 (April 20, 2020)
State Budget Effects of Recent Federal Actions to Address COVID-19 (Updated: April 15, 2020)
State Options to Expand Unemployment Benefits (April 9, 2020)
COVID-19 and California’s Evolving Fiscal Outlook (March 18, 2020)

Other COVID-19 Related Issues

State Corrections: Response to COVID-19 (May 8, 2020)
Judicial Branch Actions Responding to COVID-19 (May 6, 2020)
Governor’s Executive Orders

Following is a brief excerpt describing the only Executive Order signed by Governor Newsom since our last report. The condensed description may not touch on all details of the order, the text for this order is linked below.

Executive Order N-71-20 (June 30, 2020): extending authorization for local governments to halt evictions for renters impacted by the COVID-19 pandemic, through September 30.