

# PROPOSED FISCAL YEAR 2020-21 STATE BUDGET POTENTIAL IMPACTS ON THE COUNTY OF SAN DIEGO



## MISCELLANEOUS BUDGET

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### **State Budget and Economic Conditions** (*Governor's Proposed Budget Summary, Pages 1-3 15, 21*)

- The Governor's Proposed Budget plans for \$153 billion in spending from the State General Fund focused on issues such as promoting opportunities in education, addressing the state's crisis on homelessness and housing, strengthening emergency preparedness and protecting the environment.
- While California's economy remains strong, the Proposed Budget continues to prepare the State for an economic slowdown by building reserves and making strategic one-time investments to help maintain a balanced budget.

### **State Budget Surplus** (*State Legislative Analyst's Office The 2020-21 Budget: Overview of the Governor's Budget*)

- The State Legislative Analyst's Office highlights an approximate \$5.9 billion surplus in the Proposed Budget. The Governor allocates nearly half of the surplus, or \$2.5 billion, to one-time or temporary programmatic spending on a variety of areas, including \$750 million to reduce homelessness and nearly \$500 million for infrastructure-related construction and maintenance.
- Other surplus spending in the Proposed Budget includes \$1.4 billion in ongoing spending focused on health and education program areas, \$1.6 billion to the Special Fund for Economic Uncertainties and \$300 million in other spending, including \$50 million to new tax reductions for small businesses.

### **Budgetary Reserves** (*Governor's Proposed Budget Summary, Page 13*)

- The Governor's Proposed Budget continues to build and strengthen the Budget Stabilization Account, also known as the Rainy Day Fund, by adding nearly \$2 billion, which would bring the Rainy Day Fund to approximately \$18 billion in Fiscal Year (FY) 2020-2021.
- The Proposed Budget also maintains the Safety Net Reserve balance of \$900 million, adds an additional \$100 million to the Public School System Stabilization Account for a total of \$487 million and lastly, allocates \$1.6 billion in the Special Fund for Economic Uncertainties to address emergencies and unforeseen events.
- The Governor's additional allocations in the Proposed Budget will bring overall budget reserves to \$21 billion in FY 2020-21.

### **State Revenue Estimates** (*Governor's Proposed Budget Summary, Pages 228-229, 231, 236*)

- The Proposed Budget includes a revenue forecast of California's three largest revenue sources: personal income tax, sales tax and corporation tax.
- Personal income tax is the State's largest revenue source and is expected to contribute 67.1 percent of the State's General Fund revenues in FY 2020-21. Personal income tax is expected to generate \$98.6 billion in FY 2018-2019, \$101.7 billion in FY 2019-20 and \$102.9 billion in FY 2020-21.
- Sales tax is the State's second largest revenue source and is expected to contribute 18.4 percent of the State's General Fund revenues in FY 2020-21. Sales tax generated \$26.1 billion in revenue for FY 2018-19 and is expected to generate \$27.2 billion in FY 2019-20 and \$28.2 billion in FY 2020-21.
- Corporation tax is the third largest revenue source and is expected to contribute 10.4 percent of the State's General Fund in FY 2020-21. Corporation tax is expected to generate \$14.1 billion in FY 2018-19, \$15.3 billion in FY 2019-20 and \$16.1 billion in 2020-21.

## FINANCE AND GENERAL GOVERNMENT

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### **Paid Family Leave** (*Governor's Proposed Budget Summary, Page 66*)

- The 2019 Budget Act expanded the Paid Family Leave (PFL) program by providing up to six months of paid parental leave for each child and expanding individuals' leave from six to eight weeks, beginning July 1, 2020.

Continuing these efforts, the Governor's Proposed Budget increases the use of PFL benefits including statutory changes to align PFL benefits with job protections as well as increases resources to small businesses that provide PFL benefits to their employees.

Unknown County Impact

**State Assembly Bill 5 (2019) – Enforcement of Labor Laws** (*Governor's Proposed Budget Summary, Page 57*)

- State Assembly Bill 5 (AB 5) codifies the decision of the California Supreme Court in *Dynamex Operations West, Inc. v. Superior Court of Los Angeles* (2018) that presumes a worker is an employee unless a hiring entity satisfies a three-factor test, with exemptions from the test for certain professions and business to business relationships.
- The Governor's Proposed Budget includes funding to enforce compliance with AB 5, including:
  - \$17.5 million for the Department of Industrial Relations to address workload associated with increased utilization of the workers' compensation program, investigations of labor law violations related to worker status, wage claim filings and workplace health and safety inspections.
  - \$3.4 million for the Employment Development Department to train staff and administer the ABC Employment Test (three-factor test) and to conduct hearings and investigations of worker status.
  - \$780,000 for the Department of Justice to address increased enforcement actions and to prosecute cases involving misclassification of employees as independent contractors.

County Impact

- AB 5 has the potential to increase workers' compensation and unemployment insurance costs should the County have contracts with individuals that do not meet the three-factor test and are not specifically excluded in the legislation as noted above.

**Excess State Property** (*Governor's Proposed Budget Summary, Page 112*)

- The 2019 Budget Act included \$3.4 million in one-time funds and \$782,000 ongoing funds to implement an innovation challenge, per an Executive Order issued in January 2019, inviting developers to pursue streamlined demonstration projects leading to affordable housing developments. The Executive Order also required the State to identify a list of excess property suitable for these projects and has identified approximately 100 parcels to initially focus on for low-cost, long-term ground leases for these proposals. The State is currently working with local governments on innovation challenge efforts and intends to continue to scale these efforts.

County Impact

- While a land exchange with local governments is possible in certain cases when such an exchange could lead to more housing being built within the jurisdiction, the overall County impact is unknown since properties and terms of exchange have not yet been identified by the State.

## **HEALTH AND HUMAN SERVICES**

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**Housing/Homelessness Initiatives** (*Governor's Proposed Budget Summary, Pages 11, 33, 44, 106-108 & 115*)

- The Governor's Proposed Budget includes more than \$1 billion of new, direct initiatives that create housing opportunities for homeless individuals and provide treatment and other supportive services.
  - California Access to Housing and Services Fund - The Governor's Proposed Budget provides \$750 million one-time State General Funds for the creation of a California Access to Housing and Services Fund to support rental subsidies, help increase available units, and help stabilize board and care facilities. Funds would flow through contracts between state and regional administrators and promote coordination of case management with counties for individuals receiving rental subsidies to ensure they are enrolled in eligible public assistance programs. The Fund would also enable regional partners to pool federal, state, local, and private funds to stabilize the housing circumstances of the state's most vulnerable populations.
  - Medi-Cal Healthier California for All - The Proposed Budget includes \$695 million (\$348 million State General Fund) growing to \$1.4 billion (\$695 million State General Fund) in FY 2021-22 and FY 2022-23 for efforts to transform Medi-Cal as part of Medi-Cal Healthier California for All (formerly CalAIM) which includes addressing challenges of chronically unsheltered populations. Medi-Cal Healthier California for All has three primary goals:
    - Identify and manage member risk and need through whole person care approaches and addressing social determinants of health;

- Move Medi-Cal to a more consistent and seamless system by reducing complexity and increasing flexibility; and
- Improve quality outcomes and drive delivery system transformation through value-based initiatives, modernization of systems and payment reform.
- Incompetent to Stand Trial Population/Community Care Collaborative Pilot Program - \$24.6 million in FY 2020-21 for the Department of State Hospitals to implement efforts in three pilot counties to place individuals with mental health needs, specifically those designated incompetent to stand trial, into stable placements in the community instead of state hospital placements.
- Increase in Housing Production - The Governor's Proposed Budget includes \$10 million State General Fund annually for the next three years to support the state's efforts to increase housing production. The State is committed to working with the Legislature this year on additional actions to expedite housing production, including changes to local zoning and permitting processes, as well as adding predictability and reducing the costs of development fees.  
Unknown County Impact

### **In-Home Supportive Services (IHSS) (Governor's Proposed Budget Summary, Page 38)**

- The Governor's Proposed Budget includes \$14.9 billion for IHSS, a 16 percent increase in State General Fund costs over the 2019 Budget Act. Average monthly caseload is projected to increase by 4.5 percent over the prior year projection. Significant assumptions are as follows:
  - Seven Percent Service Reduction Restoration - Assumes federal approval of the Managed Care Organization (MCO) tax with revenues beginning to accrue in FY 2021-22, and as a result, continues the current restoration of the seven percent IHSS service reduction. The Proposed Budget also seeks to extend the suspension of the restoration from December 2021 to June 30, 2023.
  - Minimum Wage - Reflects \$1.1 billion (\$523.8 million State General Fund) to support planned minimum wage increases of \$13 per hour on January 1, 2020 and \$14 per hour on January 1, 2021.
  - Full-Scope Medi-Cal Expansion for Undocumented Persons Aged 65 and Over - Includes \$5.9 million State General Fund in FY 2020-21, growing to \$119.5 million State General Fund in FY 2021-22, to support increased IHSS costs associated with the proposed expansion of full-scope Medi-Cal coverage for undocumented persons 65 years of age or older, beginning January 1, 2021.
  - Training for County Social Workers and Managers - Includes \$3.7 million (\$1.9 million State General Fund) in FY 2020-21 and \$240,000 (\$120,000 State General Fund) ongoing to support additional training for county social workers and managers in conducting needs assessments for IHSS recipients to promote consistency across all counties with respect to program requirements.
  - County IHSS Maintenance of Effort (MOE) - Includes an estimated county IHSS MOE amount of \$1.59 billion in FY 2020-21 which includes a four percent inflation factor and adjusts for locally-negotiated county wage, health benefit, non-health benefit and contract rate increases.
  - IHSS County Administration - Includes \$311 million State General Fund for county IHSS Administration, a slight increase from the \$300 million provided in FY 2019-20 reflecting a corresponding increase in caseload.
  - Electronic Visit Verification - Proposes \$5.8 million (\$1.4 million State General Fund) for counties to continue roll out of Electronic Visit Verification (EVV) requirements to IHSS consumers and providers.  
County Impact
    - County of San Diego's IHSS MOE is estimated to increase by four percent or \$2.8 million.
    - County of San Diego is scheduled to implement the EVV in October 2020, which the proposed dollars would help support. The County's share of implementation dollars is unknown at this time.

### **Medi-Cal Eligibility/Services (Governor's Proposed Budget Summary, Pages 32-35)**

- Full-Scope Medi-Cal Expansion for Undocumented Adults aged 65 and older — The Governor's Proposed Budget expands full-scope Medi-Cal coverage to undocumented adults aged 65 and older no sooner than January 1, 2021, building upon the children's Medi-Cal expansion under Chapter 18, Statutes of 2015 (SB 75), and the young adult Medi-Cal expansion under Chapter 67, Statutes of 2019 (SB 104). The Proposed Budget

also includes \$80.5 million (\$64.2 million State General Fund) for this expansion, including In-Home Supportive Services costs.

- Medi-Cal County Administration — The Governor's Proposed Budget includes an increase of \$67.7 million (\$23.7 State General Fund) for county eligibility determination activities based on growth in the California Consumer Price Index.
- Medi-Cal Healthier California for All (formerly CalAIM) — Initiative effective January 1, 2021. The Governor's Proposed Budget includes \$695 million (\$348 million State General Fund), growing to \$1.4 billion (\$695 million State General Fund) in FY 2021-22 and FY 2022-23. This investment will provide for enhanced care management and in lieu of services, necessary infrastructure to expand whole person care approaches statewide and build upon existing dental initiatives.
- Medi-Cal Rx (Pharmacy Carve-Out) — The Governor's Proposed Budget includes savings of \$178.3 million (\$69.5 million State General Fund) associated with the carve-out of the Medi-Cal pharmacy benefit from managed care to fee-for-service effective January 1, 2021.

County Impact

- Under the full-scope Medi-Cal expansion, County operations would likely be impacted to some extent in order to convert adults currently receiving restricted-scope Medi-Cal benefits to full-scope. Statewide, an estimated 27,000 individuals are expected to become eligible in the first year of implementation. County specific impacts to caseload are unknown at this time.
- Fiscal impact to the County Medi-Cal Administration allocation is an estimated increase of \$3.5 million.

**CalWORKs Program** (*Governor's Proposed Budget Summary, Pages 37 & 49*)

- Grant Increase — The Proposed Budget reflects a 3.1 percent increase to CalWORKs Maximum Aid Payment levels, effective October 1, 2020, which is estimated to cost \$73.6 million in FY 2020-21 and \$98.1 million in FY 2021-22.
- CalWORKs Administrative Funding/Single Allocation Including Employment Services and Child Care - Current estimate of CalWORKs Administrative funding includes a proposed net reduction of approximately \$11 million in FY 2020-21 primarily to align with expected caseload levels.
- Child support payments passed through to CalWORKs families - Effective January 1, 2022, child support payments passed through to CalWORKs families are proposed to increase from the current \$50 to \$100 for a family with one child and \$200 for a family with two or more children. This change is anticipated to result in an additional \$34 million annually passed through to approximately 160,000 CalWORKs families.
- Home Visiting – The Governor's Proposed Budget includes a total \$110 million, an increase of \$25 million, to provide home visiting services to eligible CalWORKs families in FY 2020-21. Services provided as part of this program are prioritized for pregnant individuals and parents that are enrolled in the CalWORKs program or caretaker relatives for child-only cases with a child under two years of age.

County Impact

- The fiscal impact of the CalWORKs grant increase effective October 1, 2020 is estimated at \$3 million which would be fully funded by federal and state revenue.
- Under County policy, a CalWORKs grant increase would also be applied to the General Relief program which does not receive any federal or state revenue. The impact to the County is estimated at \$0.4 million in FY 2020-21.
- The impact to the County's Single Allocation is unknown at this time but is not expected to be significant. Additionally, the County Welfare Directors Association of California is continuing to work with the State on the funding methodology for the employment services component of the Single Allocation, in particular for FY 2020-21 related to the case management funding provided for the most intensive employment services cases.
- In FY 2019-20, the County was allocated \$3,529,037 to participate in the CalWORKs Home Visiting pilot program. Future fiscal impact is unknown at this time. The program is voluntary and potential funding would likely depend on how many counties apply. It is anticipated that the County will continue to apply for additional funds to support the Home Visiting program.

**CalFresh Program** (*Governor's Proposed Budget Summary, Page 36*)

- CalFresh Administration – The Governor's Proposed Budget holds CalFresh county administrative base funding in FY 2020-21 to approximately the same level as FY 2019-20.

County Impact

- Currently no significant changes are expected in the County's share of funding. The State will continue to work with representatives of counties and the County Welfare Directors Association of California to develop recommendations for a new budgeting methodology to determine the annual funding level necessary to support CalFresh administration, with the goal of proposing the new methodology in the May Revision.

**Continuum of Care Reform** (*Governor's Proposed Budget Summary, Page 74*)

- The Governor's Proposed Budget includes \$548.6 million (\$373 million in State General Fund) to continue the implementation of the Continuum of Care Reform (CCR) efforts in child welfare and probation services to improve the foster care system.
- Resource Family Approval (RFA) – The Governor's Proposed Budget eliminates RFA funding for county child welfare agencies, resulting in a cut of \$26 million (\$17.9 million State General Fund). Funding to Probation agencies is continued at \$5.8 million (\$3.9 million State General Fund). In addition, funding to reduce the RFA backlog is proposed to sunset in FY 2019-20, resulting in a cut of \$6.7 million (\$4.7 million State General Fund).
- Foster Parent Recruitment, Retention and Support (FPPRS) – The Governor's Proposed Budget does not continue to fund FPPRS as these funds were time-limited to help support the initial implementation of CCR for the purpose of recruiting, retaining, and supporting foster caregivers, resulting in a cut of \$21.6 million State General Fund to counties.
- Child and Adolescent Needs and Strengths Assessment (CANS) – The Governor's Proposed Budget does not propose the continued funding for CANS implementation in FY 2020-21 beyond the FY 2019-20 State Budget providing one-time funding to counties (\$13.5 million total funds, \$9.8 million State General Fund).

County Impact

- The Governor's Proposed Budget does not include additional funding for CCR True-Up, pending current discussions between the County Welfare Directors Association of California (CWDA) and the Department of Social Services (CDSS) to determine the methodology for identifying the costs and cost-savings related to CCR-implementation activities.
- The State notes that RFA was realigned for child welfare agencies pursuant to SB 1013 (Statutes of 2012) and is therefore a pre-2011 Realignment activity. CWDA does not agree with this interpretation and plans to engage the State in discussions. The County receives approximately \$0.8 million (includes \$0.1 million one-time funds) in RFA funding used to process resource family approvals.
- Child Welfare Services FPPRS allocation is approximately \$0.8 million, which funds foster parent recruitment/retention efforts, including respite care.
- For the implementation of CANS and included Trailer Bill Language requiring CDSS to work with CWDA to track costs associated with implementing CANS to inform future budgeting as part of the proposed FY 2020-21 May Revise.

**Food Banks** (*Governor's Proposed Budget Summary, Page 37*)

- The Governor's Proposed Budget includes \$20 million one-time State General Fund for existing Emergency Food Assistance Program providers and food banks to support increased food purchases to partially mitigate the loss of CalFresh benefits due to federal rule changes.

County Impact

- No fiscal impact to the County; however, it may provide a benefit to individual residents that are affected by the Federal Able Bodied Adult Without Dependents CalFresh work requirement.

**Alzheimer's Initiative** (*Governor's Proposed Budget Summary, Page 46*)

- The Governor's Proposed Budget includes \$3.6 million one-time State General Fund to establish a coordination and training initiative through the Alzheimer's Disease Centers to develop a "train the trainer" program that will help family caregivers navigate the complexities of the disease.

Unknown County Impact**Proposition 63 Mental Health Services Act (MHSA) Review** (*Governor's Proposed Budget Summary, Page 31*)

- The Proposed Budget expresses interest in updating MHSA so that it can be used for individuals with a primary substance use disorder diagnoses, as well as putting a focus on people with mental illness experiencing

homelessness or involved in the criminal justice system and for early intervention for youth. The Administration will submit a proposal in the spring regarding this proposed reform.

County Impact

- Proposal could result in reductions but improved flexibility in use of funds. County staff will monitor, but the impact is unknown at this time.

**Behavioral Health Task Force** (*Governor's Proposed Budget Summary, Page 30*)

- The State is focused on improving outcomes for the state's behavioral health system through a number of initiatives that improve the integration and parity of behavioral health treatment with physical health. To further these efforts, the State is establishing the Behavioral Health Task Force at the Health and Human Services Agency. The Task Force will bring together relevant state departments, counties, consumers, health plans, providers and other stakeholders. The Task Force will review existing policies and programs to improve the quality of care and coordinate system transformation efforts to better prevent and respond to the impacts of mental illness and substance use disorders in California's communities.

Unknown County Impact

**Behavioral Health Quality Improvement Program** (*Governor's Proposed Budget Summary, Page 33*)

- The Proposed Budget includes \$45.1 million State General Fund in FY 2020-21 and \$42 million State General Fund in FY 2021-22 to provide funding to county-operated community mental health and substance use disorder systems to incentivize system changes and process improvements that will help counties prepare for opportunities through the Medi-Cal Healthier California for All initiative.

Unknown County Impact

**Public Health** (*Governor's Proposed Budget Summary, Pages 28 & 238*)

- Vaping Tax – The Governor's Proposed Budget includes a proposal for a new tax on E-cigarettes proposed to begin on January 1, 2021 and will be \$2 for each 40 milligrams of nicotine in the product. Revenues are expected to be \$32 million in FY 2020-21 and will be deposited into a new special fund to be used for administration, enforcement, youth prevention and health care workforce programs.

Unknown County Impact

## **LAND USE AND ENVIRONMENT**

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**State Assembly Bill 617 (2017) - Community Air Protection Program (CAPP)** (*Governor's Proposed Budget Summary, Page 126*)

- The Governor's Proposed Budget, as part of the Cap and Trade Expenditure Plan, allocates \$25M statewide for air districts to administer the CAPP program (down from \$50M in FY 2019-20) and \$200M statewide in incentive funds for emissions reduction projects in disadvantaged communities (down from \$245M in FY 2019-20).

County Impact

- The 50 percent reduction in statewide funding for air districts to administer the CAPP program would impact the County's Air Pollution Control District (APCD) by:
  - APCD's CAPP program administration funds would likely be reduced proportionately, to \$1.25M (down from \$2.5M in FY 2019-20).
  - APCD would not nominate the San Ysidro/Otay Mesa border community for focused actions under the CAPP program, as was planned.
  - APCD would not increase CAPP program staffing, as was planned.
  - APCD would continue CAPP program activities for the Portside Environmental Justice Community neighborhoods, commensurate with available funding.
- The 18 percent reduction in statewide incentives for emissions reduction projects in disadvantaged communities would impact the County's APCD by:
  - APCD's incentive funding for such projects would likely be reduced proportionately, to \$15.4M (down from \$18.9M in FY 2019-20).
  - This would result in a proportionate reduction (18 percent) in project-related community air quality benefits.

**Climate Resilience Bond** (*Governor's Proposed Budget Summary, Pages 119-122, 128*)

- The Governor's Proposed Budget includes a \$4.75 billion Climate Resilience Bond for the November 2020 ballot to reduce near-term and long-term climate risks.
- The funding is broken into several categories, including the following:
  - \$395 million to support local groundwater sustainability agencies implementing projects and programs related to groundwater sustainability plans for critically over drafted basins.
  - \$1 billion for regional water resilience activities, including multi-benefit stormwater projects, wastewater treatment and watershed protection.
  - \$340 million for Urban Flood Risk Reduction projects.
  - \$270 million to support multi-benefit flood risk reduction and ecosystem restoration efforts.
  - \$360 million to provide grants and loans to disadvantaged communities to improve access to safe drinking water.
  - \$500 million to harden critical public infrastructure in vulnerable communities.
  - \$500 million to prepare for sea level rise, including funding to support coastal communities in planning for sea level rise.
  - \$250 million for local communities to improve community resiliency planning and construct new and retrofit existing community resiliency centers.

County Impact:

- If the bond measure passes, the County's Department of Public Works could potentially compete for a small amount of these funds to support stormwater permit compliance actions currently funded by County's General Fund.
- If the bond measure passes, the County's Department of Planning and Development Services could also potentially benefit from this funding.

**Climate Catalyst Fund** (*Governor's Proposed Budget Summary, Pages 127-128*)

- The Proposed Budget includes a \$1 billion investment (\$250 million in FY 2020-21, with additional funding in later years) for a new Climate Catalyst Revolving Loan Fund. The Climate Catalyst Fund, which will be administered by the Infrastructure and Economic Development Bank, will finance investments in low-carbon transportation, sustainable agriculture and waste diversion through low-interest loans. Projects would be focused on the following key areas:
  - Transportation emission reduction—Zero-emission vehicles (ZEV) and charging infrastructure including light and heavy-duty ZEV vehicles, transit and rail ZEV fleet and equipment, advanced technology freight, electric school buses and electric/hydrogen charging infrastructure.
  - Climate smart agriculture and forestry—Dairy digesters, agricultural and off-road engine replacement, efficient on-farm irrigation, sustainable food processing, small business/landowner loans for forest management and community hardening.
  - Circular Economy—Municipal waste and recycling, compost, wood waste collection and utilization, and carbon/methane capture and utilization. This includes a special emphasis on small business owners and emerging technologies.

County Impact:

- Unknown. Funding for sustainable food processing could lead to a reduction in wasted food being landfilled. Funding may provide incentives for private investment in local recycling infrastructure.

**Climate Budget** (*Governor's Proposed Budget Summary, Pages 118 & 128*)

- The Governor's Proposed Budget invests \$12.5 billion over the next five years as part of the Climate Budget, which consists primarily of the Climate Resilience Bond, investments from the Cap and Trade Expenditure Plan and the Climate Catalyst Fund previously mentioned, but also includes the following:
  - \$103 million one-time State General Fund for efforts to support the draft Water Resilience Portfolio, including groundwater management, the State Water Efficiency and Enhancement Program, as well as investments in the New River and the Tijuana River.

County Impact:

- There could potentially be an increase in grant funding for the County's Department of Parks and Recreation (DPR) capital improvement projects. Improvements to the Tijuana River may reduce DPR's costs for constructing projects and operation and maintenance of the Tijuana River Valley Regional Park.

- \$66 million in immediate one-time funding for Urban Flood Risk Reduction projects and for investments to help modernize operations for fish, wildlife and habitat protection.

County Impact:

- This proposal may increase DPR grant opportunities and DPR projects are anticipated to be eligible and competitive for a variety of the proposed climate change funding mechanisms. Details on funding available to DPR will be dependent on the specific grant guidelines and grant criteria.
- \$35 million ongoing State General Fund to support various resources investments that align with the draft Water Resilience Portfolio, including Sustainable Groundwater Management Act implementation and enhancements to the Department of Fish and Wildlife.

County Impact:

- This potential investment in smart agriculture and groundwater management may support the County's priorities on sustainable groundwater practices, sustainable agricultural practices, and other Climate Action Plan (CAP) initiatives associated with agriculture. The County's Department of Agriculture, Weights and Measures (AWM) works in a supportive role for many of these programs and can expect an increase in workload in terms of disseminating information to agricultural stakeholders and other agency partners. Fiscal impact will not be immediate, but AWM can expect that its supportive role in outreach to stakeholders will grow.
- \$257 million existing bond funds (\$1.4 billion over the next five years, primarily from Proposition 68) to continue to support strategic natural resources programs.

County Impact:

- Unknown; potential increase in grant funding for DPR capital improvement projects.
- \$51 million one-time Alternative and Renewable Fuel and Vehicle Technology Fund to the California Energy Commission to accelerate deployment of electric vehicle charging infrastructure.

County Impact:

- Regulations regarding certifying the accuracy of electric vehicle charging stations (EVCS) are expected to be finalized in 2021. Once finalized, AWM will begin testing and certifying these commercial devices. The increased funding to facilitate the development of electric vehicle infrastructure could potentially increase the inventory of EVCS within the region and thereby increase AWM's workload.

**Safe Drinking Water** (*Governor's Proposed Budget Summary, Pages 122 & 187*)

- The Safe and Affordable Drinking Water Fund (SB 200 - 2019) provides up to \$130 million annually until 2030 to address the drinking water crisis. The Proposed Budget includes an additional \$360 million to support safe and affordable drinking water in the State, as part of the Climate Resilience Bond, which will provide grants and loans to disadvantaged communities for treatment and infrastructure improvements.

County Impact

- No direct impact. While these funds are not available to the County's Department of Environmental Health as a regulatory oversight agency, access to financial resources by local small water systems to improve infrastructure will be beneficial to residents.

**Fish and Shellfish Public Health Advisories** (*Governor's Proposed Budget Detail, Environmental Protection, Fund Code 3940*)

- The Governor's Proposed Budget appropriates funds to the State Water Resources Control Board to establish an ongoing local agency grant program to post site-specific fish or shellfish health warnings that may be issued by the Office of Environmental Health Hazard Assessment (OEHHA). These health advisories are issued when OEHHA determines that consuming certain fish or shellfish should be limited or avoided due to contaminants that present a health risk.
- The Proposed Budget includes \$400,000 in one-time funds to implement State Assembly Bill 762 (AB 762), which was passed in 2019. AB 762 provides for grant funding to local health agencies to post warning signs at public fishing access points where site-specific fish and shellfish advisories have been issued by OEHHA to limit or avoid consumption of certain fish due to contaminants.

County Impact

- AB 762 will mandate that the County's Department of Environmental Health post warning signs within 180 days of grant funds being made available by the State Water Resources Control Board for that fiscal year. Fish health advisory guidance for specific fish has been issued by OEHHA for Mission Bay and San Diego Bay in San Diego County.

**Cannabis** (*Governor's Proposed Budget Summary, Pages 171-172*)

- In order to simplify regulatory oversight of commercial cannabis activity, the Administration plans to consolidate the three state licensing entities into a single Department of Cannabis Control by July 2021.
- The Proposed Budget projects the cannabis excise tax to generate \$550 million in FY 2020-21. Of this amount, an estimated \$332.8 million will be available for youth education, prevention, early intervention and treatment, environmental restoration and public safety related activities.

County Impact:

- Fiscal impact to the County's Department of Agriculture, Weights and Measures depends on whether County leadership will create a department to mirror the new consolidated state level department or disseminate the functions to the existing departments.
- There is a potential impact to the County's Department of Environmental Health (DEH) Hazardous Incident Response Team activities involving illegal cannabis operations as they may be eligible for some of this funding including: public safety-related activities, remediation, and enforcement of hazardous waste violations causing environmental impacts associated with illegal cannabis cultivation. DEH's Hazardous Materials Division will continue to evaluate these programs and work with the appropriate state agencies to identify potential funding opportunities.

**Sustainable Pest Management** (*Governor's Proposed Budget Summary, Pages 155-156*)

- The Proposed Budget allocates \$350,000 in one-time funding to a sustainable pest management work group, established by the California Department of Pesticide Regulation and the California Department of Food and Agriculture (CDFA), in order to expand the work group's focus to system-wide approaches and develop recommendations for a comprehensive approach to safer alternatives for pest management.

County Impact:

- Fiscal impact to the County's Department of Agriculture, Weights and Measures (AWM) depends on CDFA Cooperative Agreements for Invasive Weed Statement of Work changes from reduced chemical use to non-chemical alternatives of weed removal. It is unknown at this time if these efforts would expand to include or impact AWM's Vector Control Program.
- This proposal could include regulations that would alter or limit the ability for the County's Department of Parks and Recreation to implement existing pest management practices.

**California Natural Resources Agency** (*Governor's Proposed Budget Summary, Pages 157-161*)

- The Governor's Proposed Budget allocates \$6.7 billion (\$3.8 billion State General Fund, \$1.8 billion special funds and \$1.1 billion bond funds) for programs included in the California Natural Resources Agency.
- Funding is allocated to several programs and one-time investments, including:
  - \$18.9 million shift in State General Fund ongoing from the Habitat Conservation Fund (HCF) to supplement the California Department of Fish and Wildlife's biodiversity conservation program.

County Impact:

- The County's Department of Parks and Recreation currently uses HCF funds for Multiple Species Conservation Program land acquisitions. The shift in funding will decrease the funding available to acquire property.
- \$80 million to collect and make publicly available high-quality airborne Light Detection and Ranging (LiDAR) data for the entire state to better inform resource management decisions.

County Impact:

- LiDAR data may be beneficial to the County's Department of Public Works and Department of Parks and Recreation as it may be used to better manage flood hazard assessments and inform habitat management decisions, respectively.
- \$6 million to purchase a fixed wing aircraft to monitor species populations.
- \$7.5 million to modernize water conveyance systems to better manage wetlands, buffer against future climate scenarios and maximize benefits to wildlife.
- \$6.5 million to modernize hatchery facilities that build resilience against environmental stressors, provide greater operational reliability and improve fish survival.

Unknown County Impact

- \$65.1 million to advance the Parks for All initiative, which includes \$20 million to establish a new state park, \$4.6 million to acquire new lands to expand existing state parks, \$8.7 million to improve state park facilities in urban areas, \$20 million to improve access to state parks for underserved populations and \$11.8 million to enhance access programming.

County Impact:

- Funding for the Parks for All Initiative is largely anticipated to go to the California State Parks Department, but we anticipate some competitive funding opportunities through which the County's Department of Parks and Recreation could apply for grants.

**California State Library** (*Governor's Proposed Budget Summary, Pages 100-101*)

- The Governor's Proposed Budgets provides an increase of \$1 million in one-time funds for library districts to develop summer meal programs for students in low-income communities.

County Impact:

- San Diego County Library will continue to be involved in the summer meal programs, as part of Lunch at the Library.

**Department of Toxic Substances Control (DTSC)** (*Governor's Proposed Budget Summary, Pages 154 & 278*)

- The Governor proposes both governance and fiscal reforms to address issues facing DTSC. This includes restructuring of hazardous waste fees for Treatment, Storage and Disposal Facilities (TSDFs), oversight of cleanup sites by the State Department of Toxic Substance Control to increase transparencies and reduce inefficiencies and decreased funding for the DTSC Local Assistance Program.

County Impact

- Reduction in local assistance program funding may result in decreased funds available for DTSC to contract with the County's Department of Environmental Hazardous Materials Division (HMD) for inspection of loads of hazardous materials at the California/Mexico border. Reduction of this contract funding would have minimal impacts to HMD; however, it would result in a reduced service level and a decrease in local agency awareness of northbound shipments of hazardous materials and hazardous waste. It is unknown at this time whether this proposed reduction will impact the border contract.
- The proposed fee restructuring related to TSDFs and DTSC's oversight of contaminated sites would not impact HMD; however, stakeholders may be impacted by increased state fees.

**Federal Rollbacks** (*Governor's Proposed Budget, Page 156*)

- The Proposed Budget, in response to federal actions to roll back environmental protections, proposes expanding the roll of the California Environmental Protection Agency (EPA) to address air pollution and other chemicals that are being de-regulated by the United States EPA:
  - \$2.7 million to develop new statewide regulations to reduce or eliminate exposure to air toxins from industrial and commercial facilities.
  - \$6 million to develop and implement new risk assessment methods to evaluate the toxicology of unassessed chemicals.

County Impact

- Unknown; may potentially increase regulations that would need to be assessed for the County's Department of Parks and Recreation projects via the California Environmental Quality Act.
- The County's Air Pollution Control District anticipates minimal impacts as its existing regulatory and permitting programs include procedures to incorporate and comply with any new statewide restrictions on toxic air pollutants.

**Housing** (*Governors Proposed Budget Summary, Pages 109-116, 184-185*)

- The Governor remains committed to expediting housing production and addressing homelessness through a variety of efforts already mentioned such as increasing emergency shelters and transitional housing, identifying excess state properties and the new California Access to Housing and Services Fund.

County Impact

- Increasing housing will most likely increase the amount of multi-family housing units (i.e. apartments) within the County. These multifamily housing units will be required to have their water utilities sub-metered and this will increase the inventory of submeters that the County's Department of Agriculture, Weights and Measures (AWM) will need to certify. The fiscal impact is difficult to assess and there will be no immediate impact but there will be an increase in workload pertaining to testing water submeters for AWM.
- Charitable Feeding Operations will need to be assessed and registered at each shelter location. In cities where the County's Department of Environmental Health (DEH) is the housing authority, oversight of the emergency shelter housing will fall to DEH.

- The Proposed Budget continues to fund a \$500 million annual expansion of the state's housing tax credit program.
- The Proposed Budget also includes \$10 million for three fiscal years to support the state's efforts to increase housing production.

County Impact

- Unknown. The Proposed Budget does not explain how the \$10 million will be spent or who may be a recipient of this funding.
- Part of expediting housing production may include reducing the costs of development fees, this could potentially decrease the amount of park impact fees collected. Park impact fees are collected to provide parks and recreational facilities to meet demands of new residential development.

## **PUBLIC SAFETY**

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### **2011 Realignment** (*Governor's Proposed Budget Summary, Page 48*)

- The Governor's Proposed Budget updates revenue assumptions for the 2011 Realignment program. For the Community Corrections Subaccount (AB 109) the FY 2019-20 statewide base remains \$1.366 billion with statewide growth estimated at \$92.6 million. The 2011 Realignment estimates will be revisited and revised in the Governor's May Revision and finalized in the fall.
- The Enhancing Law Enforcement Activities Subaccount is estimated to receive its guaranteed funding level of \$489.9 million with Vehicle License Fees (VLF) alone, with statewide growth available in FY 2020-21 estimated at \$257.4 million. This provides funding for a variety of program including Citizens' Option for Public Safety, the Juvenile Justice Crime Prevention Act and the Rural and Small County Sheriff's Program, among others.

County Impact

- Continues the allocation of funds to the County based on current formulas.

### **Adult Probation Reform** (*Governor's Proposed Budget Summary, Page 141*)

- The Governor's Proposed Budget includes \$60 million annually for three years and \$30 million in FY 2023-24, to supervise and provide probation services for misdemeanants, with the aim of improving public safety by reducing recidivism of these individuals.
- The Proposed Budget includes evidence-based reforms of the probation system that will reduce probation terms to two years for both the felony (from five years) and misdemeanor (from three years) populations.

Unknown County Impact

### **Community Corrections Performance Incentive Grant** (*Governor's Proposed Budget Summary, Page 141*)

- The Proposed Budget also includes \$11 million in ongoing funds, in addition to baseline funding of \$113.8 million, to stabilize the Community Corrections Performance Incentive Grant program (SB 678 - 2009).

County Impact

- Counties, based on reducing the number of adult felony probationers sent to state prison, may receive additional funding from the increase of SB 678 funds. Exact amounts will be available in the spring.

### **Post Release Community Supervision** (*Governor's Proposed Budget Summary, Page 142*)

- The Governor's Budget includes \$13.8 million State General Fund for county probation departments to supervise the temporary increase in the average daily population of offenders on Post-Release Community Supervision as a result of the implementation of Proposition 57.

Unknown County Impact

### **Proposition 47 Savings** (*Governor's Proposed Budget Summary, Page 142*)

- The Department of Finance currently estimates net State General Fund savings of \$122.5 million from Proposition 47, an increase of \$44 million over the estimated savings in FY 2019-20.

County Impact

- Unknown; the County received an award in the first round of Proposition 47 Grant Program funding.

**Department of Forestry and Fire Protection** (*Governor's Proposed Budget Summary, Pages 130-131*)

- The Governor's Proposed Budget includes:
  - \$120 million and 677 positions phased over five years for additional resources that will provide CAL FIRE operational flexibility throughout peak fire season and beyond based on fire conditions.
  - \$9 million for implementation of the Wildfire Forecast Center, which will provide comprehensive and timely weather impact information enhancing response and recovery.
  - \$100 million for a home hardening pilot program, with a focus on homes located in low-income communities in areas of high fire risk and hazard mitigation.
  - \$8.3 million and 26 positions for CAL FIRE to support additional defensible space inspections and facilitate completion of a regional fire prevention capacity review.

County Impact

- These proposals would provide additional resources to fight wildland fires especially during peak fire seasons and would likely increase local CAL FIRE resources in support of the County's Fire Authority. In addition, these proposals would enhance wildfire forecasting, emergency response and recovery capabilities and expand fire prevention activities.

**Climate Resilience** (*Governor's Proposed Budget Summary, Pages 123-124*)

- The Proposed Budget includes a \$4.75 billion Climate Resilience Bond that includes \$500 million to harden critical infrastructure, with a focus on low-income areas with a significant risk of wildfires, as well as \$25 million for local preparedness activities to address community-specific climate risks and develop climate resilience plans.

County Impact

- Potential funding for local preparedness activities.

**Community Power Resiliency** (*Governor's Proposed Budget Summary, Page 132*)

- Investor-owned utilities are increasingly utilizing power shutoffs as a strategy to prevent wildfires; however, these planned power shutoffs often impose hardships on California residents, first responders and emergency services personnel. The Proposed Budget includes \$50 million in one-time funding to support a matching grant program to help local governments prepare for, respond to, and mitigate impacts of power outages.

County Impact

- Potential funding for the County to continue critical services during power shutoff events.

**Seismic Safety** (*Urban Counties of California Summary of Governor's Proposed 2020-21 Budget, Page 4*)

- The Governor's Proposed Budget includes a \$17.3 million loan for the operation and maintenance of the California Earthquake Early Warning System.

County Impact

- Potential increase in the number of seismic sensors which might provide more accurate advance earthquake warning.

**Office of Emergency Services (OES)** (*Governor's Proposed Budget Summary, Page 132*)

- Cal OES coordinates the state's response during emergencies and functions as the State's liaison with the Federal Emergency Management Agency to provide recovery assistance to local governments and individuals impacted by the events. The Proposed Budget includes \$16.7 million in one-time funds to increase the amount of funding available to local governments for reimbursement of eligible emergency response activities through the California Disaster Assistance Act.

County Impact

- Potential funding for emergency response and recovery costs.

**Title IV-D Child Support Program** (*Governor's Proposed Budget Summary, Page 49*)

- The Governor's Proposed Budget includes, effective January 1, 2022, an increase to the amount of child support payments passed through to CalWORKs families from the current \$50 to \$100 for a family with one child and \$200 for a family with two or more children. The Proposed Budget also includes statutory changes to forgive child support payment arrearages or past due amounts that are determined to be uncollectible, beginning January 1, 2022.

County Impact

- The proposed changes will reduce recovered cost revenue. The estimated impact for the County's Department of Child Support Services is between \$0.2 million and \$0.5 million.

- The Governor's Proposed Budget also includes an increase of \$56 million for Local Child Support Agency administrative costs.

County Impact

- The County's Department of Child Support Services projects additional revenue of approximately \$1 million next fiscal year, with a potential overall increase in allocation to the County of approximately \$4 million over a three-year period, beginning this current fiscal year.

**Improving Indigent Defense** (*Governor's Proposed Budget Summary, Page 144*)

- The Proposed Budget allocates \$4 million in FY 2020-21 and \$3.5 million annually thereafter to expand the Office of the State Public Defender in order to improve the quality of indigent defense services by providing training and technical assistance to attorneys to promote effective representation. The Proposed Budget also includes \$10 million in one-time funding to supplement local funding for indigent criminal defenses.

County Impact

- Potential funding for criminal defense.

**State Assembly Bill 1076 (2019) - Criminal Records: Automatic Relief** (*Governor's Proposed Budget Summary, Page 146*)

- The Proposed Budget includes \$3.6 million in FY 2020-21 for the review of records in statewide criminal databases to identify persons eligible to have their arrest or criminal conviction records withheld from disclosure and modify existing systems to grant such relief automatically.

Unknown County Impact

**Local Jail Oversight** (*Governor's Proposed Budget Summary, Page 142*)

- California's Board of State and Community Corrections will more actively engage counties regarding deficiencies identified as part of its jail inspections through its public board meeting process and by more frequent follow-up inspections. The Board will also provide additional technical assistance to those counties where issues are identified and, as part of Title 15 jail standards review, the Board will ensure standards are consistent with national best practices.

Unknown County Impact

**Incompetent to Stand Trial (IST)** (*Urban Counties of California Summary of Governor's Proposed 2020-21 Budget, Page 12*)

- The Proposed Budget includes \$24.6 million in FY 2020-21 to implement a Community Care Collaborative Pilot Program in three counties, which currently are unknown, to provide community-based treatment and increase investment in local strategies to reduce the cycle of reoffending often seen with the IST population. The Proposed Budget estimates total costs at approximately \$365 million for the six-year pilot program.
- In addition, the Governor's Proposed Budget includes \$8.9 million in FY 2020-21 and \$11.2 million annually thereafter to expand the Jail-Based Competency Treatment program to eight additional counties which will help increase capacity by up to 63 beds.

County Impact

- No anticipated impact to the County. The Sheriff's Department currently contracts with Department of State Hospitals for a jail-based competency restoration program.

**Criminal Justice Fines and Fees** (*Governor's Proposed Budget Summary, Page 149*)

- The Governor's Proposed budget allocates \$11.5 million in FY 2020-21 and \$56 million annually thereafter for the statewide expansion of a recent pilot program in eight courts that reduces financial obligations for indigent and low-income persons related to traffic violations.
- Ongoing costs includes \$2 million to implement an online application system and \$54 million to backfill the loss of revenue to state operations.

County Impact

- Unknown; possible local revenue loss.