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May 08, 2009

State Faces Falling Revenue, Dearth of Cash: More Payment Delays Possible for Locals

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Yesterday, the Legislative Analyst's Office (LAO) released its May update on California's cash flow crisis (link [here](#)). Then today, State Controller John Chiang released his office's April summary of receipts and disbursements (summary analysis [here](#), financial statement [here](#)).

Controller Chiang reports that year-to-date state revenue is running \$2.1 billion below estimates. April income tax returns came in \$1.06 billion (16%) below budget estimates, April corporate taxes were down \$831 million (35.6%). Significantly for counties, statewide sales tax receipts ran nearly 20% below estimates for the month.

The Controller stated that "the State's last shortage and the resulting payment delays in February hurt California taxpayers, businesses, local governments and public works projects – and yet the crisis looming could be at least three times as bad."

The LAO report, summarized below, also painted a dire cash picture for the coming fiscal year.

Since the LAO's previous cash flow analysis in January, the Legislature has adopted a budget that helped ease the cash flow crunch and cleared the way for bond sales. Despite the passage of the 2009-10 state budget, significant cash flow problems are anticipated for the summer and fall of 2009 due largely to two factors: (1) revenues are much lower than expected and (2) the state's normal annual flow of cash (most state revenue arrives in the second half of the fiscal year, while most expenses are paid in the first half).

At the end of June 2009, California's cash cushion will be much lower than normal at \$6.9 billion, which will consist entirely of borrowable money from special funds. This is half the size of the cash cushion available at the end of last fiscal year and a third of that from three years ago. Furthermore, the Administration forecasts the General Fund to have a cash flow deficit of \$7.9 billion in July alone, and cash flow deficits will continue through November. Unplanned payment delays like the ones in February of this year would exacerbate the problem due to interest that would accumulate. This looming cash flow problem is despite the fact that the adopted 2009-10 state budget already includes a plan to delay many July and August payments to counties.

At the time of the February budget deal, the Administration estimated the state would need \$13 billion of short-term borrowing in fiscal year 2009-10 to pay all of its bills on time. Since that estimate, revenues have lagged behind projections and the relevant ballot measures' passage – Propositions 1C, 1D, and 1E – appears uncertain. If they fail, California could well have to borrow an "unprecedented" \$23 billion on the short-term market to pay all bills on time. Even if the measures pass, the LAO pegs California's short-term borrowing need at \$17 billion. Given the state's fiscal situation and the credit market's recent tightening the state would have real trouble borrowing that much money.

The LAO recommends action in the next few weeks to reduce the short-term borrowing need to under \$10 billion. Re-balancing the budget by raising revenues or decreasing expenditures (General Fund or borrowable special funds) will help, but the state "also may need to delay scheduled payments to schools, local governments, service providers, and others." They could also take actions that would accelerate receipts. The LAO notes that state payments to schools represent a large portion of General Fund disbursements in cash flow deficit months. They also assume that the federal funds available to local agencies including schools "may help governmental entities cope with additional payment delays."

Contingent on voters approving Proposition 1C, the LAO also recommends speeding the planned March 2010 issuance of lottery securitization bonds to October 2009, though they note this decision would actually rest with the Administration.

The LAO's final recommendation is for the Legislature to consider "trigger legislation" such as that passed in 1994 – and similar to the federal stimulus trigger they used earlier this year – that could help the state sell short-term cash flow instruments by assuring investors. The concept of "trigger legislation" would be to automatically cut expenses or raise revenues if repayment of the instruments was threatened. The report was not specific as to what conditions would constitute such a threat.

Without changes, the state will have trouble paying bills as early as July and persisting through much of the fiscal year; therefore, the LAO urges the Legislature to adopt and implement solutions by late June or early July at the latest. The LAO acknowledges the idea of seeking federal assistance, possibly including a federal loan guarantee, and thinks that it's appropriate for the state to discuss those options with the federal government. However, they also caution the Legislature that such deals might come with strings attached, and note the abdication of fiscal and operational control required of the banks recently and of New York City in the 1970s. The LAO prefers making difficult choices ourselves to losing that control.

The LAO's report makes it clear that regular updates on the state's cash flow will be imperative in the coming weeks. The cash flow situation adds another pressure point to what will be difficult budget negotiations this spring and summer.

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StateContemplatesRaidonLocalRevenues

Earlier this week, the Governor's Department of Finance invited CSAC and other local government stakeholders to join a conference call wherein Department officials said that they are considering borrowing \$2 billion from local agencies pursuant to the provisions of Proposition 1A (2004).

CSAC Officers immediately filed a letter with Governor Schwarzenegger asking the Governor to remove consideration of borrowing local government funds through a suspension of Proposition 1A as an option being considered for the May Revision. The letter (found [here](#)) points out that while boards of supervisors are familiar with the difficulties of cutting budgets and the concept of placing "all options on the table", some options are just so irresponsible and draconian that they should be immediately removed from that table. Borrowing from local government through the suspension of Proposition 1A (2004) is one such option.

Some key points to keep in mind:

- Counties are struggling with day-to-day operations, while dealing with an unprecedented demand for human services due to the economic downturn. Services will be significantly disrupted under this borrowing plan and many counties simply will not be able to provide the levels of services our constituents depend on. Counties have made drastic cuts to health and human services programs, public safety, and other vital services due to declines in local revenues and funding cuts by the state. Those cuts and disruption of services will only become more severe under this plan.
- The state has a constitutional obligation to repay any Proposition 1A "loan" within three years with interest. That deadline will hit at the same time taxes and fees approved under the state budget in February will expire if the May ballot measures fail – making it even more difficult for the state to meet its obligation to repay local governments.
- Local governments will have difficulty borrowing against the state's obligated repayment due to the poor condition of the credit markets. In these unprecedented economic times, counties do not have the ability to simply borrow our way out of this problem.

Irrespective of what happens in the May 19 special election, it appears that all options will be on the table as the state grapples with its growing deficit. Today's call is just the start of the budget debate and what will likely be another long summer at the Capitol.

This issue, and more, will be discussed in detail during the Legislative Conference here in Sacramento, May 27 and 28. We look forward to seeing you there and hearing your concerns and input as we develop our strategic approach for this

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Administration of Justice

For more information, please contact Elizabeth Howard at 916/650-8131 or ehoward@counties.org or Rosemary Lamb at 916/650-8116 or rlamb@counties.org.

Attorney's Fees in Anti-SLAPP Actions SB 786 (Yee) – Oppose As Amended on May 6, 2009

SB 786, by Senator Leland Yee, was recently amended to address the awarding of attorney's fees in anti-SLAPP (Strategic Litigation against Public Participation) actions. Specifically, the measure would prohibit a prevailing defendant from being awarded attorney's fees in any anti-SLAAP claim in which the underlying litigation arose from an action under the Brown Act, Public Records Act, or Bagley Keene Act. CSAC is opposed to this measure, as amended.

SB 786 stems from a recent unpublished appellate court [ruling](#) in Californians Aware (CalAware, a non-profit advocacy group supporting open government and public access) v. Orange Unified School District. In this matter, the school district successfully used the anti-SLAPP law (Code of Civil Procedure Section 425.16) in litigation involving a school board member who made comments in open session about a personnel matter; these comments were later edited out of a DVD circulated by the district and aired on a public access cable channel. In finding for the district in the anti-SLAAP claim, the court imposed an \$86,000 judgment against the former president of CalAware.

While the outcome of this case may be personally regrettable to the losing party, counties believe that the school district appropriately and, based on the court's ruling, rightfully used a tool in protecting its own rights in the arena of public discussion. We view the measure as overly restrictive and inequitable; CSAC will be opposing this measure to preserve the ability of public entities — when they prevail in anti-SLAPP motions — to receive attorney's fees.

The measure is set for hearing in the Senate Judiciary Committee on May 12.

Probation Performance Incentives SB 678 (Leno and Benoit) – Support in Concept/Request for Comment As Amended on April 16, 2009

SB 678, by Senators Mark Leno and John Benoit, would enact the California Community Corrections Performance Incentive Act. The key objective of the measure is to create performance incentives for local governments to develop community corrections strategies that reduce prison commitments. With increased supervision, monitoring, and intermediate sanctions, probation departments would be better positioned to decrease criminal activity and manage this population locally. Based on a jurisdiction's success — measured in the reduction of felony probationers who are sent to prison — the state would share its savings derived from the lowered prison population.

CSAC staff strongly encourages counties to examine the provisions of SB 678 and contact Rosemary Lamb (rlamb@counties.org) with comments or questions. We anticipate that the specific mechanics of the measure — such as how the savings will be calculated and redistributed to counties — will be further revised. We are eager to hear county input on the construct of the performance incentive approach. CSAC will continue to update counties on this measure as it moves through the legislative process.

CSAC believes this measure represents a very promising approach to addressing the needs of adult probation and giving counties the tools to aid the state in addressing the "revolving door" problem in our corrections continuum. The incentive-based approach to investing in a strong community corrections system is entirely consistent with CSAC [corrections reform principles](#), as well as the findings and recommendations of the [Probation Services Task Force](#). The Chief Probation Officers of California (CPOC) is co-sponsoring this measure. SB 678 passed the Senate Public Safety Committee — a committee whose chair and vice-chair are jointly authoring this measure — unanimously on April 28 and is set for hearing on May 11 in the Senate Appropriations Committee. CSAC urges individual counties to weigh in with support on this measure.

Public Records Act
SB 359 (Romero) – Support
As Amended on May 5, 2009

SB 359, by Senator Gloria Romero, seeks to update the index of disclosure exemptions contained in the Public Records Act (PRA).

The PRA was amended in 1998 by SB 143 (Kopp) to incorporate an extensive index organized alphabetically of the various code sections a public agency can rely on to justify the nondisclosure of a public record. This index has proven to be a valuable resource for local governments. There has been no organized, comprehensive effort to update the PRA exemption index since it was established in statute more than a decade ago. SB 359 seeks to bring the index up-to-date, consistent with legislative changes that have made certain records confidential in the intervening 11 years.

The measure will be heard before the Senate Judiciary Committee on May 12.

Emergency Air Medical Transportation
AB 1153 (Beall) – Request for Review
As Proposed to Be Amended

AB 1153, by Assembly Member Jim Beall, would impose a new \$3 penalty on vehicle code violations and direct the revenue to support air ambulance services. As discussed in a previous Bulletin, CSAC is primarily concerned about ensuring that the timing and mechanics of the penalty imposition do not affect current revenue distribution. As counties may recall, CSAC sought an amendment in 2008 legislation to Penal Code 1203.1d, which specifies the priority distribution of revenue when installment payments are made on court-ordered debt. That provision directs any revenue derived from a new penalty enacted on or after January 1, 2009 effectively into a fifth distribution “bucket,” after the first four buckets of revenues are filled.

An amendment to address county and court concerns about the application of the new fee has been developed. We would like counties to examine the proposed amendment to ensure that it indeed ensures that the new penalty proposed in AB 1153 does not interfere with current revenue distribution. Please contact Rosemary Lamb directly at rlamb@counties.org to receive a copy of the proposed language.

AB 1153 will be heard on May 13 in the Assembly Appropriations Committee.

Arraignment Courts
AB 1338 (Anderson) – Oppose
As Introduced on April 28, 2009

AB 1338, by Assembly Member Joel Anderson, would establish an arraignment court program. Despite recent amendments that address one core concern of counties, CSAC remains opposed to this measure.

The bill would authorize — but not require — the establishment of an arraignment program. To exercise this authority, the bill contemplates having the presiding judge (or his or her designee), the district attorney, and the public defender arrive at mutual terms in writing to operate the program. What the construct does not take into account are other operational and fiscal impacts to the county. Chief among those are (1) the impact to the county if the court facility is housed in a shared-use building and (2) the costs associated with providing court security and, if necessary, defendant transportation — both functions provided by the county sheriff.

Secondly, counties previously objected to a provision that would have required the sharing of proceeds from any pecuniary orders among “the participating prosecutorial, defense, probation, and arresting agencies”. That element of the bill effectively would have disregarded an extensive and complex statutory direction that distributes revenues to specific funds and entities. While we appreciate the author’s willingness to eliminate the required sharing of proceeds among the three identified entities, CSAC remains in opposition to the measure due to concerns regarding the other operational and fiscal impacts to counties.

The measure is set for hearing in the Assembly Appropriations Committee on May 13.

Historical Records

**AB 827 (Yamada) – Request for Comment
As Amended on May 6, 2009**

AB 827, by Mariko Yamada, would allow county boards of supervisors to adopt and impose a fee to fund the costs of archiving historical county records. Specifically, it would allow a county to charge \$3 for the first page and \$1 for all subsequent pages for the archiving of historical county records. The types of records include those pertaining to real property, local agency meetings and actions, roads and other public works projects.

CSAC staff would like counties to review this measure and provide feedback to Rosemary Lamb at rlamb@counties.org as soon as is practical. AB 827 is scheduled to be heard in the Assembly Local Government Committee on May 13.

**Metal Theft
AB 237 (Carter) – Support
As Amended on April 23, 2009**

AB 237, by Assembly Member Wilmer Amina Carter, seeks to provide local law enforcement with an additional tool in fighting metal theft. This measure amends the section of the Vehicle Code that specifies which entities have authority to stop and search vehicles transporting products and what specific products could trigger such a stop. AB 237 would add metal products to the list of products that grant law enforcement stop and search authority and would extend this authority to local law enforcement, including county sheriffs. Currently, only the California Highway Patrol is granted this authority.

AB 237 is sponsored by the California State Sheriffs' Association. It passed out of the Assembly Appropriations Committee on May 6 on the consent calendar.

**Electronic Monitoring: Domestic Violence
AB 1081 (Torrico) – Request for Comment
As Amended on April 13, 2009**

AB 1081, by Assembly Member Alberto Torrico, would impose further requirements on county probation departments in an effort to address rising rates of domestic violence.

Specifically, AB 1081 would require county probation departments to perform a risk assessment evaluation as part of their presentence report for a person convicted of violating a restraining order. Furthermore, if the court feels that active GPS monitoring is warranted per the presentence report, the judge can order the county probation department to place the offender on a very specific active GPS monitoring system. There is no funding contained within the measure other than a \$200 fee levied upon the defendant that is to be deposited into a county domestic violence surveillance fund. However, Assembly Member Torrico had a companion measure (AB 1082) that contained a tax to fund AB 1081. This measure failed to meet a legislative deadline and is now a two-year bill.

The author is committed to working with stakeholders to identify implementation concerns on AB 1081 and will be convening a working group to begin addressing these issues. CSAC staff encourages counties to examine this measure and provide feedback as soon as is practical to Rosemary Lamb at rlamb@counties.org.

AB 1081 is awaiting hearing in the Assembly Appropriations Committee.

**Local Government Emergency Response
AB 1004 (Portantino) – Request for Comment
As Amended on May 4, 2009**

AB 1004, by Assembly Member Anthony Portantino, would prohibit a public agency from making residency a factor in determining liability for the purposes of seeking reimbursement for the expenses of any emergency response.

As we understand it, this measure is seeking to address the use by some municipalities of what is being called an "accident tax" (see recent [article](#) in the *Capitol Weekly*). The fee is levied on persons involved in collisions that necessitate an emergency response, if they reside outside the area.

AB 1004 continues to be a work in progress, and the author is convening a meeting of stakeholders to discuss the bill and shape a resolution. CSAC staff encourages counties to examine this measure and provide feedback as soon as is practical to

AB 1004 is awaiting hearing in the Assembly Appropriations Committee.

Byrne-JAG Federal Stimulus Funding Discussed at May 5 California Council on Criminal Justice (CCCJ) Meeting

The California Council on Criminal Justice (CCCJ) met on May 5 to discuss the \$135 million Byrne-JAG stimulus funding awarded to the California Emergency Management Agency (CalEMA). As counties will recall, CalEMA is required to pass-through 67% of the \$135 million to local jurisdictions.

The CCCJ was scheduled to vote at its May 5 meeting on stimulus funding strategies. However, CalEMA staff requested more time to develop stimulus funding proposals for CCCJ based on the feedback staff received from CCCJ members at the meeting. As a result, the CCCJ will now vote on Byrne-JAG stimulus funding strategies at its June meeting. Per open meeting laws, the CCCJ must post meeting agendas 10 days prior to its meeting. CSAC encourages counties to visit [CalEMA's public notice Webpage](#) for future CCCJ meeting agendas.

Senate Confirms CDCR Secretary Matthew Cate

On May 6, the Senate voted unanimously to confirm Matthew Cate as the Secretary of the California Department of Corrections and Rehabilitation (CDCR). Secretary Cate took over the helm of CDCR when Jim Tilton retired in May 2008. Please see [CDCR STAR - Corrections Clips](#) Web page for more details on Secretary Cate's confirmation.

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AgricultureandNaturalResources

For more information, contact Karen Keene at 916/327-7500, ext. 511, or e-mail kkeene@counties.org or Cara Martinson at 915/327-7500, ext. 504, or email cmartinson@counties.org.

Williamson Act

SB 715 (Wolk) – Support

As Introduced on February 27, 2009

SB 715, by Senator Lois Wolk, passed out of the Senate Local Government Committee this week and has moved to the Senate Floor. This bill would make changes to the Williamson Act. Specifically, this bill would enact reforms to the Williamson Act by increasing local enforcement authority over contract compliance, by eliminating the protest provision, and escalating property tax increases when a contract is non-renewed for non-compliance. Additionally, this bill would require proof of agricultural income for Williamson Act contracts, and condition the subdivision of land for development if the land is under contract. This bill is sponsored by Yolo County.

Energy

AB 920 (Huffman) – Request for Comments

As Introduced on February 26, 2009

AB 920, by Assembly Member Jared Huffman would allow electric utility customers installing solar or wind generators on their property to be paid by their electric utility for the "surplus" electricity they produce. Specifically, AB 920 would expand the current net-metering programs for wind and solar energy to allow the net-metered customers to sell any excess electricity they produce over a 12-month period to their electric utility. This bill is currently on the Assembly Appropriations Suspense file.

Water

AB 1408 (Krekorian) – Request for Comments

As Amended on April 30, 2009

AB 1408, by Assembly Member Paul Krekorian, would incorporate water conservation measures into the water supply assessment/verification processes required of new development in California. Specifically, this bill would allow local agencies to incorporate water demand reductions into water supply verifications for new developments, if the developer agrees to install conservation measures or pay into a Water Conservation Mitigation Fund operated by the water supplier that will achieve 100% elimination of new water demand from proposed development. This bill is considerably similar to AB 300, by Assembly Member Caballero. AB 1408 has been referred to the Assembly Appropriations Committee.

Federal Legislative Alert: Clean Water Restoration Act (CWRA) S. 787

The CWRA proposes to eliminate the word "navigable" from the definition of "waters of the U.S." within the Clean Water Act (CWA), essentially placing all bodies of water or "perceived" bodies of water under federal jurisdiction — even those waters traditionally under state authority. The bill goes on to include "activities affecting these waters." While the intent may be to limit direct and non-direct pollution sources going into major waterways, it could be interpreted quite differently to allow the federal regulation of any and all activities that "affect" waters. It is possible that a non-direct source up to hundreds of miles away could be regulated, even though there is no direct hydrological connection. This definition does not exist anywhere in current law or regulation.

According to National Association of Counties (NACo) staff, the Senate Environment and Public Works (EPW) Committee is expected to take up the measure on May 14. NACo and CSAC oppose any effort to remove the term "navigable" from the definition of "waters of the U.S." in the CWA. In 2007, CSAC and NACo opposed a similar bill, HR 2421.

Counties that are opposed to this proposed definition of "waters of the U.S." are encouraged to express their concerns with the offices of Senators Boxer and Feinstein and their Congressional delegation.

Solid Waste

AB 87 (Davis) – Support As Amended on April 27, 2009

AB 87, by Assembly Member Mike Davis, was moved to the Assembly Appropriations Suspense file this week. This bill would require a store, effective July 1, 2010, to collect a fee from customers on plastic carryout bags of not less than twenty-five cents (\$0.25) with the exception of those customers participating in certain assistance programs.

AB 68 (Brownley) – Support As Amended on April 23, 2009

AB 68, by Assembly Member Julia Brownley, was moved to the Assembly Appropriations Suspense file this week. Similar to AB 87, this bill would also impose a fee from customers on plastic carryout bags of not less than twenty-five cents (\$0.25).

AB 283 (Chesbro) – Support As Amended on April 23, 2009

AB 283, by Assembly Member Wes Chesbro, was moved to the Assembly Appropriations Suspense file this week. This bill would establish a comprehensive Extended Producer Responsibility Framework, with the goal of creating effective producer-lead reduction, reuse, and recycling programs to deal with a product's lifecycle impacts from design through end of life management.

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EmployeeRelations

For more information, contact Eraina Ortega at 916/327-7500, ext. 521 or eortega@counties.org, or Faith L. Conley at 916/327-7500, ext. 522 or fconley@counties.org.

AB 781 (Jeffries) – Request for Comment As Amended on April 13, 2009

Responding to concerns that bilingual applicants are being favored in hiring processes, AB 781, by Assembly Member Kevin Jeffries, would prohibit a city, county, or state government from discriminating against an employee or an applicant for employment on the basis of their ability to speak a language other than English unless the ability to speak a language other than English is an occupational qualification.

Existing law prohibits an employer from refusing to hire a person based on specified characteristics, unless the characteristic is based on a bona fide occupational qualification.

AB 781 will be heard on May 12 in the Assembly Judiciary Committee.

***AB 1394 (Bass) – Support
As Introduced on February 27, 2009***

AB 1394, by Speaker Karen Bass, will authorize the California Workforce Investment Board's Green Collar Jobs Council (Council) to accept any revenues, grants, or services from state and federal entities to use for workforce training.

AB 3018 (Núñez/Bass, Statutes of 2008) created the Council within the California Workforce Investment Board. The Council conducts planning, research, and funding to meet California's growing need for a greener workforce.

CSAC supports taking action and building partnerships at the state and local levels to maximize funding from the federal American Recovery and Reinvestment Act of 2009 (ARRA) in order to provide additional training and jobs for California's workforce. AB 1394 will require the Council to partner with state and local agencies to award grant money and green workforce training funds received by the state under ARRA.

AB 1394 is currently awaiting hearing in the Assembly Appropriations Committee.

***AB 1399 (Anderson) – Request for Comment
As Amended on May 4, 2009***

AB 1399, by Assembly Member Joel Anderson, would prohibit elected county officials from hiring or employing any immediate family member if that family member would serve under direct supervision of the elected county official.

AB 1399 would also prohibit an elected county official from making a gift of public funds or property to any person without consideration.

AB 1399 is awaiting hearing in the Assembly Committee on Elections and Redistricting.

***SB 656 (DeSaulnier) – Oppose
As Introduced on February 27, 2009***

SB 656, by Senator Mark DeSaulnier, would provide that a local public agency bargaining unit comprised of both safety and non-safety members will be removed from the Public Employment Relations Board's (PERB) dispute settlement jurisdiction if the majority of the members are safety members.

CSAC believes that it is inappropriate to extend what is now a narrow exemption from PERB for peace officers to a larger group of miscellaneous employees. Counties do not see a significant problem with the current structure in which peace officer members of a mixed bargaining unit resolve their disputes in court while miscellaneous employees go before PERB. If a problem exists in a particular bargaining unit, existing law provides peace officers with the right to establish a separate bargaining unit.

SB 656 would treat all employees in mixed bargaining units the same and CSAC sees no reason to do so. In fact, this change could have the unintended result of having similar bargaining units with a majority of peace officers.

SB 656 will be heard in the Senate Appropriations Committee on May 11.

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Government Finance and Operations

For more information, contact Jean Kinney Hurst at 916/327-7500, ext. 515, or jhurst@counties.org or Geoffrey Neill at 916/327-7500, ext. 567, or gneill@counties.org.

Initiatives

AB 10 (Hagman) – Oppose

As Introduced on December 1, 2008

AB 10, introduced by Assembly Member Curt Hagman, would prohibit public officials from using public resources to commence an action to enjoin the operation of any law or constitutional amendment proposed by initiative petition and approved by a vote of the people.

CSAC opposes this measure as it would interfere with the efforts of local elected officials in carrying out their duties and responsibilities to enforce the law and protect the health and safety of the public. Certainly, there are legitimate reasons for local governments to challenge the legality of voter-approved measures. These measures sometimes have the effect of preventing local government from providing vital health and other public services, impact local and regional transportation, potentially conflict with federal laws, or interfere with public utilities. Boards of supervisors should continue to have the ability to raise concerns in court about the legality of initiatives rather than be in the untenable position of carrying out unconstitutional ballot measures and waiting to be sued.

AB 10 failed on a 2-3 vote in the Assembly Elections and Redistricting Committee at its hearing on May 5.

Public Debt

AB 1192 (Strickland) – Oppose

As Amended on April 20, 2009

AB 1192, by Assembly Member Audra Strickland, would prohibit a city from selling or leasing a public improvement to a public or private entity for the purpose of renting, leasing back, or repurchasing through installments payments that existing public improvement. While this measure provides a strict prohibition for cities only, CSAC is concerned that such a prohibition would be extended to counties, as well.

AB 1192 was pulled from the Assembly Local Government Committee's May 6 agenda.

AB 1388 (Hernandez) – Support

As Introduced on February 27, 2009

AB 1388, by Assembly Member Ed Hernandez, would expand permission for using a negotiated sale method to sell general obligation bonds above or below par value to counties and other local agencies. Currently, schools and community colleges already have this authority to pursue this alternative to the competitive bid process. Extending permission to other types of local agencies will allow them to realize the benefit of being able to tailor their sale to the market conditions and get the best possible value.

The Assembly Local Government Committee passed AB 1388 on a unanimous vote at its hearing on May 6.

Local Fees

SB 676 (Wolk) – Support

As Amended on April 13, 2009

CSAC supports SB 676, by Senator Lois Wolk, a measure that would update several instances of county fee authority.

SB 676 provides important updates to numerous local fee provisions in state statute, some of which have not been updated since the 1980s. As a result, in many instances, counties are subsidizing fee-supported activities to the detriment of the county general fund, which is the primary funding source for local public safety programs and for local matching requirements for state- and federally-mandated health and human services programs that counties provide on the state's behalf.

CSAC urges counties to review SB 676 and communicate support to your legislative delegation. The Senate Local Government Committee passed SB 676 on a 3-1 vote on May 6, and the bill now moves to the Senate Appropriations Committee.

Audits

**AB 831 (Monning) – Oppose Unless Amended
As Amended on April 21, 2009**

AB 831, by Assembly Member Bill Monning, would prohibit the officers and any employee or former officers or employees of any state or local agency or publicly created entity that has been subject to or that has assisted in the Bureau of State Audits with an audit or investigation or that has received a draft copy of any report or other draft document from the bureau for comment or review from releasing to the public, among other things, any papers, correspondence, or any substantive information pertaining to any audit not yet completed.

AB 831 was scheduled to be heard in the Assembly Business and Professions Committee on May 5, but was put over to work out issues. The committee was very sympathetic to allowing local governments to utilize technical expertise from their colleagues.

Local Vote Thresholds

**ACA 9 (Huffman) – Support
As Amended on April 27, 2009**

ACA 9, by Assembly Member Jared Huffman, would put a measure before California voters that would reduce the voter approval requirement for local taxes and bonds to 55%.

Currently, counties have neither the financial resources to operate state programs and also meet local needs, nor the ability to predict service levels beyond each legislative session. In order to meet each community's unique needs, counties must be given greater fiscal independence from the state and federal budget processes, including the authority to offer the voters the option of approving revenues at a level sufficient to provide the degree of local services the community desires.

The Assembly Local Government Committee passed ACA 9 at its hearing on May 6 with relatively broad support, but without any votes from the committee's Republicans. The vote was 5-2.

Clarifying "VLF" for Local Ordinances

**SB 636 (Ashburn) – Support
As Amended on April 30, 2009**

SB 636, by Senator Roy Ashburn, would clarify that revenue from the recent Vehicle License Fee (VLF) increases is not derived from the 0.65% VLF rate that Nevada County's ordinance requires be spent in specific ways. Senator Ashburn amended the bill to specify Nevada County, and expressed a willingness to list any other counties that request inclusion due to their own local ordinance.

SB 636 is now on the Senate Floor.

Property Tax Base-Year Value Transfers

**SCA 11 (Dutton) – Oppose Unless Amended
As Introduced on February 24, 2009**

**SB 274 (Dutton) – Oppose Unless Amended
As Amended on April 30, 2009**

SCA 11 and SB 274, both by Senator Bob Dutton, would allow seniors and Californians with severe disabilities to transfer the base-year value of their home to another, new home even if the new property was of a higher value. Currently, this population is permitted to transfer the base-year value of their home to another one only if it is of equal or lesser value. The change would only be implemented if both the Legislature and voters were to approve it.

The point of the original property tax exemption that voters approved was to avoid penalizing seniors with limited incomes whose children had left home and wanted to move to a smaller house. The so-called "penalty" results from two facts: (1) that property values increases are capped at a rate of 2% per year (which is nearly always below the market's growth rate) by paragraph (b) of section 2 of Article XIII A of the California Constitution, and (2) that a property is reassessed upon a change in ownership. Therefore, if a property owner has remained at a single location for several years and then moves to a different but equally valuable property, their property tax liability rises.

Regardless of the proposal's departure from the original exemption's intent, if the state chooses to use its own funds to encourage seniors to move to more expensive houses without having to pay their share of property taxes, that is the state's

business. However, counties do take exception to the Legislature including county revenues in the exemption. The fiscal straits in which counties find themselves are well-known and require little elaboration here. Nearly every revenue stream, and certainly all of the important ones, have fallen precipitously, and almost every county has already implemented or is strongly considering deep cuts and layoffs. For the Legislature to limit revenue that would otherwise flow into counties' general funds at a time like this seems ill-considered. If this is an issue of statewide concern, as passing this bill would indicate, then the state should be willing to use statewide revenues to reimburse counties for their related losses. Alternately, this provision could be instituted only at the option of each county's board of supervisors, where county budgeting decisions properly reside.

The Senate Revenue and Taxation Committee will consider SCA 11 and SB 274 at its hearing May 13.

**Local Sales and Use Tax
SB 27 (Hancock) – Support
As Amended on February 23, 2009**

SB 27, introduced by Senator Loni Hancock, would prohibit local agencies from entering into agreements that give retailers rebates or transfers of Bradley-Burns sales tax revenues in order to lure the retailer's sales tax-generating activities away from other jurisdictions where the retailer maintains a presence.

This bill addresses a practice that undermines communities' ability to provide local programs and services across the state. In the cases this bill would prohibit, jurisdictions that continue to bear the burden of providing public services to a retailer are deprived of the tax revenue that the retailer generates, and therefore undermine those agencies' ability to provide for the service and facility needs of their residents, both residential and commercial.

The Assembly Local Government Committee will consider SB 27 at their hearing May 13.

Several Sales and Use Tax Exemption and Exclusions Up Next Week

The Senate Revenue and Taxation Committee has scheduled several sales and use tax exemption and exclusion bills for its hearing May 13. Among them are SB 107, SB 658, SB 714, and SB 765, which would implement various eclectic carve-outs for one type of transaction or another. All of them avoid the reimbursement to local agencies required by the Revenue and Taxation Code. CSAC generally opposes unreimbursed tax exemptions and exclusions. If the state believes such tax breaks are of statewide concern, as passing such bills would indicate, then they should be willing to fund them with statewide revenues.

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HealthandHumanServices

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**Health
AB 217 (Beall) – Support
As Amended on April 28, 2009**

AB 217, by Assembly Member Jim Beall, would allow the state to draw down federal funding for providing confidential alcohol and drug screening and brief intervention services to specified Medi-Cal beneficiaries.

Currently, counties that provide substance and alcohol screening and brief intervention services to Medi-Cal beneficiaries must bear the full cost of such services. A new federal rule change allows California to receive federal revenue to perform Screening and Brief Intervention (SBI) services, making them more affordable. AB 217 would allow the state to take advantage of this rule change and draw down a federal match for local funds.

By implementing the Medi-Cal Alcohol and Drug Screening and Brief Intervention Services Program, AB 217 would create a voluntary-participation program for the counties to provide the state's required 50% share of cost. The bill would then

enable the state to draw down federal revenue for counties that are already providing these services. For every local dollar invested, the state could receive a dollar match from the federal government.

Furthermore, the bill clarifies that a Medi-Cal beneficiaries' participation in SBI services must be voluntary and confidential.

County budgets, like the state's, are impacted by the current economic downturn. Counties also anticipate an increased need for drug and alcohol services. As a result, counties are seeking ways to make scarce intervention and treatment dollars stretch even farther. AB 217 provides counties with a much-needed federal revenue stream – at no cost to the state – for these valuable services.

AB 217 will be heard in the Assembly Appropriations Committee on May 13, 2009.

***AB 657 (Hernandez) – Support
As Amended on April 27, 2009***

AB 657, by Assembly Member Ed Hernandez, would establish a Health Professions Workforce Task Force to assist in the development of a health professions workforce master plan for the state.

Counties, as providers and purchasers of health care, support the creation of a health care workforce master plan for the state. The scarcity of qualified medical personnel in California continues to hamper our ability to provide quality health care to our residents and employees.

The significant shortage of qualified medical personnel affects all counties large and small. For large urban counties and counties that operate hospitals, the shortage of medical personnel threatens their ability to meet state staff ratio standards and attract physicians. The impacts of the medical workforce shortage are also dire in rural counties, where access to medical specialists is severely limited. All counties report difficulty attracting and retaining primary care physicians.

AB 657 will be heard in the Assembly Appropriations Committee on May 13.

***AB 710 (Yamada) – Support
As Amended on April 13, 2009***

AB 710, by Assembly Member Mariko Yamada, will create the Veterans' Substance Abuse and Mental Health Services Fund (Fund) for the purpose of receiving federal Substance Abuse and Mental Health Services Administration (SAMHSA) grant money. This bill will additionally require the California Department of Veterans' Affairs (CDVA) to submit an application to SAMHSA for this funding and then deposit it into the newly created fund. Monies from the fund would then be continuously appropriated by the Legislature to CDVA to fund community-based organizations providing substance abuse and mental health services to veterans.

CSAC supports pursuing additional funding to ensure that California veterans are receiving timely and beneficial services to address mental health disorders and/or substance abuse problems. Many veterans are returning home after serving in the Iraq and Afghanistan wars with pressing needs for such services. AB 710 will take advantage of the available federal funding to address the needs of our veterans as well as help to establish a federal-local community partnership for this important purpose.

AB 710 will be heard in the Assembly Appropriations Committee on May 13.

***AB 754 (Chesbro) – Support
As Amended on April 23, 2009***

AB 754, by Assembly Member Wes Chesbro, will increase the efficiency and timeliness of Medi-Cal payments to county mental health plans by clarifying the state's current payment timeframes and responsibilities.

According to current law, counties must incur and reimburse the full cost of each mental health service provided prior to certifying and submitting the claim for reimbursement through the state to the appropriate federal agency. In other words, counties front the payment for the full cost of mental health Medi-Cal services while they wait for claims to be processed and reimbursed through the Department of Mental Health (DMH), the Department of Health Care Services, and the federal government.

Over the last year, there have been significant disruptions in the reimbursement of county mental health Medi-Cal, including Early and Periodic Screening, Diagnosis and Treatment program (EPSDT) claims (some going back to fiscal year 2004-05) due to problems in communication, accounting and claims processing at DMH. These disruptions have led to increased federal scrutiny, multi-year county payment deficiencies and, to date, approximately \$500 million in delayed reimbursement to counties for services provided to Medi-Cal beneficiaries.

AB 754 attempts to remedy the ongoing problem of late reimbursements for critical mental health care, which leaves

counties to bear the financial risk of providing such services. The bill will strengthen the partnership between state and local government, and increase the efficiency and timeliness of Medi-Cal payments to county mental health plans who are responsible for delivering mental health care to approximately half a million Californians with a serious mental illness or serious emotional disturbance.

AB 754 will be heard in the Assembly Appropriations Committee on May 13.

***SB 311 (Alquist) – Support
As Amended on April 22, 2009***

SB 311, by Senator Elaine Alquist, would allow for the creation of a dental-only coverage program offered as a part of the Healthy Families Program.

CSAC strongly supports the expansion of dental health services for low-income children, recognizing that this is one of the greatest unmet health care needs in California. Untreated dental problems result in days missed at school for children and can lead to other more damaging health problems such as ear and sinus infections or heart disease.

SB 311 will be heard on May 11 in the Senate Appropriations Committee.

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Housing, Land Use and Transportation

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Housing

***AB 566 (Nava) – Support
As Amended on April 27, 2009***

AB 566, by Assembly Member Pedro Nava, would require that a survey of residents of a mobilehome park for proposed conversion to demonstrate support of a majority of the residents of the mobilehome park.

AB 566 is set for hearing before the Assembly Appropriations Committee on May 13.

***AB 1422 (Bass) – Support
As Introduced on February 27, 2009***

AB 1422, by Speaker Karen Bass, would help low- and moderate-income persons and families affected by the subprime mortgage crisis. Specifically, it would allow, until January 1, 2013, redevelopment agencies (RDAs) to use funds from their Low and Moderate Income Housing Funds to (1) purchase, assume, or refinance, or assist lenders or nonprofit or for-profit developers in purchasing, assuming, or refinancing, subprime or nontraditional mortgages on homes owned by persons meeting a specified income level within its jurisdiction, or make loans to those homeowners and (2) purchase, or assist lenders or nonprofit or for-profit developers in purchasing, homes within its jurisdiction that have been foreclosed and are vacant and sell those homes, without regard to income.

AB 1422 is set for hearing before the Assembly Housing and Community Development Committee on May 13.

Land Use

***AB 494 (Caballero) – Oppose Unless Amended
As Amended on April 23, 2009***

AB 494, by Assembly Member Anna Caballero, would provide conditions that a local government must allow for the subdivision of land within a Williamson Act contract for the purpose of farmworker housing.

Although we recognize the need for additional placement of farmworker housing, AB 494 would create a number of problems for local agencies and may not accomplish the goal of providing additional farmworker housing. A detailed outline of our concerns and requested amendments can be found in our Oppose Unless Amended letter on the CSAC Website at: <http://ct2k2.capitoltrack.com/BillInfo.asp?ss=492CSAC1SRM.xml&org=all&measure=ab%20494&id=15>.

AB 494 is set for hearing before the Assembly Appropriations Committee on May 13.

***AB 1084 (Adams) – Request for Comment
As Amended on April 28, 2009***

AB 1084, by Assembly Member Anthony Adams, as amended would provide a time frame for notice relating to an increase or change in fee levied under the Mitigation Fee Act and would establish procedures for requesting an audit of those fees.

AB 1084 is set for hearing before the Assembly Appropriations Committee on May 13.

***Public Works Administration
AB 815 (Ma) – Request for Comment
As Amended on May 6, 2009***

AB 815, by Assembly Member Fiona Ma, would provide that it is the intent of the Legislature to consider the issues raised in *Los Angeles Unified School District v. Great American Ins. Co.* (2008)163 Cal. App. 4th 944, review granted, 193 P.3d 280; 84 Cal. Rptr. 3d 35 (2008) as needed once they are ripe for consideration after the California Supreme Court has rendered a decision interpreting the parties rights and obligations under existing law.

AB 815 was passed out of the Assembly Judiciary Committee on May 5. The measure is now set for hearing before the Assembly Local Government Committee on May 13.

***AB 1409 (John Perez) – Oppose
As Amended on April 29, 2009***

AB 1409, by Assembly Member John Perez, would revise Public Contract Code Section 20395 (c) so that a county could use day labor or force account only after putting a project out to bid and then adopting a Board Resolution stating that no bids were received or that all bids received exceed the cost of having the project done by day labor or force account.

While most counties already put larger construction projects out to bid, they depend on the flexibility currently provided under law to perform work on the local highway system. The measure is very problematic for the following reasons.

Counties use their own work force for projects for a variety of reasons. First, many projects are too small to economically prepare plans, specifications, advertise, award, and inspect. This process can add anywhere from 15-35% to the overall cost of a project, and anywhere from two months to a year in additional time because of the required steps to complete the bid process. These extra costs and delays are not economical or prudent, and are presently avoided by using county forces to do work on minor projects.

Second, some projects need to be performed immediately due to local emergencies such as landslides, declared disasters, floods, and fires. However, bidding a project would add months onto the process, severely limiting emergency response capabilities. As such, there is increased exposure and risk to the traveling public, as well as an increased liability for counties that are unable to respond to matters of public health and safety.

AB 1409 is especially problematic for rural counties in California. Many of the smaller projects performed by day labor or force account do not attract contractors. CSAC strongly disagrees with the argument that there are more contractors today in rural areas that result in the need to do work by contract. Rural areas do not have a large enough contractor presence to have a truly competitive environment, which is necessary to drive down project costs.

It is a well known and widely agreed upon fact that transportation needs far exceed revenues available. Given the State budget situation and sagging economy, we should be encouraging more efficient and effective uses for valuable transportation funds, not adding costly requirements that will result in fewer transportation projects at higher costs, more lay-offs, increased backlogs and deferred maintenance, and ultimately a less safe transportation network for the constituents we all serve.

CSAC believes that adoption of this bill would result in additional costs to the taxpayers and is in essence anti-economic stimulus. Accordingly, we are opposed to AB 1409.

AB 1409 was passed out of the Assembly Local Government Committee on May 6 by a vote of 6-0 with Assembly Member Juan Arambula abstaining. The measure is scheduled for a hearing before the Assembly Transportation Committee on May 11.

Transportation

AB 766 (Krekorian) – Request for Comment As Introduced on February 26, 2009

AB 766, by Assembly Member Paul Krekorian, would allow a local authority to retain a prima facie speed limit on any street, other than a state highway, if the local authority makes a finding, after a public hearing, that a higher speed limit is not the most appropriate for the orderly movement of traffic upon the street and does not promote a safe environment for the neighborhood or pedestrians.

AB 766 is set for hearing before the Assembly Transportation Committee on May 11.

AB 922 (Miller) – Request for Comment As Introduced on February 26, 2009

AB 922, by Assembly Member Jeff Miller, would exempt from the imposition of tax, on and after July 1, 2009, to June 30, 2014, biomass-based diesel fuel produced in this state with California feedstock, and would require the State Energy Resources Conservation and Development Commission, in cooperation with the State Board of Equalization, to provide specified oversight of the tax incentive program.

AB 922 is set for hearing before the Assembly Revenue and Taxation Committee on May 11.

ACA 15 (Arambula) – Support As Introduced on March 10, 2009

ACA 15, by Assembly Member Juan Arambula, would allow for the imposition, extension, or increase of a special tax by a local government for the purpose of providing funding for local transportation projects upon the approval of 55% of its voters from the current two-thirds voter requirement.

Current funding mechanisms for California's transportation systems fall far short of needs, both short and long-term. When needs outweigh available resources, it is imperative that state and local governments, as well as other transportation stakeholders, work cooperatively to identify alternative ways to fund those needs to ensure a long-term seamless transportation system for our state.

ACA 15 provides local governments with a better tool for raising additional, much needed transportation funds in communities across California. A brief survey of California's counties in 2008 revealed that many counties, both small and large, would benefit from a reduced voter threshold and would in fact attempt local bonds for transportation purposes in their county should ACA 15 be signed into law.

ACA 15 was passed out of the Assembly Local Government Committee on May 6 by a vote of 5-2. The measure now awaits a hearing in the Assembly Appropriations Committee.

SB 716 (Wolk) – Oppose As Amended on April 30, 2009

SB 716, by Senator Lois Wolk, would, in those counties where Transportation Development Act (TDA) funds may be allocated to local streets and roads, authorize use of those funds for farmworker vanpool purposes upon a finding by the transportation planning agency that there are no unmet transit needs or no unmet transit needs that are reasonable to meet.

The main purpose of TDA funding is to support transit services across the state. The law also provides that a county with a population of 500,000 or less can use TDA funds for local street and road purposes should all the transit needs in the county be met.

The TDA program, created in 1971, is the only permanent, statewide source of revenue for transit in California. Given recent state budget actions which all but eliminate state transit assistance through 2013, SB 716 would allow for competition of scarce transit funding at a time when it is most needed. Some counties have reported that their transit systems currently rely 100% on TDA funding. Furthermore, combined with the economic downturn and recent legislative mandates to reduce greenhouse gases, government should be providing more funding to transit not diluting it.

Counties also benefit from TDA funds in instances where all transit needs have been met. Local streets and roads provide the transit right-of-way, therefore the maintenance and preservation of the local system is integral to a functioning and efficient transit system. As the Senate Transportation and Housing Committee analysis notes, in 2007, \$1.4 billion was generated for TDA purposes, 11% of which was used for local streets and roads. Diversion of funds away from the secondary purpose of TDA funding will have deleterious effects on transit systems as well. For these reasons, CSAC is opposed to SB 716.

SB 716 is set for hearing before the Senate Transportation and Housing Committee on May 12.

May08,2009

Washington,D.C.,Report

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President Obama unveiled May 7 the much-anticipated details of his \$3.4 trillion fiscal year 2010 budget request. The president's spending plan, which already has generated opposition from several Democratic lawmakers, proposes to reduce \$17 billion from 121 programs. Earlier in the year, the president released an outline of his spending request for fiscal year 2010.

Among the programs on the White House's chopping block is the State Criminal Alien Assistance Program (SCAAP). The Obama Administration contends that SCAAP funds may be used for extraneous items and services, including bonuses, consultants, and the purchase of vehicles.

It should be noted that the proposal to eliminate SCAAP drew an immediate response from several members of the California congressional delegation, including Senator Dianne Feinstein (D-CA). Senator Feinstein, a long-time champion of SCAAP, has vowed to fight to maintain funding for the program in fiscal year 2010. The program, which is funded at \$400 million in the current fiscal year, provides partial reimbursement to states and localities for the costs of detaining and incarcerating undocumented criminals.

Also included on the Obama Administration's list of programs targeted for elimination is a California program to retrofit diesel engines. The administration argues that the California grant, currently funded at \$15 million, is not authorized and bypasses the usual grant allocation process. It should be noted that the administration proposes to maintain funding for the national clean diesel program.

Other programs that have been targeted for elimination include work incentive grants and a \$10 million competitive grant program for local communities to reduce greenhouse gas emissions. The president's budget plan for next year also would reduce new funding for Election Assistance Commission-administered grants under the Help America Vote Act (HAVA), noting that states have significant unspent balances.

With regard to transportation funding, the Obama Administration abandoned its earlier plan to tear down the so-called "firewall" that protects Highway Trust Fund revenue from being used to fund other domestic programs. The proposal received a chilly reception among key transportation leaders on Capitol Hill, who successfully blocked efforts to include it in the recently approved budget resolution.

At this point, it is difficult to predict which of the president's budget proposals Congress will ultimately embrace. Lawmakers are certain to have their own ideas with regard to which programs to eliminate, reduce, or spare. In any event, the president's budget plan is likely to cause much debate on Capitol Hill as appropriators put together the various spending bills for next year.

In a related development, Congress adopted April 29 a fiscal 2010 budget resolution (S Con Res 13) without one Republican in either chamber voting for the measure. A handful of conservative Democrats joined their GOP colleagues in voting against the budget resolution.

The \$3.56 trillion budget resolution, which is nonbinding, sets the framework for the 12 annual appropriations measures later in the year. It also includes provisions that would allow a number of the president's initiatives to pass through Congress without the threat of a Senate filibuster, including health care reform and major changes to the federal student aid programs. As Democrats tout the budget blueprint as boosting needed investments in critical areas such as health care, education, and renewable energy programs, Republicans argue that it further increases the national debt while expanding government control.

In other budget-related activities, the House Appropriations Committee cleared May 7 a \$96.7 billion fiscal year 2009 supplemental spending bill, which the full House is expected to consider the week of May 11. The bulk of the measure funds U.S. military operations in Iraq and Afghanistan; however, it also includes money for other items such as international aid, wildfire suppression, and preparation for pandemic flu response.

On the other side of the Capitol, the Senate Appropriations Committee plans to mark up its version of the supplemental the week of May 11, with floor action expected the following week. House and Senate leaders are aiming to move the bill through both chambers and onto the president's desk by the Memorial Day recess.

In other news, CSAC Immediate Past President and San Mateo County Supervisor Richard Gordon testified at the House Financial Services Committee's May 5 hearing on the effects of the Lehman Brothers bankruptcy on state and local governments. In addition to Supervisor Gordon, Representatives Anna Eshoo (D-CA) and Jackie Speier (D-CA) testified before the committee.

It should be noted that Representatives Eshoo and Speier have championed legislation (HR 467) that would require the Secretary of the Treasury to use funding under the Troubled Asset Relief Program (TARP) to reimburse losses local governments suffered when Lehman Brothers was allowed to fail last September. Local government entities in 20 states lost an estimated \$1.67 billion, resulting in job and service cut-backs.

Finally, marking a victory for California's counties, the Obama Administration this week rescinded a number of Medicaid regulations, including separate rules for outpatient hospital services and school-based services, as well as the critical portions of the Targeted Case Management rule. All of the aforementioned proposed regulations would have had the effect of severely limiting reimbursement for services provided to at-risk populations, including services provided to persons with behavioral health issues and certain individuals in California's probation system. The regulations would have shifted over \$10 billion in costs to California over five years.

CSAC had joined a coalition of stakeholders to successfully delay the implementation of the regulations a number of times, most recently through the American Recovery and Reinvestment Act (ARRA), which placed a moratoria on the regulations through June 30, 2009.

The Obama Administration is expected to take similar action on three other Bush Administration-initiated regulations, including: the proposed public cost rule that would reduce reimbursement to public hospitals; the proposal to curtail or eliminate Medicaid graduate medical education reimbursement to teaching hospitals; and, a proposal to limit rehabilitative services provided to persons with behavioral health or developmental disability issues. Those regulations are not as far along in the regulatory process.

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