

TO: Members, Santa Barbara County Board of Supervisors

FROM: Cliff Berg, Legislative Advocate  
Monica Miller, Legislative Advocate

RE: Santa Barbara County Mid-Year Report

DATE: June 26, 2007

### **General Observations**

As you may be aware we are in the middle of the first year of the two year legislative session. In an effort to update the Board on the activities in Sacramento mid-year we wanted to take this opportunity to update you on what has happened so far. It is mid-June and the Legislature is in the midst of budget negotiations. Most of the big sticking points relate to how the bond money should be spent as well as the education issues. We anticipate an on-time budget and continue to work closely with legislative staff to try to include funding for the County priorities and protection of existing programs.

The Legislature has just completed one major deadline; moving legislation out of their house of origin, successfully moving over 600 bills into the other house where debate will continue. Many are optimistic that the legislature will take a summer recess allowing the members to return to their district for a month prior to the end of session.

The County has taken positions of both support and opposition on many bills this year. We wanted to take this opportunity to share with you a status update on those critical bills.

### **County Sponsored Bills**

**AB 1019 (Blakeslee)** This bill is sponsored by the County and authored by Assembly Member Sam Blakeslee. It would require a city to negotiate with the county when land is annexed during the five year Regional Housing Needs Assessment (RHNA) period. Under current law there is a requirement for a city to negotiate with the County when they incorporate during the five year RHNA but current law is silent on annexations. We are simply seeking parity in the law for annexations. If the city and county are not able to reach an agreement on the RHNA numbers they go back to the COG to mitigate an agreement. This bill has received unanimous, bi-partisan support to date. The bill will be heard on June 19<sup>th</sup> in Senate Housing and Transportation committee.

**AB 1497 (Niello)** This bill is sponsored by the County. This measure would have required that in addition to the items considered when allocating RHNA numbers, HCD would also take into account Williamson Act land. Under current law there is an expectation that each county will build a certain amount of housing units based on land available to that county. Santa Barbara appears to have a large land mass when just looking at a map, however much of that land is under Williamson Act contract and not eligible for building. HCD does not take that into consideration, therefore making it difficult to reach their designated RHNA number. AB 1497 would require that this factor be taken into consideration when determining what RHNA numbers will be allocated to that county. This bill is a two-year bill which will allow us to work with the Administration on this issue.

### **Legislation of Concern to the County**

**AB 303 (Ducheny)** This bill is opposed by the County. This bill is an attempt from the California Building Industry Association, the Realtors and the Low Income Housing to extend the current planning period for housing needs from 5 years to 10 years. Additionally, the bill would mandate an update of the housing element every 5 years, including a requirement to zone for the next 10 years worth of housing needs even though they are updating the RHNA every 10 years. The bill would also mandate that every element of the General Plan to be updated at least every 10 years. This bill is fraught with many problems for the County. The bill is waiting to be sent to the Assembly Housing Committee for a hearing.

**AB 553 (Hernandez)** This bill is opposed by the County. AB 553 would expand the Public Employment Relations Board (PERB) authority and allow them to determine whether to seek court injunctive relief growing out of relations between a public employee organization and a public agency. This bill is awaiting a hearing in Senate Public Employees Retirement Committee. To date, the bill has not received any Republican support.

**AB 83 (Lieber)** The County is supporting this bill. AB 83 would create the State County Property Assessment and Revenue for Education Funding Program (PARE), which would provide grants to counties for administering the property tax system. This bill is an attempt to replace the funding for this program that was deleted in the 2005-06 budget with a line item veto by the Governor. The bill is awaiting a committee hearing in the Senate and has received bi-partisan support to date.

**SB 137 (Torlakson)** The County has an oppose unless amended position on this measure. This bill seeks to expand the California Children's Services (CCS) program. SB 137 seeks to change the eligibility limitation for persons in a family with an annual income or monthly income equal to or less than 400 percent of the federal poverty level. Under current law, this state-only program provides health care for children under the age of 21 with special needs health care such as catastrophic, handicapping, disabling or disfiguring conditions. While we don't disagree with the concept, the counties will be expected to pick up the difference in costs as a result of the passage of this bill. The bill will be heard

in Assembly Health Committee on June 19. The bill has not received bi-partisan support to date.

**AB 414 (Jones)** This bill is opposed by the County. AB 414 would place a limit on the ability of cities and counties to include vacant sites zoned for both commercial and residential uses in their housing element's inventory of land suitable for residential development. This is just another example of the state attempting to usurp local control. The bill is awaiting a committee hearing in the Senate. To date the bill has received very little bi-partisan support.

**AB 417 (Blakeslee)** This bill is supported by the County. This bill would allow San Luis Obispo County to join Santa Barbara County's Regional Health Authority. Under current law we can make this change but need statutory authority to allow another contiguous county to merge with the Santa Barbara Regional Health Authority. AB 417 also changes the name to reflect this merger and removes some of the board appointments from Santa Barbara County and adds some from San Luis Obispo County. The bill will be heard in Senate Health Committee and has been on consent for most of the Assembly.

**AB 119 (Price)** This bill is supported by the County. AB 119 would require the state to reimburse counties for the costs incurred by elections called by the Governor to fill vacancies. The bill is in the Senate awaiting a committee hearing, it has received bi-partisan support to date.

**AB 171 (Beall)** This bill is supported by the County. AB 171 repeals the Public Interest Attorney Loan Repayment Program under the Student Aid Commission and establishes the Assumption Program for Loans for Law in Public Interest. This new program would allow for repayment assistance to be extended to attorney's who agree to work for County Counsel in addition to other areas of public law. The bill just passed out of Senate Education Committee and is expected to go to Senate Appropriations. To date the bill has not received any Republican Support.

**AB 1542 (Evans)** This bill is supported by the County. AB 1542 is a mobilehome conversation bill. It requires that if a park owner sells his spaces to the resident any owners who can not afford to purchase that land may not be evicted and the park owner must continue to rent that space to the resident. The bill is awaiting referral in the Senate to committee. The bill has received very little bi-partisan support.

**SB 260 (Steinberg)** This bill is supported by the County. Under current law a health care provider may only bill Medi-Cal for one code when they see a patient. Many times a patient may have additional questions or need to be seen for more than one ailment, SB 260 would allow the provider to bill for more than one code, thereby allowing for a more efficient visit to the medical providers' office. The bill will be heard in Assembly Health Committee on June 19, and to date the bill has received bi-partisan support.

**SB 900 (Corbett)** This bill is supported by the County. SB 900 repeals the existing exemption to the Subdivision Map Act for the conversion of mobilehome parks to

resident ownership, and thus, leaves the mitigation of impacts from these conversions on nonpurchasing residents to individual local governments. The bill will be heard in Assembly Housing Committee on June 27. To date the bill has received very little bi-partisan support.

**SB 967 (Simitian)** This bill is supported by the County. Under existing law the boundaries of an election precinct are fixed such that it contains no more than 1000 voters per precinct. This bill would allow for the precincts to subtract all permanent absent voters from that total. The bill is waiting to be heard in Assembly Elections committee and has received bi-partisan support.

**ACA 8 (De La Torre)** This measure is a constitutional amendment to be placed on the 2008 ballot which is a compromise solution to the eminent domain fight that has played out recently in the legislature and at the ballot. The measure would do the following:

- Prohibit the State or local governments from using eminent domain to acquire an owner-occupied home (including townhomes and condos) for transfer to another private party.
- Prohibit government from using eminent domain to acquire a small business to transfer to another private party, except as part of a comprehensive plan to eliminate blight and only after the small business owner is first given the opportunity to participate in the revitalization plan.
- Right to Repurchase. A home or small business property acquired by eminent domain must be offered for resale to the original owner if the government doesn't use the property for a public use.

Many groups are supporting this measure, including Californians for Eminent Domain Reform, a broad coalition of homeowner groups, small business representatives, and labor, environmental, community, and ethnic organizations who have worked towards resolution to the eminent domain fight and came up with this compromise measure to meet the needs of all the interested parties. The measure was introduced on May 24 after many discussions from the stakeholders.

Assembly Member Hector De La Torre has authored a companion statutory measure (AB 887). The legislation is aimed at ensuring homeowners and small businesses are given strong protection against eminent domain.

### **Budget Update**

**State Mandate Reimbursement Delay.** In his budget Governor Schwarzenegger proposed to delay mandate reimbursement by one year, which legal counsel assures them they can do under Proposition 1A. The justification is that the California Constitution requires the state to reimburse actual costs, which aren't known until after the mandated service has been performed. The state currently pays an estimated amount at the beginning of the current year, and then when the actual cost numbers are available, they

make up any difference. Under the new system they would wait to pay anything until actual costs are known. The deadlines for submitting claims would be based on when the state needs to know for budgeting purposes. Current discussions between local government, legislative staff, and the State Controller's staff on trailer bill language revolve around new deadlines and procedures to implement the payment of claims one year in arrears. The most significant unresolved issue deals with the current penalty imposed on local agencies for late claims to the Controller. The Controller's Office wants the penalty increased as an incentive to file claims promptly and has initially proposed removal of the current \$1,000 penalty cap.

**Proposition 1B.** While the Joint Budget Conference Committee again passed over items this past week pertaining to Proposition 1B (transportation bond) appropriation levels, there is general agreement in the Legislature on the Governor's proposed appropriation levels for 11 of the 14 various accounts. The three accounts without current resolution are the Local Streets and Roads Account (Governor's Proposal: \$600 million, Assembly Concur, Senate Proposal: \$400 million), the Air Quality Improvement Account (Governor's Proposal: \$111 million, Assembly Concur, Senate Proposal: \$150 million), and the Port, Harbor, and Ferry Terminal Security Account (Governor's Proposal: \$178 million, Assembly Proposal: \$60 million, Senate Proposal: \$40 million). However, until there is resolution on implementation language for a number of the accounts we understand that the appropriation levels for all accounts are subject to adjustment.

**Proposition 42/Spillover Proposal.** This is another key issue that is still before the Conference Committee in the Assembly's proposal to capture the transit/spillover revenues under Proposition 42 and change the base allocation formula. The proposal would change the current Prop 42 formula split in the following manner:

- Reduce the STIP share from 40% to 35%;
- Reduce the cities share from 20% to 15%;
- Reduce the counties share from 20% to 15%, and
- Increase the transit share from 20% to 35%.

There have been numerous meetings with stakeholders and key players in both the Senate and Assembly to discuss alternative proposals to the Assembly plan; however, no consensus has been reached.

**Adult Protective Services.** The conference committee approved a \$12 million augmentation to this program. The Administration has proposed to continue to hold funding flat, as it has since 2001, and the Department of Finance reiterated their position for holding the funding flat in Conference Committee. However, the conference committee believes that this is an important program and needs to be funded at a higher level. Please remember that the Governor has line item veto authority and may reduce or eliminate this item altogether.

**Williamson Act.** As you may recall the May Revision proposed to permanently eliminate all funding, amounting to approximately \$39 million, for subventions to counties for

property tax losses incurred by enrolling agricultural land in Williamson Act contracts. The Senate and Assembly budget subcommittees that have jurisdiction over the Williamson Act approved the \$39 million General Fund item prior to release of the May Revision. This item was not referred to in the Budget Conference Committee; however, we are told that the Governor plans to line item veto this appropriation when the budget bill reaches his desk. Additionally, there are still Big 5 (The Governor, majority and minority leaders of the Senate and Assembly) discussions taking place and we suspect this may get called into those discussions.

**CalWORKs.** The Governor's budget included a number of policy changes including: (1) impose full-family sanctions after 90 days of noncompliance, (2) eliminate safety-net benefits for timed-out families not meeting federal work participation requirements, and (3) impose 60-month time limit for child-only cases. The Legislature rejected all of these proposals. They also adopted placeholder trailer bill language (TBL):

1. Requiring DSS to review the county plans for promising practices in the areas of upfront engagement and re-engagement of sanctioned families, gather information on implementation and results of these proposals, and disseminate that information;
2. Require DSS, in conjunction with the County Welfare Director's Association, to review the county plans and work with counties to determine what activities and strategies counties are using to encourage participation among time-limited families;
3. Gather information about the characteristics of the time-limited families;
4. Gather information about the characteristics of the time-limited population, and report that information.

The information in both cases should be submitted to the Legislature and counties.

**In-Home Supportive Services.** The Legislature rejected the Governor's proposal to freeze the state share in wages and benefits.

**Cost of Doing Business for County Human Services Programs.** Both houses adopted placeholder TBL to restore the process of budgeting human services programs based on "reasonable current costs to deliver services. Increases should be based on a process for estimating reasonable, actual costs; will ensure that county accountability is commensurate with resources provided; and will be sufficient to meet program requirements and objectives."

**Child Welfare Services.** The 2006-07 state budget package required the state Department of Social Services (DSS) to develop a methodology for budgeting child welfare services workload by February 1, 2007. The report was released in May, recommending that the state and counties convene meetings to discuss a methodology. Dismayed by the Administration's unresponsiveness, the Legislature adopted placeholder TBL to phase in the optimal SB 2030 workload standards over five years.

**Mental Health Managed Care Plans.** The Legislature restored the 5 percent provider rate reduction imposed on all managed care plans. The budget includes an additional \$12 million for this purpose.

**Early Periodic Screening Diagnosis and Treatment (EPSDT) Deficiency.** Due largely to an accounting error between the state Departments of Health Services and Mental Health, state DMH ended the 2005-06 fiscal year with many unpaid Medi-Cal claims from counties, and no authority to pay those claims. The Legislature provided funding for the Prior Year Deficiencies (includes 2003-04 cost settlement, 2004-05 unpaid claims, 2004-05 cost settlement, 2005-06 unpaid claims): Funds \$86.7 million of \$260.2 million in deficiencies. Adopted TBL requiring repayment over the next three fiscal years. They also adopted the 2006-07 budget deficiency that was requested in the amount of \$59.7 million; and the adopted a baseline increase of \$107.6 million which was requested.

**Proposition 36.** The Assembly and Senate adopted differing funding levels for both Proposition 36 funding and Offender Treatment Program (OTP) funding. The Budget Conference Committee adopted the Senate dollar amount which was \$60 million for Prop. 36 and \$40 million for the OTP, this was the higher dollar amount.

### **Prison Reform**

**AB 900 (Solorio/Aghazarian)** This bill is the compromise prison reform package aimed at solving California's prison crisis. AB 900 (commonly referred to as the Public Safety and Offender Rehabilitation Services Act of 2007) was approved by the Assembly on a 70-1 vote, the Senate on a 27-11 vote. The measure seeks to head off federal court action, including the possible imposition of a prison population cap and the potential of a federal receivership. The reform package contains infrastructure funding for approximately 13,000 jail beds to address overcrowding issues in local detention facilities, in addition to resources for 40,000 state beds. The agreement addresses the adult corrections system only; the Governor's juvenile justice realignment proposal is still on the table and presumably will proceed on a separate track as part of the budget process. The reform package differs in one notable way from the corrections proposal unveiled in the Governor's January budget: it eliminates the proposal to require counties to house state inmates for certain crimes for up to three years in local facilities. Further, it does not include support for adult probation services, a Sentencing Commission structure, nor changes to the parole system. It is reported that these elements will be given further consideration outside of the reform deal approved today. The correction package puts a strong emphasis on programming and rehabilitation efforts for the prison population.

As the Legislature continues to work through the end of session, we will continue to keep you updated on issues that are of critical importance to the county. As always, we look forward to working with you on these and other issues that may arise prior to the adjournment of the first year of the 2007-08 Session.

