

# Memorandum



**Date:** February 25, 2021

**To:** Legislative Committee

**From:** Nancy Anderson, Legislative Coordinator

**Subject:** FY 2020-21 County Top Five Priority Legislative Goals

The Committee has requested an overview of a few of the top legislative goals that the County is currently monitoring and/or advocating for specific State assistance or consideration. While there are many legislative issues that staff are tracking, monitoring and responding to, these are the top goals we would like to achieve this fiscal year that have significant impacts to the County:

**Goal 1) Seek More Equitable Backfill for Elimination of 340B Savings for Public Health Department – Impact \$4.2 Million**

Last year's State Budget restored (by rejecting the withdrawal of the January 2020 budget proposal) \$52.5 million (\$26.3 million General Fund and \$26.3 million federal funds) to provide supplemental payments to nonhospital 340B clinics. 340B supplemental payments are included in the Governor's 2021-22 Budget on an ongoing basis. This proposal is part of Medi-Cal Rx, the pharmacy carveout from managed care, so fiscal year 2020-21 costs reflect the April 1, 2021 transition of Medi-Cal Rx. Due in part to our efforts, the implementation of Medi-Cal Rx was delayed by three months, while DHCS is looking seriously at our suggestion to carve-out the available 340B backfill dollars into two pools: one for qualifying private, non-profit entities; and one for qualifying public, governmental entities. Although nothing is concrete and we don't have any final details, this plan would afford the State more flexibility in looking at scenarios that may provide for more dollars that would flow to the County of Santa Barbara that would provide a backfill pool distribution that is much closer to our savings share loss that was reported in our state survey. This will assist greatly to afford the County the ongoing funding to provide our important specialty and other services which these funds have supported.

**Status:** County sent letter to Governor on February 3 to request delay of transition to January 2022 for further discussion of backfill allocation. County was informed on February 18, 2021 that the State is delaying the transition again from April 1 to a yet to be announced date.

**Goal 2) Seek More Equitable Backfill for Elimination of Criminal Justice Administrative Fees – Impact \$2.6 Million**

SB 1869 was enacted as part of the state budget in August of last year. It eliminates various criminal justice administrative fees including probation, sheriff, and public defender fees. As a result of passage of SB 1869, Santa Barbara County calculates a potential revenue loss of \$2.6 million. The Governor's budget provided a backfill of \$65 million but the backfill did not include any distribution

formula. Santa Barbara County is asking that the final distribution formula ensures that the County receives the equivalent of \$2.6 million that was previously received. Failure to backfill the lost revenue will have a substantial impact on the County's ability to provide these services.

These funds were used to fund:

- Probation services including supervision of probationers (\$1.9 million);
- Sheriff services including the Sheriff's Work Alternative Program (SWAP) (\$450k), and;
- Public Defender services including indigent defense (\$250k).

**Status: County sent letter to Senate Budget and Fiscal Review Subcommittee on February 18, 2021. Senate consultant responded requesting detail on revenue impacts from departments.**

### **Goal 3) Secure Local Pandemic Relief for Economic Impacts and Response**

While the County received \$46.1 million in CARES Act funding as a passthrough from the State for FY 2020-21, these funds have been exhausted for the response efforts. Santa Barbara did not receive a direct allocation from the federal package that limited direct allocations to municipalities with over 500,000 in population. The County and cities continue to be impacted by the response efforts and industry restrictions that have resulted in severe economic reductions for the local municipalities and business community.

**Status: County urged Congress to pass the Coronavirus Local Fiscal Recovery Fund which is estimated to provide \$7.7 billion to California, of which \$87 million would be allocated to Santa Barbara County. County could use the funds to:**

- respond to or mitigate the public health emergency with respect to the Coronavirus Disease 2019 (COVID-19) or its negative economic impacts;
- cover costs incurred as a result of the emergency;
- replace revenue that was lost, delayed, or decreased; or
- address the negative economic impacts of the COVID-19 emergency.

County also supported State efforts to provide support to low wage individuals and small business. The State reached agreement on Immediate Action on February 17, 2021 that incorporates the Governor's Golden State Stimulus and \$2 Billion in grant relief to small businesses.

At the local level, most recently, the Board has ensured the allocation of \$27 million in federal and State rental assistance to individuals through United Way and directed the repurpose of nearly \$1 million in CDBG-CV funds to small business grant assistance.

### **Goal 4) Ensure Local Distribution of Federal Transportation Aid Funding**

The County supports the efforts of CSAC, Cal Cities and California Walks for allocating a portion of the \$912 million available to the State of California pursuant to the Coronavirus Response and Relief Supplemental Appropriations Act of 2021 (PL 116-260) to high-priority local projects via California's Local Highway Bridge Program, the Local Highway Safety Improvement Program, and the Active Transportation Program.

Specifically, based on the percentages of funding these programs receive from the current federal aid transportation program in California, we urge the Administration to allocate \$74.2 million to California's Local Highway Bridge Program, \$19.3 million to the Local Highway Safety

Improvement Program, and \$17.4 million to the Active Transportation Program. Each of these programs aligns with the State's broader goals of encouraging climate-friendly transportation investments, as well as a "fix-it-first" approach to maintaining our existing transportation infrastructure.

**Status: Public Works is drafting letter in support of CSAC letter dated February 12, 2021 with specific projects proposed in County.**

**Goal 5)      Secure Stable, Sufficient and Protected Realignment Funding for Probation Department for DJJ Services**

SB 823 (Chapter 337, Statutes of 2020) states that the intake at Division of Juvenile Justice (DJJ) will cease beginning July 1, 2021. Prospective transfer of responsibility with new adjudications will begin on July 1, 2021. Full implementation of population shift is expected to be reached in 2024-25. The trailer bill did not provide counties and probation departments with sufficient time to prepare local programs and facilities for the new population being shifted to local government and did not leave sufficient time to distribute current year funds to counties through a competitive process to prepare for implementation. In addition to the issues associated with the allocations, the assessment of costs associated with dispositions occurring in adult court which are beyond the county's control have the potential for significant fiscal implications on the county.

As with previous realignments, the county believes that a shift in programmatic responsibility must be accompanied by stable, sufficient and protected funding as well as the flexibility to design responsive local systems that meet the needs of our community, permit innovation, and encourage partnership with community organizations. Authority and responsibility must remain connected to ensure the system can function and respond appropriately. Unanticipated consequences to this legislation must be addressed promptly in order to ensure counties have the ability to engage in long-term planning for the realigned population.

**Status: The County sent a request for veto letter to the Governor on SB 823 on September 11, 2020. The Governor signed the bill into law on September 30, 2020. The Governor's January budget proposal notes the pending implementation of the DJJ realignment outlined in Chapter 337, Statutes of 2020 (SB 823). SB 823 included General Fund resources for counties of \$46.5 million in 2021-22, \$122.9 million in 2022-23, \$195.9 million in 2023-24, and \$212.7 million ongoing, beginning in 2024-25. The legislation also included a growth factor upon full implementation. Additionally, the Board of State and Community Corrections is currently working to allocate a \$9.6 million grant program for implementation efforts. Lastly, the Governor's January Budget indicates DJJ will close on June 30, 2023.**