



COUNTY OF SAN MATEO
Inter-Departmental Correspondence

County Manager's Office

DATE: November 25, 2003

BOARD MEETING DATE: December 2, 2003

TO: Honorable Board of Supervisors
FROM: John Maltbie, County Manager
SUBJECT: County Manager's Legislative Report # 17

1. Mid-Session 2003-04 Legislative Session Program for San Mateo County

Adopt a resolution approving the Mid-Session Revised 2003-2004 Legislative Session Program for San Mateo County.

Background

Adopted in January 2003, the 2003-2004 Legislative Session Program (Legislative Program) articulates San Mateo County's goals and objectives as they relate to the 2003-2004 legislative session, which began on January 6, 2003. With the end of the first half of the two-year session, the Legislative Program has been revised to reflect changes in the County's position on various issues. These changes have been motivated in part by the County's efforts in the first half of the 2003-2004 session, the potential impacts of California's new governor, Governor Arnold Schwarzenegger, and changes in the economy.

The proposals, priorities and policies in combination with other positions adopted by the Board of Supervisors will guide the County's legislative advocacy efforts. The Legislative Committee in coordination with County staff, departments and the County's Sacramento consultant developed the Legislative Program.

Discussion

The Legislative Program is divided into three general categories (proposals, priorities and policies). Legislative proposals are those ideas and issues, for which the County will pursue legislation. Priorities are those areas of concern that warrant heightened attention and advocacy. Policies are those positions on issues that are either non-controversial or that the County has taken in the past.

Several changes to the legislative proposals section reflect legislative and administrative resolutions. The Subsidized Child Care Pilot project proposed in the original version of the Legislative Program was enacted through AB 1326 (Simitian). However, "clean up" language is needed to ensure that San Mateo County has the flexibility to modify the family fee schedule for families currently eligible for subsidized child care. The Retirement Benefit Changes proposal was resolved through AB 398 (Mullin). The County Operated Group Home was resolved through an administrative remedy that permits San Mateo County, as a public entity to receive a reimbursement rate for operating the group home. The Legislative Program also contains an additional proposal—the Transit Corridor Housing Project and Investment Fund.

The Legislative Program continues to focus on the state budget. As with the first half of the legislative session, protecting County funding and operations will likely dominate the efforts of County staff and the Sacramento consultant. The Legislative Program priorities focus on funding for various activities such as Temporary Aid to Needy Families (TANF), Disproportionate Share Hospitals (DSH) program and various grants. With the exception of the two budget requests (Mirada Surf and Crime Lab Construction), the proposals are fiscally neutral.

Vision Alignment

While the issues included in the Legislative Program relate to various Visioning Commitments and Goals, the Legislative Program as a whole furthers the County's commitment to responsible, efficient and effective government leadership. Goals 12 and 22, to effectively communicate, collaborate and develop strategic approaches to issues affecting the entire County.

Fiscal Impact

While the outcome of the 2003-2004 Legislative session could have significant fiscal impact, adoption and implementation of the Legislative Program can be accommodated with current staff and resources.

2. State Legislative Update

a) Extraordinary Legislative Session Called

Immediately upon taking office Governor Schwarzenegger signed Executive Order 1 to restore the 67.2 percent reduction in the Vehicle License Fee (VLF) and convene three extraordinary legislative sessions:

1. Make mid-year budget adjustments, including consideration of a general obligation bond to repay, restructure and finance California's deficit recovery for voter approval on the March 2, 2004 statewide ballot;
2. Repeal Senate Bill 60 (Cedillo) that authorized issuance of driver's licenses to illegal immigrants; and
3. Reform California's workers' compensation system.

The special sessions run concurrently and any actions taken become effective immediately.

SB 60

On Monday, November 24, 2003 the Legislature acted to repeal Senate Bill 60 with the Governor's commitment to work on legislation during the second half of the 2003-04 regular session.

VLF/Budget Issues

Senate Bill 1 (5X) would appropriate \$3.625 billion to backfill the VLF reduction including the amount due cities and counties and \$10.3 million for the administration of the Department of Motor Vehicles; and to increase the gap loan amount by \$ 475 million reflecting the total gap amount of \$1.3 billion. However, the gap amount loaned the state until 2006 is \$825 million. The proposal includes:

Local Government Offset Amount	\$2.275 billion
Taxpayer Refunds	\$1.350 billion
Total Special Session Appropriation	\$3.625 billion

Additionally, the Administration has made a commitment to address the realignment VLF "poison pill" provision triggered by the San Diego County Medically Indigent Adult (MIA) case. In September, the Fourth District Court of Appeal ruled the state is required to reimburse the County of San Diego for their MIA program. Both the County and the State have petitioned the Supreme Court to review the case.

Discussion

The County's current year General Fund will sustain an approximately \$33 million reduction without the passage of the \$3.625 billion backfill considered as part of the special session. The Board may wish to consider a workshop on the VLF reduction and other special session budget reduction proposals that will affect county government.

Workers Compensation Reform

One of the Governor's election promises was to reform California's workers' compensation system. "California Recovery Program" proposes to decrease workers compensation costs by an estimated 45 percent and at the same time increase benefits for the most severely injured workers. Attached is CSAC's letter of support for SB 3 (4X) that proposes reforms to the workers' compensation system, including indemnity, medical and administrative cost savings.

b) Report on the California State Association of Counties—109th Annual Meeting

Held November 18-21, the CSAC Annual Meeting addressed a number of issues with significant emphasis on the state budget and its potential impacts to counties.

The CSAC Board voted to support the Local Taxpayers and Public Safety Protection Act, which would, according to the supporters, protect local governments' important revenue sources and protect local governments from un-funded mandates. In early November, the initiative was filed with the Attorney General's Office to receive title and summary. It will likely be received by the Secretary of State's Office by mid-December, at which point

signature gathering can begin. While the initiative received overwhelming support by counties, the vote was not unanimous. Three counties that notably include Orange County were not in support. While supportive of the general concept of protecting local revenue, Orange County opposes the initiative because it does not address “fiscal equity” among California counties. The Urban Counties Caucus will consider the initiative at a future meeting.

Realignment funding was also discussed during a Realignment Workshop. Despite a wide breadth of presenters, a common theme emerged from the workshop—program costs are outpacing revenues. Elliot Robinson, Director of the Monterey County Social Services Department noted that the benefits of Realignment (i.e., flexibility and more-stable funding) have allowed counties to provide better planning and services more efficiently than prior, statewide efforts. However, he noted that increasing costs are eroding these benefits. In-Home Supportive Services (IHSS) with increasing caseloads, wage and benefit pressures and the longevity of participants have raised costs well beyond revenue growth. As a result, resources for other programs in realignment are used to cover such cost increases. While no solutions were raised, this workshop coincides with the Senate Health and Human Services Committee interim hearing on December 4, 2003 regarding structural deficits in Health and Human Services programs.

During the Health and Human Services Policy Committee meeting, Orange County representatives provided an update on their efforts to address “equity issues” in health and mental health realignment. Orange County has identified 21 counties that are “under-equity.” San Mateo County would be considered an “over equity” county. While not yet complete, the Orange County proposal to address this issue would likely involve the dedication of growth funds to “under-equity” counties. Equity would be measured by an index of population and poverty. While over-equity counties would retain their base levels of funding, VLF growth and any residual sales tax growth would be pooled into a Growth Subaccount. The funds for this account would be distributed via a formula that favors under-equity counties. Orange County representatives anticipate completion of their proposal in December 2003 and receipt of language from Legislative Counsel in January 2004.

A very successful Marin County pilot project, Restorative Policing: Innovations in Law Enforcement and Mental Health Collaborations was presented to the Criminal Justice Policy Committee. Using federal mental health court demonstration funds, the pilot program successfully demonstrated the value of diverting mentally ill offenders from the criminal justice system, both in terms of human cost and jail costs. Additionally, the Probation Services Task Force presented its final report that calls for additional work to achieve structural and governance improvements that are needed statewide to the probation system that to be accomplished by “developing a plan of action for implementing – in appropriate increments – the vision of the task force.”