

Date: October 6, 2016

To: CSAC Executive Committee

From: Matt Cate, Executive Director  
DeAnn Baker, Deputy Executive Director of Legislative Affairs

**Re: CSAC Advocacy Team Achievements Report—2016**

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On behalf of the California State Association of Counties (CSAC) Advocacy Team, we are pleased to share the following report evaluating our performance in achieving the “2016 State and Federal Advocacy Priorities” adopted by the CSAC Board of Directors. The following report lists the outcomes for each state and federal priority—identifying our major successes, ongoing issues and continued challenges.

We wanted to also stress that we continue to approach advocacy in a more strategic manner consistent with the Board’s directives outlined in the CSAC Strategic Plan. More specifically, our advocacy efforts were enhanced this year through a variety of tactics and platforms directly related to three of our goals from the CSAC Strategic Plan, including:

- 1) Effectively utilize county leaders in advocacy efforts to influence the Legislature, Congress, and state/federal Administration officials;
- 2) Establish powerful coalitions and partnerships with affiliates and other stakeholders to enhance the quality of policy development and the strength of advocacy, and;
- 3) Optimize use of CSAC’s communications, education and operations resources to enhance advocacy.

We had multiple meetings throughout 2016 between the CSAC Officers, the Governor, legislative leaders and key legislators, as well as members of Congress and the Obama Administration. We also had county supervisors and other county leaders testify at committee hearings and at various boards and commissions on issues such as homelessness, implementation of the ground water management plans, election reform and funding and tree mortality to name a few.

With respect to coalition building, we led or participated in coalitions on several key priorities, including; 1) support for new transportation revenues, 2) provide a remedy to two-thirds threshold needed to impose fees for stormwater and flood control, 3) ensure the \$2 billion revenue bond or “No Place Like Home” proposal to fund housing for the homeless mentally ill worked for counties, and 4) to defeat mandatory union orientation and other efforts by organized labor to remove local discretion.

Lastly, throughout the year we connected with our communications’ team to optimize our tools and resources to assist in our advocacy goals. We spread CSAC’s message beyond the Legislature through op-eds, videos and interviews with newspapers and television stations. CSAC convened a rally on the steps of the Capitol with our labor, business and local government coalition partners to push for a transportation funding solution. Online, our blogs and Bulletin articles were picked up by outside news outlets and our Twitter feed reached millions of people directly and through retweets. We have also begun a webinar series that explores and explains complex issues facing counties, including Proposition 218 reform, the implications of a pending telecommunications merger, economic development tools, mining law modernization, the 2015 medical marijuana legislation, and emergency management.

CSAC's use of these strategic approaches and tools has better integrated our advocacy on behalf of California's 58 counties with our member services, education, and communications efforts. This unified approach has broadened CSAC's reach as the unified voice of California's counties and increased our effectiveness in achieving our state and federal priorities. Our ongoing efforts in support of this strategic approach will continue to yield benefits for counties in the years to come.

In addition to our advocacy achievements and the ongoing work and challenges facing CSAC on the major policy issues identified below, the advocacy team reviewed and tracked over 4,500 bills introduced over the two-year state legislative session and actively engaged on over 500 of those bills on behalf of counties. As always, several of these legislative proposals required CSAC to engage in extensive advocacy efforts to protect counties from costly and problematic new laws. In particular, CSAC worked to defeat the aforementioned mandatory union orientation bill (AB 2835), a costly proposal to prohibit local governments from delegating stormwater planning responsibilities to contractors during public works projects (SB 1170), and a proposal by the telecommunications industry to limit local land use control in the siting of wireless infrastructure (AB 2788). CSAC also negotiated out requirements for counties to enforce campaign finance laws for all local agencies without reimbursement (AB 2523). At the time of this writing, a number of additional bills await action by the Governor, but few (if any) are expected to become law in instances where we have requested a "veto."

## 2016 STATE ADVOCACY PRIORITIES

### SUCCESES

- **Payment in Lieu of Taxes (PILT).** CSAC was successful in advocating for the current year payment of PILT totaling approximately \$644,000, which was included in the budget. CSAC also supported efforts to reverse the statute change by the Department of Finance last year that resulted in making PILT payments permissive rather than required. CSAC will continue to pursue this issue as well as look for future opportunities to secure back payment of PILT. (AENR)
- **IHSS MOE/Coordinated Care Initiative/Managed Care Organization Tax.** CSAC was successful in helping to develop a new three-year Managed Care Organization (MCO) fix that prevented a \$1.1 billion loss in state funding and preserved the Coordinated Care Initiative (CCI) pilot project. Our role was a strategic decision calculated to preserve the continued implementation of the CCI and, hopefully, the eventual expansion of the pilot to all counties – although a specific timeline for statewide implementation has yet to be developed. CSAC also worked to protect the county In-Home Supportive Services (IHSS) Maintenance of Effort (MOE) and further supported additional MCO fix funding for provider rate increases and forgiveness for retroactive cuts to rural health care providers. (HHS)
- **Medi-Cal Eligibility Administration Costs.** CSAC worked with the Brown Administration and CAO's to develop a robust allocation formula for the \$170 million in additional state funding secured for county administrative activities related to Medi-Cal eligibility in the current year and FY 2017-18. CSAC is also supporting efforts to undertake a work- and time-study project to better determine funding levels in the future and to avoid the year-to-year fluctuations in state funding for county administrative activities. CSAC continues to strategize on ways to ensure sufficient funding for county costs related to Medi-Cal eligibility workload. (HHS)
- **Vital Records Paper Shortage.** Responding to the problematic 2015 vital records paper shortage that occurred following the closure of the sole company that provided the necessary security feature paper required for California vital record documents, CSAC partnered with the County Recorders Association of California to sponsor AB 1546. The Governor signed the bill on September 9, which allows the California Department of Public Health to suspend certain security features required for vital records in the event a similar situation occurs. (ERAS)

CSAC also sponsored AB 2636 in an effort to lower costs and reduce administrative burdens for counties when processing requests for vital records. Existing law requires a notarized affidavit in hard copy to complete an online request for an individual's vital records. This requires county staff to then match electronic requests with notarized affidavits. AB 2636, if signed into law, will allow the entire request process for an individual's vital records to be performed electronically. (ERAS)

- **Court Security Supplemental Funding.** CSAC, in collaboration with the California State Sheriffs' Association, was successful this year in again securing funding for county supplemental court security staffing associated with the activation of new court facilities. The FY 2016-17 budget covers the ongoing county costs and the potential costs for future court facilities that will be coming online in 2017. (AOJ)
- **Community Correctional Partnership (CCP) Planning Grants.** CSAC secured \$7.9 million in funding for CCP planning grants in the FY 2016-17 state budget to ensure that counties can provide

dedicated training and resources to their CCPs. The grant program also includes an additional \$20 million for CCPs to discuss how to continue investing in their local systems to address public safety needs. (AOJ)

- ***Jail Construction Bond Allocations.*** CSAC, in collaboration with the California State Sheriff's Association, was successful in securing \$250 million in lease revenue bonds for jail facility construction and an additional \$20 million for Napa County to rebuild its jail facility after the 2013 Napa Earthquake. The \$250 million is directed to counties that have never received an allocation, or which have received a partial allocation. (AOJ)
- ***Sales and Use Tax Revenue Protected.*** CSAC actively and successfully lobbied against a half- dozen measures that sought to create sales and use tax exemptions for product ranging from diapers, to emergency supplies, to feminine hygiene products. While often well intended, these proposals represented an erosion of tens of millions of dollars annually in local revenue and dedicated state funding for public safety and human services programs. CSAC was often the sole voice of opposition to these measures, which were widely supported in the Legislature. Governor Brown vetoed all three of the CSAC opposed sales tax exemption bills that made it to his desk. (FO)
- ***AB 85 Health Realignment Implementation.*** CSAC was successful in convincing the Department of Finance to provide AB 85 "true up" funding in a lump sum amount to each county this fall, totaling nearly \$180 million. This is the first year of the AB 85 "true up" calculations for each county's 1991 Health Realignment diversion amounts for the 2013-14 fiscal year, and we were pleased to see counties that were owed funding receive it in a lump sum amount rather than the administration's January budget proposal to credit each county for their amount within the current year redirections. CSAC will continue to monitor the integrity of estimated AB 85 redirections and future true up payments, but is pleased to have achieved the precedent of direct true up payments to counties. (HHS)
- ***Workers' Compensation Reform Efforts.*** CSAC was successful this year in introducing a more prominent voice for public agencies in discussions at the state level regarding reform efforts within the state's workers' compensation system. Following the implementation of reforms contained in SB 863 (2012), stakeholders have identified areas within the system that require changes and the Department of Industrial Relations and the Division of Workers' compensation has utilized CSAC staff for input on how such changes will affect county budgets as well as technical feedback pertaining to how counties' administrate workers' compensation locally. Moving forward, CSAC will continue to engage with other stakeholders (California Chamber of Commerce, labor, physicians, attorneys) and the Administration regarding ongoing efforts to tweak parts of the state's law governing workers' compensation.
- ***Tribal-State Gaming Compacts.*** Governor Brown negotiated, and the Legislature ratified, 13 tribal-state gaming compacts that include requirements for judicially-enforceable local agreements, bolster the revenue stream for counties dependent on the Special Distribution Fund for casino mitigation, and encourage mutually beneficial investments in services and infrastructure beyond what is required for mitigation of casino impacts. The majority of California tribal casinos continue to operate under 1999 tribal-state gaming compacts, which CSAC anticipates the Governor and tribes to renegotiate prior to their expiration in 2019. CSAC will continue to advocate that these positive provisions be included in future compacts, either new or renegotiated. (HLT)
- ***Tree Mortality Emergency Response and Preparedness.*** CSAC worked closely with the Administration to help implement the Executive Order on tree mortality, while advocating for local assistance and financial resources in order to limit the public health and safety risk from dead and dying trees. We were successful in securing additional resources from both the general fund and the

cap and trade allocation to help local governments deal with this crisis. Specifically, CSAC helped secure a number of one-time allocations to address tree mortality and the removal of dead trees, including \$10 million in State Responsibly Area grants to local governments; \$11 million in general funds monies to assist in the removal and disposal of trees in high hazard zones; and, \$30 million in general fund monies to the Office of Emergency Services to support local jurisdictions using the CA Disaster Assistance Act Program. In addition, the cap and trade allocation plan includes \$25 million to address forest health and tree mortality, resulting in a total of \$77 million dedicated to addressing the tree mortality crisis in California. CSAC also participated in the Governor's Tree Mortality Task Force meetings and subcommittees, working to raise public awareness of this issue through outreach and education efforts. The CSAC Advocacy Team working in conjunction with our communications team produced a video highlighting the issue that received approximately 125,000 views on Facebook alone. (AENR)

- **Traffic Fine Amnesty Program.** CSAC was successful in opposing legislation that would have extended the current Traffic Tickets/Infractions Amnesty Program for an additional year and eliminated the ability for courts or counties to suspend driver's licenses for failure to pay or appear on traffic violations. While we were successful this year, the issue of reforming the California traffic fine and fee system remains a high priority for the Legislature. In an effort to look at the overall system, CSAC joined the Judicial Council in applying for and receiving a federal grant that would help California develop a statewide strategy to assess an individuals' ability to pay for court imposed criminal debt. CSAC will continue to work with the Judicial Council on the statewide strategy over the next year. (AOJ)
- **California County Victim Services Grants.** CSAC, in partnership with the Governor's Office of Emergency Services (Cal OES), helped establish the County Victim Services Program to assist counties in addressing the unmet gaps and needs of victims and secured \$40 million for grants. The Program supported each of California's 58 counties in providing direct services to victims. (AOJ)
- **Marijuana.** Last year, Governor Brown signed historic legislation enacting the Medical Marijuana Safety and Regulation Act, now referred to as the Medical Cannabis Safety and Regulation Act (MCSRA). Since its enactment, CSAC staff participated in numerous meetings with state agency officials regarding their respective regulatory processes, and provided briefings for county officials on the new laws. CSAC also continued to be actively engaged on legislation amending MCRSA. Of particular importance was CSAC-supported AB 21, by Assembly Member Jim Wood. This measure fixed the inadvertently enacted March 1, 2016 deadline for localities to have cultivation ordinances in place otherwise the state would become the sole licensing authority for medical marijuana cultivation. It was signed by the Governor on February 3. In addition, CSAC worked with ballot drafters of Proposition 64 to provide comments and input into the draft initiative before it was submitted to the Attorney General. As result, the measure largely reflects CSAC's suggested language with respect to local control, licensing and taxing authority.(AENR)
- **Cap and Trade.** CSAC was successful in advocating the Administration and Legislature for additional resources to help reduce greenhouse gas (GHG) emissions at the local level. The cap and trade allocation plan, which came together in the last days of the Legislative session, creates a new local climate program aimed at reducing GHG emissions from variety of different sectors in disadvantaged and other communities. In addition, the plan allocates \$40 million to programs that increase waste diversion and help reduce methane emissions from our landfills and \$25 million to address forest health and tree mortality. The deal also allocates \$135 million to the Transit and Intercity Rail Program consistent with our request that cap and trade dollars be invested towards transportation programs. Finally, a budget trailer bill, SB 859, did accompany the allocation plan and includes relief for some biomass facilities, requiring retail sellers of electricity to purchase a total of

125 megawatts of power from biomass facilities that generate power from forest waste in areas impacted by tree mortality. (AENR, HLT)

- Groundwater.** CSAC continued to represent county interests on legislation amending the Sustainable Groundwater Management Act (SGMA), particularly any bills that attempted to undermine our hard won local control provisions. Most noteworthy was the defeat of SB 1317 by Senator Lois Wolk. This bill would have required cities and counties within high to medium priority basins, to establish a process for the issuance of new groundwater well permits, thus eliminating their ability to issue ministerial permits for such wells. Regarding SGMA implementation, we also ensured that the county perspective was voiced throughout DWR's SGMA regulatory process. These efforts paid off as many of the county comments were reflected in the final regulations affecting groundwater basin boundary adjustments and the development of Groundwater Sustainability Plans. (AENR)
- Behavioral Health Funding.** The 2011 Realignment Behavioral Health Sub- and Growth Accounts have been of keen interest to the mental health advocate community, the Legislature, and Administration in this post-Affordable Care Act world of expanded eligibility for mental health and substance use treatment services. CSAC, with the Administration and the County Behavioral Health Directors Association, was able to set the 2011 Realignment Behavioral Health Base in September. This new base is stable, permanent, and includes the "rolling base" concept whereby each county is guaranteed the same funding levels of the previous year's base plus growth amounts. This new base will provide stability to each county's allocation and allow them to build ongoing programs and services. CSAC is also actively working on a permanent growth funding formula that will ensure the timely distribution of growth funding each year for critical programs. (HHS)
- Medi-Cal 2020 Waiver Implementation.** The new Section 1115 Medi-Cal 2020 Waiver has been approved by both the Legislature and the federal government, with CSAC supporting the two implementation bills to ensure funding for our safety net public hospitals and to improve the delivery of care. CSAC is now working with the Department of Health Care Services to implement the fiscal and policy aspects of the deal, with a special focus on public hospital funding and the Whole Person Care pilot projects, for which 18 counties have applied for up to \$1.5 billion over five years. (HHS)
- 2-1-1 Referral Systems.** CSAC actively supported both state and federal legislation to help build and fund a statewide 2-1-1 referral system, including supporting SB 1212, which allows the Public Utilities Commission to spend up to \$1,500,000 to facilitate expansion of 2-1-1 services into counties that currently do not have 2-1-1 services. The bill was sent to the Governor's desk on August 31 for his signature, but has not yet been signed at the time of this writing. CSAC will continue to work with counties, the state, and community based organizations to realize the goal of statewide implementation of 2-1-1 services. (HHS)

## ONGOING

- Transportation Funding.** Through continued advocacy and public education, CSAC and our coalition partners will keep pressure on the Legislature and Governor to develop a feasible transportation funding and reform package during the ongoing Transportation and Infrastructure Development Special Session. A joint legislative proposal from the democratic transportation committee chairs was released in September. Consistent with long-standing CSAC policy, the funding proposal includes new tax revenue, additional cap and trade auction proceeds, and the redirection of existing revenues for transportation infrastructure. Along with the Governor's 2015 Transportation Plan, these proposals essentially set the funding floor (\$3.6 billion annually in the Governor's Plan) and the ceiling (\$7.4 billion in the Beall/Frazier proposal) for a final deal. Staff will work closely with the

County Engineers Association of California to highlight the significant infrastructure challenges that continue to face the local streets and road network and the need for a comprehensive funding and reform package. Finally, while CSAC was unable to successfully influence the Board of Equalization to adopt rate-smoothing this year to increase the stability of revenues from the price-based excise tax, this issue would be addressed by the current funding proposals and can be revisited in 2017 absent action during the special session. (HLT)

- **Water and Flood Control Infrastructure Funding - Article X Amendment.** Last year, CSAC, the League of California Cities (the League) and the Association of California Water Agencies (ACWA) filed a proposed Constitutional amendment with the Attorney General (AG), titled “The California Water Conservation, Flood Control and Stormwater Management Act of 2016.” The measure would have amended Article X of the California Constitution to create a new, optional funding method that local agencies could use to fund local stormwater services and flood control projects, and establish conservation-based water rates or lifeline rates to assist low-income customers. Polling of the official Title and Summary prepared by the Attorney General’s Office showed it would fail to get majority support, even with a superior funding advantage. As a result, CSAC, the League, and ACWA decided to not move forward with the proposed ballot measure in 2016. However, all parties agreed to continue the dialogue regarding potential solutions. CSAC remains committed to actively engaging in the stormwater issue by building local political support with county boards of supervisors and state legislators, and increasing public awareness. (AENR)
- **Affordable Housing.** CSAC will continue to support affordable housing efforts, including increasing the state’s affordable housing tax credit program, supporting one-time funding through bonding, and advocating for a permanent source for affordable housing development. In addition to funding efforts, CSAC will continue to engage on proposals to reduce red tape and streamline the environmental review process in order to facilitate the production of new affordable housing. (HLT)
- **Indian Gaming Special Distribution Fund.** CSAC will continue to advocate for reliable funding of the Special Distribution Fund, which provides grants to counties and other local agencies to mitigate impacts from gaming facilities. Recent compacts negotiated by the Governor and ratified by the Legislature may help address the structural deficit that has resulted in a lack of funding for local government grants. These grants are the sole source of mitigation for many counties where casinos are operated under 1999 gaming compacts. (HLT)
- **Elections Reform Funding.** In addition to advocating for numerous measures that would reduce immediate and direct costs for elections administration, CSAC assisted with the passage of a late-breaking budget trailer bill that allocated \$16.2 million directly to counties for the 2016 election cycle. This did not represent an ongoing commitment, but it put a spotlight on current elections cost burden on counties, the aging condition of voting systems and equipment, and the extensive election mandates debt owed to counties for services that are critical to the conduct of open and inclusive elections. (FO)
- **Broadband Access and Adoption.** CSAC adopted policy platform language recognizing the importance of reliable, affordable broadband for economic development, service delivery, and future investment opportunities in counties. Legislative efforts promoted funding for enhanced resources and rejected proposals to reduce service providers’ infrastructure maintenance requirements with no significant broadband legislation advancing to the Governor’s desk. (FO)
- **Affordable Care Act Excise Tax.** CSAC continues to monitor the advancement and implementation of the Affordable Care Act (ACA) excise tax on employers, effective in 2020. CSAC has worked with our state representatives in Congress to convey cost data that has proven helpful in communicating the

effect the tax will have on California's counties' budgets. Our Association has additionally communicated with county administrative officers and personnel directors regarding new reporting requirements, process and timelines related to the impending tax. Going forward, CSAC will be working with our federal lobbying team, the National Association of Counties and staff in the district offices of our Congressional delegates to continue providing cost data and pursuing any remedy at the federal level to lessen the impact of the tax. (ERAS)

- **CalPERS'-Contracting Counties – Actuarial Valuation Separations.** CSAC worked closely with Solano, Placer and Napa counties as well as the California Department of Finance (DOF) this year to pursue a solution to an ongoing issue experienced by counties contracting with the California Public Employees' Retirement System (CalPERS) for retirement benefits – the resulting confusion of unfunded liabilities responsibility after the separation of trial court employees following the Trial Court Employment Protection and Governance Act of 2000. Following meetings with DOF and the Administration, it was determined that the appropriate route would be legislation in the upcoming session to require CalPERS to perform assets and liabilities separations on the actual valuations for these two groups in each county. Going forward, CSAC will weigh the efficacy of such an undertaking and determine next steps. (ERAS)
- **Proposition 47 Implementation.** As counties continue to struggle with the implementation of Proposition 47, funding for the initiative was allocated in the FY 2016-17 Budget. The Budget includes \$34.6 million to be administered by the Board of State and Community Corrections (BSCC) on a competitive basis to local governments. The BSCC has established an executive steering committee that is currently developing a request for proposals, with a goal of allocating funds by spring of 2017. (AOJ)
- **Pew/MacArthur Results First Program.** CSAC has developed a new partnership with the Pew-MacArthur Results First Initiative and this year we expanded beyond the initial four counties (Kern, Santa Cruz, Fresno and Santa Barbara) into two new counties (Santa Clara and Ventura). We are developing a tiered approach to services so counties can engage in evidence-based policymaking. The partnership will continue to develop in-state capacity to support California county leaders who seek to learn, develop, and invest in programs that will produce the best outcomes for residents and the highest rate of return on the counties' criminal justice investments. (AOJ)
- **Jail Health Costs.** Work continues with the Administration to secure finalized and streamlined claiming protocols for counties to claim up to 50 percent of costs for inmates who have a 24 hour or longer offsite hospital stay. While much progress has been made in this area, final approval of the protocols is not expected until 2017. CSAC will continue to work with county affiliates and the Administration to determine the process for claiming and determine potential county participation in the program. (AOJ, HHS)
- **California Inmate Identification Card Pilot Program Expansion.** Over the last two years CSAC has partnered with the Department of Motor Vehicles (DMV) to develop and implement a jail base Inmate Identification card pilot program. The program has been implemented in San Diego and Los Angeles counties. CSAC is continuing to work with DMV to expand to additional counties. (AOJ)
- **Solid Waste Tipping Fee.** The Administration suspended their efforts to seek an increase to the State's solid waste disposal fee (Tipping Fee) this year as focus turned to increasing the amount of organic material diverted from our landfills. This issue will remain critical along with the need for resources to fund additional infrastructure to manage the organics portion of the waste stream. CSAC staff will continue to focus on the need for a workable tipping fee structure, placing emphasis



on the need to keep the increase reasonable, and to include the cost of the State Water Boards' Waste Discharge Requirement (WDR) fees in any tipping fee increase. (AENR)

- **Drug Medi-Cal Implementation.** CSAC continues to monitor the implementation of the Drug Medi-Cal Organized Delivery System Waiver, including the development of financing mechanisms and rates, as well as working to ensure expanded access to care and services for beneficiaries under the waiver. (HHS)
- **Continuum of Care Group Home Reform.** The wholesale reform of the group home system in California continues, with CSAC working closely with county child welfare services, behavioral health, and juvenile probation systems to ensure they are adequately resourced to implement this massive new policy change (AB 403) for foster and probation youth. CSAC will continue to convene county affiliates in discussions to ensure coordinated and strategic advocacy efforts and to lead the work on ascertaining the Proposition 30 implications of the bill. (HHS)
- **Poverty and Homelessness Issues.** Homelessness issues rose to the top of the Legislature's agenda in 2016 partly based on the fact that California's poverty and homelessness rates remain among the highest in the nation, affecting all Californians, including children, adults, veterans, and seniors. The Senate took the lead on the issue by introducing the No Place Like Home program, and CSAC strategically engaged with the Administration and policy makers to craft the new program in a way that ensures that all counties may access the up to \$2 billion in bond funding for building or refurbishing permanent supportive housing for those who are homeless and living with mental illness. CSAC continues to work hand-in-hand with the state to develop guidelines and other key components of the program to minimize the local effects of the Mental Health Services Act diversions, which are used to pay for the debt service on the bonds.

CSAC joined with the League of California Cities to form an unprecedented joint City-County task force to examine issues and solutions for housing and homelessness. The joint task force held its first meeting on September 23, and will continue to meet through 2017. CSAC is also working with all counties on communication and education efforts related to homelessness issues, including featuring CSAC Institute courses, workshops, and regional meetings on the subject and creating a webpage as a compendium of best practices among local governments.

This issue is expected to continue to dominate local, state, and federal agendas in 2017 as well. CSAC has tapped staff from across issue areas – health and human services, housing and land use, and administration of justice – to provide the best strategy and information available on this multifaceted issue and will continue to engage to ensure the best outcomes for counties and the people we serve.

## CONTINUED CHALLENGES

- **Mandate Repayment and Reform.** CSAC had limited conversations on mandate repayment and reform due largely to late-emerging county priorities for state General Fund allocations. However, CSAC successfully helped stop a proposed mandate repayment plan that would have given counties pennies on the dollar and possibly violated the State Constitutional guarantees for repayment. CSAC will remain active on this issue in spite of a clear message from the Administration that payments on post-2004 mandate debt would only come with major reforms to the mandate determination and reimbursement system, which may seek to limit total dollars delivered. (FO)
- **New California Endangered Species Act Fee.** A recently enacted budget trailer bill, SB 839, includes the CSAC opposed language that requires the Department of Fish and Wildlife (DFW) to impose a fee for incidental take permits under the California Endangered Species Act (CESA). This language

was included in SB 839 at the request of the Governor's office to address shortfalls in the Environmental License Plate Fund (ELPF), thus making it very difficult to defeat. With the proposed fees as high as \$30,000 for an initial application, up to an additional \$10,000 if DFW staff deems the original application fee insufficient, and up to \$15,000 for a major permit amendment, an individual county infrastructure project could cost upwards of \$55,000. The new fees could be imposed on a wide range of county projects including flood control, road and bridge work and water management activities. To lessen the impact of the fee on public agencies, CSAC is committed to working with the Administration to ensure that activities undertaken to operate, maintain, repair or restore existing publicly owned infrastructure be exempt from the fee. (AENR)

## 2016 FEDERAL ADVOCACY PRIORITIES

### SUCSESSES

- **State Criminal Alien Assistance Program (SCAAP).** House lawmakers approved a \$64 million increase in SCAAP funding, which, if finalized by Congress as part of the fiscal year 2017 budget, would bring total program spending to \$274 million. In addition to leading efforts to protect and increase funding for the SCAAP program, CSAC worked closely with key members of Congress on legislation that would provide a long-term reauthorization of SCAAP (HR 5035, S 2395). The bill – which is cosponsored by a number of lawmakers from California – includes language drafted by CSAC that would require the Department of Justice to compensate jurisdictions for the costs of incarcerating inmates who are determined to be of “unknown” immigration status. The legislation also includes other programmatic changes that would be highly beneficial to California’s counties. (AOJ)
- **Native American Affairs/Fee-to-Trust Reform.** CSAC continued to lead local government efforts aimed at securing a comprehensive legislative overhaul of the Department of the Interior’s fee-to-trust process. During the 2016 session, CSAC successfully fought to remove language from the fiscal year 2017 House Interior Appropriations bill (HR 5538) that would have partially overturned the Supreme Court’s *Carcieri v. Salazar* decision. If approved by Congress, the partial *Carcieri* “fix” would have significantly eroded the impetus for lawmakers to address the full implications of the Supreme Court’s decision, thus likely derailing efforts to secure a fee-to-trust reform package. (HLT)
- **Payments In Lieu of Taxes (PILT).** CSAC worked with key members of the California congressional delegation to help secure an additional year of discretionary funding for PILT as part of the House and Senate fiscal year 2017 Interior spending bills. The \$480 million in PILT funding, which is pending as part of a final omnibus budget package, will be needed in the absence of a long-term renewal of the PILT program. (AENR)
- **Water Resources.** Both the House and Senate advanced in 2016 a reauthorization of the Water Resources Development Act (WRDA). The Senate legislation (S 2848) includes language prohibiting the U.S. Army Corps of Engineers from removing vegetation on levees until new guidelines are issued and requires the Corps to explain why the agency has failed to develop a new vegetation removal policy (as required by the 2014 *Water Resources Reform and Development Act* (WRRDA, PL 113-121)). CSAC, along with the State Department of Water Resources, successfully led efforts to secure the levee vegetation provisions of WRRDA 2014 and has been active in pushing for California county involvement in implementation of the Act. (AENR)
- **Child Welfare Services.** CSAC, along with the County Welfare Directors Association of California and the California Department of Social Services, successfully thwarted Senate advancement of a major child welfare reform bill (S 3065/HR 5456) that, if approved by Congress, would make State and local implementation of California’s Continuum of Care Reform law (AB 403) and other state child welfare reforms much more difficult and costly. As of this writing, it remains unclear if bill proponents will be able to advance the legislation in the upper chamber during the lame duck session. (HHS)
- **Temporary Assistance for Needy Families (TANF) Reauthorization.** The House passed in 2016 a one-year TANF/CalWORKs extension package that includes \$100 million in social impact partnership grants. As part of efforts to secure a long-term TANF reauthorization, CSAC continues to promote

the restoration of state and county flexibility to tailor work and family stabilization activities to families' individual needs. (HHS)

- **Victims of Crime Act Funding (VOCA).** Both chamber's fiscal year 2017 Commerce-Justice-Science (CJS) appropriations legislation (HR 5393, S 2837) rejects an administrative proposal to significantly cut funding for the Victims of Crime Act (VOCA). Despite a proposed reduction of \$1.2 billion, the House and Senate CJS spending bills would trim only a modest three percent and 11 percent, respectively, from VOCA victim assistance grants beginning next fiscal year. (AOJ)
- **Property Assessed Clean Energy (PACE) Program.** In 2016, the Department of Housing and Urban Development (HUD) issued new PACE guidance that will allow qualifying homes with PACE assessments to be purchased or refinanced with mortgages backed by the Federal Housing Administration (FHA); the Department of Veterans Affairs (VA) released similar guidance for VA-backed loans. As of this writing, there is no indication whether the Federal Housing Finance Agency (FHFA) plans to follow suit with regard to loans backed by the FHFA. CSAC continues to support legislative and administrative remedies that would help expand residential PACE programs, including bipartisan legislation that would prevent FHFA from adopting policies that contravene established state and local PACE laws. (AENR)

## ONGOING

- **Fiscal Year 2017 Budget.** As of this writing, Congress has not yet finalized a budget for the fiscal year that begins October 1, 2016. Accordingly, *final* funding levels for all federal programs remains unsettled. CSAC will continue to aggressively advocate for those federal discretionary spending programs that are of critical importance to California's counties. (FO)
- **Secure Rural Schools (SRS) Act Reauthorization/Federal Land Management Reform.** CSAC continued efforts throughout 2016 aimed at securing a multi-year reauthorization of the SRS program. Additionally, CSAC has continued to advocate for responsible reforms to federal land management, including reforms that promote healthy forests, protect endangered species habitat, safeguard downstream water quality, improve California's water supply, and reduce the risk of wildfires. As of this writing, SRS program reauthorization bills and legislation providing for federal land management reforms were pending in both the House and Senate. (AENR)
- **Affordable Care Act Excise Tax.** CSAC continues to monitor legislative proposals, and consider lending support to such efforts, that would eliminate the *Affordable Care Act's* federal excise tax. Effective in 2020, a 40 percent tax will be imposed on high-cost health insurance plans that have a total cost exceeding a statutory dollar amount. The excise tax is based on the total cost of the employer and employee contribution to the plan, as well as any savings account arrangements such as health reimbursement arrangements and flexible spending accounts. A number of California counties offer health insurance plans and related programs that will exceed the totals prescribed in the law. Existing labor agreements lock the current plans in place and negotiations of new labor contracts may have to take the tax into consideration. (ERAS)
- **Tree Mortality Emergency Response and Preparedness.** CSAC continues to work with key lawmakers and Administration officials regarding California's tree mortality crisis. Federal funding for a number of high-priority tree-removal projects has been requested through the U.S. Department of Agriculture and the Office of Management and Budget. (AENR)
- **Water Resources.** CSAC continues to monitor federal legislative proposals that would provide a response to the state's chronic water shortage, including various drought-relief bills. A range of

proposals are being discussed that would address water transfers, endangered species laws, water quality, and California Bay-Delta protections, among others. In addition, CSAC continues to monitor and support congressional efforts aimed at overturning some of the problematic reforms of Environmental Protection Agency's "Waters of the U.S." regulation. Implementation of the final regulation remains on hold pending the outcome of litigation currently before the Sixth Circuit Court of Appeals. (AENR)

- **Remote Sales Tax Legislation.** It remains unclear if Congress will successfully advance legislation that would allow states to enforce local sales and use-tax laws with respect to online purchases. There are currently several competing proposals that offer differing approaches to the issue of how states would be allowed to assess sales and use taxes. For its part, CSAC has endorsed the *Marketplace Fairness Act* (S 698), which would, among other things, give states the ability to collect sales taxes from out-of-state Internet retailers with the tax based on the final destination of the purchase. (FO)

#### CONTINUED CHALLENGES

- **Federal Aviation Administration (FAA) Ruling on Aviation Fuel Taxes.** Congress did not approve legislation this year that would reverse a recent FAA ruling that will negatively impact certain self-help counties. Under the FAA's ruling, States and local governments will be required beginning in 2017 to spend the proceeds of *any* aviation-related tax – those derived from excise taxes or local voter-approved sales taxes – on airport uses *only*. The ruling conflicts with current practices whereby some States and localities spend such proceeds on a number of non-aviation-related governmental functions (including roads, schools, public safety, etc.) and is estimated to translate into a loss of over \$100 million for the State of California and its local governments. Looking ahead, CSAC will continue to work with congressional supporters in an effort to build momentum for an amendment to the next FAA policy rewrite that would reverse or modify the agency's directive. Securing such an amendment is expected to be a significant challenge, however, as the nation's airlines continue to oppose legislative efforts to change the ruling. (FO)