
MEMORANDUM

To: City of Beaumont
From: Townsend Public Affairs
Date: April 7, 2020
Subject: Legislative Report for the City of Beaumont

State Legislative Update

Both the Governor and the Legislature have been singularly focused on responding to the COVID-19 crisis this month. On April 10, the Department of Finance submitted a letter to the Chairs of the Assembly and Senate Budget and Appropriations Committees (attached) providing an interim fiscal update due to the impacts of COVID-19.

The financial impact from COVID-19 is expected to be immediate, impacting the current fiscal year, as well as the FY 2020-21 budget and out year budgets, depending upon the pace of recovery. The State has undertaken a massive public health response to the COVID-19 pandemic. In addition to the \$1 billion that was allocated by the Legislature in March, the Department of Finance anticipates an additional \$6 billion in response-related expenditures in 2020. This funding is being used to secure personal protective equipment and critical medical supplies to expand the surge capacity of hospitals and medical facilities, as well as to protect public health and reduce the spread of COVID-19.

The Phase 4 federal stimulus will provide the State with at least \$8.4 billion in direct assistance for the State's COVID-19 related expenditures and up to \$6.9 billion for direct assistance to local governments. Additional resources will be available through FEMA for reimbursement for certain activities. Through this cost sharing arrangement, the Department of Finance currently estimates that FEMA funding may exceed \$5 billion.

The Department of Finance recognizes that a significant increase in federal funding will be needed for states and local governments to maintain critical programs and services. The Governor has requested \$ 1 trillion in direct flexible relief for all states and local governments.

Below are the upcoming tentative dates for the Legislature.

May 4: Legislature scheduled to reconvene

Senate Budget Committee COVID-19

On April 15, the Senate Budget Committee met to hear an overview of California's COVID-19 response from the Legislative Analyst's Office and the Department of Finance. This marked the first hearing that has been conducted by the Legislature since they adjourned for recess. The Assembly Budget Committee is scheduled to conduct a similar hearing on Monday, April 21st.

The hearing focused the use of the \$1 billion allocated through SB 89 and how the administration intends to utilize funds through emergency operations account or other accounts. There was also discussion on how the federal stimulus funds interact with our State responses and fiscal decisions.

California is more prepared than ever to address economic downturn due to large reserve funds however it is still critical that federal government steps up and provides resources for states and local governments across the Nation. The first panel from Legislative Analyst's Office highlighted that the pace of job losses makes it clear that the economy is in a recession with two plausible pathways:

- Sharp downturn is followed by a pronounced rebound of economic activity late this year or early next year, or
- Recovery is slow with economic output depressed for much longer due to an extended virus or a second virus wave

Economic outcome will largely be dependent on the development of the virus itself. More funding for discretionary aid is needed from the Federal government to go through the State out to local governments. Outlook points to a \$35 billion State revenue shortfall in first year, and additional \$85 billion in subsequent years. The LAO recommends preliminary spending with a baseline budget in mind, focusing only on existing safety-net programs, necessary additions surrounding COVID-19, and inflation.

Governor's Executive Orders

Below is a summary of the executive orders signed since April 7.

April 14 – Juvenile Justice: The executive order calls for all discharge and reentry hearings to be held via videoconference to minimize the youth's and other participants' exposure to COVID-19. Additionally, notification given to county probation departments, the court in the county of commitment, and the youth's legal counsel will be shortened from 60 days to 30 days before holding a discharge consideration hearing. The discharge hearing is conducted by the Board of Juvenile Hearings.

April 14 – Unemployment: The Executive Order directs the Employment Development Department (EDD) to launch a new call center, which will operate 7-days a week from 8:00am until 8:00pm, to assist with individuals seeking unemployment benefits. The call center will open on Monday, April 20th and will be staffed with over 1,300 representatives. The Executive Order also directs EDD to set up a one-stop shop for individuals applying for unemployment insurance, as well as the new federal Pandemic Unemployment Assistance (PUA).

April 15 – Food sector workers: The Executive Order supports California workers from large employers in the food sector industry impacted by the COVID-19 pandemic with two weeks of

paid sick leave, filling a gap left by federal relief that had provided similar paid leave benefits for employers with fewer than 500 workers. The Executive Order provides health and safety standards to increase worker and customer protection by permitting workers at food facilities to wash their hands every 30 minutes, or as needed, to increase proper sanitation measures.

April 16 – California State Universities: The executive order addresses a variety of issues in response to the COVID-19 pandemic, including adjusting admissions requirements for the California State University system and providing flexibility for 60 days on background checks for critical infrastructure sectors. The CSU system will be able to waive hearing requirements to be able to make adjustments to admissions criteria for students applying this coming fall to enter as freshmen in the fall of 2021.

Timeline of Other Major COVID-19 State Actions

Below is a timeline of other major relevant State actions that have taken place related to COVID-19:

Hazard Mitigation: Governor Newsom formally submitted a request to the State Legislature to utilize funds from the disaster response account, which would allow the investment of over \$1.4 billion in personal protective equipment (PPE) for essential workers. The CalOES Director announced new technology to sanitize and reuse PPE masks.

Unemployment Benefits: California workers who are receiving unemployment benefits will begin receiving an extra \$600 on top of their weekly amount, as part of the new Pandemic Additional Compensation (PAC) initiated by the federal CARES Act.

Roadmap for Modifying the Stay-at-Home Order: Governor Newsom provided information on the State's roadmap for lifting the stay-at-home order. Attached is the presentation that was provided at the press conference. Several times, the Governor noted that the transition would be gradual and would not be done at once, but instead will be based on a set of six key indicators:

- The ability to monitor and protect our communities through testing, contact tracing, isolating, and supporting those who are positive or exposed.
- The ability to prevent infection in people who are at risk for more severe COVID-19.
- The ability of hospitals and health systems to handle surges.
- The ability to develop therapeutics to meet the demand.
- The ability for businesses, schools, and child-care facilities to support physical distancing.
- The ability to determine when to reinstitute certain measures, such as the stay-at-home orders, if necessary.

Funding to Protect Foster Youth and Families: Governor Newsom announced he was making \$42 million in funding available to protect foster youth and families from the negative impacts from COVID-19. The funding is being made available for:

- \$27.8 million will be used to provide \$200 per month supplements to families in the Emergency response and Family Maintenance programs.
- \$6.9 million will be used to for social worker overtime and additional outreach by county social workers to foster family caregivers at higher risk of COVID-19 (caregivers who are over 60 years old).

- \$3 million will be used for family resource centers who provide direct support and services to foster families.
- \$1.8 million will be used to extend foster care payments and extending the eligibility for those who would otherwise be exiting the foster care system during the current pandemic.
- \$1.7 million will be used for higher monthly reimbursement rates to covering the extra costs associated with supporting children with more complex needs.
- \$313,000 will be used to give more foster youth access to cell phones and laptops so they can stay connected with their families and continue to participate in educational opportunities.
- \$250,000 will be used to assist 2-1-1 and Parents Anonymous helplines to provide assistance to families in crisis.
- \$166,000 will be used to allow caregivers to be paid beyond one-year while awaiting Resource Family Approval

Federal Legislative Update

White House Plan to Reopen the Economy: On April 16, the Trump Administration issued guidelines to Governors that would allow some states to phase out most social distancing practices within four weeks.

- The document gives nearly all of the decision-making power and testing responsibility to state Governors.
- The guidelines recommend states document a “downward trajectory” in cases for two weeks before beginning a three-phase process to return to near normal life.
- States should document another two weeks of declining cases before proceeding from one phase to another, the guidelines say, while a “rebound” in case numbers could mean reinstating some, or all, restrictions.
- In each phase, social distancing is relaxed until employers can finally resume “unrestricted staffing.”
- Schools, day-care centers, and bars shouldn’t reopen before phase two, according to the guidelines, while restaurants, movie theaters and sports venues could open in phase one if they practice “strict physical distancing.”
- Trump said sports would resume without a live audience and would be produced for television.
- The document calls on states to establish “safe and efficient screening and testing sites,” ensure “sentinel surveillance” for the disease and “quickly and independently” supply protective gear, medical equipment and hospital capacity to handle a surge in cases.

Senate Democratic Leadership continues to negotiate with Treasury officials to solve the impasse over small business funds and other coronavirus aid. All funds in the Small Business Administration’s (SBA) new Paycheck Protection Program (PPP) have been applied for, and as such, the SBA has put a hold on new applications until the existing ones are processed. As of April 16, 1.6 million loans have been approved by the SBA.

The Trump administration is pushing for an additional \$250 billion to supplement a \$350 billion loan program for small businesses. House Speaker Nancy Pelosi and Senate Minority Leader Chuck Schumer said they won’t agree to supplemental funding for small businesses without additional funding for hospitals, state and local governments and food stamp recipients.

In the meantime, elected officials continue to introduce standalone bills in the hopes of them being included in a forthcoming aid package. This includes the following:

- H.R. 6467, the “Coronavirus Community Relief Act” (CCRA), introduced by Representative Joe Neguse (D-CO). CCRA would provide \$250 billion in stabilization funds for local communities, cities, and towns with a population of 500,000 or less that are struggling amidst the coronavirus (COVID-19) pandemic.
- H.R. 6474, the “Healthcare Broadband Expansion during COVID-19 Act,” would expand the FCC’s Healthcare Connect Fund Program (HCFP) to include urban and suburban facilities alongside rural ones, include mobile and temporary facilities established to respond to the COVID-19 pandemic in eligibility, increase the subsidy rate of HCFP from 65 to 85 percent, and appropriates \$2 billion to fund these expansions.