
MEMORANDUM

To: City of Beaumont
From: Townsend Public Affairs
Date: January 29, 2021
Subject: Monthly Report for the City of Beaumont — January 2021

State Legislative Update

The Legislature returned to Sacramento on January 11, 2021 to start the first year of the current two-year legislative session. For the next month, the Legislature will be focused on introducing bills prior to the February 19 bill introduction deadline. Once bills are introduced in their respective houses, they must sit for 30 days before they can be acted on. The Legislature is expected to introduce upwards of 2,700 bills before the deadline. A significant portion of these bills will be spot bills, which are bills with little or no substantive language. These bills will be amended as the legislative session continues to address various policy topics.

Topics that are expected to dominate the Legislature's time in Sacramento this year include COVID-19 relief and response, climate resiliency, housing, homelessness, social equity, and police reform.

Below are the upcoming relevant dates for the Legislature:

February 19 – Bill introduction deadline
March 25 – Spring Recess begins upon adjournment

Governor's January Budget Proposal

On January 8, Governor Newsom released his January Budget proposal. The proposed budget is a \$227.2 billion fiscal blueprint that focuses on COVID-19 relief funding, economic strengthening and recovery, vaccine distribution, small business support, housing, homelessness, and education. The Governor's January Budget proposal kick-starts the process of budget hearings, subcommittee hearings, and other discussions leading up to the May Revise and then final Budget adoption by the Legislature prior to June 15.

As part of the January Budget proposal, the Governor and Department of Finance are projecting the State will have a current-year budget surplus of \$15 billion. This surplus is a result of higher than expected revenues in the budget year, as well as fewer people accessing state services than was anticipated.

The Governor is proposing to utilize most of those dollars to invest in the economic recovery of the State, as well as to combat the harmful effects of the COVID-19 pandemic. Since the budget surplus is anticipated to be one-time in nature, the Governor proposes to utilize the funds largely for one-time expenditures as opposed to ongoing spending that would need to be cut in a future budget.

Below are a few highlights of priority areas of the Budget proposal:

- **COVID-19 Relief:**
 - \$4.4B proposed in emergency response
 - \$2B for coronavirus testing
 - \$473M for contact tracing
 - \$372M for vaccine administration

- **Economic Recovery Package:**
 - \$4.5B proposed in economy recovery
 - \$1.1B immediate relief for small businesses
 - \$777M for California Jobs Initiative
 - \$353M for Workforce Development
 - \$300M for Deferred Maintenance
 - \$500M for Housing Development
 - \$1.5B for Zero-Emissions Vehicles

- **Golden State Stimulus**
 - \$2.4B total
 - \$600 direct payments to an estimated 4 million Californians
 - Extension of eviction moratorium enacted via AB 3088

- **Housing:**
 - The Budget includes \$500M for the Infill Infrastructure Grant Program to accelerate economic recovery through the creation of jobs and long-term housing development
 - \$500M for a third round of low income housing tax credits

- **Homelessness:**
 - \$1.75B in one time new investments
 - \$750M for competitive local government grants to purchase motels/hotels (Project Homekey Acquisitions)
 - \$750M in behavioral health continuum infrastructure available over 3 years for developing community mental health housing
 - \$250M for dedicated housing for vulnerable seniors

- **Climate Change:**
 - \$1B to support the Forest Management's Task Force's Wildlife and Forest Resilience Action Plan
 - \$248.6M for restoration of natural areas and ecosystems
 - \$183M for flood management
 - \$6.5M for coastal protection

The Legislature has begun Budget Committee hearings to receive a broad overview of the Governor's proposals. Additionally, the Administration will continue to develop trailer bill language, which will detail how various budget proposals would be implemented.

TPA will continue to keep the City updated on the budget process, the status of those items identified as potential priority for the City, as well as the Legislature's response to the Governor's Budget proposal.

Eviction Moratorium Extension

California's eviction moratorium, put into place last year by the Legislature and the Governor, was set to expire at the end of January 2021. With the State still struggling to contain and defeat the ongoing COVID-19 pandemic, additional action from the Legislature and Governor was needed prior to the deadline to prevent the possibility of mass evictions due to the inability to afford rents.

The Governor made this a priority during his Budget proposal announcement on January 8, however, did not include any additional negotiated details. Similarly, the Legislature made it clear that this was one of their priorities at the beginning of the legislative session. For the majority of January, the Legislature and the Governor have been engaged in negotiations and discussions around parameters of extending the eviction moratorium.

On January 29, Governor Newsom signed an eviction moratorium extension into law, extending the current moratorium until June 30, 2021. This extension comes with structural changes, as tenants are now required to pay at least 25 percent of their rent to receive eviction protections. There are additional income eligibility rules in place, as well as notification requirements from landlords before evictions can take place.

Included with the extension is a new funding program for the State, referred to as the State Rental Assistance Program. This program will allocate portions of federal rental assistance funds to local governments to help distribute for rent arrears, prospective rent payments, utilities, or other costs related to housing. Additional information and guidance about the State Rental Assistance Program is expected to be developed by HCD and released shortly.

Governor's COVID-19 Action Summary

Below is a summary of the major COVID-19 actions taken by the State Administration in January:

- **January 27 – Executive Order:** Governor Newsom signed an executive order (N-02-21) that will attempt to bolster the State's efforts to vaccinate as many Californians as possible as quickly as possible. The executive order reconfirms laws that grant health professionals and providers legal liability when responding to state and local emergencies, which is expected to increase the number of individuals administering vaccines.
- **January 25 – Improvements to Vaccine Plan:** Governor Newsom announced a series of improvements to the State's vaccination plan. The new steps in the plan will make it easier for people to know when they are eligible for vaccination and how to make an appointment, accelerate the administration of vaccines on hand and improve the State's ability to track vaccination data.

- **January 21 – Executive Order:** Governor Newsom signed an executive order in response to the COVID-19 pandemic, extending the validity of medical cannabis identification cards that would otherwise have expired.

Federal Legislative Update

In December, federal attention rested squarely on passage of a full-year funding omnibus and an additional, “Phase 4” round of coronavirus relief and stimulus. The coronavirus package had no discrete deadline (though a number of coronavirus-related programs and provisions expired around the end of the calendar year), but to increase the likelihood of passage, Congress attached the coronavirus package to the omnibus Fiscal Year 2021 spending bill, which had to be passed by December 18 (later revised to December 28).

In January, a number of events took up federal attention: the Georgia runoff races decided in favor of the Democrats on January 5 and thereby flipping the Senate, the insurrection attempt on January 6, the subsequent House impeachment of President Trump on January 13, and the swearing in of President Biden on January 20. Although fallout from each event is still percolating, the Biden Inauguration triggered the greatest number of new policies, as Biden immediately began signing over 30 executive orders in his first week.

“Phase 4” Coronavirus Aid Package

After a month of tenuous negotiations, on Sunday, December 27, President Trump signed the massive “Phase 4” coronavirus package and Fiscal Year 2021 spending package (H.R. 133) into law. More than \$900 billion will fund unemployment aid, direct payments, and business loans under the Covid-19 relief portion alone.

The bill provides funding for vaccines and testing, airline payroll support, farmers, and broadband. It would extend a moratorium on evictions through January 31 and expand food aid programs. It would also provide additional funds for the Paycheck Protection Program and allow businesses to obtain a second loan.

The bill omits limits on coronavirus-related liability and funding for state and local governments, though it would extend the expiration of funds provided under the CARES Act for state and local aid.

A few key elements:

Direct Payments to Individuals

- The bill would provide another round of direct payments of as much as \$600 for an individual, \$1,200 for joint filers, and \$600 for each qualifying child.
 - It would apply the similar income limits and phase-out as the CARES Act, reducing the payments by 5% for individuals with adjusted gross incomes of more than \$75,000. Filers with an AGI greater than \$87,000 wouldn’t receive a payment. The CARES Act provided payments of \$1,200 per individual.
 - The bill also would provide the following amounts to deliver the payments:
 - \$509 million for the IRS.
 - \$38 million for the Social Security Administration.

- Payments would be based on 2019 taxes. Payments could be issued for certain beneficiaries who didn't file 2019 returns, including retired and disabled workers, Supplemental Security Income recipients, and veterans receiving VA benefits.
- The bill would reduce the payment to \$600 for joint filers if the Social Security Number of only one spouse is included in the most recent return. It would provide an extra \$600 for each child with an SSN or adoption taxpayer identification number.

State and Local Aid

- The bill would extend the spending deadline for the CARES Act's \$150 billion Coronavirus Relief Fund for state, local, and tribal governments to cover costs incurred – from December 31, 2020, to December 31, 2021.
- The bill would not provide any additional funding or spending flexibility.

Unemployment

- The bill would restore and reduce to \$300 per week, from \$600, the Federal Pandemic Unemployment Compensation (FPUC) created under the CARES Act. The extra payments, which expired on July 31, would apply to weeks of unemployment after December 26 and through March 14, 2021.

The bill also includes numerous provisions on education, health care, housing, broadband, nutrition, agriculture, banking, and the postal service.

Biden Coronavirus Relief Plan

TPA participated on a call with Julie Rodriguez, White House Director of Intergovernmental Affairs, and received details about President-elect Biden's \$2 trillion coronavirus relief proposal, which they are calling the "American Rescue Plan." Below are key elements of what was highlighted in the proposal.

- \$350 billion for state and local governments, including \$3 billion for the Economic Development Administration
 - No formula yet – the Administration indicated they want to work with mayors on how best to allocate, but confirmed that backfilling lost revenue will be eligible
- Direct payments to individuals of \$1,400, which is in addition to the \$600 approved in December
- \$130 billion to reopen schools, including \$35 billion for colleges, with the goal of most schools back to in-person learning within his first 100 days in office
- \$400 per week in supplementary unemployment benefits through September
- \$160 billion in funding for a national program of vaccination, testing and other coronavirus containment efforts
- \$30 billion for rental and small-landlord support
- \$5 billion for homelessness
- Continue national eviction moratorium
- Leverage \$35 billion investment into existing state/local/tribal/nonprofit financing programs, into \$175 billion in additional small business lending/grants
- A new restaurant partnership program funded through FEMA to feed the hungry and keep service industry workers employed
- Raising the federal minimum wage to \$15 an hour
- Extend a 15% boost in SNAP benefits, currently in effect until July, through September

“Phase 5” Coronavirus Aid Package

With the swearing in of President Biden and the Senate flip, Congress immediately set its sights on another coronavirus aid package, and specifically looking to Biden’s “American Rescue Plan” and Democratic priorities that did not get into the “Phase 4” package passed in December.

To do this with a slim margin in the Senate and not enough Democratic votes to overcome the filibuster’s 60-vote threshold, Democrats are turning to a process called budget reconciliation to temporarily overcome the filibuster.

A budget reconciliation bill only needs 51 votes in the Senate to pass, which the Democrats have even if no Republicans vote for the bill. Reconciliation bills cannot change Social Security, have merely “incidental” effects on spending/revenue, or increase deficits after 10 years. If the main effect is not budgetary, it’s not reconcilable.

The following are most likely allowed under budget reconciliation:

- A temporary expansion and extension of unemployment benefits
- One-time rebate checks/stimulus payments
- An increase in Paycheck Protection Program (PPP) funding
- Tax credit expansions
- Many spending increases, especially expansions to existing programs (i.e. programs such as Medicare, Medicaid, SNAP)
 - However, these increases could not be enacted on a permanent basis unless fully offset over the long-run by the same committee proposing the spending.
- Rental assistance funding

The following are possibly allowed under budget reconciliation (depending on how the provisions are crafted, since reconciliation cannot increase long-term deficits):

- Vaccine funding/virus testing
- Money for schools
- Money for state and local governments

The following are unlikely to be allowed under budget reconciliation:

- Raising the minimum wage
 - There is a heated debate over whether this can be done via reconciliation.
- Mandating that businesses offer paid sick leave

It is possible to enact two sets of reconciliation bills since Congress failed to adopt a FY2021 budget resolution last year. Congress could issue one set of reconciliation instructions by passing that budget and then take up a budget resolution for fiscal year 2022 (which begins on October 1, 2021) to generate a second reconciliation bill.

California Senate Seat

Governor Gavin Newsom announced in December the selection of California Secretary of State Alex Padilla to be California’s next United States Senator, filling the seat soon vacated by Vice President Kamala Harris.

Padilla previously served as a Los Angeles City Councilman and State Senator, and will become the first Latino to represent California in the United States Senate and the first California Senator

from Southern Californian in nearly three decades. Padilla will serve the remainder of Senator Harris' current term, which expires in 2022, at which point he would need to run for re-election.

Then-Senator Kamala Harris resigned her seat the week of Inauguration and swore Padilla in as a Senator later the afternoon on Inauguration Day.

Biden Executive Actions

Over the course of the last week, President Biden has signed a slew of presidential executive orders, memoranda, instruments, and other actions to immediately take action on his policy priorities.

Some of the most salient executive orders include:

- **Executive Order on FEMA Public Assistance:** President Biden signed an executive order increasing FEMA Public Assistance program reimbursement for some local coronavirus-related costs, from 75% to 100%.
- **Executive Order on Nutrition Programs:** President Biden signed an executive order, instructing USDA to expand nutrition assistance to hard-hit families across the country due to the coronavirus pandemic.
- **Executive Order on OSHA Standards:** The Biden Administration ordered the Occupational Safety and Health Administration (OSHA) to determine whether there is a need for emergency temporary standards protecting workers from on-the-job Covid-19 infections. Declaring an emergency need allows the new administration to avoid the lengthy public comment period characteristic of federal rulemaking. There currently is not an explicit national requirement for most employers to protect employees from workplace Covid-19 infections.

Small Business

The SBA reopened the Paycheck Protection Program (PPP) loan portal to PPP-eligible lenders with \$1 billion or less in assets for First and Second Draw applications on Friday, January 15, 2021. The portal then fully opened on Tuesday, January 19, 2021 to all participating PPP lenders to submit First and Second Draw loan applications to SBA. Earlier in the week, SBA granted dedicated PPP access to Community Financial Institutions (CFIs) which include Community Development Financial Institutions (CDFIs), Minority Depository Institutions (MDIs), Certified Development Companies (CDCs), and Microloan Intermediaries as part of the agency's ongoing efforts to reach underserved and minority small businesses.

Additionally, Small Business Administration (SBA) released some details about their upcoming Shuttered Venue Operator Grant ("SVOG") Program. Eligible organizations with a reduction in revenue due to the COVID-19 pandemic will have the opportunity to receive up to a \$10 million grant under the program. The biggest question, when the program will begin accepting applications, is still unanswered, and written guidance from SBA on the program has not yet been published.

Vaccines

The CDC released updated guidance indicating that people may receive their follow-up doses of vaccines up to six weeks after their initial dose, if it is not feasible to get them in the recommended interval. The early phases of the vaccination effort were designed to put the highest-risk people at the front of the line, but the pace of inoculations has frustrated experts. The administration's new guidelines aim to speed things up and ultimately move the U.S. closer to the widespread immunity that will put the pandemic behind us.

The federal government is making three big changes:

- Recommending that states open the vaccination process to everyone older than 65 and to adults of all ages who have a pre-existing condition that puts them at greater risk for serious infection.
- Expanding the venues where people can get vaccinated to include community health centers and more pharmacies.
- Getting all the available doses out the door now. Both of the authorized vaccines require two shots; the government will no longer hold back doses for the second shot, but will instead try to get today's doses into people's arms now, trusting that supplies will increase rapidly enough to provide second shots.

These changes reflect a changing consensus about how best to distribute the vaccines — shifting away from a strict risk-based prioritization system, toward prioritizing getting as many shots into as many arms as possible, as quickly as possible.

Housing and Homelessness

Senator Feinstein (D-CA) is in the process of introducing or reintroducing several housing bills this year:

- **Homeless Services:** Senator Feinstein reintroduced her “Fighting Homelessness Through Services and Housing Act.” The only difference over last year’s version is the authorization, which is increased given the COVID-19 pandemic, and its potential for increase in homelessness. The new amount is \$1 billion (previously \$750 million).
- **Neighborhood Stabilization Program:** Senator Feinstein will be introducing another bill, the “Affordable Housing Redevelopment Act.” This legislation would reauthorize the Neighborhood Stabilization Program and authorize \$1.5 billion in competitive grants to help state and local governments purchase blighted, vacant, abandoned, foreclosed, or surplus properties, and convert them into affordable housing. Eligible projects would include mixed-use development and conversions of non-residential office and retail properties.
- **Housing Infrastructure:** Lastly, Senator Feinstein is working on additional legislation that would create a loan program that would help spur the development of affordable housing. It would be modeled after the Transportation Infrastructure Finance and Innovation Act (TIFIA). It’s not ready for introduction yet, but we are working with staff ahead of its introduction.