Government Finance & Administration Policy Committee

CSAC Legislative Conference
Thursday, May 17, 2018 — 9:00 a.m. – 10:30 a.m.
Convention Center (1400 J Street), Room 306
Sacramento County, California

Supervisor Erin Hannigan, Solano County, Chair
Supervisor Judy Morris, Trinity County, Co-Vice Chair
Supervisor Chuck Washington, Riverside County, Co-Vice Chair

9:00 a.m. I. **Welcome and Introductions**
Supervisor Erin Hannigan, Solano County, Chair
Supervisor Judy Morris, Trinity County, Co-Vice Chair
Supervisor Chuck Washington, Riverside County, Co-Vice Chair

9:05 a.m. II. **State Budget Update and Fiscal Forecast**
Carolyn Chu, Deputy Legislative Analyst, State and Local Finance, Legislative Analyst's Office

9:25 a.m. III. **California Board of Equalization Transition**
Nick Maduros, Director, California Department of Tax and Fee Administration (CDTFA)

9:40 a.m. IV. **California Public Employees' Retirement System (CalPERS) Update**
Marcie Frost, Chief Executive Officer, CalPERS

10:10 a.m. V. **In-Home Supportive Services (IHSS) Update**
Justin Garrett, Legislative Representative, CSAC

10:20 a.m. VI. **Federal Policy Update**
Joe Krahn, President, Paragon Government Relations
Hasan Sarsour, Senior Associate, Paragon Government Relations

10:25 a.m. VII. **State Legislative Update**
Dorothy Johnson, Legislative Representative, CSAC
Tracy Sullivan, Legislative Analyst, CSAC

10:30 a.m. VIII. **Adjournment**

ATTACHMENTS

In-Home Supportive Services (IHSS) Update

Attachment One…………………...Coalition Letter to Assembly Budget Subcommittee 4 on IHSS MOE Implementation

Attachment Two……………………IHSS Wages and Bargaining Provisions Brief

State Legislative Update

Attachment Three .... Memo on Legislative Update

Attachment Four .... GF&A Legislative Bulletin

Attachment One

Coalition Letter on IHSS MOE Implementation

CALIFORNIA STATE ASSOCIATION OF COUNTIES

CWDA
Advancing Human Services for the Welfare of All Californians
COUNTY WELFARE DIRECTORS ASSOCIATION OF CALIFORNIA

CAPA
CALIFORNIA ASSOCIATION OF PUBLIC AUTHORITIES

CHEAC
Improving the Health of all Californians
COUNTY HEALTH EXECUTIVES ASSOCIATION OF CALIFORNIA

cbhda
COUNTY BEHAVIORAL HEALTH DIRECTORS ASSOCIATION
CALIFORNIA
COUNTY BEHAVIORAL HEALTH DIRECTORS ASSOCIATION

URBAN COUNTIES of CALIFORNIA
URBAN COUNTIES OF CALIFORNIA

RCRC
RURAL COUNTY REPRESENTATIVES OF CALIFORNIA

CMSP
GOVERNING BOARD
COUNTY MEDICAL SERVICES PROGRAM

February 27, 2018

The Honorable Joaquin Arambula, M.D.
Chair, Assembly Budget Subcommittee #1
State Capitol, Room 5155
Sacramento, CA 95814

RE: In-Home Supportive Services Maintenance of Effort Implementation

Dear Assembly Member Arambula,

On behalf of the California State Association of Counties (CSAC), the County Welfare Directors Association of California (CWDA), the California Association of Public Authorities (CAPA), the County Health Executives Association of California (CHEAC), the County Behavioral Health Directors Association (CBHDA), the Urban Counties of California (UCC), the Rural County Representatives of California (RCRC), and the County Medical Services Program (CMSP), we are writing to share the county perspective on the implementation of the new County In-Home Supportive Services (IHSS) Maintenance of Effort (MOE) that was enacted through 2017-18 budget-related legislation (SB 90, Chapter 25, Statutes of 2017). In addition to examining the implementation progress and outlook for 2017-18 and 2018-19, it remains important to look ahead to future years when this MOE framework will become unsustainable for counties. It will be vital for the Legislature, the Administration, and counties to work together to find a long-term solution that ensures counties can partner with the state to effectively deliver IHSS and other critical services in our communities, including health and mental health services.

The 2017-18 Budget Act enacted numerous reforms to the IHSS fiscal structure, but did not affect the provision of IHSS services to eligible recipients. These changes included a new county MOE, additional collective bargaining provisions, and refinement of the costs for county administration of the IHSS program. This letter focuses on the new County IHSS MOE and counties' ability to offset these new costs. Last year's budget legislation on the IHSS funding structure included provisions that:

- establish a new County IHSS MOE with an annual inflation factor (5% for 2017-18, 7% thereafter),
- provide State General Fund contributions to partially offset increased county IHSS costs ($400 million in 2017-18, $330 million in 2018-19, $200 million in 2019-20, $150 million thereafter),
- redirect Health and Mental Health 1991 Realignment vehicle license fee (VLF) growth funding to Social Services to partially offset increased county IHSS costs (100% of growth in the first three years, 50% of growth in the next two years),
- redirect County Medical Services Program (CMSP) 1991 Realignment VLF growth funding to Social Services to partially offset increased county IHSS costs in the 35 CMSP counties (100% of growth in the first three years, 50% of growth in the next two years),

- redirect Health, Mental Health, and CMSP (for the 35 CMSP counties) 1991 Realignment 2016-17 sales tax growth funding to Social Services to partially offset increased county IHSS costs, and
- accelerate caseload growth payments from 1991 Realignment sales tax growth so that counties receive this funding earlier to partially offset increased county IHSS costs.

Counties have dedicated significant time and effort to partnering with the Department of Finance and Department of Social Services on implementing these changes for 2017-18. While there are still ongoing discussions to implement certain provisions, significant progress has been made related to establishing the new County MOE, redirecting realignment funding, and distributing the State General Fund contribution. For 2017-18, counties will likely manage to mitigate the impact of the IHSS cost shift to the county General Fund. However, it is important to note that within the new IHSS funding structure, Health and Mental Health 1991 Realignment programs were deprived of vital funding that otherwise would have been used to support mental health, indigent health and public health services.

For 2018-19, the January budget proposal does not propose any structural changes to the new IHSS County MOE. Based on current revenue projections, it is likely that counties will be able to mitigate the impact of the IHSS cost shift to the county General Fund in this second year of the new MOE, as long as no additional legislative changes are made to the program that could increase county or program costs. In addition, the impacts on other county programs may be more pronounced in 2018-19. For Health and Mental Health programs, this will be the second year in which 1991 Realignment growth has been redirected to Social Services, which will result in flat Realignment funding and negative program impacts. For other county priorities, there could be additional consequences as counties continue to prepare for subsequent years of this IHSS funding structure and the looming cost increases.

Looking ahead to 2019-20, there is a critical reopener provision that requires the Administration to consult with CSAC and other affected stakeholders to reexamine this IHSS funding structure in the development of the 2019-20 budget. Specifically, the Department of Finance must submit a report to the Legislature by January 2019 that examines and provides recommendations on four specific aspects:

1. The extent to which revenues available for 1991 Realignment are sufficient to meet program costs that were realigned.
2. Whether the IHSS program and administrative costs are growing by a rate that is higher, lower, or approximately the same as the MOE, including the inflation factor.
3. The fiscal and programmatic impacts of the IHSS MOE on the funding available for the Health Subaccount, the Mental Health Subaccount, the County Medical Services Program Subaccount, and other social services programs included in 1991 Realignment.
4. The status of collective bargaining for the IHSS program in each county.

This reopener provision is vital because counties are significantly concerned about the possibility of an economic downturn at the same time the IHSS cost shift is anticipated to become unsustainable for counties in 2019-20. Even with the updated revenue projections, counties will have difficulty managing the increased IHSS costs in this third year and the problem will grow each subsequent year. Economic downturn and increased IHSS costs would further erode 1991 Realignment funding to the Health and Mental Health Subaccounts, likely resulting in a decrease to the critical health and mental health services counties provide. In addition, growing costs will further threaten county General Fund spending, most of which is applied to public safety, elections, and other state and local priorities. Counties critically need a long-term solution for IHSS funding and this provision provides the opportunity to revisit this structure.

While counties are striving to manage the first two years of this new MOE, there are still significant concerns about the anticipated impacts of this new IHSS funding structure in the out years. Counties remain committed to partnering with the Administration and the Legislature to ensure counties can successfully deliver realigned services on behalf of the state. All of our organizations are dedicated to tracking the impact of this new MOE and evaluating the options for a long-term solution. Counties look forward to the 2019-20 budget discussions and working together to find a solution that will provide stability and sustainability for the IHSS program and other critical county services.

Thank you,

Matthew L. Cate

Matt Cate
CSAC Executive Director

Frank Mecca
CWDA Executive Director

Karen Keeslar
CAPA Executive Director

Michelle Gibbons
CHEAC Executive Director

Kirsten Barlow

Kirsten Barlow
CBHDA Executive Director

Paul A. Smith

Paul Smith
RCRC Vice President, Governmental Affairs

Jolena Voorhis
UCC Executive Director

Kari Brownstein
CMSP Administrative Officer

cc: Honorable Members, Assembly Budget Subcommittee #1
The Honorable Phil Ting, Chair, Assembly Budget Committee
Nicole Vazquez, Consultant, Assembly Budget Committee
Cyndi Hillery, Assembly Republican Fiscal Office
Gail Gronert, Office of the Assembly Speaker
Jason Sisney, Office of the Assembly Speaker
Ginni Bella Navarre, Legislative Analyst's Office
Will Lightbourne, Director, Department of Social Services
Robert Smith, Department of Social Services
Kristin Shelton, HHS, Department of Finance
Jay Kapoor, HHS, Department of Finance
County Caucus

Attachment Two

IHSS Wages and Bargaining Provisions Brief

IHSS Wages and Bargaining Provisions Brief
March 2018

The In-Home Supportive Services (IHSS) trailer bill SB 90 (Chapter 25, Statutes of 2017) and the Health and Human Services clean-up trailer bill AB 130 (Chapter 251, Statutes of 2017) both contained provisions related to bargaining with IHSS provider unions. In addition, recently adopted legislation, AB 110 (Chapter 8, Statutes of 2018), contained additional clean-up provisions on the bargaining provisions. These statutes provide additional tools for counties to utilize when negotiating locally, but also put in place new requirements and timelines related to bargaining with IHSS provider unions. The provisions are complex and each county will need to make important decisions based on the tools that are available and the local bargaining situation. To assist counties in those efforts, this document provides an overview of the significant new wage and bargaining provisions. We will continue to engage with the Administration on implementation, including on how the MOE adjustment calculations will work, and to advocate for an All County Letter and County Fiscal Letter that provides the official and detailed guidance that counties need related to wages and bargaining.

Statewide Perspective on Collective Bargaining
Currently, many counties are in negotiations with IHSS provider unions. In addition to understanding the new bargaining provisions, counties will need to take into account the IHSS cost shift and offsetting revenue for 2017-18 and the outlook for subsequent years. At the statewide level, the California Department of Social Services (CDSS) is required to submit a report to the fiscal committees of the Legislature on the status of all IHSS provider bargaining contracts in every county by April 1, 2018.

The Statewide Authority that was responsible for collective bargaining in the seven pilot counties under the Coordinated Care Initiative has been dissolved and the IHSS Employer-Employee Relations Act has been repealed. All counties must meet the requirements of Welfare and Institutions Code § 12302.25 to act as or establish an employer of record for IHSS and to meet and confer pursuant to the Meyers-Milias-Brown Act. Most counties have established a Public Authority to fulfill these requirements.

State Approval Needed to Change IHSS Provider Wages & Benefits
The state must review and approve the Public Authority rate for wages, health benefits, and other economic terms of a local bargaining agreement before the changes can take effect. It is important to note that the state has never denied a rate increase. Counties must provide CDSS with documentation of the County Board of Supervisors' approval of the proposed public authority or nonprofit consortium rate. Increases or decreases to the hourly wage and/or health benefits will not take effect until the both CDSS and the Department of Health Care Services have determined that the increase is consistent with federal law to ensure federal financial participation. In addition, AB 110 clarifies that CDSS must also review the increase for compliance with state law. The rate increases will go into effect on the first day of the month after the month that final approval by the state is granted. Counties should keep in mind that the state approval process can take up to 60 days. A request to change the Public Authority rate

must be made at least 60 calendar days, but not more than 90 calendar days, prior to the requested effective date of the change.

If the economic terms of the contract are not approved by the state, the county is required to pay the entire nonfederal share of the cost of the new increase in wages, benefits and taxes. Most counties have included language in their labor contracts to ensure that if the state does not approve the rates or other economic terms, the county is not required to implement the related rate increase(s). Counties may wish to consider this issue when negotiating contracts.

State Financial Participation in Wages and Benefits
Under the provisions of SB 90/AB 130, there are a few variables that determine the amount of state financial participation in IHSS provider wages and benefits. The state will participate in 65 percent of the nonfederal share of costs of wages and health benefits up to $12.10 per hour, which is the current state participation cap. Once the state minimum wage increases to $12.00 per hour, the cap on state participation will rise to $13.10 per hour, $1.10 above the increased state minimum wage. It will continue to rise to $1.10 above the increased state minimum wage for subsequent increases in the state minimum wage. It's important to remember that the sum of the hourly wage plus the amount of the hourly rate for health benefits establishes the total amount that determines the level of state financial participation. For example, if a county has a provider wage of $11.60 per hour and provides health benefits of $0.50 per hour, then the county would be at the state participation cap. Counties will pay the entire nonfederal share of costs for any wage or benefit increase that is above this cap. However, there is a new provision that will allow limited state participation above this cap and that is detailed below in the *State Participation above the Cap* section.

MOE Adjustment for Wage and Health Benefit Increases
The County IHSS MOE will be adjusted for the annualized cost of increases in provider wages or health benefits that are locally negotiated, mediated or imposed on or after July 1, 2017, including those increases that result from being adopted by a local ordinance. The MOE adjustment shall reflect the County's share of costs for the wage increases, 35 percent of the nonfederal share up to the state participation cap and 100 percent of the nonfederal share for amounts above the cap. The annualized MOE adjustment will be calculated based on the county's 2017-18 paid IHSS hours and the appropriate cost-sharing ratio that results from the inflation factors that have occurred to that point. The Department of Finance is required to consult with CSAC on the process for these MOE adjustments and those discussions are in progress.

Wage Supplement
A new tool available to counties is the ability to negotiate a wage supplement, which is a specified amount that is in addition to the county provider wage. When a wage supplement is first negotiated and applied, there is a one-time adjustment to the County IHSS MOE for the amount of the wage supplement. The annual inflation factor will apply to any MOE adjustments. For subsequent applications of the wage supplement, there is no adjustment to the County IHSS MOE. The state participation in the nonfederal costs of the wage supplement depends on where the county's wage is in relation to the state participation cap and if the county is using another tool to garner state participation above the cap. See the *County Implications* section for more information.

The recent IHSS clean-up bill, AB 110, outlines how the subsequent applications of the wage supplement will work. AB 110 specifies that a wage supplement will be subsequently applied when the state minimum wage equals or exceeds the county provider wage absent the wage supplement amount. This is consistent with how CSAC, CWDA, and CAPA understood the wage supplement would work and with our advocacy efforts during implementation. AB 110 also outlines that a wage supplement must be added to the highest wage paid in the county since June 30, 2017. Finally, it provides an exception to these provisions for those agreements submitted to CDSS prior to January 1, 2018.

As an example of how the subsequent applications of the wage supplement will work, if a county's provider wage is $11.75 per hour and the county negotiates a $0.50 wage supplement, the amount the IHSS provider is paid would increase to $12.25 per hour ($11.75 provider wage plus $0.50 supplement) and there would be a one-time MOE adjustment. When the minimum wage increases to $12.00 per hour, it passes the provider wage absent the wage supplement of $11.75 per hour and the wage supplement would be subsequently applied, bringing the total wage to $12.50 per hour ($12.00 provider wage from new minimum wage plus $0.50 supplement). There would be no MOE adjustment for this subsequent application of the wage supplement. It is important to note that the wage supplement does not maintain a specific difference between state minimum wage and what the IHSS provider is paid. Rather, it is a set amount that is applied whenever the state minimum wage equals or exceeds the provider wage absent the supplement amount. See the *County Implications* section for tables demonstrating how the wage supplement works.

State Participation above the Cap (10 Percent Over Three Years)
There is a new tool available to allow the state to participate in the nonfederal share of costs of a wage increase for counties that are above the state participation cap, currently at $12.10 per hour and rising to $1.10 per hour above the state minimum wage after the minimum wage increases to $12.00 per hour and for subsequent minimum wage increases. The state will participate in a cumulative total of up to a 10 percent increase in the sum of the combined total of changes in wages or health benefits, or both over a three-year period. For example, if a county's provider wage is $12.50 per hour and benefits are $0.50 per hour, the total wages and benefits are $13.00 per hour. This means the county could secure state participation in up to a $1.30 increase over three years. State participation will be at the sharing ratio of 65 percent of the nonfederal share. The state will participate in the nonfederal costs of provider wage and/or health benefit increases provided during no more than two, three-year periods. After that point, for any subsequent provider wages and health benefit increases provided by the county, the county will pay the entire nonfederal share. The second three-year period must begin after the first three-year period has ended. In addition, a 10 percent increase above the state participation cap is required to begin prior to January 1, 2022, when state minimum wage reaches $15.00 per hour. The County IHSS MOE will be adjusted based on the 35 percent county share of the nonfederal cost in the wage increase, for up to a 10 percent increase over three years, and 100 percent of the nonfederal share of costs of the provider wages and health benefit provided above that 10 percent amount. When submitting a rate increase for approval, counties must specify and select that they are utilizing this tool to secure state participation above the cap. Counties are able to utilize this tool in conjunction with the wage supplement to secure state participation in part or all of a wage supplement that is above the cap. See the *County Implications* section for more information.

County Implications
All counties are eligible to negotiate a wage supplement. All counties that have individual provider wages and health benefits currently equal to or above the state participation cap or that increase to an amount equal to or above the cap, are eligible to utilize the 10 percent over three years state participation provision. Counties are also able to utilize the wage supplement in conjunction with the 10 percent over three years provision to secure state participation in a

wage supplement above the state participation cap up to that 10 percent amount. The fiscal impacts and practical implications of these two new tools differ depending on the county's provider wage and health benefits. The below section describes the options and considerations for counties depending on how their county provider wage and health benefits relates to the minimum wage and the state participation cap.

Counties at state minimum wage

The state will participate in the nonfederal costs of the wage supplement at the state-county sharing ratio of 65/35 up to the point that the wage supplement takes the county's combined provider wages and health benefits above the state participation cap. The one-time adjustment to the MOE shall be equal to 35 percent of the nonfederal share of costs. For counties currently at the state minimum wage, negotiating a wage supplement can be an effective tool for potentially securing a provider wage that is a set amount above the minimum wage and will continue to stay that amount above the minimum wage as minimum wage increases. For example, if a county negotiates a $0.50 supplement, then the amount the IHSS provider is paid would increase to $11.50 per hour ($11.00 provider wage plus $0.50 supplement) with the one-time MOE adjustment at 35 percent county share. When the state minimum wage increases to $12.00 per hour, there would be a subsequent application of the wage supplement as it passes the $11.00 provider wage absent the supplement and the overall county wage would increase to $12.50 ($12.00 provider wage plus $0.50 supplement) with no MOE adjustment for the subsequent application of the wage supplement. This would occur again when the minimum wage increases to $13.00 per hour. This example is shown below.

	1/1/2018	1/1/2019	1/1/2020	1/1/2021
State minimum wage	$11.00	$12.00	$13.00	$14.00
County Provider Wage	$11.00	$12.00	$13.00	$14.00
Wage supplement	$0.50	$0.50	$0.50	$0.50
Total amount IHSS provider is paid	$11.50	$12.50	$13.50	$14.50

Counties above minimum wage and below the state participation cap

For these counties, the state will participate in the nonfederal costs of the wage supplement and the one-time MOE adjustment at the state-county sharing ratio of 65/35 up to the point that the wage supplement takes the county's combined provider wages and health benefits above the state participation cap. For example, if a county's provider wage is $11.75 per hour and the county negotiates a $0.50 supplement, then the overall wage would increase to $12.25 per hour ($11.75 provider wage plus $0.50 supplement) with the one-time MOE adjustment. The $0.50 wage supplement would be subsequently applied when the state minimum wage reaches $12.00 per hour, passing the provider wage absent the supplement of $11.75 per hour. When the minimum wage reaches $13.00 per hour, the wage supplement would be subsequently applied again. This example is shown below.

	1/1/2018	1/1/2019	1/1/2020	1/1/2021
State minimum wage	$11.00	$12.00	$13.00	$14.00
County Provider Wage	$11.75	$12.00	$13.00	$14.00
Wage supplement	$0.50	$0.50	$0.50	$0.50
Total amount IHSS provider is paid	$12.25	$12.50	$13.50	$14.50

Once a county's combined provider wage and health benefits is equal to or above the state participation cap, the county is responsible for the entire nonfederal share of cost for increases above that amount. If the wage supplement takes the county's combined provider wage and health benefits above the state participation cap, the county is responsible for the entire nonfederal share of cost for the amount of the wage supplement that is above the state participation cap. However, these counties would now be able to utilize the 10 percent over three years provision. Counties can utilize this tool in conjunction with the wage supplement to secure state participation in that amount. For these counties, if the wage supplement goes above the state participation cap, but is an amount that is within the 10 percent range, counties are able to use these tools together to secure state participation. This provision can also be used for a standalone wage increase that secures state participation in an amount up to 10 percent over three years.

<u>Counties at or above the state participation cap</u>

The new 10 percent over three years provision provides a specific new tool for these counties. Prior to this provision, the state did not participate in any of the nonfederal costs of a provider wage or health benefit that was above the state participation cap. These counties will now be able to secure 65 percent state participation in a cumulative total of up to a 10 percent increase in the sum of the combined total of changes in wages or health benefits, or both over a three-year period. Counties can use this tool for a standalone wage increase. For example, if a county's provider wage is $12.50 per hour and benefits are $0.50 per hour, the total wages and benefits are at $13.00 per hour. This means the county could secure state participation in up to a $1.30 increase over three years.

These counties are also eligible to negotiate a wage supplement. However, the cost of the wage supplement and the one-time MOE adjustment will be at 100 percent county share of the nonfederal share unless the county also utilizes the 10 percent over three years provision. For example, if a county's provider wage is $12.50 per hour with benefits of $0.30 per hour and the county negotiates a $1.00 supplement, then the total amount the IHSS provider is paid would increase to $13.50 per hour ($12.50 provider wage plus $1.00 supplement). If the county utilizes the 10 percent over three years provision in conjunction with this wage supplement, then there would be a one-time MOE adjustment at 35 percent county share as this supplement falls within the 10 percent amount of $1.28 (10 percent of the total $12.80 in provider wages and health benefits). The $1.00 wage supplement would not apply again until the state minimum wage increases to $13.00 per hour and passes the county's provider wage absent the wage supplement of $12.50 per hour. At that point, the overall wage would go to $14.00 per hour ($13.00 county provider wage plus $1.00 supplement) with no MOE adjustment for the subsequent application of the $1.00 supplement. This example is shown below.

	1/1/2018	1/1/2019	1/1/2020	1/1/2021
State minimum wage	$11.00	$12.00	$13.00	$14.00
County Provider Wage	$12.50	$12.50	$13.00	$14.00
Wage supplement	$1.00	$1.00	$1.00	$1.00
Total amount IHSS provider is paid	$13.50	$13.50	$14.00	$15.00

County Bargaining Options

The below table describes the options for counties depending on their current wage and the availability of state participation for each of those options. All references to county share of costs are to the nonfederal share.

	Traditional Bargaining	Wage Supplement	10 Percent over Three Years
Counties at minimum wage	MOE adjusted at 35% county share up to the point that county provider wage & health benefits goes above the state participation cap, then MOE adjusted at 100% county share for the remaining amount	Wage supplement added on top of county base wage and MOE adjusted one-time at 35% county share; No MOE adjustment for subsequent applications of wage supplement If wage supplement takes overall county wage and benefits above the state participation cap, then amount above the cap is at 100% county share or the county can utilize the 10 percent over three years provision to secure state participation in this amount; see below for more details	n/a until the county provider wage & health benefits reaches the state participation cap; see below for more details
Counties above minimum wage and below the state participation cap	MOE adjusted at 35% county share up to the point that county provider wage & health benefits goes above the state participation cap, then MOE adjusted at 100% county share for the remaining amount	Wage supplement added on top of county base wage and MOE adjusted one-time at 35% county share; No MOE adjustment for subsequent applications of wage supplement If wage supplement takes overall county wage and benefits above the state participation cap, then amount above the cap is at 100% county share or the county can utilize the 10 percent over three years provision to secure state participation in this amount; see below for more details	n/a until the county provider wage & health benefits reaches the state participation cap; see below for more details
Counties at or above the state participation cap	MOE adjusted at 100% county share	Wage supplement added on top of county provider wage and MOE adjusted one-time at 100% county share; No MOE adjustment for subsequent applications of wage supplement If county utilizes 10 percent over three years in conjunction with wage supplement, then wage supplement added on top of county provider wage and MOE adjusted one-time at 35% county share up to the 10 percent amount and 100% county share for any amount above that 10 percent; No MOE adjustment for subsequent applications of wage supplement	MOE adjusted at 35% county share up to a 10 percent increase of the county provider wage and benefits over a three year period; any increase above the 10 percent amount is at 100% county share

Procedures to Resolve Differences in Collective Bargaining
The new statute also contains special procedures to help the parties reach agreement on a new Memorandum of Understanding (MOU). After January 1, 2018, either the Public Authority or the union representing IHSS workers may request mediation to be conducted by State Mediation & Conciliation Services, which is a division of the Public Employment Relations Board (PERB). Mediators have no authority to impose a settlement, but can be useful in helping the parties look at the problem from a new perspective and find common ground. Unlike the Meyers-Milias-Brown Act, mediation is required if only one party initiates the request; neither the employer nor the union can block mediation. State Mediation & Conciliation Services will designate a pool of no more than five qualified individuals with relevant subject matter expertise, priority given to IHSS expertise, to serve as mediators or on a factfinding panel. The mediation shall take place within 15 business days from when it was requested. If there is no agreement on a mediator, State Mediation & Conciliation Services will appoint one from the pool.

If no agreement is reached through mediation, then the parties will move to factfinding. It is also possible to bypass mediation and move directly to factfinding if both parties agree. With the assistance of State Mediation & Conciliation Services, a factfinding panel is appointed which reviews both parties' proposals, holds hearings and ultimately recommends a settlement. The factfinding panel must recommend advisory terms of settlement within 30 days after being appointed by State Mediation & Conciliation Services. Either party may then request post-factfinding mediation, which shall take place within 15 days. The findings of fact and recommended settlement terms will not be made public until mediation has finished.

When the services of a mediator or factfinding panel are utilized, the costs will be split equally between the parties. Timelines can be extended if there are no individuals available to serve as mediators or on a factfinding panel.

Attachment Three

Memo on State Legislative Update

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May 3, 2018

To: CSAC Government Finance and Administration Policy Committee

From: Dorothy Johnson, Legislative Representative
Tracy Sullivan, Legislative Analyst

RE: Legislative Update – INFORMATIONAL

Recommendation. This is an informational item only.

Background.
Since the convening of the 2017-18 Legislative Session, CSAC staff has reviewed hundreds of introduced and amended bills concerning a wide range of topics that include governance authority, tax allocation, public records, employment practices, elections reforms, contracting for service and more.

Staff is grateful to the Committee members for providing feedback and comments on these measures to help guide advocacy efforts. The latest status reports on all of the tracked bills by subject area is available on the CSAC website: www.counties.org/legislative-tracking

Attachments.
1) GF&A Legislative Bulletin

Contacts. Please contact Dorothy Johnson (djohnson@counties.org or 916/650-8133), or Tracy Sullivan (tsullivan@counties.org or 916/650-8124) for additional information.

Attachment Four

GF&A Legislative Bulletin

Government Finance and Administration Legislative Bulletin

The following bill matrix reflects advocacy efforts by the Government Finance and Administration policy unit thus far in the 2018 legislative year. More information, including position letters and full bill language, is available at www.counties.org/legislative-tracking or please contact Dorothy Johnson, Legislative Representative, at (916) 650-8133, djohnson@counties.org or Tracy Sullivan, Legislative Analyst, at (916) 650-8124, tsullivan@counties.org.

MEASURE	ISSUE	BRIEF SUMMARY & STATUS	POSITION
		PROPERTY TAX	
AB 1596/ ACA 12 (Gloria)	**Base Year Value Transfers**	The sum of these two measures expand the authorized use of base year value transfers to parents or guardians of a severely and permanently disabled child. *(As amended 4/18/18)* **Status:** Senate Appropriations Committee	Oppose Unless Amended
AB 1748/ ACA 20 (Steinorth)	**Base Year Value Transfers**	The sum of these two measures allow a person of any age to transfer their property tax bill to a new home once until they reach the age of 55 and allow persons aged 55 or older or with a severe disability to transfer their property tax bill as many times as desired. It also allows the transfer to replacement dwellings of greater value and allows intercounty transfers statewide. *(As amended 4/24/18)* **Status:** Assembly Revenue & Taxation Committee	Oppose
AB 1922 (Fong)	**Homeowners' Exemption**	Doubles the homeowners' exemption from $7,000 to $14,000 and also requires the county assessor, beginning in fiscal year 2020-21, to adjust the amount of the exemption by the percentage change in the House Price Index for California. *(As amended 3/1/18)* **Status:** Assembly Revenue & Taxation Committee	Oppose
AB 2508 (Brough)	**Property Tax Bills**	Requires counties to provide on the property tax bill debt and financial data of the county including the total debt, the annual operating expenses, the total unfunded pension liability, and more. *(As amended 4/17/18)* **Status:** DEAD (pulled by the author)	Oppose
AB 3122 (Gallagher)	**Disaster Relief: Payment of Deferred Taxes**	Helps to ensure that people affected by natural disasters don't face penalties if they apply for reassessment and property tax deferral but end up not qualifying. *(As amended 4/16/18)* **Status:** Assembly Floor	Support

SALES & USE TAX (SUT)			
AB 3000 **(Friedman)**	**Exemption: Retail Hydrogen Vehicle Fuel**	Establishes an SUT exemption for "retail hydrogen vehicle fuel" until January 1, 2030. *(As amended 3/22/18)* **Status:** Assembly Appropriations Committee	Oppose Unless Amended
AB 3170 **(Friedman)**	**Exemption: Water Efficiency**	Provides a three-day SUT exemption for certain qualified water efficiency products for years 2019 through 2023. *(As amended 4/16/18)* **Status:** Assembly Appropriations Committee	Oppose Unless Amended
LOCAL FINANCE			
AB 2258 **(Caballero)**	**Local Agency Formation Commissions: Grant Program**	Creates a LAFCo grant program for the payment of costs associated with initiating and completing the dissolution of inactive districts, the payment of costs associated with a study of the services provided within a county by a public agency, and other purposes as identified by the LAFCo. *(As amended 4/23/18)* **Status:** Assembly Appropriations Committee	Support
ELECTIONS			
AB 1886 **(Carrillo)**	**State Payment for Special Elections**	Reimburses counties for the costs associated with administering a special election to fill a legislative or congressional vacancy on or after January 1, 2017. *(As introduced 1/18/18)* **Status:** Assembly Elections Committee	Support
AB 2095 **(Quirk-Silva)**	**Scheduling Special Elections**	Provides additional opportunities for elections consolidation when a special election is called to fill a legislative or congressional vacancy. *(As amended 3/13/18)* **Status:** Assembly Floor	Support
AB 2540 **(Mullin)**	**Vote Centers and Polling Places**	Authorizes governing bodies with jurisdiction over public buildings to allow those buildings to be used as vote centers beginning up to ten days prior to an election day. *(As amended 4/18/18)* **Status:** Assembly Appropriations Committee	Support
COUNTY GOVERNANCE			
AB 2558 **(Brough)**	**County Officers**	Requires a county board of supervisors that seeks to consolidate the office of county Treasurer-Tax Collector with the county Auditor-Controller to place that matter before the voters. Additionally requires that a county have voters decide if the director of finance position should be elected or appointed. *(As amended 4/5/18)* **Status:** Assembly Local Government Committee	Oppose

SB 946 **(Lara)**	**Sidewalk Vendors**	Establishes new requirements for local regulation of sidewalk vendors that curtail existing efforts to protect health, safety, natural resources, and economic revitalization. *(As amended 4/24/18)* **Status:** Senate Floor	Oppose
		RETIREMENT	
AB 1912 **(Rodriguez)**	**Joint Powers Authorities**	Applies joint and several liability (both prospectively and retroactively) for all retirement-related obligations to any current or former member of a joint powers authority. *(As amended 4/19/18)* **Status:** Assembly Appropriations Committee	Oppose
AB 2415 **(Calderon)**	**CalPERS: Appointment & Compensation**	Allows the CalPERS Board to set the compensation for Chief Operating Officer and Chief Health Director. *(As introduced 2/14/18)* **Status:** Assembly Appropriations Committee	Support
AB 2571 **(Gonzalez Fletcher)**	**Divestment: Race & Gender Pay Equity**	Creates a restriction for California pension systems from making a new, additional, or renewed investment in an alternative investment vehicle if it is managed by an investment manager that has not adopted nor committed to comply with a race and gender pay equity policy. *(As amended 4/11/18)* **Status:** DEAD (pulled by the author)	Oppose
SB 1022 **(Pan)**	**CalPERS: Notification of Intent to Terminate Contract**	Requires a local agency that passes a resolution to terminate their CalPERS contract to notify current employees, former employees, and retirees of that agency within 30 days of the adoption of the resolution. The bill ensures that employer agencies will have access to the information necessary to contact those individuals and also helps ensure that employer agencies are not held responsible if the information is incorrect or incomplete. *(As amended 4/12/18)* **Status:** Senate Appropriations Committee	Dropped Opposition
SB 1166 **(Pan)**	**CalPERS: Employer Contributions: Notification**	Requires an employer agency to notify current and retired employees if the agency fails to pay their employer's contributions required by their contact. *(As amended 3/22/18)* **Status:** Senate Appropriations Committee	Oppose
SB 1413 **(Nielsen)**	**CalPERS: Pension Prefunding**	Establishes the California Employers' Pension Prefunding Trust Fund for the purpose of allowing state and local public agency employers that provide a defined benefit pension plan to prefund their required pension contributions. *(As amended 4/25/18)* **Status:** Senate Appropriations Committee	Support

PERSONNEL MANAGEMENT			
AB 1870 **(Reyes)**	**Employment Discrimination: Unlawful Employment Practices**	Extends the filing period with the Department of Fair Employment and Housing (DFEH) for complaints of unlawful employment or housing practices from one year to three years. *(As introduced January 12, 2018)* **Status:** Assembly Appropriations Committee	Oppose Unless Amended
AB 1937 **(Santiago)**	**Payroll Deductions**	Expands current requirements for automatic payroll deductions for union dues to also include public employers. The bill provides for a one-time cost recovery related to implementation, but it does not permit an administrative charge for ongoing responsibilities. *(As amended 4/9/18)* **Status:** Assembly Appropriations Committee	Oppose Unless Amended
AB 1938 **(Burke)**	**Employment Discrimination: Familial Status**	Includes a new protected classification under the Fair Employment and Housing Act for "familial status." *(As amended 3/5/18)* **Status:** DEAD (pulled by the author)	Oppose Unless Amended
AB 1976 **(Limon)**	**Lactation Accommodation**	Requires an employer to make reasonable efforts to provide an employee with use of a room or other location (other than a bathroom) in close proximity to the employee's work area for the employee to express milk in private. *(As introduced 1/31/18)* **Status:** Senate Labor & Industrial Relations Committee	Oppose Unless Amended
AB 2016 **(Fong)**	**PAGA: Civil Actions**	Provides employers a more detailed account of the alleged Labor Code violations and a reasonable opportunity to cure before being subject to litigation under the Labor Code Private Attorneys General Act. *(As introduced 2/5/18)* **Status:** DEAD (pulled by the author)	Support
AB 2069 **(Bonta)**	**Medicinal Cannabis: Employment Discrimination**	Provides that the medical use of cannabis by a qualified patient or person with an identification card is subject to reasonable accommodation by an employer. *(As amended 4/16/18)* **Status:** Assembly Appropriations Committee	Oppose
AB 2366 **(Bonta)**	**Victims of Sexual Harassment: Protections**	Provides protected leave for sexual harassment victims similar to what is provided to victims of sexual assault, stalking, and domestic violence. Additionally, the bill extends these employment protections to immediate family members of the victim. *(As amended 4/25/18)* **Status:** Assembly Appropriations Committee	Oppose
AB 2613 **(Reyes)**	**Failure to Pay Wages: Penalties**	Makes an employer who fails to pay specified wages on time subject to a $200 penalty payable to the affected employee. The penalty is per each pay period during which wages are not paid on time. *(As amended 4/9/18)* **Status:** Assembly Appropriations Committee	Oppose

AB 2715 (Limon)	**Employer Access to Information**	Expands the amount of personal information that is available to criminal justice agencies when they evaluate continuing employees who are engaged in the handling of sensitive information. *(As amended 4/2/18)* **Status:** DEAD (pulled by the author)	Support
AB 2841 (Gonzalez Fletcher)	**Sick Leave**	Increases the number of paid sick days employers are required to provide from 3 days to 5 days. *(As introduced 2/16/18)* **Status:** Assembly Appropriations Committee	Oppose
AB 2970 (Cooper)	**Public Employees: New Employee Orientations**	Restricts an employer's ability to invite outside groups to new employee orientations by specifying that the date, time, and place of the orientation shall not be disclosed to anyone other than employees or the exclusive representative. *(As amended 3/20/18)* **Status:** Assembly Floor	Oppose Unless Amended
AB 3080 (Gonzalez-Fletcher)	**Employment Discrimination: Enforcement**	Bans settlement agreement for labor and employment claims as well as arbitration agreements made as a condition of employment. *(As amended 3/22/18)* **Status:** Assembly Appropriations Committee	Oppose
SB 937 (Wiener)	**Lactation Accommodation**	Amends current law regarding lactation accommodations by implementing new location standards, employer policy requirements, document retention, new construction requirements and supplementary Labor Code penalties. *(As introduced 1/25/18)* **Status:** Senate Appropriations Committee	Oppose Unless Amended
SB 1085 (Skinner)	**Leaves of absence: Union activity**	Requires "loss time" to be provided, through collective bargaining, to allow employees time away without loss of benefits to perform union activities, unwinding current agreements and creating conflict with state and federally funded positions in county Human Services and Child Services Departments. *(As amended 4/10/18)* **Status:** Senate Appropriations Committee	*Pending at time of publication*
SB 1298 (Skinner)	**Employee background checks**	Restricts access to employee candidate criminal history information for expunged convictions for non-criminal justice related positions. *(As amended 4/4/18)* **Status:** Senate Appropriations Committee	*Pending at time of publication*
SB 1300 (Jackson)	**Unlawful Employment Practices: Discrimination and Harassment**	Provides that, in claims alleging the employer failed to take all reasonable steps necessary to prevent discrimination and harassment from occurring, the plaintiff is not required to provide that they endured sexual harassment or discrimination. The bill also prohibits release of claims under the Fair Employment and Housing Act in exchange for a raise or a bonus or as a condition of employment or	Oppose

		continued employment. *(As amended 4/4/18)* **Status:** Senate Appropriations Committee	
SB 1343 **(Mitchell)**	**Sexual Harassment Training: Requirements**	Requires two hours of sexual harassment prevention training to be provided by employers of five or more employees every two years and within the first six months of the employee hire date. The bill also requires the development of an online sexual harassment training video to be accessible through the Department of Fair Employment and Housing website. *(As introduced 4/19/18)* **Status:** Senate Appropriations Committee	Support if Amended
SB 1412 **(Bradford)**	**Employee background checks**	Prohibits employers from denying employee candidates in positions not subject to "ban the box" requirements based on criminal history unrelated to the position sought. *(As amended 2/16/18)* **Status:** Senate Appropriations Committee	Oppose
		LABOR RELATIONS/MMBA	
AB 2154 **(Bonta)**	**Release Time**	Requires a standardized and expanded "release time" or county employee time away from job duties for union shop duties without loss of compensation. *(As amended 4/2/18)* **Status:** DEAD (pulled by the author)	Oppose Unless Amended
AB 3121 **(Kalra)**	**Evidentiary Privileges**	Creates a new evidentiary privilege for communications between union agents and represented employees. *(As amended 3/22/18)* **Status:** Senate Desk	Oppose
		RISK MANAGEMENT	
AB 2946 **(Kalra)**	**Division of Labor Standards Enforcement: Complaint**	Increases the time for an employee to file a retaliation claim with the Division of Labor Standards Enforcement (from six months to three years) and provides that a prevailing plaintiff in a whistleblower action shall be entitled to reasonable attorney's fees. *(As introduced 2/16/18)* **Status:** Assembly Appropriations Committee	Oppose
SB 1038 **(Leyva)**	**California Fair Employment and Housing Act: Violations: Personal Liability**	Makes an individual employee personally liable if they retaliate against others for complaining about, reporting, testifying about, cooperating with an investigation about, or otherwise opposing workplace discrimination and harassment. *(As amended 4/19/18)* **Status:** Senate Appropriations Committee	Oppose
		WORKERS COMPENSATION	
AB 1749 **(Daly)**	**Off-Duty Peace Officers**	Extends workers' compensation coverage for peace officers who sustain injuries while off duty and outside of	Oppose Unless

		California. *(As introduced 1/3/18)* **Status:** Senate Labor & Industrial Relations Committee	Amended
SB 1086 **(Atkins)**	**Death Benefits: Firefighters and Peace Officers**	Permanently extends the time frame for dependents to request death benefits for firefighters and peace officers from 240 week to 420 weeks from the date of injury. *(As introduced 2/12/18)* **Status:** Senate Appropriations Committee	Oppose Unless Amended
		PRIVACY/IDENTITY THEFT	
AB 2812 **(Limon)**	**Data Storage and Protection**	Creates a new office within the California Department of Technology to promote the use of technologies amongst local governments, including but not limited to, cloud-based computing and data storage. *(As amended 4/9/18)* **Status:** Assembly Appropriations Committee	Support
		PUBLIC RECORDS ACT	
SB 1244 **(Wieckowski)**	**Public Records Disclosure**	Specifies that if an agency discloses a record that is otherwise exempt from disclosure, the agency is prohibited from initiating an action to recover that record from a requester. *(As amended 4/30/18)* **Status:** Senate Judiciary Committee	Oppose
		ECONOMIC DEVELOPMENT	
AB 1778 **(Holden)**	**Transit-Oriented Redevelopment Law of 2018**	Allows cities to keep and use all tax increment funds incurred by a property to develop affordable housing mixed-use developments. *(As amended 4/10/18)* **Status:** DEAD (pulled by the author)	Oppose
AB 3037 **(Chiu)**	**Community Redevelopment Law of 2018**	Establishes property tax increment financing mechanism for community redevelopment that includes a 30% set-aside for affordable housing. (As amended 4/30/18) **Status:** Assembly Appropriations Committee	*Pending at time of publication*
		2-YEAR BILLS	
AB 216 **(Gonzalez Fletcher)**	**Pre-Paid Ballot Postage**	Requires local elections officials to prepay the return postage for vote by mail ballots. **Last location**: Senate Inactive File (9/5/17)	Oppose
AB 448 **(Daly)**	**Parcel Tax Notification**	Requires counties to provide notice of a new parcel tax within 30 days of its approval by the voters and additionally requires that counties process the notifications for school and special districts located within their jurisdiction. **Last location:** Senate Governance & Finance (7/4/17)	Oppose Unless Amended
AB 526 **(Cooper)**	**County Retirement Systems**	Authorizes the Sacramento County Employees Retirement System to reorganize itself as a separate district within the retirement association apart from the County of Sacramento.	Oppose

		Last location: Senate PERSS (7/21/17)	
AB 668 (Gonzalez Fletcher)	**Elections Funding**	Seeks voter approval to appropriate $450 million to replace aging voting systems in all of California's 58 counties. **Last location:** Senate Inactive File (9/15/17)	Support
AB 748 (Ting)	**Body Cameras**	Requires the release of audio or video recordings of incidents involving a law enforcement officers' use of force or an alleged violation of law or policy. Further provides that, even when a public agency affirmatively demonstrates that the public interest in nondisclosure clearly outweighs the public interest in disclosure, such recordings may only be withheld for 120 days. **Last location:** Senate Judiciary (9/1/17)	Oppose
AB 943 (Santiago)	**Local initiatives**	Requires 55 percent voter approval for voter initiatives that reduce density or stop development or construction, as determined by the county counsel. Applies in counties with a population of 750,000+. **Last location:** Senate Appropriations (7/19/17)	Concerns
AB 1250 (Jones-Sawyer)	**County Contracting**	Imposes strict and onerous requirements on a county (with the exception of San Francisco) before it may enter into a contract or renew or extend an existing contract for personal services. **Last location:** Senate Rules (9/5/17)	Oppose
AB 1565 (Thurmond)	**Overtime Compensation**	Raises the wage threshold an employee must reach in order to be exempt from overtime. **Last location:** Senate Labor (1/24/18)	Oppose
AB 1597 (Nazarian)	**CalPERS divestiture**	Requires CalPERS and CalSTRS to cease making any new or additional investments, or renewing any existing investments in an investment vehicle owned, controlled, managed, or issued by the government of Turkey. **Last location:** Senates PERS (7/14/17)	Oppose
SB 792 (Wilk)	**Measure B Oversight Commission: LA County**	Requires Los Angeles County to establish an oversight commission to monitor and review the collection and expenditure of a tax measure placed on the ballot by the LA County Board of Supervisors and approved by voters in 2002. **Last location:** Assembly Local Government (5/26/17)	Oppose
SCA 12 (Mendoza)	**County Governance**	Requires a county with a population of five million or more after the 2020 census to expand the number of supervisorial districts and create a directly elected county executive officer. **Last location:** Assembly Desk (9/14/17)	Oppose

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