



County of Los Angeles
CHIEF EXECUTIVE OFFICE

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WILLIAM T FUJIOKA
Chief Executive Officer

Board of Supervisors
GLORIA MOLINA
First District

MARK RIDLEY-THOMAS
Second District

ZEV YAROSLAVSKY
Third District

DON KNABE
Fourth District

MICHAEL D. ANTONOVICH
Fifth District

December 19, 2012

To: Supervisor Mark Ridley-Thomas, Chairman
Supervisor Gloria Molina
Supervisor Zev Yaroslavsky
Supervisor Don Knabe
Supervisor Michael D. Antonovich

From: William T Fujioka
Chief Executive Officer

UPDATE TO THE COUNTY'S STATE LEGISLATIVE AGENDA FOR THE FIRST YEAR OF THE 2013-14 SESSION

On December 11, 2012, the Board voted to adopt recommended changes to the County's State Legislative Agenda for the first year of the 2013-14 Session with Supervisors Antonovich and Knabe voting no on the following sections and policies within the Agenda:

- General State Legislative Principles item 5 related to reducing the two-thirds vote requirement for increasing revenue (page 1);
- Policy 2.5.4 related to allowing counties, flood control districts and other public agencies to implement storm water fees upon voter approval for clean water projects (page 10); and
- Policy 11.9 related to reducing the vote requirement to enact county-wide sales or gas tax transportation measures (page 59).

In addition, Supervisor Antonovich voted no on Policy Section 4.11 related to the implementation of Federal Health Care Reform (pages 35 and 36).

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The State Legislative Agenda contains Board approved policies, positions and priorities on State issues of County interest to be pursued in the Legislature and with the Governor Brown Administration and its agencies in 2013.

For your reference, attached is a copy of the Board letter and the complete State Legislative Agenda, inclusive of all the policy revisions adopted by the Board.

If you have any questions, please contact me or your staff may contact Manuel Rivas, Jr., of my staff, at (213) 974-1464.

WTF:RA
MR:KA:lm

Attachments

c: All Department Heads
All County Commissions
Legislative Strategist



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WILLIAM T FUJIOKA
Chief Executive Officer

**AS ADOPTED BY
THE BOARD OF SUPERVISORS
ON DECEMBER 11, 2012**

December 11, 2012

Board of Supervisors
GLORIA MOLINA
First District

MARK RIDLEY-THOMAS
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The Honorable Board of Supervisors
County of Los Angeles
383 Kenneth Hahn Hall of Administration
500 West Temple Street
Los Angeles, CA 90012

Dear Supervisors:

**STATE LEGISLATIVE AGENDA FOR THE FIRST YEAR
OF THE 2013-14 SESSION
(ALL SUPERVISORIAL DISTRICTS AFFECTED) (3 VOTES)**

SUBJECT

The following recommendations represent the updated policies and proposals for the first year of the 2013-14 Legislative Session, which were developed in coordination with Board Offices, County departments, the Legislative Strategist and the Sacramento advocates. This package, together with other positions previously adopted by the Board, represent guiding principles for the County's advocacy efforts in Sacramento.

THEREFORE, IT IS RECOMMENDED THAT THE BOARD:

1. Approve the attached additions, deletions, and changes to existing Board-adopted policies and positions for inclusion in the 2013-14 State Legislative Agenda (Attachment I).
2. Instruct the Chief Executive Officer (CEO), affected departments, the Legislative Strategist, and the Sacramento advocates to work with the Los Angeles County delegation, other counties and local governments, and interest groups to pursue these policies, positions, and priorities in the State Legislature and with the Administration and its agencies.

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3. Direct the Sacramento advocates to pursue County-sponsored legislation to:
 - 1) expand the authority of a county board of supervisors to deny requests for election consolidation; and
 - 2) establish routine HIV testing for children under the age of one who are placed in the foster care system (Attachment II).

PURPOSE/JUSTIFICATION OF RECOMMENDED ACTIONS

The recommended changes seek to minimize the adverse impact of State actions on the County, achieve greater flexibility over the use of State funds, protect revenue sources for County-provided services, secure State financial assistance whenever possible, and promote the growth of the State and local economy.

CALIFORNIA FISCAL OUTLOOK

On June 27, 2012, Governor Brown signed the FY 2012-13 State Budget Act. The \$91.5 billion spending plan closed a \$15.7 billion State Budget shortfall with a combination of ongoing and temporary cuts of about \$8.0 billion, \$6.0 billion in revenue assumptions and \$2.5 billion in other solutions.

The FY 2012-13 State Budget Act relied on the passage of Governor Brown's November 6, 2012 Ballot Initiative, Proposition 30, which was approved by voters. Proposition 30 amends the State Constitution to guarantee funding for public safety services realigned from the State to counties under the 2011 Public Safety Realignment and to provide protections from future unfunded costs to administer the realigned programs. Proposition 30 also increases the State Sales and Use Tax by one-fourth (1/4) cent for four years and increases the personal income tax on annual earnings over \$250,000 for seven years. According to the Department of Finance and the Legislative Analyst's Office (LAO), the temporary tax increases included in Proposition 30 are estimated to generate between \$6.8 billion to \$9.0 billion in FY 2012-13 and \$5.4 billion to \$7.6 billion, on average, each of the following five fiscal years.

On November 14, 2012, the Legislative Analyst's Office released its fiscal outlook for California which projects a significantly improved budget outlook for the current fiscal year and the potential of budget surpluses within several years as a result of the ongoing economic recovery, budget cuts adopted in this and previous fiscal years, and the passage of Proposition 30 and Proposition 39 which changes the way multistate businesses calculate State taxable income.

The Legislative Analyst's Office projects that there will be a \$943.0 million budget deficit in FY 2012-13 as a result of: 1) lower revenues, particularly from the Personal Income

Tax and Corporate Tax, than assumed in FY 2011-12 and FY 2012-13; 2) lower-than-anticipated savings from the dissolution of redevelopment agencies and the cap-and-trade auctions; and 3) a positive adjustment in the FY 2010-11 ending fund balance. These factors, combined with a projected \$936.0 million deficit to begin FY 2013-14, leaves a \$1.9 billion budget problem that the Legislature and the Administration must address by June 2013 in order to pass a balanced budget. However, the LAO notes that this is a significantly lower budget deficit than the State has faced in previous fiscal years, and it represents a much improved fiscal outlook for the State.

The Legislative Analyst's Office's out-year projections estimate that there will be a growing State surplus starting at over \$1.0 billion in FY 2014-15 and increasing to over \$9.0 billion by FY 2017-18. The LAO suggests that along with the projected surpluses, the State should consider longer-term budgetary solutions including building a reserve, paying down budget liabilities and repayment of special fund loans, addressing retirement liabilities, and selectively restoring programmatic and operational cuts enacted in recent fiscal years.

The Legislative Analyst's Office indicates that its estimates are based on a number of policy and budgetary assumptions including an ongoing economic recovery and growth in stock prices, as well as action at the Federal level to avert negative economic consequences associated with the so called "fiscal cliff" of expiring tax cuts and automatic spending reductions.

COUNTY LEGISLATIVE PRIORITIES

As a result of the State's continuing fiscal problems, implementation of Health Care Reform, indications that the Administration and Legislature may revisit the allocation of 1991 Realignment funding and the potential of future programmatic realignment efforts, among other issues, the County's initial advocacy efforts in 2013 will be concentrated on the priorities listed below.

State Budget. Given the slow economic recovery both nationally and in California, as well as the potential volatility in State revenue receipts, this office will continue to focus its attention on the preservation of State funding received by the County. **The County will continue to support adequate and protected funding for programs it operates on behalf of the State, and will pursue a partnership with the Administration and the Legislature to address potential State funding reductions in which the County assumes a fair share of budget cuts, if the proposed reductions are developed with the County's active participation.**

Health Care Reform Implementation. As California continues to move toward implementation of Federal Health Care Reform in 2014, significant legislative issues remain unresolved including the creation of a Basic Health Plan, preservation of the existing health safety net and the expansion of care coverage for newly eligible persons. The Governor has called for a Special Session of the Legislature to convene in December 2012 to address some of these issues and to develop the framework with which California will fully implement the Affordable Care Act. **The County will continue to strongly advocate that the Administration work closely with counties and other stakeholders to address remaining issues needed for the implementation of Health Care Reform to ensure that the County's health system meets the demands of the newly insured population as well as those individuals who will remain uninsured.**

Preservation of 1991 Realignment Funding. With the implementation of Health Care Reform, the Administration has indicated it may revise the allocation of 1991 Realignment funding to counties for indigent health care as the number of uninsured persons is expected to decline. The State Controller estimates that the County's FY 2012-13 1991 Realignment allocation is approximately \$395.0 million. Despite the implementation of Health Care Reform, the County will retain its mandate to provide health care for indigent persons. Further, many individuals will likely remain uninsured because they cannot afford to pay health care premiums, because they lack access to care, including high-cost specialty care, or as a result of their immigration status. The 1991 Realignment funding for indigent health is vital to maintaining the County's health care safety net. **Therefore, the County will advocate that the 1991 Realignment funding and other related funding streams be preserved to ensure the County continues to meet its mandate to provide health care for indigent persons.**

Future Realignment Efforts. As part of Governor Brown's realignment proposals released in January 2011, two phases of realignment were outlined. The first phase, enacted by the 2011 Public Safety Realignment, included the shift in responsibility from the State to counties for a number of public safety and health and human services programs. In discussions of the second phase of realignment, the Governor indicated that due to the natural shift of costs from counties to the State as uninsured individuals move to Medi-Cal under Federal Health Care Reform, a broader reexamination of the most appropriate level of government to provide health-related and other programs will be needed. Details regarding future realignment efforts have not been released but it is anticipated that the Administration will attempt to realign additional programs in 2013. **Consistent with previous efforts, the County will continue to oppose any efforts to realign additional programs and responsibilities to counties without negotiating directly with the counties. Further, the County will oppose any effort to realign programs unless the State provides: 1) full funding, including growth**

measures from guaranteed and protected funding sources; 2) local control and program flexibility; and 3) protections that prohibit the State from increasing programmatic responsibility and costs to counties without providing adequate funding.

Pension Reform Clean-up. Beginning January 1, 2013, the California Public Employees' Pension Reform Act (PEPRA) of 2012 modifies most public employer pension systems with significant changes for new employees that include pension caps, equal sharing of pensions, and increases in retirement age, among other changes. For all employees, less impactful changes include the prohibition of retroactive pension increases and purchases of service credit. Although most provisions under PEPRA are well defined, there remain several areas of uncertainty. In addition, some provisions will likely limit counties' ability to compete for, recruit, and retain professionals that provide specialized or highly technical services. These in-demand personnel, such as medical, legal and other subject-matter specialists, are crucial to providing competitive services in areas such as public safety and the new health care reform environment, and to succeed current County professionals due to retire in the coming years. Various stakeholders throughout the State are discussing clean-up language to address incongruous and problematic areas of PEPRA. **Therefore, the County will actively participate in these statewide pension reform clean-up discussions to: 1) protect the interests of the County and its constituents; and 2) actively support changes and/or improvements that allow the County to recruit and retain highly-specialized personnel to provide critical health, mental health, legal, and other professional, technical or specialized services.**

RECOMMENDED CHANGES TO THE COUNTY'S STATE LEGISLATIVE AGENDA

The recommended changes in Attachment I represent requests from this office, County departments and commissions to add or modify policy statements consistent with existing operational goals and plans. New policy statements represent emerging programs and issues for which we are seeking your Board's concurrence to guide future advocacy efforts. In addition, some policies are no longer applicable, and therefore, have been removed.

All other previously adopted State Legislative Agenda policies and positions remain in effect; and as such, advocacy will continue on these matters. A revised comprehensive list of all State Legislative Agenda policy statements will be published subsequent to consideration of the changes included in this letter.

IMPLEMENTATION OF STRATEGIC PLAN GOALS

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The proposed policies in the State Legislative Agenda are consistent with the County's Strategic Plan Goals of Operational Effectiveness and Fiscal Sustainability. Operational Effectiveness is achieved by providing timely advocacy on proposals that could significantly impact the County and support the delivery of efficient public services. Fiscal Sustainability results from efforts by the CEO, Sacramento advocates and County departments to maintain funding for critical County services and to oppose further program reductions or new unfunded mandates on County government.

CONCLUSION

The recommended additions, deletions and changes to existing Board-adopted policies and proposed County-sponsored legislation (Attachment II) are submitted for the Board's consideration as guiding principles for inclusion in the State Legislative Agenda for the first year of the 2013-14 Legislative Session. The CEO will ensure that all legislative positions pursued are communicated to the Board, and that Board offices are provided the opportunity for input on those positions prior to any initial advocacy.

The policies and proposals contained in this package are in addition to, and are not intended to replace or be exclusive of any position your Board may adopt at any time during the year. As in the past, the State Legislative Agenda will be updated to reflect subsequent Board actions and will be shared with all County departments subsequent to Board approval.

Respectfully submitted,



WILLIAM T FUJIOKA
Chief Executive Officer

WTF:RA
MR:IGEA:ma

Attachments

c: Executive Office, Board of Supervisors
County Counsel
Auditor-Controller