



Legislative Bulletin

DRAFT

A Publication of the County Executive Office/Legislative Affairs

May 22, 2007
Item No. 59
Vol. XIII, No. 15

County of Orange Positions on Proposed Legislation

The Legislative Bulletin provides the Board of Supervisors with analyses of measures pending in Sacramento and Washington that are of interest to the County. Staff provides recommended positions that fall within the range of policies established by the Board. According to the County of Orange Legislative Affairs Procedures adopted by the Board of Supervisors on June 3, 2003, staff recommendations for formal County positions on legislation will be agendized and presented in this document for Board action at regular Board of Supervisors meetings. When the Board takes formal action on a piece of legislation, the CEO will direct the County's legislative advocates to promote the individual bills as approved by the Board. The Legislative Bulletin also provides the Board of Supervisors with informative updates on State and Federal issues.

The 2007 Legislative Platform was adopted by Board of Supervisors' Minute Orders dated November 14, 2006. On May 22, 2007, the Board of Supervisors will consider the following actions:

RECOMMENDED ACTIONS

1. **OPPOSE – AB 552 (Hernandez) – County Employees: Health Insurance**
2. **OPPOSE UNLESS AMENDED – SB 137 (Torlakson) – Children's Health: Medical Treatment**
3. [REDACTED]
4. **APPROVE – Health Care Agency/Disease Control and Epidemiology-Ryan White Minority AIDS Initiative (MAI) – Grant**
5. **Receive and File Legislative Bulletin**

SACRAMENTO LEGISLATIVE REPORT

SACRAMENTO UPDATE

On Monday, May 14, 2007, Governor Schwarzenegger released the May Revision, which updated revenue projections, estimated expenditures, and proposed new budget solutions. The May Revision includes \$105 billion in General Fund revenue, \$103.7 billion in spending, and a reserve of

\$2.2 billion. The Administration has projected a weaker revenue growth for FY 2007-2008 with higher than expected costs for some programs.

The State Legislative Analyst, Elizabeth Hill, has stated that the May Revision relies on "overly optimistic" projections and the estimated reserve is overstated by \$1.7 billion. She believes that the short term solutions offered by the Administration could increase the State's budget deficit by as much as \$3 billion in FY 2007-2008 and by \$5 billion in FY 2008-09.

The Governor's proposals to reduce the deficit, which has grown by \$1.6 billion since January, include:

- Selling EdFund, the public agency that guarantees student loans (approximately \$980 million)
- Transfer of Tobacco Securitization Reserve to General Fund Reserve (\$600 million)
- Use additional "Spillover" funds to pay for Home-to-School Transportation in 2006-07 (\$200 million and maintains the shift of \$627 million proposed for FY2007-08)
- Suspend SSI/SSP COLA (\$185 million)
- Eliminate Williamson Act subsidy (\$40 million)

The Governor is also recommending leasing the state owned lottery. He has not put a dollar figure to this proposal and the FY 2007-08 proposed budget does not rely on any funds from this action.

CEO Budget along with CEO Legislative Affairs has requested a preliminary budget impact assessment from the County's Agencies/Departments. The results of these initial findings will be given to the Board of Supervisors in a separate presentation.

ACTION ITEMS

OPPOSE – AB 552 (Hernandez) – County Employees Health Insurance – As Introduced on February 21, 2007

Author: Assembly Member Ed Hernandez
Status: Assembly 2-YEAR. Last location was Committee on Public Employees, Retirement, and Social Security
Reviewed: CEO/Legislative Affairs Staff and Human Resources

The County Employees Retirement Law of 1937 permits a member of a retirement system to retire and receive a retirement allowance based upon years of service if he or she meets specified requirements, including, but not limited to, completing 10 years of service and attaining a minimum retirement age.

This bill would provide that if a member of a retirement system subject to the 1937 Act retires and receives a retirement benefit based upon years of service, and that member participates in an employer group health plan for at least 10 years, the member may elect health care plan coverage at a rate that does not exceed 102% of the active employee rate for that health care plan coverage.

This bill would also permit a county board of supervisors, by resolution adopted by majority vote, to provide that health care plan coverage to a member of a county retirement system who participates in an employer group health plan for less than 10 years, as specified.

This bill also does not preclude a member who retires based upon years of service from participating in, or preclude an employer from providing, alternate or supplemental Medicare coverage, as specified.

CEO Legislative Affairs and Human Resources Comments

AB 552 is offering retirees health plan coverage at a rate that does not exceed 102% of the active employee rate for that health care plan coverage. This will add 2% to the active employee health plan rate when the County recent retiree medical restructuring splits the pool rates, creating something close to a blended rate structure. By doing this, it would significantly increase the County's GASB 45 unfunded liability and increase the cost the County pays for active employee health rates since the rates would be subsidized.

In addition, it seems that the intent of AB 552 is to enact similar provisions to COBRA and require continued health care coverage for retired employees of local public agencies to and until these retired employees are eligible for comparable or better Medicare coverage. The County's intent is to recognize the true costs of Retiree Health Care by shifting the costs to those who incur them. AB 552 infers that retiree health programs are a vested benefit for the active employees once they retire. Retiree health in the County of Orange has never been a vested program.

The provisions identified in AB 552 would be a step backwards for the County because the County has made great progress in achieving financial stability for the Retiree Medical Program. This legislation would certainly increase the County's GASB 45 unfunded liability and the cost to the County for active employee health plan rates. The legislation also limits the County's ability to stabilize the costs of the Retiree Medical Program and puts the program at risk. This legislation is concerned about the affordability of the health plan rates for retirees, which is understandable; however, it fails to recognize the increasing costs in health care that already is a cost partially borne by taxpayers and employers.

OPPOSE UNLESS AMENDED – SB 137 (Torlakson) – Children's Health: Medical Treatment – As Amended on March 21, 2007

Author: Senator Tom Torlakson
Status: Senate Appropriations, Suspense File
Reviewed: CEO/Legislative Affairs Staff and Health Care Agency

"Robert Crown California Children's Services Act" (CCS) (Health and Safety Code 123800) is a statewide mandated program of specialized medical and financial assistance for qualifying children under the age of 21 years with certain health care needs. Under current law, the State Department of Health Services/Children's Medical Services Branch and County programs share in the costs of administration of the CCS program and payment of medical services authorized by CCS. County's share of these costs varies from zero dollars cost sharing, to 50 percent cost sharing, depending on a child's family income and other factors, such as eligibility for Medi-Cal and Healthy Families programs. Currently, the CCS Program has a qualifying eligibility financial limit of \$40,000 annual adjusted gross income (AGI) or less, that certain families are required to meet annually.

SB 137 would change that eligibility limitation to persons in a family with an annual or monthly income equal to or less than 400 percent of the federal poverty level. By expanding eligibility under this county-administered program, this bill would create a state-mandated local program.

CEO Legislative Affairs and Health Care Agency Comments

SB 137 would change the current financial limit from \$40,000 or less AGI to persons in a family with an annual income equal to or less than 400 percent of the Federal Poverty Level. As an example, a family of four would now have a qualifying financial limit of \$82,600 AGI under the new legislation. It is estimated that in the first year, this change will enable approximately 1,245 additional children to qualify for the Orange County CCS program who under current statute, do not qualify.

In addition, it would shift certain children into CCS populations requiring a higher county share of cost. The estimated County's share of cost for these children and cost of program administration will result in a net county increase of approximately \$3.9 million dollars the first year. Plus four additional full time employees would be required to meet the increased caseload needs and state mandated staffing requirements of the CCS Program. While there is no opposition to increasing access to health care for children, County Health Executives Association of California (CHEAC) and CSAC, as well as several other counties (San Luis Obispo, San Joaquin, Fresno, and Monterey) all have written letters of concern to oppose SB 137, unless amended to require the State to fund 100 percent of the increased costs associated with the bill.

CEO Legislative Affairs and HCA recommend your Honorable Board adopt an Oppose Unless Amended position. We would request that SB 137 be amended to require that the state absorb all CCS program expenditure increases related to the expanded CCS population that would occur if the bill were to pass. For Orange County alone this is estimated to be \$3.9 million in the first year.

ADOPT RESOLUTION – Used Oil Recycling Block Grant

On May 15, 2007, the Board of Supervisors approved submittal of an application for Used Oil Recycling Block Grant. This is for eligible cities and counties for establishing and maintaining local used oil collection programs that encourage recycling or appropriate disposal of used oil. CEO Legislative Affairs and the Health Care Agency are requesting that your honorable Board adopt a resolution to be submitted along with the application for this grant.

WASHINGTON LEGISLATIVE REPORT

WASHINGTON UPDATE

Supervisor Bill Campbell and County of Orange staff traveled to Washington, D.C. last week to conduct a series of briefings with the Army Corps of Engineers, the White House Intergovernmental Relations Office and the County Congressional delegation. A meeting also took place on Thursday with Senator Barbara Boxer and staff members from the offices of both California Senators.

The Santa Ana River Mainstem Project was the centerpiece of each briefing, which also included Orange County's appropriations requests for Fiscal Year 2008, and a discussion of the potential for tying together mitigation marshlands owned by the Federal government near the Santa Ana River mouth. The Santa Ana River Interceptor (SARI) line was also discussed. The amendment to the Defense Authorization bill that jeopardizes the Foothill South (SR-241) extension in South Orange County also overshadowed the meetings.

Supervisor Campbell briefed Bill Behrens, newly-appointed Special Assistant to the President for Intergovernmental Affairs. Behrens replaced Ruben Barrales, who moved on to become Executive Director of the San Diego Chamber of Commerce. Behrens agreed to work with the County of Orange to secure Administration support for significant County projects and to review efforts in the Congress to attach language to the Defense bill designed to impede implementation of the SR-241 extension.

On Wednesday, the full Senate approved their version of the Water Resources Development Act (WRDA) re-authorization. The House already acted on its version. WRDA now goes to a conference committee that will seek to reconcile differences between the two versions. The conference will likely focus on reforms included in the Senate version that require congressional review of Army Corps projects above a certain financial threshold. The House version of WRDA includes authorization for the Aliso Creek Super Project in the South County watershed.

Congressman Gary Miller and his staff indicated they will continue to resolve authorization issues connected with an increase in the authorized cost of the Santa Ana River Mainstem Project to accommodate the SARI line. The \$100 million increase would allow state reimbursement of some of the costs associated with relocation of the SARI line.

On the appropriations front, the House appeared poised to agree on a budget resolution for fiscal year 2008 that will set the stage for marking up the appropriations bills for next year. Typically, if legislators have not adopted a budget resolution by May 15, the appropriations sub-committees are free to begin doing the bill "mark-up." It now appears mark-up may not begin until after the Memorial Day recess. The County will monitor the Energy and Water Appropriations bill, where the preponderance of our requests will be addressed.

ACTION ITEMS

APPROVE – Health Care Agency/Disease Control and Epidemiology- Ryan White Minority AIDS Initiative (MAI) – Grant

Requester:	Health Care Agency
Program:	Ryan White Minority AIDS Initiative
Amount Requested:	\$ 470,588
Application Due Date:	May 29, 2007

The Ryan White Minority AIDS Initiative (MAI) funds have typically been awarded as part of the Ryan White Part A (formerly Title 1). These MAI funds were first awarded in 1999. The reauthorization of the Ryan White Care Act, in December 2006, led to the creation of a separate competitive grant for MAI funds to target the special needs for minority groups disproportionately impacted by HIV/AIDS. In FY 2006/2007, a total of \$241,604 in MAI funds was awarded to the Health Care Agency. The

MAI grant period covers August 1, 2007 – July 31, 2010. The requested grant award for the first year of funding is \$470,588. The Board of Supervisors appointed Orange County HIV Planning Council (Council) has reviewed the HIV/AIDS needs in Orange County to determine an appropriate funding request. The Council recommends the submission of this grant application.

The MAI funds are intended to develop and/or expand systems of care to meet the HIV/AIDS care needs for minority groups disproportionately impacted by HIV/AIDS. If awarded, HCA will use funding to provide Medical Case Management and Outreach Services. Medical Case Management is a range of client-centered services designed to increase a client's access to and retention in medical care. Outreach Services are intended to identify people with HIV disease who know their HIV status, but are not in care, and link them to medical care.

The MAI program has been administered by HCA's HIV Planning and Coordination unit. Staff will continue to administer the program with no additional positions required. The direct services will be contracted out to community providers or provided via other units with HCA.

The Health Care Agency, because of the short notification of this award, is requesting Board authorization for the Health Care Agency Director, or designee, on behalf of the Board of Supervisors to sign the application and accept the grant award without further Board action.

County of Orange - Sponsored Bills Status/Update

AB 332 (DeVore) Elections: Recall Petitions: Signature Certification. Introduced: 02/13/2007
Location: 05/07/2007 – Senate Rules
Status: 05/07/2007 – In Senate. Read first time. To Committee on Rules for assignment

AB 405 (Duvall) Redevelopment: Tax Increment Revenues. Introduced: 02/15/2007
Location: 04/25/2007– Assembly Appropriations Suspense File
Status: 04/25/2007 – From Appropriations to Appropriations Suspense File

AB 745 (Silva) Local Agency Formation Commissions. Introduced: 02/22/2007
Last Amend: 05/02/2007
Location: 05/07/2007 – Senate Rules
Status: 05/07/2007 – In Senate. Read first time. To Committee on Rules for assignment

AB 1042 (Spitzer) Property Taxation: Applications for Changed Assessment: Electronic Filing.
Introduced: 02/22/2007
Location: 05/14/2007 – Senate
Status: 05/14/2007 – From Consent Calendar: Passed Assembly. To Senate.

SB 497 (Ackerman) Political Reform Act of 1974: Conflict of Interest: Electronic Filing of Statements
of Economic Interest. Introduced: 02/22/2007
Location: Senate 2-Year
Status: 05/02/2007 – Failed Deadline pursuant to Rule 61(a)(2). Last Location: Elections,
Reapportionment and Constitutional Amendments

SB 547 (Correa) Property Tax Revenue Allocations. Introduced: 02/22/2007
Location: 05/07/2007 - Senate Appropriations Suspense File
Status: 05/07/2007 – From Appropriations: To Appropriations Suspense File

SB 644 (Correa) Court Records: Social Security Numbers. Introduced: 02/22/2007
Last Amend: 03/29/2007
Location: 05/17/2007 – Senate Third Reading File
Status: 05/15/2007 – Read second time. To third reading

A copy of the 2007 County of Orange Legislative Platform is available at: <http://www.oc.ca.gov/>
under OC Links.

If you or your staff have any questions or require additional information on any of the items in this
bulletin, please contact Bill Hodge at 714.834.7010.

1
2
3 RESOLUTION OF THE BOARD OF SUPERVISORS OF
4 ORANGE COUNTY, CALIFORNIA

5 May 22, 2007

6 WHEREAS, the people of the State of California have enacted the California Oil Recycling
7 Enhancement Act that provides for a Used Oil Recycling Block Grant (Grant) to eligible cities and
8 counties for establishing and maintaining local used oil collection programs that encourage recycling or
9 appropriate disposal of used oil;

10 WHEREAS, the California Integrated Waste Management Board has been delegated the
11 responsibility for administering the Grant, which includes procedures governing the application by and
12 payment to cities and counties;

13 WHEREAS, the County of Orange desires to join with the following jurisdictions in the
14 implementation of a regional used oil collection program; and

15 WHEREAS, the Orange County Board of Supervisors authorizes the Health Care Agency
16 Director or Designee, on behalf of the County of Orange, to be the lead jurisdiction for the Used Oil
17 Recycling Block Grant for the County of Orange and the following participants: Cities of Brea, Dana
18 Point, Fullerton, Laguna Hills, Laguna Niguel, La Habra, Mission Viejo, Newport Beach, Rancho Santa
19 Margarita, San Clemente, San Juan Capistrano, Stanton, Tustin, Villa Park, Westminster, and Yorba
20 Linda.

21 NOW, THEREFORE, BE IT RESOLVED that the Orange County Board of Supervisors
22 authorizes the Health Care Agency Director or designee, on behalf of the County of Orange, to submit
23 an application and to be the lead jurisdiction for the Used Oil Recycling Block Grant for the period of
24 July 1, 2007 through June 30, 2010.