

CALIFORNIA LEGISLATURE

STATE CAPITOL
SACRAMENTO, CALIFORNIA
95814

May 29, 2020

The Honorable Holly Mitchell, Chair
Senate Budget and Fiscal Review Committee
State Capitol
Sacramento, CA 95814

The Honorable Phil Ting, Chair
Assembly Budget Committee
State Capitol
Sacramento, CA 95814

Re: Administration's Proposed Trailer Bill Language: Excess ERAF

Dear Senator Mitchell and Assembly Member Ting:

On behalf of communities in our respective districts, we write in opposition to the Administration's proposed trailer bill language to establish civil penalties for five Bay Area counties – City and County of San Francisco, Marin, Napa, San Mateo, and Santa Clara – and inappropriately provide the Department of Finance with the authority to penalize these counties retroactively for failure to abide by *not-yet-written* guidelines from the Department regarding ERAF calculations. The proposal from Finance is unfairly punitive and improper, especially given the significant fiscal challenges facing our counties, and we urge you to reject it.

Earlier this year, the counties made efforts to more fully understand the concerns of the Department of Finance prior to when the pandemic hit. Instead of reaching out to county auditor-controllers to discuss this issue prior to the May Revision, Finance released the proposed trailer bill language without any notice. While there may be disagreement as to how counties calculated ERAF entitlements, the proposal suggests that the counties purposely disregarded guidance from the state, which is not the case. In fact, the State Controller has not issued any audit findings to date associated with any of these counties' ERAF calculations and it is unacceptable to impose civil penalties or require retroactivity in the absence of any such findings.

The proposal put forward by Finance would result in ongoing harm to our counties, who are on the front lines of the COVID-19 response and recovery and facing dramatic revenue losses of their own. These counties are of course willing to continue a dialogue with the Department of Finance, Department of Education, and State Controller's Office to develop a mutually agreeable solution to this complex issue and should be afforded the opportunity to so. We appreciate your consideration of our concerns.

Sincerely,



Jim Beall, Senate District 15




Ash Kalra, Assembly District 27



Bill Dodd, Senate District 3



Kansen Chu, Assembly District 25



Scott Wiener, Senate District 11



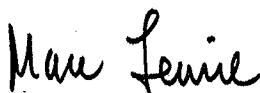
Mark Stone, Assembly District 29



Bob Wieckowski, Senate District 10



Mark Berman, Assembly District 24



Marc Levine, Assembly District 10




Evan Low, Assembly District 28



Kevin Mullin, Assembly District 22



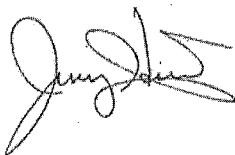
David Chiu, Assembly District 17



Robert Rivas, Assembly District 30



Cecilia Aguiar-Curry, Assembly District 4



Jerry Hill, Senate District 13

cc: The Honorable Gavin Newsom, Governor, State of California
The Honorable Betty Yee, California State Controller
The Honorable Toni Atkins, Senate President pro Tempore
The Honorable Anthony Rendon, Assembly Speaker
Keely Bosler, Director, State Department of Finance