



May 4, 2023

The Honorable Chris R. Holden
Chair, Assembly Appropriations Committee
1021 O Street, Suite 8220
Sacramento, CA 95814

**RE: AB 1713 (Gipson) State and local agencies: federal funds: reports
As Amended April 25, 2023 – OPPOSE**

Dear Assemblymember Holden:

The California State Association of Counties (CSAC), the Urban Counties of California (UCC), the Rural County Representatives of California (RCRC), and the League of California Cities (Cal Cities) must respectfully oppose Assembly Bill 1713 (Gipson), due to the considerable costs it would impose on local governments.

AB 1713 would require state agencies that receive federal funds subject to an expiration date to submit a written report to the Legislature no later than one year before the funding expiration date with a summary of how funds have been expended, and to provide a plan for the remaining funds to be expended. The bill would also require local agencies to include a similar report on an agenda of a public meeting of their legislative body. Local governments rely on federal funding to provide numerous local services on behalf of the state, much of which is associated with our role as the provider of federal entitlement programs, like Medi-Cal, CalWORKs, etc. Accordingly, local governments seek to maximize federal funding opportunities to provide these necessary services to the residents we serve. Unfortunately, AB 1713 would require local governments to be in a state of perpetual reporting or – in most instances – require duplicative reporting.

The author cites examples of local governments sending federal dollars back unspent as the reason for this bill. The bill insinuates that local governments are sending money back because they don't have a plan to spend the money. To be clear, local governments are committed to expending these dollars. Additional reporting requirements do not address real barriers to spending federal money in a timely fashion. Federal dollars often must be spent for very specific purposes and local governments know exactly how they need to be spent in their communities. Instead of additional (and duplicative) reporting requirements, the State of California should assist local governments to overcome existing barriers that make it difficult for federal dollars to be spent before they expire.

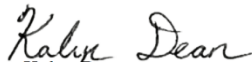
According to data compiled by the Congressional Budget Office in a 2018 report examining the period of availability of appropriated federal funds, only about 15 percent of appropriated

federal funds were made available indefinitely until expended, with the remaining 85 percent expiring within one year (51 percent), two years (19 percent), or three or more years (14 percent).¹ In addition, about 20 percent of county revenue is funded through federal grants-in-aid, although these amounts fluctuate marginally from year to year.² Local agencies would be required to provide countless reports on the billions of dollars in federal funding that is provided to them annually.

The level of oversight and reporting mandates proposed through AB 1713 would add considerable staffing costs for all local governments. Local agencies would likely be required to hire additional budgetary staff to track and report this information to their own legislative bodies. Extrapolated statewide, these costs could range in the millions to tens of millions of dollars annually, while doing nothing to address real challenges with timely expenditure. While the state is experiencing a revenue shortfall after gains that have exceeded expectations and historical precedent year after year, in many local agencies, per capita revenues have never recovered from the Great Recession of 2007 to 2009, in real dollars.

The state should facilitate efficient use of taxpayers' dollars by streamlining or eliminating unnecessary planning, reporting, and administrative requirements in state-local partnership programs. While we remain open to conversations with the author and are committed to transparency and accountability for the resources local governments receive, for the reasons stated above, CSAC, UCC, RCRC, and Cal Cities regrettably oppose AB 1713. Please do not hesitate to contact us with any questions about our position.

Sincerely,



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¹ U.S. Congressional Budget Office Re: Period of Availability of Appropriated Funds, May 21, 2018.
<<https://www.cbo.gov/system/files/2018-07/54155-appropriationsletter.pdf>>.

² Institute for Local Government. Understanding the Basics of Municipal Revenues in California: Cities, Counties and Special Districts, 2016 Update.

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cc: The Honorable Mike Gipson, Assemblymember, 65th Assembly District
Members and Staff, Assembly Appropriations Committee
Joe Shinstock, Consultant, Assembly Republican Caucus