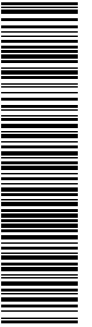


An act to add and repeal Article 11 (commencing with Section 12100.120) of Chapter 1.6 of Part 2 of Division 3 of Title 2 of the Government Code, relating to local government.

SECURED
COPY



THE PEOPLE OF THE STATE OF CALIFORNIA DO ENACT AS FOLLOWS:

SECTION 1. Article 11 (commencing with Section 12100.120) is added to Chapter 1.6 of Part 2 of Division 3 of Title 2 of the Government Code, to read:

Article 11. Local Government Budget Sustainability Fund

12100.120. This article shall be known and may be cited as the Local Government Budget Sustainability Fund.

12100.121. All efforts funded under this article are intended to support and be aligned with other initiatives in the State of California to support economic and workforce diversification. This article is intended to focus on providing short-term support for county government services in areas of the state facing high unemployment or high poverty that demonstrate a commitment to advancing a more climate-resilient local economy and pursuing economic diversification initiatives and projects that will provide long-term budget stability. Funds provided under this article are intended to enable county government to pursue a range of projects that have the potential to diversify their industry presence and create high road jobs, while allowing for the unmitigated continuation of constituent services.

12100.122. (a) The Local Government Budget Sustainability Fund is hereby created within the Governor's Office of Business and Economic Development. Upon appropriation, moneys in the fund shall be available for purposes of this article.

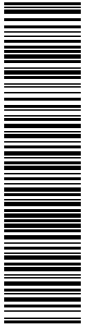
(b) The purpose of the program is to provide grants on a rolling basis to local entities that meet the requirements of the article and, when possible, have the ability to leverage projects that are affiliated with a federal, state, or local program. The success of each grant shall be evaluated on a project-specific basis.

(c) Grants shall be awarded to eligible local entities through at least one round of grants.

(d) The Governor's Office of Business and Economic Development shall develop, in consultation with other state agencies and departments, as it sees fit, criteria for the selection of grant recipients, which shall include, but not be limited to, all of the following:

(1) Applicants shall be limited to county governments in high unemployment or high poverty areas. For purposes of this grant program, high unemployment and high poverty areas are defined as geographic areas with a poverty rate or geographic rate that is 150 percent of the California statewide poverty rate, per the most recently updated data available from the United States Census Bureau's American Community Survey 5-Year Estimates on or after January 1, 2022. Subsequent counties in geographic areas may become eligible for this grant program if they are within areas with poverty or unemployment rates that reach 150 percent 30 days prior to the first application deadline. Counties within geographic areas that fall under the high unemployment or high poverty designation as of January 1, 2022 are eligible for the duration of the program.

(2) Applicants shall explain current challenges to local revenue sustainability with the next four years, and specifically challenges that pose a risk to the ability of applicants to continue existing government services.



(3) Applicants shall explain how funding secured from this program will be used to support its ability to pursue projects that would advance one of the following three categories:

(A) Process improvement projects, which are defined as permit streamlining, inspections and siting review streamlining, development of Comprehensive Economic Development Strategies as described in Section 303.7 of Title 13 of the Code of Federal Regulations, business and community resource toolkits, or technological improvement and modernization, among others.

(B) Economic diversification and stability projects, which are defined as construction and nonconstruction opportunities aimed at new and emerging industry clusters that leverage workforce transition and skills generation, or construction and nonconstruction efforts to create new climate related accelerators or incubators. Nonconstruction includes research, planning, strategic development and other predevelopment related expenses. Construction includes materials, labor, acquisition and final construction and other related activities.

(C) Workforce development projects, which are defined as construction and nonconstruction opportunities for new and existing workforce programs that will provide training, upskilling, or reskilling and can provide additional support services for participants specifically tied to economic diversification and stability opportunities.

(4) Applicants shall provide details pertaining to projects that would be supported with these funds, including, but not limited to, budget, staffing, contracting, materials, equipment, and other expenses.

(5) Applicants shall include information pertaining to how projects are attributive to climate-resilience.

(6) Applicants shall agree to initiation meetings with office staff for resource identification, project scoping, industry engagement, regulatory agency engagement, other planning, and alignment with administration priorities.

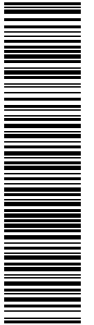
(7) Applicants shall be encouraged to utilize funds as match funding to other established state, federal, philanthropic, or other grant opportunities.

(8) Applicants shall include countywide government employment data as a part of an application.

(e) Grant recipients shall meet with the office periodically, at least twice per year, to ensure projects are meeting specified benchmarks associated with climate resilience, business services process improvement, economic diversification, and long-term economic stability. If key indicators of progress are not being met, the office may take actions to terminate the grant agreement and have unspent dollars allocated to the project returned. The office may require reimbursement for allocated dollars that have been spent if it determines dollars have been spent improperly or in a manner that is outside the scope of the agreement.

(f) The office shall report to the Legislature each calendar year the number of grants and dollar amounts by local entity. The report shall be submitted in compliance with Section 9795.

12100.123. The office shall evaluate and prioritize grants, to the extent permissible under state and federal equal protection laws, in accordance with the following criteria:



(a) Assessment of proposal details submitted, including, but not limited to, budget information, staffing requirements, positions, project goals, timeliness, and, if applicable, industry partners, workforce and labor partners, trade associations, and local businesses.

(b) Assessment of coalition-building capacity, as evidenced by letters of support that speak to the potential community benefit of projects from labor, business, community, city government, and other stakeholders, including, but not limited to, economic development, philanthropy, education, and workforce partners.

(c) Other qualitative and quantitative measures determined by the specific project or grant application utilizing these funds for required match funding.

12100.124. Eligible activities for grant funds shall include, but are not limited to, all of the following:

(a) Staffing requirements, position classifications, and wages. Salary increases outside the scope of bargaining agreements are explicitly prohibited from utilizing these funds.

(b) Project costs including, but not limited to, budget, staffing, contracting, consulting, materials, equipment, and other expenses.

(c) Match funding for other federal, state, philanthropic, or other grant opportunities with a required match. Programs without a match requirement that have specific scoring improvement through match funding will be considered.

12100.125. This article shall remain in effect until June 30, 2028, and as of that date is repealed.



LEGISLATIVE COUNSEL'S DIGEST

Bill No.
as introduced, _____.
General Subject: Local Government Budget Sustainability Fund.

Existing law creates the Governor's Office of Business and Economic Development (GO-Biz) to serve the Governor as the lead entity for economic strategy and the marketing of California on issues relating to business development, private sector investment, and economic growth and to administer various programs related to these issues.

This bill would create the Local Government Budget Sustainability Fund to provide, upon appropriation, grant funding for short-term support for county government services with a goal of creating long-term budget stability. The bill would require GO-Biz to develop criteria for the selection of grant recipients and would impose various requirements on applicants, including limiting applicants to county governments in high unemployment or high poverty areas, as specified, and requiring grant recipients to meet with GO-Biz at least 2 times per year to evaluate project progress. The bill would specify the criteria for evaluation and prioritization of grants and would specify eligible activities for grant funds. The bill would repeal these provisions on June 30, 2028.

Vote: majority. Appropriation: no. Fiscal committee: yes. State-mandated local program: no.

