

Date of Hearing: April 26, 2023

ASSEMBLY COMMITTEE ON LOCAL GOVERNMENT

Cecilia Aguiar-Curry, Chair

AB 972 (Maienschein) – As Amended March 23, 2023

SUBJECT: Local Assistance and Grant Program Streamlining Workgroup.

SUMMARY: Requires the Office of Planning and Research (OPR) to convene a statewide, cross-agency Local Assistance and Grant Program Streamlining Workgroup (workgroup). Specifically, **this bill:**

- 1) Requires OPR, in consultation with the League of California Cities, to convene the workgroup no later than April 30, 2024.
- 2) Provides that the purpose of the workgroup is to centralize local assistance and develop a coordinated system to manage available state and federal funding to deliver the maximum number of projects as efficiently as possible in order to confront the effects of fragmented, decentralized state funding opportunities and in recognition of the importance of state and local partnerships.
- 3) Requires the workgroup to prioritize the unique needs of underresourced and disadvantaged communities and to take into consideration achieving more equitable distribution of funding.
- 4) Requires workgroup members to be appointed by OPR and serve without compensation.
- 5) Requires workgroup members to include, but not be limited to, representatives from the following entities and stakeholders:
 - a) OPR.
 - b) The California Environmental Protection Agency (CalEPA) and, as necessary and appropriate as deemed by the workgroup chair, representatives of its boards, departments, and offices.
 - c) The Natural Resources Agency and, as necessary and appropriate as deemed by the workgroup chair, its departments, representatives of its conservancies, and commissions.
 - d) The Department of Finance (DOF).
 - e) The Department of Technology.
 - f) A city with a population of fewer than 50,000.
 - g) A city with a population between 50,000 and 149,999.
 - h) A city with a population between 150,000 and 249,999.
 - i) A city with a population of more than 250,000.

- j) A rural city.
 - k) A suburban city.
 - l) An urban city.
 - m) The League of California Cities.
- 6) Allows workgroup members to include, but not be limited to, other partners or representatives of entities involved in grant application development, project management, implementation, and monitoring, as needed.
 - 7) Requires the workgroup to be chaired by the representative from OPR.
 - 8) Requires the workgroup to meet as often as is necessary to develop robust, informed plans and recommendations.
 - 9) Disbands the workgroup as of January 31, 2025.
 - 10) Provides that the workgroup shall consider, but is not limited to, developing plans and recommendations that accomplish any of the following:
 - a) Creation, coordination, and implementation of an integrated, statewide, centralized program for assistance and training to local governments in grant application development, project management, implementation, and monitoring.
 - b) Identify substantially similar state climate resiliency and other environmental or natural resources programs to enable the state to implement a single application, with aligned scoring criteria and deadlines, for making coordinated awards under all programs, pursuant to the timeline specified in 11), below.
 - c) Identify information technology solutions to improve processes, support uniform applications, and manage data.
 - 11) Requires the workgroup to develop a report that includes the workgroup's findings, plans, and recommendations no later than January 31, 2025. The report shall include all of the following:
 - a) Short-term solutions that can be accomplished by June 30, 2025.
 - b) Medium-term solutions that can be accomplished by January 31, 2026.
 - c) Long-term solutions that can be accomplished by January 31, 2027.
 - 12) Requires the workgroup to post the report on OPR's internet website and provide the report to DOF and relevant policy and fiscal committees of the Legislature.

- 13) Requires, subject to appropriation by the Legislature, OPR and any other relevant state entities to implement the workgroup's recommendations pursuant to the deadlines specified in 11), above.
- 14) States that local government assistance is a critical tool for advancing equity and shared state and local policy goals by increasing access to state funding programs and other opportunities for the state's most underresourced and historically underinvested communities. As such, it becomes increasingly necessary to coordinate and align local assistance resources to ensure that every community has the same opportunity to compete for the funding that is available to meet those goals.
- 15) States that local municipalities often lack the resources, staff capacity, implementation experience, and technical expertise to apply for and secure competitive statewide targeted grant funding. Additionally, like other sectors, California cities are facing staffing shortages, a wave of early retirement, and other workforce stressors on existing municipal staff. In order for cities to effectively access state funding opportunities, streamlined application processes and robust, uniform local assistance from the state is crucial.

FISCAL EFFECT: This bill is keyed fiscal.

COMMENTS:

- 1) **Bill Summary.** This bill requires OPR to establish a workgroup comprised of representatives from the California Natural Resources Agency, CalEPA, DOF, the Department of Technology, and multiple city representatives to consider developing plans and recommendations that accomplish any of the following:
 - a) Creation, coordination, and implementation of an integrated, statewide, centralized program for assistance and training to local governments in grant application development, project management, implementation, and monitoring.
 - b) Identify substantially similar state climate resiliency and other environmental or natural resources programs to enable the state to implement a single application, with aligned scoring criteria and deadlines, for making coordinated awards under all programs.
 - c) Identify information technology solutions to improve processes, support uniform applications, and manage data.

The workgroup must develop a report that includes the workgroup's findings, plans, and recommendations no later than January 31, 2025. The report must include all of the following:

- a) Short-term solutions that can be accomplished by June 30, 2025.
- b) Medium-term solutions that can be accomplished by January 31, 2026.
- c) Long-term solutions that can be accomplished by January 31, 2027.

The workgroup must post the report on OPR's internet website and provide it to DOF and relevant policy and fiscal committees of the Legislature. This bill requires OPR and any other relevant state entities to implement the workgroup's recommendations, subject to appropriation by the Legislature. The bill disbands the workgroup as of January 31, 2025.

This bill is sponsored by the League of California Cities.

- 2) **Author's Statement.** According to the author, "At the state level, local assistance efforts are largely conducted by individual grant programs, and, although centrally located via the California State Library's Grants Portal, nearly all state grant programs have unique and widely varied procedures for application and scoring. Further, although best practices for local assistance have been developed and published by the Strategic Growth Council, local assistance efforts are not uniformly conducted across state departments, offices, boards, commissions, and agencies.

"Local municipalities often lack the resources, staff capacity, implementation experience, and technical expertise to apply for and secure competitive statewide targeted grant funding. Additionally, like other sectors, California cities are facing staffing shortages, a wave of early retirement, and other workforce stressors on existing municipal staff. Streamlined application processes and robust, uniform local assistance from the state is crucial for cities to effectively access state funding opportunities

- 3) **State Library Grants Portal.** AB 2252 (Limón), Chapter 318, Statutes of 2018, enacted the Grant Information Act of 2018, and required the California State Library (Library) to create a funding opportunities Internet Web portal (Portal) that provides a centralized location for grant seekers to find state grant opportunities. The bill required the Portal to include an interactive website that includes, at minimum, information identifying every grant administered by the state and any incentive opportunities allocated by statute or in the annual budget that will provide local assistance funds.

The bill required the website to be accessible and provide helpful information to a diverse set of potential applicants and other entities that are working to support and benefit disadvantaged and low-income communities. It also required each state agency, on or before July 1, 2020, to register every grant the state agency administers with the Library before commencing a solicitation or award process for distribution of the grant.

Each state agency must provide information regarding each grant that assists the Library with cataloging the distribution of grants and provides potential applicants with understandable and consistent information about available funding opportunities, including, but not limited to, all of the following:

- a) The title of the grant opportunity and grant identification number.
- b) The revenue source allocated to fund the grant.
- c) The purpose of the grant.
- d) A brief description of the grant, including, but not limited to, the mechanism used to announce the availability of funding.

- e) Any eligibility requirements, including, but not limited to, any matching funds requirements.
- f) Geographic limitations, if any.
- g) A description of the total available grant funding, the number of awards, and the amounts per award.
- h) The period of time covered by the grant.
- i) The date the grant will be issued.
- j) The deadline for proposals to be submitted.
- k) Internet address for electronic submission of the proposal.
- l) Contact information of a staff member responsible for communicating the grant requirements.

Each state agency must provide a link to the Library's Portal on their Internet Web sites, and must provide for the acceptance of electronic proposals for any grant administered by the agency.

AB 2252 required the Library to provide an annual report to the Legislature on the effectiveness of the Portal. According to the Library's Annual Report for July 1, 2021-July 1, 2022, "The California Grants Portal (grants.ca.gov), born out of the Grant Information Act of 2018 (Stats. 2018, Ch. 318), launched on July 1, 2020. To create this user-centered one-stop-shop funding destination, the California State Library collaborated with more than 50 state agencies, departments, commissions, and bureaus that award grants or loans on a competitive or first-come basis.

"Comparing data from fiscal year 2020-2021 to 2021-2022, the Grants Portal saw growth in the number of visitors to the portal (18%), the number of grant and loan opportunities posted to the portal (37%), as well as the number of California state government entities posting their opportunities on the portal (13%).

According to the report, 59 state agencies posted grants on the Portal and 487 opportunities were available on the Portal. Grant opportunities by topic show 41% of opportunities fell under the Environment & Water category, 37% of opportunities fell under the Disadvantaged Communities category, 20% of opportunities fell under the Health & Human Services category, 19% of opportunities fell under the Education category, and 19% fell under the Housing, Community and Economic Development category.

The report identifies how agencies determine available funding per opportunity, and notes the average amount of estimated funds available per opportunity was \$68,504,201, and the median amount of estimated funds available per opportunity was \$5,000,000. The report shows 1,317,936 users visited the Portal between July 1, 2021, and July 1, 2022. It also notes that 9% of visitors used the California Small Business COVID-19 Relief Grant page, 16%

visited the Grants Portal homepage, and 75% visited the main grants search page. According to the report, 109,501 applications were submitted for opportunities available on the Portal.

The report states, “Starting July 2023, post-award data will be available, offering a first-ever look at how and where grants are distributed throughout California. This crucial new set of data is an opportunity to create greater public awareness of this tool as we continue to learn more about how ongoing agency data stewardship results in successful, positive granting processes throughout the State of California. Given that 49% of grant proposals are accepted via online submission and 32% by email, each year we learn more about how users are experiencing the portal, and in turn, we improve our user experience to increase equitable access to grant opportunities.

- 4) **Housing Grant Programs.** AB 434 (Daly), Chapter 192, Statutes of 2020, aligned six rental housing programs with the Multifamily Housing Program (MHP), to enable the state Department of Housing and Community Development (HCD) to implement a single application and scoring system for making coordinated awards under all seven programs.

According to the Assembly Housing and Community Development Committee’s analysis of AB 434, “The state has been working in recent years to align its housing programs. MHP – HCD’s flagship rental housing program – either prioritizes four percent tax credits or requires them, depending on the type of project. TCAC, CDLAC, and the California Housing Finance Agency (CalHFA) have implemented a joint application for the Mixed Income Program, which helps finance construction of new affordable multifamily housing projects (funded by SB 2, Atkins, 2017). And budget trailer bill legislation this year (AB 83, 2020) directs HCD, TCAC, and CDLAC to ‘develop a coordinated system to manage available state funding and private activity bonds to deliver the maximum number of units as efficiently as possible to very low and extremely low income households.’

“This bill amends statutes relating to six specialty rental housing programs under HCD to align eligibility criteria, scoring, and deadlines for these programs with MHP. This would enable HCD to implement a single application and scoring system for making coordinated awards under all seven programs. The author and sponsors envision that under this streamlined process, applicants would select which specialty programs they are applying for based on the populations they intend to serve. HCD would use a single scoring and tiebreaker system to rank applications and fund projects in ranked order, using funds from the specialty programs as requested. Once specialty program funds are exhausted, the top ranked applicants would receive MHP funds as a replacement until funds are exhausted.”

- 5) **Arguments in Support.** The League of California Cities, sponsor of this measure, writes, “At the state level, local assistance efforts are largely conducted by individual grant programs, and, although centrally located via the California State Library’s Grants Portal, nearly all state grant programs have unique and widely varied procedures for application and scoring. Further, although best practices for local assistance have been developed and published by the Strategic Growth Council, local assistance efforts are not uniformly conducted across state departments, offices, boards, commissions, and agencies.

“Local municipalities often lack the resources, staff capacity, implementation experience, and technical expertise to apply for and secure competitive statewide targeted grant funding. Additionally, like other sectors, California cities are facing staffing shortages, a wave of early

retirement, and other workforce stressors on existing municipal staff. Streamlined application processes and robust, uniform local assistance from the state is crucial for cities to effectively access state funding opportunities.

“Climate resiliency, natural resources, and environmental quality programs are nearly always funded with a combination of federal, state, and local resources. Cities are left to compete for scarce funding and stack various grant opportunities which increases the complexity and decreases the likelihood of successfully securing grant program funding. By aligning procedures of the financing programs under the purview of the California Natural Resources Agency and the California Environmental Protection Agency, AB 972 will help stretch limited funding as far as possible and bolster efforts to address shared state and local climate resiliency goals.”

6) **Arguments in Opposition.** None on file.

REGISTERED SUPPORT / OPPOSITION:

Support

League of California Cities [SPONSOR]

Opposition

None on file

Analysis Prepared by: Angela Mapp / L. GOV. / (916) 319-3958