

**ALAMEDA COUNTY
BOARD OF SUPERVISORS'
PERSONNEL/ADMINISTRATION/LEGISLATION
COMMITTEE**

Monday, December 18, 2017
1:30 p.m.

Supervisor Keith Carson, Chair
Supervisor Wilma Chan

Location: Board of Supervisors Chambers – Room 512 5th floor
County Administration Building
1221 Oak Street, Oakland, CA 94612

Summary/Action Minutes

I. Federal Legislative Update – CJ Lake

The House and Senate are in session this week. Congress will vote on the finalized Tax Cuts and Jobs Act (H.R. 1) early in the week before addressing a short-term continuing resolution prior to the December 22 deadline.

Tax Reform

The Conference Committee released the final bill and joint explanatory statement for the Tax Cuts and Jobs Act (H.R. 1) on Friday evening. The House is expected to vote on the bill tomorrow, and the Senate shortly after the House. The conference committee report cannot be amended, except for provisions that violate the budget reconciliation requirements, known as the Byrd Rule. We expect the bill to pass both the House and Senate with no Democrats supporting. The legislation will likely be sent to President Trump for signature as early as Wednesday.

The bill will cost \$1.46 trillion, according to an estimate from the Congressional Budget Office (CBO) and the Joint Committee on Taxation (JCT). However, JCT stated its estimates were “very preliminary.” The final bill increased repatriation rates, lowered the threshold to which the top individual income rate applied, and placed additional restrictions on claiming the pass-through deduction that helped cover some of the last-minute changes that increased the cost of the bill. A number of the individual cuts are only temporary and current rates would be restored in 2026 and beyond.

CBO has advised that if H.R. 1 is signed into law, approximately \$150 billion in mandatory spending cuts must be made every year for the next 10 years under current “Pay As You Go” (PAYGO) sequestration law, intended to limit increases to the federal deficit. Under PAYGO, entitlement programs such as Medicaid, the Supplemental Nutrition Assistance Program (SNAP), unemployment insurance, and Social Security are exempt from sequestration. Medicare is not exempt, but has a reduction cap of 4 percent.

Programs subject to PAYGO include: Medicare, the Social Services Block Grant (SSBG), ACA Risk Adjustment Program, U.S. Citizenship and Immigration Services, Crime Victims Fund, Operations and Support for Customs and Border Control, Student Loan Administration, and smaller programs operated on grant basis through federal departments. However, we do expect Congress to waive PAYGO in January (if not this week), therefore these sequestration cuts would not go into effect.

Budget/Appropriations

The House released text of a CR last week that would keep most parts of the government open until January 19 while providing full-year funding for the Defense Department and an extension of the Children’s Health Insurance Program (CHIP).

However, 44 Senate Democrats have already said they would oppose a funding bill that provided an increase for Defense without addressing the other domestic bills. Additionally, Democrats do not support the offsets for the CHIP bill.

It is possible that the House leadership may introduce another CR that could pass the Senate or they could send this bill to the Senate as is knowing the Senate will not pass it. The Senate would then amend the bill by taking out the year-long Defense funding and CHIP funding and could potentially attach the Alexander-Murray healthcare legislation to the CR as well as disaster spending, and potentially the PayGo waiver for the tax bill. The Senate would pass this bill and then send back to the House for approval.

Emergency Supplemental

On December 1, 2017, every member of California's House delegation signed onto a letter asking the House Appropriations committee to include \$4.4 billion in wildfire relief funds in the emergency supplemental bill. Last week, several members of the delegation met with Vice President Pence to discuss wildfire relief and now the Trump administration is saying that they are amenable to including funds for California wildfires in an upcoming disaster relief package even though they excluded funds for California in their initial request to Congress.

Representative Ken Calvert, who chairs the House Appropriations Subcommittee on Interior, Environment, and Related Agencies, said the hope is to pass a disaster-relief package next week with at least some assistance for the Northern California wildfires but it could be less than \$4 billion. Although, in a closed-door meeting last week, Republican leaders said the disaster package may not be ready by the time Congress leaves this week.

Purpose:

- Report progress
- Advocacy or Education
- Request PAL Committee Recommendation or Position
- Other: Federal legislative update**

II. State Legislative Update – Brownstein Hyatt Farber Schreck

Legislators are on the final stretch of Interim Recess and will make their way back to Sacramento on January 3, 2018.

Another high profile legislator, Democrat Senator Robert Hertzberg has been accused of sexual harassment within the capitol community. Senator Hertzberg is currently the Chair of the Senate Committee on Natural Resources and Water and sits on many other standing committees. Additionally, just prior to a press conference held by Senate President pro Tempore Kevin de León last Thursday, Senator Tony Mendoza was asked by the Senate leader to take a leave of absence pending his harassment investigation.

California Air Resources Board 2017 Scoping Plan Update

On December 14, 2017n the California Air Resources Board (ARB) approved an update of the 2017 Climate Change Scoping Plan, following the cap and trade extension that the Legislature passed and was signed by Governor Brown. In addition to adopting the updated scoping plan, the ARB also approved a \$663 million low-carbon transportation plan to facilitate the switch to cleaner cars, trucks, buses and freight.

LAO Report: Cap and Trade Extension

The Legislative Analyst's Office (LAO) recently released a report exploring the extension of California's cap and trade program, mentioned above. The report provides a background on cap and trade including the recent extension of the program to 2030, identifies key administrative implementation decisions that may affect program outcomes and the need for legislative oversight, identifies potential opportunities to increase the effectiveness of the advisory committee created by AB 398, and describes potential cap and trade revenue scenarios through 2030.

One of the main findings of the report is that cap and trade program revenue, although highly uncertain, could potentially reach over \$8 billion by 2027, for state and local programs. As you may recall, the last cap and trade auction brought in \$800 million.

Realignment and Recidivism in California

On December 12, 2017, the Public Policy Institute of California (PPIC) presented findings from a recent study on realignment and recidivism in California. Public safety realignment, which began in 2011, shifted the management of lower-level offenders from the state prison and parole system to county jail and probation systems. This report explores changes in recidivism rates in the state during the first two years of realignment. The study relies primarily on data from the BSCC-PPIC Multi-County Study, which engages 12 participant counties representative of the state's population and demographics, including Alameda County. Overall, this PPIC study finds that realignment had modest effects on recidivism, with considerable variation across offender groups and counties. Key findings of the study include the following:

- Individuals on post-release community supervision have somewhat higher recidivism than similar individuals released before realignment.
- Realignment did not have a consistent effect on recidivism for individuals sentenced under 1170(h).
- Offenders who received straight sentences have the same or lower rates of recidivism.
- The effects of realignment on recidivism vary substantially across counties.

State Controller's November Cash Report

The State Controller reports November revenues of \$8.31 billion were \$449.8 million above expectations. The first five months of the 2017-18 fiscal year outpaced budget projections by 2.5%, with total revenues of \$40.96 billion.

Purpose:

- Report progress
- Advocacy or Education
- Request PAL Committee Recommendation or Position
- Other: State Update**

PUBLIC COMMENT

None.

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