

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

Monday, January 9, 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. The Senate will hold a series of votes with regard to confirmation hearings and the budget reconciliation measure. House Republican Leaders will focus on efforts to pass legislation to relax federal regulation of financial markets.

115th Congress and 2017 Outlook

The 115th Congress convened last Tuesday with a Republican majority in both chambers of Congress. Members of the House and Senate immediately began addressing the Affordable Care Act (ACA) and plans to either “repeal and replace” or “repeal and delay” a replacement for the law through the budget reconciliation process. The Senate will begin confirmation hearings for President-elect Trump’s cabinet this week that will dominate much of January, through the Inauguration on January 20th. The agenda in the House for the start of the 115th Congress will include the regulatory reform efforts related to the ACA, as well as setting the table for tax reform in the coming months. Once the budget resolutions are completed, there will be the matter of funding the federal government for the remainder of FY 17 and then for all or part of FY 18. As a reminder, the federal government is operating on a continuing resolution through April 28, 2017.

Budget Reconciliation and the Affordable Care Act

The Senate will begin 50 hours of debate this week on the budget resolution, moving towards the repeal of the Affordable Care Act (ACA) through the budget reconciliation process. Senate Republicans will make final policy decisions on the language and continue to discuss their repeal and replace strategy, while Democrats work on potential amendments to the budget resolution that will force Republicans to take uncomfortable votes on popular provisions of the ACA. At the end of debate, Senators can offer an unlimited number of amendments, which are decided without debate. On Wednesday, the Senate will hold a “vote-a-rama” providing the Democrats an opportunity to drag out the process and draw attention to their arguments against repealing the ACA.

Some Senate Republicans to include, Senators Rand Paul, Susan Collins, Bob Corker, and Tom Cotton have expressed concerns regarding the Republican “repeal and replace” strategy. Since Republicans can only lose two votes before the measure would be defeated, if others come forward with concerns in the week ahead passage will be difficult. The budget resolution calls for the repeal package to be ready by January 27, 2017 and Republicans plan for the package to be on President-Elect Trump’s desk by February 20, 2017.

Senate Budget Committee Chairman, Mike Enzi, introduced S. Con Res. 3 this week, the Concurrent Resolution on the Budget for Fiscal Year 2017. This is the first step in the “repeal and replace” process for the Affordable Care Act (ACA). The resolution cleared its first hurdle last week when the Senate voted 51-

48 to move to consideration of the resolution (all Republicans except Rand Paul voting to proceed, all Democrats except Dianne Feinstein, who did not vote, plus Senator Paul voting against).

Title I sets forth the budget targets for the next 10 fiscal years, 2017-2026: revenues, outlays, deficits, and top-line spending figures for each major functional category. These are included in any annual budget resolution and are relatively “bare bones” in their content. The bill adheres to the \$1.07 trillion cap agreed to in the Budget Control Act, rather than the more austere funding level sought by conservatives. The budget projects increasing annual deficits exceeding \$1 billion/year by 2026, which is why Sen. Paul voted against the resolution.

Titles II, III & IV are the critical provisions relating to ACA reform. Title II directs the relevant committees in the Senate and House (Finance and HELP, and Ways & Means and Energy & Commerce, respectively) to achieve \$1 billion in deficit reduction over the 10-year period covered, with the Committees to report to their House’s Budget Committee no later than January 27, 2017 under the budget reconciliation process. Debate on the Budget Committee reports is extremely limited under the Budget Reconciliation Act of 1974, and simple majorities are sufficient to pass the reconciliation bills in each House, not the usual 60-votes required in the Senate to invoke cloture.

Title III creates two “deficit-neutral reserve funds for health care legislation” of \$1 billion and \$2 billion, respectively, reflecting the Congressional Budget Office’s assumptions of the budgetary effect of (1) repealing, and (2) replacing (in some form) the ACA. These reserve funds will allow the Committees the authority to make adjustments later when the repeal/replace provisions are worked out months from now, but still have something finished and ready for President Trump’s signature by February 2017. Title IV effects a rules change that would allow ACA-replacement legislation to increase long-term deficits. This rule change, and the reserve funds, suggests that Congress believes that the repeal-and-replace efforts will increase the deficit in the long run.

Cabinet Confirmation Hearings

President-elect Trump has made all of his cabinet-level nominees, save for Secretary of Agriculture and Secretary of Veterans Affairs. The confirmation hearings will begin this week in the Senate. Minority Leader Chuck Schumer (D-NY) had asked that the hearings be scheduled so that Senators on multiple committees would be able to attend each confirmation hearing, which would have effectively slowed the process down significantly, but Majority Leader Mitch McConnell (R-KY) is pushing ahead. The “vote-a-rama” on the budget resolution could also be taking place Wednesday and Thursday. This further complicates the scheduling as Senators have a round-the-clock schedule of floor votes while the committee hearings are scheduled to proceed.

January 10-11, 2017

- The Senate Judiciary Committee will hold a confirmation hearing for Attorney General nominee
- **Senator Jeff Sessions (R-AL).**

January 11, 2017

- The Senate Foreign Relations Committee will hold a confirmation hearing for Secretary of State nominee **Rex Tillerson**
- The Senate Health, Education, Labor and Pensions Committee will hold a confirmation hearing for Secretary of Education nominee **Betsy DeVos**
- The Senate Commerce, Science, Transportation Committee will hold a confirmation hearing for Secretary of Transportation nominee **Elaine Chao**
- The Senate Homeland Security & Government Affairs Committee will hold a confirmation hearing for Secretary of Homeland Security, **General John Kelly**

January 12, 2017

- The Senate Armed Services Committee will hold a confirmation hearing for Secretary of Defense, **General James Mattis**
- The Senate Banking, Housing and Urban Affairs Committee will hold a confirmation hearing for Secretary of Housing and Urban Development nominee **Dr. Ben Carson**
- The Commerce, Science, Transportation Committee will hold a confirmation hearing for Secretary of Commerce nominee **Wilbur Ross**

Purpose:

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

This item was informational only and required no Committee action.

II. State Legislative Update – Brownstein Hyatt Farber Schreck

The Legislature reconvened on January 4 for the first Floor Session of 2017. Now that the holidays have passed and the Legislative session is in full swing, legislators are faced with two quickly approaching deadlines – the last day to submit all bill requests to the Office of Legislative Counsel on January 20, and the last day to introduce bills on February 17.

The California Legislature is also bracing for an uphill battle with President-elect Trump. On January 4, California Senate President pro Tempore Kevin de León and California Assembly Speaker Anthony Rendon announced the hiring of outside legal counsel, former U.S. Attorney General Eric Holder and Covington & Burling law firm, to defend against policy conflicts and legal challenges that the new administration may pose to the state.

Governor's Budget

Tomorrow, meeting his January 10 deadline, Governor Brown will release his proposed 2017-18 Budget in Sacramento. It remains to be seen how federal spending priorities under President-elect Trump will impact the fiscal stability of California. Additionally, as highlighted in past reports by the Department of Finance, there has been a trend of lower-than-projected state revenues. These factors may lead to drastic budget revisions in the coming months.

Senate and Assembly Leadership and Committee Announcements

On December 21, California Senate President pro Tem Kevin de León announced his leadership team and committee assignments for the 2017-2018 Regular Session. Committee chairs and membership will be formally adopted by the Senate Rules Committee when it convenes on January 11, 2017. On December 27, California Assembly Speaker Anthony Rendon also announced his leadership team and committee chair appointments, which took effect immediately. The Assembly has not yet announced committee memberships.

California Attorney General Confirmation

On January 3, the Governor officially submitted to the Legislature the nomination of U.S. Congressman Xavier Becerra for California Attorney General, which is subject to confirmation by both the Senate and the Assembly. Tomorrow, the Assembly Special Committee on the Office of the Attorney General will hold a confirmation hearing on the nomination of Becerra, after which there will be a vote on the Assembly Floor to formally confirm his election. A confirmation hearing will also take place in the Senate, though a date has not yet been set. Both houses have 90 days to act on this confirmation.

Transportation Funding Analysis and Estimates

Transportation proposals were introduced by Assemblymember Jim Frazier and Senator Jim Beall. Combined, AB 1 (Frazier) and SB 1 (Beall) include approximately \$2.4 billion for investments in California's local streets and roads systems – systems of which currently have unmet funding needs of \$73 billion and an additional backlog of \$59 billion in deferred maintenance obligations. The California State Association of Counties provided an analysis of these bills and funding estimates, broken down by city and county.

Cannabis

On January 4, 2017, Assemblymember Rob Bonta, with a bi-partisan list of co-authors, introduced AB 64, which is expected to be cleanup legislation related to the regulation of recreational and medical cannabis. Under existing law, with the passage of Proposition 64, both medical and recreational marijuana use are or will become legal, although the methods of regulation are quite different. It is expected that the cleanup legislation will be aimed at implementation timelines, banking, taxation, private cultivation, and likely many more issues that will arise.

Additionally, Treasurer John Chiang convened a 16-member Cannabis Banking Working Group on December 19, organized in an effort to define the root of the problem cannabis businesses, public agencies, and financial institutions are facing in the wake of Proposition 64, which legalizes the recreational use of marijuana for adults over the age of 21 and establishes sales and cultivation taxes. Although marijuana for recreational use will be legal in California, there are still major conflicts between state and federal law, particularly complicating matters of banking and taxation. During their next meetings, the working group will attempt to navigate such conflicts and cultivate reasonable solutions as a new era of marijuana legalization approaches.

No Place Like Home Proposed Program Framework

The No Place Like Home (NPLH) program, as passed by the Legislature and signed by the Governor on July 1, 2016, will provide \$2 billion from Proposition 63, the Mental Health Services Act, to be awarded to counties to finance the acquisition, design, construction, or reconstruction of permanent supportive housing for individuals with mental illness who are chronically homeless. On December 21, the California Department of Housing and Community Development released their initial draft of the NPLH program framework and set several public workshop dates to receive comments on the draft.

Purpose:

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

This item was informational only and required no Committee action.

PUBLIC COMMENT

None.

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