

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

Monday, February 2, 2015
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 will both be in session today, however votes are postponed until 6:30 pm tonight. This week the House will vote again on legislation to repeal the Affordable Care Act, while the Senate will focus on the FY15 DHS Appropriations bill.

President Obama released his FY2016 budget request earlier today and a memo will be provided to outline the details of his plan.

Senate and DHS Appropriations

Senate Majority Leader Mitch McConnell has scheduled a procedural vote tomorrow to take up the House-passed bill that would fund the Department of Homeland Security through September 30, 2015. Although the base of the bill was negotiated between the House and Senate, Democrats object to the amendments that were added during House debate in January that would prevent President Obama from using any funds to delay deportations of as many as 5 million undocumented immigrants. The Democrats may have enough votes to block the legislation from passing. Democrats in the Senate have also sent a letter to Mitch McConnell calling for a clean Department of Homeland Security bill and are urging the Majority Leader to take it up for a vote. The current Continuing Resolution runs through February 27, 2015.

House Affordable Care Act Repeal

The House will take up legislation (H.R. 596) tomorrow to repeal the 2010 Patient Protection and Affordable Care Act. Over the past 4 years, the House has voted more than 50 times to repeal or modify the health-care law. In addition to repeal, the legislation would direct the Committees with jurisdiction over healthcare: Education and Workforce, Energy and Commerce, Judiciary, and Ways and Means Committees to report replacement legislation that meets 12 goals, including:

- Eliminating policies and regulations that are “job-killing.”
- Reducing health-care premiums through competition and choice.
- Preserving the ability to keep a health plan.
- Changing medical liability laws.
- Increasing the number of people with insurance.
- Providing coverage to those with pre-existing medical conditions.
- Giving states flexibility for their Medicaid programs.
- Barring the use of taxpayer funding for abortion and providing conscience protections for health workers.
- Eliminating duplicative government programs.
- Avoiding actions that would “accelerate the insolvency of entitlement programs or increase the tax burden on Americans.”

Nominations

On Wednesday, February 4, 2015, the Senate Armed Services Committee will take up Ashton Carter's nomination to be the next Secretary of Defense. John McCain, Chair of the Armed Services Committee has praised Carter as "highly competent, experienced, hard-working and committed." Carter is seen as a noncontroversial nominee and will likely be confirmed with few objections. Carter will confront major concerns including, sequestration which would automatically cut the Defense budget drastically as well as countering ongoing issues in the Middle East and elsewhere around the world.

Last week, the Senate Judiciary Committee held two days of hearings for federal prosecutor, Loretta Lynch, to be the next Attorney General. All nine Democrats as well as two to three Republicans on the Judiciary Committee will likely support Ms. Lynch. The final Committee vote on her confirmation is expected to occur the week of February 23, 2015.

Keystone Pipeline

On January 29, 2015 the Senate voted to allow construction of the controversial Keystone XL Pipeline. The passage of the \$5.4 billion project directly challenges the Administration who issued a veto threat earlier in January. Along with all Senate Republicans, nine Democratic Senators also voted for the measure. The House passed a similar measure on January 9, 2015. The House and Senate will now need to work out the differences between the two bills. Although the Senate had enough votes for passage, it does not look like enough votes to override a potential veto.

Budget

President Obama released his Fiscal Year 2016 (FY16) budget request today, marking the first time in his presidency that he has met the statutory requirement to deliver a budget request to Congress by the first Monday in February. The President's budget request totals \$4 trillion, \$1.091 trillion (approximately 25%) of which is discretionary spending for FY16. The FY15 discretionary appropriations totaled \$1.013 trillion, for an increase of \$78 billion.

The 2011 Budget Control Act (BCA) required an additional \$1.2 trillion in deficit reduction over a decade, with reductions split evenly between defense and nondefense programs; this has become known as "sequestration." The Bipartisan Budget Agreement that was signed into law in December 2013 raised the sequestration caps for FY 2014 and 2015 discretionary spending. However, that agreement ends when the new fiscal year begins on October 1, 2015. As a result, unless Congress and the Administration are able to agree to an alternative to sequestration, a further \$91 billion in discretionary cuts -- \$54 billion for defense, and \$37 billion for non-defense programs -- will automatically take effect for FY16 and freeze FY16 appropriations at about \$1.017 trillion.

President Obama's budget request proposes an alternative to the sequestration, it also requests an additional \$74 billion above the existing BCA caps for discretionary spending; representing a 7% increase over the sequestration level that is set for FY16.

The President's proposed budget would provide \$530 billion in nondefense spending, an increase of \$37 billion over the caps, and \$561 billion for defense spending, an increase of \$38 billion over the caps. To put this in perspective, the FY15 level for nondefense spending was \$492 billion and defense spending was set at \$521 billion.

Although it is anticipated that Republicans in Congress will object to the offsets President Obama proposes for the increases in spending, there may be some room for an agreement that would alleviate some of the sequestration cuts, potentially similar to what was contained in the 2013 Bipartisan Budget Agreement.

This FY16 request highlights the Administration's top priorities for funding both at home and abroad, with a specific focus on proposals to strengthen the middle class. The proposals address both discretionary and mandatory spending as well as changes to the tax code. The budget includes tax breaks for the middle class (as outlined in the State of the Union address in January), and raises a several taxes on wealthy taxpayers and businesses.

The corporate tax reform proposals could be an opening position for negotiating a full tax reform plan with the Republican Congress. Additionally, the request provides insight on agency priorities and a roadmap to guide grant applicants.

House Border Security Hearings

The House Judiciary Committee will hold two hearings this week focused on immigration and border security. On Tuesday, February 3, 2015, the full Judiciary Committee will hold a hearing on "Examining the Adequacy and Enforcement of Our Nation's Immigration Laws" and on Wednesday, February 4, 2015, the Immigration and Border Security Subcommittee will hold a hearing on the "Legal Workforce Act," to amend the Immigration and Nationality Act to make mandatory and permanent requirements relating to use of an electronic employment eligibility verification system.

Last week the House leadership had scheduled a vote on a border enforcement bill. However, the leadership pulled the bill when several conservative Republicans objected to the legislation. As a result, the above hearings have been scheduled. It is unclear when the House will take up the border bill.

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 –Platinum Advisors

1115 Waiver Financing

The Department of Health Care Services presented their financing proposal for the 1115 Waiver renewal on Friday via Webinar. The proposal is a beginning to negotiations with the Centers for Medicare and Medicaid Services (CMS). California's current waiver amounts to \$10 billion over five years. The proposal for renewal is \$17 billion also over five years and accomplishes budget neutrality similar to the current waiver. The calculation is made by assuming costs that would be incurred if Medi-Cal was entirely fee- for-service and managed care didn't exist. California would then keep the difference in cost (the \$17 billion) and use the funding for new health initiatives. The new health initiatives will come out of the groups that have been meeting over the winter and have discussed payment/delivery reform, managed care incentives, safety-net payment reform, workforce development, and using the waiver funding to provide supportive housing. CMS has not commented on the proposal publicly, however, because California has moved so many beneficiaries to managed care, the basic assumption that fee-for-service costs would be adopted again as a starting point may be questioned.

Prison Population

Last week marked the first time in several years that California's prisoner population dipped below 137.5% of capacity – the population level California is required to meet by February 28, 2016. Federal judges ordered the population reduction as a result of unconstitutional health and mental health conditions in prisons that

were at 200% of capacity in 2006. Contributing to the decrease is 2011 public safety realignment (25,000), inmates being housed in Arizona, Mississippi, and Oklahoma (8,800), the transfer of inmates to a private prison in California City (2,077), Proposition 47 reducing sentencing for some crimes (2,035), Proposition 36 which resentenced people whose third strike was not serious or violent (1,975), and early release for elderly inmates (115).

Trailer Bills: Department of Finance (kind of) lived up to their commitment to post all proposed budget trailer bill language by the end of January. DOF has posted draft language, but most of it is merely legislative intent language. Below is a link to the DOF website where the trailer bill language is listed by topic area.

HYPERLINK "http://www.acgov.org/board/bos_calendar/documents/DocsAgendaReg

Recommendation: Send a comment letter from the Public Health Department to the San Luis Obispo County Board of Supervisors and San Luis Obispo County Planning Commission to express concerns about the impact of the proposed Phillips 66 Crude Oil Transport Project, given the existing health burdens of the communities along the rail lines in Alameda County.: **Alex Briscoe, Director, Health Care Services Agency**

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- Other

Recommendation from PAL Committee: Approve. Move to the full Board of Supervisors.

PUBLIC COMMENT

None.

Board of Supervisors' Committees agendas are available via Internet at: www.acgov.org