

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

Monday, July 17, 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 House is planning to finish committee action on appropriations bills and mark up the FY18 budget resolution despite conflicts over funding allocations. With no votes expected this week on the healthcare legislation, the Senate will now focus on nominations and other legislative matters. Over the next three weeks, the White House will hold events pertaining to three vaguely defined themes: "Made in America," "American Heroes" and "American Dreams."

FY18 Budget

The House Budget Committee will hold a markup of the FY18 budget resolution this Wednesday. As previously reported, we are hearing the compromise level will likely be around \$200 billion in cuts to mandatory spending.

As of now, Chairman Black is hoping to pass a budget that imposes a \$511 billion cap on non-defense spending (slightly lower than the Budget Control Act cap of \$516 billion (see below)) and defense spending would increase to about \$621.5 billion (the budget cap level for FY18 is currently \$549 billion). President Trump's FY18 budget request called for \$603 billion for defense, but defense hawks are wanting close to \$650 billion, so the \$621 billion level is seen as a compromise. Congress will have to vote on raising the budgetary caps like they have done in previous years.

FY18 Appropriations

The House Appropriations Committee completed its subcommittee markups last week even without instructions from the budget committee on a top line number. All twelve bills have now been approved at the subcommittee level: Military Construction/VA, Legislative Branch, Agriculture, Commerce Justice Science, Defense, Energy and Water, Financial Services, Transportation-HUD, Interior-Environment, Homeland Security, Labor HHS Education, and State Foreign Ops.

In addition to subcommittee markups, the full Appropriations Committee has approved seven bills: Military Construction/VA, Legislative Branch, Defense, Energy & Water, Agriculture-FDA, Financial Services, and Commerce Justice Science.

The full House Appropriations Committee will meet tonight to mark up the FY18 Transportation-Housing and Urban Development spending bill. Tomorrow, the full Committee will also mark up the Homeland Security and Interior-Environment spending bills. The full Committee is on track to approve all 12 bills by the end of the week.

There is also talk in the House of passing an omnibus appropriations bill prior to adjourning for the August recess, which would give the House leverage during negotiations with the Senate in the fall. Republicans are currently whipping their caucus to see if they have the necessary votes to pass an omnibus.

Senate Health Care: Next Steps

Majority Leader Mitch McConnell announced that there would be a delay in the consideration of the Better Care Reconciliation Act (BCRA). The delay is due to Senator John McCain's unexpected surgical procedure to remove a blood clot from above his left eye. In addition, the Congressional Budget Office was supposed to issue its score of the legislation as early as today, but will take more time to analyze the updated version of the bill as a vote is no longer imminent.

Last Thursday, Senate Republicans released their latest draft of their proposed legislation to repeal and replace Obamacare. The draft notably included language from Ted Cruz that would allow insurers to sell plans that do not comply with the ACA coverage requirements as well as cheaper "skinny" plans that do not meet all of the ACA requirements or necessarily cover all essential health benefits.

The bill did not include significant changes to the Medicaid cuts included in the original draft. As a result, there are still many moderate Republicans concerned about Medicaid. However, the new version does include some changes to try to appease Senator Rubio by allowing the cap to be lifted if states have public health emergencies like Zika. Also, states could get waivers from Medicaid spending limits to help expand home and community-based care for the elderly.

The bill also included language that would allow people to pay for their insurance premiums out of Health Savings Accounts, which we had been hearing would likely be included. The measure also calls for an additional \$70 billion, for a total of \$132 billion over eight years, to help states reduce people's out-of-pocket costs. Under the newest bill, people could use the tax credit to buy catastrophic health plans. They could also buy cheaper, high-deductible plans. Also, a more generous formula would be used for payments to hospitals that provide uncompensated care. Finally, the ACA net investment tax is maintained, as well as the Medicare payroll tax on high income earners.

Senators Lindsey Graham and Bill Cassidy introduced their own bill that they intend to offer as an amendment to the overarching bill. Their hope is that the amendment could be seen as an alternative if Republicans realize they don't have the votes for the underlying legislation. We are hearing that Graham's bill would direct much of the ACA's federal funding directly to the states, but no text has been released. This bill and potentially others could be what convinces enough Republicans to vote in favor on the motion to proceed.

Under the Graham proposal, federal dollars currently spent on Obamacare health insurance – an estimated \$110 billion in 2016 -- would be delivered to states in the form of block grants. The individual mandate and employer mandate instituted under Obamacare would be repealed under Senate reconciliation rules which only require 50 votes. The Obamacare requirements covering pre-existing conditions would be retained. The Obamacare medical device tax would be eliminated but other Obamacare taxes would remain in place. Federal Medicaid funding to the states will continue to grow in a sustainable manner, adjusted for inflation. The proposal would also provide additional flexibility to the states to ensure health care dollars are spent in a manner providing the most effective and efficient coverage based on their health care needs and populations. Finally, federal funds would be restricted to health care spending only. These funds could be distributed by the states in the forms of tax credits, subsidies, health savings account premiums, and other means as the individual states see fit to meet their health care needs.

Democrats in both chambers are offering options for the path forward. Senate Democratic leadership sent a letter to Majority Leader McConnell last week highlighting four pieces of legislation introduced this year that could become components of a bipartisan plan. In the House, Democrats are pushing a multi-step proposal to fix the ACA and stabilize the individual insurance market. The plan would create a permanent reinsurance program, permanently fund Obamacare's cost-sharing subsidies and consider aligning open-enrollment with tax season, and other changes.

In general, McConnell has \$230 billion he can spend over 10 years to try and attract Republican holdouts to vote for the reconciliation package. In the current version of the bill, the taxes that were instituted in the Affordable Care Act will generate roughly \$230 billion over 10 years. McConnell also has the flexibility to add about another \$200 billion in spending to the bill that was put toward deficit reduction in his first draft, leaving him with some \$430 billion with which to try to win over votes. Boosted tax credits for the poorest

Americans, as much as \$45 billion in new funds for opioid-abuse programs, and a provision allowing Americans to put more pre-tax money aside for health savings accounts will come out of that \$230 billion.

It is still very much an uphill battle for McConnell to pass the current bill, even with the \$430 billion available. The chances of passing the current version of the BCRA are diminishing as Senators wait for Senator McCain to return to work. There are still many moving pieces and the forthcoming CBO score that could impact the overall likelihood of passage.

Hearings

The House Agriculture Subcommittee on Nutrition is holding a hearing tomorrow entitled “the Next Farm Bill: Pathways to Success for SNAP Households”.

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

Friday was the deadline for policy committees to pass out bills that have a fiscal impact. Bills that did not meet this deadline are dead for the year and may be acted upon in 2018.

Legislators are working diligently to tie up some loose ends before the policy committee deadline for non-fiscal bills on July 21, 2017. The Legislature will reconvene from summer recess on August 21, 2017.

Update on County Sponsored Bills

Ab 333 (Quirk), Alameda County’s sponsored bill to transfer ownership of a portion of State Route 185 at East 14th Street and Mission Boulevard within unincorporated Alameda County, is currently on the Senate Appropriations Suspense File.

AB 435 (Thurmond), Alameda County’s Child Care Pilot Program cleanup bill, is in the Senate Appropriations Committee and a hearing date has not yet been set.

ACR 108 (Bonta), Alameda County’s “Food as Medicine” Resolution, has been referred to the Assembly Health Committee, but will not be dealt with until the Legislature returns from summer recess.

SB 703 (Skinner), Alameda County’s bill to enable the County to impose a transactions and use tax at a rate of no more than 0.5% above the combined statutory rate limit of 2%, given voter approval, passed out of the Assembly Revenue and Taxation Committee last week and will head to the Assembly floor.

Cap and Trade Linked to Housing Deal

The Cap and Trade deal, announced July 10, 2017, which seeks to extend the program beyond 2020, is now moving along the same track as several housing bills. The climate proposals, AB 398 (Eduardo Garcia) and AB 617 (Cristina Garcia), were heard in the Senate Environmental Quality Committee on July 13th, and were met with a large showing of both support and opposition. Governor Brown and Senate President Pro Tempore Kevin de León presented AB 398, to signify the importance of the measure.

The floor vote on Cap and Trade, originally scheduled for July 13th was postponed. Pro Tem de León and Assembly Speaker Anthony Rendon stated that delaying the floor votes will allow the discussion on long-term affordable housing catch up to California’s climate effort. Governor Brown has stated that he will only be supporting new funding for housing if it streamlines regulations at the local level.

The exact housing bills that will be included are still unknown, but the bills likely to be a part of the package include the following:

- AB 72 (Santiago)
- AB 73 (Chiu)
- AB 678 (Bocanegra)
- AB 1397 (Low)
- AB 1515 (Daly)
- SB 2 (Atkins)
- SB 167 (Skinner)

AB 398 and AB 617 were heard this morning in the Senate Appropriations Committee, taken up as a special order of business. The floor vote in the Senate is expected today and the Assembly will follow shortly thereafter.

Efforts to Repeal SB 1

On July 12, 2017, Secretary of State Alex Padilla announced that the issue to eliminate Road Repair and Transportation funding by repealing its dedicated revenues, filed by Assemblymember Travis Allen, on June 7, 2017, may now begin collecting signatures. Specifically, the initiative seeks to do the following: eliminate the independent Office of Audits and Investigations responsible for accounting for the use of revenue for transportation related projects.

National Training and Technical Assistance Initiative

- i. The U.S. Department of Justice, Office of Justice Programs, Bureau of Justice Assistance, is now seeking applications to provide training and technical assistance to state and local governments through the National Training and Technical Assistance Initiative. The initiative is aimed at enhancing police agencies responsiveness to people with mental health disorders and intellectual and developmental disabilities. Applicants must register with [HYPERLINK](http://www.acgov.org/board/bos_calendar/documents/DocsAgendaReg) ["http://www.acgov.org/board/bos_calendar/documents/DocsAgendaReg](http://www.acgov.org/board/bos_calendar/documents/DocsAgendaReg) (**Arambula**)
CALWORKs: Baby Wellness and Family Support Home Visiting Program
*Recommendation: **Support:*** Lori Cox, Director, Social Services Agency and Rebecca Gebhart, Interim Director, Health Care Services Agency

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

PUBLIC COMMENT

None.

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