

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

Monday, July 28, 2014
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

The House and Senate are both in session this week; they will likely adjourn for the August recess on Thursday afternoon. Both the House and Senate will return to Washington the week of September 8.

This week the Senate is expected to take up and pass the House-passed bill to fund the Highway Trust Fund (HTF). The chamber will also resume consideration of a bill that would bar companies from deducting expenses of moving personnel or operations overseas and provide a twenty percent tax credit for returning operations to the United States. The full House will consider a number of bills including the VA Reform conference committee agreement and may also take up an emergency supplemental spending bill that would provide funding for the child immigration crisis on the U.S. southern border. The Senate has a similar bill to address the crisis that provides more funding than the House version and could also be brought to the floor this week.

Surface Transportation Bill

On July 23, the Senate reached a deal to consider the House-passed H.R. 5021, the Highway and Transportation Funding Act of 2014. The Senate will vote on the legislation sometime this week, but it is unclear when the vote will take place. In addition to consideration of the House-passed bill, the Senate will consider four amendments:

- An amendment by Senators Ron Wyden (D-OR) and Orrin Hatch (R-UT) to replace the legislation with the Preserving America's Transit and Highways (PATH) Act. This legislation is the bipartisan bill that was approved by the Senate Finance Committee. Although it provides the same amount of funding as H.R. 5021, the offsets are slightly different. The PATH Act would rely less on pension smoothing and custom fees and make up the difference in revenue through tax compliance measures;
- An amendment by Senators Barbara Boxer (D-CA), Tom Carper (D-DE), and Bob Corker (R-TN) that would only fund and reauthorize transportation programs through December 19, 2014, thus forcing Congress to address the issue during the lame duck session in December;
- An amendment by Senator Mike Lee (R-UT) that would gradually eliminate federal funding of transportation projects. His devolution proposal would phase down the federal gas tax to 3.7 cents per gallon over five years and move highway authority from the federal government to the states;
- An amendment by Senator Patrick Toomey (R-PA) that would exempt certain transportation repair projects — including bridges, roads, highways, railroads and transit facilities damaged by a disaster from additional environmental reviews if those facilities are being rebuilt in the same manner as before the damage occurred.

All amendments will require 60 votes to pass, thus making their passage less likely. In the end, we expect the Senate to pass the original House bill without amendment. The Senate would then send the legislation to the President, rather than amend and require the House to reconsider the legislation less than one week before Congress adjourns for the August recess.

In turn, Congress will have to address a long-term funding solution to the HTF and a long-term surface transportation bill in May 2015.

Human Trafficking Legislation

The House overwhelmingly passed eight bills last week that would address human trafficking issues. The bills must now be considered by the Senate, although it is unclear if they will be given floor time before the 113th Congress adjourns.

Child Immigration

The House and Senate have drafted their own respective bills in response to President Obama's emergency supplemental funding request to address the influx of migrant children from Central America. President Obama specifically requested \$3.73 billion from Congress for HHS, DHS, and other agencies in order to handle the influx.

The House bill would provide less than \$1 billion for the immigration crisis and would be offset by cutting unspent funds previously made available to government agencies. The legislation will likely not include language seeking to restrict the president's ability to expand his executive order deferring the deportations of undocumented children who arrived before June 15, 2007. It is still unclear if the bill will make changes to a 2008 human trafficking law, which Republicans say has made it harder to deport children from Central America.

The Senate version includes \$2.73 billion, which is \$1 billion less than the President's request; the bill does not include any changes to the 2008 human trafficking law. The package also includes \$615 million to combat wildfires and \$225 million for Israeli defense missiles.

VA Reform

The House and Senate conferees announced earlier today they have reached an agreement on a bill to implement VA reforms. The deal includes \$17 billion, \$10 billion of which is emergency funding to allow veterans who cannot get a VA medical appointment within fourteen days the ability to receive non-VA care. \$5 billion would go towards hiring new VA staff and \$2 billion would be available for 27 new major medical facilities and allows the VA Secretary to fire senior executives and create penalties for falsifying data.

VA Secretary Nomination

This week the Senate will consider the nomination of Proctor & Gamble's former president and CEO, Bob McDonald, to be the next VA Secretary. His nomination is expected to pass the Senate.

Permanent Child Tax Credit

Last Friday, the House voted 237 to 173 to approve a permanent extension of a modified Child Tax Credit (HR 4935). The legislation would allow married couples to claim the \$1,000 per-child-tax credit if they earn less than \$150,000 per year. The current income cap is \$110,000. The credit would also be indexed to inflation. Additionally, the bill would require applicants to provide their Social Security numbers in order to receive the tax credit instead of just a Taxpayer Identification Number. Requiring Social Security numbers would prevent undocumented immigrants from being eligible for the tax credit. It would not extend current provisions beyond 2017. The White House has issued a veto threat against the legislation however the Senate will likely not consider the legislation before the end of the 113th Congress.

FY15 Appropriations

Congress will not consider any more FY15 appropriations bills before the August recess, thus increasing the likelihood that they will have to pass a continuing resolution (CR) when they return in September in order to avoid a government shutdown at the end of the month. We expect the CR to last through December.

Purpose:

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

II. State Legislative Update

1115 Waiver Renewal

On Friday, July 25, 2014, the Department of Health Care Services held a webinar to begin discussions of the renewal of the State's 1115 waiver. The current Bridge to Reform Waiver expires October 31, 2015, and allowed the expansion of Medi-Cal prior to implementation of the Affordable Care Act. California's Managed Care system, the Coordinated Care Initiative (CCI), and the Community-Based Adult Services (CBAS) programs are operated under the waiver. The Administration's goal is to submit the renewal proposal to the Centers for Medicare and Medicaid Services early in 2015 to allow time for negotiation before the current waiver expires. Extension of the waiver will require continued budget neutrality – the cost of the Medi-Cal

program under the waiver cannot exceed what the costs would be without the waiver. The Bridge to Reform waiver accomplished this by not exceeding the costs that would have been incurred if the State ran Medi-Cal as solely a fee-for-service program. DHCS presented an overview of eight concepts they are interested in pursuing in the extension of the waiver:

- Federal/State Shared Savings Initiative
- Payment/Delivery Reform Incentive Programs
- Safety Net Payment Reforms
- FQHC Payment/Delivery Reform
- Successor Delivery System Reform Incentive Payment Program
- California Children's Services (CCS) Program Improvements
- Medicaid Funded Shelter for Vulnerable Populations
- Workforce Development

Prison Population Reduction

In response to the federal three-judge court's order of February 10, 2014, the California Department of Corrections and Rehabilitation (CDCR) is required to reduce the overall prison population to 137.5 percent of design capacity by a specified date. The CDCR is required to submit a monthly report on its progress. The latest report, issued earlier this month, shows that the state's present prison population is approximately 143.1 percent of design capacity. In conjunction with the three-judge court, the CDCR has identified and is pursuing a variety of approaches to achieve the required reduction, one of which is the development of a parole process for inmates 60 years of age or older who have served at least 25 years in prison. The state is in the process of developing policies and procedures for tracking eligible inmates and a systemic methodology for scheduling and tracking hearings. The Board of Parole Hearings (BPH) recently provided training on the parole process for inmates 60 years of age or older who have served at least 25 years to commissions and deputy commissioners at a public board meeting. The revised risk assessments will be available for hearings conducted on or after October 1, 2014. The CDCR is also developing policies and procedures for granting credits or parole for certain inmate classifications, including non-sex second-strike offenders and minimum custody inmates and medically incapacitated inmates, among others.

Fuels/Cap and Trade

Last month, Assemblyman Henry Perea sent a letter, signed by 16 legislators, asking CARB to delay including fuel in the Cap and Trade auction. Assemblyman Perea has also introduced AB 69 which would statutorily push back including fuels until 2018. The CARB Chair, Mary Nichols responded that removing fuels at this late date would be disruptive and impact the market. In addition, her letter stated that unless there was collusion, the price impacts would vary among oil companies because the cost of compliance is based on how efficiently they comply.

November Ballot

The end of June was the deadline for initiatives to qualify for the November ballot. The LAO has also completed its analyses of these propositions which can be found at <http://www.lao.ca.gov/BallotAnalysis/Propositions>.

Including the measures placed on the ballot by the Legislature, the following seven propositions will appear on the November ballot.

- *Proposition 43: Safe, Clean, and Reliable Drinking Water Supply Act of 2012* – This \$11 billion water bond measure will be replaced or moved to 2016.
- *Proposition 44: ACA 1* – This is the new Rainy Day Fund proposal.
- *Proposition 45: Approval of Healthcare Insurance Rate Changes* – This proposal would give the state insurance commissioner greater authority to regulate health insurance rates.
- *Proposition 46: Drug and Alcohol Testing of Doctors/Medical Negligence lawsuits* – This proposal would raise the cap on medical malpractice damages and require drug testing of doctors.
- *Proposition 47: Criminal Sentences. Misdemeanor Penalties* – This proposal would reform criminal sentences to lower to misdemeanors certain crimes such as minor drug possession and petty theft.
- *Proposition 48: Overturn Indian Gaming Compacts* – This referendum seeks to overturn two gaming compacts approved by the Legislature and the Governor last year.
- *Proposition 49: Campaign Finance – Advisory Election* – This advisory measure would allow California voters to urge Congress and the state legislature to reverse the Citizens United decision and amend the US Constitution to allow for greater limits on campaign contributions and spending.

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PUBLIC COMMENT: None.

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