Summary/Action Minutes

I. Federal Legislative Update

The House and Senate are both in session this week. The House will consider the FY15 defense authorization bill in addition to the conference report for the Water Resources Reform and Development Act (WRRDA). The House also plans to vote on a number of bills that would combat human trafficking. The Senate will vote on a number of nominations and also try to reach a deal on tax-extender legislation, which stalled last week amid disagreement over the amendment process.

Surface Transportation

The Senate Environment and Public Works Committee passed the highway portion of the surface transportation reauthorization bill last Thursday after agreeing to several amendments. The six-year bill funds highway programs at current levels plus inflation and primarily continues current policy but has a few additions. These additions include the creation of a formula-based freight program, expanding a national infrastructure grant program and directing the Transportation Department to study alternative revenue mechanisms for the Highway Trust Fund.

The other Senate committees that have jurisdiction over federal surface transportation programs must now draft the remainder of the legislation: the Senate Commerce, Science and Transportation Committee, which oversees safety programs, the Senate Banking Committee, which has jurisdiction over mass transit and the Senate Finance Committee, which is tasked with finding funding for the bill.

The Chairman of the Committee, Bill Shuster has stated that he hopes to have a bill completed by late spring or early summer.

FY15 Appropriations

The House Appropriations Committee will mark up the FY15 Transportation-HUD bill this Wednesday. The House Rules Committee is scheduled to meet today to determine the rules for floor debate on the CJS appropriations bill. The CJS bill will not be on the House floor until next week.

The Senate appropriations subcommittees for Military Construction-Veterans Affairs and the Agriculture-FDA will mark up their respective appropriations bills tomorrow. In addition, Senate Appropriations Chairwoman Barbara Mikulski said that the committee is still discussing and determining the 302(b) allocations for each subcommittee. She noted that the distribution of funds have been complicated by a $4.3 billion shortfall for FY15.
**Water Resources Reform and Development Act (WRRDA)**

Conferences reached a final deal on the WRRDA bill last week. The House is scheduled to vote on the bill this week before they adjourn for Memorial Day while the Senate vote may slip until after the Memorial Day recess.

The bill authorizes 34 Army Corps of Engineers projects that have completed Chief’s Reports and increases expenditures from the Harbor Maintenance Trust fund for harbor maintenance and dredging. The WRRDA includes major reforms to accelerate project delivery, and increases flexibility and local participation by requiring concurrent environmental reviews and establishing hard deadlines for feasibility studies. In addition, the bill creates pilot programs to expand the local role in project implementation. It also creates innovative financing tools to invest in water infrastructure. The Water Infrastructure Finance and Innovation Act (WIFIA), modeled after the successful Transportation Infrastructure Finance and Innovation Act (TIFIA) program for surface transportation projects, was included in the bill and will establish a five-year pilot program to allow the Army Corps and Environmental Protection Agency to provide direct loans and loan guarantees for water infrastructure projects, including levee and flood control projects, as well as drinking water and waste water projects.

**Human Trafficking Legislation**

The House of Representatives will take up and consider five anti-human trafficking bills this week. The bills are:

- **H.R. 3530 – Justice for Victims of Trafficking Act.** This bill would allow the Justice Department to provide grants to develop or expand efforts to deter domestic child trafficking. Grants would be awarded through the Crime Victims Fund, which provides grants to states and local law enforcement agencies for aiding crime victims and their families.

- **H.R. 3610 – Stop Exploitation Through Trafficking Act.** This bill would encourage states to enact “safe harbor” laws that would treat minors in trafficking and commercial sex as victims rather than criminals.

- **H.R. 4225 – Stop Advertising Victims of Exploitation (SAVE) Act.** This bill would make it a criminal offense to knowingly commit or benefit from sex trafficking through advertisements.

- **H.R. 4058 – Preventing Sex Trafficking and Improving Opportunities for Youth in Foster Care Act.** This bill would require states to take steps to prevent sex trafficking among at-risk youth in foster care.

- **H.R. 4573 – International Meghan’s Law to Prevent Demand for Child Sex Trafficking.** This bill would require federal law enforcement officials to notify countries of the international travel of child-sex offenders registered in the U.S.

**HHS Burwell Nomination**

The Senate Finance Committee may vote on the nomination of Sylvia Mathews Burwell to head the Department of Health and Human Services this week. The HUD Secretary, Shaun Donovan may replace Burwell as Director of the Office of Management and Budget. The Mayor of San Antonio, Julian Castro, will likely be the nominee to replace current HUD Secretary Shaun Donovan.

**Purpose:**
- [ ] Report progress
- [ ] Advocacy or Education
- [x] Request PAL Committee Recommendation or Position
- [x] Other: Federal legislative update
II. State Legislative Update

Budget

The Governor proposed minimal new funding in his May Revision released last week. According to Department of Finance Director Michael Cohen, they view the optional expansion of Medi-Cal, the Middle Class Scholarship fund, and the Local Control Funding Formula to be large investments that should be sufficient at this time. Budget Subcommittees in both houses are attempting to wrap up their agendas this week, with the expectation that Budget Conference Committee will convene late next week, or the first week in June. The Legislature will likely send a budget to the Governor by Friday, June 13, 2014.

The California Budget Project issued its review of the Revise. The CBP points to high poverty and unemployment rates and a widening income inequality as the need to make low risk investments in the state safety net programs.

Revenues

The LAO released its review of the May Revise and compared its revenue forecasts with the Governor’s forecast. The LAO revenue forecast for 2014-15 is $2 billion higher than the Administration’s forecast. While the Governor assumes revenues in 2014-15 will only rise by $856 million, the LAO forecasts revenue growth by $2.8 billion. Per the LAO, the two-year budget window results in a surplus of nearly $5 billion. While this is a significant difference, the LAO cautions that even if its targets are hit, Prop 98 will divert most of these funds to education, leaving only a few hundred million for non-Prop 98 programs.

Special Session

The Legislature unanimously approved the revised rainy day fund plan that will replace ACA 4 on the November ballot. The bipartisan agreement was reached last week and amended into ACA 1 XX (Pérez). Both the Assembly and Senate approved the measure last week, and it now moves to the November ballot. Constitutional amendments do not require approval by the Governor.

The Rainy Day Fund will:

- Doubles the size of the Reserve from 5% to 10% of the General Fund.
- Take 1.5 percent of the General Fund and any revenues from capital gains that spike higher than 8% of the overall General Fund off the table. The original proposal diverted capital gains revenue when spikes exceeded 6.5% of General Fund revenue.
- Create a dedicated funding source to repay debt for the next 15 years. Allows half of the funds set aside each year to be used to pay off long term debt.
- Maintain the Prop 98 Reserve as proposed by the Governor. The Proposition 98 reserve would not begin until school funding is fully restored following cuts made during the recession.

Deadlines

This week is the fiscal committee deadline. The Appropriations committees will be determining later this week which bills to hold in committee and which ones to allow to continue in the legislative process.

Purpose:

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

Request for Legislation Position – Action Items

i. SB 1167 (Hueso) Vector Infestations

Recommendation: Support: Marciela N. Foster, Deputy Director, Community Development Agency Health Homes Department

ii. Support seeking legislation or an administrative change to obtain an annual Mental Health Services Act (MHSA) allocation for pediatric trauma centers with integrated sexual assault treatment and forensic services to treat, support and prevent sexual exploitation of children

Recommendation: Support: Alex Briscoe, Director, Health Care Services Agency

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

PUBLIC COMMENT: None.

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