FROM: EXECUTIVE OFFICE:

SUBJECT: EXECUTIVE OFFICE: Legislative Update: June 20, All Districts. [$0]

RECOMMENDED MOTION: That the Board of Supervisors:

1. Receive and File the June 20 Legislative Update.

ACTION: Consent

MINUTES OF THE BOARD OF SUPERVISORS
C.E.O. RECOMMENDATION:  APPROVE

BACKGROUND:
Summary
As per Board Policy A-27, the purpose of Riverside County's Legislative Program is to secure legislation that benefits the county and its residents, and to oppose/amend legislation that might adversely affect the county. Recognizing the need for consistency in conveying official positions on legislative matters, the county has instituted a coordinated process involving interaction between the Board of Supervisors, the County Executive Office, county agencies/departments, and the county's legislative advocates in Sacramento and Washington, D.C.

Letters of Support/Opposition
Since the last meeting of the Riverside County Board of Supervisors, the following letters were delivered to our legislative delegation and all pertinent parties in order to voice Riverside County's Support/Opposition.

Legislation/Policy: AB 1250 (Jones-Sawyer): Counties and Cities: Contracts for Personal Services
Position: OPPOSE – Per Legislative Platform
Recipient: Senator Mike McGuire, Chair of the Senate Governance and Finance Committee
Summary: AB 1250 would severely impact the County’s ability to provide much-needed community services – health, mental health, and rehabilitative services to those in a number of different populations. Specifically AB 1250 would establish specific standards for the use of personal service contracts by counties and cities. Beginning January 1, 2018, the bill would allow a county or county agency, or a city or city agency, to contract for personal services currently or customarily performed by employees, as applicable, when specified conditions are met. Among other things, the bill would require the county or city to clearly demonstrate that the proposed contract will result in actual overall costs savings to the county or city and also to show that the contract does not cause the displacement of county or city workers.

Legislative Status Update
As per Board Policy A-27, amended on March 7, 2017: The Board shall receive a regular written report on the status of legislation that the Board has officially endorsed or opposed, to be included as part of the consent calendar.

State Issues
On June 15, 2017, the 2017-18 State Budget was adopted. The County will continue monitoring the situation with our State Delegation and Lobbyists for any chance to provide additional input to the state.
Some highlights of the budget agreement include:

- **Repairing Infrastructure**: The budget accelerates $2.8 billion toward improving commutes, fixing roads, strengthening overpasses and bridges and building mass transit.
- **Medi-Cal Funding**: California will continue its large investments in the Medi-Cal program – including new revenue from Proposition 56 – to serve millions of people who rely on this program for health care.

### County Priorities - Budget Trailer Bills

#### In-Home Supportive Services Trailer Bill Language

Some highlights of the IHSS trailer bill (SB 90/AB 106) include:

- **General Fund Offsets.** The bill appropriates $400 million from the General Fund (GF) in 2017-18, $330 million GF in 2018-19, $200 million in 2019-20 and $150 million in 2020-21 and annually thereafter to offset the $592 million in additional IHSS costs being shifted to counties.

- **Re-opener language:**
  1) Requires as part of development of 2019-20 state budget that DOF, CSAC and stakeholders reexamine the 1991 Realignment funding structure.
  2) DOF shall report findings and recommendations related to the County IHSS MOE and impacts on other 1991 realignment programs.
  3) Specifically this includes: a) extent to which revenues available for 1991 Realignment are sufficient to meet program costs that were realigned, b) whether IHSS program and administrative costs are growing at a rate that is higher, lower or approximately the same as the MOE, c) the fiscal and programmatic impacts of the IHSS County MOE on the funding available for Health, Mental Health, CMSP and other social services programs included in 1991 Realignment, and d) the status of collective bargaining for the IHSS program in each county.

### Jail Visitation

Excerpt of relevant provisions to public safety trailer bill, AB 103 - As amended June 8, 2017

- **New Government Code Section 15820.948**
  This is the “grandfathering” section. In-person visitation requirements apply only to projects built with state funding (AB 900, SB 1022, or SB 863) that have not yet received a conditional award. Riverside County is deep into the construction phase, so neither (a) nor (b) of the new section – which would require in-person visitation – apply. This section would capture any future facility construction if awards from the earlier rounds of funding were relinquished and subsequently made available to new applicant counties. (Note that SB 844 jail construction grants were required – as part of the authorizing legislation – to make use of in-person visitation.)

### Transportation Projects

Expedited Project Delivery for SB 132 Projects – Sections 5-8 and Section 26 of the transportation trailer bill, AB 115 (2017) - As amended June 8, 2017

- **Section 5.** Authorizes the County of Riverside and the Riverside County Transportation Commission (RCTC) to use the Construction Manager/General Contractor method for SB 132 projects.
• Section 6. Finds and declares that the County of Riverside should be considered a transportation planning agency for the purposes of this chapter in order to effectuate the construction of the railroad grade separations and bridge rehabilitations and replacements.

• Section 7. Authorizes the County of Riverside to utilize the A+B bidding methodology (cost plus time).

• Section 8. Authorizes the use of design-build for SB 132 projects.

• Section 26. Authorizes the use of special delivery methods for purposes of SB 132 projects.

**Federal Issues**

**Healthcare**

This week, President Trump called the House's ObamaCare repeal bill "mean" and said it should be more generous during a meeting with Republican senators. The comments, which were first reported by the AP, were striking given that President Trump has previously praised the House bill and celebrated its passage at the White House.

According to an analysis from the Trump administration, 13 million people could become uninsured under the House Republican healthcare plan by 2026. The analysis, completed by the chief actuary at the Department of Health and Human Services, differs substantially from an analysis of the same bill released last month by the Congressional Budget Office which estimated that at least 23 million people could become uninsured under the American Health Care Act (AHCA) over a decade.

The Senate continues its work to finalize its bill and is awaiting CBO scoring on a preliminary bill. Majority Leader McConnell has stated his intention to consider an Obamacare repeal bill prior to the July 4 recess.

**Tax Reform**

Tax reform continues be the subject of much speculation and discussion, but both the Administration and Congressional leadership have indicated healthcare reform will have to move prior to starting work in earnest on tax reform. Several rumors and reports leak every day relating to the ongoing, behind-the-scenes work on tax reform. One of the key revenue proposals is the border-adjustment tax. According to published reports:

House Ways and Means Committee Chairman Kevin Brady (R-Texas) said that the GOP border-adjustment proposal could be phased in over five years, as concerns about the tax plan have mounted from lawmakers and business groups.

The border-adjustment proposal was a key part of the tax plan House Republicans released last year. Under the proposal, imports would be subject to U.S. taxes and exports would be exempt.

The proposal is championed by House Speaker Paul Ryan who clams it is the best way to prevent companies from moving their jobs and headquarters overseas. Retailers, Trump administration officials, conservative groups and many GOP lawmakers have worried that it would amount to a tax increase for consumers.

The conservative-leaning Tax Foundation said that phasing in the border-adjustment tax would reduce the amount of revenue the proposal would raise. The group estimated that the original border adjustment
proposal would raise about $1.2 trillion over a decade and that a phased in proposal would raise about $1 trillion.

Infrastructure
Last week, President Trump held several events to highlight his infrastructure agenda. On Monday, he held a press conference with Congressional leaders to sign a memo reaffirming his support for Air Traffic Control (ATC) privatization. On Wednesday, President Trump gave a speech in Cincinnati on the need for infrastructure improvements to inland waterways. On Thursday, Vice President Pence hosted an infrastructure summit for governors and mayors, during which he reaffirmed the administration’s commitment to reduced regulations, Buy and Hire American policies, and a top-down review of the federal permitting process.

While there have been few details on the actual legislative plan, the White House did release a brief fact sheet on the infrastructure proposal that could be released in some legislative form later this summer. Highlights from the fact sheet are as follows:

- $200 billion – infrastructure funding
- $15 billion – for transformative projects
- $100 billion – for local prioritization of infrastructure needs
- $25 billion – for rural infrastructure
- 8 Year Reduction in permit process time
- 1 million apprenticeships in 2 years

It is unclear whether the $100 billion for the local prioritization of infrastructure needs is an overall number, including the $25 billion for rural infrastructure and $15 billion for transformative projects, or not. It is also unclear what the administration will consider “local prioritization of needs”.

The Administration has said they plan to release a more detailed proposal sometime later this year.

The House Transportation & Infrastructure Committee has scheduled a markup of the FAA reauthorization bill for June 27.

Budget Reconciliation
So far this year, the Congressional budget reconciliation process has been tied very closely with the health care repeal/replace efforts. Recall, House leadership opted to use the unfinished FY17 reconciliation bill to pass the ACHA in an effort to prevent the legislation from being filibustered in the Senate. The Senate bill is currently being developed and, as discussed above, is awaiting a CBO score.

The FY18 budget reconciliation process has not started and the outlook for passing one is tied almost solely to the effort to address tax reform, also discussed above.

Debt Ceiling
Congress will need to pass an increase in federal borrowing authority sometime this year. Technically, the federal government has already reached the existing borrowing cap, but incoming tax receipts coupled with "extraordinary measures" the Treasury Department is able to employ, are taking the pressure of a need for an immediate increase.

The Administration is reportedly seeking an increase of $2 trillion and the conservative Freedoms Caucus
has signaled support for an increase of $1.5 trillion which would finance government spending until right after the 2018 mid-term elections. Secretary Mnuchin indicated recently that an increase would be needed in early September and is hopeful Congress can act before leaving for the August recess.

Significantly, Treasury has been taking the lead on the debt ceiling as opposed to OMB which could suggest the Administration’s support for a “clean” debt limit increase. A clean increase, though, would be a marked departure from the recent past where debt-ceiling negotiations have been used to set discretionary spending levels, to change mandatory programs like Medicaid, and enact mandatory cuts through sequestration.

Appropriations
This week, House and Senate leadership instructed appropriators to begin FY18 markups using the FY17 numbers as a baseline. This is a reflection on the lack of progress on the overall budget talks and the need to get the FY18 process moving. Both the House and Senate have said the MilCon-VA bills will be the first to move in both chambers – it is a relatively non-controversial bill that has been used in the past as the vehicles for continuing resolutions. Agreement must be reached on the budget caps between the House and Senate to avoid $3 billion in cuts to defense and $2 billion in domestic programs resulting from sequestration. Agreement may not be reached until late into FY17 and could result in the House and Senate simply “deeming” the ultimate numbers in the appropriations bills as the caps rather than adopting a budget agreement. This an ongoing process and will be the subject of negotiations and debate throughout the year.

County Legislative Positions

County Sponsored Legislation
SB 438 - Successor Guardians (Roth)
- 6/1/17 Referred to Coms. on HUM. S. and JUD.
SB 729 - Local Emergencies: Applications for State Assistance (Stone)
- 4/28/17 Failed Deadline pursuant to Rule 61(a)(2).
  (Last location was G.O. on 4/5/2017)(May be acted upon Jan 2018)
SB 804 - Public records (Morrell)
- 5/12/17 Failed Deadline pursuant to Rule 61(a)(3).
  (Last location was RLS. on 2/17/2017)(May be acted upon Jan 2018)

County Opposed Legislation
SB 249 - Off-Highway Motor Vehicle Recreation (Allen)
  Read first time. Held at Desk.
SB 649 - Wireless telecommunications facilities
- 6/1/17 In Assembly. Read first time. Held at Desk.
SCA 12 - Counties: Governing Body: County Executive (Mendoza)
- 5/10/17 Referred to Coms. on GOV. & F., E. & C.A., and APPR.
340B Drug Pricing
- The Administration is proposing statutory changes to end the use of contract pharmacies in the 340B program in Medi-Cal. Both houses rejected the Administration’s proposal, so it is not in the budget.

County Supported Legislation
AB 1 - Transportation Funding (Frazier)
- 1/19/17 Referred to Coms. on TRANS. and NAT. RES.
AB 205 - Medi-Cal: Medi-Cal managed care plans (Wood)
- 6/8/17 Referred to Com. on HEALTH.
AB 227 - CalWORKs: Educational Opportunity & Attainment Program (Mayes)
• 6/1/17 In Senate. Read first time. To Com. on RLS. for assignment.
AB 414 - Suspension and Allocation of Vacant Judgeships (Medina)
• 5/10/17 Referred to Com. on JUD.
AB 1164 - Foster Care Placement: Funding (Thurmond)
• 6/1/17 In Senate. Read first time. To Com. on RLS. for assignment.
AB 1200 - Aging and Disabilities Resource Connection program
• 6/1/17 In Senate. Read first time. To Com. on RLS. for assignment.
AB 1401 - Juveniles: protective custody warrant
• 6/1/17 Referred to Coms. on HUMAN S. and JUD.
SB 1 - Transportation Funding (Beall)
SB 37 - Local Government Finance: Property Tax Revenue Allocations: Vehicle License Fee Adjustments (Roth)
• 5/26/17 Failed Deadline pursuant to Rule 61(a)(5). (Last location was APPR. SUSPENSE FILE on 5/25/2017)(May be acted upon Jan 2018)
SB 39 - Suspension and Allocation of Judgeships (Roth)
• 5/26/17 Failed Deadline pursuant to Rule 61(a)(5). (Last location was APPR. SUSPENSE FILE on 5/25/2017)(May be acted upon Jan 2018)
SB 130 - Local Government Finance: Property Tax Revenue Allocations: Vehicle License Fee adjustments (Committee on Budget and Fiscal Review)
• 5/12/17 Chaptered by Secretary of State- Chapter 9, Statues of 2017
SB 132 - Budget Act of 2016 (Committee on Budget and Fiscal Review )
SB 171 - Medi-Cal: Medi-Cal managed care plans
• 6/8/17 Referred to Com. on HEALTH.
SB 362 - Department of Motor Vehicles: Records: Confidentiality (Galgiani)
• 5/26/17 Failed Deadline pursuant to Rule 61(a)(5). (Last location was APPR. SUSPENSE FILE on 5/25/2017)(May be acted upon Jan 2018)
SB 508 - Medi-Cal Dental Health (Roth)
• 4/28/17 Failed Deadline pursuant to Rule 61(a)(2). (Last location was HEALTH on 3/29/2017)(May be acted upon Jan 2018)
Budget Item 0250 –Trial Court Judgeship Reallocation
• Language is included in the public safety trailer bill to transfer two vacant judgeships from Santa Clara County to Riverside County.
Coordinated Care Initiative/In-Home Supportive Services Maintenance of Effort Unwind
• Under current law, about $600 million in In-Home Supportive Services (IHSS) costs would have been borne by county realignment funds next year. The May Revision substantially mitigated these increased costs and preserves counties’ ability to provide key safety net programs. The increased cost to the County is estimated to be $2 million for FY 17/18.

Impact on Residents and Businesses
The action presented should not affect residents or businesses within Riverside County.

ATTACHMENT A. Letters & Legislation – June 20
ATTACHMENT B. SB 90 - Public social services 1991 Realignment Legislation and IHSS Maintenance of Effort and collective bargaining – Trailer Bill

ATTACHMENT C. AB 103 - Public Safety Omnibus – Trailer Bill

ATTACHMENT D. AB115 - Transportation – Trailer bill