



TO: Legislative Committee
FROM: Brent R. Heberlee
DATE: February 16, 2018
RE: Federal Legislative Update

This memo provides a Federal Legislative Update on the items appearing on the agenda for the February 23, 2018, Legislative Committee meeting.

1. Federal Budget: Two-Year Budget Agreement and FY2019 Budget Proposal

Two-Year Budget Agreement

After a partial government shutdown that lasted through the early morning hours of February 8th, Congress passed a two-year budget agreement that allows an additional \$300 billion in spending for the next two years. The Bipartisan Budget Act also funds the government on a short-term basis until March 23rd, and suspends the federal debt limit until March 2019. The deal provides six weeks for Congress to complete an omnibus spending bill to fund the government for the remainder of FY2018.

The bill also provides \$84 billion in supplemental funding for hurricane and wildfire relief efforts. That would be about twice as much as the White House requested in November and would omit the administration's proposed spending offsets. The measure provides \$23.5 billion for FEMA's Disaster Relief Fund (DRF). FEMA typically covers 75 percent of the costs for DRF-funded projects. The measure would increase the federal share to 90 percent for debris removal projects following a 2017 wildfire disaster declaration, such as the October declaration for fires in Northern California. The president could also increase the federal share to as much as 85 percent for projects to mitigate damages from future disasters. The measure also provides \$28 billion in funds distributed to states and communities through HUD's Community Development Block Grant (CDBG) program. Those funds could be used for disaster relief, long-term recovery, infrastructure restoration, housing, and economic revitalization.

Federal funding for the Children's Health Insurance Program (CHIP) would be extended for four additional years, through FY2027. The last continuing resolution provided CHIP funding for FY2018 through FY2023. The bill provides community health centers with \$3.8 billion for fiscal 2018 and \$4 billion for 2019. Funding for the program was expected to run out in March. The bill also repeals payment cuts to disproportionate share hospitals (DSH) for FY2018 and FY2019, which are \$5 billion combined, and increases the reductions in FY2021 through FY2023 by a total of \$6 billion. The Affordable Care Act scheduled cuts to DSH payments starting in 2014 to account for anticipated increases in coverage under Medicaid and

private insurance. Congress had delayed the start of those reductions until FY2018, which began last Oct. 1st. Natividad Medical Center is a recipient of DSH payments.

President's FY2019 Budget Proposal

The Trump administration's \$4.4 trillion budget request for FY2019 seeks to slash spending on a wide range of priorities such as education, job training, infrastructure, housing assistance, and scientific research, even after caps on non-defense spending were raised in the aforementioned two-year budget agreement.

President Trump's budget proposes to cut the Supplemental Nutrition Assistance Program (SNAP, formerly food stamps) by more than \$213 billion over the next ten years — or by nearly 30 percent. It calls for radically restructuring the delivery of benefits, which would cut benefits for the overwhelming majority of households, and other benefit and eligibility changes that would leave at least 4 million people losing SNAP benefits altogether.

The budget cuts the Temporary Assistance for Needy Families (TANF) block grant and eliminates altogether the related TANF Contingency Fund. TANF provides funds to states for short-term income assistance, work programs, and other crucial supports for poor families with children. The budget also eliminates the Social Services Block Grant, which provides \$1.7 billion in flexible funding to states each year for services such as child care, day programs for seniors and people with disabilities, services for homeless individuals and families, and others. Taken together, these two proposals cut flexible human services funding by \$37.8 billion over the next decade.

The budget calls for the elimination of the Community Development Block Grant program, for which lawmakers just appropriated an additional \$28 billion for disaster relief assistance. It also seeks to eliminate the Transportation Investment Generating Economic Recovery (TIGER) grants, despite the administration calling for a boost in infrastructure funds. Surprisingly, the Department of Defense portion of the budget request does not call for a new round of Base Realignment and Closure (BRAC) as many had expected.

2. Immigration: Deferred Action for Childhood Arrivals (DACA) and Senate Debate

The Senate began an open-ended debate on immigration legislation on February 12th in an attempt to resolve the fate of the roughly 700,000 DACA recipients who will begin to face the risk of deportation after March 5th. On February 15th, the Senate voted as follows on four competing immigration proposals (60 votes needed for passage):

- Coons/McCain: provides path to citizenship for Dreamers and authorizes additional border security measures. Failed 52-47.
- Toomey: withholds federal grant funds from sanctuary cities. Failed 54-45.
- Bipartisan group of 16: provides path to citizenship for Dreamers (10-12 years); prohibits DACA beneficiaries from sponsoring their parents for citizenship; provides \$25 billion in border security funding over 10 years. Failed 54-45.

- Trump: provides path to citizenship for Dreamers (14 years); appropriates \$25 billion for border wall; limits family-sponsored immigration; ends diversity visa lottery. Failed 39-60.

On the morning of the votes, the White House issued a statement threatening to veto the bipartisan plan, effectively killing any chance for the proposal to reach the 60 vote threshold. With no immigration proposal receiving enough votes to pass the Senate, it is doubtful that Senate and House Republican leaders will make any further attempts to pass immigration reform legislation this year.

3. White House Infrastructure Proposal

President Trump recently released his long-awaited proposal to upgrade roads, airports and other public works. The 53-page document details how the Trump administration plans to stimulate at least \$1.5 trillion in new investment, shorten project permitting time to two years, invest in rural projects and improve worker training. The newest elements of the proposal include expanding the use of tax-exempt debt, letting states add tolls on interstates and making it easier to lease airports and other public assets.

The plan's premise is that the government would spend \$200 billion to spur states, localities and the private sector to raise the \$1.3 trillion balance. The federal figure includes:

- \$100 billion for an incentive program to attract non-federal funds, administered by the Department of Transportation, the Army Corps of Engineers and the EPA
- \$50 billion for rural infrastructure
- \$20 billion for innovative projects that transform infrastructure to be administered by the Commerce Department
- \$20 billion set aside to "advance major, complex infrastructure projects" by expanding existing federal credit programs, such as the Transportation Infrastructure Finance and Innovation Act, the Railroad Rehabilitation and Improvement Financing, the Water Infrastructure Finance and Innovation Act, the Rural Utilities Service lending program and Private Activity Bonds
- \$10 billion for a federal capital financing fund

Initial reaction to the plan was mixed, with business and industry groups praising the focus on improving infrastructure and pledging to work with Congress to enact a plan, and environmental groups and Democrats accusing the administration of trying to gut protections to benefit corporate interests and distract from a lack of federal investment.

4. National Association of Counties (NACo) Legislative Conference: discuss issues and meetings

Meetings have been scheduled on the afternoon of Tuesday, March 6th, with the offices of Rep. Jimmy Panetta, Senator Dianne Feinstein, and Senator Kamala Harris. Tentative topics for discussion include immigration policy, including DOJ actions against sanctuary jurisdictions,

recent changes to DOJ's marijuana enforcement policy, and federal disaster assistance, especially concerns with the FEMA reimbursement process.

Attachments:

- Federal Bill/Issues Track
- Draft Issue Paper – Cannabis Banking
- Draft Issue Paper -- Immigration