



TO: Nick Chiulos, Annette D'Adamo
FROM: Brent R. Heberlee
DATE: March 9, 2017
RE: Federal Legislative Update

This memo provides a Federal Legislative Update on the items appearing on the agenda for the March 13, 2017, Legislative Committee meeting.

A. Meetings in DC with the Offices of Rep. Panetta, Senator Feinstein, and Senator Harris

On February 28th and March 1st, Nick Chiulos and I met with staff from the offices of Senators Feinstein and Harris and Congressman Panetta. Carol Adams with Natividad Medical Center, Elsa Jimenez with the Health Department, and Eric Lauritzen – Agricultural Commissioner joined us for the meeting in Rep. Panetta's office.

Our discussion in each office focused on four issues – repeal of the Affordable Care Act (ACA), the impacts to County infrastructure/communities caused by the Soberanes Fire and recent winter storms, immigration, and the need for banking services for the cannabis industry. Our meeting with Rep. Panetta's staff lasted nearly an hour, with Carol and Elsa leading an in-depth discussion of the benefits of the Affordable Care Act and Med-Cal expansion for county residents. Nick Chiulos led the discussion of the fiscal and logistical challenges presented by the winter storms, especially the current situation in Big Sur. We will be following up with Rep. Panetta's staff to provide them with additional information related to the local impacts of repealing the ACA and the cost of road repairs caused by the winter storms.

Senator Feinstein's staff offered to support our requests for federal disaster assistance and suggested that we work with her DC and San Francisco offices on the request. Senator Harris's office made a similar offer of assistance.

Each of the three offices is aligned with the County's position on the immigration executive orders.

B. Administration/Executive Orders

President Trump issued a new immigration executive order on March 6th that imposes a travel and refugee ban and that expressly revokes the January 27th Order with the same title. The previous Order had been suspended by a federal district court and the Ninth Circuit Court of Appeals since February 9th.

The new Order prohibits entry into the U.S. by immigrants and visitors from six predominantly Muslim countries without requiring any individualized determination based on specific intelligence that the individuals are a security risk. The order bans immigrant and nonimmigrant entries for nationals of Syria, Iran, Libya, Somalia, Sudan, and Yemen for at least 90 days. Some categorical exceptions and case-by-case waivers could be applied to nationals of these 6 countries. Iraq, which was included in the first order, is not included in the new Order, although Iraqi nationals will be subjected to additional scrutiny.

The Order exempts certain categories of people, including lawful permanent residents and dual nationals traveling on a passport from a country that is not one of the six designated countries. In addition, the new Order suspends refugee resettlement to the United States for 120 days and drastically reduces the number of refugees that the US Refugee Assistance Program (USRAP) will resettle in FY2017 from 110,000 to 50,000. Syrian refugees are no longer indefinitely banned under the new order, though they are subject to the 120-day suspension of the refugee program. The new Order no longer gives preference to individuals facing religious persecution who practice minority religions in their country of nationality. Despite the minor changes made in the new Order, it will have devastating consequences for the USRAP.

C. Federal Budget

President Trump is expected to release a scaled-down version of his FY2018 budget request to Congress on March 16th and a full, detailed budget in May. The White House recently sent guidance to federal agencies that calls for a \$54 billion increase in defense spending and corresponding reductions in domestic programs. The Trump Administration has not said specifically from where the cuts to domestic programs would come, but they have said the budget request will not touch entitlement programs or other mandatory spending, which makes up about two-thirds of federal spending each year.

Recent press reports based on leaked agency budget documents indicate that funding for environmental, education, labor, health, and foreign aid programs are slated for massive cuts. The Trump Administration is reportedly hoping to slash EPA's budget by 24%, resulting in a \$2 billion cut and a reduction in the agency's workforce from 15,000 to 12,000 employees. At the Department of Homeland Security, draft budget plans reveal 11% cuts to FEMA and TSA and a 14% cut to the Coast Guard. Much of the budget savings from these agencies would go to building the wall on the U.S.-Mexico border and funding additional "immigration detention beds" for ICE and additional Border Patrol agents. NOAA is reportedly in line for a 17% cut, which would include the elimination of funding for a variety of grant programs involving coastal management, estuary reserves, and coastal resilience, which seeks to bolster the ability of coastal areas to withstand major storms and rising seas.

House and Senate appropriators, both Republicans and Democrats, have begun to push back on the level of proposed cuts being reported by the press.

D. Legislative Updates

1. Affordable Care Act (ACA) Repeal/Reform – American Health Care Act proposal

On March 6th, House Republicans released the American Health Care Act, which is actually two legislative proposals to repeal and replace the ACA. On March 8th, the House Energy and Commerce and Ways and Means Committees began consideration of their respective bills, with committee Democrats employing a variety of tactics to delay the legislation from advancing. The House Budget Committee is expected to combine and approve the two proposals next week in anticipation of a vote on the House floor early next month.

The American Health Care Act would repeal many provisions of the ACA and likely reduce coverage and increase costs for many people who currently have health insurance. The Congressional Budget Office, which will provide the House with an estimate of how many people would be covered by the new proposal, has not completed its analysis of the legislation. The House bill would undo the ACA's expansion of Medicaid, which has led to an additional 3.7 million Californians receiving coverage under the Medi-Cal program. The bill would replace the ACA's insurance subsidies with a tax credit, which starts at \$2,000 for young people and rises up to \$4,000 for those in their 50s and 60s. The bill does away with the individual mandate to have insurance and replaces it with an incentive to maintain "continuous coverage." The bill allows insurers to charge older people five times as much for premiums. Most of the ACA's tax increases on the wealthy would be repealed.

The House bill is not without controversy within the ranks of the House Republican caucus and amongst Senate Republicans. A number of very conservative House Republicans have come out against the bill, as have ultraconservative outside groups that are influential with certain segments of the Republican Party. These members and groups feel the House bill does not go far enough in repealing all aspects of the ACA. Conversely, several moderate Republicans in the Senate, whose states have benefitted from the ACA's Medicaid expansion, have expressed concern over the House bill. With almost no Democrats expected to support the House bill, Speaker Ryan cannot afford to lose many of his Republican colleagues when the bill comes to the House floor for a vote in early April.

2. Municipal Bonds

The County has requested Rep. Panetta's support for a letter circulating in the House that urges the members of the tax writing committee to maintain the current tax-exempt status of municipal bonds when they consider tax reform legislation later this year.

3. Reforming the Base Realignment and Closure (BRAC) process

Rep. Panetta has cosponsored legislation to revamp the Base Realignment and Closure (BRAC) process. Former Rep. Sam Farr cosponsored similar legislation in the last Congress.

The Military Infrastructure Consolidation and Efficiency Act of 2017 (H.R. 753) would authorize a process for DOD to develop recommendations for consolidating, closing, and realigning military infrastructure. Those recommendations would be reviewed by an independent commission whose members are appointed by the President and confirmed by the Senate. If the President agrees with the independent commission's final recommendations, Congress would then have the final word with an up-or-down vote. The bill also contains numerous improvements to the BRAC process, introducing reforms that address complaints about the 2005 BRAC round by providing for increased Congressional oversight, an emphasis on recommendations that generate savings, better controls on cost growth, a stronger independent commission, and expedited completion of recommendations.

Importantly for Monterey County, the bill establishes criteria that value professional military education as importantly as any other military training as part of the infrastructure review process. Congress may consider legislation authorizing a new BRAC round later this year as part of the National Defense Authorization Act.