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From: Lara DeLaney
Sent: Thursday, April 27, 2017 5:45 PM
Subject: Federal Issues Update

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April 27, 2017

Omnibus Budget Bill

With a little over 24 hours remaining before the expiration of federal spending authority, congressional appropriators had not yet released the text of a massive omnibus budget bill that will be needed to keep the federal government operating through the end of the federal fiscal year. The package – which will contain line-by-line spending for 11 of the 12 unfinished fiscal-year 2017 appropriations measures – also is expected to include supplemental funding for defense programs and various border security measures.

As of this writing, appropriators were reportedly still negotiating the final details of the budget bill, though it was unclear when a finished product would be made public. In the meantime, congressional leaders have filed a seven-day stopgap spending measure to ensure that there is no lapse in federal spending, which is slated to terminate at midnight on Friday.

It should be noted that there had been much speculation this spring about a potential government shutdown due in large part to ongoing disagreements over funding for the administration's proposed border wall. Faced with the seemingly inevitable prospect of a Senate filibuster if the fiscal year 2017 spending package included funding for the wall, President Trump ultimately relented on his demands that Congress address the issue as part of the current-year budget, thus likely quelling the possibility of a federal shutdown.

House Republicans Attempt to Revive ACA Repeal Effort

The conservative House Freedom Caucus, which helped derail the GOP's effort to repeal the *Affordable Care Act* (ACA), has formally endorsed a revised health measure, reviving efforts to overhaul the current system. The proposed new language would give states wide latitude in allowing health insurers to sell plans that do not contain all of the essential health benefits required of ACA plans. Those benefits include maternity care, as well as mental health and prescription drug benefits.

A second amendment would allow states to approve insurance plans that charge higher premiums for those with chronic and costly conditions, such as cancer. The plan also proposes to create a high-risk pool to help pay for sicker individuals. However, it should be noted that high-risk pools have been woefully underfunded in the past, and there are significant concerns that these changes will negatively impact access to care for individuals with preexisting conditions.

Aside from the new language endorsed by the Freedom Caucus, the underlying bill would remain in place, including the proposed elimination of the Medi-Cal expansion in 2020. In addition, the GOP health care bill would place a per-capita cap on federal Medicaid spending and institute a number of other changes that would make it harder to enroll and maintain individuals on Medi-Cal. Consequently, if enacted, the legislation would shift tens of billions of dollars in costs to counties in California. Furthermore, the Congressional Budget Office has not yet had the opportunity to analyze the potential effect of the new language on the federal budget, nor have they had the time to study the impact these changes will have on the uninsured rate.

Earlier today, CSAC – along with the California Welfare Directors Association and other California county interests – sent a joint letter of opposition to members of the California congressional delegation.

As of this writing, it remains unclear whether the revised bill has enough support within the Republican conference to successfully pass the House. Democrats are still very much opposed to the legislation, and the moderate wing of the GOP party is largely undecided, although weakening protections for those with pre-existing conditions could move some moderates even further away from the bill. If GOP leaders are confident they have the requisite support, a vote could be scheduled in the House as early as Friday.

Trump Releases Tax Reform Plan

President Trump released this week the broad parameters of what would amount to a dramatic overhaul of the U.S. tax code. Among other things, the reform plan – which is embodied in a single page outline – would whittle the current seven income-tax brackets down to three, reduce the 35 percent corporate income tax to 15 percent, and eliminate a number of major taxes currently on the books. The goal of the plan, according to administration officials, is to implement a series of large, accelerated tax cuts in an effort to create economic growth and jobs.

Of particular interest to states and local governments, the Trump plan would eliminate the federal deduction for state and local income taxes (SALT). The proposed abolishment of the SALT deduction would disproportionately impact states with higher tax rates, particularly California, New York, and several other states. According to estimates, eliminating the SALT deduction would result in an additional $1.3 trillion in federal revenue over the 10-year period from 2017 to 2026, which would help offset, in part, some of the proposed tax cuts in the Trump proposal.

Looking ahead, it remains to be seen how tax reform efforts will proceed on Capitol Hill, where key authorizing committees will be responsible for drafting a tax overhaul bill. While the Trump plan was generally warmly received by congressional Republicans, many key Democrats were immediately dismissive of the proposal, vowing to fight the plan throughout the legislative process. Hearings on the Trump proposal are expected to take place in both the House and Senate in the coming weeks.

Sanctuary Jurisdictions

Earlier this week, a U.S. District Court Judge in San Francisco handed down a ruling that temporarily blocks the Trump administration's efforts to cut off federal funding to so-called "sanctuary jurisdictions." The preliminary injunction was issued in response to two lawsuits – one brought by the City and County of San Francisco and the other by Santa Clara County – challenging a particular section of the president's executive order entitled "Enhancing Public Safety in the Interior of the United States." Embodied in the order are instructions to the Departments of Justice and Homeland Security (DOJ & DHS) to withhold federal funding from jurisdictions that are not in compliance with provisions of federal law that prohibit government officials from restricting the maintenance or intergovernmental exchange of information regarding an individual's immigration status (8 U.S.C. § 1373).

It should be noted that while the Court's injunction halts the threat of the administration withholding wholesale federal funding from noncompliant jurisdictions, it appears that agencies would be allowed to restrict certain grant dollars, namely those that bear a meaningful relationship to immigration enforcement. For its part, DOJ responded to the ruling by indicating that it will continue to move forward with its planned enforcement actions, which the Department believes is within the scope of current law.

Prior to the District Court ruling, DOJ sent correspondence to nine jurisdictions that were identified in a May 2016 Inspector General report as having laws that potentially violate Section 1373. The letter instructs the jurisdictions – one of which is the California Board of State and Community Corrections – to furnish documentation validating that they are in compliance with the aforementioned statute. According to DOJ, failure to comply with the statutory condition could result in withholding of federal grant funding, specifically fiscal year 2016 Byrne/JAG funds, but also potentially "future OJP grants or subgrants."

Trump Directs Interior Secretary to Review National Monuments

On Wednesday, President Trump signed an Executive Order directing the Interior Department to evaluate recent national monument designations. Specifically, the Order requires Interior Secretary Ryan Zinke to review all monument designations of at least 100,000 acres dating back to January 1, 1996. Among other considerations, the secretary will analyze the level of public and official opposition to the current designations. Zinke will have 120 days to complete the review and provide recommendations to the president on whether the monuments should be modified, or possibly rescinded altogether.

At least two dozen monuments nationwide would fall within the criteria identified in the Order, including eight monuments in California: Berryessa Snow Mountain, Giant Sequoia, Cascade-Siskiyou, Carrizo Plain, San Gabriel Mountains, Santa Rosa and San Jacinto Mountains, Sand to Snow, and Mojave Trails.

It should be noted that the Trump administration would face an uphill battle if they do seek to roll back existing designations. For starters, no president has ever revoked a predecessor's action to create a monument under the *Antiquities Act*. Moreover, while the Act grants authority to a president to create monuments, it does not provide explicit authority to abolish them. Therefore, if the administration does attempt to modify an existing monument, it will no doubt be challenged in court. However, congressional Republicans could look to use the legislative process to overturn the designations.

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