AGENDA ITEM # 6

SUBJECT: STATE AND FEDERAL UPDATE

RECOMMENDATION: Accept Report

STATE REPORT
Update on County-Sponsored Legislation

SB 605 (Alquist) --- Funding for Coordination and Oversight of Domestic Violence Prevention Activities.

As introduced, SB 605 would authorize the Santa Clara County Board of Supervisors to increase the fee for marriage licenses and certified copies of marriage certificates, birth certificates, death records and fetal death records by up to $2 for oversight and coordination of domestic violence prevention, intervention and prosecution efforts. In order to address concerns expressed by the domestic violence shelter and services community about the inclusion of marriage licenses in the legislation, SB 605 will be amended to remove marriage licenses and increase the amount of the fee authorized for the other vital records from up to $2 to up to $4 at the discretion of the Board. As proposed to be amended, SB 605 will mirror the provisions of current law applicable to Contra Costa County. On a related note, Assemblymember Mark DeSaulnier has introduced AB 1275, which would extend to any county the fee authority that Contra Costa now has for purposes of oversight and coordination of domestic violence prevention activities.

SB 605 is scheduled to be heard before the Senate Local Government Committee on Wednesday, May 9th.

AB 1149 (Beall) --- Financing for Hospital Seismic Safety Compliance and Modernization.

AB 1149 was amended on March 27th to limit its application to a discreet group of level I trauma centers located in seismic zone 4, which includes Valley Medical Center. This legislation would make qualifying trauma centers eligible for supplemental Medi-Cal reimbursement for debt service on revenue bonds used for financing the construction, renovation, or replacement of trauma center facilities, including buildings and fixed equipment. Eligible projects shall include new capital projects funded by new debt for which final plans have been submitted to the Office of the State Architect (OSA) and the Office of Statewide Health Planning and Development (OSHPD) after January 1, 2007, and prior to December 31, 2011.

The Assembly Health Committee approved AB 1149 at its committee hearing on April 10th. The bill has been referred to the Assembly Appropriations Committee.

Other Legislation Supported by the County

SB 113 (Calderon) --- February Presidential Primary Election
On March 15th, the Governor signed SB 113 to move the presidential primary election from June to February beginning in 2008. In his signing message, Governor Schwarzenegger acknowledged the fiscal impact on counties resulting from a new, stand-alone election with the following statement: “...a separate presidential primary election does not come without costs to California counties. As such, I am signing this measure with the understanding that the Legislature will reimburse counties for the costs of the presidential primary as soon as possible.” Realistically, it is doubtful that any reimbursement from the State will be forthcoming prior to the beginning of the 2008-09 fiscal year. A more likely scenario would have the reimbursement funding included in the State’s 2008-09 budget, which means the counties wouldn’t receive the money until after July 1, 2008 assuming an on-time budget.

**SB 119 (Cedillo) --- Medi-Cal Drug and Alcohol Treatment for Minors**

On March 14th, the Senate Health Committee, on an 8-3 vote, approved SB 119 to establish a Drug Medi-Cal component for persons aged 12 to 20 years old with specified treatment services to be provided, including residential treatment, family counseling, aftercare services and case management. The bill is currently pending before the Senate Appropriations Committee, which will hear the measure on April 16th, at which time it will be referred to the Committee’s Suspense File for later consideration.

**AB 12 (Beall) --- Adult Health Coverage Expansion Program: Santa Clara County**

On March 22nd, AB 12 was amended to authorize the creation of the Adult Health Coverage Expansion Program as a pilot program in Santa Clara County only, to be administered by the county or local initiative, if the county elects to participate. The program would provide health care coverage to eligible employees of a small business that participates in the program, not to exceed 5,000 employees in the county. For purposes of this program, small business is defined as an entity that has 50 or less employees, with at least 35 percent of the employees earning less that 300 percent of the federal poverty level, and that has not offered health care coverage to its employees for, at minimum, 12 consecutive months. Health care services provided through the program shall be comprehensive and shall include inpatient and outpatient services, emergency care and prescription medications. The bill establishes limits on employer and employee contributions and provides for a state contribution of $50 per employee per month, subject to an annual appropriation being included in the state budget.

The Assembly Health Committee approved AB 12 at its committee hearing on April 12th. The bill has been referred to the Assembly Appropriations Committee.

**AB 83 (Lieber) --- Property Tax Administration**

On March 28th, the Assembly Local Government unanimously approved AB 83 (Lieber) and referred it to the Assembly Appropriations Committee. This measure, sponsored by the California Assessors’ Association, would establish the State-County Property Assessment and Revenue for Education Funding Program (PARE) to assist counties in funding property tax administration systems. AB 83 was amended to include the provisions on which the County’s
support was predicated as well as to remove the urgency clause, which means that, if enacted and funded, it would not become effective until January 1, 2008.

Consideration by the Assembly Appropriations Committee has not yet been scheduled.

**Corrections Reform**

The Governor’s Office and legislative leaders appear to be close to agreement on a conceptual outline of a corrections reform proposal based on the Sheriff’s Association proposal. The State will increase the number of new prisoner beds by 48,000 by adding 16,000 new State prison beds, 16,000 local level beds in county jails, and 16,000 re-entry facility beds. Counties will not be required to provide the additional local jail beds. Rather counties will have the option to apply for State funding to construct facilities to increase their local jail bed capacity. A 25% local match will be required to obtain construction funds from the State. Counties that agree to locate re-entry facilities in their county will receive a higher priority to obtain jail construction funds.

The proposal to require counties to house offenders for up to three years in local facilities has been abandoned. Also, the proposal to establish a Sentencing Commission will continue to be explored separately from the State’s corrections reform efforts.

Although there is agreement on the outline of conceptual plan, proposal specifics may not be released or announced for several weeks since the details and mechanics of the proposal need to be addressed. An ancillary issue is the resolution of a labor contract between the State and the State Correctional Peace Officers Association.

**Health Care Reform**

There is no update on the Governor’s Health Care Reform plans. However, both Senator Perata and Assemblymember Nuñez have introduced their own bills on health care reform. Senator Perata’s bill, SB 48, is set for a hearing in the Senate Health Committee on April 25th while Assemblymember Nuñez’s bill, AB 8, will be heard by the Assembly Health Committee on April 24th. Unlike the Governor’s proposal, neither bill proposes to take funds from counties to pay for expanded health care.

**FEDERAL REPORT**

Two issues have dominated the Congressional agenda during the month of March—the supplemental appropriations bill and the Fiscal Year (FY) 2008 Budget Resolution. Both were ultimately approved by the House and Senate, largely along party-line votes. The $123.4 billion supplemental appropriations bill passed the House by a vote of 218-212 and the Budget Resolution by a vote of 216-210. The Senate adopted the Budget Resolution on a vote of 50-48 and the $123.2 billion supplemental appropriations bill on a vote of 51-47. The President has threatened to veto both the House and Senate passed supplemental appropriations bill.

While debate on the supplemental appropriations bill in both the House and Senate was dominated by heated arguments over Iraq and the withdrawal of U. S. troops, the legislation
contains other important provisions. One provision would provide $750 million to the 14 states that have expended, or will soon deplete, their SCHIP funds. Originally, the House bill funded a portion of this provision by eliminating the unused reserve that was created to reimburse hospitals for the treatment of immigrants. Following intense lobbying by representatives of Counties, including BKSH & Associates, and the hospital industry, the entire $750 million was funded as an “emergency” and the reserve remains intact.

The Senate bill includes a provision that was added in Committee by Senator Dick Durbin (D-ILL) that would bar for two years the Centers for Medicare and Medicaid Services (CMS) from implementing the recently proposed Medicaid regulation that would deprive the County of $32 million. Senator Charles Grassley (R-IA), senior Republican on the Finance Committee, offered an amendment on the Senate floor to strike the provision but withdrew it without asking for a vote. He threatened to continue his opposition to the Durbin provision in the House-Senate conference on the bill.

The Budget Resolutions approved by the Senate and House rejected the President’s proposed reductions in Medicare and Medicaid and authorized more than $20 billion in additional spending for domestic programs, while endorsing his funding request for the Department of Defense. The Resolutions also ignored the President’s proposal to reduce SCHIP funding next year and then provide a $5 billion increase over 5 years. Instead, the Resolutions allow for a $50 billion expansion of the SCHIP program over five years; however, the increase would have to be offset by either additional revenue or reductions in other programs. Both the House and Senate are considering a substantial increase in the tobacco tax to fund the expansion. Also, both Resolutions, allow for Congressional approval of legislation to avoid the reduction in Medicare reimbursement for physicians that is scheduled to become effective on January 1, 2008. Any such legislation would have to be “paid for” under the new House and Senate rules.

Both the supplemental appropriations bill and the budget resolution move to House-Senate conferences which should be completed shortly after the House and Senate return from the Easter recess. Since the budget resolution does not have the force of law, it is not submitted to the President for his signature and is not subject to a veto.

On February 14, 2007, staff released a Request for Proposals (RFP) for the provision of federal advocacy services. The agreement with the current provider ends on June 30, 2007; the County Executive has delegated authority to extend the agreement for three additional one-year terms. However, since the County has contracted with the provider for over eight years, staff decided to initiate a new competitive bidding process.

The County has received three responses to the RFP and interviews with the proposers are scheduled for the end of May and beginning of June. Since the selection process and subsequent contract negotiations may not be completed until after June 30, 2007, staff intends to execute an amendment to extend the current agreement through September 30, 2007, which coincides with the end of the Federal Fiscal Year.

The Legislative Committee accepted the report.