
POTOMAC PARTNERS DC

To: Josh Candelaria
County Administrative Office
County of San Bernardino

Date: November 2, 2012

Re: Legislative Report

This memorandum provides a summary of federal policy and advocacy activity on behalf of San Bernardino County during the month of October. Specifically included in this report is the following:

1. Summary of Advocacy Meetings on behalf of the County
2. Post Election Agenda
3. Workforce Investment Act Legislation Update
4. WRDA Update

Summary of Advocacy Meetings on behalf of the County

Congressman Miller's (R-CA) Staff – PPDC met with Congressman Miller's staff to discuss the agenda for the House Financial Services Committee after the elections. We also discussed the implementation of MAP-21 and ways to increase economic development in the County through "goods movement" initiatives that may be included in the next Highway Bill.

Congressman Baca's (D-CA) Staff – PPDC met with Congressman Baca's staff to discuss opportunities to address the County's mortgage foreclosure rates and public housing reform in the Financial Services Committee after the election and into the 113th Congress. We also discussed the possibility of the National Defense Authorization Act of 2013 going to conference with the Senate.

Congressman Royce (R-CA) Staff – PPDC met with Congressman Royce's staff to discuss ways to incentivize economic development in the County through goods movement funding. We also discussed the next steps for the remaining six-months of FY13 funding, and priority projects for the County.

Congressman Calvert's (R-CA) Staff – PPDC met with Congressman Calvert's staff to discuss opportunities for goods movement funding to be employed in the County. We also discussed the County's priorities in the FY13 appropriations process.

Congressman Issa's (R-CA) Staff – PPDC met with the Chairman of the House Committee on Oversight and Investigations' staff to discuss the implementation of MAP-21. We also discussed opportunities to reinstate the practice of congressionally directed funding in the appropriations process.

Congressman Shuster's (R-PA) Staff – Congressman Shuster will likely be the Chairman of the House Transportation & Infrastructure Committee for the 113th Congress. PPDC met with the Congressman's chief of staff to discuss the implementation of MAP-21 and the next Highway Bill process. We also discussed the strategy for WRDA legislation and the possibility of including authorization of "Member projects."

Congressman Latham's (R-IA) Staff – PPDC met with the THUD Chairman's appropriations staff discuss the next steps for the appropriations process for the remaining six-months of FY13. It is likely that Congress will begin developing a strategy for moving forward legislation during the lame duck session of Congress.

House Education & Workforce Committee – PPDC spoke with the senior staff of workforce development to discuss the next steps for WIA authorization legislation in the House and Senate.

Financial Services Housing Staff and Staff Director – PPDC followed up with the Authorizing committee in the House to discuss their agenda for the remainder of the year in regards to public housing reform.

Senate Environment and Public Works (EPW) Committee - PPDC met with the Senate EPW staff to discuss the implementation of MAP-21, and the next steps for transportation funding, and their strategy for a WRDA bill in the coming months.

Post Election Agenda

During the month of October, Congress was in recess. While no official action was taken, congressional staff were preparing for issues that may be addressed during the lame duck session of Congress. A summary of those issues that Congress may address include the following:

- **Public debt ceiling increase** – An increase in the debt ceiling will not be needed until early in 2013, but it is likely Congress will attempt to formulate a compromise during a lame duck session, where it could likely be tied to a range of other issues that need to pass before the year's end.
- **Unemployment insurance benefits extension** – Set to expire December 31st, Congress has extended unemployment insurance benefits four times and the last payable day to receive benefits is December 29th, as determined by the last extension.
- **Expiration of the Medicare SGR “doc fix”** – Unless Congress acts before January 1st doctors treating Medicare patients will receive on average a 27% reduction in Medicare reimbursements. Both House and Senate Republicans have indicated a desire to postpone this decrease, and will likely tie the issue to tax extenders deal.
- **New Affordable Care Act tax increase** - Under current law, the government charges a tax of 2.9% on wages and self-employment income for Medicare programs. Starting in 2013 the rate will raise to 3.8% for single filers who have earnings of more than \$200,000, and joint filers making over \$250,000. House leadership would like to address the issue at some point before the end of the year.
- **Remaining FY 13 appropriations** - The 2013 fiscal year began on October 1st. Current funding levels are being continued at the FY12 levels through a Continuing Resolution (P.L. 112-175) that will expire on March 27, 2013. Although Congress has six-months to enact the next appropriations measure, leadership would like to begin addressing the issue during the lame duck session. It is unclear how leadership will proceed with funding the remaining six-months of FY13. It is possible that a string of CRs will be enacted or the individual FY13 bills will be considered and passed in an omnibus package. In either scenario PPDC has begun to meet with House and Senate Appropriations staff as well as the County's delegation staff to discuss the County's priorities in FY13.
- **Sequestration** - Congress has yet to introduce a plan to address the sequester set to take effect on January 2, 2013. Congressional leaders do not want to resort to across the board cuts of 10% from discretionary defense spending and 7.8% from non-defense discretionary spending. We are working with those leaders to develop a strategy that preserves funding for programs of significance to the County. Some of these strategies

include a more targeted approach to cutting programs that are redundant, or possibly through phased in cuts to programs.

- **National Defense Authorization Act of 2013** – The House passed its version on May 18th. According to the Senate Armed Services Committee Senate leadership intends to bring the Senate bill up for a vote once Congress returns for the lame duck. The committee also said the House and Senate Committee staffs are currently working to iron out any issues leading up to a conference before the end of the year, but could encounter delays that push this legislation to 2013.

Workforce Investment Act Legislation Update

The Senate Republicans have expressed some interest to take up WIA authorization legislation. However, some of the leading to include Senators Lamar Alexander (TN), Richard Burr (NC), Tom Coburn (OK) and Orrin Hatch (UT) have suggested they would like to consider drastic cuts and reforms to WIA. For example, those Senators indicated a willingness to include policy that could turn WIA funding into a block grant program to the states. It is unlikely that such legislation will make it through a Democrat controlled Senate. PPDC will continue to advocate for robust WIA funding and policy that allows for local control.

PPDC also spoke with the House Education and Workforce Committee to discuss the next steps for the House's WIA authorization. We were told that the House would not support legislation that the Republican Senators have proposed. The House will continue its plan to reintroduce a compromise version of the Republican Workforce Investment Improvement Act of 2012 (H.R. 4297) and the Democrat's Workforce Investment Act of 2012 (H.R. 4227) early next year. We will continue to work with the Committee demonstrate to the success of WIA funds in the County and work to include language that rewards high performing Workforce Investment Boards and partnerships with local public housing agencies and veterans centers.

Water Resources Development Act (WRDA) Update

PPDC met with the House Transportation & Infrastructure Committee who indicated that they are beginning to develop a strategy for the next WRDA bill. The Committee, however, does not intend to introduce a WRDA bill during the lame duck. The Senate EPW Committee has suggested that they will be moving forward with WRDA draft legislation during the lame duck with the understanding they will likely have to wait until 2013 to begin the bi-cameral negotiations with the House.

PPDC will continue to monitor the development of WRDA, and will be working with the House and Senate Committees to determine the best strategy for maximizing funding for the County's priority projects.