

MEMORANDUM

To: Mayor Libby Schaaf
Council President Lynette Gibson McElhaney and Members of the City Council

From: Townsend Public Affairs, Inc.

Date: April 6, 2016

Subject: Ongoing update of the 2016-2017 State & Federal Budgets

The purpose of this memo from Townsend Public Affairs, Inc. (TPA) is to provide the City of Oakland with updates regarding Governor Brown's Proposed Budget for 2016-17, released on January 7, 2016, and President Obama's Budget, released on February 9, 2016.

State

With the Legislature resuming from Spring Recess, both the Senate and the Assembly have scheduled weekly budget subcommittee hearings leading up to the May Budget Revise. In May the Governor will release his revised budget proposal for the coming fiscal year. The Legislature will then hold a series of hearings after the "May Revise" to finalize the State Budget. Per the State Constitution, Legislature is required to approve a budget bill for the Governor's consideration by June 15, which would take effect July 1, 2016. As such, TPA is tracking the following Senate and Assembly hearings that may prove relevant to the city's fiscal and policy interests. Below is a listing of hearings, both recently held and scheduled over the coming weeks:

Recent and Upcoming Senate Hearings

Recent Subcommittee Hearings	Upcoming Subcommittee Hearings
<ul style="list-style-type: none"> • Department of Education and Commission on Teacher Credentialing • The Governor's Office of Business & Economic Development and other Departments • Forestry, Firefighting and Climate Change • Health and Human Services Agency/CalHEERS • Career Technical Education and Proposition 39 Clean Energy Funds • Department of Alcoholic Beverage Control • Medical Marijuana • Housing and Community Development • Department of Corrections and Rehabilitation 	<ul style="list-style-type: none"> • Water, Drought, Delta Conveyance and Flood Management • Developmental Disabilities and Department of Developmental Services • Funding Environmental Clean-up • Board of State and Community Corrections • Child Care and Early Learning • The Transportation Agency • The California Transportation Commission • The Department of Transportation • The Department of California Highway Patrol

Recent and Upcoming Assembly Hearings

Recent Subcommittee Hearings	Upcoming Subcommittee Hearings
<ul style="list-style-type: none"> • Mental Health Services • Foster Care system • CalWORKS • CalFRESH • Immigration Services • Department of Education/Local Control Funding Formula • Student Aid Commission • Cal EPA • Cal Recycle • Department of Toxic Substance Control • Seismic Safety 	<ul style="list-style-type: none"> • Child Welfare Services (CWS) and Foster Care • High Speed Rail • Office of Emergency Services • And other topics

TPA will closely monitor each subcommittee and track potential fiscal impacts and funding opportunities that result from these hearings. Additionally, an ongoing focus for TPA is seismic safety. Working closely with Council Member Kalb and the Mayor's office, we are an integral part of a coalition working to create a revenue source for seismic safety upgrades. In the event of an earthquake, these seismic safety measures can help reduce the loss of property, mitigate damage, and ensure a cost savings for the city and its residents.

Legislative Update

Below is a status summary of new bills being tracked that may have fiscal implications for the city:

- **AB 2501 (Bloom) Housing: Density Bonuses**

The bill, while trying to encourage the construction of additional affordable housing, will restrict the ability of local government to impose additional requirements on developers to indicate the project's feasibility (such as reports or feasibility studies) when applying for a density bonus.

- **SB 1000 (Leyva) Land Use: General Plans: Environmental Justice**

This bill would amend the Planning and Zoning law to require municipalities to include an environmental justice element in their general plan, which would require the identification of disadvantaged communities and a strategy to engage these communities and address health risks.

- **AB 1707 (Linder) Public Records: Response to Request**

This bill has been amended so that municipalities don't need to disclose full document names for confidential materials withheld during a Public Records Act request, which could have inadvertently revealed confidential information. The bill could still be problematic given the amount of staff time being used to respond to requests in the updated format.

- **AB 1982 (Bloom) Green House Gas Reduction Fund: Traffic Light Synchronization**

This bill would deem Traffic Light synchronization an acceptable use of Cap and Trade money for cities, as long as the speed of traffic would be regulated between 12 and 15 mph.

Federal

Citing the \$1.07 trillion dollar Bipartisan Budget Act passed late last year, House Appropriations Committee Chairman Hal Rogers (R-KY) is moving forward with the appropriations process. Last week, the first of 12 annual spending bills was given a small increase in spending and easily passed the Appropriations Subcommittee on Military Construction and Veterans Affairs. While they were in favor of the bill, Democrats noted that increases to spending bills this early in the process could short-change allocations for bills further down the line.

Appropriations Bill	Highlights
Military Construction & Veterans Affairs	<ul style="list-style-type: none"> • \$164 million for suicide prevention • \$7.2 billion for homeless veterans treatment, service, housing, and job training • Prohibits closure of the U.S. military prison at Guantánamo Bay, Cuba, and also bans the use of federal funds to house detainees in any U.S. facility.

Appropriations Committee members and cardinals (e.g. the chairman of the various subcommittees) used the Easter recess to write appropriations bills that conform to the spending caps contained in the Act. Chairman Rogers emphasized that his goal is to have all of the subcommittee bills “ready to go” so that they can be acted upon as quickly as possible following a budget deal and/or deeming resolution. Expect the House to continue with subcommittee markups, and possibly a full committee markup of the Military Construction & Veterans Affairs bill. The Senate is also expected to begin subcommittee markups, using the Bipartisan Budget Act as their guide for topline spending levels. TPA will continue to track the progress of all appropriations bills, and their fiscal and revenue implications for Oakland.

Thus far, the House Appropriations Committee has held hearings to discuss the FY 2017 budgets of the following agencies of interest:

Department	Testimony Highlights
Energy	Secretary Ernest Moniz outlined a newly proposed \$26 million “Cities, Counties, and Communities Energy Program” that would provide local-level support for clean energy investments and revitalization efforts.
Health & Human Services	Secretary Sylvia Burwell highlighted the Administration’s proposed \$9.6 billion for Head Start, and \$350 million for “Preschool Development Grants” to states.
Justice	Attorney General Loretta Lynch testified in support of a \$286 million allocation for the COPS Program, which includes an increase of \$42 million for the COPS Hiring Program. She also testified in support of a \$91 million program dedicated to reentry and recidivism-reducing programs at the Bureau of Prisons.
Transportation	Secretary Anthony Foxx highlighted the department’s proposal to invest \$200 billion over ten years to reduce greenhouse gas, and to innovate and expand transportation options at the local level. Secretary Foxx did not mention the Smart Cities initiative in his written testimony.
Education	Secretary John King testified in favor of increased support (\$800 million total) for English Language Acquisition formula grants, and \$350 million for the Preschool Development Grants program.

April will be busy months for the legislative budget and appropriations process. As such, TPA will also track the following topics and key issues when the House returns to session the week of April 12th:

Budget: House GOP leadership is expected to decide whether they will bring their FY 2017 Budget Resolution to the floor. House Democrats will continue to hit the GOP hard with accusations of being a “do-nothing Congress,” and failing to pass a budget resolution. It is important to note that in order for an appropriations bill to reach the floor, the House will have to adopt either a budget resolution or a “deeming resolution.” A deeming resolution allows for budget enforcement and the ability to pass appropriations bills in the absence of a budget resolution, and establishes the topline discretionary spending level (also called the “302(a)” level). If hardline GOP conservatives choose

against a deeming resolution, Speaker Ryan might need to rely on Democratic votes in order to avoid another Continuing Resolution. A CR would continue FY 2016 spending as-is under the Obama Boehner deal, and thus would not be subject to sequester cuts. However, it is important to note that CRs will occasionally include an across-the-board spending cut (for example, 2-5%). The closer we get to the deadline without a budget or deeming resolution (September 30th), the greater the likelihood of

Transportation: The House and Senate are expected to take up a short-term extension to the Federal Aviation Administration's spending authority, which will lapse on March 31. While the House bill would provide for a three-month extension, the Senate is focused on an 18-month extension which would also address drone safety, airport infrastructure funding and airline passenger rights. The six-year House reauthorization bill has stalled over bipartisan opposition to privatizing air traffic control operations.

Next Steps

TPA recommends expressing to our federal and state leaders to continue or increase funding levels for programs that directly benefit the City. Please let us know your top programs and we will start crafting our message. Together we will advocate directly through Federal representatives for agencies to adopt work plans which focus on the City's needs.