
M E M O R A N D U M

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

From: Townsend Public Affairs, Inc.

Date: April 21, 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 back from Spring Recess, both the Senate and the Assembly have scheduled weekly budget subcommittee hearings leading up to the May Budget Revise. The Assembly Democrats are working on overall near \$1.2 billion budget request to address affordable/workforce housing in the State. Some of the elements of the request include:

- \$300 million for the Low income Housing Tax Credit (LIHTC)
- \$200 million for the Multi-family Housing Program (MHP)
- \$200 million for the Local Funding for Workforce Housing in High Cost Areas.
- \$200 million for Multi-Family Housing Program – Supportive Housing
- \$60 million for a Personal Income Tax Credit for Seismic Retrofit of Soft Story Buildings
- \$60 million for Medi-Cal Housing Program
- \$50 million for the Joe Serna Farmworker Housing Grant Program
- \$40 million for the Emergency Shelter Grant (ESG) Program
- \$25 million for CalHome
- \$25 million for Self-Help Housing Program
- \$25 million For an Increase to the Farmworker Housing Tax Credit

We will track the outcome of this proposal and inform the city of all new funding opportunities that may result from this request. In addition, as 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.

As May approaches, we are on the lookout for the Governor's May Revise, and will track Assembly and Senate hearings after the May Revise for their fiscal implications for Oakland. 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.

President's FY17 Budget Proposal

President Obama released his final budget proposal on February 9, which begins legislative efforts to complete the budget and appropriations process before October 1, the start of the 2017 fiscal year. As such, both chambers of Congress were in session this week, as the House returned to a full agenda including appropriations, and continued difficulties putting forward budget resolution for FY17. The Senate put forth Federal Aviation Administration (FAA) reauthorization on the floor and is scheduled for continued action next week, and Appropriations Committee Chairman Cochran moved forward with subcommittee 302(b) allocations.

Senate Appropriations

The Senate Appropriations committee passed its first two spending bills of FY17: Military-Construction and Veterans Affairs, and Energy and Water. In exchange for smooth passage through committee, Senators have been promised the opportunity to offer amendments when the bills are considered on the Senate floor—planned for next week. In advance of their consideration, the Senate plans to “deem” a \$1.07 trillion discretionary spending cap, established by the Boehner-Obama budget deal, as soon as April 18th. Majority Leader Mitch McConnell (R-KY) has repeatedly said that he is willing to devote the next 12 weeks to the consideration and passage of appropriations bills in an attempt to return the process to “regular order.”

The Appropriations Committee also paved the way for the drafting of future bills by marking-up and passing its 302(b) allocations. These allocations determine how much money each subcommittee will have to fund the agencies under their jurisdiction:

Senate 302(b) Allocations

Funding Status	Appropriations Bill	FY '16 Amount	FY '17 Proposed
Flat	Overseas Contingency Operations	\$73.5 billion	\$73.5 billion
Flat	Legislative Branch	\$4.4 billion	\$4.4 billion
Increase	Commerce-Justice-Science	\$55.7 billion	\$56.3 billion
Increase	Defense	\$514.1 billion	\$516 billion
Increase	Energy & Water	\$37.2 billion	\$37.5 billion
Increase	Homeland Security	\$41 billion	\$41.2 billion
Increase	Military-Construction & Veterans Affairs	\$79.9 billion	\$83 billion
Decrease	Agriculture	\$21.75 billion	\$21.25 billion
Decrease	Financial Services	\$23.24 billion	\$22.4 billion
Decrease	Interior-EPA	\$32.16 billion	\$32 billion
Decrease	Labor-HHS-Education	\$162.1 billion	\$161.9 billion
Decrease	State-Foreign Operations	\$38 billion	\$37.2 billion
Decrease	Transportation-HUD	\$57.3 billion	\$56.5 billion

Older Americans Act Reauthorization

Recently the Senate also acted to reauthorize the Older Americans Act (S.192). The bill authorizes programs under OAA through FY19, including the Senior Community Services Employment Program and the Meals on Wheels Program. The bill has been sent to the President, where it is awaiting his signature.

House Appropriations

The House continues to hit roadblocks in its appropriations process, with Appropriations Committee Chairman Hal Rogers (R-KY) pulling back on a plan to move forward on a full set of 302(b) allocations. Instead, the Chairman is now looking at moving the allocations individually. The continued absence of a path forward on a budget—whether a budget resolution, or a “deeming”

resolution—has complicated the process. A new wrinkle emerged this week as Speaker Paul Ryan (R-WI) raised the possibility that the House would pass neither and instead rely on a provision in the Boehner-Obama budget deal that would allow appropriations bills to be considered on the House floor, sans budget or deeming resolution, after May 15th. This week the full Appropriations committee passed the Military-Construction and Veterans Affairs bill with a voice vote.

Looking Ahead...

We expect both chambers to stay busy, as the House Appropriations Committee is scheduled to mark-up the Energy and Water, and Agriculture appropriations bills. On the Senate side, expect to see the Energy and Water bill on the Senate floor. the amendment process on the bill will likely signal the chamber's commitment to avoiding "poison pill" amendments and returning functionality to the appropriations cycle. The Senate is scheduled to consider and pass its FAA reauthorization bill. As such, we will follow both chambers and their appropriations activity, as well as their fiscal and revenue implications for the city of Oakland.

Next Steps

Although the days of earmarks are behind us, advocating for dollars at the Federal level is very much an option. 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.