Washington Update

ECONOMIC STIMULUS

As the 111th Congress was sworn in and began work on proposals to address the ongoing financial crisis and recession, we continued our advocacy on issues of significance to the County regarding a potential economic stimulus package. We reiterated the County's projects, priorities and concerns to the local Congressional delegation and Senators Boxer and Feinstein, including the proposal that funding for ready-to-go infrastructure projects come directly to local governments whenever possible. We also joined with NACo, CSAC, CWDA, and other partner stakeholders to advocate in support of proposals to provide relief for local governments from the tight bond market, increase the Federal financial participation percentage for programs such as Medicaid, Title IV-E Foster Care, and Disproportionate Share Hospital (DSH) funding, repeal or postpone the 3% withholding tax mandate on State and local governments, and restore public safety and child support funding diminished over the last several years.

Work on the stimulus package accelerated following the inauguration of President Obama, and on January 28 the House approved its version as H.R. 1, the *American Recovery and Reinvestment Act*. The package includes a myriad of proposals of significance to the County. It provides substantial infrastructure investment, including $30 billion for highways and roads, $8 billion for drinking and wastewater infrastructure, and $1 billion for CDBG. The proposed increase in the Federal matching percentage for Medicaid would bring an estimated $11 billion to California. $4 billion in additional funding is proposed for local public safety priorities, $3 billion for State and local public health departments, and $850 million for hazardous fuels reduction. Several provisions are intended to specifically assist local governments through enhancing the municipal bond market.

The full Senate is currently debating its version of the stimulus package this week, and both Congress and President Obama continue to target February 13 for completion of the effort. However, there are still both major and minor areas of contention, including the total size of the package, inclusion of programs not seen as stimulative to the economy, concerns with the distribution formulas and requirements for several of the funding streams being utilized.

CHILDREN'S HEALTH - SCHIP

We urged our local Congressional delegation and Senators Feinstein and Boxer to vote for H.R. 2, the *Children's Health Insurance Program Reauthorization Act*, legislation to reauthorize and expand the State Children's Health Insurance Program (SCHIP), citing its impact on the Healthy Families Program in Ventura. It is essentially the same bill approved twice in the last Congress and vetoed by President Bush. The House approved H.R. 2 by a vote of 289-139 on January 14, and debate on the proposal moved to the Senate. After some changes to the House bill, the measure was approved by the full Senate and returned to the House, which accepted the amendments on February 4 and cleared the bill for the White House. President Obama signed H.R. 2 into law the same day as Public Law 111-3. The legislation provides $32.8 billion over 4½ years, expands SCHIP to an additional 4.1 million uninsured children nationwide, and is be financed by an increase in the tax on packs of cigarettes.

FY 2009 FEDERAL FUNDING

The 110th Congress did not complete action on most of the FY 2009 domestic spending appropriations bills, and the current "continuing resolution" authorizing funding for Federal programs expires the first week of March. As the new Congress has worked to roll the remaining FY 2009 bills into a single omnibus measure, we have continued to advocate

both the County's programmatic and project priorities, particularly with Senator Feinstein in her roll as a Subcommittee Chair of the Senate Appropriations Committee. According to her staff, the package is 99% complete, but Congress may not take it up until it finishes with the stimulus package.

FY 2010 APPROPRIATIONS PROCESS
We have begun work with our local Congressional delegation and Senators Feinstein and Boxer regarding support for the County's specific funding proposals through the FY 2010 appropriations process. Senator Feinstein established a deadline of February 5 for receipt of proposals by her office – about a month earlier than in past years – and we worked closely with County staff to submit the proposals timely and ensure that they were complete and accurate. We have also arranged meetings for Chairman Carbajal to advocate the requests during his trip to Washington. The FY 2010 appropriations process will not begin formally until President Obama submits his budget request to Congress and the respective House and Senate Appropriations Committees begin hearings.

EMPLOYER PROVIDED CELL PHONES
Last year we advocated in support of legislation to reclassify cell phones and personal digital assistance (PDAs) from listed property to business property under the Internal Revenue Code. The change is necessary to remedy the situation whereby several local governments have been penalized following IRS audits because they did not adequately track and report any "private" use of cell phones and PDAs issued to their employees as income to the employee. While the proposal did not pass last year, the *Modernize Our Bookkeeping In the Law for Employee's (MOBILE) Cell Phone Act* has been reintroduced in the 111th Congress by Congressman Johnson (R-TX) in the House as H.R. 690, and by Senator Kerry (D-MA) in the Senate as S. 144. We have contacted the House Ways and Means and Senate Finance Committees to advocate for the legislation, citing the fact that it costs local governments $1.86 to collect 12 cents for each non-business phone call an employee makes on one of these devices. We also urged our local Congressional delegation to support the measure. Hearings have not yet been scheduled on either measure.

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