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Chief Administrative Officer

Board of Supervisors
GLORIA MOLINA
First District

YVONNE B. BURKE
Second District

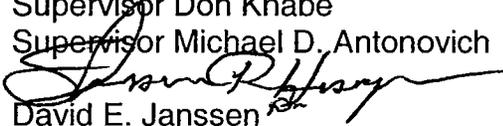
ZEV YAROSLAVSKY
Third District

DON KNABE
Fourth District

MICHAEL D. ANTONOVICH
Fifth District

August 4, 2005

To: Supervisor Gloria Molina, Chair
Supervisor Yvonne B. Burke
Supervisor Zev Yaroslavsky
Supervisor Don Knabe
Supervisor Michael D. Antonovich

From: 
David E. Janssen
Chief Administrative Officer

WASHINGTON, D.C. UPDATE

Congress has adjourned for its summer recess, and will face a busy schedule when it reconvenes on September 6, 2005. Before Federal Fiscal Year (FFY) 2006 begins on October 1, 2005, Congress must complete work on FFY 2006 appropriations bills and reauthorize several major programs of County interest, such as the Temporary Assistance for Needy Families, Ryan White Comprehensive AIDS Resources Emergency (CARE) Act, and the Workforce Investment Act. If such legislation is not enacted by the end of September, Congress will have to adopt temporary funding extensions. To date, the House has passed all of its 11 FFY 2006 appropriations bills while the Senate has passed five of its 12 appropriations bills. The appropriations bills pending Senate floor action include those that fund the Departments of Health and Human Services (HHS), Labor, Justice, Transportation, and Housing and Urban Development (HUD). The FFY 2006 Department of Homeland Security, and Energy and Water Development Appropriations bills are pending conference committee action.

In addition, pursuant to budget reconciliation instructions in the FFY 2006 Budget Resolution, Congressional committees must report legislation by September 16, 2005 to cut mandatory (entitlement) spending by nearly \$35 billion (including \$10 billion from Medicaid) over five years. The confirmation process for the nomination of John Roberts to the Supreme Court adds to the Senate's heavy workload after Labor Day. Before recessing at the end of last week, Congress acted on a number of bills of County interest which are summarized below:

Transportation Equity Act for the 21st Century (TEA-21) Reauthorization

On July 29, 2005, Congress approved H.R. 3, The Safe, Accountable, Flexible, Efficient Transportation Equity Act: A Legacy for Users ("SAFETEA-LU"), which reauthorizes Federal highway and transit programs retroactively from Federal Fiscal Year (FFY) 2004 through FFY 2009. The overall funding level of \$286.4 billion in guaranteed spending over six years represents an increase in national transportation funding of approximately 31.5 percent. One of the last issues to be resolved by conferees was the minimum rate of return; a central issue to "donor" states like California that send more tax revenue to the Federal Highway Trust Fund than they ultimately receive. Under current law, each state is guaranteed to receive at least 90.5 percent of the gas tax revenues contributed to the Federal Highway Trust Fund. Under the compromise agreed to by conferees, this minimum guarantee will rise from 90.5 percent in 2005 to 91.5 percent in FY 2007, and then to 92 percent in fiscal years 2008 and 2009.

H.R. 3 funds the following earmarks requested by the County: Colima Road/Fullerton Road Intersection Improvements (\$800,000), Del Amo Boulevard widening from Normandie Avenue to New Hampshire Avenue (\$2.4 million), Tunnel Lining Repair, Malibu Canyon Road, Kanan Road, Kanan Dume Road (\$2.4 million), Highway 138 (\$400,000), and Gale Avenue widening between Fullerton Road and Nogales Street (\$80,000).

Comprehensive Energy Bill

Last week, Congress approved the conference report for the energy bill (H.R. 6), which the President shortly will sign into law. Under the conference version of the bill, the County's existing contract under which it sells electricity to Southern California Edison will not be affected by the bill's language relating to the sale of power from qualified facilities, such as the County's. The final version also does not include language in the House version, which would have protected manufacturers of the fuel additive, methyl tertiary butyl ether (MTBE), from liability for water supplies contaminated by MTBE in California and other states. It also does not include House language to allow oil and gas exploration in the Arctic National Wildlife Refuge (ANWR) in Alaska. Supporters of ANWR drilling may seek to add it to upcoming budget reconciliation legislation, which cannot be filibustered in the Senate.

Provisions included in the final energy bill of County interest include a requirement that the Interior Department conduct an inventory of oil and natural gas resources in the outer Continental Shelf, a stipulation that the Federal Energy Regulatory Commission

has the exclusive authority to approve the construction, expansion, or operation of any facility that imports or processes liquefied natural gas, thereby preempting state or local control; and beginning in 2007, an extension of daylight-saving time by one month so it will run from the second week in March through the first Sunday in November rather than from the first week in April through the last Sunday in October.

Department of Justice Authorization Bill

On July 27, 2005, the House Judiciary Committee approved H.R. 3402, a Department of Justice (DOJ) reauthorization bill, which includes language to merge the Local Law Enforcement Block Grant and Byrne Law Enforcement Grant into a new Justice Assistance Grant (JAG). The JAG language is similar to that contained in Section 201 of H.R. 3036, the Department of Justice Authorization Act passed by the House in the 108th Congress on March 30, 2004. While H.R. 3036 was not enacted, the omnibus FFY 2005 appropriations act authorized and funded JAG for FFY 2005 pursuant to Section 201 of H.R. 3036. There currently is not any pending Senate DOJ reauthorization bill.

Gun Manufacturers Liability Protection

On July 29, 2005, the Senate passed S. 397 (Craig, R-ID), which would prohibit civil liability actions in any Federal or state court against manufacturers, distributors, dealers, or importers of firearms and ammunition. Liability protection would not apply in cases in which the proper use of a firearm resulted in injury, death, or property damage because of a defect. Before passing the bill, the Senate approved an amendment to require child safety locks on guns. In June, the House Judiciary Committee approved H.R. 800 (Stearns, R-FL), which is nearly identical to S. 397 except that it lacks the child safety gunlock requirement.

Housing and Urban Development (HUD) Appropriations

On July 26, 2006, the Senate Appropriations Committee filed its report on H.R. 3058, the FFY 2006 Transportation/Treasury/Judiciary/HUD Appropriations bill. Similar to the House version, the Committee did not include the Administration's proposal to eliminate 18 programs, including the Community Development Block Grant (CDBG), and consolidate them into a new Strengthening America's Communities Initiative that would have been funded at a significantly lower level. However, CDBG formula grant funding would drop from \$4.11 billion in FFY 2005 to \$3.877 billion in the House bill and to \$3.767 billion in the Senate bill.

Attached is a table comparing the Senate and House funding levels for programs of County interest with FFY 2005 funding levels and those proposed by the President. The biggest difference between the Senate and House bills is that the House provides \$2.6 billion in FFY 2006 for the Housing Capital Fund, which addresses public housing modernization and capital needs, while the Senate provides \$2.327 billion, compared to the FFY 2005 funding level of \$2.579 billion. Another difference is that the Senate bill includes \$1.415 billion for homeless assistance, which is \$174 million above the FFY 2005 funding level and \$75 million above the House level.

Homeland Security Grants

On July 12, 2005, the House passed H.R. 3199, which would reauthorize 16 expiring provisions of the Patriot Act relating to anti-terrorism surveillance authority. The House-passed bill also includes language from H.R. 1544 (Cox, R-CA), which would change the methodology for allocating homeland security grant funds. Under the bill, homeland security grant funding would be allocated based on terrorist threats and risks, and the small state minimum (SSM) requirement for such grants would be reduced from the current 0.75 percent to 0.25 percent except that states which have a significant international border, or adjoin "a body of water through which an international boundary line extends", would have a 0.45 percent SSM. On July 29, 2005, the Senate passed its version of H.R. 3199, which does not have any homeland security grant language.

It is not clear that H.R. 3199 will be the final legislative vehicle for changing how homeland security grant funds are allocated. The Senate version of the FFY 2006 Homeland Security Appropriations bill H.R. 2360 incorporates language from a competing homeland security grant bill S. 21, (Collins, R-ME), which would provide states with a sliding baseline minimum floor of no less than 0.55 percent of total funding, and allocate remaining funds based on terrorist threats and risks. H.R. 2360 is pending conference committee action. Last month, Representative Cox and Senator Collins unsuccessfully tried to reach agreement on homeland security grant language to include in H.R. 2360, which is in conference committee.

Ryan White CARE Act Reauthorization

The Congressional committees with jurisdiction over Ryan White CARE Act programs have not yet scheduled any hearings on legislation to reauthorize the CARE Act, which expires at the end of FFY 2005. Last week, the Administration released its CARE Act reauthorization principles, including some that would affect the allocation of funds:

- Establish a severity of need for core services index, which would take into account not only HIV incidence, but also poverty levels and the "availability of other resources including local, states, and Federal programs and support," and which

would be used to determine formula allocations among states and eligible metropolitan areas (EMAs), such as the County. Under current law, formula grant funds have been allocated based on the estimated number of AIDS cases, but would be allocated based on HIV incidence once the Secretary of Health and Human Services (HHS) determines that HIV incidence data are sufficiently accurate.

- Eliminate the current hold-harmless provision, which has resulted in some EMAs receiving more Title I emergency relief funding than they would have received based on the Title I allocation formula. San Francisco alone received 91.6 percent of the \$8 million in hold-harmless funding that was distributed nationwide in FFY 2004. The County has not received any hold-harmless funding.
- Eliminate the "double-counting of HIV/AIDS cases between EMAs and states, which, in effect, would reduce funding for states, such as California, in which a high percentage of AIDS cases are in EMAs.

Base Realignment and Closure (BRAC) Process

On July 18th and 19th, the BRAC Commission held hearings to add installations to the list of bases previously recommended for closure or realignment by the Department of Defense. The Los Angeles Air Force Base (LAAFB) was not added to the list of installations considered for closure during these hearings, which means that there is no chance of LAAFB being closed in the 2005 BRAC round. The BRAC Commission will hold one more meeting in August regarding the proposed consolidation of Air National Guard facilities, and will present its final recommendations to the President for review on September 8, 2005. The next step is for the President to submit the BRAC recommendations to Congress, which will vote to accept or reject the entire package of recommendations.

Water Resources Development Act (WRDA) Reauthorization

As reported in the July 15, 2005 Washington, D.C. Update, the House passed the Water Resources Development Act (WRDA) of 2005 (H.R. 2864), which reauthorizes funding for the Army Corps of Engineers water resources projects and programs. The House bill includes an authorization for the Corps to conduct studies of improvements to the Ballona Lagoon Tide Gates and the Dockweiler Bluffs that were requested by the County's Department of Beaches and Harbors. The Senate currently has not scheduled floor debate on S. 728, its version of the WRDA reauthorization bill.

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Pursuit of Position on Federal Legislation

The Railroad Safety Improvement Act of 2005, S. 1380 (Vitter, R-LA and Boxer), seeks to improve rail safety by requiring the Secretary of Transportation to investigate all fatal rail accidents, inspect at least two percent of all highway-rail grade crossings in the ten states with the highest collision rates, establish an automated video image analysis pilot program to record motorist violations at crossings equipped with automatic warning devices, review the safety of all public railway-highway grade crossings, and submit a plan to Congress for eliminating highway-rail grade crossings. The bill also would authorize the Secretary to award grants to states to make necessary improvements to crossings identified for elimination or improvement with priority given to projects to install automated warning systems at crossings in states with the highest number of accidents.

Consistent with the Board policy adopted on May 24, 2005 to support California Public Utilities Commission initiatives related to rail safety and any other State or Federal railroad safety legislation that is designed to prevent accidents and increase California's control over railroad safety, our Washington, D.C. advocates will support S. 1380. This bill was introduced on July 11, 2005, and referred to the Senate Committee on Environment and Public Works, which has not yet scheduled any hearings on the bill. We will continue to keep you advised.

DEJ:GK
MAL:MT:EW:ib

Attachment

c: Executive Officer, Board of Supervisors
County Counsel
All Department Heads
Legislative Strategist

**FEDERAL FISCAL YEAR (FFY) 2006 FUNDING LEVELS
FOR THE HOUSING AND URBAN DEVELOPMENT (HUD) PROGRAMS
(in millions)**

PROGRAMS	Enacted 2005	President 2006	House¹ 2006	Senate² 2006
Community Development Block Grant (Formula Grant) ³	\$ 4,110	\$ 0	\$3,877	\$3,767
Section 8 Tenant-Based Rental Assistance (Vouchers)	14,766	15,845	15,631	15,636
Section 8 Project-Based Rental Assistance (Contracts)	5,298	5,072	5,088	5,072
Section 8 Administrative Fees	1,250	1,295	1,225	1,295
Public Housing Operating Fund ⁴	2,438	3,407	3,600	3,557
Public Housing Capital Fund	2,579	2,327	2,600	2,327
Homeless Assistance Grants	1,241	1,440	1,340	1,415
HOME (Formula Grant)	1,785	1,727	1,790	1,793
Housing Opportunities for Persons with AIDS (HOPWA)	282	268	290	287
American Dream Downpayment Initiative	50	200	50	50
Brownfields	24	0	24	15

Footnotes

- ¹ In H.R. 3058, the FFY 2006 Transportation/Treasury/HUD/Judiciary/District of Columbia Appropriations Bill, as passed by the House on June 30, 2005.
- ² In H.R. 3058, the FFY 2006 Transportation Treasury Judiciary/HUD Appropriations Bill, as reported by the Senate Appropriations Committee on July 26, 2005.
- ³ The President's proposed FFY 2006 Budget would consolidate CDBG and 17 other programs into a \$3.7 billion Strengthening America's Communities Initiative that would be administered by the Department of Commerce.
- ⁴ Much of this increase is because a nine-month rather than 12-month funding cycle was used in FFY 2005.