

Washington Update

COUNTY OF SANTA BARBARA

November 28, 2012

LAME DUCK SESSION - FISCAL CLIFF

The House and Senate have returned to Washington for their Lame Duck session following the November elections, and everyone's attention is now focused on addressing the impending "fiscal cliff" resulting from sequestration and the expiration of the Bush Era tax cuts. Literally everything is on the table, theoretically including entitlement programs such as Social Security and Medicare. At this point Democrats and Republicans appear to be separated by about \$800 billion in their targets. In addition to President Obama's reelection, Democrats gained seats in both the House and Senate, and while the Lame Duck is being conducted by the existing Congress, the outcomes of the elections have emboldened Democratic leaders and probably bolstered their bargaining position. They are pushing to raise taxes significantly in a short time period, while resisting major spending cuts as part of any short-term agreement. On the other side, Republicans are pushing for spending cuts, particularly from entitlement programs, in return for accepting additional revenue to bring down rising deficits. Discussions since Congress returned have increasingly looked at creating a framework that includes a down payment on deficit reduction now with a promise for larger actions later. Part of the appeal of this legislative two-step is that there may not be enough time - or perhaps political will - to make major policy decisions in the Lame Duck session. Most discussions are going on behind closed doors, and as one senior GOP aide stated, "There is not really a posturing phase. Posturing will continue until the end."

LAME DUCK SESSION – OTHER ISSUES

There are a plethora of other issues and legislative initiatives that could potentially be addressed if there is indeed a "grand bargain" agreement on the Fiscal Cliff, and rumors abound regarding what might be attached to such an agreement. For example, Senate

Agriculture Chairwoman Stabenow (D-MI) is pushing for the inclusion of the Senate-approved version of the Farm Bill, S. 3240, the *Agriculture Reform, Food, and Jobs Act*, arguing that the \$23 billion in mandatory savings could be used to help replace the automatic sequestration cuts. On a non-Fiscal Cliff-related issue, House Majority Leader Cantor (R-VA) has circulated a Dear Colleague letter calling for action on reauthorization of the Workforce Investment Act, stating that workforce training legislation is a priority for the Lame Duck session. While our subsequent conversations with key Congressional staff suggest that WIA reauthorization will probably be pushed to the new Congress, Congressman Cantor's efforts are indicative of the broad spectrum of areas that are being proffered for consideration before Congress adjourns. Others of potential relevance to the County include: Senator Boxer's draft Water Resources Development Act (WRDA) legislation; a joint House/Senate conference to resolve differences regarding reauthorization of the Violence Against Women Act; reauthorization of the SAFER and Fire Grants programs; completion of the Defense authorization bill; and legislation to allow States to tax Internet providers outside their borders.

FEMA APPEAL

Over the last several months we have been in close communications with Public Works Director McGolpin regarding the County's appeal of Federal Emergency Management Agency's (FEMA) decision to de-obligate more than \$1 million for emergency road work during the 2005 winter storms based on an Office of the Inspector General audit. In anticipation of the appeal reaching FEMA headquarters, we briefed the delegation on the issue and provided them with the County's justification for the expenditures, as well as the arguments against FEMA's action. Early in November we were notified that the California Emergency Management Agency

has agreed with the County's position and forwarded the appeal on to FEMA. We immediately returned to the delegation to request their support. We worked with Congresswoman Capps' staff to draft a letter of support, which the Congresswoman sent to FEMA Administrator Craig Fugate on November 20. Senator Feinstein's staff is making a direct contact with FEMA Intergovernmental Affairs on the County's behalf, and we are working with Senator Boxer's office on her support for the appeal.

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