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Memorandum

From: Rick Spees, Jane Sargent and Jose Villalobos
To: Board of County Commissioners
CC: Phillip Drujak
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Subject: July 2022 Monthly Report

Appropriations Update:

The House and Senate have completed all the action they will take on the Fiscal Year 2023 appropriations bills until September. The House has already left town for the summer recess, although they may return in the middle of the month to vote on the reconciliation bill. The Senate is in session this week but then plans to recess for the rest of August. Both Houses are scheduled to return after Labor Day. At that point there will only be a little over three weeks until the end of Fiscal Year 2022 and the start of Fiscal Year 2023. The fiscal year starts on October 1st. There is no way the Congress will be able to pass the twelve appropriations bills that make up the federal budget during that time. In fact, it looks like there will not be any movement on the budget bills until after the elections. This means that in September the Congress will pass a Continuing Resolution (CR) that will keep the government operating at this year's level for a period of time. The CR will probably run until mid-December. The hope is that during the weeks after the election the Congress will be able to complete action on the budget. Unfortunately we have our doubts that they will accomplish this goal. Instead we believe the FY 2023 budget will not be finalized until next year.

To recap where we are, the House Appropriations Committee has marked up and reported out all twelve appropriations bills. The full House bundled six of the bills together and passed them on the House floor. However there were no Republican votes for the bill. The Republicans objected to the overall spending level for all the bills taken together. They felt that the

Democrats spent too much money overall. At the same time they felt the Democrats did not spend enough on defense. Obviously this means that they felt the Democrats should cut the spending on domestic programs.

The Speaker only has a majority of four votes in the House. That number will drop to three after the Republicans win a special election to replace a member that died earlier this year. As long as all the Republicans stay united against the bills, if only three Democrats vote against a bill it will fail. The House leadership cannot bring any of the six remaining appropriations bills because there is some Democratic opposition to them. For example, some progressive Democrats will vote against the defense appropriations bill because they want to spend less on defense. So the House has made as much progress on the budget process as they can.

In the Senate, the Republicans have the same objections to the bills. There was an effort to negotiate an overall framework between the two parties to establish spending guidelines but the effort failed. As a result the Senate Appropriations Committee was unable to mark up its versions of the FY 2023 bills in the equally divided Senate. In the absence of any other action, the Senate Democratic leadership released their version the FY 2023 bills. All twelve bills were released in draft form last week.

The bottom line is that in both the House and the Senate we only have Democratic versions of the bills. At some point the Republicans must be involved. This means the versions of the bills we currently have before us will change significantly. At some point there must be a compromise worked out between the parties on the spending levels. The current thought is that the Republicans will wait until after the election before they come back to the table. The Republicans will probably pick up the House and may pick up the Senate. In that case their bargaining position will be strengthened. Given how the process has ground to a halt in both Houses, we see no action to complete the bills happening in August or September.

Every year the appropriations process is a train wreck. The reason for this is that neither party has enough votes in the Senate to pass the appropriations bills without the engagement of the other party. As the parties grow further apart politically the budget bills get harder and harder to pass.

Reconciliation Bill:

For eighteen months the Biden Administration and the Congressional Democrats have been trying to write and pass a reconciliation bill. A reconciliation bill allows the party in power to pass one budget related bill each year with a simple majority vote in the Senate. This process was established in the 1974 budget act. If you are interested in the process, please contact us. The key point is that the Democrats have one bite of the budget process that does not require any buy-in from the Republicans in the Senate.

However since the Senate is divided 50-50 it means that every Democratic Senator must agree on the provisions of the reconciliation bill. And that has been the problem. The ideological diversity of the Senate Democrats is very broad, ranging from socialist Senator Sanders to conservative Senator Manchin. At first the Biden Administration proposed a bill called the Build Back Better bill. The Administration proposed roughly \$4 trillion in new spending. Senator Sanders asked for \$6 trillion. However a number of Senators had concerns about spending that much. The bill kept growing smaller and smaller. Eventually 48 Senators agreed to a bill that totaled roughly \$1.5 trillion but two Senators—Manchin from West Virginia and Sinema from Arizona—held out for a smaller bill. For several months it looked like a deal would not be reached. However, last week Senator Manchin reached an agreement with the Senate Majority Leader, Senator Schumer, on a slimmed down bill that includes four major sections. The first would allow the federal government to negotiate with drug companies on Medicare prescription drug prices. The second would provide continued funding for three years for subsidies for health care insurance. The third would raise \$739 billion in taxes. The fourth would spend roughly \$433 billion on energy and climate change programs. (Needless to say there are many, many other smaller provisions included).

It is a well-known fact that the longer that draft legislation sits in the public domain the more opposition it will attract. Someone can always find a provision that they find repugnant. Thus Senator Schumer is doing all he can to get the bill passed this week. Will he pull it off? It depends initially on Senator Sinema. If she opposes the tax provisions, the bill could be dead in the water again. If she signs off on the bill, the rest of the Democratic Senators also need to agree to the bill. The bill must be drafted and needs to get passed over the determined opposition of the Republicans. They will use every device to slow down passage and to defeat the bill. If the bill gets through the Senate, the Speaker is planning to bring the House back in to session in August to pass the bill as well.

If you had asked us to predict the fate of the bill last Monday, we would have said there was no chance it would pass. Now we are giving its passage a fair shot. Dealing with the Senate, that is about as good as it gets.

FY 2023 Senate Appropriations Bills:

As discussed above, the Democratic leadership of the Senate Appropriations Committee released their versions of the FY 2023 appropriations bills on July 28th. At this point, they do not intend to mark up the draft bills, which do not have Republican support. The Committee leadership has not been able to reach an agreement on an overall spending total and the split between defense and non-defense spending. They will continue those discussions over the next few months. Once that agreement is reached, they will work with the House to finalize the FY 2023 bills. Below are programmatic funding highlights of the Senate bills of interest to the County and local governments generally.

Commerce-Justice-Science Appropriations Bill Highlights:

Department of Justice

Community Oriented Policing Services (COPS) Programs: The Senate bill includes \$583.7 million for COPS programs, including \$307 for COPS Hiring Grants. This is above the House level of \$541 million for COPS programs and \$277.4 million for COPS Hiring Grants. Both versions are significantly above the FY 2022 level of \$511.7 million and \$246 million for COPS Hiring Grants, but below the President's budget request of \$651 million for COPS programs, including \$537 million for COPS Hiring Grants.

Byrne Justice Assistance Grants (JAG): The Senate bill includes \$815 million for the Byrne JAG program, which is above the House level of \$716.9 million. Within the total amount proposed, there are several set-asides for other programs, including \$20 million for Project Safe Neighborhoods (same as FY 2022, but \$20 million below the House bill). This also includes \$102.43 million for Senate earmarks (the House bill includes \$131.6 million in earmarks). The President's budget requests \$533.5 million for the Byrne JAG program, not including earmarks. The FY 2022 level for Byrne JAG is \$674.5 million, which includes \$184.7 million for Community Project Funding so both the budget and the House and Senate bills increase funding for the program.

State Criminal Alien Assistance Programs (SCAAP): The Senate bill includes \$100 million for SCAAP, which is below the House and FY2022 level of \$234 million. SCAAP provides federal payments to state and local governments for the costs of incarcerating undocumented immigrants. The budget did not include funding for this program.

DNA Analysis Grants: The Senate bill includes \$173 million (\$5 million more than the House, \$26 million more than the President's budget, and \$22 million more than FY 2022), including \$132 million for Debbie Smith DNA Backlog grants (\$20 million more than the budget request and \$12 million more than FY 2022) and \$20 million for State and Local Forensic Activities (same as the House, \$1 million more than the budget request, \$5 million more than FY 2022).

Coverdell Forensic Science Grants: \$35 million is included for these grants (same as the budget request, \$5 million less than the House, and \$2 million more than FY 2022)

Opioid Initiative: The Senate bill includes \$455 million (\$5 million less than the House, \$37 million more than the budget request and \$40 million more than FY 2022) for programs to reduce opioid abuse authorized under the Comprehensive Addiction and Recovery Act (CARA) of 2016. This includes \$200 million for the Comprehensive Opioid Abuse Program (COAP) (same as the House, \$5 million more than the budget and \$10 million more than FY 2022).

Juvenile Justice and Delinquency Prevention Programs: The Senate bill includes \$471 million for juvenile justice programs, which \$61 million more than the House and \$111 million more than FY 2022, but \$289 million less than the President's budget request.

Domestic Violence and Sexual Assault Grants: The Senate bill includes \$732 million for Violence Against Women Act (VAWA) programs, which is \$90 million more than the House, \$157 million more than FY 2022, but \$268 million below the President's budget request.

Victims of Trafficking Grants: \$100 million is included for these grants, which \$5 million more than the House, \$10 million more than the budget and \$12 million more than FY 2022.

Bulletproof Vest grants: \$30 million (same as the House, budget request and FY 2022)

Body Worn Camera Partnership Program: \$35 million (same as the House, budget and FY 2022)

Missing and Exploited Children Programs: \$110 million (\$2.5 million more than the House, \$10 million less than the budget request, but \$11 million more than FY 2022) for these programs, including the Internet Crimes Against Children (ICAC) program.

Project Safe Neighborhoods (PSN) Block Grants: \$20 million (same as FY 2022, but \$20 million less than the House and budget request) for this program that creates safer neighborhoods by reducing gang violence and gun crime. The program is based on partnerships of federal, state and local agencies led by the U.S. Attorney in each federal judicial district.

Victims of Crime Act (VOCA) Funds: The Senate bill includes a \$1.75 billion distribution from the Crime Victims Fund, which is the same as the President budget request for FY 2023. The House bill includes a \$2.05 billion distribution cap. VOCA funds are used to provide federal support to state and local programs that assist victims of crime. The FY 2022 cap is \$2.6 billion.

Department of Commerce

Economic Development Administration: \$380 million is included for Economic Development Assistance Programs (\$65 million below the House, \$52.5 million more than the budget request and \$50 million more than FY 2022). This includes \$125 million for Public Works, \$38 million for Partnership Planning and \$19 million for Technical Assistance grant programs.

Transportation-HUD Appropriations Bill Highlights:

Department of Housing and Urban Development

Community Development Block Grants (CDBG): The Senate bill includes \$3.525 billion For the CDBG formula program. This is above the House and FY 2022 level of \$3.3 billion but below the President's budget request of \$3.77 billion.

HOME: The Senate bill includes \$1.75 billion for the HOME Investment Partnerships program (\$75 million more than the House, \$225 million less than the budget request but \$225 million more than FY 2022)

Homeless Assistance Grants: \$3.545 billion for Homeless Assistance Grants (\$59 million less than the House, \$31 million less than the budget request and \$332 million above FY 2022)

Emergency Solutions Grants: \$290 million for the ESG program (same as the House, budget request and FY 2022)

Housing Opportunities for People with AIDS: \$468 million for HOPWA (\$132 million less than the House, \$13 million more than the budget request and \$18 million more than FY 2022)

Choice Neighborhoods: \$250 million (same as the budget request, but \$200 million less than the House and \$100 million less than FY 2022) for the Choice Neighborhood Initiative, which helps to revitalize underserved communities.

HUD-Veterans Affairs Supportive Housing: The Senate bill includes \$85 million for HUD-VASH, which above the House and FY 2022 level of \$50 million. The budget request does not propose funding for new vouchers.

Public and Indian Housing: The Senate bill includes \$30.18 billion for Tenant-Based Rental Assistance, which is approximately \$1 billion less than the House, \$1.95 billion less than the budget request but \$2.8 billion more than FY 2022. The bill includes \$8.47 billion for the Public Housing Fund (\$260 million less than the House, \$311.5 million less than the budget request and \$17 million more than FY 2022). Within this amount, \$50 million is provided for public housing emergency capital needs and not less than \$10 million of this amount is to be used for safety and security measures in public housing.

Department of Transportation

FTA Formula and Bus Grants: \$13.634 billion (same as the House and budget request but \$279 million more than FY 2022) for transit formula grants as authorized by the Infrastructure Investment and Jobs Act (IIJA).

FTA Transit Infrastructure Grants: The Senate bill includes \$527.13 million for transit infrastructure grants (\$118.87 million less than the House, \$327.13 million more than the budget request and \$22.87 million more than FY 2022), including \$220 million for bus and bus facilities grants, \$135 million for Low-No-Emission Grants, \$2 million for bus testing, \$2 million for innovative mobility demonstration projects, \$20 million for areas of persistent poverty, and \$98.331 million for earmarks.

FTA Capital Investment Grants: \$2.51 billion for the New Starts/Small Starts program (\$490 million less than the House, \$339 million less than the budget request and \$262.93 million more than FY 2022)

USDOT National Infrastructure Investments (RAISE) Grants: The Senate bill includes \$1.09 billion for another round of RAISE grants (formerly TIGER/BUILD grants). This is above the House and FY 2022 level of \$775 million but less than the budget request of \$1.5 billion.

Highways: The bill provides \$58.8 billion federal-aid highways, roads, tunnels and bridges consistent with the IIJA and the same as President's budget request and the House level. This is \$1.3 billion more than FY 2022.

Aviation: The Senate bill includes \$19.09 billion for the Federal Aviation Administration (\$390 million more than the House, \$530 million more than budget request and \$630 million more than FY 2022). This includes \$3.35 billion airport improvement grants, \$400 million for additional Grants-in-Aid to Airports, and \$116.01 million for airport related earmarks.

Labor-HHS-Education Bill Highlights:

Department of Health and Human Services

Ryan White HIV/AIDS Programs: The Senate bill includes \$2.63 billion (\$62 million less than the House, \$24.475 million less than the budget request and \$135.53 million more than FY 2022) to provide HIV-related services.

Head Start: \$12.04 billion for Head Start (\$360 less than House, \$166.64 less than the budget request and \$1 billion more than FY 2022)

Child Care: \$7.165 billion for Child Care and Development Block Grants (CCDBG) (same as the House, \$396.7 million less than the budget request but \$1 billion more than FY 2022)

Preschool Development Grants: \$350 million (same as the House, \$100 million less than the budget request and \$60 million more than FY 2022) to support States' efforts to expand or create high-quality pre-school systems for 4-year-olds from low- and moderate-income families.

Healthy Start: \$145 million for the Healthy Start program (same as the House and budget request and \$13.2 million more than FY 2022)

Older Americans Act Programs: \$2.54 billion for the Aging and Disability Services Programs (\$32 million less than the House, \$470 million less than the budget request and \$197 million more than FY 2022). This includes:

- \$550 million for Home and Community-Based Support Services

- \$1.26 billion for Senior Nutrition programs, which provides congregate meals and meals on wheels to needy seniors
- \$26.4 million for Preventive Health Services which fund activities that help senior remain healthy and avoid chronic diseases
- \$40 million for Protection of Vulnerable Older Americans for programs that provide grants to States for protection of vulnerable older Americans
- \$5 million for Falls Prevention grants that provide prevention tools in community settings
- \$12.4 million for the Voting Access for Individuals Disabilities program.

State Opioid Response Grants: \$2.025 billion for these grants authorized under the 21st Century Cures Act to combat the opioid epidemic (\$250 million more than the House, \$25 million more than the budget request and \$500 million more than FY 2022).

Mental Health Block Grants: \$1.42 billion for MHBG (\$60 million more than the House, \$235 million less than the budget request but \$564 million more than FY 2022). The bill includes a 10 percent set-aside for evidence-based crisis care programs.

Department of Labor

Job Training: \$4.083 billion (\$183 million more than the House, \$327.6 less than the budget request and \$171 million more than FY 2022) for Training and Employment Services programs, which provide job training skills and assistance to low-skilled adults, dislocated workers, and low-income youth with barriers to employment. The bill includes \$2.96 billion for Training and Employment Services Grants to States, \$125 million for Reentry Employment Opportunities, \$113 million for YouthBuild, \$885.6 million for Adult Employment and Training Activities, and \$1.12 billion for formula grants to states to provide WIOA dislocated worker services.

Veterans Employment and Training: \$332.3 million (\$6.5 million less than the House, \$1.3 million more than the budget request and \$7 million more than FY 2022) to expand employment services to transitioning service members, veterans with disabilities, and their spouses and caregivers.

Department of Homeland Security

FEMA State and Local Programs: The bill includes the following for State and Local Programs:

- State Homeland Security Grant Program: \$510 million (below the House level of \$520 million, budget request of \$616.2 million and the FY 2022 level of \$645 million)
- Urban Area Security Initiative (UASI): \$605 million (below the House level of \$615 million, budget request of \$711.2 million and the FY 2022 level of \$740 million)
- Public Transportation Security Assistance, Railroad Security Assistance and Over-the-Road Bus Security Assistance: \$105 million (same as the House, \$5 million above the budget request and the same as FY 2022)
- Port Security Grants: \$100 million (same as the House, budget request and FY 2022)

- Education, Training, and Exercises: \$316 million (above the House level and budget request level of \$312 million and FY 2022 level of \$293.6 million)
- Firefighters Assistance Grants: \$370 million each for SAFER and Assistance to Firefighter Grants (AFG) (same as the House and budget request and \$10 million above FY 2022)
- Emergency Management Performance Grants: \$355 million (same as the budget request and FY 2022 but \$15 million below the House)
- Emergency Food and Shelter Program: \$330 million (\$200 million more than the House, budget request and FY 2022)
- FEMA Disaster Relief: \$19.945 billion for disaster relief to fund recent major disaster response and recovery activities (same as the House, \$205 million more than the budget request and \$1.15 billion above FY 2022).

Customs and Border Protection (CBP): The bill includes \$16.36 billion, an increase of \$620 million over the House, \$1.16 billion above the budget request and \$1.7 billion above FY 2022, for CBP, including \$50 million for border security technology.

Immigration and Customs Enforcement (ICE): \$8.14 billion for ICE, which is \$260 million below the House, \$40 million more than the budget request and \$119 million less than FY 2022, for immigration enforcement.

Transportation Security Administration (TSA): \$9.29 billion for TSA (\$480 million less than the House, \$753 million below the budget request and \$555 million more than FY 2022), which includes \$94.1 million to restore funding for TSA Security coverage at certain airport exit lanes.

Assault Weapons Ban (H.R. 1808):

In June, Congress passed the Bipartisan Safer Communities Act aimed at reducing gun violence. While this was an important step forward, gun control advocates continued to push for further action to reduce the number of mass shootings. On July 29th, the House passed the Assault Weapons Ban (H.R. 1808), which would ban the import, sale, manufacture, transfer or possession of a semiautomatic assault weapon or large capacity ammunition feeding device. The bill passed the House by a vote of 217 to 213. While it passed mostly along party lines, five Democrats voted against the bill while two Republicans voted for it. The Biden Administration issued a statement supporting the bill. However, the evenly divided Senate is unlikely to pass it. The previous assault weapons ban expired in 2004.

Activities for August:

The House adjourned on July 29th for the August recess. The Senate plans to adjourn for the recess on August 5th. Before leaving town they will try to pass a veterans health care bill and the reconciliation bill, known as the Inflation Reduction Act of 2022. If the Senate passes the bill, Speaker Pelosi plans to call the House back in session to consider the bill. Both chambers will

then be in recess until after Labor Day. The Senate will return for votes on September 6th, while the House will return on September 13th. Congress will then be focused on passing a Continuing Resolution (CR) to keep the government operating before the end of September. We will continue to monitor and report on legislative and executive branch developments of interest to the County.