



Contracting for Public Services

Council Workshop January 17, 2009



Contracting For Public Services

- Review of previous Council discussion and existing policy
- Changes to contracted services since last discussion
- Updated information
- Council discussion and direction



Current Practice

- “Contractual” vs. “Professional”
- Small percentage (4%-5%)
- No involuntary employee job loss

Current Major Contracts

Over \$1 M annually:

Lifeguards
Landscaping
Landfill Monitoring
Tree Trimming
Parking Citation Processing
Parking Operations

Future Major Contracts

SCD/Allen – Solid Waste/Recycling



Current Practice

- Use of contracting restricted to certain circumstances
- New or existing contracted services include the following actions:
 - full costs of contracting are evaluated and compared to in-house costs;
 - adequate monitoring, oversight and reporting to primary customers is occurring or provided
 - include a 30-day provision to cancel



Current Practice

- No involuntary terminations as a result of contracting
- Total contracted services > \$100,000 comprise 4-5% of operating budget



Contracting Criteria

Restrict use of contracting to certain circumstances or criteria (below). Staff would return with an evaluation of which currently outsourced services do not meet the criteria, and what the service and financial impacts would be of transitioning those services in-house.

- a. Pooling of contracted employees would provide significant benefits that City staffing could not provide.
- b. Service requires technical or special expertise that City staff could not or do not provide, and is outside of core service mission of the department.



Contracting Criteria

- c. Service by contractor staff does not have significant interaction, communication or engagement with the community, and service is not expected to significantly affect customer service provided.
- d. Service is needed on an interim or emergency basis, or for a pilot period of time.
- e. The service requires substantial space to house the staff and/or equipment to provide the service, which is not available within City facilities or cannot be leased.
- f. The service requires significant equipment or other capital investment and maintenance, which a private contractor could better amortize the costs or maximize use of the equipment compared to the City.



Contracting Criteria

- g. Service is new or uncertain, and the City would rather transfer that uncertainty to another entity until more information or experience is gained. Or the service is assessed to entail a certain level of risk that the City would rather transfer to an outside party. Specific risk issues would always be evaluated by staff and incorporated as part of budget development for workers compensation and liability exposures.
- h. Service would supplement City jobs by having contractors perform more labor-intensive, rudimentary tasks, freeing up City employees to perform more skilled functions. An accompanying reduction in work-related injury, public liability claims and employee lost time would be expected.



Living Wage

Living Wage Rates (FY 08/09)		
City	Hourly w/health care	Hourly Rate w/o health care
Santa Monica	\$13.05	\$13.05
Berkeley	\$12.11	\$14.12
Los Angeles	\$10.00	\$11.25
West Hollywood	\$9.02	\$10.32



Issues with Contracting

Challenges

- Quality control
- Limited control over cost
- Over reliance
- Administrative problems

Benefits

- Pooling
- Specialized
- Allocation of routine
- Emergency/interim
- Space and capital
- Transfer of risk or uncertainty

Key: Adequate supervision, monitoring, measuring and reporting



Changes Since Last Discussion

- Previously contracted services brought in house
 - Business license discovery
 - Fire Dispatch
- To be reviewed for feasibility of bringing in house
 - Parking Citation processing and/or customer service
- Out for Contract - Parking operator – largest contracted service



Policy Recommendations

- Formalize current practice
- Use same criteria currently employed
- Custodial services for certain high profile city properties, such as City Hall and libraries, will always be provided by city employees
- All contracts >\$100,000 will continue to be brought to Council for approval



Attachments

- 1: Contracted Services over \$100,000
- 2: Updated Estimated Costs for In-House Tree Maintenance Services
- 3: Updated Estimated Costs for In-House Public Landscape Services
- 4: Updated Estimated Costs for In-House Park Operation Services
- 5: Memo – Updates on State & Federal Health Care Reform Efforts



Major Contracted Services (FY 08/09) exceeding \$100,000

CONTRACTOR NAME	Service	Annual Budgeted Amount	Total Contract Amount	Start Date	Expiration Date
ACS State and Local Solutions	Parking Citation Processing	1,370,000	7,612,417	07/01/03	06/30/10
Carlos Guzman Inc.	Bus body repairs	358,663	548,586	01/01/06	01/01/09
City of Los Angeles	Regional Fire Dispatch	600,000	2,860,000	09/06/06	06/30/11
Community Arts Resources	Produce Santa Monica Festival	111,000	333,000	03/27/08	08/31/10
General Environmental Management	Hazardous Waste Management	394,932	1,976,298	07/01/06	01/01/10
GMMB, Inc.	Panhandling Education, Community Outreach, Alternative Giving	225,000	337,000	04/07/08	09/30/09
ICF Consulting Group, Inc.	Landfill Gas Monitoring and Groundwater Remediation Services	1,088,500	7,047,782	05/13/08	05/13/11
International Services, Inc.	Security Guard Services	668,953	1,940,368	11/27/07	11/26/10
J. Perez Associates	Bus ad posting services	218,460	1,061,064	08/28/07	06/30/12
JJ&R	Prisoner Medical Services	150,000	1,756,250	10/02/92	indefinite
Los Angeles County Fire	Lifeguard Services	1,576,564	8,246,801	12/01/02	month to month
Los Angeles County Sheriff	Prisoner Transport	117,444	468,107	07/01/04	06/30/09
MV Transportation, Inc.	Dial-A-Ride Service	559,529	1,884,118	05/21/08	03/31/11
Parking Concepts	Parking Operations	4,196,694	12,119,400	07/01/04	05/31/09
PumpMan	Water Pump Repairs	320,090	873,000	01/24/07	01/24/10
Roth Management	Carousel Management	177,199	306,019	06/20/06	month to month
S&J Chevrolet	Remanufacturing bus transmissions	129,590	388,770	01/01/06	01/01/09
Saied Trucking	Debris hauling	227,562	690,000	02/01/06	02/01/09
Socceropolis	Soccer Instruction	154,000	154,000	07/01/08	06/30/09
Surf Academy	Surfing Instruction	233,000	233,000	07/01/08	06/30/09
The Resource Collection	Custodial - Pier	459,214	1,030,500	05/01/07	05/01/10
TruGreen Landcare	Landscaping Services	1,355,942	6,085,734	09/06/05	09/06/12
Uniserve Facilities Services Corp.	Transit Coach Detailing	120,000	417,420	01/01/06	01/01/09
ValleyCrest Landscape	Landscape - Cemetery	288,012	627,668	10/06/06	12/31/08
West Coast Arborist	Tree Trimming Services	1,062,171	11,175,950	07/11/01	07/10/11
		16,162,519			

NOTE: List does not include technical service procured for public works projects, professional services, or temporary staffing agencies.

Prepared by staff January 12, 2009.

Estimated Costs for In-house Tree Maintenance Services

	FTE	Total Salaries	Benefits	Equipment cost	Service Life (Yr)	Depreciation	Materials costs
Personnel							
Additional Admin Staff							
Assistant Community Forester	1	\$ 86,724	\$ 30,050				
Planning Arborist	1	\$ 86,724	\$ 30,050				
Tree Trimming Crew							
Supervisor	2	\$ 173,447	\$ 60,099				
Crew Leader	2	\$ 116,838	\$ 46,477				
Trimmers	4	\$ 211,611	\$ 82,429				
Groundskeeper	4	\$ 187,649	\$ 83,273				
Equipment Operator II	1	\$ 56,472	\$ 21,395				
Equipment Operator III	1	\$ 62,100	\$ 21,395				
Comm. Forest Renewal Crew							
Crew Leader	1	\$ 58,419	\$ 27,944				
Groundskeeper	2	\$ 93,825	\$ 41,637				
As-needed employees = 10%		\$ 96,036	\$ 33,277				
Overtime = 10%		\$ 105,640	\$ 36,604				
Uniforms	15						\$ 9,000
Safety Boots	15						\$ 3,675
Equipment							
Crew Leader truck	3			\$ 108,000	12	9,000	
95' Tower Truck	1			\$ 210,000	10	21,000	
70' Tower Truck	1			\$ 198,000	10	19,800	
65' Tower Truck	2			\$ 252,000	10	25,200	
Loader	1			\$ 120,000	10	12,000	
Roll-off truck	1			\$ 84,000	10	8,400	
Dumpster bins	3			\$ 18,000	10	1,800	
Crane	1			\$ 150,000	10	15,000	
Stump Grinder	1			\$ 45,600	10	4,560	
Tree planting truck	1			\$ 48,000	10	4,800	
Backhoe	1			\$ 78,000	10	7,800	
Estimated annual fuel costs							\$ 148,500
Estimated annual costs for veh. & equip. maintenance							\$ 131,160
Estimated start-up costs for small tools (inc. 5 cell ph + 5 radios)			\$ 24,000				
Estimated annual costs for small tools			\$ 12,000				
Annual costs for replacement trees							\$ 100,000
Training & Education			\$ 25,000				
Greenwaste disposal +/- 1,500 tons per yr @ \$48 per ton							\$ 72,000
Ongoing Costs Subtotal:		\$ 1,335,484	\$ 539,629	\$ 12,000		\$ 129,360	\$ 464,335
One-time Costs Subtotal:				\$ 1,335,600			
Total One-time Costs:				\$ 1,335,600			
Total Ongoing Costs:						\$ 2,480,808	\$1,061,976
Notes:							
a	Crew members on leave will result in a drop in productivity						
b	Specialty equipment will still need to be contracted out						
c	There may be increases in self-insurance, and other overhead costs which are hard to quantify or clearly identify for now.						
d	There will be an increase in vehicle insurance for the additional vehicles & equipment and worker's compensation costs for the additional FTE's.						
e	Additional office space for the two crew leaders, a supervisor, assistant community forester, and planning arborist may be absorbed						
f	There will need to be additional space created to house the new equipment & vehicles as well as parking for personal vehicles of the new employees						

Estimated Costs for In-house Public Landscape Services

ATTACHMENT 3

	FTE	Total Salaries	Benefits	Equipment cost	Service Life (Yr)	Depreciation	Materials costs	
Public Landscape Personnel								
Supervisor	2	\$ 156,025	\$ 52,424					
Crew Leader	3	\$ 187,799	\$ 69,716					
Groundskeeper	9	\$ 435,352	\$ 187,365					
Equipment Operator I	2	\$ 102,144	\$ 42,790					
Equipment Operator III	1	\$ 64,022	\$ 21,395					
Irrigation Technician	2	\$ 96,745	\$ 33,522					
Equipment Technician	1	\$ 59,505	\$ 20,618					
As-needed employees = 20%	0.2	\$ 220,318	\$ 76,340					
Overtime = 10%	0.1	\$ 132,191	\$ 45,804					
Uniforms	17						\$ 10,200	
Safety Boots	17						\$ 3,060	
Public Landscape Equipment								
Roll-off truck	1			\$ 84,000	10	8,400		
Dumpster bins	3			\$ 18,000	10	1,800		
Gang mower	1			\$ 54,000	10	5,400		
Turf mowers 3100D	1			\$ 31,200	7	4,457		
Turf mowers - detail	2			\$ 9,600	7	1,371		
Misc. small tools (budget line item)				\$ 24,000	2	12,000		
Chipper	1			\$ 48,000	10	4,800		
John Deere Tractor 7400	1			\$ 24,000	10	2,400		
Toro Rak-o-vac	1			\$ 48,000	10	4,800		
Pick-up truck	5			\$ 270,000	12	22,500		
EZ Go vehicles	11			\$ 264,000	7	37,714		
Irrigation truck	2			\$ 180,000	12	15,000		
Trailer for Mower/Sweeper	1			\$ 9,360				
Estimated annual fuel costs							\$ 162,000	
Estimated annual costs for veh. & equip. maintenance							\$ 106,416	
Computer & office materials				\$ 7,000				
Small tools, cell phones & radios				\$ 35,000				
Estimated annual costs for small tools							\$ 14,400	
Annual costs for replacement plants, fertilizer & materials							\$ 96,000	
Training & Education		\$ 20,000						
Greenwaste disposal +/- 500 tons per yr @ \$48 per ton							\$ 24,000	
Ongoing Costs Subtotal:		\$ 1,474,102	\$ 549,975			\$ 120,643	\$ 416,076	
One-time Costs Subtotal:				\$ 1,106,160				
Total One-time Costs:				\$ 1,106,160				contract cost
Total Ongoing Costs:							\$ 2,560,795	\$755,800.28
Notes:								
a Crew members on leave will result in a drop in productivity								
b Specialty equipment will still need to be contracted out								
c There may be increases in self-insurance, and other overhead costs which are hard to quantify or clearly identify for now.								
d There will be an increase in vehicle insurance for the additional vehicles & equipment and worker's compensation costs for the additional FTE's.								
e Additional office space for the crew leaders and supervisor can be absorbed								
f There will need to be additional space created to house the new equipment & vehicles as well as parking for personal vehicles of the new employees								

	FTE	Total Salaries	Benefits	Equipment cost	Service Life (Yr)	Depreciation	Materials costs	
Park Operations Personnel								
Supervisor	1	\$ 78,012	\$27,042					
Crew Leader	1	\$ 62,600	\$20,856					
Groundskeeper	5	\$ 241,862	\$80,582					
Equipment Operator	1	\$ 51,068	\$17,014					
Irrigation Technician	1	\$ 55,898	\$18,624					
Equipment Technician	0.5	\$ 29,752	\$9,913					
Grounds Maintenance Worker	4	\$ 170,776	\$56,898					
Overtime = 10%		\$ 68,997						
Uniforms	13						\$ 7,800	
Safety Boots	13						\$ 2,340	
Park Operations Equipment								
14,000 GVWR Irrigation Truck	1			\$ 90,000	12	7,500		
Chevy W4500 - 2 Yd. Dump	2			\$ 134,400	12	11,200		
Chevy W4500 w/dump bed	1			\$ 67,200	12	5,600		
Chevy 2500 w/dump bed	1			\$ 51,600	12	4,300		
Ford F-150 w/lift gate	7			\$ 336,000	12	28,000		
3100D Triplex Mower	1			\$ 30,000	7	4,286		
Smithco Star 60 Turf Sweeper	1			\$ 33,000	7	4,714		
John Deere 1200A Field Groomer	1			\$ 13,000				
Ryan Mataway HD Turf Renovator	1			\$ 6,000				
Bluebird PR22 Turf Dethatcher	1			\$ 2,000				
Classen Walk Behind Turf Aerifier	1			\$ 5,500				
Fertilizer Spreaders Anderson 2000	3			\$ 1,800				
Reel Mower Power Trim PR258S	5			\$ 8,000				
TMC Hedge Trimmers	5			\$ 3,000				
KPC Line Trimmer 2600	5			\$ 2,500				
Power Trim 308H Edgers	5			\$ 4,000				
Cell Phones	3			\$ 330				
Radios	10			\$ 7,000				
Irrigation Truck Supplies	1			\$ 5,000				
Equipment Tech. Supplies				\$ 5,000				
Misc. Tools				\$ 6,000				
Computer/Printer				\$ 2,000				
Additional Operating Costs: overhead, sport supplies, fertilizer, seeds							\$ 305,947	
Ongoing Costs Subtotal:		\$ 758,966	\$ 230,930			\$ 65,600	\$ 316,087	
One-time Costs Subtotal:				\$ 813,330				
Total One-time Costs:				\$ 813,330				
Total Ongoing Costs:						\$ 1,371,583		contract cost
Notes:								
Increase of 25.58 park acres (+21%)								
a Crew members on leave are offset with increases in overtime.								
b There will be related increases in costs for Fleet, Human Resources, Finance, etc. to support these projections.								
c There will be an increase in worker's compensation costs for the additional FTE's.								
d Additional space for the new employees, including office space for the crew leader and supervisor, can be absorbed at the 1601 14th St. location. Additional parking and circulation space for the new City equipment and personal employee vehicles can also be absorbed at this location.								



SHAW / YODER, *inc.*
LEGISLATIVE ADVOCACY
ASSOCIATION MANAGEMENT

December 23, 2008

To: Members of the Santa Monica City Council
P. Lamont Ewell, City Manager
Kate Vernez, Assistant to the City Manager, Community & Government Relations

Fm: Joshua W. Shaw, Partner

RE: Update on State Health Care Reform Efforts

On September 8, 2008 we updated our 2007 report to City staff on the status of legislative and executive branch Health Care Reform negotiations, going back to the beginning of the 2007-08 legislative session. This memo provides the latest update on this state policy debate.

Over this past two-year period, state leaders pursued three major but differing policy efforts to reform the health care system, continuing an effort that really began in earnest in 2006. These efforts were sponsored by: Governor Arnold Schwarzenegger; then Senate President pro Tempore Don Perata (D-Oakland) and then Assembly Speaker Fabian Nunez (D-Los Angeles); and, then Senator Sheila Kuehl (D-Santa Monica). None of these efforts ultimately resulted in enactment of substantive legislation.

As the 2009-10 legislative session begins, the governor is focusing his attentions on a growing General Fund budget deficit that threatens to sweep all other policy efforts aside. In fact, as of this writing, many observers project a combined 2008-09 / 2009-10 deficit of more than \$40 billion, if no new revenues are raised and / or if significant spending cuts are not enacted.

Thus, at this time we do not foresee the practical possibility of meaningful progress on any form of “universal health care” reform in the coming year. Besides the funding crisis facing the State, several other factors militate against expecting substantive action this year, including the fact that all three legislators who led the negotiations over the last 2-3 years— Senators Perata and Kuehl, and Assembly Member Nunez – have termed out of the legislature.

Nonetheless, some in the 2009-10 legislative class will want to try and push for reforms, whether on a massive scale or in a more targeted manner. For instance, newly-elected Senate President pro Tempore Darrell Steinberg (D-Sacramento) has already signaled his intent to champion health care reform for children. And, a senior advisor to the governor recently affirmed for us the governor’s commitment to universal coverage (i.e. as opposed to “single payer”) and indicated that the governor was pleased to hear pro Tem Steinberg’s remarks. He stated the governor would be working with the legislative leaders in 2009 on health care reform, but that the budget

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crisis is paramount. This advisor also noted that Federal efforts will likely need to be incorporated into California's thinking this time around, as President-elect Obama has signaled his clear intent to tackle health care.

We will monitor these and other efforts closely in 2009 and report to City staff as bills are introduced, and help you evaluate the impact on City programs, finances and employees. In the meantime, the next page provides historical information about last session's efforts.

Previous Efforts

In the meantime, following is a time line highlighting the major health care reform bills and their evolution over the last three years:

In December 2006, legislative leaders in both houses introduced legislation to reform California's health care system and to reduce the number of uninsured Californians, AB 8 (Nunez) and SB 48 (Perata).

In January 2007, Governor Arnold Schwarzenegger announced his own plan to enact comprehensive health care reform. His proposal – essentially mandating that all Californians obtain a minimum level of health coverage and requiring insurers to sell insurance to all who request it – received the least amount of legislative attention. In fact, his proposal – the Health Care Security and Cost Reduction Act – was not even actually put into bill form until well into the year.

In February 2007, Senator Sheila Kuehl reintroduced SB 840, a bill previously vetoed by the governor, to establish a single-payer style health reform program in California. SB 840 passed the Senate but was held in the Assembly Appropriations Committee. Senate and Assembly Republicans subsequently announced alternative health care reform strategies and introduced multiple bills in both houses to enact their proposals.

In the meantime, AB 8 and SB 48 moved through the legislative process, and were publicly heard and voted on in multiple legislative hearings. The two bills were merged into AB 8 in July 2007, and AB 8 was passed by the full Senate and Assembly on September 7, 2007 and sent to the governor. On September 11, 2007, the governor signaled his intention to veto AB 8, and called an extraordinary special session of the legislature to consider and act upon legislation to comprehensively reform California's health care system.

On October 9, 2007, the governor released the first public draft of legislative language to implement his plan, which included several additions and modifications from the plan outline released in January of that year. With the release of draft legislative language, the governor also declared his intention to pursue a statewide ballot initiative to accompany the legislation, primarily to seek voter approval for the financing elements of his reform plan.

On October 12, 2007, the governor vetoed AB 8. At that time, Senator Kuehl's SB 840 was still being held in the Assembly Appropriations Committee.

AB 1 x1 (a special session bill) was then introduced by Nunez and Perata to respond specifically to the governor's veto message on AB 8, particularly to the governor's concerns regarding universality, an individual mandate and diversity of funding. Speaker Nunez stated at the time

that “this bill makes significant progress towards the goal of universal health insurance, by instituting a series of broad based reforms of the insurance market, expanding and simplifying public health insurance programs, improving health care quality and increasing cost effectiveness and value, emphasizing prevention and wellness, preserving choice, building and improving upon the existing public and private health systems, and creating a system of shared responsibility with employers, employees and government.”

While the legislative leaders’ bill was approved by the Assembly in late 2007, it never moved beyond its first Senate committee in 2008.

After AB 1 x1 stalled, SB 840 (Kuehl) was also amended, on August 8, 2008, and proceeded to move again. In fact, SB 840 proceeded to be approved by the full Assembly, on August 29, and was subsequently approved by the full Senate, on August 31. In each case, the votes were purely partisan.

The governor vetoed SB 840 (Kuehl) on September 30.

In its final form, Senator Kuehl’s single payer health care reform proposal really consisted of two measures: 1) SB 840 contained the structure and policy for the universal single payer system; and, 2) a companion measure, SB 1014, contained the financing provisions for the single payer system.

SB 840 (Kuehl) would have created the California Healthcare System (CHS), a single payer health care system, administered by a newly-created California Healthcare Agency, to provide health insurance coverage to all California residents. SB 840 would make all California residents eligible for specified health care benefits under the CHS, which would, on a single-payer basis, negotiate for or set fees for health care services provided through the system and pay claims for those services. The bill would provide that a resident with a household income at or below 200% of the federal poverty level would be eligible for the type of benefits provided under the Medi-Cal program. CHS would become operative when the Secretary of Health and Human Services determines the Healthcare Fund (created by SB 1014) will have sufficient revenues to fund the costs to implement this bill. It requires the system to be operational no later than two years after it is determined there are sufficient resources to implement the program.

SB 1014 (Kuehl) would have created the California Health Care Fund and imposes a health care coverage tax on both the employer, at a rate of 1% on the taxpayer’s taxable income that exceeds \$200,000 but is not over \$1,000,000, and the employee at a rate equal to 3.78% of their received income. The revenues generated from these taxes would have funded the California Health Care System created by SB 840. Introduced in early 2007, the bill never made it out of the Senate Revenue and Taxation Committee that year.

Senate Takes First Steps at Major Health Care Reform

Key Senators from the two chief committees of jurisdiction over health care have announced bipartisan plans to consider major legislation to reform the health care system. The Chairmen and Ranking Members of the Finance Committee and the Health, Education, Labor, and Pensions (HELP) Committee held a strategy meeting on November 19th to determine jurisdictional issues and overall goals. Committee staff were reportedly charged with drafting lists of issues and legislative options that could be considered as early as January when the 111th Congress convenes. HELP Ranking Member Michael Enzi (R-WY) said that health care reform would be one of the first bills before the full Senate next year. He was joined by HELP Chairman Ted Kennedy (D-MA) and Finance Committee Chairman Max Baucus (D-MT) in saying that the political momentum was never stronger in terms of enacting major health care reform legislation. Finance and HELP Committee staff have been informally communicating with President-elect Obama's former campaign staff and current transition team to identify broad areas of agreement between the Congress and the future President. Chairman Baucus said that discussions with the President-elect himself on this agenda have been ongoing. He released a White Paper on reform on November 12th that called for major expansions of public health care programs, Medicare reforms, tax breaks for small businesses, requiring larger employers to provide health insurance coverage to their workers or pay into a coverage fund, and requiring all Americans to have health insurance.

Full support from a key Republican remains in doubt. Finance Committee Ranking Member Chuck Grassley (R-IA), after the November 19th meeting, said that he was concerned that the lack of plans to adequately pay for these reforms. He said he does not want reform to result in a major expansion of the federal budget deficit. Chairman Baucus countered that most of the programs would be paid for in out years based on health care savings they would garner then.

On the HELP Committee, Chairman Kennedy recently announced that he would task several members with key aspect of reform, including Sen. Tom Harkin (D-IA) with public health and prevention, Sen. Hillary Clinton (D-NY) with insurance reform, and Sen. Barbara Mikulski (D-MD) with quality improvement and assurance. That list of responsibilities may change should Sen. Clinton accept the offer she has reportedly been given to be Secretary of State in the Obama Administration.

For additional information, please contact Kareem Murphy or Leslie Mozingo at (202) 331-8500 or kmurphy@tfgnet.com and lmozingo@tfgnet.com.

Former Senate Majority Leader Reportedly Selected as HHS Secretary

Former Senate Majority Leader Tom Daschle (D-SD) has reportedly been selected to become President-elect Obama's Secretary for Health and Human Services. Daschle's portfolio will reportedly be expanded so that he also serves as the President-elect's main point person for health care and health care reform overall. Previous President's have kept White House staff in such positions. Since leaving the Senate in 2006, Daschle has served as a health care lobbyist and a board member at the Mayo Clinic. Word of the nomination has been embraced by several stakeholders

in the health care reform debate, including the AARP, the National Association of Community Health Centers. The choice of Daschle suggests that the President-elect want to be sure that his reform proposals are guided through the Congress with a Cabinet Secretary who also understands how Congress (the Senate in particular) works.

For additional information, please contact Kareem Murphy at (202) 331-8500 or kmurphy@tfgnet.com.

President-elect Expected to Roll Back Medicaid Cuts

Experts close to President-elect Obama's transition team predicted that he would roll back seven controversial Medicaid regulations issued by the Bush Administration in 2007. Local governments and other public providers have engaged in a multi-year battle to have the regulations official rescinded. Of the seven regulations, six are subject to a congressional moratorium until March 31, 2009. However, the public hospital regulation was not included in the moratorium but has been effectively negated by a federal court ruling this summer. The Centers for Medicare & Medicaid Services (CMS) re-issued the moratorium on November 6th to comply with the court's ruling. It would eliminate a major source of funding for public hospitals by eliminating funding for graduate medical education (GME). CMS could go and eliminate this through the rulemaking process, something which stakeholders expect the new administration to do.

For additional information, please contact Kareem Murphy at (202) 331-8500 or kmurphy@tfgnet.com.

Congress Recommits to Temporary Medicaid Boost

Congress is currently developing a package of bills to boost the economy and their commitment to providing aid to state and local governments. House Speaker Nancy Pelosi (D-CA) and Senate Majority Leader Harry Reid (D-NV) unveiled a \$100 billion economic stimulus bill, which includes a temporary 8 percent increase in the Federal Assistance Matching Percentage (FMAP). The earlier version of the stimulus package included only a 5 percent increase.

For additional information, please contact Kareem Murphy at (202) 331-8500 or kmurphy@tfgnet.com.