

NACo Legislative Bulletin

Executive Director: Larry E. Naake, Legislative Director: Edwin Rosado

April 8, 2011

- [FY 2012 House Budget Makes Deep Cuts in County Programs](#)
- [1099 Repeal Heads to the President's Desk](#)
- [House Passes FAA Bill](#)
- [Department of Labor issues Training and Employment Notice : Veterans Career Transition Project at Select Job Corps Centers \(TEN 31-10\)](#)
- [Dept of Labor Employment and Training Administration Publishes Evaluation of the Priority of Service Provision of the Jobs for Veterans Act](#)
- [Rural Action Caucus Fly-in Brings Rural Priorities to Congress and Administration](#)

FY 2012 House Budget Makes Deep Cuts in County Programs

On April 6, the House Budget Committee passed the FY 2012 Budget Resolutions, the first step in the Congressional budget process. The resolution put forth by Budget Chairman Paul Ryan (R-Wisc.) would reduce spending by almost \$6 trillion over the next ten years. The budget resolution traditionally does not give many specifics. Instead it gives a blueprint to the appropriators of how much they have available in their specific functions. Additionally, it may give instructions to authorizing committees for deficit reduction measures. Nonetheless, the Chairman's blueprint gives a general idea of what can be expected and calls for significant changes to some programs, particularly Medicaid. Some of the most significant proposals for counties include a Medicaid block grant, overall domestic spending reductions, a reserve fund for Secure Rural Schools and PILT, and consolidation of job-training programs. [NACo wrote a letter](#) to Chairman Ryan and Ranking Member Chris Vann Hollen expressing our concerns before the mark up.

- **Overall domestic spending reductions:** Funding for non-defense domestic discretionary programs would go back to FY 2008 levels. NACo approved a resolution at this year's legislative conference supporting domestic discretionary spending at 2010 levels.
- **Medicaid block grant:** Medicaid would stop being an entitlement and the federal share would be converted into a block grant, indexed for inflation and population growth, for states. In exchange for accepting the risk, the plan envisions states assuming more or less total control over program design and implementation. NACo has strongly opposed block granting Medicaid for many years because of the inevitable crushing cost shifts to counties. Chairman Ryan projects Medicaid savings for the Treasury of \$750 billion over ten years – states and counties and other Medicaid service providers could be at risk for that amount or more.
- **Other Health Programs:** In addition to the Medicaid block grant, the budget resolution also repeals the ACA cancelling the health insurance coverage expansion which is being planned to begin in 2014 through the establishments of health insurance exchanges and expanding Medicaid. Other ACA provisions that would be repealed include the Prevention and Public Health Fund (PPHF) and the extension of exchange-based insurance coverage to pre-trial jail inmates. The proposal would reduce expenditures for health from \$376 billion this fiscal year to \$347 billion in FY 2012, a 7.7 percent decrease. This reduction could affect most direct health care programs, anti-bioterrorism activities, national biomedical research, public health and safety, health services for under-served populations, and training for the health care workforce. Agencies funded include the National Institutes of Health (NIH), Centers for Disease Control and Prevention (CDC), Health Resources and Services Administration (HRSA), and the Food and Drug Administration (FDA). The mandatory programs in this function include Medicaid and the State Children's Health Insurance Program



CONTACTS

Larry Naake

NACo Executive Director
202-942-4201

Edwin Rosado

Legislative Director
202-942-4271

Jeffrey D. Arnold

Deputy Legislative Director
Telecommunications & Technology
202-942-4286

Paul Beddoe

Associate Legislative Director
Health
202-942-4234

Michael Belarmino

Associate Legislative Director
Finance and Intergovernmental Affairs
202-942-4254

Daria Daniel

Associate Legislative Director
Community and Economic Development
202-942-4212

Bob Fogel

Senior Legislative Director
Transportation
202-942-4217

Deseree Gardner

Associate Legislative Director
Labor & Employment
202-942-4204

(SCHIP).

- **Secure Rural Schools and PILT:** Following a strong push from our Congressional allies in the House, Chairman, Paul Ryan (R-Wisc.) made the reauthorization of the Secure Rural Schools and Community Self-Determination Act of 2000 (SRS) and the continued funding of the Payment in Lieu of Taxes (PILT) program a priority in the proposed committee budget for fiscal year 2012. The proposed budget resolution included a deficit neutral reserve fund for rural counties and schools to provide for the reauthorization of the Secure Rural Schools program and/or changes to the PILT program. The deficit neutral reserve fund language sets the stage for a much needed reauthorization of SRS, set to expire in fiscal year 2011. The commitment from the House Budget Committee, in addition to the Administration's support in the President's budget proposal provides a great step forward toward reauthorization.
- **Consolidating job training programs:** The resolution would consolidate overlapping job-training programs into targeted career scholarship programs. The resolution is not clear on how specific Workforce Investment Act Title I programs will be impacted. However, eliminating federal investments in workforce development job training programs will have an immediate impact on the ability of more than 14 million unemployed individuals to transition to new jobs. These funds help to create and fill jobs, prepare workers whose jobs have disappeared for new careers, and train the American workforce for the demands of a 21st century, global economy. Cuts to WIA Title I Programs will impact current and future workers at all ages, incomes, and skill levels, and will be felt across the entire country.
- **Agriculture:** Agriculture budget authority would decrease by 23 percent from \$26 billion in FY 2011 (projection) to \$20 billion in FY 2012. This budget section includes farm income stabilization, agricultural research, and other services administered by the U.S. Department of Agriculture. The discretionary programs include research and education programs, economics and statistics services, administration of the farm support programs, farm loan programs, meat and poultry inspection, and a portion of the Public Law (P.L.) 480 international food aid program. The mandatory programs include commodity programs, crop insurance, and certain farm loans. The budget includes major reforms of direct payments and crop insurance subsidies to achieve these reductions.
- **Community and Regional Development:** NACo is concerned that Community and Regional Development budget authority would decrease by 25 percent from \$16 billion in FY 2011 (projection) to \$12 billion in FY 2012. Key federal programs to improve community economic conditions, promote rural development and assist in federal emergency disaster preparations would be affected. These programs include the Community Development Block Grant (CDBG) program, Department of Agriculture rural development programs and Economic Development Administration (EDA) programs.
- **Energy and Environment:** Energy budget authority would maintain level funding in FY 2012, but is slated to decrease by 85 percent by FY 2014. The FY 2012 funding level of \$7 billion decreases to \$1 billion by FY 2014. This budget function includes the Rural Utilities Service of the Department of Agriculture, which is a critical source of funding for rural broadband deployment and water and wastewater infrastructure.

Chairman Ryan's budget proposes to cut energy research while promoting the use of renewable and alternative energies such as wind, solar, nuclear, etc. In order to address high gasoline prices, the blueprint promises to increase domestic energy production by lifting oil drilling moratoriums to "safe, responsible energy exploration in the U.S." The blueprint also references the Environmental Protection Agency's greenhouse gas policies as a "job-destroying national energy tax." Chairman Ryan's budget proposes to cut all future funding for EPA's climate change regulation policies.

- **Food Stamps (now Supplemental Nutrition Assistance Program, SNAP) Block Grant:** The budget calls for a block grant to the former food stamp program, beginning in 2015. The program is currently an open-ended entitlement. In the Chairman's proposal the block grant would begin after the unemployment situation stabilizes and would be indexed for inflation. It would also have work requirements. NACo policy against block grants for entitlements extends to the SNAP program.
- **Justice and Homeland Security:** Overall budget authority for the administration of justice is proposed at \$47 billion for FY 2011 and \$52 billion for

*Associate Legislative Director
Justice and Public Affairs
Homeland Security and Large
Urban County Caucus
202-942-4236*

Erik Johnston
*Associate Legislative Director
Agriculture and Rural Affairs
and Rural Action Caucus
202-942-4230*

Marilina Sanz
*Associate Legislative Director
Human Services and Education
202-942-4260*

Julie Ufner
*Associate Legislative Director
Environment, Energy and Land
Use
202-942-4269*

Ryan Yates
*Associate Legislative Director
Public Lands
202-942-4207*

Matthew Fellows
*Legislative Grassroots
Coordinator
202-942-4205*

FY 2012. This may impact Bureau of Justice Assistance State and Local Law Enforcement, Community Oriented Policing Services, Juvenile Justice, Violence Against Woman, and other assorted Department of Justice programs that provide financial and technical assistance to county government agencies and services. Unclear in the budget resolution is its impact to Department of Homeland Security and Federal Emergency Management Agency grants, training and exercises programs that assist States, local governments and public safety agencies prepare, prevent, respond and recovery from all hazard threats.

- **Transportation:** The transportation baseline for FY 2012 is \$58 billion and the House budget assumes \$40.5 billion, about a \$17 billion cut. The House budget proposal explicitly rules out any increases in taxes for the Highway Trust Fund and any further transfers to the Trust Fund from the General Fund. Currently contract authority totals \$52.7 billion—that number would be reduced to \$36 billion annually. These figures include the highway, highway safety and transit contract authority. Put another way, the current baseline for these programs over the next six years is about \$316 billion while the House budget calls for about \$212 billion, a difference of \$106 billion. In comparison, the President's budget asked for \$754 billion in transportation spending over the next six years.

1099 Repeal Heads to the President's Desk
On April 5, after last month's passage in the House, the Senate cleared legislation (H.R. 4) that repeals the 1099 tax provision included in last year's health care overhaul law. The provision would have expanded tax reporting requirements for various entities, including local governments. The bill now heads to President Obama for signing.
Contact: [Mike Belarmino](#) • 202/942-4254

House Passes FAA Bill
On April 1, the House passed H.R. 658 by a vote of 223-196. The next step is a conference committee between the House and Senate, which passed its version of the bill, S.223, in February. There are a number of major differences between the two bills. The Senate bill is for two years, the House bill is for four. The House bill cuts funding for Essential Air Service and eliminates the program in FY14, while the Senate bill continues EAS but eliminates a number of airports with low enplanements and some that are within 90 miles of a larger commercial airport. The Senate increases Airport Improvement Program funding to \$4.2 billion annually while the House cuts it to \$3.1 billion. The House bill includes a provision opposed by labor regarding how some union organizing votes are counted that the Senate leadership and President Obama oppose. The FAA is currently operating under its 18th short term extension, which allows the conferees at least until May 30 to send a bill to the president for his signature.
Contact: [Bob Fogel](#) • 202/942-4217

Department of Labor issues Training and Employment Notice : Veterans Career Transition Project at Select Job Corps Centers (TEN 31-10)
On March 29, the Department of Labor, Employment and Training Administration (ETA) issues a memo asking state and local workforce agencies to help recruit veterans for a project run by the Veterans' Employment and Training Service and the National Office of Job Corps. The project places young veterans, ages 20-24, who have recently been separated from military service with one of three Job Corps centers. Questions about the project are directed to VETS point of contact Tim Winter, at (202) 693-4705, or Maria Temiquel, in the National Office of Job Corps, at (202) 693-3118.
Contact: [Deseree Gardner](#) • 202/942-4204

Department of Labor Employment and Training Administration Publishes Evaluation of the Priority of Service Provision of the Jobs for Veterans Act
Congress passed the Jobs for Veterans Act (JVA) in 2002 to improve employment and training services for veterans and to encourage employers to hire them. Under JVA, the Department of Labor is required to "evaluate whether covered persons" (veterans and certain eligible spouses) are receiving priority of service (POS) in the workforce investment system.

ETA initiated this study in July 2007. To provide some perspective on the timing of the report, it is important to note that key data collection activities conducted under this study were accomplished prior to or just shortly after the Veterans Employment and Training Service (VETS) issued the final rule on "Priority of Service for Covered Persons" in the Federal Register on December 19, 2008 and well before additional administrative guidance was promulgated by ETA and VETS in 2009 and 2010. Specifically, the data collection activities took place from December 2007 until April 2009. This study, therefore, should be viewed as a snapshot of a point in time prior to the issuance of regulations and administrative guidance. Training and Employment Notice 33-10 provides additional background on the volume.
Contact: [Deseree Gardner](#) • 202/942-4204

Rural Action Caucus Fly-in brings rural priorities to Congress and Administration
Members of NACo's Rural Action Caucus (RAC) conducted a "fly-in" advocacy effort April 5-

7 to voice their support for federal funding, legislation and programs critical for rural communities across the country. Eighteen RAC members from 16 states met with six different federal agencies and forty-eight congressional offices.

Each year, the caucus identifies the most pressing issues facing rural counties and brings them to the attention of key administration officials and members of Congress. This year's priority issues included:

- support for NACo rural surface transportation priorities and the Essential Air Service Program (EAS);
- making rural development a priority within farm bill reauthorization and level funding for U.S. Department of Agriculture's (USDA) Rural Development programs;
- a multi-year reauthorization of the Secure Rural Schools and Community Self-Determination Act (SRS);
- support rural health care by protecting Medicaid, and
- level funding for the Community Development Block Grant program (CDBG).

RAC members also discussed these priorities with senior officials from the U.S. Department of Transportation (DOT), U.S. Forest Service, and U.S. Department of Health and Human Services (HHS). RAC members also met with the Federal Emergency Management Agency (FEMA) to discuss floodplain mapping issues and with the U.S. Environmental Protection Agency (EPA) in which the focus was NACo's opposition to more stringent regulations for dust, pesticides and potential expansion of Clean Water Act jurisdiction. RAC leadership met with Agriculture Secretary Tom Vilsack and discussed NACo's Farm Bill reauthorization priorities.

RAC is the voice for America's rural counties in Washington. It is a bipartisan coalition of rural elected officials from across the country striving to enhance the quality of life in rural counties through effective federal legislation. Any NACo member can join RAC. RAC members receive occasional legislative action alerts and updates about RAC's priority issues.

Contact: [Erik Johnston](#) • 202/942-4230



About

National Association of Counties (NACo) is the only national organization that represents county governments in the U. S. NACo provides essential services to the nation's 3,068 counties. NACo advances issues with a unified voice before the federal government, improves the public's understanding of county government, assists counties in finding and sharing innovative solutions through education and research and provides value-added services to save counties and taxpayers money.

NACo

Executive Director: Larry E. Naake

National Association of Counties
25 Massachusetts Ave NW, Suite 500
Washington, DC 20001 | Phone: 202.393.6226

www.naco.org | [NACo Staff Contact List](#)
[County News Online](#) | [Media Center](#)

Click [here](#) to unsubscribe.

25 Massachusetts Avenue, NW, Suite 500, Washington, DC 20001