

July 31, 2010

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FMAP vote may come up next week – Action Needed!

Senate Majority Leader Harry Reid (D-Nev.) is reportedly bringing up a bill late Monday afternoon that will include a six-month extension of the federal Medicaid increase (FMAP). Legislative language available at press time shows that the extension would be phased down. The second quarter of FY2011 would have a 3.2 percentage point increase and the third quarter would have a 1.2 percentage point increase. County officials are urged to contact their Senators in support of the FMAP increase.

The bill also has \$10 billion education jobs funds to prevent teacher layoffs. The bill is paid for in part by sun setting the temporary increase in benefits for the Supplemental Nutrition Assistance Program after March 31, 2015. These provisions will reportedly be part of a bill to reauthorize the Federal Aviation Administration. Regardless of the outcome of the votes next week, the FMAP increase will not be finalized until after the August recess.

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Supplemental Appropriations Of \$5.1 Billion for FEMA's Disaster Relief Fund Signed by President

During the week, the House of Representatives finally approved H.R.4899, the Supplemental Appropriations Act of 2010. The \$59 billion emergency war supplemental legislation includes \$33.5 billion for Defense Department expenses for the wars in Iraq and Afghanistan, \$6.2 billion for State Department aid programs in Afghanistan, Pakistan, Iraq and Haiti, \$5.1 billion for the Federal Emergency Management Agency disaster relief fund, and \$13.4 billion in benefits for Vietnam War veterans exposed to Agent Orange.

Since May 2010, Congress has struggled to reach a compromise on the legislation, and FEMA was forced to place funding restrictions on repair, rebuilding and mitigation projects across the country. As a result, communities and states have been incredibly limited in their ability to provide disaster assistance to residents, and a backlog of disaster response and recovery projects have existed across the country.

The House initially approved the legislation in March 2010, and the Senate passed their version of the legislation in May. But throughout June and July, House Appropriations Chairman David Obey (D-OR) insisted on adding more funding for educational aid, and the House of Representatives passed an amendment that added \$22.8 billion in domestic spending to the bill.

Last week, the Senate rejected the House amendment that would have added \$22.8 billion to the supplemental legislation, and sent it back to the House for consideration. On July 28, the House finally passed the spending package by a vote of 308-114, and the bill was promptly signed by the President on July 29.

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Pared Down Extenders Bill Pulled from House Consideration

On July 29, House leadership tried to bring up a new bill (H.R. 5893) that would have extended the Build America Bonds program for two years and the TANF Emergency Contingency Fund for one year. The intent was to pass this smaller package so that Senate would have a chance to act next week. However, the bill got mired in controversy over one of the revenue raisers in the health care reform law. Specifically, there was an attempt to repeal a provision to require small businesses to file a 1099 form for payments to any vendor over \$600. As a result, leadership pulled the bill off the floor and the future of these extenders remains uncertain.

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D-Block Legislation Introduced

On July 21, Senators Joe Lieberman (I-Conn.) and John McCain (R-Ariz.) introduced S. 3625, the First Responders Protection Act of 2010 which would reallocate the D-Block spectrum to public safety for a national interoperable broadband network. At NACo's recent Annual Conference a resolution was

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passed calling for such a reallocation. Similar legislation has been introduced in the U.S. House by Rep. Peter King (R-N.Y.).

The debate over reallocation has heated up in recent weeks. The Federal Communications Commission (FCC) called for auctioning the D-Block with a preference toward public safety in its National Broadband Plan released in March. Since then public safety advocates and the "Big Seven" associations (NACo, National Governors Association, National League of Cities, U.S. Conference of Mayors, National Conference of State Legislatures, International City/County Management Association, and the Council of State Governments) have called on Congress to ignore the FCC's proposal and to do as the Lieberman and King bills propose. It is rumored that Sen. Jay Rockefeller (D-W.V.) may also introduce additional legislation that may include funding for the national broadband network.

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House Committee Approves Child Nutrition Programs

On July 15, the House Education and Labor Committee approved the Improving Nutrition for America's Act (H.R. 5504) by a strong bipartisan vote of 32-13. The Senate Agriculture Committee version (S. 3307), is reportedly on the short list of bills that might be considered on the Senate floor before the August recess.

One of the major differences between the two bills is in the farm to school program, which is a priority for NACo. The House bill includes \$50 million in mandatory funding over five years. The Senate bill includes \$40 million. Some of the other child nutrition provisions in H.R. 5504 include expanding the afterschool meal program to all 50 states, improving direct certification for school meals, and new paperless options to offer free meals to all students. ;

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WIA Programs Receive Level Funding, Increased Funding for Health Workforce Training and Workforce Innovation Funds in Subcommittee Markup

The FY2011 Senate Labor, Health and Human Services, Education and Related Agencies Appropriations bill provides a total of \$3.8 billion for Workforce Investment Act Title I programs, an increase of nearly \$163.6 million over the FY10 level. This funding will provide education and job training to adult and dislocated workers, and disadvantaged youth. The bill also provides \$65 million for the Green Jobs Innovation Fund. This fund provides workers with job training in green and renewable energy industries as well as sustainable agriculture, transportation and green construction. Other highlights include:

- Health Training Programs - the bill includes an additional \$170 million to expand health training programs to improve patient access to health services and skills training for job seekers. The bill allocates funding for primary care training activities (\$48 million), oral health care training (\$57.9 million), and public health workforce training (\$20 million).

· Workforce Innovation Funds - the bill includes \$242 million for five new Workforce Innovation Funds intended to improve the delivery of education and training programs to workers. These funds will be administered jointly by the Secretaries of Labor and Education include funding for; dislocated workers (\$55 million), adult job training (\$35 million), youth (\$95 million), disabled individuals (\$27 million) and adult education programs (\$30 million).

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NACo Joins NLC, USCM and Congressional Members to Call on Congress to Pass the Local Jobs for America Act, Releases Joint Survey

At a press conference on July 27, July on Capitol Hill, NACo, the U.S. Conference of Mayors (USCM) and the National League of Cities (NLC) released results of a joint survey demonstrating the dire fiscal situation cities and counties are facing as a result of two years of recession. Local elected officials joined with Congressional members to repeat their call on Congress to pass the "Local Jobs for America Act (H.R. 4812/S.3500)" to help economically stressed counties and cities save and create jobs and continue to be able to provide essential services to communities.

During the event, NACo's Large Urban County Caucus (LUCC) Chair Ilene Lieberman joined Philadelphia Mayor Michael Nutter, and Charlotte City Councilman James Mitchell in calling attention to the impact the fiscal crisis is having on local governments. According to the joint survey "Local Governments Cutting Jobs and Services", local governments could cut as many as 500,000 more jobs over the current and coming fiscal years. [Click Here.](#)

To access the joint survey, please click here:

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NACo Secures Enhanced Eligibility for Rural Microentrepreneur Assistance Program

On July 19, USDA Rural Business-Cooperative Service (RBS) reversed a recent ruling that had limited eligibility for the Rural Microentrepreneur Assistance

Program (RMAP) to only "private non-profit entities". NACo submitted written comments to USDA in opposition to this ruling and advocated for a reversal in meetings with USDA and key congressional staff. The correcting amendment applied to the Interim Rule for the program which was published in the Federal Register on May 28.

The correction will allow public nonprofit entities such as multi-county regional development organizations or other county specific nonprofits to compete for this funding. There is \$45.1 million in loan and grant funding available through the RMAP program in FY2010. RMAP provides direct loans and technical assistance grants to microdevelopment organizations to support the rural microentrepreneurs and microenterprises. Applications for

assistance will be accepted on an ongoing basis with awards being made on a quarterly basis. For FY2010, \$36.2 million of the total funding will be available for loans and \$7.6 million will be available for grants.

To be eligible for the next round of competition for FY2010 funds, applications must be received in the National Office by September 30, 2010. An original complete application must be sent to the National Office and a copy submitted to the State Office where the project is located.

For more information about the program, the application, NOFA and interim final rule, visit here:

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Bill to Create National Criminal Justice Commission Approved by House

On the evening of July 2, the House of Representatives overwhelmingly approved the National Criminal Justice Commission Act of 2010. The Senate Judiciary Committee recently approved identical legislation (S.714) but the full Senate has not yet acted. The legislation was authored by Rep. Bill Delahunt (D-Mass.) and Senator Jim Webb (D-Va.). More than 100 organizations supported the legislation including NACo.

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Senate Appropriations Committee Approves FY2011 Agriculture Bill: Includes NACo Supported Rural Innovation Initiative

On July 15, the Senate Appropriations Committee approved the FY 2011 Agriculture Appropriations bill, S. 3606. The agriculture bill proposes to spend \$22.838 billion for all discretionary spending for the Department of Agriculture, the Food and Drug Administration, and several smaller government agencies. This is nearly \$300 million less than the FY 2010 level and \$27 million less than what President Obama requested.

As with the House subcommittee-passed bill, the Senate bill moves forward with the NACo supported Rural Innovation Initiative. The Senate remains vague on the exact funding level for the initiative, but does give USDA authority to set aside up to 5 percent of several, yet to be determined Rural Development programs to begin the initiative. This should allow a funding level that is close to the \$176 million provided in the House. NACo led the national effort to secure support for this initiative because it will reorient a portion of existing USDA Rural Development programs towards a focus on innovative regional economic development projects tailored to local needs and priorities.

The bill includes \$2.768 billion in discretionary budget authority for rural development programs, which is a decrease of \$168 million from the FY2010 enacted level and \$9 million less than the House proposal. Generally, the bill provides level funding for water and waste water, community facilities, business, renewable energy, and electric and telecommunications loans and grants.

The USDA portion of the Healthy Food Financing Initiative would receive \$30 million under the Senate bill compared to \$40 million in the House bill and

\$50 million requested by USDA. The funding will be distributed by USDA as loans and grants to provide financial and technical assistance to build or improve supermarkets, farmers markets, small stores and fresh food outlets.

A summary of the major county supported Rural Development programs is found below.

Rural Water and Waste Disposal Program: Provides \$582 million in budget authority to support over \$1 billion in direct loans, \$75 million in guaranteed loans and \$469 million in grants for Water and Waste Disposal projects. This funding level is the same as the FY2010 enacted level and avoids the Administration proposal to decrease grant funding by one percent. The proposal also rejects the President's request to terminate the annual appropriation of \$17.5 million for the High Energy Costs Grants Program, which serves remote rural communities.

Rural Broadband: Provides \$37.8 million for Distance Learning and Telemedicine Grants, which is the same as the FY2010 enacted level and \$7.7 million above the President's budget request. It also provides steady funding for broadband loan and grant availability at \$400 million for loans and \$18 million for grants. The agency is currently strained in its efforts to provide \$2.5 billion in broadband grants and loans through the Recovery Act by September 30, 2010.

Rural Community Facilities: Loan levels are kept at the FY 2010 enacted levels of \$295 million for direct loans and \$206 million for guaranteed loans. Basic Community Facility Grants utilized by counties remain funded at \$20 million. The Senate also provides funding for Community Facility set asides which the President proposed eliminating. These set asides include \$6.2 million for the Rural Community Development Initiative Grants, \$13.9 million for the Economic Impact Initiative Grants and \$3.9 million for the Tribal College grants.

Rural Business Programs: The Senate maintains level funding for key rural county business programs including \$38.7 million for the Rural Business Enterprise Grants, \$2.5 million for the Rural Business Opportunity Grants and \$993 million in loans for the Business and Industry Loan program. Like the House bill, the Senate bill would level funding for the Value-Added Producer Grants (VAPG) program at \$20.4 million. The Rural Microentrepreneur Assistance Program (RMAP) fares much better in the Senate bill than the House bill. The House bill would allow the \$4 million in mandatory farm bill money to move forward, but provides no additional discretionary funds above that level, whereas the Senate bill provides an additional \$4.4 million, for a total of \$8.4 million.

RC&D: Federal funding for the Resource Conservation and Development (RC&D) Program is kept at \$50.7 million despite the President's request to eliminate federal funding for the program.

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Financial Reform Legislation Includes \$1 Billion for NSP 3

On July 21, 2010, President Obama signed the Wall Street Reform and Consumer Protection Act into law, passed by Congress after much debate. The law includes \$1 billion for the Neighborhood Stabilization Program (NSP)

Round 3, to be made available after October 1, 2010. The funding helps states and localities deal with blight of vacant and abandoned properties in their communities due to the foreclosure crisis. NACo had urged Congress to include the funding in the final legislation.

The \$1 billion in funding would be allocated by a formula to entitlement communities like in NSP 1. The formula is to be established within 30 days of the legislation's enactment. The provision also provides each state to with 0.5 percent of the appropriation, the same as with NSP 1. Under NSP 1 many states have had difficulty spending their funding allotments in a timely manner. The legislation requires grantees to spend at least 50 percent of their funds within two years and 100 percent within three years, similar to NSP 2. It also permits the U.S. Secretary of the Department of Housing and Urban Development to establish a minimum grant size for direct allocation to units of local government, no larger than \$1 million.

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House Passes FY2011 T-HUD Appropriations without Additional Cuts to Vital Housing Programs

The House has passed H.R. 5850, the FY2011 Transportation, Housing and Urban Development (HUD) Appropriations bill. A few Congressmen offered amendments to reduce funds for vital housing programs mentioned below. All these amendments to reduce these funds failed. NACo sent a joint letter on July 29 with other coalition groups, including the U.S. Conference of Mayors, and NACCED urging congressional members to oppose any amendments that would cut vital housing program funds.

The final House FY2011 Appropriations bill funds the Community Development Block Grant formula grants at \$3.99 billion, the same amount provided in FY2010.

It also level funds the HOME Investment Partnerships program at \$1.825 billion. HOME and CDBG are core HUD programs which counties use to expand affordable homeownership and rental housing opportunities for families, and revitalize distressed neighborhoods. The bill also provides level funding for the brownfields redevelopment program at \$17.5 million, and \$10 million for the Section 108 loan guarantee program. The bill also provides \$200 million for the HOPE VI demolition and replacement of severely distressed public housing.

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FY2011 Labor/HHS Funding Bills Clear

The Senate Appropriations Committee approved the 2011 Labor/HHS/Education funding bill July 29. The Labor/HHS Subcommittee of the House Appropriations Committee passed its version July 15, but the full committee has not acted.

Labor and Employment

The Senate bill provides a total of \$3.8 billion for Workforce Investment Act Title I programs, an increase of nearly \$163.6 million over the FY2010 level. This funding will provide education and job training to adult and dislocated

workers, and disadvantaged youth. The bill also provides \$65 million for the Green Jobs Innovation Fund. This fund provides workers with job training in green and renewable energy industries as well as sustainable agriculture, transportation and green construction. Other highlights include:

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- Community Service Employment for Older Americans: The Senate bill provides \$600.4 million and the House \$630 million, a significant cut from the FY million.

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Health Programs in the Senate Bill

Increases to programs to train the health care workforce were highlighted by the Senate Committee. These included \$90 million (\$51 million more than this year) for primary care training; nearly \$48 million (\$15.1 million more than this year) for oral health care training; and \$57.9 million (\$20 million more than this year) for public health workforce training.

The Committee also announced a new Chronic Disease Block Grant, noting that obesity is the main risk factor in three of the five most prevalent chronic diseases: diabetes, heart disease and arthritis. The bill consolidates the funding streams and requirements of a number of programs and adds additional resources to create a comprehensive \$687.1 million public health initiative to prevent and reduce obesity-related chronic disease. The initiative includes: \$309 million for community-based programs, \$251 million for State planning and policy change, \$75.7 million for national research and surveillance, and \$51.4 million for the CDC to develop new models, evaluate current activities and new research. It is not yet clear what programs will be consolidated.

The bill proposes \$885 million for the Ryan White AIDS Drug Assistance Program (ADAP), \$25 million more than this year. \$1.047 billion are proposed for Mental Health, an increase of nearly \$37 million over this year's level. The bill also proposes \$2.272 billion for the Substance Abuse Prevention and Treatment Block Grant, which would be \$19 million more than this year. The House subcommittee bill doesn't give enough detailed information to compare with the Senate bill.

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Human Services and Education

Neither the House nor the Senate bill provides first year funding for the Elder Justice Act that was authorized under the health reform law. In other services for the elderly, the Senate bill provided \$850 million for senior nutrition programs, an increase of almost \$40 million, and \$210 million for caregiver programs, and increase of \$50 million. The House provides \$1.6 billion overall for the Administration on Aging, an increase of \$135 million, but doesn't give information on specific programs.

Early childhood programs have significant increases in both bills from the original FY2010 appropriations. The Senate provides \$3.1 billion for the Child Care Development Block Grant and the House \$2.8 billion, compared to \$2.1 billion in FY2010. The Senate provides \$8.2 billion for Head Start and the House \$8.1 billion, compared to \$7.2 billion in FY 2010. The Senate numbers for both of these programs maintain the increases provided in the Recovery Act. Additionally, the Senate provides \$300 million for a new early learning challenge fund, which would provide competitive grants to states. The House doesn't include this program.

The House would increase Title I Grants to Local Education Agencies from \$14.4 billion to \$14.8 billion and the Senate to \$14.9 billion. Both bills provide \$11.9 billion for special education grants to states, an increase of more than \$400 million.

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About NACo

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.

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