NACo Legislative Bulletin

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American Jobs Act
On Thursday night the President addressed the nation in a joint session of Congress to present his jobs creation proposal. The bill will include $447 Billion of which almost one third ($140 billion) is dedicated to state and local governments. The breakdown of this aid is as follows:

State and Local assistance ($140 Billion):
$50 Billion-Aid would be proposed for transportation projects to include the building of highways, roads, railways and aviation facilities. The plan includes investments to improve airports, support NextGen Air Traffic Modernization efforts, and resources for the TIGER and TIFIA programs, which target competitive dollars
to innovative multi-modal infrastructure programs.

The $50 billion for transportation infrastructure includes:

-- $27 billion for highways
-- $9 billion for mass transit
-- $4 billion for high-speed rail corridors
-- $2 billion for other intercity passenger rail
-- $5 billion for TIGER and TIFIA grant/loan assistance
-- $2 billion for airport improvement grants
-- $1 billion for FAA NextGen air traffic control

$35 Billion-Aid would be dedicated to retain and rehire teachers ($30 billion) as well as for firefighters and police through the SAFER and COPS programs ($5 Billion).

$30 Billion-Aid would be provided for modernization and construction of public schools. The majority of the construction funds, $25 billion, would be for elementary and secondary schools. The remaining $5 billion would be for community colleges.

$15 Billion-The package would include funding for Project Rebuild – Known as the Neighborhood Stabilization Program (to be awarded by a competitive grant process). The Neighborhood Stabilization Program (NSP)

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provides money to states, localities and non-profits to rehabilitate vacant and foreclosed properties in communities, which significantly increased due to the economic downturn and housing market decline. Thus far, NSP has been funded in three rounds since 2008. The funding was awarded directly to states and localities by formula in NSP1 and NSP3, and NSP2 was awarded to states, localities and non-profits based on a competitive grant process. This bill would revert back to awarding grants on a competitive basis. The President also mentioned the White House would work with the Federal Housing Administration to help homeowners with refinancing at lower interest rates, due to the drop in housing prices, which would save families money.

$10 Billion-For an infrastructure bank. Although details are not available the bank would provide debt financing through a bonding/federal infrastructure financing authority hopefully for existing highway and transit programs and public works projects.

Unemployment and Worker Aid ($62 Billion):
The American Jobs Act proposes several initiatives intended to ensure the continuation of benefits for Unemployment Insurance claimants, and support the expansion of job opportunities and job training in growth industries, including;

- **Reforms to the Unemployment Insurance System**: The American Jobs Act proposes an extension to unemployment insurance benefits for individuals looking for work as well as an expansion of reemployment assistance services for the long term unemployed. The Act will also expand "work sharing" programs to encourage arrangements using UI that keep employees on the job at reduced hours, rather than laying them off. The Act also will provide additional funds to allow states to introduce new "Bridge to Work" programs where unemployed workers would continue receiving UI while they take temporary, voluntary work or pursue work-based training. The President's plan requires compliance with applicable minimum wage and other worker rights laws, and grants states greater flexibility to seek waivers from the Secretary of Labor to implement other innovative reforms to connect the long term unemployed to work opportunities.

- **Tax Credits for Hiring Long Term Unemployed**: The Act will provide up to $4,000 in tax credits to businesses that hire workers that have been looking for a job for over six months.

- **Pathways Back to Work Fund**: The Act proposes $5 billion for the creation of a new Pathways Back to Work Fund which intends to expand job opportunities for low-income youth and adults through a fund which supports three things: 1) summer and year round jobs for youth 2) subsidized employment opportunities for low income individuals who are unemployed, building off the TANF/Emergency Contingency Fund wage subsidy program. It is unclear whether the Act would create a new fund which supports subsidized employment, or if it would utilize the existing TANF/ECF program; and 3) innovative local work-based job and training initiatives to place low-income adults and youths in jobs quickly.

- **Assistance to Veterans:** The Act would also offer tax credits and career readiness efforts to support veterans' hiring. The President is proposing a Returning Heroes Tax Credit of up to $5,600 for hiring unemployed veterans who have been looking for a job for more than six months, and a Wounded Warriors Tax Credit of up to $9,600 for hiring unemployed workers with service-connected disabilities who have been looking for a job for more than six months, while creating a new task force to maximize career readiness of service members.

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Tax Cuts-($245):
As part of the overall effort to grow the economy, The American Jobs Act contains two components focused on issues facing small businesses and American workers and families. The component geared towards helping small businesses hire and grow contains a mix of tax provisions, reforms and regulatory reductions. For counties, the most notable measure is support for a delay of the 3 percent withholding requirement for payments to government contractors for goods and services. Among the tax provisions are a payroll tax cut to businesses with a focus on small employers, a payroll tax holiday for new jobs or wage increases, and an extension of 100 percent business expensing through 2012 for firms making investments.

The component focused on the American worker and family extends the payroll tax cuts passed last year to cut workers payroll taxes in half in 2012 and seeks to help more homeowners refinance their mortgages to benefit from today's low interest rates.

The President will submit a piece of legislation in the next few weeks that must be negotiated with the House and Senate and passed by both chambers. It is expected to meet scrutiny in Congress with changes likely to be made.
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HHS Extends Deadline for TANF Emergency Fund
The Administration for Children and Families (ACF) at the Department of Health and Human Services (HHS) recently announced that the deadline for submitting expenditures under the Temporary Assistance for Needy Families (TANF) emergency fund has been extended to September 30, 2011. After ACF processed all applications previously submitted by jurisdictions and reconciled the final expenditure and award amounts, it determined that additional funds remain in the TANF emergency fund account. As such, it is providing state, tribes, and territories with an opportunity to submit new applications or revisions to prior applications. However, expenditures must be from federal fiscal year (FY) 2009 and/or FY 2010, the effective date of the fund.
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Senate Committee Approves FY12 Homeland Security Appropriations Bill
On September 7, 2011, the Senate Appropriations' Committee approved the FY2012 Department of Homeland Security (DHS) Appropriations Bill. The funding legislation totals $41 billion in discretionary budget authority for DHS, and is $2.6 billion below the President's FY2012 request, and $666 million below the FY 2011 enacted level for the department. While federal funding for DHS and it's many missions continues to be reduced compared to previous years, the Senate legislation proposes far less reductions for State and local grants, exercises, and technical assistance than the House enacted version of the bill.

Specifically, the legislation proposes roughly $2.8 billion for DHS grants, exercises, and technical assistance important to States, local governments and public safety agencies nationwide. This is an overall increase compared to the House version, and the Senate legislation does not recommend the consolidation of several existing DHS' State and local grant programs. Instead, the legislation funds many of DHS' key State and local grant programs separately, and these programs are proposed to receive the following:

• $430 million for DHS' State Homeland Security Program ($633 million enacted in FY11);
• $400 million for DHS' Urban Area Security Initiative ($732 million enacted in FY11);
• $375 million for Firefighter Assistance Grants ($404 million enacted in FY11);
• $375 million for Firefighter Staffing Grants or SAFER ($404 million

enacted in FY11);
• $350 million for FEMA Emergency Management Performance Grant Program ($339 million enacted in FY11);
• $200 million for Port Security Grants ($250 million enacted in FY11);
• $200 million for Intercity Bus/Transit Security Grants ($250 million enacted in FY11);
• $231 million for DHS/FEMA Training, Technical Assistance and Exercises ($249 million enacted in FY11);
• $92 million for Flood Hazard Mapping ($181 million enacted in FY11); and
• $42 million for FEMA's Predisaster Mitigation Grant (PDM) Program ($50 million enacted in FY11).

Additionally, the legislation proposes $6 billion for FEMA's Disaster Relief Fund, which is an increase of $3.35 billion compared to the House. This amount is particularly noteworthy as States and counties continue to recover and rebuild from numerous past and present natural disasters such as Hurricanes Katrina, Rita, Gustav and Ike, the Mississippi River Floods of 2002 and 2011, the Tennessee River Floods of 2010, the recent tornadoes, flooding in the Midwest, and Hurricane Irene.

Funding for DHS' Metropolitan Medical Response System, Citizen Corp Program, Interoperable Emergency Communications Grants, Buffer Zone Protection, Regional Catastrophic Preparedness Grants and Driver's License Security Grants was not provided in the final version of the legislation. However, activities previously funded under these programs in 2011 will be eligible for funding under DHS' State Homeland Security Program and Urban Area Security Initiative in 2012.

The legislation may head to the Senate floor soon; however, the bipartisan Congressional Deficit Reduction "Super Committee" deliberations will presumably impact the funding allocations recommended in both the House and Senate versions of the FY2012 DHS Appropriation Bill. NACo will continue to follow closely and keep members informed.
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Ozone Rule Withdrawn
One of the most controversial efforts to tighten the Clean Air Act (CAA) was tabled by President Obama on September 2.

The ozone (AKA smog) rule was originally proposed by the Environmental Protection Agency (EPA) in January, 2010. The EPA proposed to change the current primary ozone standard of 75 parts per billion (ppb) to a range of 60–70 ppb. The rule was to be finalized in August 2010, however, the EPA asked for several extensions from the courts. The White House estimated the cost of implementation to be between $19 billion and $90 billion.

Obama's decision was applauded by industry and others who claimed the rule was too stringent and financially impossible to meet. However, green groups met the reversal of policy with dismay.

Obama's staff indicated the President chose to withdraw the rule due to "reducing regulatory burdens and regulatory uncertainty," rather than concerns over implementation costs for industry and other affected parties.

The Administration stressed their continued commitment to the environment and touted past achievements on auto fuel efficiency and emissions from power plants.

Approximately 650 rural and urban counties would have been considered in non-attainment under the proposed standards. And most of the responsibility for implementing the new standards would have fallen on state and local governments who are responsible for developing air quality plans and implementing strategies to meet the new federally set goals. When the EPA originally proposed the ozone rule, NACo expressed concerns over the potential unfunded mandates the rule would create for counties.

Ozone, a key component of smog, is blamed for increased health care costs for bronchitis, acute asthma, hospital and emergency room visits, non-fatal heart attacks and premature deaths. Ozone is primarily created through emissions from cars, power plants, industrial facilities, electric utilities and other sources. Since both sunlight and hot weather precipitate its formation, ozone is known as primarily a summer pollutant. Both urban and rural areas can have high levels of ozone due to airborne transport of pollutants from hundreds of miles away.

While Obama has chosen to withdraw the current proposal, under law, the ozone standards are set for reconsideration in 2013.
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Energy, Water Bill Moves Forward in Senate
On September 7, the Senate Appropriations Committee approved, by a vote of 29-1, the Fiscal Year 2012 package for the Energy and Water Appropriations at a tune of $31.6 billion. This is $57 million less than FY 2011 and $4.9 billion less than the Administration's request. The Energy and Water Appropriations bill funds the Department of Energy, the Army Corps of Engineers (Corps) and water programs for the Department of Interior.

The Chairman of the Committee, Daniel Inouye (Hawaii), acknowledged this was the first of many cuts to come and reminded the Committee of its responsibility to "fight against deficits … and offer additional ways to get our budget into balance."

Nevertheless, a number of Committee members offered amendments to increase funding for Corps programs such as building water infrastructure and its dredge and fill program. All amendments were withdrawn but may be reoffered when the bill comes to the Senate floor.

The Committee also chose to delay consideration on several issues that arose during debate such as funding for damaged levees in the Midwest and funding for the discontinued Yucca Mountain nuclear waste repository.
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House Appropriations Subcommittee Passes FY 2012 T-HUD Appropriations – Increase CDBG!
On September 7, 2011, the House Appropriations Committee released the Fiscal Year (FY) 2012 Transportation, Housing and Urban Development (T-HUD) funding bill. For HUD, the bill includes $38.1 billion, a decrease of $3 billion below last year's FY 2011 CR level and $4 billion below President Obama's request. The bill does include $3.5 billion for Community Development Block Grants formula program, an increase over the current $3.3 billion level. NACo lobbied Congress extensively to restore significant funding cuts to CDBG. The bill however, reduces the amount of funds that can be used for CDBG administrative costs from 20 percent (currently) to 10 percent. The bill also eliminates funding for the Obama Administration's Sustainable Communities Initiative, which is currently funded at $100 million.

The HOME program was also reduced from $1.6 billion to $1.2 billion. The bill cites program mismanagement as reasons for the decrease in HOME funding. Also, it requires oversight reports on eliminating waste, fraud and abuse for community development programs.

The bill includes level funding of $1.9 billion for homeless assistance grants. The bill includes $24.5 billion for Public and Indian Housing, a $1.3 billion decrease below current level, and $2.3 billion below the President's request. The bill notes cuts are largely due to administrative and capital reductions. Funding for Section 8 vouchers increased from $9.8 billion to $10.2 billion, to provide funding to renew all current vouchers. Also, vouchers for homeless veterans increased from $50 million to $75 million.

The House T-HUD Appropriations Subcommittee adopted the mark by

voice vote on September 8, 2011. Congressional members offered amendments to increase funding for some transportation and housing programs, but these did not pass.
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Labor-HHS Spending Markup Postponed: Labor Appropriations Update
The House Appropriations Committee cited scheduling conflicts in postponing the unveiling of a potentially controversial fiscal 2012 spending bill that funds health, labor and education agencies.

The House Labor-Health and Human Services-Education Appropriations Subcommittee had been scheduled to mark up its bill on Friday. The Labor-HHS-Education bill is expected to draw a number of amendments at its eventual subcommittee markup, as it provides a venue for policy fights about many social issues, including labor law.
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House Approves Veterans Opportunity to Work Act of 2011
The House Veterans'Affairs Committee approved, 17-5, The Veterans Opportunity to Work Act of 2011(HR 2433), an amended bill that would provide college tuition benefits for more veterans and make mandatory a jobs-training program for service members. The House is expected to consider the bill later this month.
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Rep. Miller Reintroduces Jobs for America Act (HR 2828)
Rep. Miller has reintroduced the Local Jobs for America Act (HR 2828), which is identical to a bill (HR 4812) he introduced last year. The bill will provide an investment over two years to local communities to hold off planned cuts or to hire back workers for local services who have been laid-off because of tight budgets. Funding would go directly to eligible local communities, using the CDBG formula, and nonprofit community organizations to decide how best to use the funds.

Among its provisions is a $23 billion education jobs fund. The bill also includes $24 billion to help states support 250,000 education jobs, put 5,500 law enforcement officers on the beat, and retain, rehire, and hire firefighters.

HR 2828 currently has one co-sponsor, but is unlikely to gain enough support for passage, given the lack of an identifiable pay for on the measure.
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Medicaid and Medicare Cuts on the Menu for Deficit Reduction and to Pay for Jobs Bill
Medicare and Medicaid were targeted for cuts on September 8 as the Joint Select Committee (JSC) on Deficit Reduction met for the first time and just a few hours later as President Obama addressed a joint session of Congress to lay out his jobs proposal.

In his opening statement JSC Co-Chairman Rep. Jeb Hensarling (R-Tex.), identified Medicare and Medicaid as the main drivers of the deficit, suggesting that, "In order to succeed, this committee must primarily be about saving and reforming social safety net programs that are not only failing many beneficiaries but going broke at the same time." Co-Chair Sen. Patty Murray (D-Wash.) did not specifically mention health care entitlements, but indicated that everything should be on the table and expressed her hope that "... we can continue to not allow ourselves to be boxed in or pigeonholed by special interest groups, partisans, the media or pundits - and we are allowed the room to come to a balanced agreement."

In his speech, the President asserted that the jobs package would be fully paid for by the JSC identifying additional savings and revenues beyond its statutory goal of $1.5 trillion in deficit reduction, "… by making modest adjustments to health care programs like Medicare and Medicaid, and by reforming our tax code in a way that asks the wealthiest Americans and biggest corporations to pay their fair share."

The President acknowledged that cuts to the health care entitlement programs would be difficult for Democrats to accept and that tax increases would be difficult for Republicans. NACo opposes cuts to both Medicare and Medicaid, but given the unique role that counties play in providing and financing Medicaid services, avoiding cuts and cost shifting in the Medicaid program are a top priority.
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Senate Appropriations Committee Approves Ag Appropriations Bill
On September 7, the Senate Appropriations Committee advanced legislation that would provide 16 percent more in fiscal 2012 discretionary spending for agriculture programs than the House called for in June. The Senate report, S. 112-73, amends H.R. 2112 and was approved 28-2 by the committee. It would provide $19.8 billion in fiscal 2012 discretionary spending authority for the Agriculture Department and related agencies, a roughly $138 million, or 0.7 percent, cut from current spending. The House-passed version of the legislation would provide $17.2 billion in discretionary spending. Including mandatory funding, the Senate version would total $136.6 billion, compared with the more modest $125.5 billion overall figure in the House-passed measure.

The bill only proposes modest, 5 to 10 percent reductions in funding for most Rural Development programs, unlike the House bill which cut some NACo supported programs by up to 70 percent. The bill provides $654 million for Rural Development Salaries and Expenses, which is 5 percent less than the $688 million FY 2011 level. For Housing and Community Programs, the bill provides $1.09 billion in budget authority or 10 percent less than the $1.224 billion available in FY 2011. For Business Programs, the bill provides $119 million or 7 percent less than the $128 million available in FY 2011. Under Rural Utilities Programs, the bill provides $557 million or 6 percent less compared to the $597 million available in FY 2011. The NACo supported Regional Innovation Initiative is included in the bill and would target 5 percent of funding for some of the existing rural development programs to the priority projects of rural regions.

NACo supported funding for extension and food safety fared very well under the bill. The Smith-Lever extension formula funds would receive $296 million, which is an increase of $2 million above FY 2011 and $39 million above the House level. The bill provides $2.497 billion for the Food and Drug Administration (FDA), as compared to $2.447 billion in FY 2011. FDA received increased funding in order to begin implementation of the recently passed Food Safety Modernization Act, P.L. 111-353. However, this modest increase is insufficient for even partial implementation of the new law.
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TANF Scheduled for Another Short-term Extension
During a hearing Thursday, September 8, Rep. Geoff Davis (R-Ky.), Chairman of the Human Resources Subcommittee of the House Ways and Means Committee, announced that there will not be a comprehensive reauthorization of the Temporary Assistance for Needy Families block grant, which expires September 30th. Chairman Davis said that there will instead be a short-term extension but he did not specify whether the extension will be a few months or a full year.
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Federal Sign Mandate Proposed to Be Eliminated
The US Department of Transportation announced on August 30 that it is proposing to eliminate dozens of burdensome regulations on traffic signs that are likely to save counties millions of dollars. Of specific interest to NACo members are federal requirements that certain signs be replaced by specific dates to meet minimum retroreflectivity requirements. The two date certain requirements for minimum reflectivity, January 22, 2015 and January 22, 2018, are eliminated and replaced by a requirement to replace these signs when they reach the end of their useful service life, which local

and state agencies will determine based on their particular climates and environment. The mandate that requires every local and state agency to establish an assessment or management method for implementing retroflectivity standards remains but is postponed until two years from the effective date of the revised regulations. Overall forty-six deadlines, including timetables for minimum reflectivity, are proposed to be scrapped. No action was taken on a pending federal rulemaking on minimum reflectivity standards for pavement markings, a item that has also been of concern to county officials. To review the entire proposed rule, go to the Federal Register for August 31, 2011 at gpoaccess.gov. Comments on this proposed rule are due on or before October 31, 2011.
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Senate Committee Approves Four Month Extension of SAFETEA-LU; Aviation Extension Also Pending

The Senate Environment and Public Works (EPW) Committee on September 8 approved on a bipartisan basis a four-month extension of the federal highway and mass transit program along with the authority to continue collecting the federal gasoline tax. The extension, number eight in a series of short term extensions, would expire on January 31, 2012. This was necessitated by the upcoming September 30 expiration of the current extension. President Obama last week at a White House Rose Garden event attended by NACo representatives, had urged quick action on the extension. Meanwhile, the EPW Committee hopes to approve a two-year reauthorization of the highway program at current funding levels as soon as $12 billion in new funding is identified. There is no word yet on House extension legislation though presumably the Transportation and Infrastructure Committee will need to take some action in the next week or so. There is also a need to extend the federal aviation and airport program , which expires on September 16. It has been reported that a House bill will be introduced extending the program through December 31, 2011.
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House Subcommittee Cuts Transportation Spending

The House Transportation and HUD Appropriations Subcommittee on September 8 approved a bill that slashes transportation spending. The federal highway program is cut from $41 billion to $27 billion. Transit spending goes down from $8.34 billion to $5.2 billion, the Airport Improvement Program is reduced from $3.515 billion to $3.335 billion and Essential Air Service is cut from $200 billion to $150 billion. There is no funding for high-speed rail, Amtrak operating subsidies are cut by 60 percent and funding for TIGER II grants are eliminated. The Senate bill version of this bill is likely to be released next week.
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