# NACo Legislative Bulletin

ACTION NEEDED!

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


**April 20, 2012**


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**House Energy & Commerce Committee to Mark Up "Reconciliation" Bill: Medicaid Cuts on the Table – Action Needed!**
Next week the House Energy and Commerce Committee will finalize a "Reconciliation" bill for the programs under its jurisdiction, probably including cuts to Medicaid. (Reconciliation is the process whereby committees are instructed to produce legislation to bring revenues and entitlement spending into line with the targets set by the budget resolution. If both chambers were to have passed a budget resolution with reconciliation instructions for the committee, the resulting legislation would be able to by-pass a filibuster in the Senate.)

Medicaid cuts could be achieved by reducing the amount of the non-federal match that states can generate from provider taxes and fees, extending the cuts to the disproportionate share hospital (DSH) payments program which were included in the Affordable Care Act (ACA) to 2022, and repealing the ACA maintenance of effort requirement. The Medicaid block grant does not appear to be included, but there are reports that Prevention and Public Health Fund (PPHF) will be targeted for elimination once again.

Reducing state authority to use provider taxes to raise the Medicaid match, which was also proposed in President Obama's 2013 budget, could also put counties at risk by shifting Medicaid costs. NACo opposes cuts to DSH, since county hospitals rely on the funds to treat the uninsured, under-insured and to compensate for Medicaid's low reimbursement rates. NACo strongly supports the PPHF as a means to ensure a long overdue sustainable investment in public health at the local level.

Though NACo strongly opposes Medicaid cuts which merely shift financial risk to counties, county officials are willing to work to improve the system in ways that reduce federal, state and county costs and improve service delivery for beneficiaries.

**Action Needed:** Click here to see if your Representative serves on the Energy & Commerce Committee. If they do, please call them and urge them not to cut Medicaid in ways that will merely shift costs to local county tax-payers and not to cut the PPHF. To find your member of


**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

Congress, enter your ZIP code here.
**Contact:** Paul Beddoe · 202/942-4234

**Agriculture Committees Near Completion of Farm Bill – Action Needed!**
The Senate Agriculture, Nutrition and Forestry Committee is poised to unveil their preliminary version of the 2012 Farm Bill by the end of today or early next week. Chair Debbie Stabenow (D-MI) and Ranking Member Pat Roberts (R-KS) are working in a bipartisan fashion to gain consensus on a package that is likely to look very similar to the one they proposed during the supercommittee process that included $23 billion in reductions. Click here for NACo analysis of that package.

The Farm Bill expires on September 30 and passage in both chambers will be difficult in this election year, but the Agriculture Committees are determined to get their versions of the bill through committee as quickly as possible. A markup is planned for April 25 in the Senate and NACo is working directly with Senate committee staff on the provisions that impact counties. The House is about a month behind the Senate in its process. Field hearings are complete and next week the committee will begin a series of DC based field hearings to discuss key titles. NACo is scheduled to testify at the April 25 hearing that will focus on the Rural Development title.

**Action Needed:** NACo members are encouraged to contact their congressional delegation and urge them to pass a Farm Bill this year that includes a robust rural development title, funding for renewable energy programs and support for programs that assist beginning farmers and ranchers. Reauthorizing these important county supported priorities and placing a particular emphasis within this reauthorization on enhanced and flexible rural development resources is a key legislative priority for NACo. For detailed talking points click here. To use our legislative action alert click here.
**Contact:** Erik Johnston · 202/942-4230

**Senate Appropriations Committee Approves FY 2013 T-HUD FY 2013 Appropriations Bill with CDBG Increase!**
On Thursday, April 19, Senate Appropriations Chairman Daniel Inouye (D-HI) held a mark-up and the Committee approved a $53.4 billion FY 2013 Appropriations bill for Transportation and Housing and Urban Development (T-HUD). Overall the total funding level is $3.8 billion below FY 2012. The bill increases funding for the Community Development Block Grant (CDBG) to $3.1 billion, which is a $152 million increase over the current level – $2.948 billion. NACo worked in coalition with other public sector groups to get an increase for CDBG.

The Senate Committee bill also includes:

- $1 billion level funding for the HOME Investment Partnership program, along with HOME reforms to ensure that funds are used in a timely fashion for worthwhile projects;
- $19.4 billion for Section 8 housing vouchers, $482 million above current level. This includes $75 million for 10,000 new HUD-Veterans Affairs Supportive Housing (HUD-VASH) vouchers for homeless veterans;
- $2.15 billion for homeless assistance grants, $245 million above the current level;
- $135 million for housing counseling efforts;
- $50 million for the HUD's Sustainable Communities Initiative;
- $120 million level funding for HUD's Choice Neighborhoods Initiative (the HOPE VI program expansion);
- $39.144 billion level funding for the federal-aid highway program;
- $10.405 billion for transit, a slight increase from the current $10.316 billion;
- $3.350 billion level funding for the Airport Improvement Program;
- TIGER grants get another $500 million and high-speed rail would be funded at $100 million as opposed to no funding for the current year; and
- Amtrak gets a slight bump from $1.416 billion to $1.450 billion in FY 2013.

House appropriators have not set a date for consideration of FY 2013 T-HUD appropriations.

**Dalen A. Harris**
*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

The Senate Appropriations Committee also approved the Commerce, Justice, Science FY 2013 appropriations bill. The Economic Development Administration (EDA) is funded at $238 million, $20 million below the current FY 2012 level. Economic Development Assistance programs are funded at $200 million, including $25 million for Regional Innovation Partnerships.
**Contact:** Daria Daniel · 202/942-4212 or Bob Fogel · 202/942-4217

**Ways and Means Committee Votes to Eliminate the Social Services Block Grant**
On Wednesday, April 19, the House Ways and Means Committee voted along party lines to eliminate the Social Services Block Grant (SSBG) as part of its budget reconciliation bill. SSBG is currently funded at $1.7 billion.

SSBG is a capped entitlement to states, but many states in turn pass the funds to counties. It is often used for adult protective services, services to individuals with disabilities, and services to children who are not eligible for the federal foster care program.

By eliminating the program, the committee action would also eliminate the state flexibility to transfer ten percent of the Temporary Assistance to Needy Families Block Grant (TANF) to SSBG, which could represent another $1.6 billion for social services. Some states also give the TANF transfer funds to counties, including at least one state that doesn't pass through the SSBG allocation.

SSBG has also been a conduit for disaster relief because its flexibility makes it very easy to disburse the funds. Eliminating the program would mean that it is no longer available for this purpose.

The next step in the reconciliation process will be to combine all the bills from the different committees and go to the House floor. The Senate is not planning to consider reconciliation, but the SSBG cut could come back during the appropriations process.
**Contact:** Marilina Sanz · 202/942-4260

**House Agriculture Committee Votes to Cut Funding for the Supplemental Nutrition Assistance Program**
On Wednesday, April 19, the House Agriculture Committee voted to reduce the Supplemental Nutrition Assistance Program (SNAP) by more than $30 billion over ten years as part of its budget reconciliation bill. It should be noted that the Chairman's proposal did not turn SNAP into a block grant as recommended in the House Budget Resolution. Some of the cuts that were accepted by the committee include:

- moving the elimination of the increased SNAP benefit included in the American Recovery and Reinvestment Act of 2009 from 2013 to July 1, 2012;
- eliminating SNAP performance bonuses;
- reducing the state allocation for SNAP employment and training in FY 2013 from $90 million to $79 million, and eliminating the 50 percent cost share to states that spend more than the federal allocation for employment and training;
- reducing categorical eligibility to households receiving cash assistance through other low-income programs; and
- eliminating the requirement that states that use the standard utility allowance provide the allowance to households that receive Low Income Energy Assistance payments.

While the Senate will not consider reconciliation, these proposals could be taken up by the House Agriculture Committee when it considers the farm bill.
**Contact:** Marilina Sanz · 202/942-4260.

**House and Senate Move on Commerce, Justice, Science (CJS) Appropriations Bills**
During the week, both the House CJS Appropriations Subcommittee and Senate Appropriations Full Committee approved their respective versions of the FY2013 Commerce, Justice, and State (CJS) Appropriation Bill. The House bill proposes a total of $51.1 billion in funding for the Department of Commerce, Department of Justice (DOJ), and other related agencies; a reduction of $1.6 billion compared to FY2012 enacted levels. The Senate bill proposes $51.9 billion in funding, a reduction of $1 billion compared to FY2012 enacted levels.

For State and local law enforcement assistance, the Senate legislation proposes $2.2 billion in funding, while the House version of the legislation proposes $1.85 billion. This funding is used to support a wide variety of programs and technical assistance important to local courts, corrections, law enforcement, juvenile justice, and other assorted agencies that work to safely lower jail populations, fight recidivism, reduce criminal justice spending, and decrease crime and improve public safety through alternatives to incarceration, prevention and treatment.

Several programs important to local governments seem to have not been funded in the House legislation including the Juvenile Justice and Delinquency Prevention (JJDPA) Title II State Formula Grants Program, JJDPA Title V Delinquency Prevention Program, and the Juvenile Accountability Block Grant. Also, the House legislation proposes $73 million for COPS Hiring Grants, while the Senate bill proposes $248 million for this popular program for local law enforcement.

The detailed Senate version of the legislation was unavailable as NACo's Legislative Bulletin went to press, and only a summary of the bill has been made public. Therefore, more information on both bills will be forthcoming as NACo continues to keep members informed.
**Contact:** Dalen Harris · 202/942-4236

**House Passes Transportation Extension Bill – Conference Next**
By a 293-127 vote, the House of Representatives passed an extension of the federal surface transportation program through the end of the fiscal year, September 30. The vote in the Republican lead House was reasonably bipartisan, attracting 67 Democratic votes and 226 Republican votes.

The real intent of the legislation is to serve as a vehicle for the House to go to conference with the Senate on the larger surface transportation reauthorization, which the Senate passed on March 14. As soon as the House and Senate appoint conferees, the formal conference committee will begin work to reach a consensus on a multi-year reauthorization highway-transit bill. Few are making any predictions on the success of the conference since it seems to only have the Senate bill, S 1813, as a point of reference.

The House bill included almost none of the language of HR 7, which was the reauthorization bill approved by the House Transportation and Infrastructure Committee. That bill was never able to attract support from a majority of House members and so Speaker Boehner chose the extension strategy as a way to start a House-Senate conference.

Other than the three month extension, the major provisions include language to force the Obama administration to approve the Keystone Pipeline, project streamlining language, and the RESTORE Act that directs funds to the Gulf Coast Region that were paid to the federal government by BP due to the oil spill.
**Contact:** Bob Fogel · 202/942-4217

**Environmental Amendments Within the House Transportation Bill**
The House included stripped down language from the Resources and Ecosystems Sustainability, Tourism Opportunities and Revived Economy of the Gulf Coast Act of 2011 (RESTORE Act) in the bill. The RESTORE Act proposes to send eighty percent of the Clean Water Act penalty fines from the BP Deep Horizon oil spill to the five affected Gulf Coast states – Texas, Louisiana, Alabama, Mississippi and Florida. Under the House language, the monies would be transferred into a "Gulf Coast Restoration Trust Fund" and the funds would only be withdrawn after an "act of Congress" to appropriate the funds for economic and/or environmental restoration in the five affected states. The Senate bill, on the other hand, approved language sending eighty percent of the fines collected directly to the affected states.

The premise of the RESTORE Act revolves around Clean Water Act penalty spill fines to be collected from the BP disaster. Under current law, the money will flow into the Treasury where it would be used to pay for future oil spill cleanups and to offset deficit spending elsewhere. Difference between the languages will have to be worked out.

The House bill would also overturn the Administration's decision on the Keystone XL pipeline. It instructs the Federal Energy Regulatory Commission to issue a permit in 30 days. This provision has raised concerns at the White House with the President threatening a veto over its inclusion.

The House also included language to allow states to regulate disposal of coal ash. This

language would prohibit the Environmental Protection Agency from regulating coal ash as a hazardous substance. Coal ash, also known as coal combustion residuals, is the byproduct of combustion at power plants. It contains various elements such as mercury and arsenic that may cause contamination and serious health problems. The EPA has been mulling whether to classify coal ash as a hazardous substance. If enacted, this language would prevent the EPA from moving forward with a regulation governing coal ash's use. Byproducts of coal ash are used in transportation projects, in cement, concrete, brick, roofing materials, agriculture applications, paints, plastics, and snow and ice control.
**Contact:** Julie Ufner · 202/942-4269

**House Education and Workforce Committee Holds Hearing on Workforce Investment Improvement Act of 2012 (HR 4297)**
On Tuesday, April 17, the House Education and Workforce Committee chaired by Rep. John Kline (R-MN), held a legislative hearing on the HR 4297. The bill, introduced on March 29 by Higher Education and Workforce Training subcommittee Chair Virginia Foxx (R-NC), Rep. Joe Heck (R-NV), and Rep. Buck McKeon (R-CA) essentially combines three previously introduced WIA reauthorization bills – the "Streamlining Workforce Development Programs Act of 2011" (HR 3610), the "Local Job Opportunities and Business Success Act" (HR 3611), and the "Workforce Investment Improvement Act" (HR 2295) – previously released by Foxx, Heck, and McKeon, respectively.

HR 4297 contains a number of changes to Workforce Investment Act provisions. The National Skills Coalition has prepared an in-depth analyses of Title I (Workforce Investments Systems), Title II (Adult Education and Family Literacy Education), and Title IV (Repeals and Conforming Amendments) of the combined bill, as well as an overview of three WIA reauthorization bills.

On March 20, key Democratic members of the House Education and the Workforce Committee Ranking Member George Miller (D-CA), Higher Education and Workforce Training subcommittee Ranking Member Ruben Hinojosa (D-TX), and Rep. John Tierney (D-MA) introduced the "Workforce Investment Act of 2012" (HR 4227). The National Skills Coalition has prepared section-by-section summaries of Title I (Workforce Investment Systems) and Title II (Adult Education and Literacy).

To view full legislative text of HR 4297 please click here.
To view full legislative text of HR 4227 please click here.
To view an archived webcast of the hearing please click here.

NACo will continue to keep you updated as the reauthorization process moves forward in the House.
**Contact:** Deseree Gardner · 202/9424204

**Department of Labor Releases Training and Employment Notice (TEN) No- 38-11 on the Benefits of Collaboration between State/Local Workforce Investment Boards and the Manufacturing Extension Partnership (MEP) Program**
On Wednesday, April 18, the Department of Labor Employment and Training Administration issued Training and Employment Guidance Letter (TEN) 38-11. This TEN encourages the workforce system to collaborate with the U.S. Department of Commerce's MEP program to provide assistance and support to small and medium-sized manufacturing firms with the ultimate goal of supporting economic growth while preserving and creating jobs.

The TEN offers a number of examples of MEP successes, collaboration with Workforce Investment Boards, and opportunities for future collaboration.

To view TEN No. 38-11 please click here.
**Contact:** Deseree Gardner · 202/9424204

**The IRS and Department of Treasury Issue Notice of Intent to Release Guidance on Normal Retirement Age (NRA) Rules for Governmental Plans**
The IRS and Department of Treasury recently issued Notice 2012-29 to announce their intent to issue guidance on the applicability of Treas. Reg. section 1.401(a)-1(b) (the 2007 NRA regulations) to Internal Revenue Code section 414(d) governmental plans.

The guidance under consideration would:

- clarify that governmental plans don't need to have a definition of NRA if they don't provide for in-service distributions before age 62, and
- expand the age-50 safe harbor rule in the 2007 NRA regulations, which currently applies only for plans in which substantially all of the participants are qualified public safety employees.

This would mean that a governmental plan could satisfy the normal retirement age requirement by using a NRA as low as 50 for qualified public safety employees, and a later NRA that otherwise satisfies the requirements in the 2007 NRA regulations for other participants.

The notice also states the IRS and Treasury's intention to extend the effective date of the 2007 NRA regulations for governmental plans.

Governmental plan sponsors may rely on Notice 2012-29 for the extension until the 2007 NRA regulations are amended. To view Notice 2012-29 please click here.
**Contact:** Deseree Gardner · 202/9424204

**House Passes Bill Restricting Executive Use of the Antiquities Act**
The House of Representatives passed HR 4089, the Sportsmen's Heritage Act of 2012, which aims to protect hunting, fishing, and recreational shooting on the nation's public lands. The legislation included an amendment by Virginia Foxx (R-NC) which would refine the Executive branch's authority to use the Antiquities Act to designate national monuments.

Currently, a national monument designation allows for the President to unilaterally impose restrictions on the use of federal land. Passage of HR 4089 adds a layer of accountability to the designation process by requiring the approval of the legislatures and governors of the states where monuments are proposed to be located. Proponents of the amendment argue that state authorities are more aware of the local circumstances affecting land restrictions and should be part of the designation process.

NACo supports legislative efforts to amend the Antiquities Act to provide transparency and accountability in the designation of national monuments. Federal consultation with state, county, and tribal government should be required prior to the development and designation of any national monument.
**Contact:** Ryan Yates · 202-942-4207

**Senate Finance Committee to Explore Federal Tax Reform's Impact on State and Local Governments**
On Wednesday, April 25 at 10AM, the Senate Finance Committee will hold a hearing titled "Tax Reform: What It Means for State and Local Tax Fiscal Policy." Although a request was made to provide a local government witness, there is no state or local official represented on the panel slated to testify before the Committee. Rather, the witnesses represent academic and economic perspectives on the issue of federal tax reform.

According to the hearing notice, the Committee is expected to discuss an array of issues that will include the deduction for state and local taxes and tax exemptions for municipal bonds. Additionally, federal tax policy's effect on "what taxes state and local governments can levy" and "their efforts to coordinate and develop simplified, uniform tax rules" will be covered. Given this focus, NACo is expecting legislation we support (S 1832 – The Marketplace Fairness Act) and legislation we oppose (HR 1002 – The Wireless Tax Fairness Act of 2011 and HR 2469 – The End Discriminatory State Taxes for Automobile Renters Act of 2011) to be part of Wednesday's discussion.

NACo, along with other local governments groups are sending a statement for the record where several points will be stressed, including: the importance of maintaining the tax-exempt status of municipal bonds and that regardless of the format federal tax reform takes, state and local governments must retain the authority to set their own tax policy based on the needs of their constituents.
**Contact:** Mike Belarmino · 202/942-4254

**Large Urban County Caucus Holds 2012 Fly-In in Nation's Capital**
NACo's Large Urban County Caucus (LUCC) held its annual legislative fly-in Washington,

DC this week and over 17 metropolitan county elected officials were on hand for the event including LUCC Chair Helen Holton (Councilmember, Baltimore, MD), NACo President Lenny Eliason (Athens County, OH), and NACo Second Vice President Linda Langston (Linn County, IA). Throughout, the members of the Caucus and NACo's Executive Committee advocated in support of the following NACo legislative priorities:

- Funding for the Community Development Block Grant (CDBG) and HOME Investment Partnerships Programs;
- Funding for State and Local Law Enforcement and Juvenile Justice Assistance Programs;
- Funding for the Community Services Block Grant (CSBG) program;
- Preservation of Medicaid;
- Funding for Workforce Development Programs;
- Reauthorization of the Federal Surface Transportation Program; and
- Collection of Taxes on Remote Sales.

In addition to the critical legislative items above, the caucus also urged Members of Congress to include county officials in any and all legislative and regulatory discussions that impact counties and highlighted a number of innovative programs in their communities. Additionally, LUCC members met at the Eisenhower Executive Office Building with several key White House administration officials and discussed several issues important to metropolitan communities.

Joining LUCC members at the meeting were David Agnew, Director of White House Office of Intergovernmental Affairs, Valerie Jarrett, Senior Advisor to the President and Principal of the White House Office of Public Engagement and Intergovernmental Affairs, Betsy Markey, Assistant Secretary for Intergovernmental Affairs at the Department of Homeland Security, and senior staff from the U.S. Department of Transportation and the U.S. Department of Housing and Urban Affairs.

Throughout the three day event, participants indicated that Members of Congress were mixed in their support of NACo's policy positions. However, NACo's legislative staff will be following up with each congressional office and federal agency to encourage and engage them on these critical county legislative priorities. The 2013 LUCC Annual Fly-In has yet to be announced, but all NACo members are encouraged to visit the LUCC website where information about the 2012 Fly-in, and other LUCC events and materials can be found.
**Contact:** Dalen Harris · 202/942-4236

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NACO National Association of Counties
The Voice of America's Counties

**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.

Executive Director: Larry E. Naake

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