NORTH CAROLINA ASSOCIATION OF COUNTY COMMISSIONERS
2017 (FY18) FEDERAL PRIORITIES FOR NC COUNTIES

INFORMATION PACKET
UPDATED FOR AUGUST ADVOCACY

FOR MORE INFORMATION:

Please contact Hugh Johnson, NCACC Government Relations Coordinator
Office: (919) 715-7659, Mobile: (704) 756-0616, hugh.johnson@ncacc.org
www.ncacc.org/federalissues

Information provided by

NCACC Staff
&
NCACC Federal Government Relations Consultant

STRATEGICS

Leslie Mozingo
202-255-5760 cell
336-766-1801 office
leslie@strategics.consulting
www.strategics.consulting

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SPECIAL NEWS: NORTH CAROLINA CONGRESSIONAL DELEGATION

Congressman Mark Walker (R-NC-6) serves on the new Speaker's Task Force on Intergovernmental Affairs, a bipartisan group of lawmakers focused on balancing the interests between federal, state, tribal, and local governments. The creation of the Task Force was announced on May 18 by Speaker Paul Ryan (R-WI) and Democratic Leader Nancy Pelosi (D-CA) in this press release.

NORTH CAROLINA ASSOCIATION OF COUNTY COMMISSIONERS

WHO WE ARE: Founded in 1908, the North Carolina Association of County Commissioners (NCACC) is one of the most successful and active statewide local government associations in the nation. All 100 counties in the state are members of the NCACC and the National Association of Counties (NACo). Members of the association include commissioners, county management, and county staff.

THE FEDERAL PRIORITIES: Prior to each new Congress, the NCACC solicits requests for federal priorities from all 100 counties. Those recommendations are considered by the NCACC Board of Directors, which is a 50 member Board made up of elected commissioners from around the state. The Board approves the final list of federal priorities, which is then presented to the North Carolina Congressional Delegation during NACo's annual Legislative Conference in Washington, DC. NACo is the only national organization that represents county governments in the United States.

We ask that our congressional delegation pay close attention to these issues and work collaboratively with us, and NACo, to ensure that the interests of counties are upheld in all legislative activity by Congress.

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2017 (FY18) FEDERAL PRIORITIES FOR NC COUNTIES: *A Quick Guide to Our Issues*

Go to www.ncacc.org/federalissues for more information.

Support Remote Sales Tax Collection (Marketplace Fairness Act) - North Carolina and its counties are losing more than $500 million annually in sales tax revenues through untaxed remote sales. Collecting remote sales taxes is neither a new tax nor a tax increase; these revenues are already due and payable by law.

Support Funding and Legislation to Expand High-Speed Broadband Access - Adequate digital infrastructure is essential for education, economic development, health care and social services; however, many portions of NC counties do not have access to high-speed Internet. NC counties urge Congress to provide digital infrastructure funding and adopt legislation that clarifies FCC definitions for speed thresholds and unserved areas while supporting county flexibility to invest in tools that encourage high-speed internet connectivity.

Support Funding for Payment In Lieu of Taxes, Agricultural, Workforce, Economic Development and Infrastructure Programs, Including School Construction and Education Capital, That Help Counties Meet Public Needs – In both rural and urban areas throughout the state, NC counties rely on federal-local partnerships to support community and economic development, and public infrastructure. In recent years, the partnership, and the economic vitality of NC counties, has been threatened when efforts to trim the federal budget have targeted these local government programs. Funding for programs that maintain the partnerships between the federal government and county government in meeting demand for public services should remain a priority for Congress.

Support the Stepping Up Initiative to Reduce the Number of People with Mental Illness in County Jails - In North Carolina, almost 13% of the prison population requires some type of intervention due to behavioral health issues. Without the appropriate treatment and services, people with mental illnesses can continue to cycle through the criminal justice system. Support is needed for legislation and funding to promote the Stepping Up Initiative developed by the National Association of Counties, the Council of State Governments Justice Center and the American Psychiatric Foundation to help counties develop and implement efforts to reduce the number of people with mental illnesses in county jails.

Support Funding for Behavioral Health Programs and Services to Address the Opioid and Substance Abuse Epidemic – The United States is in the midst of an unprecedented opioid and substance abuse epidemic. Every day 78 people die from an opioid-related overdose. NC counties are on the front lines of this battle working with the state to develop and fund substance abuse and overdose inhibition response programs, but progress is limited without ongoing funding and support from Congress.

Support Funds for Health, Human and Economic Services Programs Including Temporary Assistance for Needy Families, Federal Block Grants, and Food and Nutrition Services – Community-based programs funded through federal grants are essential to a county government's ability to meet the needs of its citizens. Counties are the first responders providing services to the public and, in particular, our nation's vulnerable populations – children, elderly and the chronically ill. Many of these services are also mandated by federal law and therefore the federal government provides funding to assist states and local communities in meeting the demand for these services. The populations that these programs help serve do not diminish with reductions in, or elimination of, federal assistance, and thus counties are forced to make up the difference.

Oppose Unfunded Mandates to Counties - Reductions in federal spending and deficits should not be accomplished by shifting costs to counties, imposing unfunded mandates. NC counties also oppose any legislative or regulatory initiatives that undermine local government decision making authority or pre-empt county programs and taxing authority.

Protect the Tax-Exempt Status of Municipal Bonds - Tax-exempt bonds are a well-established financing tool for local governments. Without this exemption, the expense of financing capital needs for critical county services will increase sharply.

Support Increased Funding for Military and Veteran Programs and Communities, Including Impact Aid and Veteran Support Services, as well as Rule Changes to Accurately Count Deployed Military Personnel and Their Families in the Census - North Carolina's counties are home to nine military bases supporting tens of thousands of military service personnel and their families. The strict discretionary spending caps as part of sequestration put additional pressure on communities that support a large national defense presence. Additional funding is needed for communities with military families and veterans, including sufficient and accurate Impact Aid funds as well as veteran housing, economic development and health services.

Support Legislation to Allow Individuals to Receive Federal Health Benefits While Awaiting Trial - Counties are required to provide adequate health care to individuals who pass through jails each year, while federal statute prohibits Medicaid matching funds from paying for that care even if the individual is eligible and enrolled.

ISSUE	POSITION
Remote Sales Tax Collection	Pass legislation, such as the Marketplace Fairness Act, to enforce the existing law
Broadband Access	Support funding and legislation to expand high-speed broadband access
Federal – County Partnerships for Public Land, Infrastructure, and Education	Preserve programs that provide federal share for public land (PILT), infrastructure, education and other governmental responsibilities and retain current funding levels
Mental Health in Jails	Support the Stepping Up Initiative to reduce the number of people with mental illness in county jails
Opioid and Substance Abuse	Support funding for behavioral health programs and services to address the opioid and substance abuse epidemic
Health, Human and Economic Services	Preserve programs that provide federal share in health, human and economic services responsibility and retain current funding levels; Reauthorize TANF long-term, expand flexibility, and support social services, community development, housing, health and workforce grants
Unfunded Mandates	Oppose funding cuts, policy, and regulatory changes that transfer costs to counties
Municipal Bonds	Protect the tax-exempt status of municipal bonds
Military and Veterans	Support increased funding for military and veteran programs and communities, including Impact Aid and veteran support services, as well as rule changes to accurately count deployed military personnel and their families in the census.
Mental Health for Pre-Trail Individuals	Support legislation to allow individuals to receive federal health benefits while awaiting trial.

SUPPORT REMOTE SALES TAX COLLECTION (MARKETPLACE FAIRNESS ACT)

North Carolina and its counties are losing more than $500 million annually in sales tax revenues through untaxed remote sales. Collecting remote sales taxes is neither a new tax nor a tax increase; these revenues are already due and payable by law.

Relevant Committee – and the North Carolina Member of Congress serving on it:

- Senate Finance Committee – Senator Richard Burr

August Update: On April 27, the Marketplace Fairness Action of 2017 was introduced in the Senate (S. 976) and a companion bill, the Remote Transactions Parity Act of 2017 was introduced in the House (H.R. 2193). Both bills have bipartisan support, but do not have any North Carolina cosponsors.

Talking Points:

- Uncollected revenue, 2013 in NC was $503.3M and nationally was $26.1B; uncollected revenue growth rate 2011-2013 in NC was 9.2% and nationally was 10.2% (Source: NACo Analysis of date from U.S. Census Bureau; U.S. Bureau of Economic Analysis; Federal Communications Commission; University of Tennessee)
- The current system is outdated and does not reflect the realities of the Internet's growth as today's retail marketplace. For example, Cyber Monday 2016 was the biggest day in the history of U.S. e-commerce when consumers spent $3.45 billion online. That marked a 12.1% jump over Cyber Monday last year, and many "brick-and-mortar" retailers, such as Walmart, Kohl's and Target, beat company records for digital sales during that same Thanksgiving –Black Friday weekend.
- Ask Sens. Burr and Tillis to cosponsor S. 976 and to pro-actively work for its passage. (Sen. Burr cosponsored the same legislation in the 113th Congress and it also passed the Senate with overwhelming support.) For example, comprehensive tax reform could provide an opportunity to correct the issue.
- Thank Representative David Price for cosponsoring the same legislation last Congress and ask that he support it again and work for its passage.
- Ask all other Members of the NC Congressional Delegation to cosponsor H.R. 2193.
- This is not a tax increase; these revenues are already due and payable by law. Amazon already collects taxes in 39 states, including NC, for online sales; others should, too.
- Untaxed remote sales also disadvantage local "main street" merchants that must charge and collect sales taxes while remote sellers are not required to do so.

- Without the ability to enforce existing sales taxes for online purchases, state and local governments lose an increasing level of revenue that is needed to pay for basic services that touch people's lives every day, such as schools, hospitals and law enforcement officers.
- This is not a burden. Certified providers with the necessary software to track varying tax rates already exist. Keeping track of the tax rates is no more complicated than calculating real-time-shipping, a feature that already exists on most web sites and online sales marketplaces.
- MFA exempts businesses that have online sales of no more than $1 million a year and requires states to provide free compliance software to those retailers in order to help small retailers.
- MFA and similar e-fairness legislation has been introduced since 2002 and has received more than 14 years of review, debate, and committee hearings. Congress needs to move e-fairness legislation this year.

Background: In 1992, the Supreme Court reaffirmed a 1967 court case, *Bellas Hess*, in *Quill v. North Dakota,* but elaborated that Congress ultimately has the power to resolve the question of taxation on interstate commerce. Since those earlier decisions, online sales have also grown exponentially and are projected to continue to increase. State and local governments are still unable to enforce their existing sales tax laws on many of those purchases, resulting in billions of local tax dollars lost each year.

The MFA gives states the power to enforce their existing sales tax laws regardless of whether a purchase is made in a store, online or through a catalog retailer. This legislation creates two systems to facilitate multistate sales tax collection: the Streamlined Sales and Use Tax Agreement and an alternative where states may collect after adopting minimum simplification requirements for their sales tax laws and administration. The Streamlined Sales and Use Tax Agreement, supported by NACo and other state and local government organizations, is a multistate compact that seeks to reduce the complexity of state and local sales and use tax laws and would permit the collection of sales and use taxes from remote sellers. North Carolina is a founding member of this agreement. Within the work of the Streamline Agreement, the states partnered with private sector suppliers to develop and certify software that simplifies collection. Member states also help pay for the software for some retailers.

Legislators, however, continue to disagree about the location of an online transaction (a.k.a. "sourcing") because that determines where a business will report and file the taxes. The MFA says that the transaction should be sourced to the buyer's location. Opponents of the MFA argue that the seller is not located where the buyer is located and should therefore not have to file taxes in that state. Proponents counter that the seller uses state infrastructure to deliver goods to the buyer. House Judiciary Chairman Bob Goodlatte (R-VA) released a draft bill for discussion in 2015, titled "Online Sales Simplification Act." The draft bill recommended a hybrid approach in that transactions will be sourced to the state where the seller is located, and then the seller state would remit the taxes to the buyer's state (through a clearing house, to be created).

Marketplace Fairness Act coalition partners include:

National Association of Counties
National League of Cities
U.S. Conference of Mayors
National Conference of State Legislators
National Governors Association
Council of State Governments
International City/County Management Association
Retail Leaders Industry Association
International Council of Shopping Centers
National Retail Federation

SUPPORT FUNDING AND LEGISLATION TO EXPAND HIGH-SPEED BROADBAND ACCESS

Adequate digital infrastructure is essential for education, economic development, health care and social services; however, many portions of NC counties do not have access to high-speed Internet. NC counties urge Congress to provide digital infrastructure funding and adopt legislation that clarifies FCC definitions for speed thresholds and unserved areas while supporting county flexibility to invest in tools that encourage high-speed internet connectivity.

Relevant Committee – and the North Carolina Member of Congress serving on it:

- House Appropriations Committee – Representative David Price
- House Energy and Commerce Committee – Representatives Richard Hudson and G.K. Butterfield
- House Ways and Means Committee – Representative George Holding
- Senate Finance Committee – Senator Richard Burr

August Update: On May 3, the Gigabit Opportunity Act, was introduced in the Senate (S. 1013) and a companion bill by the same name was introduced in the House (H.R. 2870) on June 16. The bills, neither of which have North Carolina cosponsors, are intended to promote broadband development in rural and economically disadvantaged areas. This is done by incentivizing private investment in rural broadband by allowing companies to defer certain capital gains when they convert those gains to long-term investments in broadband infrastructure within state-designated "Gigabit Opportunity Zones." According to the sponsor's press release, the legislation would also streamline regulations in order to remove some of the barriers that hold back high-speed internet access.

Talking Points:

- Broadband access has gone from being a luxury to a necessity for normal communications in our economy and society.

- Not only for the individuals trying to register for government benefits or keep up with classes offered at the local community center, but for libraries, schools, health clinics, and hospitals, too, broadband is a basic need and something no community can be without.

- Broadband is expected by employers, job seekers, and businesses looking to bring goods to markets. Lack of access to broadband costs counties jobs.

- With little competition among service providers in rural America, prices are often higher in these regions. Additional investment in broadband availability will increase competition and shift prices down.

- Reform and resources invested in broadband access will not only drive economic growth, but will also expand the online marketplace nationwide, benefitting both urban and rural consumers, creating jobs and new business opportunities.

- Instead of allowing the Federal Communications Commission to choose variable definitions that may divert attention and resources from establishing service to those lacking any broadband service, NC counties support Congress adopting legislation that clarifies FCC speed definitions as well as "unserved and underserved areas," and "advanced technology".

- NC counties request that our congressional delegation support additional investments and initiatives that give access to high-speed Internet connectivity and provide counties flexibility when accessing robust broadband infrastructure.

Background: The "digital divide" is a term that has been used to characterize a gap between those Americans who use or have access to telecommunications and information technologies and those who do not. One important subset of the digital divide debate concerns high-speed Internet access and advanced telecommunications services, also known as broadband. Broadband is provided by a series of technologies (e.g., cable, telephone wire, fiber, satellite, wireless) that give users the ability to send and receive data at volumes and speeds far greater than traditional "dial-up" Internet access over telephone lines.

Broadband technologies are currently being deployed primarily by the private sector throughout the United States. While the numbers of new broadband subscribers continue to grow, studies and data suggest that the rate of broadband deployment in urban/suburban and high income areas is outpacing deployment in rural and low-income areas. Some policymakers, believing that disparities in broadband access across American society could have adverse economic and social consequences on those left behind, assert that the federal government should play a more active role to avoid a "digital divide" in broadband access. One approach is for the federal government to provide financial assistance to support broadband deployment in unserved and underserved areas.

Improvements to broadband access in rural areas are funded primarily through the U.S. Department of Agriculture (Rural Utilities Service) and the U.S. Department of Commerce (National Telecommunications and Information Administration).

Section 706 of the Telecommunications Act of 1996 requires the Federal Communications Commission (FCC) to report annually on whether advanced telecommunications capability "is being deployed to all Americans in a reasonable and timely fashion," and to take "immediate action" if it is not. Congress defined advanced telecommunications capability as "high-quality" capability that allow users to "originate and receive high-quality voice, data, graphics, and video" services. The FCC determines that advanced telecommunications requires access to both fixed and mobile broadband services because more Americans use mobile services and devices to access the Internet for activities like navigation, communicating with family and friends and on social media, and receiving timely news updates away from home.

The FCC has defined a speed threshold of 25 Mbps download/3 Mbps upload (25 Mbps/3 Mbps) for some broadband services to be considered to provide advanced telecommunications capability. However, some funding sources are not required to meet this threshold when providing access to unserved areas meaning existing federal resources are not being used to effectively encourage higher speed internet access.

SUPPORT FUNDING FOR PAYMENT IN LIEU OF TAXES (PILT) , AGRICULTURAL, WORKFORCE, ECONOMIC DEVELOPMENT AND INFRASTRUCTURE PROGRAMS, INCLUDING SCHOOL CONSTRUCTION AND EDUCATION CAPITAL, THAT HELP COUNTIES MEET PUBLIC NEEDS

In both rural and urban areas, NC counties throughout the state rely on the federal-local partnership that supports community and economic development and public infrastructure. In recent years, the partnership, and the economic vitality of NC counties, has been threatened when efforts to trim the federal budget have targeted these local government programs. Funding for the programs that maintain the partnerships between the federal government and county government in meeting demand for public services should remain a priority for Congress.

Relevant Committees – and the North Carolina Members of Congress serving on them:

- House Agriculture Committee – Representatives David Rouzer and Alma Adams
- House Appropriations Committee – Representative David Price

PILT reauthorization is under the jurisdiction of the House Natural Resources and Senate Energy and Natural Resources Committees. However, without NC Members on those committees, NCACC recommends highlighting the issue with the Members serving on the Committees as listed above.

August Update: Congress fully funded PILT at $465 million in FY17. The President's budget recommends a $68 million reduction. The House FY18 Interior Appropriations bill funds PILT at current levels of $465 million. (The Senate Appropriations Committee had not considered its bill yet at the time of this publication.) NACo provides a PILT advocacy toolkit on their website: http://www.naco.org/resources/pilt-advocacy-toolkit.

Talking Points:

- Land owned by the federal government, referred to as federal or public land, is exempt from local property taxes. PILT programs provide critical funds for counties with large tracts of federal land that cannot or will not be developed.

- The PILT program provides payments to counties and other local governments to offset losses in tax revenues due to the presence of tax-exempt federal land in their jurisdictions.

- PILT payments are typically made directly to counties.

- NC counties applaud Congress for fully funding PILT at $465 million in FY17 appropriations. However, Congress needs to pass a long-term reauthorization bill that fully funds PILT. The PILT program supports ongoing, vital services and should have ongoing, predictable funding.

- NC counties call on Congress to support a full investment in the PILT program in FY18 and permanent funding for the future.

- Counties have long partnered with the state and USDA to fund agricultural development programs like Cooperative Extension and seek to preserve and enhance these partnerships.

- President Trump has also called for federal investments in highway and waterway infrastructure, which helps enhance local county economic development. NC counties encourage our Members of Congress to urge the President to add both school construction and education capital, as well as hospitals, to the list of eligible infrastructure.

- USDA Rural Development operates a broad range of grant and loan programs that are critical to rural counties. These programs include grant funding and loan financing for water/wastewater infrastructure, community facilities, broadband, electric, renewable energy and business development.

- USDA uses its limited grant funding to assist the most economically depressed rural areas with fundamental community and public services.

- The agency and its county-supported programs have been cut by more than a third since 2003. Further cuts will continue to weaken economic development opportunities and basic living conditions in rural counties.

- NC counties oppose further cuts to USDA Rural Development programs, particularly those that target local and regional priorities, and urge its congressional delegation to do the same.

- U.S. public schools should be spending $46 billion a year more than they are to provide education facilities to meet modern standards, according to 2016 report.

Background: PILT compensates counties for tax-exempt federal land within their boundaries. In 2008, PILT was changed from a discretionary to a mandatory program, meaning it was not subject to annual appropriations. However, the program continues to receive only one-year authorization extensions. NC Counties call on Congress to enact mandatory, long-term, full funding for PILT to remove the uncertainty to small counties that rely on this funding annually.

NACo has an online action center with national and county-specific information about the PILT program. For a detailed profile on individual counties in North Carolina that receive more than $10,000 each in PILT funding, visit http://www.naco.org/advocacy/action-centers/payment-lieu-taxes-pilt. NACo's Chris Marklund, Associate Legislative Director, Public Lands, WIR, cmarklund@naco.org, 202.942.4207 can also be of assistance.

Rural Development works to ensure that rural citizens can participate fully in the global economy by providing technical assistance and programs that help rural Americans build strong economies to improve their quality of life. These programs help spur economic growth by supporting basic infrastructure, providing loans to rural businesses and industries, and helping communities create prosperity that is self-sustaining.

Located in Raleigh, the North Carolina State Office administers USDA Rural Development programs through six area offices and 14 field offices across the state.

SUPPORT THE STEPPING UP INITIATIVE TO REDUCE THE NUMBER OF PEOPLE WITH MENTAL ILLNESS IN COUNTY JAILS

In North Carolina, almost 13% of the prison population requires some type of intervention due to behavioral health issues. Without the appropriate treatment and services, people with mental illnesses can continue to cycle through the criminal justice system. Support is needed for legislation and funding to promote the Stepping Up Initiative developed by the National Association of Counties, the Council of State Governments Justice Center and the American Psychiatric Foundation to help counties develop and implement efforts to reduce the number of people with mental illnesses in county jails.

Relevant Committees – and the North Carolina Members of Congress serving on them:

- House Appropriations Committee – Representative David Price

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August Update: NACo will host two webinars in August entitled "Stepping Up: Prioritizing Policy, Practice and Funding Improvement for People with Mental Illness in Jails." August 10 and August 16, both are 2:00-3:15 pm. Meanwhile, as Congress works through the FY18 appropriations process, urge Members to fully fund the Justice and Mental Health Collaboration Program (JMHCP). The JMHCP was reauthorized for FY17-21 through the 21st Century Cures Act (P.L. 114-255) at $50 million per year, and should be funded at this level annually to ensure that counties have the federal support they need to help address mental illness in the criminal justice system.

Talking Points:

- The number of people with mental illness in U.S. jails has reached crisis levels. In counties across the nation, jails now have more people with mental illnesses than in their psychiatric hospitals.

- Each year there are an estimated two million people with serious mental illness admitted to jail across the nation. Almost three-quarters of these adults also have drug and alcohol use problems.

- Once incarcerated, individuals with mental illnesses tend to stay longer in jail and upon release are at a higher risk of returning to incarceration than those without these illnesses.

- Without the appropriate treatment and services, people with mental illnesses can continue to cycle through the criminal justice system. Support is needed for legislation and funding to help counties develop and implement efforts to reduce the number of people with mental illnesses in county jails.

- The human toll of this problem – and its cost to taxpayers – is staggering. Jails spend two to three times more money on adults with mental illnesses that require intervention than on those without those needs, yet often do not see improvements to public safety of these individuals' health.

- Although counties have made tremendous efforts to address this problem, they are still facing significant obstacles, including operating with minimal resources and needing better coordination between federal agencies that provide programs with assistance such as those for criminal justice, mental health, substance abuse treatment, and other agencies.

- Without change, large numbers of people with mental illness with continue to cycle through the criminal justice system.

Background: Recognizing the critical role local and state officials play in supporting change, the National Association of Counties (NACo), the Council of State Governments (CSG) Justice Center, and the American Psychiatric Association Foundation (APA Foundation) have come together to lead a national initiative to help advance counties' efforts to reduce the number of adults with mental and co-occurring substance use disorders in jails. With support from the U.S. Justice Department's Bureau of Justice Assistance, the initiative will build on the many innovative and proven practices being implemented across the country. The initiative engages a diverse group of organizations with expertise on these issues, including those representing sheriffs, jail administrators, judges, community corrections professionals, treatment providers, people with mental illnesses and their families, mental health and substance use program directors, and other stakeholders. The initiative is about creating a long-term, national movement to raise awareness of the factors contributing to the over-representation of people with mental illnesses in jails, and then using practices and strategies that work to drive those numbers down.

In North Carolina, 28 counties have passed resolutions in support of the initiative: Alamance, Buncombe, Burke, Cabarrus, Camden, Catawba, Craven, Cumberland, Dare, Davidson, Durham, Forsyth, Guildford, Halifax, Macon, Mecklenburg, New Hanover, Orange, Pasquotank, Perquimans, Person, Pitt, Rockingham, Scotland, Surry, Vance, Wake, and Wayne.

SUPPORT FUNDING FOR BEHAVIORAL HEALTH PROGRAMS AND SERVICES TO ADDRESS THE OPIOID AND SUBSTANCE ABUSE EPIDEMIC

The United States is in the midst of an unprecedented opioid and substance abuse epidemic. Every day 78 people die from an opioid-related overdose. NC counties are on the front lines of this battle working with the state to develop and fund substance abuse and overdose inhibition response programs, but progress is limited without ongoing funding and support from Congress.

Relevant Committees – and the North Carolina Members of Congress serving on them:

- House Appropriations Committee – Representative David Price

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August Update: Congress is answering the call, with proposed CARA funding up in current FY18 House Labor, Health and Human Services, Education (LHHS) and Commerce, Justice, Science (CJS) Appropriations bills by $27 million. Urge Members of Congress to support these higher numbers in final bills.

Talking Points:

- The United States is in the midst of an unprecedented opioid and substance abuse epidemic.

- Drug overdose deaths reached a new all-time high in 2016, now ranking as the leading cause of deaths for Americans under age 50, and last year was higher than the all-time yearly high for car crash or gun-related fatalities.

- In 1991, health professionals wrote 76 million opioid prescriptions in the U.S. In 2011, they wrote 219 million. On an average day in the U.S. health care professionals dispense more than 650,000 opioid prescriptions. (Source: U.S. Dept. of Health and Human Services)

- The Washington Post reported the following in an article published on July 6, 2017: *Anne Schuchat, the CDC's acting director, said the prescription rate is still triple the level it was in 1999 . . . enough opioids were ordered in 2015 to keep every American medicated round-the-clock for three weeks.*

- Each day 3,900 people initiate nonmedical use of prescription opioids for the first time; 580 people use heroin for the first time; 78 people die from an opioid-related overdose. (Source: U.S. Dept. of Health and Human Services)

- North Carolina has experienced a 73% spike in opioid-related deaths between 2005 and 2015. Opioid overdose also claimed the lives of more than 13,000 North Carolinians between 1999 and 2015, and four North Carolina cities rank among the nation's worst for opioid abuse.

- Much progress has been made, but efforts to turn the tide of the opioid epidemic are significantly limited without funding and support from Congress.

Background: Opioid refers broadly to substances that bind to opioid receptors in the brain and body. This includes drugs commonly prescribed to relieve pain like hydrocodone (e.g. Vicodin) and oxycodone (e.g. Percocet), as well as substances like heroin that are produced and sold illicitly.

In 2016, the NACo and the National League of Cities convened a joint task force to identify the local policies and practices that reduce opioid abuse and related fatalities, as well as recommendations for state and federal officials who are pivotal partners in local efforts to combat opioid misuse, diversion, overdose and death. The report, case studies and resources to aid local officials are available online at http://www.opioidaction.org/. Federal recommendations include the following:

Expand access to medication-assisted treatments. One of the greatest impediments to the treatment of individuals struggling with addiction is the limited number of practitioners who can prescribe buprenorphine. To prescribe buprenorphine, practitioners must apply for a special license that limits the number of patients they can treat. Recently, the federal government took action to increase the limit from 100 to 275 patients. The federal government must continue to make policy changes to allow other medical professionals (such as nurse practitioners) to dispense such medications.

Provide funding for local efforts to address the opioid crisis. Local governments are struggling to find sufficient funding to provide medication-assisted treatment programs, expand drug abuse prevention and education efforts, purchase sufficient quantities of naloxone and implement useful drug take-back programs. Congress passed legislation in the 114th Congress to provide funding to assist local governments through grants that would help expand and improve existing efforts to address the opioid epidemic in local communities across the nation. NC Counties request that these grants continue to receive funding at authorized levels.

Partner with local and state officials to reduce the supply of fentanyl and carfentanil. The increasingly lethal synthetic forms of opioid, which can be up to 10,000 times stronger than morphine, are quickly becoming the leading cause of opioid overdose in local communities as drug traffickers lace heroin with these stronger opioids to create a more potent product. First responders often have to use several doses of naloxone to revive persons who have overdosed on heroin laced with fentanyl and carfentanil. The federal government must maintain extensive resources to federal, state and local law enforcement efforts to stop the illicit trafficking of fentanyl and carfentanil.

Allow individuals in custody to continue receiving Medicaid benefits until convicted, sentenced and incarcerated and require states to suspend, rather than terminate, Medicaid for individuals in jail. Under current federal law, federal Medicaid matching funds cannot be used to pay for treatment of jail inmates—an estimated 64 percent of whom struggle with addiction. This statutory exclusion applies not only to individuals who have been convicted of crimes, but also to pre-trial inmates who make up a majority of jail populations and are presumed innocent until proven guilty. To avoid violating the federal exclusion, states typically terminate Medicaid benefits when an inmate is booked into jail, meaning he or she must reapply on release, further interrupting access to treatment in the post-release period when many individuals relapse and overdose. The federal government should provide greater flexibility in the Medicaid program for justice-involved populations and should require states to suspend, rather than terminate, coverage for incarcerated individuals. Doing so will allow counties and cities to better coordinate systems of care and treat previously undiagnosed individuals with substance abuse disorders.

SUPPORT FUNDING FOR HEALTH, HUMAN AND ECONOMIC SERVICES PROGRAMS INCLUDING TEMPORARY ASSISTANCE FOR NEEDY FAMILIES, FEDERAL BLOCK GRANTS, AND FOOD AND NUTRITION SERVICES

Community-based programs funded through federal grants are essential to a county government's ability to meet the needs of its citizens. Counties are the first responders providing services to the public and, in particular, our nation's vulnerable populations – children, elderly and the chronically ill. Many of these services are also mandated by federal law and therefore the federal government provides funding to assist states and local communities in meeting the demand for these services. The populations that these programs help serve do not diminish with reductions in, or elimination of, federal assistance, and thus counties are forced to make up the difference.

Relevant Committees – and the North Carolina Members of Congress serving on them:

- House Appropriations Committee – Representative David Price

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Temporary Assistance for Needy Families (TANF)

Counties use TANF dollars to provide county child protective services and for work supports such as childcare and job training. Counties share administrative costs and may also contribute to the Maintenance of Effort requirements. Long-term reauthorization of TANF should provide greater state and county flexibility to deliver services that support families and help move them off welfare, including allowing higher education to count as work and realistic time limits on education.

Relevant Committees – and the North Carolina Members of Congress serving on them:

- House Education and the Workforce Committee – Representatives Virginia Foxx (Chairwoman) and Alma Adams
- House Ways and Means Committee – Representative George Holding
- Senate Finance Committee - Senator Richard Burr
- Senate Health, Education, Labor and Pensions Committee – Senator Richard Burr

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August Update: The President's budget proposed to cut $21 billion from the program over 10 years, including zeroing out of the TANF Contingency Fund ($6 billion).

Talking Points:

- TANF block grants provide funding to states to help families reduce welfare dependency and counties that operate TANF have a direct stake in the program. Counties share administrative costs and may also contribute to the Maintenance of Effort requirements. Additionally, sanctions that are imposed on the state for failure to meet program requirements are often passed down to the counties.

- Congress needs to pass a long-term reauthorization of TANF, which will give Congress the opportunity to revisit and improve the program, while also eliminating the uncertainty and difficulty in planning that short-term extensions create.

- It is critically important to North Carolina that the supplemental grants be restored. These funds correct the original formula deficiencies in the basic TANF grants.

- The original intent of TANF was to allow states to design the program according to their needs, but that flexibility has since been reduced and should be restored.

- TANF reauthorization should provide greater state and county flexibility to deliver services that support families and help move them off welfare, including allowing higher education to count as work and realistic time limits on education.

Background: Temporary Assistance for Needy Families (TANF) was created in 1996 to replace another federal program as part of welfare reform. It provides benefits to 3.5 million people, most significantly impacting families who live well below the federal poverty level and have no other source of income. Administered by the U.S. Department of Health and Human Services, the program has four goals: provide assistance to needy families so that children can be cared for in their own homes; reduce the dependency of needy parents by promoting job preparation, work and marriage; prevent and reduce unplanned pregnancies among single young adults; and encourage the formation and maintenance of two-parent families.

TANF is a block grant to states and it is mandatory funding, meaning that it is not subject to the annual appropriations process. As a result, however, TANF has been flat funded for 17 years and has shrunk 30 percent in real (inflation-adjusted) dollars. In addition to federal funding, states must contribute to the program through a maintenance of effort (MOE) requirement. Although TANF is primarily a partnership between the federal government and the states, some states -- including North Carolina -- partner with their counties in the operation of the program.

TANF was designed to give states great flexibility in program design and determining eligibility, benefits and services. These funds are used for cash assistance as well as non-cash assistance such as child care, education and job training and work support programs. In order for families to qualify for TANF, states must require participation in work activities and must have a certain percentage of the families involved in work activities for at least 30 hours a week, or 20 hours for single parents with small children. There is a five-year limit for cash assistance to families that include an adult recipient, although states can exceed the time limit for up to 20 percent of the caseload based on hardship.

The last long-term reauthorization for TANF was 2005. The program has been reauthorized since then through a series of short-term extensions, including most recently through September 2016 as part of the FY16 Consolidated Appropriations (i.e. "omnibus bill").

Another North Carolina-specific issue is supplemental grants. The TANF basic grant formula over-compensated states with high welfare family payments, which effectively penalized North Carolina and 16 other states for having a conservative welfare policy with low cash assistance payments, time-limited benefits and an emphasis on work and personal responsibility. The supplemental program was established to address these formula inequities, but the authorization for these grants expired April 2011. Furthermore, a Contingency Fund, which Congress created to meet additional needs during hard economic times, is inadequately funded and poorly designed. For example, its complex requirements discourage many states that are facing significant hardships from using the fund.

Social Services Block Grant (SSBG)

The Social Services Block Grant (SSBG) provides funds to states for activities that serve vulnerable populations including adults and children at risk of abuse and neglect. The State of North Carolina passes the funds directly to counties. SSBG has been funded at $1.7 billion since 2001, but it was funded as high as $2.8 billion from 1991 to 1995. NC counties request that Congress continue to fund SSBG.

Relevant Committees – and the North Carolina Members of Congress serving on them:

- House Ways and Means Committee – Representative George Holding
- Senate Finance Committee - Senator Richard Burr

August Update: Although the President's budget proposed to eliminate the SSBG program, the House FY18 Labor, Health and Human Services, and Education Appropriations bill has funded the program at the FY17 level of $1.7 billion.

Talking Points:

- SSBG provides funds to states for activities that serve vulnerable populations including adults and children at risk of abuse and neglect. The State of North Carolina passes the funds directly to counties.

- Tell House Members what your county does with these funds and ask them to protect and preserve the program.

- SSBG is currently the only source of federal funds for adult protective services, which is frequently a county responsibility in North Carolina.

- North Carolina is one of eight states that operate a state-supervised, locally-administered model for social service programs.

- Counties have a distinct responsibility to provide federally mandated services in this model and seek a commitment to reinvest federal funds back in county-operated systems.

- Federal law mandates that child protective services and foster care be provided to neglected and abused children. SSBG funds are used to support foster care placements for children who are otherwise ineligible for the federal foster care program, and support direct child support services in North Carolina.

Background: SSBG is a flexible source of funding that allows states to provide a diverse array of services to low-income children and families, the disabled, and the elderly, including:

- Daycare
- Protective services
- Special services to persons with disabilities
- Adoption
- Case management
- Health related services
- Transportation
- Foster care
- Substance abuse
- Housing
- Home-delivered meals
- Independent/transitional living
- Employment services

Funding for SSBG has been cut continuously, and should be restored to the highest level possible with a maximum amount of flexibility for states and counties.

Community Development Block Grants (CDBG)

Counties use CDBG and housing choice voucher (HCV) funds for projects related to housing, community and economic development, water and infrastructure projects, and human services. The flexibility of these funds allows counties to partner with the private and non-profit sectors to address community needs.

Relevant Committee – and the North Carolina Member of Congress serving on it:

- House Appropriations Committee – Representative David Price

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August Update: Although the President's budget proposed to eliminate the CDBG program, the House FY18 Transportation, Housing and Urban Development Appropriations bill has funded the program, but at a slightly reduced level of $2.9B compared to $3B in FY17.

Talking Points:

- Some urban counties qualify, based on population, as "entitlement communities" and receive direct federal funding. Counties that do not qualify for direct funding – typically rural counties – are considered "non-entitlement communities" and can receive CDBG funds through their states.

- According to HUD, for every $1 of CDBG funding, another $4.07 is leveraged in private and/or public sector funding. Yet, $1 billion has been cut from CDBG since FY10 at a time when county governments have struggled to provide public services during the worst economic recession since the Great Depression.

- NC counties urge the North Carolina Congressional Delegation to stop any further cuts to the program and to begin restoring funding levels when possible, as well oppose changes to the program that cause entitlement communities to lose entitlement status and that create a minimum grant threshold.

Background: For 40 years, CDBG has contributed to building strong communities. However, during the last decade, the program has been under attack, with decreased funding of more than $1 billion over the last six years. This represents more than a 25 percent decrease in funding at the same time that county governments have been struggling to provide public services during the worst economic recession since the Great Depression. Furthermore, Housing Choice Vouchers (HCV) have remained stagnant in the last few years with few opportunities to apply for new resources. NC counties consider this an unfunded mandate.

To qualify as an “entitlement community,” a county must have a population of at least 200,000, excluding the population of any “entitlement” cities within its jurisdiction.
To receive annual CDBG funding, an entitlement community must develop and submit to HUD its Consolidated Plan, which is a jurisdiction's comprehensive planning document and application for funding under several HUD grant programs, including CDBG. In its Consolidated Plan, the jurisdiction must identify its goals for the various grant programs and then these goals serve as the criteria against which HUD will evaluate a jurisdiction’s Plan and its performance under the Plan. For non-entitlement communities, states develop annual funding priorities and criteria for selecting projects, while local governments consider local needs and prepare grant applications for submission to states based on those needs.

All grantees must use no less than 70 percent of CDBG funds for activities that benefit low and moderate income persons over a one, two or three year period, as determined by the grantee. Each activity must also meet a national objective for the program, such as eliminating slums and blight or addressing urgent community development needs. Each CDBG grantee must also develop and follow a detailed plan that encourages citizen participation and emphasizes participation by persons of low or moderate income, particularly residents of predominantly low and moderate income neighborhoods and areas in which the grantee proposes to use CDBG funds. CDBG features a loan guarantee provision, called the Section 108 program, which provides communities and states with a source of financing for economic development, housing rehabilitation, public facilities and large-scale physical development projects.

In recent years, HUD has recommended various “reforms” to CDBG, including a provision that would eliminate community “grandfathering” – a policy that currently prevents entitlement communities from losing entitlement status – and another that would establish a minimum grant threshold. These changes would prevent smaller-sized communities, including some counties, from receiving direct CDBG funding. While none of these proposals have gained much traction on Capitol Hill, the President has reiterated many of HUD’s recommendations annually in his proposed budgets, as well as additional cuts to funding. In 2011, the Republican Study Committee released a spending reduction plan proposing to eliminate CDBG entirely.

Food and Nutrition Service

Food and Nutrition Service Programs, including but not limited to the Supplemental Nutrition Assistance Programs (SNAP); Women, Infants and Children (WIC); and the National School Lunch Program, serve 1 in 4 Americans annually.

Relevant Committee – and the North Carolina Member of Congress serving on it:

House Appropriations Committee – Representative David Price

August Update: The House FY18 Agriculture Appropriations bill includes $73.6B for SNAP, $4.87B below FY17, and which is, according to the House Appropriations Committee press release, reflecting declining enrollment and a decrease in food costs. The bill also includes $6.15B for WIC, $200M below FY17, and an additional $1.5B above FY17 spending levels for a total of $24.28B in mandatory funding for child nutrition programs, which includes school lunches and the Summer Food Service Program.

Talking Points:

- These programs are used by counties to improve diet quality among children and low-income people and to reduce food insecurity.

- According to a USDA study released in August 2013, for example, participating in SNAP for six months was associated with a decrease in food insecurity by about 5 to 10 percentage points, including households with food insecurity among children.

Background: The Food and Nutrition Service (FNS) administers the nutrition assistance programs of the U.S. Department of Agriculture. The mission of FNS is to provide children and needy families better access to food and a more healthful diet through its food assistance programs and comprehensive nutrition education efforts. FNS has elevated nutrition and nutrition education to a top priority in all its programs. In addition to providing access to nutritious food, FNS also works to empower program participants with knowledge of the link between diet and health. FNS programs are administered through the state.

OPPOSE UNFUNDED MANDATES TO COUNTIES

Reductions in federal spending and deficits should not be accomplished by shifting costs to counties, imposing unfunded mandates. NC counties also oppose any legislative or regulatory initiatives that undermine local government decision making authority or pre-empt county programs and taxing authority.

Relevant Committees – and the North Carolina Members of Congress serving on them:

- House Oversight & Gov't. Reform Committee - Representatives Mark Meadows, Mark Walker, Virginia Foxx
- House Appropriations Committee – Representative David Price
- House Ways and Means Committee – Representative George Holding
- Senate Finance Committee – Senator Richard Burr

August Update: There has been no movement on H.R.50 and no additional cosponsors added since it was introduced on January 12, 2017. However, a companion bill, S. 1523, was introduced in the Senate on July 10. For an updated list of unfunded mandates created by NACo, go to
http://www.naco.org/sites/default/files/documents/NACo%20Unfunded-Mandates%20May%202017.pdf

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Talking Points:

- Thank Representative Virginia Foxx for re-introducing Unfunded Mandates and Information and Transparency Act of 2017 (H.R. 50), bipartisan legislation that works to improve the requirements of Unfunded Mandates Reform Act (UMRA).

- Thank Representatives Walter Jones, Mark Walker, David Rouzer, Richard Hudson, Robert Pittenger, Patrick McHenry, Mark Meadows and George Holding for supporting passage of H.R. 50 in the 114th Congress. (The North Carolina Congressional Delegation voted along party lines, with Representatives G.K. Butterfield, David Price and Alma Adams opposing the bill.)

- Ask all Members of the North Carolina Congressional Delegation to cosponsor the House (H.R. 50) and Senate (S. 1523) bills that have been introduced.

- NC counties have already suffered cuts to programs that serve vulnerable populations, such as children and seniors, through federal arbitrary cuts that shifted expenditures to the local level as a means of reducing federal deficit spending.

- Show the list of current unfunded mandates and other regulatory impacts on counties. (*Source: NACo report*)

- Federal budget initiatives that overhaul program mandates and unnecessary regulations are recommended so that federal costs and responsibilities are not shifted to counties.

Background: NC counties recognize the tremendous financial pressures to reign in federal spending. Counties have cut their budgets and programs significantly during the recession to manage declining revenues and have suffered cost shifts and funding reductions as well. The Unfunded Mandates Reform Act (UMRA) of 1995 (P.L. 104-4) was enacted to help curb the practice of imposing unfunded federal mandates on state and local governments. According to the report published by NACo, however, the practice continues.

On January 3, 2017, *U.S. Representative Virginia Foxx (R-NC) introduced the Unfunded Mandates Information and Transparency Act (H.R. 50).* The purpose of the Act is to: (1) improve the quality of the deliberations of Congress with respect to proposed federal mandates by providing Congress and the public with more complete information about the effects of such mandates and by ensuring that Congress acts on such mandates only after focused deliberation on their effects; and (2) enhance the ability of Congress and the public to identify federal mandates that may impose undue harm on consumers, workers, employers, small businesses, and state, local, and tribal governments. The legislation was referred to four committees.

The legislation has the same bill number, H.R. 50, as it did in the 114th Congress when the House passed it (250-173) on February 4, 2015. An identical bill, S. 189, was introduced by Sen. Deb Fischer (R-NE) on January 20, 2015, but no action occurred after that.

PROTECT THE TAX-EXEMPT STATUS OF MUNICIPAL BONDS

Tax-exempt bonds are a well-established financing tool for local governments. Without this exemption, the expense of financing capital needs for critical county services will increase sharply.

Relevant Committees – and the North Carolina Members of Congress serving on them:

- House Ways and Means Committee – Representative George Holding
- Senate Finance Committee – Senator Richard Burr

August Update: Speaker Paul Ryan (R-WI) said in a speech on July 20 that Republicans are working to eliminate tax exemptions, deductions and credits and use the revenue to lower tax rates, but there has been no indication from Congress or the Trump Administration what their plans are for municipal bonds. Congress must pass a budget before tackling tax reform due to the reconciliation process, which will allow Republicans to approve legislation with a simple majority. The House Budget Committee approved its Budget Resolution on July 20.

Talking Points:

- 75% of all public infrastructure projects are built by state and local governments - municipal bonds are the primary financing tool used to provide that infrastructure.

- Municipal bond interest tax exemption ensures counties of all sizes have resources to provide essential public infrastructure such as schools, hospitals, public health facilities, jails, and parks and recreation.

- The exemption incentivizes investment in municipal bonds, while minimizing financing costs for state and local governments. This allowed state and local governments to finance more than $1.65 trillion of infrastructure investment from 2003-2012 through the tax-exempt bond market.

- If the municipal bond interest exemption did not exist during the 2003-2012 period, it is estimated the $1.65 trillion financed would have cost state and local governments an additional $495 billion of interest expense. If the 28 percent cap, as has been proposed in previous bills, were in effect, that additional cost to state and local governments would have been approximately $173 billion, thereby prohibiting the construction of many infrastructure projects and leading to additional state and local taxes.

- Our nation's economic prosperity depends on the ability of state and local governments to meet their citizens' infrastructure needs. This ability has already been strained by the decreased amount of federal funds flowing to states and localities. Now is not the time to create more obstacles to infrastructure financing.

Background: Tax-exempt bonds were written in the first tax code in 1913 and are a well-established financing tool. They are predominantly issued by state and local governments for governmental infrastructure and capital purposes. According to the Congressional Budget Office, an estimated 75 percent of public funding for transportation and water infrastructure is supplied by state and local governments. Additionally, debt issued for capital projects helps county governments pay for public needs such as the construction or improvement of schools, hospitals, public health facilities, jails, and parks and recreation. The municipal bond tax-exemption represents a fair allocation of the cost of projects between federal and state/local levels of government.

Through the use of tax-exempt municipal bonds, state and local governments invested 2.5 times more in infrastructure than the federal government. Between 2003 and 2012, counties, localities, states and state/local authorities invested $3.2 trillion in infrastructure through tax-exempt municipal bonds. It is estimated that if municipal bonds were fully taxable at the time, the financing for the 21 largest infrastructure projects would have cost state and local governments an additional $495 billion of interest expense. Eliminating or capping the tax-exempt status of municipal bonds has also surfaced as part of congressional tax reform proposals. For example, if the 28 percent cap, once of the previously recommended proposals, were in effect, the additional cost to state and local governments would have been approximately $173.4 billion. Americans, as investors in municipal bonds and as taxpayers securing the payment of municipal bonds, would have been crippled with this burden.

Deficit reduction efforts have already resulted in cuts in aid to local governments from the states and reduced funding in federal programs that benefit counties. Any federal savings from proposed changes to municipal bonds will not offset the economic strain the federal government will be forcing on state and local governments, and local taxpayers, if this low-cost, market-driven means of financing public needs on the local level is removed.

SUPPORT INCREASED FUNDING FOR MILITARY AND VETERAN PROGRAMS AND COMMUNITIES, INCLUDING IMPACT AID AND VETERAN SUPPORT SERVICES, AS WELL AS RULE CHANGES TO ACCURATELY COUNT DEPLOYED MILITARY PERSONNEL AND THEIR FAMILIES IN THE CENSUS

North Carolina's counties are home to nine military bases supporting tens of thousands of military service personnel and their families. The strict discretionary spending caps as part of sequestration put additional pressure on communities that support a large national defense presence. Additional funding is needed for communities with military families and veterans, including sufficient and accurate Impact Aid funds as well as veteran housing, economic development and health services.

Relevant Committees – and the North Carolina Members of Congress serving on them:

- House Appropriations Committee – Representative David Price
- House Armed Services Committee – Representative Walter Jones
- Senate Veterans Affairs Committee and Senate Armed Services Committee – Senator Thom Tillis

Other committees may be relevant depending on the group of veterans that any piece of legislation targets for assistance. For example, programs for job training and placement would fall under the jurisdiction of Education and Workforce Development (Representative Virginia Foxx), whereas special transportation services would be under Transportation and Infrastructure (Representative David Rouzer).

August Update: The House Appropriations Committee approved the FY18 Labor, Health and Human Services, Education Appropriations bill providing over $1.3B for Impact aid, an increase of $5M above the current enacted level in FY17. In May the President signed a bill to reauthorize services for veterans to go outside the VA medical system for care, which would have expired in August without the legislation, and with nearly $1B unspent in the account.

Talking Points:

- North Carolina is home to the 3rd largest U.S. military installation in the world. Counties provide many of the services needed by military families as many of these families live off post, attend off-post schools and seek medical care from county hospitals.

- DOD reductions will drain human capital, economic activity and tax revenues from many NC counties. Current federal government policies regarding Impact Aid to communities affected by a large federal presence are not suited to assist during a reduction in military force.

- A 2013 Harvard study indicates that the Iraq and Afghanistan conflicts will ultimately cost the United States $4-$6 trillion. Of those costs, the single biggest category of accrued liabilities is associated with long-term medical care and disability payments to veterans.

- The VA and DOD will be under enormous budgetary pressure in the coming years and decades; a shift to counties to carry alone the weight of veterans' services and care must be avoided.

- NC counties support maximum funding for Impact Aid and programs like it that recognize the federal-local shared responsibility in providing services that support our nation's heroes.

- NC counties support the 2020 Census Residence Rule and Residence Situations change that counts deployed military at a residence within a community rather than apportioning them to a total state population only.

Background: The U.S. military is undergoing a significant metamorphosis driven by national fiscal constraints. The changes underway are re-shaping the military, with a large component of that change occurring in the number of uniformed members. With an estimated target of between 400,000 and 450,000 uniformed members by the end of the decade, the military will involuntarily separate tens of thousands of members in the coming years. Those newly unemployed individuals and their families will be forced to make career and life choices, some of which they had not expected to encounter for years to come. For those members without clear direction, the communities in which they currently reside could remain their home regardless of whether the community's economy is sufficient to support the newly unemployed. Military families and veterans also often remain in the state after retirement from service because of the superior facilities and access to care.

One half of all discharged members who served during the Iraq and Afghanistan campaigns (783,623 of 1.56 million as of September, 2012) have filed disability claims, with less than 2% being denied. It is estimated that one third of returning veterans are diagnosed with mental issues which can manifest themselves as anxiety, depression, PTSD, attempts at suicide, etc. The services due these individuals will be a major focus of the federal government in the coming years and decades. However, if the drawdown further taxes the federal capabilities, or distracts the government from the needs of these individuals, local communities stand to bear the brunt of that oversight.

Since 1950, Congress has provided financial assistance to military-impacted local education agencies (LEAs) through the U.S. Department of Education Impact Aid Program. Impact Aid was designed to compensate local school districts that have lost property tax revenue due to the presence of tax-exempt federal property, including military installations, or that have experienced increased expenditures due to the enrollment of federally connected children, such as military and Indian students. The Department of Defense plays no part in the development, determination, or distribution of resources. Although Impact Aid is an important source of funding for LEAs, it does not cover the full cost of educating students of military service members.

For the past several decades, the Census Bureau has used a method for counting deployed military personnel resulting in an undercount of population at the state, county and city levels, which impacts federal funding levels. Proposed changes in the Census process were announced June 30 when the Census Bureau published the "2020 Census Residence Rule and Residence Situations" in the Federal Register. The changes address the deployed military issue by counting deployed military at a residence within a community rather than apportioning them to a total state population only.

SUPPORT LEGISLATION TO ALLOW INDIVIDUALS TO RECEIVE FEDERAL HEALTH BENEFITS WHILE AWAITING TRIAL

Counties are required to provide adequate health care to individuals who pass through jails each year, while federal statute prohibits Medicaid matching funds from paying for that care even if the individual is eligible and enrolled pre-trial.

Relevant Committees – and the North Carolina Members of Congress serving on them:

- Senate Finance Committee – Senator Richard Burr
- House Energy and Commerce Committee (Health Subcommittee) – Representatives Richard Hudson and G.K. Butterfield.
- House Ways and Means – Representative George Holding

August Update: H.R. 165, Restoring the Partnership for County Health Care Costs Act of 2017, was re-introduced January 25, 2017. The bill allows an otherwise eligible individual who is in custody pending charges to receive SSI, Medicare, Medicaid, or CHIP benefits. No action has been taken and it has no NC cosponsors.

Talking Points:

- Approximately two-thirds of those detained in jails at any given time are pre-trial and presumed innocent, until proven guilty. Nevertheless, Section 1905(a)(A) of the Social Security Act prohibits federal Medicaid matching funds from being used to pay for their medical care, even if they are eligible and enrolled. This results in counties covering the full cost of health care services.

- Under current federal law, federal Medicaid matching funds cannot be used to pay for treatment of jail inmates—an estimated 64 percent of whom struggle with addiction.

- This statutory exclusion applies not only to individuals who have been convicted of crimes, but also to pre-trial inmates who make up a majority of jail populations and are presumed innocent until proven guilty.

- To avoid violating the federal exclusion, states typically terminate Medicaid benefits when an inmate is booked into jail, but the county is still required to provide medical services.

- The federal government should provide greater flexibility in the Medicaid program to allow for individuals in custody to continue receiving Medicaid benefits until convicted, sentenced and incarcerated and require states to suspend, rather than terminate, Medicaid for individuals in jail. Doing so will share the cost of treatment and allow counties to better coordinate systems of care.

Background: Currently a person incarcerated in a county jail or juvenile detention center in nearly all states is no longer eligible to receive federal matching payments for Medicare and Medicaid benefits once they enter the facility. Section 1905(a)(A) of the Social Security Act, which governs the Medicaid program, excludes Federal Financial Participation (FFP) for medical care for "inmates of a public institution". As a consequence, the cost of medical care for these inmates becomes a county responsibility upon arrest and detention.

The cost to counties for persons who would otherwise be receiving federal entitlement payments is significant based on county estimates. Nearly all states maintain that they are unable to assure the federal share of providing medical services to eligible persons and tend to terminate or sometimes suspend eligibility.

If the individual has been terminated from these programs, it may take months for these benefits to be restored once they leave the institution. What is clear is that the immediate cessation of benefits occurs prior to the issuance of formal charges or conviction when the individual is presumed innocent.

Many people awaiting trial, who are charged with crimes, are released upon posting of bond, released on their own recognizance, released under house arrest or other alternative means of detention. These accused people continue to be eligible for federal matching payments under Medicare or Medicaid while awaiting trial. Some individuals who are charged with crimes and incarcerated in county jails are ultimately acquitted of the crime or the charges may be dropped and the individual released. All individuals who are eligible for federal payment of medical benefits prior to arrest should continue to be eligible until such time as they have been convicted of a crime and become a ward of the state or county.

NC counties urge Congress to change current federal law that allow an otherwise eligible person, who is in custody, but not convicted, to continue to be eligible for federal medical benefits until such time as they may be convicted and sentenced to an institution.