NORTH CAROLINA ASSOCIATION OF COUNTY COMMISSIONERS
2018 (FY19) FEDERAL PRIORITIES FOR NC COUNTIES

INFORMATION PACKET
AUGUST 2018

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TABLE OF CONTENTS

NORTH CAROLINA ASSOCIATION OF COUNTY COMMISSIONERS FOUNDED 1908

SPECIAL NEWS: CONGRESS IS WORKING TO FINALIZE THE FY 2019 APPROPRIATIONS BILLS.

Congress is working to finalize FY19 spending bills to fund the government beyond October 1, 2018. Any appropriations bills not signed into law must be extended by a Continuing Resolution. Any legislation not signed into law by the end of this Congress this year – the end of the Second Session of the 115th Congress -- must be reintroduced during the next Congress. Therefore, touching base with your Members of Congress to reiterate the federal priorities for NC Counties is timely and important.

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 and tracked throughout the year for developments. NCACC also uses the list of federal priorities for a unified voice during August Advocacy and other opportunities to speak with their Members of Congress.

We ask that our congressional delegation pay close attention to these issues, which have been updated to reflect new information relevant to the last half of the Second Session of the 115th Congress, 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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2018 (FY19) 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—North Carolina and its counties lose an estimated $200-$350 million annually in sales tax 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. Do not weaken or overturn the Supreme Court decision.

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 still do not have internet access. NC counties urge Congress to provide digital infrastructure funding and adopt legislation that clarifies FCC definitions for speed thresholds and unserved areas.

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—Funding for programs that maintain partnerships between federal and county governments in meeting demand for public services should remain a priority for Congress. In both rural and urban areas, NC counties rely on federal-local partnerships to support community and economic development, and public infrastructure.

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 appropriate treatment and services, people with mental illnesses can continue to cycle through the criminal justice system. Legislation and federal funding are needed to promote the Stepping Up Initiative to help counties develop and efforts to reduce the number of people with mental illness 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. NC counties are on the front lines of this battle working with the state to develop and fund substance abuse and overdose inhibition programs, but progress is limited without consistent 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—Counties are the first responders providing services to the public locally and, in particular, our nation's vulnerable populations. Since many of these services are mandated by federal law the federal government provides funding to assist states and counties in meeting local demands—this funding should be protected in upcoming budgets.

Oppose Unfunded Mandates to Counties—Reductions in federal 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. Work to have H.R. 50, the Unfunded Mandates and Information and Transparency Act, introduced by Congresswoman Virginia Foxx (NC-5), signed into law.

Protect the Tax-Exempt Status of Municipal Bonds—NC counties appreciate the preservation of municipal bond tax exemption during the recent tax reform debate and urge Congress to do so again if additional reforms are considered, including the reinstatement of advanced refunding bonds.

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—NC counties are home to nine military bases supporting tens of thousands of service members and their families. Additional funding is needed for communities with military families and veterans, including sufficient and accurate Impact Aid funds as well as veteran housing, economic 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 funds from paying for that care even if the individual is eligible and enrolled.

SUPPORT REMOTE SALES TAX COLLECTION (MARKETPLACE FAIRNESS ACT)

North Carolina and its counties are losing an estimated $200-$350 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. Do not weaken or overturn the Supreme Court decision.

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

- Senate Finance Committee – Senator Richard Burr

August 2018 Update: On June 21, 2018, the U.S. Supreme Court ruled in *South Dakota v. Wayfair* that states can collect sales taxes from out-of-state, online retailers. The decision overturns an earlier Supreme Court precedent.

Talking Points:

- NC Counties have advocated for this position for many years and support the Supreme Court's decision.
- We oppose any efforts to weaken or overturn the court's decision.

Background: In 1992, the Supreme Court in *Quill v. North Dakota*, reaffirmed *National Bellas Hess* a 1967 case, but elaborated that Congress ultimately has the power to resolve the question of taxation on interstate commerce. Since those decisions, online sales have grown exponentially and will continue to increase. Until the June decision by the Supreme Court, states and local governments were still unable to enforce their existing sales tax laws on many of those purchases, resulting in billions of tax dollars lost each year. However, various states have enacted "Amazon laws" to tax online sales the same way that brick-and-mortar sales are taxed and the Supreme Court revisited the issue in a case this year in which South Dakota challenged the 1992 ruling.

The South Dakota law, which was passed by the state to challenge the *Quill* decision, required out-of-state retailers with more than $100,000 in sales or more than 200 separate transactions in South Dakota to collect sales tax. In a 5-4 decision this summer, the U.S. Supreme Court issued its opinion in the *South Dakota v. Wayfair* case, upholding the state's law that requires retailers meeting these transaction thresholds to collect and remit sales tax. In deciding for South Dakota, the Supreme Court overruled previous decisions prohibiting states from requiring retailers without a physical presence in a state collect sales tax, noting in *Wayfair* that "physical presence is not necessary to create a substantial nexus."

In light of the *Wayfair* decision, states will likely proceed to implement this ruling in a variety of ways. North Carolina is a founding member of the Streamlined Sales and Use Tax Agreement, which simplifies the collection and administration of sales taxes and will be a helpful step on the path to remote tax collection in our state. While federal efforts to further streamline and clarify sales tax collection from out-of-state retailers in line with the *Wayfair* decision are welcome, the Association opposes legislation that would weaken or limit remote collection.

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 Federal Communications Commission (FCC) definitions for speed thresholds and unserved areas. Also support 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 2018 Update: Several bills pending in Congress, some of which have been part of committee review, address broadband expansion, but much work remains and maximum funding possible should remain an annual priority. Additionally, we ask our delegation to support any efforts to make broadband an eligible activity for existing and new infrastructure grants.

Talking Points:

- Broadband access has become a necessity for normal communications in our economy and society.
- Not only for the individuals trying to keep up with classes offered at the local community college or start an online business, 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, services are often more expensive in these regions or not present at all. Additional investment in broadband availability will help shift costs and 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 FCC to choose variable definitions that may divert 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 funding 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). The Rural Utilities Service recently announced plans to implement a $600 million rural broadband grant/loan program that was part of a 2017 federal spending bill. The Rural Utilities Service press release offers details on the program and the process for counties to comment on the proposal. Comments are due by 5:00 pm September 10, 2018.

Section 706 of the Telecommunications Act of 1996 requires the 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, social media, and receiving 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.

President Trump proposed making broadband eligible for a $50 billion rural development program in his infrastructure plan. Any efforts to move an infrastructure bill through Congress should include the provision. Additionally, President Trump has called on Congress to change the tax code to make municipal bonds funding broadband projects tax-exempt like they are for other infrastructure projects.

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 and county governments 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 2018 Update: NACo provides a PILT advocacy toolkit on its website: http://www.naco.org/resources/pilt-advocacy-toolkit. Additionally, Congress has not completed work on the Farm Bill Reauthorization. Currently there are provisions in the House bill that would add a work component to the SNAP program. These are not in the Senate bill, making it a significant issue for the Conference Committee to hammer out in the final compromise legislation.

Talking Points:

- NC counties support a long-term reauthorization of the Farm Bill to help counties provide critical investments in our nation's most underserved communities.

- NC counties also support full funding for all Farm Bill titles, which help strengthen our nation's rural infrastructure including broadband and water and wastewater systems, protect our nation's food supply, and increase access to health food to low-income populations through the Supplemental Nutritional Assistance Program (SNAP).

- 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 and these funds support vital services and should have ongoing, predictable funding.

- NC counties applaud Congress for fully funding PILT at $465 million in FY17 appropriations and including the same amount in current FY18 drafts. However, Congress needs to pass a mandatory, long-term, full funding reauthorization for PILT to remove the uncertainty to small counties that rely on this funding annually.

- 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 increased federal investments public infrastructure, which helps enhance local county economic development. NC counties encourage our Members of Congress to add both school construction and education capital, as well as hospitals, to the list of eligible infrastructure.

- 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). NC counties also oppose further cuts to USDA Rural Development programs, particularly those that target local and regional priorities.

Background: 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. 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.

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 Jonathan Shuffield, Associate Legislative Director, Public Lands, WIR, jshuffield@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.

USDA's Rural Development programs operate 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. The North Carolina State Office, located in Raleigh, NC, 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
- House Energy and Commerce Committee and the Health Subcommittee – Representatives Richard Hudson and G.K. Butterfield
- Senate Finance Committee and the Health Care Subcommittee – Senator Richard Burr

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August 2018 Update: As Congress works to complete the FY19 appropriations process, urge Members to fully fund the Justice and Mental Health Collaboration Program (JMHCP). The JMHCP was reauthorized through FY21 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. Currently the program is funded at $10 million.

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.

- An estimated 2,000,000 individuals with serious mental conditions are booked into county jails each year, resulting in prevalence rates of serious mental conditions in jails that are 3 to 6 times higher than in the general population.

- An even greater number of individuals who are detained in jails each year have mental health problems that do not rise to the level of a serious mental condition but may still require a resource-intensive response. For example, almost three-quarters of these adults also have drug and alcohol use problems.

- The Justice and Mental Health Collaboration Program (JMHCP) is a grant program administered by the U.S. Department of Justice (DOJ) that provides federal funding to assist state, local and tribal governments in their efforts to improve outcomes for individuals with mental health conditions who are involved in the criminal justice system. JMHCP has been authorized at $50 million since its inception.

- Despite its $50 million authorization level, JMHCP has typically not been fully funded in the annual appropriations process. Currently, the program is receiving just $12 million per year through FY 2017 appropriations. JMHCP should be fully funded at $50 million per year in upcoming appropriations bills.

- 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 or 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, 47 counties have passed resolutions in support of the initiative: Alamance, Alexander, Brunswick, Buncombe, Burke, Cabarrus, Camden, Catawba, Columbus, Craven, Cumberland, Dare, Davidson, Davie, Durham, Franklin, Forsyth, Graham, Granville, Guilford, Halifax, Harnett, Haywood, Hoke, Lee, Macon, Mecklenburg, Mitchell, New Hanover, Northampton, Orange, Pasquotank, Pender, Perquimans, Person, Pitt, Richmond, Rockingham, Scotland, Surry, Transylvania, Tyrrell, Vance, Wake, Warren, Washington, and Wayne.

Enacted by Congress in 2004, the Justice and Mental Health Collaboration Program (JMHCP) is a grant program administered by the U.S. Department of Justice (DOJ). The grants, which are available to state, tribal and local governments, can be used to develop and implement programs designed to improve outcomes for individuals with mental health conditions who are involved in the criminal justice system. JMHCP was formerly referred to as the Mentally Ill Offender Treatment and Crime Reduction Act (MIOTCRA).

Grant funds may be used for jail diversion programs, mental health courts, creating or expanding community-based treatment programs, and providing in-jail treatment and transitional services. In addition, grant funds may also be used to enhance training for criminal justice and mental health system personnel on how to appropriately respond to crises involving individuals with mental health disorders.

Although Congress has authorized JMHCP at $50 million since its inception, appropriators have never fully funded the grant program. JMHCP should be funded at the full authorization level to maximize the impact of the program in assisting local efforts to reduce mental illness and substance abuse in jails.

Under the 2016 reauthorization of JMHCP, the program's scope was expanded to allow grant funds to be used for additional purposes related to addressing substance abuse, mental health, or co-occurring disorders in the criminal justice system. Among these purposes is "sequential intercept mapping," which aims to assess how individuals with mental illness flow through the criminal justice system and how they can be diverted from the system at different junctures. The improvements made to JMHCP in the Cures Act will be most effective with full funding in annual appropriations.

North Carolina Association of County Commissioners Founded 1908

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. Deaths involving synthetic opioids have risen 540% nationwide to more than 20,000 from 3,000 in just three years. 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
- House Energy and Commerce Committee – Representatives Richard Hudson and G.K. Butterfield
- House Ways and Means Committee – Representative Richard Hudson
- Senate Finance Committee – Senator Richard Burr
- Senate Judiciary Committee – Senator Thom Tillis
- Senate Health, Education, Labor and Pensions (HELP) Committee – Senator Richard Burr

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August 2018 Update: FY19 funding for opioid programs is likely to closely follow FY18 levels, which were all up significantly from the previous fiscal year. Meanwhile, several bills are aimed at limiting the supply and demand of prescription and illicit opioids. To stay up to date on various proposals under consideration, NACo has a Legislative Analysis of Opioid Legislation in the 115th Congress:
http://www.naco.org/resources/naco-legislative-analysis-opioid-legislation-115th-congress

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Talking Points:

- Thank Members of Congress for being a committed partner in the fight to end opioid epidemic.

- Opioid overdoses accounted for more than 42,000 deaths in 2016, more than any previous year on record, and now ranking as the leading cause of death for Americans under 50.

- NC 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.

- 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.*

- The Washington Post reported in a July 6, 2017 article that *"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 start 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.*

- In May 2017, President Donald Trump named NC Governor Roy Cooper to be among five people appointed to the President's Commission on Combating Drug Addiction and the Opioid Crisis.

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

*(Source: U.S. Dept. of Health and Human Services)

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/.

The Comprehensive Addiction and Recovery Act (CARA) (P.L. 114-198), provides a large number of treatment and prevention measures intended to reduce prescription opioid and heroin misuse, including evidence-base interventions for the treatment of opioid and heroin addiction and prevention of overdose deaths. The 21st Century Cures Act (P.L. 114-255) includes several provisions to treat and prevent substance use disorder (SUD) and opioid use disorders (OUD), and authorizes significant funding to address SUD and OUD.

The State Targeted Response to the Opioid Crisis Grants under the Cures Act provides up to $1 billion in grants spread among states and territories for two years, beginning in FY17. Eighty percent of those funds must target outreach, engagement, treatment and recovery services. A breakdown of the programs and funding levels can be found in this issue brief written by the National Health Law Program: http://www.napsw.org/assets/docs/Advocacy/caracuresact%202.22.17%201.pdf. There are several grants available to local governments on a competitive basis.

North Carolina will receive more than $31 million from the Cures Act's State Targeted Response to the Opioid Crisis Grant. The grant will be used to increase access to prevention, treatment and recovery supports, reducing unmet treatment need, and reducing opioid-related overdoses and deaths. The U.S. Department of Health and Human Services' Substance Abuse and Mental Health Services Administration (SAMHSA) awarded the grant to the N.C. Department of Health and Human Services (DHHS). Individuals can get help by contacting their Local Management Entities – Managed Care Organization (LME/MCO) for assistance with treatment or recovery. To find out which LME/MCO serves your county, visit: www.ncdhhs.gov/providers/lme-mco-directory.

In collaboration with several organizations, the NCACC has developed all the materials counties need to hold a forum in their area on the opioid crisis. The materials are available on the organization's website at www.ncacc.org/opioidresources. On that page there is a link for State Area Health Education Centers Opioid Contacts under "NC AHEC Opioid Contacts."

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 2018 Update: On May 24, the House Ways and Means Committee voted to advance H.R. 5861, the Joining Opportunity with Benefits and Services (JOBS) for Success Act, a bill that would reauthorize TANF through FY23 and enact changes to its structure. For more details on those changes, see information provided in the Background section below.

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 (MOE) requirements. Additionally, sanctions that are imposed on the state for failure to meet program requirements are often passed down to the counties.

- TANF funding is crucial for counties nationwide, which invest over $58 billion annually in human services.

- 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.

- NC counties encourage Congress to increase TANF funds annually at an amount commensurate with the rate of inflation to ensure the program's effectiveness in assisting families in poverty.

- NC counties oppose the elimination of states ability to transfer TANF funds into SSBG, as this flexibility enables counties to use the program to meet their residents' specific needs.

- Although TANF is an entitlement program disbursed to states, NC is one of ten states where county agencies administer the TANF benefits, and thus contribute significant local funds to administrative and supplemental costs of running the program.

- NC counties also want Congress to protect funding for the TANF Contingency Fund.

- It is critically important to NC 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 activities and the ability to provide partial credit to families with special needs that prevent them from always being able to meet the full participation requirements.

Background:

TANF was created in 1996 to replace the Aid to Families with Dependent Children (AFDC) program as part of welfare reform. AFDC had provided cash welfare to low-income families with children since 1935. TANF 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 is mandatory funding, meaning that it is not subject to the annual appropriations process. Adjusted for inflation, the block grant's purchasing power has been reduced by over 30 percent since it was enacted in 1996, resulting in a decrease in the percentage of families in need the program has been able to serve.

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.

When TANF was created, it counted 12 activities as work activities, but the Deficit Reduction Act of 2005 (DRA, P.L. 109-171) changed these into nine core activities and three non-core activities. The nine core activities are unsubsidized employment, subsidized private-sector employment, work experience, on-the-job training, job search and job readiness, community service, vocational education and providing child care to an individual participating in community service. The non-core activities are job skills training directly related to employment, education directly related to employment and satisfactory attendance at a secondary school or high school equivalency (GED) program. Non-core activities can only count toward work participation if the individual also participates in core activities for at least 20 hours a week.

The last long-term reauthorization for TANF was part of the 2005 DARA, which expired in 2010. The program has been reauthorized since then through a series of short-term extensions, with the current one set to expire at the end of FY18.

Another NC-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.

One of the largest changes in the bill (H.R. 5861) that has passed the House Ways and Means Committee is the proposed elimination and replacement of the Work Participation Rate (WPR). The JOBS Act would replace WPR with new employment outcome measures drawn from the Workforce Innovation and Opportunity Act (WIOA). In addition to eliminating WPR, the bill would also do the following:

- Expand the definition of work activities to include spending on vocational education and other activities proven to successfully help individuals gain and sustain employment and economic independence;
- Propose new eligibility restrictions, such as limiting TANF eligibility to families with incomes below 200 percent of the federal poverty line;
- Increase certain allocations for child care, boosting funding 21 percent over the current fiscal year;

- Increase the cap on the amount of TANF funds states can transfer to the Child Care and Development Block Grant (CCDBG) from 30 percent to 50 percent; and
- Eliminate states' authority to use TANF money directly for child care services by eliminating child care as a "core" activity under the program.

In the provision to eliminate child care as a "core" activity under TANF, the bill would require states to spend at least 25 percent of their TANF funds on other "core" activities, including direct cash assistance, case management and other supportive services.

Similar to the CCDBG transfer under the bill, states would also be granted the option to transfer up to 50 percent of their TANF funds directly to WIOA. However, the version passed by the committee would end the practice of transferring TANF funds to the Social Services Block Grant (SSBG). Under current law, states may transfer up to 10 percent of TANF money to SSBG, a flexible program providing critical services to vulnerable populations including children, older adults and individuals with disabilities.

The bill does not include any new funding for TANF, keeping the program's almost $17 billion annual funding flat for another five years. While Democrats on the committee unanimously opposed the bill, discussions are expected to continue between House Ways and Means Chairman Kevin Brady (R-Texas) and other members of the committee before the bill goes to the full House floor. Securing bipartisan support for the bill is especially important in the Senate, where 60 votes will be required for the legislation to pass and move to the president's desk.

Social Services Block Grant (SSBG)
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 protect the SSBG and support full funding.

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 2018 Update: Currently, FY 19 Labor, Health and Human Services, and Education Appropriations bill again funds the program at $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 NC.

- NC 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 NC.

- SSBG expenditures for substance abuse services, such as opioid addiction, increased by 125 percent from 2010 to 2014, which helped over 118,000 individuals receive substance abuse treatment or participate in prevention programs across the country.

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

Although SSBG helps our nation's most vulnerable populations, the program continues to be targeted for further cuts. The House Ways and Means Committee approved legislation in 2016 that would completely eliminate the block grant, which mirrored proposals from previous House budget resolutions. The program was also targeted for elimination in the President's Budget. The block grant is and will remain extremely vulnerable, especially in the context of entitlement reform and deficit reduction proposals.

Funding for SSBG should be protected and always fully funded at the authorized level 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 2018 Update: The pending FY19 Transportation, Housing and Urban Development Appropriations bill has funded the program at $3.3 billion, equal to the FY18 level.

Talking Points:

- Thank Members of Congress for the recent increase in CDBG funding.
- According to HUD, for every $1 of CDBG funding, another $4.07 is leveraged in private and/or public sector funding.
- NC counties support the current funding levels and request that they continue at this level, without any further cuts to the program in the future.

Background: For 40 years, CDBG has contributed to building strong communities. However, during the last decade, the program has been drastically reduced and targeted for elimination. Furthermore, HCV have remained stagnant in the last few years with few opportunities to apply for new resources. NC counties consider this an unfunded mandate.

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. 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, both Presidents Obama and Trump reiterated many of HUD's recommendations annually in 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 (FNS)

FNS 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, House Education and the Workforce Committee – Representatives Virginia Foxx (Chairwoman) and Alma Adams
- Senate Agriculture, Nutrition, and Forestry Committee – No NC Members serve on this Committee

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August 2018 Update: Although the pending $6 billion in discretionary funding for WIC in FY19 is below the FY18 level, the robust prior year funding and declining enrollments has left a large carryover balance. Therefore, the reduction in funding for FY19 should have little impact on participation in the program. The SNAP program, on the other hand, is a major point of contention during the House-Senate Conference Committee consideration of the Farm Bill Reauthorization.

Talking Points:

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

- SNAP is due for reauthorization as part of the 2018 Farm Bill. NC counties strongly support SNAP and want it protected from attempts for drastic changes.

- NC counties would also like to see streamlining of eligibility requirements and benefits, as well as the flexibility to increase outreach efforts in order to reach those who are eligible for SNAP but are not participating in the program.

- NC counties support reauthorizing the Farmers Market Promotion Program and instituting nutrition incentives that give SNAP participants a discount or cash-back for the purchase of fruits and vegetables.

- Child Nutrition Reauthorization provides Congress with an opportunity every five years to improve and strengthen the child nutrition and school meal programs. The current law, Healthy, Hunger-Free Kids Act of 2010 (P.L. 11-296), expired on September 30, 2015, but the programs continue to operate through annual appropriations.

- Reauthorization, however, provides an opportunity to improve and strengthen the child nutrition and school meal programs so that they better meet the needs of the nation's children.

- 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.

- According to the latest USDA data in 2015, 13.1 million (17.9 percent) children lived in households facing a constant struggle against hunger.

- In 2015, 14.5 million children, or 19.7 percent of all children under age 18, lived in poverty.

- On an average day during the 2014–2015 school year, 11.7 million low-income children received free or reduced-price breakfast and 21.5 million low-income children received free or reduced-price lunches.

- In July 2015, 3.2 million low-income children received summer meals.

- In 2015, 8 million women, infants, and children participated in the WIC program.

Background: Annually Congress must pass the Agriculture, Rural Development, Food and Drug Administration, and Related Agencies Appropriations bill in order to fund nutrition programs. The bill provides discretionary funding, as well as mandatory funding required by law, for food and nutrition programs within the U.S. Department of Agriculture (USDA). This includes funding for the Special Supplemental Nutrition Program for Women, Infants, and Children (WIC), the Supplemental Nutrition Assistance Program (SNAP), and the Child Nutrition programs.

The Food and Nutrition Service (FNS) administers the nutrition assistance programs of the USDA. 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.

The National School Lunch Program was established in 1946 and is a federally-assisted meal program that provides nutritionally balanced, low-cost or free lunches to children each school day. More than 31 million children were served under the NSLP in 2012. The Summer Food Service Program is a federally-funded initiative that provides healthy meals to children and teens in economically disadvantaged areas when school is not in session. The Special Supplemental Nutrition Program for Women, Infants, and Children (WIC) provides federal grants to States for supplemental foods, health care referrals, and nutrition education for low-income pregnant, breastfeeding, and non-breastfeeding postpartum women, and to infants and children up to age five who are found to be at nutritional risk.

The Child Nutrition and WIC Reauthorization Act authorizes all of the federal school meal and child nutrition programs that provide funding to ensure that low-income children have access to healthy and nutritious foods. Although the programs are permanently authorized, every five years Congress reviews the law governing these programs through the reauthorization process. The current law, the Healthy, Hunger-Free Kids Act of 2010 (P.L. 11-296), expired on September 30, 2015.

The Senate Agriculture Committee and the House Education and the Workforce Committee have jurisdiction over Child Nutrition Reauthorization. Both Committees considered bills in 2016, but Congress did not pass a final bill due in large part to stark policy differences between the House and Senate. Although authorization expired, all programs continue to operate and are funded in the annual Agriculture Appropriations bill.

SNAP offers nutrition assistance to millions of eligible, low-income individuals and families and provides economic benefits to communities. The idea of the first Food Stamp Program was established by the Secretary of Agriculture Henry Wallace in 1939. The 2008 Farm Bill changed the name of the federal program to the Supplemental Nutrition Assistance Program (SNAP) and changed the name of the Food Stamp Act of 1977 to the Food and Nutrition Act of 2008. The 2014 Farm Bill made a number of changes to SNAP, which is the largest program in the domestic hunger safety net. The nutrition title is the largest of the 12 titles covered in the Farm Bill. Of the programs covered by nutrition, SNAP accounts for 95% of all spending. Overall, nutrition spending makes up 80% of the total budget for the Farm Bill. Nutrition in the United States is thus very much determined by the provisions, policies and funding allocations in the U.S. Farm Bill.

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 2018 Update: H.R.50 passed the House on July 13, 2018 and is pending Senate action. NACo has asked members to contact their Senators to press for passage of the Senate companion bill, S. 1523. 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 sponsoring the Unfunded Mandates and Information and Transparency Act (H.R. 50), bipartisan legislation that works to improve the requirements of Unfunded Mandates Reform Act (UMRA).

- Thank Representatives Ted Budd, Mark Walker, David Rouzer, Richard Hudson, Robert Pittenger, Patrick McHenry, Mark Meadows and George Holding for supporting passage of H.R. 50. (The North Carolina Congressional Delegation voted along party lines, with Representatives G.K. Butterfield, David Price and Alma Adams opposing the bill. Rep. Walter Jones did not vote.)

- Ask Senators Burr and Tillis to cosponsor the Senate bill (S. 1523) bill and work for its passage.

- 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.

PRESERVE THE TAX-EXEMPT STATUS OF MUNICIPAL BONDS

NC counties appreciate the retention of municipal bond tax exemption during the recent tax reform debate and urge Congress to do so again if additional reforms are considered. 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 2018 Update: The 2017 Tax Cuts and Jobs Act preserved the tax exempt status of municipal bonds as well as private activity bonds. Private activity bonds have been floated as an option to help expand broadband access. The House Ways and Means Committee has proposed a draft for another Tax Reform bill with hopes to complete it before the midterm elections.

Talking Points:

- Thank Members of Congress for protecting tax-exempt status of municipal bonds in H.R. 1, the "Tax Cuts and Jobs Act," which was signed Public Law 115-97 on December 22, 2017.

- Any future tax reform bills should not cut options to counties for funding critical infrastructure projects, including but not limited to broadband.

- Discuss the importance of reinstating advanced refunding as a one-time refinancing tool to save taxpayers and counties on project financing costs over time.

Background: Tax-exempt bonds were written in the first tax code in 1913 and are a well-established financing tool. According to the Congressional Budget Office, an estimated 75% of public funding for governmental infrastructure and capital is supplied by state and local governments. Additionally, debt issued for capital projects helps counties pay for critical projects such as the construction or repair of schools, hospitals, and jails. The municipal bond tax-exemption represents a fair allocation of the cost of projects across all levels of government.

Eliminating or capping the tax-exempt status of municipal bonds had surfaced as part of past tax reform proposals. Americans, as investors in municipal bonds and as taxpayers securing the payment of these bonds, would have been crippled with this burden. For example, if one recommended policy proposal, the 28 percent cap, were in effect, the additional cost to state and local governments would have been approximately $173.4 billion. NC counties appreciate preservation of tax-exempt bonds as part of tax reform. Furthermore, protecting private activity bonds as part of the tax reform bill leaves open the possibility of PABs expanding to include digital infrastructure projects to help connect unserved areas with high-speed internet.

The final version of the Tax Cuts and Jobs Act did eliminate a refinancing tool called advanced refunding which will impact future funding for projects. According to NACo, in North Carolina, advanced refunding was used to refinance $8.25 billion in debt from 2012 through 2016 saving $247.7 million across all levels of government, including counties. Reinstating this policy will help provide substantial savings to taxpayers moving forward.

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 2018 Update: The pending FY19 Labor, Health and Human Services, Education Appropriations bill in provides $1.4 billion, a $25 million increase, to provide flexible support to local school districts impacted by the presence of federally-owned land and activities, such as military bases.

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, 2017 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 and the Health Subcommittee – Representatives Richard Hudson and G.K. Butterfield.
- House Ways and Means – Representative George Holding

August 2018 Update: Urge NC delegation to support pending legislation:

- H.R. 1925 / S. 874, "At-Risk Youth Medicaid Protection Act," which would require states to suspend, instead of terminating, Medicaid for juvenile inmates
- H.R. 165, "Restoring the Partnership for County Health Care Costs Act," which would remove limitations on Medicaid and other federal benefits to pretrial inmates
- H.R. 4005, "Medicaid Reentry Act," which would remove limitations on Medicaid for the 30 days prior to an inmate's release from jail
- H.R. 962, "The Reforming and Expanding Access to Treatment Act,' also known as the TREAT Act, which would remove limitations for substance abuse services specifically

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Talking Points:

- Congress should pass legislation to require states to suspend, instead of terminate, Medicaid coverage for justice-involved individuals.

- The U.S. Department of Health and Human Services (HHS) should exercise existing authority to provide additional state flexibility in the Medicaid program to cover justice-involved individuals.

- Increasing flexibility in Medicaid would allow for improved coordination of care while simultaneously decreasing short-term costs to local taxpayers and long-term costs to the federal government.

- Increasing flexibility in Medicaid would help counties break the cycle of recidivism caused or exacerbated by untreated mental illness and/or substance abuse, thereby improving public safety.

- 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 individual must then reapply on release, further interrupting access to treatment in the post-release period when many individuals relapse and overdose.

- NC counties urge Congress to change current federal law by providing 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. 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.