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Memorandum

From: Jane Sargent, Mike Abrams, Rick Spees, Nick Falvo, and Jose Villalobos

To: Chairman Joe A. Martinez
Board of County Commissioners

CC: Joe Rasco

Date: March 8, 2012

Subject: February 2012 Monthly Report

FY2013 Budget Proposal:

On February 13, 2012, the President submitted his Fiscal Year 2013 budget proposal to the Congress. Highlights of the President's budget within our issue areas include:

Department of Justice:

Byrne Justice Assistance Grants (JAG): $430 million is proposed for the Byrne JAG program, which is a $60 million increase over the FY2012 funding level. The program provides grants to state and local law enforcement to support a wide variety of activities that prevent and control crime based on local needs and current conditions. Full funding for Byrne JAG is one of the County's 2012 federal legislative priorities.

State Criminal Alien Assistance Program (SCAAP): $70 million is proposed for the SCAAP program, which is $170 million decrease from FY2012. The County strongly supports the SCAAP program, which provides federal payments to states and local governments for the costs on incarcerating illegal aliens. The County's 2012 legislative priorities supports full funding for the SCAAP so local taxpayers do not have to bear the full cost of incarcerating criminal aliens.

Community Oriented Policing Services (COPS): $4 billion is proposed for the COPS programs in FY2013 to retain, rehire or higher new police officers. The County's legislative agenda advocates full funding for COPS.

Department of Homeland Security

FEMA State and Local Grant Programs: The President's budget proposes to consolidate and restructure FEMA's grant programs. It would provide a total of $2.9 billion for state and local programs, which is a nearly $500 million increase over FY2012. According to the budget proposal, these funds would be distributed on the basis of threat, vulnerability, and consequence. Of the $2.9 billion, the President's budget proposes $1.55 billion for the new "National Preparedness Grant Program" (NPGP); $670 million for firefighter assistance grants, and $350 million for Emergency Management Performance grants.

The new NPGP program would replace the 16 separate state and local grant programs that currently exist, such as the Urban Area Security Initiative, and the State Homeland Security Grant Program (80 percent of funds for this program are required to be passed on to local governments). NPGP would also include Metropolitan Medical Response System, Citizen Corps, Urban Search and Rescue and the Port and Transit Security Grant Programs, and the Pre-disaster Mitigation Fund.

The budget proposes that the NPGP funds be distributed based on risk examinations by each state called a "Threat Hazard Identification Risk Assessment" (THIRA). FEMA would then choose which projects to fund from each state's THIRA based on national priorities. However, the budget proposal provides no details about local governments' role in this examination process or how these program funds would be awarded to local governments. The proposal is significantly different from previous years and would require legislation to make these changes. At this point, it is not clear if Congress will go along with the President's proposal.

Department of Housing and Urban Development:

Community Development Block Grant: The budget proposes $2.95 billion for CDBG, which is the same funding level as FY2012;

HOME Investment Partnerships Program (HOME): $1 billion (the same as FY2012) is proposed for the HOME program, which helps provide affordable housing for low-income families;

Homeless Assistance Grants: $2.2 billion is proposed for homeless assistance grants, which is a 17 percent increase over FY2012;

Housing Program for Person with AIDS: $330 million (a $2 million decrease) is proposed for HOPWA.

Section 8 Housing Vouchers: $19.1 billion (an increase from $18.9 billion) is proposed for Tenant Based Rental Assistance/Section 8 Housing Vouchers.

Section 202 Elderly Housing Programs: $475 million is proposed for the program, which is a $100 million increase over FY2012.

Sustainable Communities Initiative: $100 million is requested for the President's sustainable communities initiative to support local regional planning efforts; the program received zero funding in FY2012;

Choice Neighborhoods: $150 million for the Choice Neighborhoods program to revitalize neighborhoods with distressed public housing, which is a 25 percent increase from FY2012.

Department of Health and Human Services:

Medicaid: $55.7 billion in Medicaid cuts are proposed over 10 years, including a $4 billion cut over 10 years to the Prevention and Public Health Fund created in the Affordable Care Act and a $196 billion (6 percent) cut to the Substance Abuse and Mental Health Services Administration.

Community Services Block Grant (CSBG): $350 million is requested for the Community Services Block Grant, which is a nearly 50 percent cut to the program. The President proposed a similar cut in FY2012, but it was rejected by Congress. The proposal would also restructure the CSBG to a competitive grant program.

Child Care Programs: $6 billion is proposed for entitlement and discretionary child care programs, which is a $825 million increase over FY2012;

TANF: The budget proposes to make the Supplemental Grants under the Temporary Assistance for Needy Families (TANF) Block Grant permanent. TANF Supplemental Grants expired in April 2011.

Older Americans Act: The budget also proposes level funding for the Older Americans Act nutrition, home and community services, and family caregiver programs; however, there would be some additional funding for demonstration grants in adult protective services and Alzheimer's services.

Head Start: $8 billion is requested for Head Start programs, an increase of $85 million over FY2012.

Payroll Tax Cut Extension:

On February 17, 2012, the House and Senate passed legislation to extend the payroll tax cut through the end of the year. The bill also extends unemployment benefits and prevents the schedule cut to the Medicare reimbursement rate for physicians (known as the "doc fix"). The bill also includes a reallocation of D-Block spectrum that public safety officials and local governments have been advocating for over the past several years.

D-Block/Spectrum Auction: Highlights of the D-Block provisions include:

- Reallocation of the D-Block to public safety;
- Provides $7 billion for nationwide public safety broadband network;
- Allows continued use of 700MHz narrowband by public safety;

- Reallocation of the T Band spectrum (470-512 MHz) within 11 years;
- Establishes a governance model for the public safety broadband network, known as the First Responder Network Authority, that will include state, tribal and local public safety officials;
- Establishes a State and Local Implementation Grant Program to make grants to states to assist state, regional, tribal and local jurisdictions integrate with the nationwide public safety broadband network;
- Authorizes voluntary spectrum auctions, which are estimated to generate more than $15 billion in revenue; proceeds from the auctions would be used for a variety of programs as well as federal deficit reduction, including: $100 million for the State and Local Implementation Fund; $7 billion for First Responder Network Authority; $250 million for the Next Generation 911 system; and $1.75 billion for the TV Broadcasters Relocation Fund. Any remaining funds would also be used for deficit reduction.

In addition to the D Block/public safety provisions, the payroll tax bill also includes provisions supported by broadcasters to ensure continued access to free local broadcast stations, which the County Commission supports. The broadcasters were advocating for voluntary incentive auctions, which will allow local TV broadcasters to continue providing access to free local TV stations.

<u>TANF Extension</u>: The payroll tax extension also included an extension of the Temporary Assistance for Needy Families Block Grant (TANF) and the child care entitlement program through September 30, 2012. As you know, the TANF program makes block grants to states to provide cash assistance, job training and other services to low-income families that have children.

<u>Disproportionate Share Hospital Payments/Prevention and Public Health Fund (PPHF) Cuts</u>: While the payroll tax extension includes a number of positive provisions supported by the County, it also includes cuts to hospitals that may impact Jackson Health System. Working with the OIA staff, we contacted the Miami Dade Congressional delegation to express the County's concerns about any cuts to hospitals that were being considered in the bill, such as the cuts to Medicaid disproportionate share hospital (DSH) payments. We explained that as the largest safety net provider in the State of Florida, DSH payments are a critical source of funding to Jackson and any further cuts would be difficult for Jackson to absorb. Unfortunately, to help pay for the bill, the final agreement includes a $4.1 billion reduction in Medicaid DSH payments in 2021.

Also, on behalf of the County, we expressed concerns about the cuts to the Prevention and Public Health Fund (PPHF). The PPHF is a $15 billion/10 year fund authorized and fully funded in the Affordable Care Act to support evidence based disease prevention and health promotion interventions and to support state and local health departments. We argued that these prevention programs are critical to addressing the increase in chronic diseases and ultimately reducing health care costs. However, to help pay for the payroll tax cut extension package, the final bill included a $5 billion cut over 10 years to the PPHF. Unfortunately, the President's FY2013 budget request also included a $4 billion cut over 10 years to the prevention fund, which made preventing the cuts from being included in the payroll tax but bill more difficult.

CDBG Public Service Cap Legislation (H.R. 2183/S.877):

As you know, the County supports the CDBG Public Services Flexibility Act (H.R. 2183/S. 877) that has been introduced in the House and Senate. This legislation would increase the Community Development Block Grant (CDBG) public services cap from 15 percent to 25 percent. Current law prohibits most CDBG grantees from spending more than 15 percent of their CDBG allocation on public services activities, such as job training, crime prevention, child care, health, substance abuse, education, energy conservation, welfare or recreation needs.

Legislation (S. 877/H.R. 2183) was introduced last year by Senator Nelson and Representative Ros-Lehtinen that would permanently increase the CDBG public services cap for all CDBG grantees to 25 percent. The bill has been co-sponsored by Reps. Rivera, Diaz-Balart, Wilson, Wasserman Schultz and Corrine Brown.

The legislation would not increase the County's CDBG allocation. However, it would give the County important flexibility to spend more than 15 percent of its CDBG funding on public services activities, which could help the County during the ongoing economic downtown and tight budget situation.

On February 29, Jane Sargent and Mike Abrams met with Senator Nelson, Rep. Ros-Lehtinen, Rep. Frederica Wilson, Rep. Mario Diaz-Balart, and Rep. Rivera and discussed the status of the public services cap legislation. We were informed that the Miami Dade House delegation has written to the Chairs and Ranking Members of the Financial Services Committee and the Insurance, Housing and Community Opportunity Subcommittee requesting that the they hold a hearing on CDBG programs and the CDBG Public Services Flexibility Act. The House Members believe that a hearing on the bill will help to draw attention to the issue and the pending legislation. Financial Services Committee Chairman Baucus has responded to the delegation stating that the committee expects to hold oversight hearing on CDBG in the third quarter of the year. He stated further that in the context of that hearing, the Committee will hear testimony regarding the legislation. We will let the County know when that hearing has been scheduled. However, the delegation in general was not optimistic about the chances of the bill moving before the November elections given the difficulties of moving any legislation, regardless of the topic, during an election year.

In addition to the public services cap legislation, we also discussed another issue regarding the FY2012 CDBG allocation and specifically the Census data that was used in calculating this year's allocations to entitlement communities. We understand that the County is also concerned about this issue.

Specifically, we discussed with the delegation concerns that communities have about potentially flawed Census data that was used by HUD in calculating the CDBG formula allocation. Many communities across the country, including in South Florida, took a significant cut in the FY2012 CDBG allocation. While the communities expected a cut of approximately 11% percent based on the Congressional appropriation for CDBG, they did not expect the significant cuts of 30-50 percent that some South Florida communities received. There are concerns that the Census data HUD is using to calculate the formula is flawed, particularly the statistics on overcrowding which are based on the annual American Community Survey (ACS) that the Census Bureau conducts. For many South Florida communities, the overcrowding number dropped significantly between last year and this year because of the new data the Census Bureau is using and it resulted in the dramatic cut in their allocation. Several other cities in California, Nevada and other states were also negatively impacted by this data. Last year, the Census used 2000 statistics on overcrowding, but this year they used new data – which is based on an annual average of the American Community Survey between 2005-2009 – which resulted in a dramatic cut in the overcrowding number.

On March 1, we also met with officials at HUD, including Stan Gimont, Director of the Office of Block Grant Assistance, and Ben Winter, Analyst, Office of Policy Development and Research, to discuss the issue of the Census data used by HUD in the CDBG formula allocation. By law, HUD must use the Census Bureau data so they explained in the meeting that if there are concerns about the data being incorrect, those issues must be taken up directly with the Census Bureau since HUD has no discretion to use any other data in its formula calculations.

We also met with William Ramos, Director of Intergovernmental Affairs for the U.S. Department of Commerce. As the Census Bureau falls under the Department of Commerce, we raised the issue with him as well. The Department has heard from a number of CDBG entitlement communities on this issue and he encouraged us to contact the Census Bureau directly to discuss the data and their methodology.

In the meantime, Rep. Ros-Lehtinen has agreed to assist on this issue. We are continuing to work with her staff on how she and the other members of the delegation can be of assistance to the entitlement communities in South Florida on this issue. We understand the County has recently approved a resolution regarding this issue. We will work with the County and keep you informed of any relevant developments.

Older Americans Act:

The County's federal legislative agenda calls for the expansion and continued funding of Older American's Act programs. On Friday, January 27, Senator Sanders introduced legislation (S. 2037) to reauthorize the Older American's Act. The bill has been referred to the Senate Committee on Health, Education, Labor and Pensions (HELP) for consideration. Senator Sanders chairs the HELP Subcommittee on Primary Health and Aging.

S. 2037 reauthorizes the OAA through 2017. Highlights of the bill include:

- Instructs the Bureau of Labor Statistics to improve how it calculates inflation for the elderly to more accurately reflect out-of-pocket expenses for health care and prescription drugs. The provision is intended to help make sure that the annual cost-of-living adjustments to Social Security benefits accurately reflects seniors' expenses.
- Clarifies the legal definition of "economic security" to cover the income necessary to pay for housing, health care, transportation, food, long-term care, and other basic needs.
- Authorizes additional funding for nutrition services;
- Modernizes senior centers by creating a pilot program and community planning grant program.
- Improves the long-term care ombudsman program, which protects the rights of people living in nursing homes.

- Defines low-income from 100 percent of poverty to 200 percent, making more individuals eligible for services.
- Provides non-binding, minimum funding levels for OAA programs.

NACO has identified one issue that may be of concern to counties. Under the OAA, States are authorized to transfer funds within statutory limits among their allotments for Supportive Services and Senior Centers, Congregate Meals and Home-Delivered Meals. Under the law, the election to transfer funds between programs is a State decision and can be done at any point during the fiscal year. S. 2037 would reduce the percentage that can be transferred between supportive services and nutrition programs from 30% to 25%. Also, it sets a new formula for the use of nutrition funds – 40% for congregate meals, 35% for home-delivered meals and 25% that could be used for either one or transportation costs related to nutrition.

The bill is expected to be marked up by the Committee in the spring. We will let the County know when it is scheduled and will work with the County's Elderly Services staff to address any concerns they may have with the legislation.

Activities for March:

The House and Senate are both focused this month on trying to complete the surface transportation reauthorization bill. The current extension of the law expires at the end of March. Also, the House and Senate will begin working on the FY2013 budget. Congressional offices will also begin their preliminary work on the FY2013 appropriations bills. We will work with the County on the budget, CDBG issue, and other assigned issues.