FIRST 100 DAYS

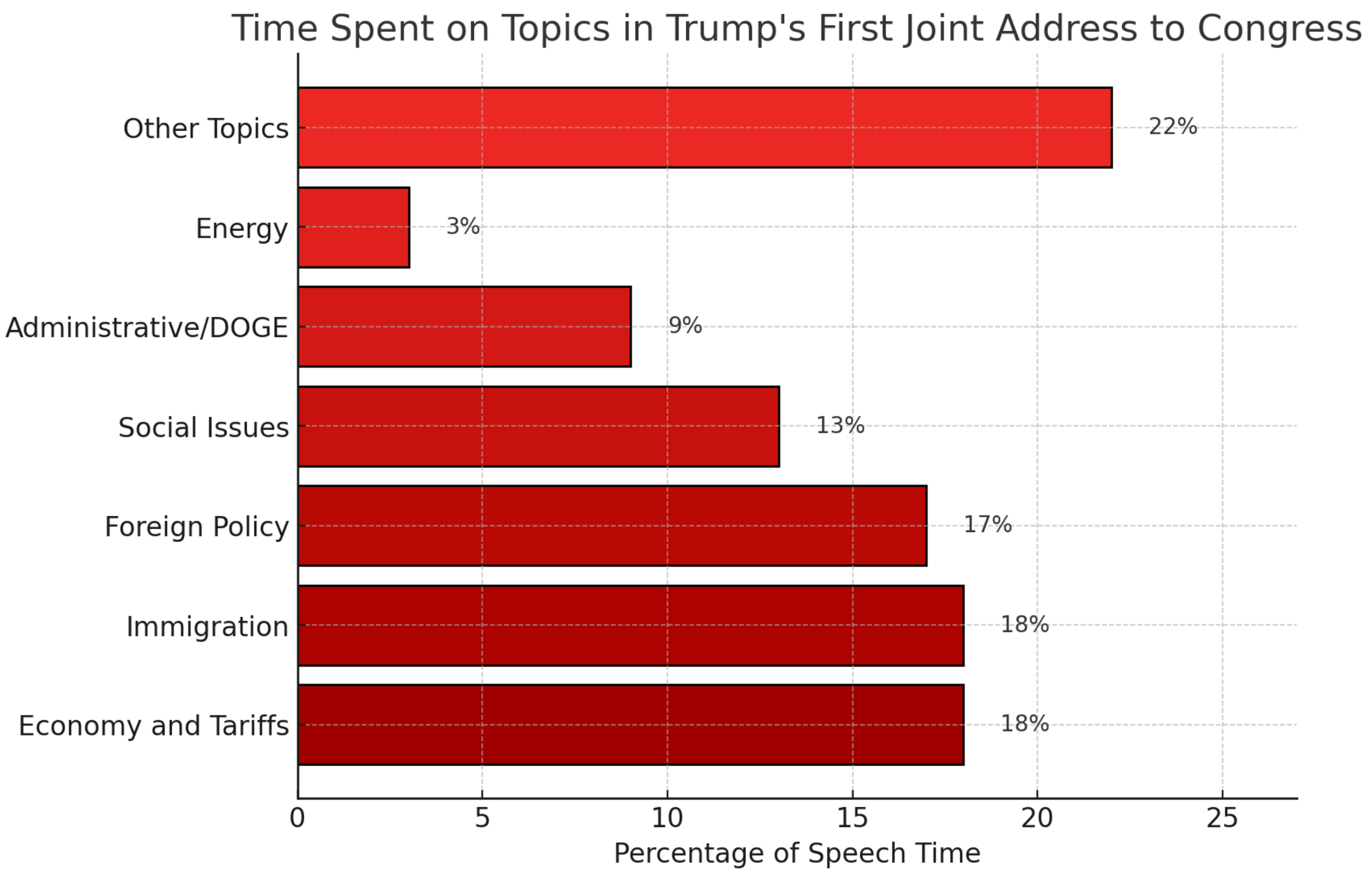
NACo Webinar Series | Week 7

MARCH 13, 2025

First 100 Days

President Trump’s speech to a joint session of Congress

- Economy and Investments
- DOGE Efforts
- Immigration
- Trade
- Taxation
- Climate and Energy



First 100 Days

Executive Orders: Comparison to Other Presidents

Executive orders by presidents, 1969–2025

President	Number of executive orders	Average executive orders per year	Years as President
Joseph R. Biden, Jr.	160	40	2021–2025
Donald J. Trump	220	55	2017–2021
Barack Obama	277	35	2009–2017
George W. Bush	291	36	2001–2009
William J. Clinton	364	46	1993–2001
George H.W. Bush	166	42	1989–1993
Ronald Reagan	381	48	1981–1989
Jimmy Carter	320	80	1977–1981
Gerald R. Ford	169	48	1974–1977
Richard Nixon	346	63	1969–1974

President Trump has issued 89 Executive Orders in his second term so far

Source: USAFacts Analysis of the Federal Register

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Recent Executive Action: Reduction in Federal Workforce

•**Estimated 75,000+ federal employees** have accepted buyout offers

•**Tens of thousands more terminations** expected in the coming weeks

•**Agencies impacted:**
- National Park Service, USDA, IRS, NIH, VA, and more affected
- USAID: 10,000+ employees placed on administrative leave
- Department of Education: 50% workforce reduction

•**Probationary employees** (new hires, recently transferred, recently promoted) are primary targets

•**Hiring freeze and vacant position eliminations** further shrinking federal workforce

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Recent Executive Action: How the Reduction in Federal Workforce Affects Counties

- **Reduction in Local Services:**
    - USDA cuts may slow farm loans, food assistance, and rural development projects
    - VA firings could delay benefits processing and medical services for veterans

- **Disaster Response & Infrastructure:**
    - FEMA workforce reductions could limit county access to disaster relief
    - EPA cuts may hinder county-level environmental protection and water quality technical assistance and grant administration

- **Financial Uncertainty:**
    - Counties with high federal employment face economic disruptions
    - Federal grants and local partnerships with agencies like NOAA, DOE, and SBA may be delayed or lost

- **Administrative Challenges:**
    - Counties working with federal agencies may see delays in regulatory approvals and funding disbursements

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Recent Executive Action: Reduction in Federal Workforce Affects Timeline

- **Jan. 20:** Executive order revives **Schedule F**, reclassifying career civil servants as at-will employees
- **Jan. 28:** Federal buyout offer sent to **2.3M workers**
- **Feb. 6:** Federal judge temporarily halts buyout deadline
- **Feb. 13: Mass firings of probationary employees** across multiple agencies
- **Feb. 25:** Court orders **limited reinstatements** of fired employees
- **Feb. 26:** Agencies ordered to prepare for **large-scale reductions** by March 13
- **March 5:** Trump administration gives agencies the **final authority** to fire workers
- **March 13: BREAKING –** Judge Orders Immediate **Reinstatement of Fired Workers**

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Recent Executive Action: “Freeing Our Forests”

OVERVIEW

- **Timber Production and Forest Management Directive**
  - Within 30 days, the Secretaries of Interior and Agriculture must issue updated guidance to enhance timber production, streamline delivery and reduce supply uncertainty
  - Utilize tools like Good Neighbor Authority, stewardship contracting and Tribal Forest Protection Act agreements
  - Aims to expedite approvals under the Endangered Species Act

- **Forest Management and Wildfires Risk**
  - Strengthens strategies to prevent and combat wildfires, following the destructive California fires
  - Supports funding for wildfire suppression efforts in the Forest Service and Department of the Interior – Builds upon previous efforts
  - Encourages active forest management to mitigate wildfire risks and improve land condition

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Recent Executive Action: “Freeing Our Forests”

IMPACT ON COUNTIES

- **Faster project approvals:** Due to reduced environmental and ESA reviews, project implementation may be expedited
- **Environmental and safety concerns:** Although increased logging may assist in wildfire mitigation, it could impact current ecological structure of a region.
- **Infrastructure development:** Additional/more accessible timber may lower construction costs due to surplus in resources
- **Economic boost for rural areas:** Counties with significant forested land could see an increase in timber-related jobs and economic activity.

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Recent Executive Action: Section 232 Investigation of Timber and Lumber Imports

OVERVIEW

- Directs the Commerce Secretary to assess risks associated with dependence on imported timber, lumber, etc.
- Identify vulnerabilities in the lumber supply chain and propose measures to strengthen domestic production
- Recognizes that timber and lumber are crucial materials for national defense, construction and industrial sectors
- U.S. has been a net importer of lumber since 2016

A "232" Action *allows the Commerce Secretary to impose tariffs and set quotas on products entering the U.S. market, if imports are deemed a threat to national security*

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Recent Executive Action: Section 232 Investigation of Timber and Lumber Imports

IMPACT ON COUNTIES

- **Counties with timber industries could benefit** if the investigation leads to policies boosting domestic lumber production and jobs.

- **Counties dependent on affordable lumber imports** (for construction, housing, furniture manufacturing) may face **higher costs** if tariffs or trade restrictions are imposed.

- Local businesses and consumers could see **increased prices for wood-based products** if supply is disrupted.

- Domestic timber production has decreased since the 1990s, leaving workforce and processing capacity challenges.

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Recent Executive Action: NEPA

The Council on Environmental Quality unveiled an IFR that rescinds 1977 order that authorizes NEPA rules – *Effective immediately*

CEQ Additional Guidance: NEPA Reform

- Expedite and simplify the National Environmental Policy Act (NEPA); Ensure consistency with the Fiscal Responsibility Act (FRA)
- Revokes environmental justice reviews
- Environmental Assessments (EA) and Environmental Impact Statements (EIS) review requirements
- Single document if multiple agencies involved
- NEPA reviews dependent on funding levels and project scope

CEQ Additional Guidance: Procedures

- Agencies are required to revise procedures within 12 months
- Continue project implementation
- OMB will review agencies' NEPA regulations
- Agencies are not required to collect public comments

Scan the QR code to read NACo's FRA analysis

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Recent Executive Action: NEPA

The Council on Environmental Quality unveiled an IFR that rescinds 1977 order that authorizes NEPA rules – *Effective immediately*

County Impacts

- Shorten NEPA timelines = Faster project implementation
- Shortened (or no) public comment period may limit feedback on proposed regulatory changes
- Additional clarification on "Major Federal Action" – need clear guidelines for qualifications
    - Differing interpretation by agencies
- Potential alteration of eligibility requirements

Scan the QR code to read NACo's FRA analysis

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Recent Executive Action: Impact on Cybersecurity Funding

- **CISA cancels $10 million contract** with the Center for Internet security that provides Multi-State Information Sharing Analysis Center (MS-ISAC) and Election Infrastructure Information Sharing Analysis Center (EI-ISAC)
- Counties are heavy utilizers of MS-ISAC – **Offers free cybersecurity resources to counties**
- Ends over **20 years of intergovernmental information-sharing** on emergency cybersecurity threats to local governments
- Counties urge federal partners to **reverse course and support MS-ISAC and EI-ISAC**

Ending MS-ISAC impacts 27/7/365 security operations center, the Nationwide Cybersecurity Review tool, and more – all of which are critical to county cybersecurity efforts

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Waters of the U.S. (WOTUS)

- On March 12, EPA announced it will work with the Army Corps of Engineers to solicit public comment to revise WOTUS rule
- **New rule seeks to implement 2023 ruling Sackett v. EPA** – Narrowed the scope under CWA to limit jurisdiction over wetlands
- Definition of WOTUS directly impacts counties as owners and operators of water infrastructure
- Counties' ability to build and maintain infrastructure could be **subject to the federal permitting process depending on whether waters within county boundaries meet the definition of WOTUS**

The phrase WOTUS is used in the Clean Water Act (CWA) to determine which waters are subject to federal jurisdiction

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Additional Environmental Regulations

In addition to WOTUS, the Administration announced the rollback of other environmental regulations, aiming to reduce regulatory burdens on various industries. Key changes include:

- **Repeal of Emission Limits for Power Plants:** EPA rescinded emission standards for coal-fired power plants, potentially extending the operational life of older facilities.
- **Weakening of Vehicle Emission Standards:** Greenhouse gas emission standards for light- and heavy-duty vehicles for model years 2027 and beyond were rolled back, impacting future automotive pollution controls.
- **Reconsideration of the Greenhouse Gas Endangerment Finding:** The EPA signaled intentions to challenge the 2009 scientific finding that greenhouse gas emissions pose a public health risk, a cornerstone of many existing climate regulations

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FY 2025 Appropriations

March 14: Government Shutdown Looms Without Action

- House Republicans released a seven-month funding bill – ***Passed on 3/11***
  - Increases funding for deportations, veterans' health care, and the military
  - Cuts non-defense spending by $13 billion
  - Extends NFIP, TANF and DSH payments until September
  - Strips earmarks from federal spending bills, eliminating funding for key local projects
  - Generally aligns with President Trump's policy priorities, allows the administration to spend funds more flexibly than previous appropriations bills

- Senate Outlook
  - Senate Democrats oppose the House CR
  - At least seven Senate Democrats would need to back the bill to avoid a shutdown – *Sen. Rand Paul (R-Ky.) opposes the bill*
  - Democrats are proposing a 30-day alternative

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House CR – County Impacts

- **Eliminates bipartisan federal earmarks**:
  - $890M in healthcare grants for hospitals and clinics
  - $293M in FEMA disaster mitigation funding
  - $116M in Small Business Administration funding
  - $107M in workforce development projects
  - Tribal assistance, clean water projects, and law enforcement grants also cut
- No additional **disaster aid** for wildfire or hurricane recovery
- No Reauthorization of **SRS**
- No fix for **Medicare doctor payment cuts**, impacting county health systems

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Flood Insurance: NFIP Reauthorization Also Needed by March 14

- Sens. Bill Cassidy (R-La.) John Kennedy (R-La.) introduced S. 824 to **extend NFIP until Dec. 31, 2026**
- Without reauthorization, FEMA will lose authority to:
    - Issue new flood insurance policies
    - Borrow more than $1B from the Treasury (down from $30.43B)
- NFIP has been extended 33 times since its last long-term authorization expired in 2017
- Bipartisan agreement on the need for reform, but no permanent solution in sight
- **Potential impacts**:
    - Higher costs for policyholders
    - Uncertainty for homeowners, businesses, and counties in flood-prone areas
    - Possible changes to coverage limits and disaster funding

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State of Play in D.C. – First 100 Days

- **Executive Branch**: Over 85 new executive orders covering a broad range of issues
  - Federal funding freeze
  - DEI / Community Benefit Plans
  - Border security and immigration
  - Energy and natural resources including NEPA reforms
- **FY 2025 Appropriations**: March 14 funding deadline raises concerns about potential shutdown
- **Reconciliation**: Diverging House-Senate budget resolutions may affect county priorities
- **Disasters**: Funding for recent disasters and potential for significant FEMA reform

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FEDERAL FUNDING PAUSE

JANUARY 27

OMB releases memorandum direct that federal agencies pause all federal funding

JANUARY 28

OMB releases additional guidance clarifying which federal agencies/programs are impacted – Those that do not align with 6 Executive Orders released by Trump Administration

JANUARY 28

Federal judge temporarily blocks federal funding pause memorandum until Feb. 3

JANUARY 29

OMB rescinds federal funding pause memorandum, citing EOs are still in place

FEBRUARY 3

Temporary block expires and federal judge decides to maintain block on federal funding pause

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NACo's Short-Term Federal Priorities

- **Disaster Reform:** Advocate for county representation on FEMA reform commission
- **Secure Rural Schools:** Reauthorize funding to prevent fiscal crises in rural counties
- **Counties and Medicaid:** Prevent cost shift & increased in county indigent care costs
- **Tax-Exempt Municipal bonds:** Prevent increases in county borrowing costs
- **County Human Services:** Modernize county-administered programs, such as SNAP, TANF and child welfare

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2025 NACo

Federal Policy Priorities

Disaster Reform:
Mitigation, Response, Recovery & Technical Assistance

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Disaster Reform

- Trump administration launches new **FEMA restructuring study committee**
- **NACo Intergovernmental Disaster Reform Task Force** seeks to strengthen our nation's disaster mitigation, response and recovery capabilities
- **NACo priority:** Ensure county voice is present during disaster policy reforms

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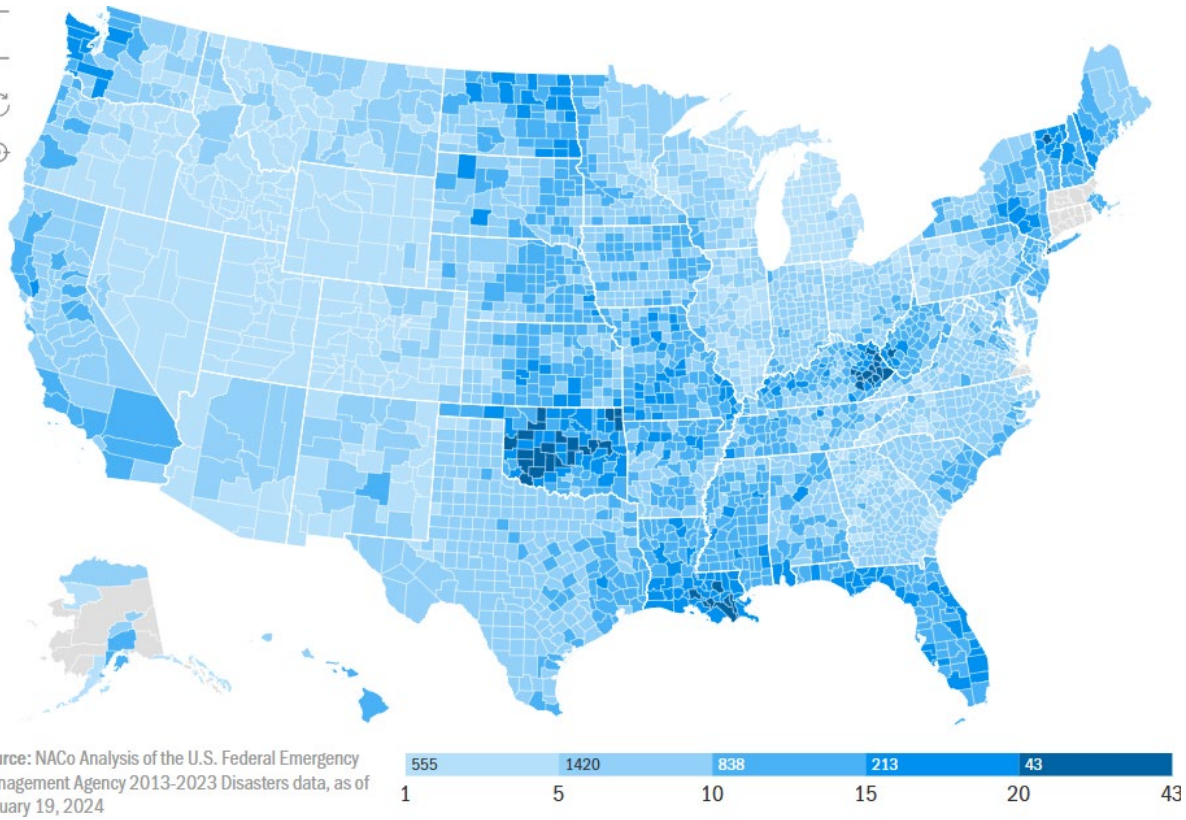
Disaster Reform

- Counties are a key frontline player as part of the **fe**
  responsibility for protecting our nation and our resi
- **Nearly 900 counties**—representing almost one-th
  least one FEMA-designated natural disaster each y
- Frequency of disasters is increasing, averaging
  $1 billion



Source: NACo Analysis of the U.S. Federal Emergency Management Agency 2013-2023 Disasters data, as of January 19, 2024

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NACo Disaster Reform Task Force: Policy Priorities

- Evaluate how federal aid can enhance county-level pre-disaster mitigation projects, focusing on multi-benefit initiatives
- Learn from programs like FEMA's HMGP, BRIC, HUD's CDBG-Mitigation and USDA Watershed Protection
- Enhance coordination between federal, state and county emergency management, addressing mis- and disinformation
- Identify and resolve barriers that prevent counties from accessing federal resources immediately after disasters, especially in rural and underserved areas
- Identify training and technical assistance for county officials
- Establish national partnerships to support capacity-building programs for county officials on federal resource fundamentals

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President Trump’s FEMA Review Council

- An assessment of the **adequacy of FEMA’s response to disasters** during the previous four years, including sufficiency of staffing

- A **comparison of the FEMA responses with state, local and private sector** — including timeliness of response, supplies provided, efficacy and services (including communications and electricity) provided — during the same period

- An **account of the commentary and debate about the role and operation of FEMA** in our federal system and about the functioning of disaster relief, assistance and preparedness in the United States

- The **historical background of other periods in the nation’s history** both before FEMA was part of DHS and before FEMA existed and methods by which disaster aid and relief were then provided

- The **traditional role of states and their coordination with the federal government** in securing the life, liberty and property of citizens in preparation for, during and after disasters

- An **evaluation of whether FEMA can serve its functions** as a support agency, providing supplemental federal assistance to the states rather than supplanting state control of disaster relief

- **Other recommended improvements to FEMA** in the current statutory structure

- An **analysis of the principal arguments in the public debate for and against FEMA reform,** including an appraisal of the merits and legality of particular reform proposals

Budget Reconciliation

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What's at Stake for Counties in Budget Reconciliation?

- **House Budget Plan: "One big, beautiful bill"**
  - **$4.5T for new and extended tax provisions** and spending increases
  - **Up to $2T in mandatory spending cuts,** including Medicaid & social services
  - **$2.8T net increase** in federal debt
- **Senate Budget Plan: "Two bill approach"**
  - **Bill 1:** $340B with $175B border security, $150B defense & $20B Coast Guard
  - **Bill 1:** Requires other Senate committees to find funding offsets or pay-fors
  - **Bill 2:** TBD, focused on making permanent the 2017 Tax Cut and Jobs Act

Scan for more information on the budget reconciliation process and what this mean for counties

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What Are the Differences?

1. Medicaid funding - *$880 billion vs. Reduced cuts?*
2. Tax Cuts and Jobs Act (TCJA) of 2017 tax provisions – *Extension vs. Permanent?*
3. Funding for the Pentagon - *$150 billion vs. $100 billion*
4. Debt limit – *$4 trillion raise vs. Leave out of reconciliation?*
5. Timing – *April or August?*

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What's at Stake for Counties in Budget Reconciliation?

- **Municipal Bond Tax Exemption** – Possible elimination as a $364B revenue raiser
- **State and Local Tax (SALT) Deduction** – Many different scenarios being discussed
- **Medicaid** – Funding reductions, eligibility restrictions, work requirements and more
- **County Energy Credits & Funding** – Rollback of Inflation Reduction Act incentives
- **Human Service Programs** – SNAP, TANF, SSBG cuts and flexibility for county-run programs
- **Everything else should also be considered on the table!**

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What Is <u>UNLIKELY</u> To Be Done in Budget Reconciliation?

- **Parliamentary procedure makes some federal policy reform difficult to pass through reconciliation.**
    - **Permanent Tax Cuts** – Most tax cuts expire in 2025 because of budgetary rule imposed on the TCJA
    - **Debt Limit Suspension** – Reconciliation can only be used to change the debt limit amount, not suspend the debt limit
    - **Immigration Policy** – Changes to asylum eligibility, immigration relief programs such as DACA, or temporary worker visa programs would likely not comply with budget rules
    - **Permitting Reform** – Overhauling the permitting process to expedite energy projects is unlikely to happen in reconciliation and is more likely to happen in the next Surface Transportation Reauthorization bill

Medicaid and Counties

Medicaid and Counties

- **Largest source of health coverage,** currently covering more than 79.3M individuals, including 37.6M children under Medicaid and CHIP
- **Counties contribute** to Medicaid in 25 states
- **Medicaid helps reduce county obligations** for indigent health care services in the 40 states that have expanded Medicaid
- **Medicaid supports** over 900 county hospitals, 680 county long-term care facilities and 750 county behavioral health authorities

Medicaid serves:

nearly **2 in 5 children**

1 in 3 people with disabilities

1 in 5 Medicare beneficiaries

5 in 8 nursing home residents

Medication is a federal-state-local partnership funding health care for vulnerable populations

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Proposed Medicaid Reforms in Congress

- **Federal Medical Assistance Percentage (FMAP) adjustments**
  - FMAP varies depending on states' per capita income relative to the national average
- **Per capita caps** would provide only a fixed amount of federal funding per beneficiary, similar to a block grant, irrespective of states' actual funding needs
- **Work requirements** limit state and local flexibility in administering Medicaid, increase administrative costs in states where counties manage enrollment and eligibility and may result in coverage losses that drive up uncompensated care rates
- **<u>Bottom line:</u>** In many states, counties are required to provide medical services to low-income and chronically ill residents. Cutting Medicaid would potentially shift indigent care burdens to counties

County Tax Priorities: Tax-Exempt Municipal Bonds

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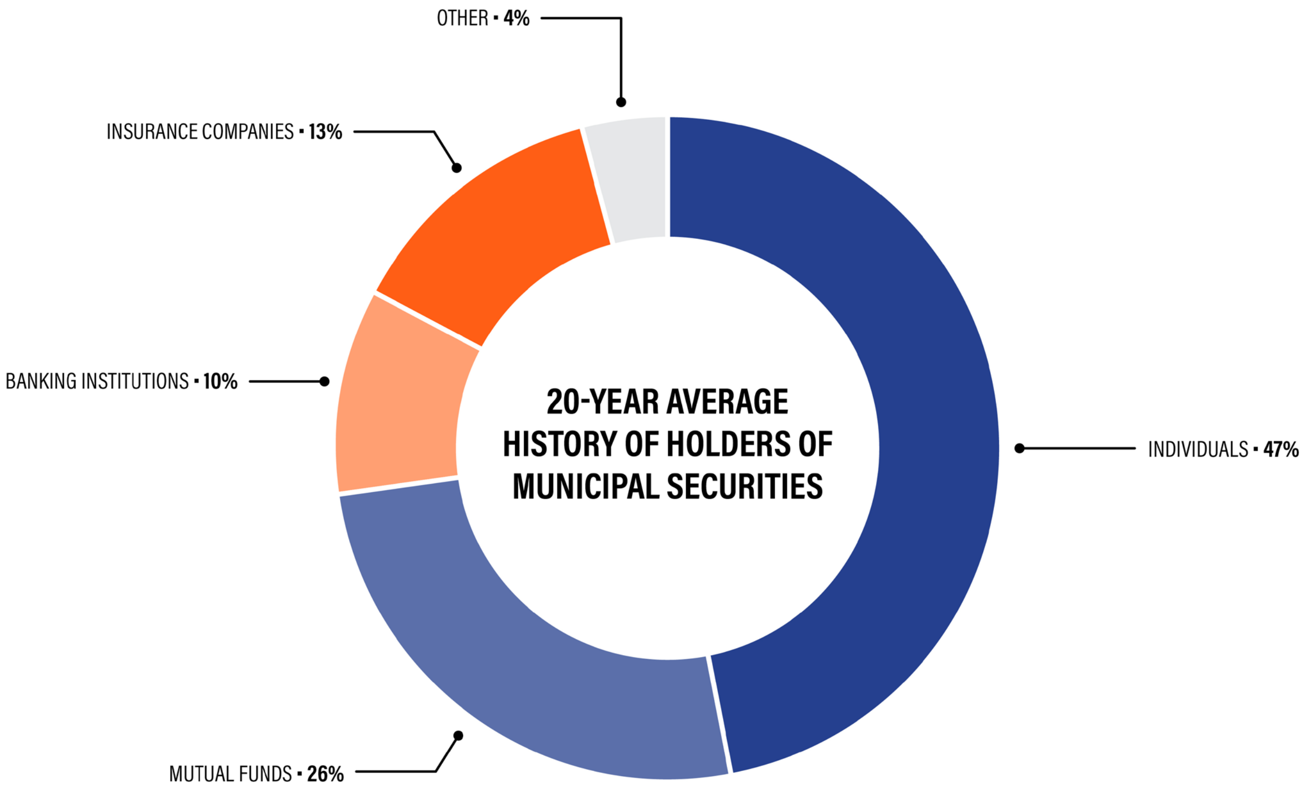
Why are tax-exempt municipal bonds at risk?

Simple… by eliminating the tax-exempt status, the federal government would raise an estimated **$364B in new federal revenues!**



#BUILTbyBONDS

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Tax-Exempt Municipal Bonds

- State and local governments are responsible for more than 90% of all public-sector construction spending, **over $300B is financed through tax-exempt municipal bonds each year**
- Between 2012 and 2022, state and local authorities financed **$3.3T in infrastructure investments through tax-exempt municipal bonds**

Without the tax-exempt status of municipal bonds, the Public Finance Network estimates that borrowing costs for state and local governments would increase by 210 basis points or 2.1%

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Protecting Tax-Exempt Municipal Bonds

- **Municipal bonds finance essential infrastructure**—roads, bridges, courthouses, jails, schools, hospitals and water systems—*including many projects with direct voter approval*
- **Eliminating tax-exempt municipal bonds would increase borrowing costs** for counties by more than 2%, making infrastructure investments more expensive
- **The cost of losing tax exemption for counties:**
  - **Impacts:** Higher project costs, delayed infrastructure improvements, and increased financial strain on counties and local taxpayers
  - **If tax exemption is eliminated:** State and local borrower costs would increase by $820B over 10 years

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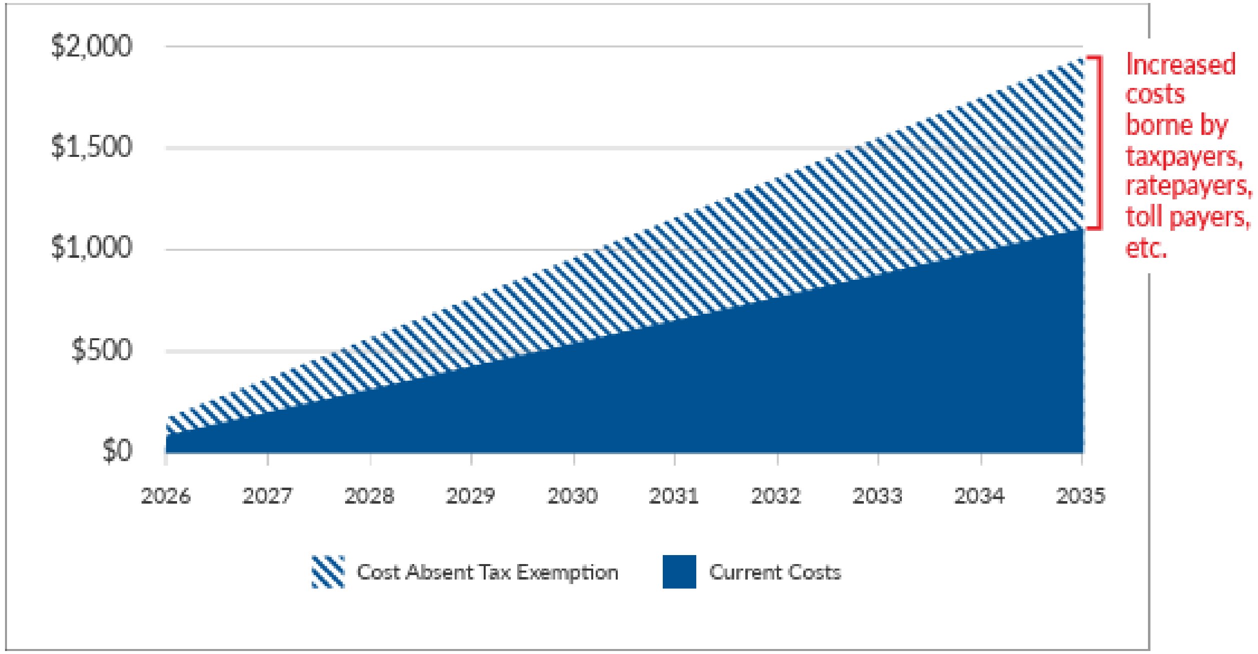
Protecting Tax-Exempt Municipal Bonds: What's at Stake

Eliminating the tax exemption would raise borrowing costs by $823.92 billion, a cost that would amount to a $6,554.67 tax increase for every American household over the next decade.

Exhibit 9 | Projected Cumulative Borrowing Costs, 2026-2035 (in billions)



Source: Government Finance Officers Association Public Finance Network

Scan to access additional resources on Protecting Bonds to Build Infrastructure and Create Jobs

First 100 Days

County Human Services

First 100 Days

County Human Service Landscape

- Counties invest **$62.8 billion annually** in human services, supporting millions of residents
- Budget reconciliation proposals threaten county funding support and flexibility
- **10 states delegate major safety-net programs (SNAP, TANF, SSBG) to counties,** making counties direct administrators with responsibility for program management
  - **TANF** – Potential cost shifts, stricter work requirements and limits on program design
  - **SNAP** – Potential cost shifts and costly administrative restrictions
  - **SSBG** – Elimination would impact child welfare, elder care and services for most vulnerable

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County Human Service Landscape – SNAP

- **Counties are responsible for administering the program in ten states:** California, Colorado, Minnesota, New Jersey, New York, North Carolina, North Dakota, Ohio, Virginia and Wisconsin
- **Counties operating SNAP often contribute significant levels of local funds** to meet the administrative and supplemental costs of running the program

Counties are responsible for administering the **Suplemental Nutrition Assistance Program (SNAP)** in ten states representing **35.7 percent** of total participants (15 million people)

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Secure Rural Schools

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Secure Rural Schools

- Secure Rural Schools (SRS) program provides revenue-sharing payments to **over 700 rural counties** affected by declines in timber harvests on federal lands
- **SRS expired in FY 2023,** leaving counties without crucial funding for schools, roads, fire prevention and public safety
- Previous lapses (e.g., FY 2016) led to an **80% drop in federal forest payments to counties**

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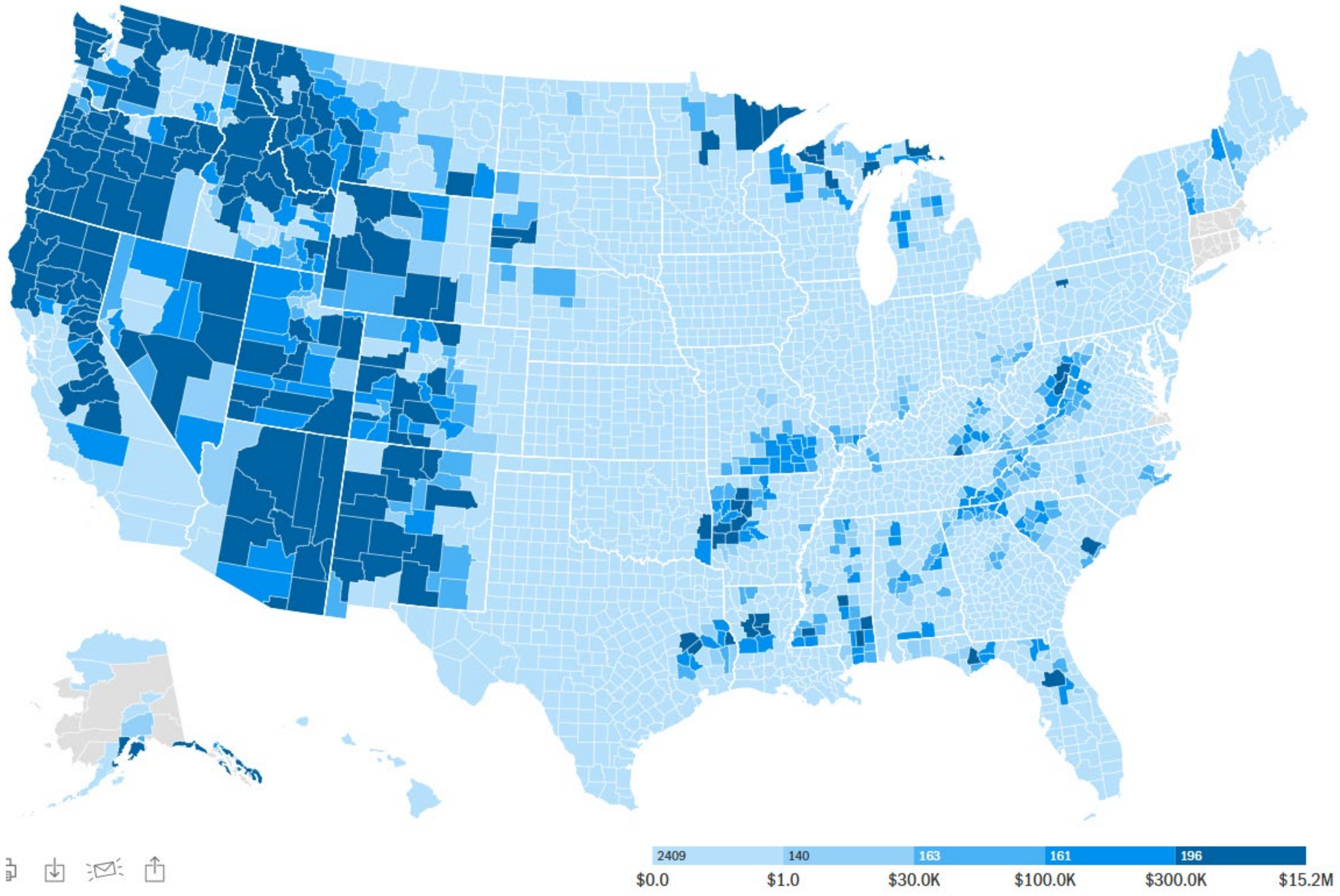
SRS County-Level Profiles



Scan to access NACo's County Explorer Tool

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Counties rely on SRS payments to build infrastructure, execute conservation projects, conduct search and rescue missions, and implement fire prevention programs

Skamania County, WA, faces a ***$2 million revenue gap*** *— forcing cuts to sheriff positions and prosecutors.*

Senate passes bill to extend Secure Rural Schools program

The legislation enjoys broad bipartisan support.

BY: **MANUEL QUINONES** | 11/13/2024 06:25 AM EST

Senate Finance Chair Ron Wyden (D-Ore.) and ranking member Mike Crapo (R-Idaho) sponsored legislation to extend the Secure Rural Schools program. |

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SRS – Legislative Landscape:

Bipartisan efforts are underway in Congress

Senate Champions:

- **Sen. Ron Wyden** (D-Ore.)
- **Sen. Mike Crapo** (R-Idaho)
- 24 bipartisan co-sponsors

House Champions:

- **Rep. Doug LaMalfa** (R-Calif.)
- **Rep. Joe Neguse** (D-Col.)
- 35 Bipartisan co-sponsors

Challenges:

- House Speaker desires offsets funding due to current budget environment
- Short-term reauthorizations create ongoing funding uncertainty for counties

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Additional Federal Policy Priorities

- **Regulations & Permitting Reform**
  - Regulatory rollbacks through the Congressional Review Act
  - Executive order: Repeal 10 regulations for every new one
  - NEPA changes to streamline the federal permitting process
- **Immigration Reform**
  - Stricter federal enforcement policies affecting counties
  - Potential funding restrictions for “sanctuary jurisdictions”
  - Key impacts: Local law enforcement, service delivery and justice systems

Scan to access additional resources

First 100 Days

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Federal Policy Priorities

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