



FIRST 100 DAYS

NACo Webinar Series | Week 13

April 24, 2025

First 100 Days



185 Executive Actions (so far)

- Impacts a broad range of local government policy priorities
- Impacts local government roles and decision-making authority
- But, local government itself has not been deeply targeted

192 Legal Challenges to Administration Actions

- Diversity, Equity, Inclusion
- Transition to Green Energy
- Immigration and Border Security

5 Laws Have Passed Congress

- FY25 Appropriations Continuing Resolution
- Laken Riley Act
- CRA Repeals of Biden Energy Regulations and Penalties

First 100 Days



Fiscal Pressure

- Threats to major funding streams such as PILT, SRS, SSBG, TANF, Medicaid, IRA, and COVID grants
- Potential clawbacks of the previous administration's funding priorities
- Increased borrowing costs for Muni Bonds
- New unfunded mandates like Voter ID

Service Delivery

- Impacts on emergency management and public health
- Strain on human services and nutrition assistance
- Challenges for infrastructure and climate initiatives

Operational Uncertainty

- Changes in federal partnerships like FEMA

Regulatory Shifts

- EPA, NEPA and other agency rulemaking

First 100 Days



Recapping 12 Weeks of High-Impact Executive and Congressional Policy Shifts

- | | | |
|--|--|---|
| <ul style="list-style-type: none">• FEMA Elimination• NFIP – Flood Insurance• PILT/SRS Program• "Sanctuary Jurisdictions"• IRA Funding• USFS Cuts/Fed Workforce• Election Administration | <ul style="list-style-type: none">• Municipal Bonds• SLFRF Compliance• SNAP Cuts• Farm Bill Uncertainty• Highway Reauthorization | <ul style="list-style-type: none">• Medicaid Cuts• Human Service Funding• Deregulation Initiatives• DOGE• COVID-19 Grants |
|--|--|---|

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!**

First 100 Days



Recent Executive Action

President Trump signs four Executive Orders aimed at boosting U.S. coal power – **County Impact**

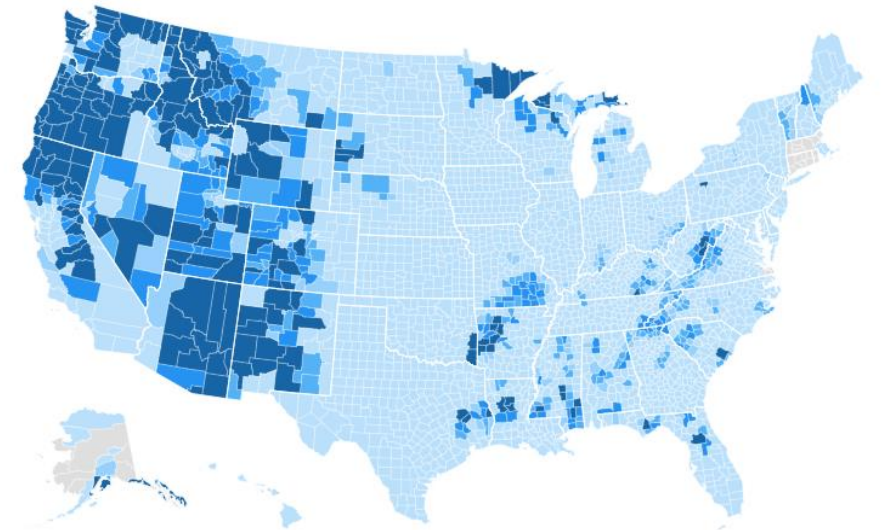
- Counties with coal mines or power plants may see **short-term job retention, increased tax revenues and stabilized economies**
- Counties that manage air quality districts or public health departments may **face increased pressure to monitor air pollution** from facilities exempted from mercury, arsenic and benzene limits
- Increased local input through **cooperative land use planning** with federal agencies
- Counties will need to be highly engaged with federal partners in federal land management decision – Potential impacts on **public infrastructure, house or tourism assets**

First 100 Days

Recent Executive Action

SRS Payments to Counties

- The U.S. Forest Service has begun to disburse over \$71 million to state and counties with national forest service land located within their jurisdiction.
- These funds are being distributed due to a lapse in Secure Rural Schools (SRS) reauthorization, resulting in an average 80% decline in payments to counties.
- Urge your member of Congress to contact House and Senate leadership and highlight the urgent need for reauthorization of the SRS program.



First 100 Days

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
- In the 1990s, revenues began to drop, due to a rapid decrease in timber harvests from federal lands caused by federal regulations
- U.S. Forest Service manages 193 million acres nationally



First 100 Days



Recent Executive Action

U.S. Department of Health and Human Services issues termination notice for health grant funding

- HHS has sent letters to states and counties with direct grant funding announcing the immediate termination of grants (both COVID-19 and not) originally set to run through Sept. 2025
 - **Community Mental Health Services Block Grant (MHBG) Supplement Grants:** Funds comprehensive community mental health services by providing funding for expanded mental health services, crisis response and community-based treatment programs
 - **Substance Use Prevention, Treatment and Recovery Services (SUPTRS) Supplement Grants:** Supports state and local efforts to prevent and treat substance use disorders
- ARPA allocated \$1.5 to both MHBG and SUPTRS – *With the expedited deadline moved up by 6 months, an estimated \$1 billion could be lost*

If a county received a letter from HHS, you have 30 days from the grant termination date to submit final financial reports

First 100 Days



Recent Executive Action

HHS issues termination notice for health grant funding – **County impact**

Essential services

- Termination of funds will impact programs like 988 crisis call centers
- Local substance use prevention efforts
- Community health worker initiatives
- Access to overdose prevention measures may be impacted

Emergency response systems

- EMS teams
- Public health infrastructure – Immunization programs

First 100 Days



Recent Executive Action

FEMA halts disaster mitigation program

Overview

- President Trump signed an EO that focused on shifting disaster preparedness to state and local governments
- FEMA announced it will not allocate \$750 million this year for the Building Resilient Infrastructure and Communities (BRIC) grant program
- Halts funding for projects that were previously approved and still underway

Impact on Counties

- Counties may need to pause or cancel projects in early stages
- Counties that anticipated BRIC support may need to scale back or delay infrastructure investments
- Without BRIC funding, counties may find it hard to pursue large-scale mitigation program

BRIC provides funding for hazard mitigation projects aimed at reducing long-term risk and costs of natural disasters

First 100 Days

Recent Executive Action

White House County Days Return

- The White House will restart their County Days on May 20
 - NACo is not in charge of invitations but will host counties participants
 - Luggage storage
 - Breakfast or Dinner



First 100 Days



ARPA State and Local Fiscal Recovery Fund – April 30 Reporting Deadline

- Project & Expenditure (P&E) Report portal is NOW open – **DEADLINE TO SUBMIT IS APRIL 30**
- ALL counties must submit a P&E Report to Treasury
 - Quarterly reporters – Q2 Reports
 - Annual reporters – First and only report
- If your county has obligated/expended your entire ARPA allocation, you **MUST** still complete a report
- Treasury contacts for assistance:
 - slfrf@treasury.gov
 - covidreliefitsupport@treasury.gov
- If your county has received a notice of noncompliance, **reach out to NACo immediately**

Congress: Reconciliation Update From the House

- **April 5** – Senate passes their budget blueprint
- **April 10** – House Speaker Mike Johnson scraps the budget vote (216-214)
- Increases borrowing limit to \$5 trillion
- Allows for up to \$2 trillion in deficit increase over 10 years **BUT** uses “current policy” baseline, so real deficit is up to \$5.7 trillion deficit increase – *Tax cuts amount to \$5.3 trillion*
 - \$1.5 trillion is for Senate Finance Committee for **NEW** tax cuts
- “Current policy” baseline assumes that expiring 2017 TCJA are extended in perpetuity and therefore is \$0
 - **HOWEVER**, permanent extension costs \$3.7 trillion without “current policy” baseline
- Lower targets for spending cuts

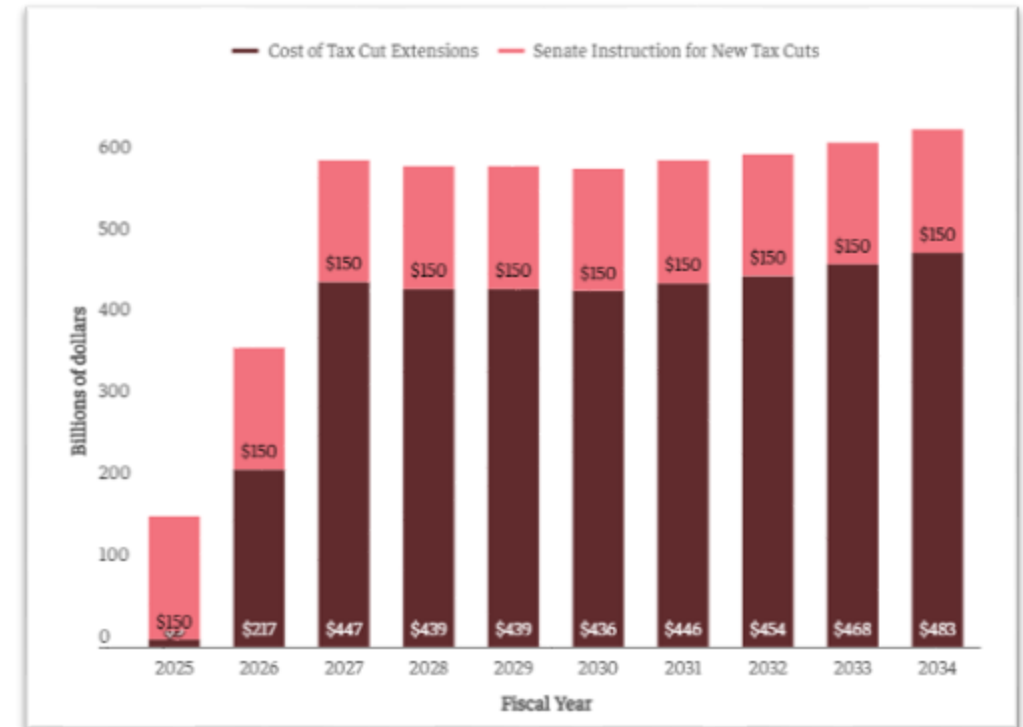
First 100 Days

Reconciliation: Next Steps

What are the biggest hurdles?

- Spending cuts:
 - Senate blueprint calls for \$4 billion in cuts
 - House Republicans want \$1.5-\$2 trillion in federal spending cuts – Focus on Medicaid
- Elimination of green energy tax credits – Some in both chambers want to preserve
- Caps on SALT
- Expansion of the Child Tax Credit

Extending Tax Cuts and Expanding On Them Costs \$5 Trillion-Plus



First 100 Days

Tax-Exempt Municipal Bonds

- Rep. Don Bacon (R-Neb.) sponsored a Dear Colleague letter protecting tax-exempt municipal bonds
- **NEW** - Letter from HFSC Chair Hill and Committee Leaders to Chairman Jason Smith
- 25 total signatories
 - 13 Republicans
 - 12 Democrats
- Conversations are now bubbling up in the Senate
- Counties should **reach out to their Representatives and Senators urging them to protect the tax-exempt status of municipal bonds**



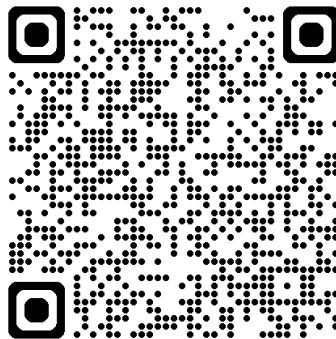
*Scan the QR code to view
NACo's municipal bonds
advocacy toolkit*

First 100 Days

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

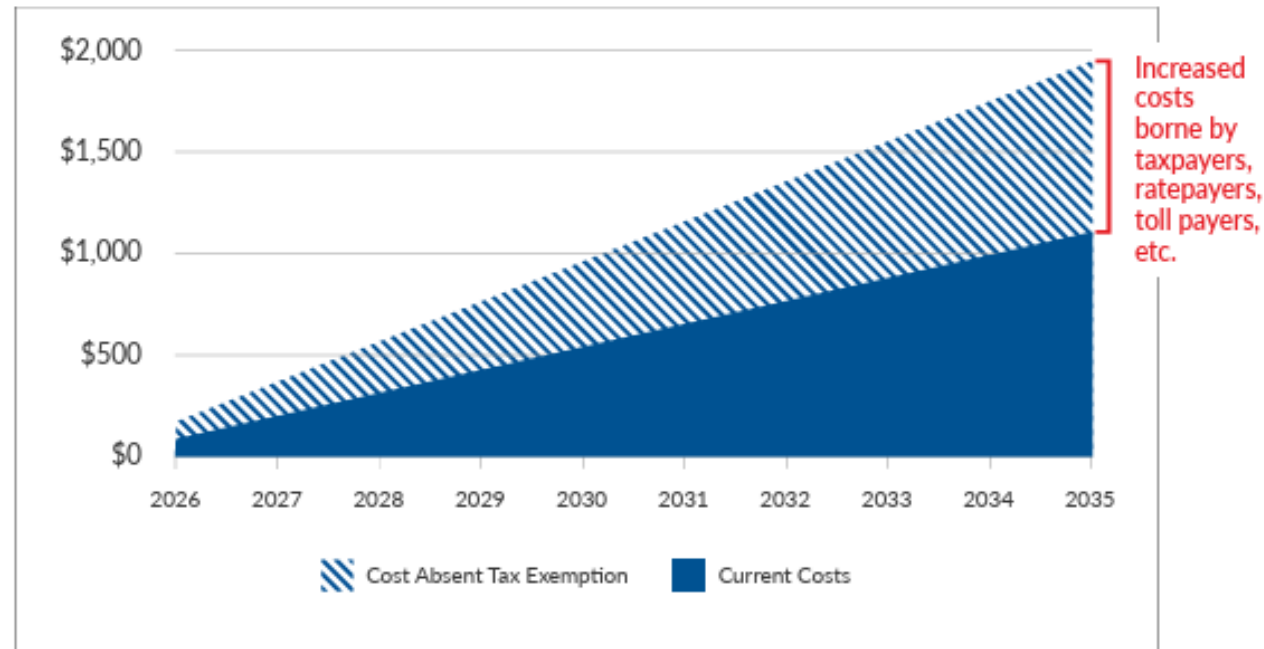
Eliminating the tax exemption would raise borrowing costs by **\$823.92 billion**, a cost that would amount to a **\$6,554.67 tax increase** for every American household over the next decade.

Impacts: Higher project costs, delayed infrastructure improvements, and increased financial strain on counties and local taxpayers



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

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



Source: Government Finance Officers Association Public Finance Network

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, over 700 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



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



FIRST 100 DAYS

NACo Webinar Series | Week 12

April 16, 2025