

# County News

Welcome NACo '93 delegates!

Vol. 25, No. 14 • July 19, 1993  
Washington, D.C.

Official Publication of the National Association of Counties

## Health system reform, key focus of NACo '93 Annual Conference

Attorney General Janet Reno and broadcaster, Cokie Roberts, also headline Cook County event

By Beverly Schlotterbeck  
editor

At least 4,000 delegates were expected to attend NACo's 58th Annual Conference in Cook County, Ill., which officially opened Sunday, July 18, with Attorney General Janet Reno headlining the Opening General Session.

The three-day event will also feature extensive discussion about the role of county government in health care reform. NACo President John H. Stroger, Jr., launched the drive to have counties recognized as important players in the health reform debate at his inauguration last year in Hennepin County, Minn.

The Health Policy Advisory Committee, commissioned by President Stroger to undertake an evaluation and promotion of the county government's role in health care, will



In between workshops and general sessions, delegates may want to stroll through the Art Institute of Chicago.

release a report of its activities and recommendations at this year's conference. In addition, NACo's second annual videoconference will take up the health reform theme and feature Health and Human Services Secretary Donna Shalala. Secretary Shalala and other distinguished panelists will be linked, via satellite, to 275 sites across the country where participants can join in the discussion at the host site in Chicago.

Monday's videoconference is one of seven general sessions scheduled for this year's meeting. Four concurrent general sessions will precede the mid-morning event. Each will focus on a special theme: economic conversion, creative capital financing, evaluating government performance, and exploring the tension between job creation and environmental protection.

Tuesday, Cokie Roberts, popular National Public Radio congressional correspondent and ABC broadcaster, will speak at the general session. Following her address, delegates will

hear from Senator Dirk Kempthorne (R-Idaho), author of proposed mandate legislation, and Louisville (Ky.) Mayor Jerry Abramson, incoming president of the U.S. Conference of Mayors.

This year's conference also features — what both camps are calling — a hotly contested race for NACo third vice president. Greene County (Ohio) Commissioner Reed Madden and Fulton County (Ga.) Commissioner Michael Hightower are vying for the third VP spot. NACo's third vice president customarily ascends the ranks to the NACo presidency.

Voting for NACo officers occurs at the Annual Business Meeting on Tuesday. Delegates also adopt new policy resolutions and *The American County Platform*, NACo's legislative policy guide.

## Health reform project issues report

When Cook County (Ill.) Commissioner John Stroger became NACo's president last year, he announced that health reform and the role of counties in providing health services would be the focus

of his term.

From October 1992 through April of this year, the County Health Policy Project at NACo conducted eight regional hearings to gather local input on health system reform.

The County Health Policy Project used the findings generated from the hearings, along with insights from eight county representatives who participated in working groups of the President's National Task Force on Health Reform, to draft "County Governments and Health System Reform," a report issued July 16, that will be presented to members of Congress and federal agencies.

The report offers recommendations on the county role in a reformed health system. Among them are:

- Services provided by county programs and facilities must, in all cases, be reimbursed in a manner equal to other providers.
- County officials, elected and appointed, must participate on governing boards at the local, state and federal levels to oversee implementation and operation of a reformed health system.
- County health and mental health clinics, hospitals and nursing homes must be eligible providers.
- County governments must be explicitly eligible to play an administrative, financing or service delivery role associated with implementation and operation of a reformed service system.

- Uninsured and low-income persons cared for by county health programs and facilities must have improved access to services.

- Traditional public health services (e.g., disease control, outreach, education) must be integrated with medical services.

- Prevention services, such as immunizations, substance abuse prevention, screening and prenatal care, must be eligible for reimbursement in a reformed health system.

- Reimbursement for primary care services, including those provided by public clinics, must be enhanced to assure early access to care.

- Funding must be increased to expand and maintain the number of primary care providers, and to support training in public clinics and hospitals.

In addition to this report, the County Health Policy Project has produced two other publications as a result of the health forum process. One is a compendium of innovative health care programs administered by county governments throughout the United States. The other is a complete record of statements from more than 175 witnesses who made presentations at the eight regional hearings.

All of these documents can be obtained by contacting the County Health Policy Project, 440 First St., N.W., Washington, DC, 202/942-4257.

## Stroger reviews his year at NACo's helm

(The following is a County News interview with Cook County (Ill.) Commissioner John Stroger about his year as president of NACo.)

**CN: How would you describe your year as NACo president?**

**Stroger:** My year as NACo president was exciting, informative, at times challenging, but never, ever dull. In one word, the past year has been great!

It's not often that one has the opportunity to realize lifelong goals, but NACo has allowed me to touch so many people in a year that passed so quickly.

As president, I worked closely with some of the most dedicated public servants in the nation. As I traveled across the United States exchanging views with other local government officials and private citizens, my pride as an American was constantly reinforced. I truly believe that it's not so important whether you're from a big city or from a small town, but what is important is that we are all treated fairly and given the same opportunities to succeed.

**CN: What do you feel were your greatest successes or accomplishments during your year at NACo's helm?**

**Stroger:** My greatest accomplishments as NACo president were



NACo President John Stroger

keeping the commitment of making county government more visible and leading the dialogue on health care reform.

I made these commitments during my inaugural address, and thanks to the cooperation of other government officials and NACo staff, they were realized.

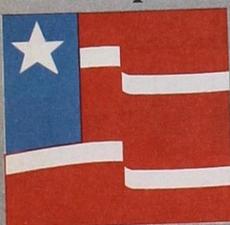
I am proud to have appointed the Health Policy Advisory Committee, chaired by Terry Wood of Jacksonville/Duval County, Fla. who directed eight public hearings in counties across the United States.

We received input from local health care providers, administrators and private citizens. We expect to soon make recommendations in a formal report to the Clinton Administration.

See STROGER, next page

INSIDE

### Issues Update



Has the new Administration been a friend to counties? Are county issues being addressed with fresh fervor in the new Congress? You be the judge.

This special issue of *County News* features a comprehensive report from NACo's Legislative Department on the progress of NACo's priority issues in the Clinton Administration and the 103rd Congress.

## STROGER from previous page

istration as deliberations continue on health care reform.

Because of my deep concern and interest in accessible and affordable health care for all Americans, I participated in several panels and forums.

One was sponsored by George Washington University and was telecast nationally on C-SPAN. I was invited by New York City Mayor David Dinkins to speak on behalf of NACo at the dedication of a new addition to Harlem Hospital.

As a result of promoting health care and other vital roles which counties play on television, in print, as well as other media, I believe more people have a better idea of county government today than they did this time last year.

**CN: What was the most challenging part of your role as president?**

**Stroger:** My most challenging role was to give leadership while bringing fiscal and administrative stability to NACo.

**CN: What did you find most exciting or interesting?**

**Stroger:** All of my activities were exciting, but I rank the trip to Germany at the very top. Last September, my NACo colleagues and I met local, state and federal officials

from Germany to discuss "federalism" and intergovernmental relations.

During this 10-day trip, we visited several German counties, including Lahn-Dill County, which has a "model" waste management operation.

Because there is so much emphasis on cleaning up the environment, this tour was extremely interesting. We also visited several county health facilities and hospitals and talked with doctors who worked in very advanced health systems, despite the antiquated facilities.

The people we met were warm and accepting of us as we continued our trip to Pottsdam and Berlin. Later this year, our German counterparts will visit the United States, and I look forward to seeing them again.

**CN: As NACo president, you focused the association's attention on the role of county governments in America's health care system. You wanted us to "be at the table" during the national debate on health care reform. Did we make it, in your estimation, and what do you think counties can expect from a reformed health care system?**

**Stroger:** From the day I took office, I thought it imperative that

counties be given the credit they deserve as "providers of last resort" for many Americans.

The facts speak for themselves:

- Counties provide more than \$30 billion in the provision of health care.

- Counties spend approximately \$1 billion in maintaining health care facilities.

- Counties operate more than 4,500 health care facilities across the United States.

- Counties provide health care to an estimated 40 million Americans without health insurance.

- More than one-quarter of all doctors receive their training in county hospitals.

- Most AIDS and tubercular patients, as well as the homeless, receive health care through county-run facilities.

Yes, I think we "made it to the table," and we made a lasting impression.

NACo was in discussion with the National Governors' Association, and participated in drafting a resolution which petitioned President Clinton to develop a national health program to provide minimum benefits to all Americans.

NACo Executive Director Larry Naake and I appeared on C-SPAN promoting the role counties play in delivering health care. Key staff

from NACo, Cook County Ill. and Los Angeles County, Calif. gave input to President Clinton's Health Reform Task Force.

NACo has met with congressional leaders, and also visited the White House and held discussions with Hillary Rodham Clinton on health reform.

I do not see any immediate relief for counties in their role of providing health care to the medically indigent.

I sincerely hope as this debate continues, more focus will be given to providing support to counties which have traditionally borne the burden of being the "providers of last resort."

**CN: What are you looking forward to in your role as NACo immediate past president?**

**Stroger:** As immediate past president, I look forward to returning to my full-time responsibilities as a Cook County commissioner and chairman of the Finance Committee, which oversees a budget in excess of \$2 billion.

As a member of the NACo Executive Committee, I plan to work hard to make Barbara Sheen Todd's presidency the greatest in the history of NACo.

**CN: What's next for John Stroger?**

**Stroger:** A little "R and R"; that is, rest and recreation with family and friends. I have been urged to seek election as Cook County Board President in next year's election, and have asked my longtime friend, Dr. Robert Johnson, to head an exploratory committee in this regard.

**CN: Any final thoughts?**

**Stroger:** I hope to use the past year's experiences as the basis for building new relationships in my never-ending quest for a fair, just and equitable society.

## CorreXtion

If you read the story and not just the headline in the last issue on page 1, you know that funding for the Rural Development Administration was not eliminated.

Funding for the regional offices, however, will end by April 1, 1994. We regret the confusion.

## High-Speed Microfilm Scanning System

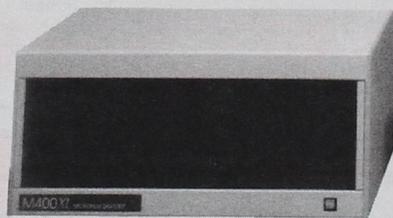
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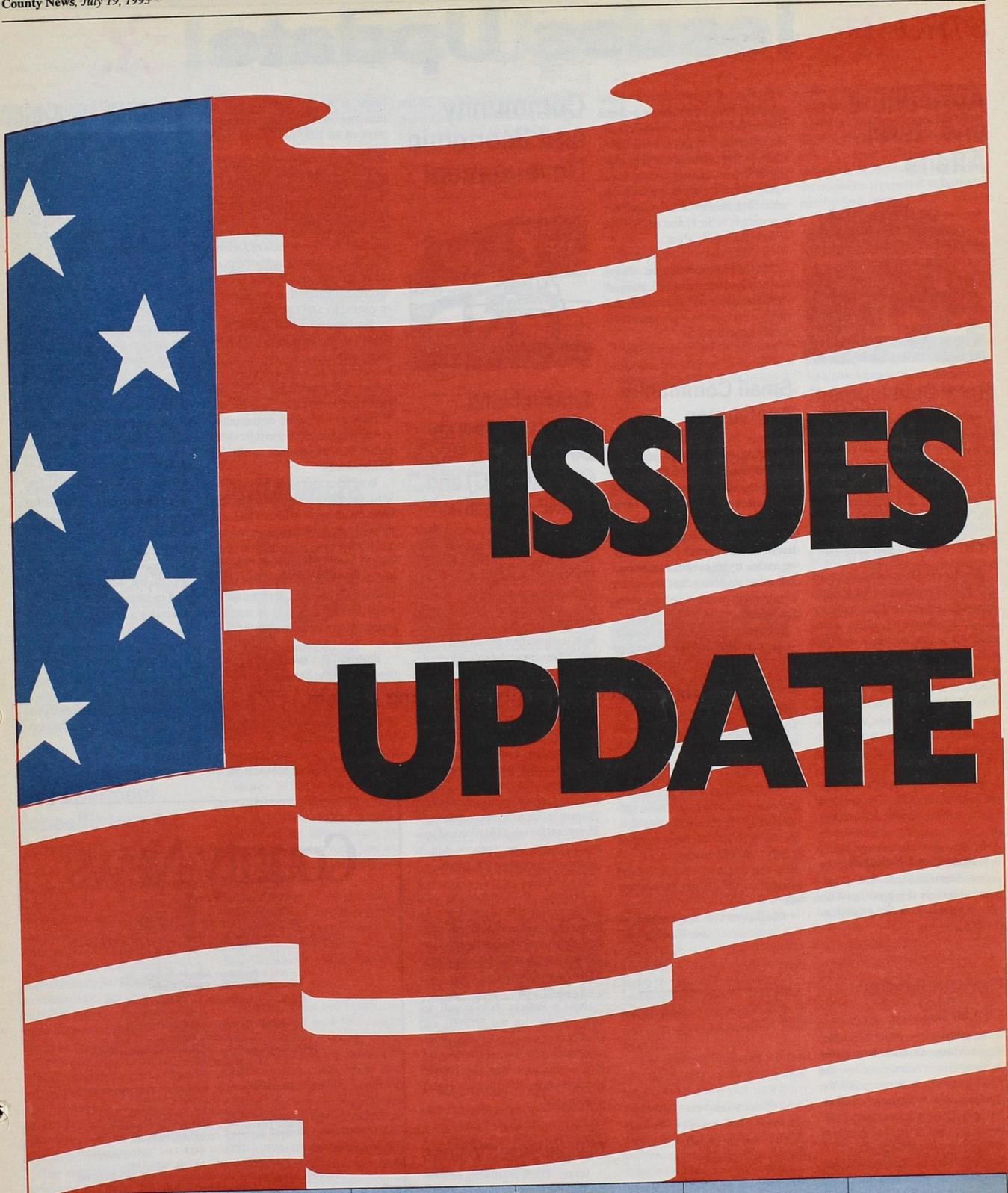
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# Issues Update



## Agriculture and Rural Affairs



### Rural Development

**Issue:** The Rural Development Administration (RDA) was established to improve the quality of life in rural America by financing community facilities and businesses, providing technical assistance, and working with state and local governments to create more effective strategies for rural development.

**Status:** The House has approved an FY94 budget that contains many programs that are vital for rural economic development: direct water and waste disposal loans — \$800 million; water and waste disposal grants — \$450 million; direct community facility loans — \$250 million. The House, after debate on the floor, agreed to overturn an Appropriations Committee decision to eliminate funding for RDA.

**NACo Policy:** NACo supports the full funding of RDA programs as vital to assisting rural counties implement economic development programs throughout the country. NACo is working with the Administration to ensure that rural development continues to receive a high profile within the Department of Agriculture (USDA).

### Reorganization of USDA

**Issue:** Agriculture Secretary Mike Espy has proposed consolidating the Farmers Home Administration, the Soil Conservation Service, and the Agriculture Stabilization and Conservation Service into one organization which will be called the Farm Service Agency (FSA). The FSA would administer farm and housing programs, as well as a variety of commodity and land-use programs aimed at supporting farm prices, adjusting farm production, conserving natural resources and protecting the environment at the local level.

Indicates top priority issue

**Status:** Secretary Espy and his top appointees held a retreat in June to examine alternatives for reorganization which will reflect his and the Clinton Administration's priorities for rural development and agricultural programs. Espy is also working with the members of the agriculture committees in the House and Senate in formulating his plans.

**NACo Policy:** Supports efforts that will lead to a more efficient and effective delivery of agricultural and rural development programs to county governments.

### Small Community Assistance

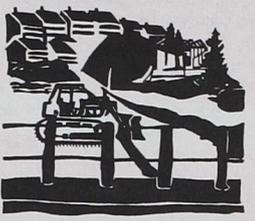
**Issue:** Representative Jill Long (D-Ind.), chair of the Congressional Rural Caucus, introduced legislation that recognizes the needs of small rural communities in meeting clean water mandates established by the Clean Water Act. Small communities have been placed at a disadvantage when trying to obtain assistance from state revolving funds to use for constructing wastewater treatment facilities.

**Status:** Rep. Long introduced H.R. 1980 to amend the Federal Water Pollution Control Act to provide additional assistance to economically distressed rural communities. The bill was referred to the Committee on Public Works and Transportation.

**NACo Policy:** Since this is a new proposal, NACo does not have specific policy on this legislative idea. However, NACo has supported past efforts that will enable counties to meet the requirements of federal mandates such as the Clean Water Act.

*(Staff Contacts: Michael Sowell and Rick Keister)*

## Community and Economic Development



### Amendments to the Community Development Block Grant (CDBG) and HOME programs

**Issue:** The Department of Housing and Urban Development (HUD) may seek legislative amendments to CDBG and HOME if there is supporting consensus. HUD, particularly, is interested in recapturing HOME funds that are unexpended within a specified period and reallocating them through explicit formula-based criteria which rewards the best participating jurisdictions. The department also wants to induce communities to spend CDBG funds more quickly.

Consensus is unlikely on these provisions. HUD has proposed that the current two-tiered, non-federal matching requirement under HOME (30 percent for new construction and 25 percent for rehabilitation and tenant assistance) be replaced with a uniform 10 percent cash match.

**Status:** HUD is meeting with NACo and other local and state government groups, and with non-profits to determine whether there is consensus in support of any changes to CDBG and HOME.

**NACo Policy:** NACo will develop policy on the HOME and CDBG recapture/reallocation provisions during the Annual Conference. NACo proposes that the HOME match be replaced with a leveraging requirement.

### Military Base Closings

**Issue:** There is growing consensus that the reuse process at closing military bases is not working. Of the total 42 bases designated for closure in 1988 and 1991, 13 are closed, nine have interim leases in place and only one has been sold or transferred. Fifteen of the 42 bases are on the Superfund National Priorities List (NPL) of the most contaminated sites.

Some of the 31 facilities that are recommended for closure or realignment on the 1993 list also are on the NPL.

Last year, Congress addressed environmental contamination at closing military bases both in the Defense authorization bill and the Defense appropriation bill. The former required the Department of Defense (DoD) to indemnify subsequent users of the property against liability for contamination that was related to or caused by DoD activities.

The latter bill called on DoD to be liable for contamination caused by community tenants who lease the facility after the military has left, but before it is transferred. DoD objected to this expanded liability, and in response, required communities to waive indemnification rights altogether as a prerequisite to signing interim leases.

In addition to environmental problems, the conversion process has not been coordinated within DoD and among pertinent federal departments, and has not been responsive to community reuse objectives. Federal assistance for reuse activities is insufficient. The cost and terms under which DoD has sought to transfer property have been unrealistic.

**Status:** The budget reconciliation bill that the Senate passed contains a provision that has the effect of setting aside the environmental indemnification provision in last year's Defense appropriations act. Therefore, DoD only would indemnify communities against contamination

DoD caused. DoD Secretary Les Aspin has formed a Task Force on Economic Transition and Base Closure which is expected to issue a report that conforms with NACo policy.

In communicating with Defense Secretary Les Aspin, NACo has reiterated the need to expedite the interim civilian use process, pointing out that the current one-year leasing process with centralized approvals is unworkable, recommended that the community base reuse plan should be the preferred alternative, and urged that personal property that can facilitate civilian reuse activities should remain intact.

**NACo Policy:** Supports clarification of the environmental indemnification provision in the Defense authorization bill and is working to ensure that this provision is adopted by the Conference Committee on the supplemental appropriations bill.

NACo calls for appointment of an assistant secretary of defense in DoD whose primary responsibilities are to ensure rapid conversion of facilities and economic development. NACo supports the Administration's proposal to increase funding for base-conversion activities, including additional funds for the Economic Development Administration.

NACo is working with the House Government Operations Committee to amend the Federal Property Act to qualify economic development as a public purpose transfer at no cost or reduced cost.

*See next page*

# County News

*"THE WISDOM TO KNOW AND THE COURAGE TO DEFEND THE PUBLIC INTEREST"*

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Published biweekly except August by:  
National Association of Counties Research Foundation, Inc.  
440 First Street, N.W.  
Washington, D.C. 20001-2080  
202-393-6226 FAX 202-393-2630

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POSTMASTER: send address changes to *County News*, 440 First St., N.W., Washington, D.C. 20001 (USPS 704-620) • (ISSN: 0744-9798)



# Issues Update



## North American Free Trade Agreement (NAFTA)

**Issue:** President Clinton has stated repeatedly his support for NAFTA, provided it is accompanied by effective U.S. domestic economic policies and supplemented by additional agreements and domestic actions to address concerns regarding labor, the environment and safeguards against import surges. The Administration will not reopen the agreement, but plans to negotiate the necessary supplemental legislation so that the supplemental agreements and domestic measures can be in place by Jan. 1, 1994.

**Status:** The United States and Mexico are currently negotiating side agreements on environmental issues. NAFTA will be submitted to Congress on a legislative fast track for an up or down vote before the beginning of next year.

**NACo Policy:** NACo formed an International Trade Task Force to investigate NAFTA to determine its economic impact on local communities and to develop recommendations in areas where improvements can be made to increase the export of American goods and services. The task force will present its findings to the NACo Board and membership for action at the Annual Conference in Chicago, Ill.

## Empowerment Zones/Enterprise Communities

**Issue:** The Administration has proposed identifying 10 empowerment zones (six urban, three rural and one Indian reservation) and 100 enterprise communities (65 urban, 30 rural and five Indian) in distressed areas with 10-year designations. Approximately \$4 billion in existing investments and \$4 billion in new tax incentives would be targeted to these areas. Approximately \$513 million would be authorized by FY93 and FY94 for enterprise grants up to \$30 million per year for urban and \$10 million per year for rural or Indian empowerment zones, and up to \$3 million per year for urban and \$1 million per year for rural or Indian enterprise communities.

The enterprise board would be authorized to waive some federal laws and regulations in order to facilitate economic development. Eligibility for designation would be based on poverty rate, and zones/communities would be limited by population and geography. Applicants would have to submit a comprehensive strategic plan for coordinated economic, human, community

and physical development for the area being nominated.

**Status:** The House version of the FY93 supplemental appropriations bill contains this provision. However, the Senate did not include this program in the budget package it passed.

**NACo Policy:** NACo supports the enterprise zone concept, but does not have policy yet on this particular model. As a general rule, NACo opposes redirecting funds for existing community and economic development programs in order to fund new initiatives.

(Staff Contact: Haron N. Battle)

## Employment



## Summer Youth

**Issue:** With unemployment among economically disadvantaged youth significantly higher than unemployment for other groups, the expansion of summer youth jobs was an essential element in the president's economic recovery plan.

The collapse of the president's stimulus package and the long delay in approving the supplemental appropriations bill has been a major disappointment for local officials in general.

**Status:** House and Senate conferees approved an FY93 supplemental appropriations of \$220 million for youth jobs (including \$170 million for the summer jobs program and \$50 million for the Youth Fair Chance Program). The conferees also agreed to a rescission of \$50 million for the Job Training Partnership Act's (JTPA) Title II year-round programs for disadvantaged youth and adults.

The FY94 summer jobs program under JTPA Title IIB gained a significant increase in funding, making it a nearly \$1 billion program. This represents an increase of \$318 million over regular 1993 funding (not taking into account any supplemental appropriations).

While overall appropriations for JTPA programs increased, Titles IIA

and IIC for the training and job placement of economically disadvantaged adults and youth, respectively, were trimmed slightly. The adult program was decreased by \$57 million over last year, leaving \$988 million for 1994, while the year-round youth program was reduced by \$38 million, leaving \$658 million.

**NACo Policy:** NACo policy strongly supports expansion of the summer youth program.

## Dislocated Worker Program

**Issue:** This program provides retraining for individuals who lose their jobs as a result of plant closings or massive layoffs. The Clinton Administration did not propose FY93 supplemental funding for the dislocated worker program under Title III of JTPA.

**Status:** On June 24, the House Appropriations Committee marked up the Labor, Health and Human Services (HHS), and Education 1994 appropriations bill (H.R. 2518). Title III of JTPA, which provides training and employment services for dislocated workers, received a \$551 million increase.

Although the increase represents nearly a doubling of funds, it remained far short of meeting President Clinton's goal of a \$2 billion dislocated worker assistance package. This initiative, which has yet to be unveiled, is expected to consolidate several existing training and employment programs directed toward particular sets of dislocated workers in fields such as defense, trade and environment. Under the new program, equal services would be made available to dislocated workers regardless of the reason for their dislocation.

The appropriations measure is expected to be passed by the House with the existing funding levels for dislocated workers. The Senate Appropriations Subcommittee on Labor, HHS and Education has completed hearings on its version of the appropriations legislation and is expected to send it to the full Appropriations Committee in July.

**NACo Policy:** The \$551 million increase in the dislocated worker program under Title III is a very positive sign that the Administration's dislocated worker program will be based on the JTPA framework.

## Targeted Jobs Tax Credits (TJTC) Extension

**Issue:** The TJTC Program expired on June 30. Legislation was

approved in the tax bill to permanently extend the program and restore eligibility to 23- and 24-year-olds in the youth component, but President Bush vetoed the tax bill. Under the program, tax credits are provided to employers who hire economically disadvantaged individuals.

**Status:** Both reconciliation bills include an extension of the TJTC Program. In the Senate, the extension is for 24 months. In the House, it is permanent.

**NACo Policy:** NACo supports a permanent extension.

(Staff Contact: Donald Murray)

## Environment, Energy and Land Use



## Subtitle D Landfill Criteria

**Issue:** On Oct. 9, 1991, EPA published new regulations to improve the safety of existing and future solid waste landfills. The rules established standards for the location, design and operation of landfills, required groundwater monitoring and corrective action for contamination; and specified closure and post-closure financial assurance mechanisms. States with landfill regulatory programs approved by EPA are permitted to exercise some discretion in applying the federal rules to local landfills.

The financial impact of the federal requirements on county governments, and the two-year timeframe to close non-complying landfills and site new facilities, has caused tremendous hardships on many counties throughout the country. Several states have been slow in getting regulatory programs developed and implemented, and to date, EPA has approved only two states, with four others tentatively approved.

**Status:** Several bills to extend the compliance deadline were filed in Congress. Other members of Congress called upon EPA to administra-

tively propose an extension by rule. EPA has developed an extension regulation which is scheduled to be published in the *Federal Register* by July 15. After a 30-day comment period and brief period for drafting, the extension is expected to be finalized by Sept. 1.

The extension will apply to landfills that accept 100 tons or less of solid waste per day, and whose state has submitted a landfill program application to EPA by Oct. 9, 1993. In addition, the financial assurance deadline will be moved to April 9, 1995 for all landfills while EPA works on a financial test rule (which should minimize the need to set aside money for a post-closure trust fund).

**NACo Policy:** NACo supports an extension of the Subtitle D landfill regulations.

## Municipal Liability for Superfund Cleanups

**Issue:** The Comprehensive Environmental Response, Compensation and Liability Act of 1980, commonly referred to as "Superfund," imposes absolute liability on any party that owned or operated a landfill which has been placed on the EPA Superfund cleanup list, as well as any party that transported waste to the site or generated the waste.

Such "joint and several" liability has engendered third-party lawsuits against local governments which only collected municipal trash and delivered it to a landfill which was later declared a Superfund site.

**Status:** Identical bills have been filed in the Senate (S. 965, sponsored by Senator Frank R. Lautenberg (D-N.J.)) and House (H.R. 2137, sponsored by Representative Robert G. Torricelli (D-N.J.)) to limit liability to four percent of the cleanup costs at a Superfund site for generators and transporters, and to hold local government owners and operators liable only to the extent of their ability to pay without affecting other public health and safety-related programs. The bills would also prohibit third-party suits against local governments.

While no hearings have been scheduled yet on either bill, the House Subcommittee on Transportation and Hazardous Materials has been holding hearings on various aspects of the Superfund Program, and expects to have a bill drafted by this fall. Administratively, EPA has asked an advisory committee to examine the municipal liability issue, along with other Superfund issues, and recommend regulatory changes to the administrator.

See next page



# Issues Update



**NACo Policy:** NACo supports legislation limiting local government liability for Superfund cleanup costs.

## Interstate Transportation of Waste

**Issue:** The interstate commerce clause of the U.S. Constitution prevents states and local governments from interfering with Congress' power to regulate (or not regulate) the flow of trash from one state to another. Since Congress has failed to act, the practice of shipping waste long distances to landfills with cheaper tipping fees occurs in several parts of the nation.

Local governments that do not own their own landfills have limited ability to control the amount of waste that is delivered to the private facilities located in their counties. Without such control, the potential exists that capacity for the county's own waste will be used up prematurely.

**Status:** Bills have been filed in both the House and the Senate to limit the importation of out-of-state waste. H.R. 1076 (sponsored by Representative Ron Wyden (D-Ore.)) and S. 439 (sponsored by Senator Dan Coats (R-Ind.)) are virtually the same bill. H.R. 963 (sponsored by Representative Rick Boucher (D-Va.)) has also been filed.

The bills differ in their approaches to the problem, but the Boucher bill gives local governments, rather than the governors, more authority to determine whether new landfills can accept out-of-state waste. None of the bills provide a great deal of control over existing landfills.

**NACo Policy:** NACo supports an interstate transportation of waste bill which gives local governments the authority to determine whether a facility can accept out-of-state waste.

## Flow Control

**Issue:** Similar to the interstate transportation of waste issue, control of the flow of waste generated within a county also has interstate commerce ramifications. The courts have generally ruled that local governments may not force a private hauler to deliver solid waste generated within the jurisdiction to a particular landfill or facility when the hauler prefers to take it to an out-of-state location.

Without such "flow control" authority, a county has no assurance that the waste will be delivered to an environmentally safe facility. For those counties that have invested in recycling, composting, processing and waste-to-energy facilities, the lack of flow control authority jeopardizes

the ability to repay the debt issued to finance the facilities.

**Status:** H.R. 1357 has been filed in the House by Representative J. Alex McMillan (R-N.C.), and other bills are expected to be filed shortly. EPA is also holding hearings on the subject in preparation for a report to Congress.

**NACo Policy:** NACo urges Congress to authorize states and local governments to control the flow of mixed municipal solid waste, excluding separated recyclables, to designated facilities.

## Clean Water Act

**Issue:** The Federal Water Pollution Control Act, commonly known as the Clean Water Act, was enacted in 1972 with a goal of attaining fishable and swimmable rivers, lakes and streams by 1985, as well as eliminating the discharge of all pollutants. The act was last authorized in 1987 when the Sewage Treatment Construction Grants Program was converted into a State Revolving Fund (SRF) Program.

Last year, Congress took no action on the Clean Water Act, but as part of the water resources legislation, it extended the compliance date for stormwater discharge permits for small (under 100,000) communities for two years. Sewage treatment construction grants were funded at the \$2.55 billion level. No agreement was reached on a new wetlands manual.

Major issues still to be addressed by Congress include maintaining funding for SRF, new funding for stormwater and non-point source pollution control, and combined sewer-stormwater overflow.

In addition, new approaches to improving and maintaining water quality, such as watershed management, may be considered. The issues of wetlands management and the Section 404 regulations will continue to be controversial.

**Status:** The House Public Works Subcommittee on Water Resources and Environment has held a series of hearings on reauthorization in preparation for drafting a bill. The Senate Environment Subcommittee on Clean Water, Fisheries and Wildlife has begun its hearings on S. 1114, sponsored by Senator Max Baucus (D-Mont.). Two wetlands bills have been filed, H.R. 350, sponsored by Representative Don Edwards (D-Calif.), is supported by environmentalist groups; and H.R. 1330, sponsored by Representative James A. Hayes (D-La.), is backed by agricultural and development interests.

**NACo Policy:** NACo supports the reauthorization of the Clean Water

Act. A revised act should at least continue the current funding for the SRF Program and expand funding for non-point source pollution abatement.

The policy further provides for a regulatory approach to stormwater discharges that maximizes local control; a procedure for state authorization of local pretreatment programs; a federal regulatory scheme for sewage sludge which encourages beneficial use; and a wetlands policy that defines "wetlands" to include only those areas actually functioning as wetlands, and balances environmental concerns with overriding public needs.

## Safe Drinking Water Act

**Issue:** EPA estimates that drinking water treatment systems nationwide will invest \$1.4 billion to \$1.7 billion annually to implement all of the Safe Drinking Water Act (SDWA) regulations currently in place or scheduled to be fully implemented by the year 2000.

To date, no federal funds have been authorized or appropriated to assist local governments in meeting the costly mandates. SDWA is expected to be reauthorized during this Congress, and the Administration has proposed a drinking water revolving loan program similar to that currently operating under the Clean Water Act (CWA).

**Status:** Two bills have been passed out of their respective committees in the House to establish revolving loan funds for drinking water protection. H.R. 1701 (sponsored by Representative John D. Dingell (D-Mich.)) and H.R. 1865 (sponsored by Representative Norman Y. Mineta (D-Calif.)) both authorize \$599 million for FY94 and \$1 billion for each fiscal year until 1998.

The Mineta bill makes the fund a part of the CWA state revolving loan fund, while Dingell's version creates a stand-alone fund. No floor action has been scheduled on either bill.

S. 767 has been introduced by Senator Don Nickles (R-Okla.) to require EPA to consider the costs of reducing risks from waterborne contaminants as compared to the cost of controlling other risks unrelated to drinking water when setting new standards. The bill is assigned to the Senate Environment and Public Works Committee.

**NACo Policy:** NACo believes that the federal role in protecting drinking water supplies includes financial aid to assist local water systems to undertake costly improvements necessary to comply with minimum federal standards.

(Staff Contact: Diane Shea)

## Health



## National Health Reform

**Issue:** President Clinton convened a task force with 35 working groups to fashion a comprehensive health reform proposal.

More than 500 people participated over the spring on a seven-day-a-week schedule to draft a number of options. Numerous briefings and meetings were held with hundreds of outside groups and individuals.

On Capitol Hill, many members have delayed introducing their reform versions. Single-payer, managed competition, pay or play, and variations thereof are all expected to be debated since all have a core group of supporters who do not, at this point, have a majority to pass their version.

Included are single-payer bills H.R. 1200 and S. 491, introduced by Representative Jim McDermott (D-Wash.) and Senator Paul Wellstone (D-Minn.), respectively. Representative Fortney Stark (D-Calif.) has introduced H.R. 200 to expand a Medicare-type program to cover everyone. Representative Jim Cooper (D-Tenn.) is preparing to reintroduce his managed competition bill, and some Republican members in both houses of Congress are coalescing around their own alternatives.

**Status:** President Clinton's proposal has been delayed a number of times since the original May 3 date. There are some key decisions yet to be made. The president has decided to wait to introduce his plan at least until the massive budget reconciliation process is completed. That process is expected to last through July.

A presidential speech before a joint session of Congress is anticipated where the president will outline his plan, to be followed later by legislative language. In the meantime, congressional committees have conducted some hearings on reform.

NACo will be closely examining provisions pertaining to maintenance of local efforts, designation of current county systems as eligible for reimbursement equal to other providers, and earmarked funding for

public health, among others.

Eight county officials served as consultants to the president's working groups. NACo also convened three meetings with the working group and elected and appointed officials. NACo has also testified before Congress twice in the last two months and once before the Cabinet members of the president's task force. NACo staff has had personal visits with all offices of members serving on the Health Subcommittee of Ways and Means, and Energy and Commerce.

**NACo Policy:** NACo adopted a comprehensive reform statement at the Legislative Conference detailing its support for system reform which emphasizes primary and preventive care, and administrative and financial provisions which recognize and enhance the county government role in public health, indigent care, mental health, substance abuse and long-term care.

## Immunizations

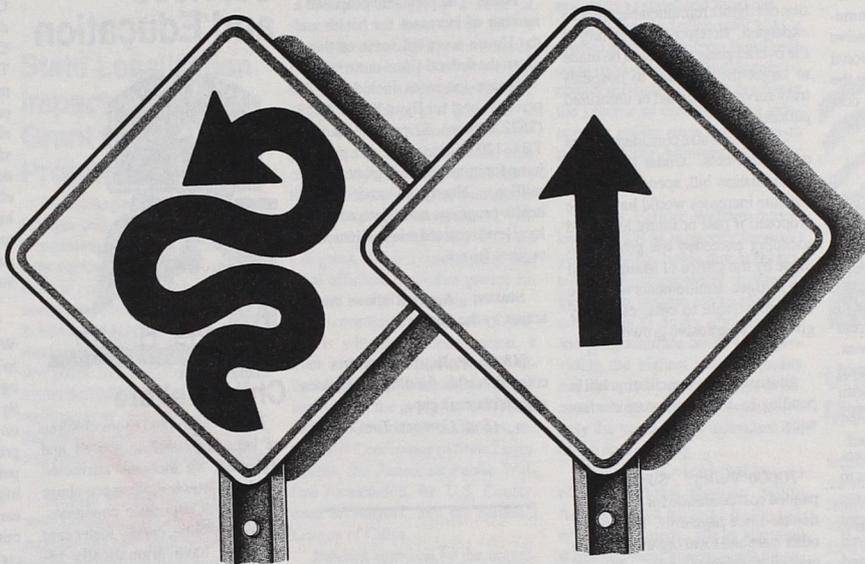
**Issue:** Early in his Administration, President Clinton proposed a sweeping new plan to immunize all children. The federal government had estimated that only 40-60 percent of all children are adequately immunized. The proposal has been modified by Congress with the president's consent on some of their initiatives.

**Status:** Both the House and Senate bills are included in their respective reconciliation packages. The House has adopted language creating an entitlement, beginning Oct. 1, 1994, for the Department of Health and Human Services (HHS) to provide adequate amounts of vaccine to each state to immunize children who are either eligible for Medicaid, uninsured or whose insurance does not cover immunizations. Providers may charge the family for vaccine administration if the family is able to pay.

To participate in the vaccine program, states would be required by Jan. 1, 1998 to have a registry in place to track a child's immunization status. Federal funding will be available to assist in their creation.

The Senate bill contains similar language with a few differences. There is no mandated registry requirement that would result in loss of vaccine if it was not implemented. A performance-based incentive program would be established which gives increasingly higher per capita payments for each immunized child the state can document. Fifty dollars per immunized child under two will be paid if more than 50 percent of the total number of infants are fully immunized, rising to \$100 if more than

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70 percent of the two-year-old population is fully immunized.

**NACo Policy:** Supports increased federal resources for immunization, including administrative funds for outreach and additional clinic hours. Is concerned about the administrative complexity and cost involved in creating state and national registry systems.

## Medicaid Cuts and Caps

**Issue:** Under tremendous pressure to control the growth of Medicaid and other entitlements, Congress is taking steps to cut and cap them. Last year alone, the federal Medicaid budget increased 29 percent, with the federal share expected to be \$92 billion next year.

Congress has attacked the program providing special payments to hospitals serving disproportionate numbers of Medicaid and uninsured individuals. Members have perceived state abuses of the program and adopted in both the House and Senate reconciliation bills a measure limiting reimbursement. The language,

however, affects legitimate programs as well. More than \$2.25 billion will be cut over five years.

NACo is urging that the definition of eligible reimbursable costs be expanded. In return, a tightening of the overall program should be made to target the program to hospitals truly serving Medicaid or uninsured patients.

Congress is also considering caps on entitlements. Under the House reconciliation bill, spending cuts or revenue increases would have to be proposed if past or future Medicaid spending exceeded the projections made by the Office of Management and Budget. Entitlements would be very vulnerable to cuts, especially given their explosive growth.

**Status:** The reconciliation bill is pending in a House-Senate conference.

**NACo Policy:** Supports expanded cost definition for disproportionate-share payments. Has joined other state and local organizations to oppose entitlement caps. Is concerned that, on the eve of the health reform debate, federal funding is being cut.

## Health Appropriations

**Issue:** The president proposed a number of increases for health and the House accepted some of them, given the federal fiscal constraints.

House increases included a 64 percent boost for Ryan White AIDS (\$572 million), 52 percent hike for TB (\$120 million), and a 31 percent jump for immunization grants (\$377 million). Nearly all other federal health programs administered at the local level received minimal increases or were frozen.

**Status:** Appropriations await action by the Senate.

**NACo Policy:** Supports increased health funding. Opposes any entitlement caps.

(Staff Contact: Tom Joseph)

## Human Services and Education



## Child Welfare

**Issue:** More and more children are being reported as abused and neglected, an increase attributed largely to growing substance abuse and difficult economic conditions. At the same time, county foster care caseloads have dramatically increased, while federal funding patterns continue to encourage back-end measures rather than strategies to help strengthen and treat families

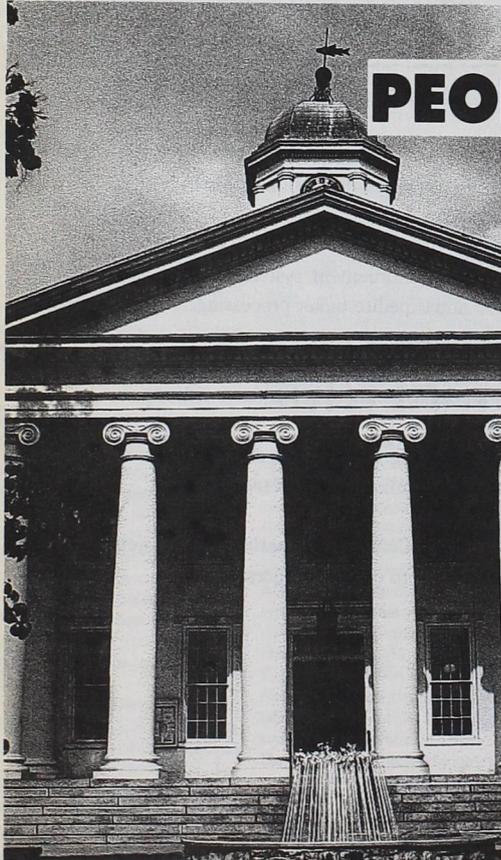
and children at the front end.

On March 16, Senator Jay Rockefeller (D-W.Va.) and Senator Christopher Bond (R-Mo.) introduced the Family Preservation and Child Protection Reform Act (S. 596). The legislation would target investments to: strengthen families and prevent child abuse; bolster substance abuse prevention and treatment services; improve foster care and adoption services for abused and neglected children; improve child welfare training, coordination, data collection and research efforts; and promote state and local flexibility and public-private partnerships.

**Status:** On May 11, the House Ways and Means Committee voted to include in its reconciliation package the family preservation and family support proposal, which is based on last year's H.R. 11 child welfare provisions. On May 27, the House passed its reconciliation bill containing the child welfare provisions. In early June, the Senate Finance Committee did not include the Senate companion, S. 596, in their version of the reconciliation bill.

As a stand-alone bill, S. 596 cur-

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rently has 18 co-sponsors.

**NACo Policy:** NACo, supporting a modification of P.L. 96-272 to strengthen the ability of counties to operate in-home care family preservation programs, supports S. 596. Also, it supports funding sufficient for states and counties to implement programs that protect children from abuse and neglect. NACo opposes proposals that would place an administrative cap on the Title IV-E Program as an unwarranted shifting of costs to states and counties.

## Refugee Resettlement

**Issue:** Federal funding for refugee resettlement continues to be in danger of additional cuts. In the spring, Health and Human Services (HHS) Secretary Donna Shalala issued a ruling to cut refugee transitional cash and medical assistance (RCA/RMA) from the current eight months of reimbursement to three months. Fortunately, HHS located some \$4.2 million, resulting in a two-month delay order. Fifteen million dollars in funding to allow the program to operate until the end of the fiscal year was approved through a Harkin (D-Iowa)-Feinstein (D-Calif.) amendment to the Senate supplemental bill which allows states to use surplus FY92 RCA/RMA funds to pay FY93 claims.

Additionally, on June 8, President Clinton signed H.R. 2128 (Sponsored by Representative Romano L. Mazzoli (D-Ky.)) to reauthorize the Office of Refugee Resettlement for FY93 and FY94. For FY94, the House appropriated \$400 million for refugee assistance programs, which is \$18.5 million above 1993 appropriations, but \$20 million below the president's request. Of that, \$264.3 million has been provided for transitional and medical services, up \$18.5 million over 1993 and \$20 million below request; \$80.8 million has been provided for social services, matching the 1993 level and request; and \$49.3 million has been provided for targeted assistance, matching the 1993 level and request.

**Status:** The RCA/RMA Program will remain funded at eight months reimbursement through Sept. 30 as agreed to by the supplemental conferees. FY94 funding at the levels indicated above are subject to a final conference on appropriations later this summer.

**NACo Policy:** NACo has consistently supported 100 percent federal reimbursement for the federal decision to resettle refugees. This reimbursement for welfare, medical care, social services, employment services and education must continue until a

reasonable level of self-support and independence has been reached by refugees.

## State Legalization Impact Assistance Grant (SLIAG) Program

**Issue:** As part of the Immigration Reform and Control Act of 1986, Congress appropriated \$1 billion per year, for four years, to help defray the costs of providing health, education, social services and other public programs to newly legalized aliens. Full funding has been delayed for the past few years. In FY93, Congress made available \$1.1 billion, with only \$300 million being requested by the Administration, and the remaining \$812 million to be made available in FY94.

**Status:** The House Appropriations Committee, in its June 24 appropriations bill, took no action to reduce the \$812 million in the 1993 appropriations bill for FY94.

**NACo Policy:** NACo continues to urge restoration to the \$1.1 billion level in payback funding to assist counties responding to the challenges of a federal decision.

## Welfare Reform

**Issue:** Over the years, efforts at reform and simplification have been attempted, but always thwarted by obstacles: different reform goals, the cost of change, the reluctance to reduce benefits in one area and increase them in another, support for program differences, and the differing priorities given to systemic change by an Administration or Congress. Some change has occurred in terms of bringing assistance programs closer into conformance with one another and in improving access. The landmark 1988 Family Support Act, for instance, placed greater emphasis on training, work and supportive services.

However, the differences have been much greater and have led each program into an individual sphere of operation, connecting at the federal level only upon the order of federal mandate. This has left a patchwork quilt pattern of regulations, requirements, duplication of services, barriers to participation and other inconsistencies.

**Status:** Throughout the 1992 presidential campaign, President Clinton stressed the need for welfare reform vis-a-vis redesigning government. In keeping with this ideal, Clinton, on June 11, formed a Working Group on Welfare Reform, Family Support and Independence,

charged with developing a plan to fulfill his commitment to "end welfare as we know it."

The working group consists of representatives from more than a dozen agencies and departments involved in reforming the welfare system. They plan to spend the summer and fall developing a proposal to make work pay, improve child-support enforcement, expand basic education and job training, and create a time-limited transitional system under which people who can work will. The working group will work with Congress, the governors, state and local officials, and other groups interested in welfare reform.

To coordinate welfare reform proposals with the Administration, a State and Local Task Force on Welfare Reform was recently formed. Included in the group is NACo, the National Governors' Association, the National Conference of State Legislatures, the American Public Welfare Association, the U.S. Conference of Mayors, and the National League of Cities.

Pending approval by the organizations, the group has formulated general welfare reform principles, holding, essentially, that welfare should be a transitional program moving people from temporary assistance to self-sufficiency; benefits should be based upon a contract between beneficiary and government; emphasis must be placed on encouraging independence and rewarding work with a reasonable amount of savings; reform must ensure child support collection and provide the necessary assistance to obtain the educational and job training skills necessary for long-term self-sufficiency; and the national program

should be financed so as to ensure full federal funding of any mandates, and should not be used to shift federal costs to states and localities.

Additionally, in February, NACo formed a Welfare Reform Task Force composed of elected and appointed county officials. The task force is in the process of developing an independent policy paper on reform to present to the Administration later this fall.

**NACo Policy:** Welfare reform has been a NACo priority for many years. NACo holds that both systemic and philosophical changes to the welfare system are necessary in order to hold down administrative and programmatic costs, while providing the highest level of quality and comprehensive services to clients, taking into consideration not only the needs of the individual but of the entire family.

Further, NACo holds that the costs of such national program reform measures must be borne by the federal government, while allowing states and local governments the utmost in flexibility of program operations. Finally, it is imperative to include recognition of the essential dignity, well-being and responsibilities of every American participating in a welfare program.

(Staff Contact: Tom Joseph)

## Intergovernmental Relations



## Unfunded Federal Mandates

**Issue:** During the past decade, federal aid to state and local governments has shrunk while unfunded federal and state mandates have rapidly increased. These mandates have forced county and city officials to put local priorities on hold in order to pay for national and state priorities.

To reduce or curtail the number of mandates, a number of bills have been introduced. Representative Gary Condit (D-Calif.) and Senator Dirk Kempthorne (D-Idaho) have introduced proposals (H.R. 140/S. 993) that would waive requirements for states and localities to carry out future federal mandates unless federal funds are provided. Representative William Clinger (R-Pa.) introduced legislation (H.R. 886) that would establish a commission on

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unfunded federal mandates to review existing mandates and develop recommendations for eliminating those that are duplicative, or obsolete, or lack practical utility.

Representative James Moran (D-Va.) and Senator Carol Moseley-Braun (D-Ill.) have introduced legislation (H.R. 1295/S. 563) that would require the Congressional Budget Office to determine the cost of state and local governments complying with new mandates. Such analysis must be reported with any bill before floor consideration in either House.

**Status:** Although many bills have been introduced to curtail unfunded federal mandates, none has been reported out by subcommittee or committee in either house of Congress. The support for mandate relief, however, seems to be growing as local and state officials increase the pressure on their delegations.

**NACo Policy:** NACo has adopted several resolutions calling for mandate relief. In general, NACo policy supports the principles in each of the bills mentioned above.

## National Voter Registration Act of 1993

**Issue:** On May 20, the president signed into law the National Voter Registration Act of 1993 (P.L. 103-31). Under the new act, state and local governments are required to make provisions for individuals to register by mail and at motor vehicle registration offices, welfare agencies, military recruitment centers and agencies that serve disabled individuals.

The new law places restrictions on purging voting rolls. States and localities must make reasonable efforts to remove the names of deceased individuals and voters who move. However, they may not remove a voter's name from the roll for not voting. A number of issues must be worked out and clarified before federal guidelines can be developed. This is necessary to facilitate compliance in states and localities that have varying voter registration systems.

**Status:** The Federal Elections Commission held, June 25-26, the first of two planned meetings in Washington, D.C. with state and local groups to identify issues and alternatives for addressing them in the preliminary stages of developing guidelines.

**NACo Policy:** NACo policy calls for the Federal Election Commission to work with state and local election officials to develop regulations so the act can be implemented in a reasonable manner, in keeping with vary-

ing state election laws.

## Advisory Commission on Intergovernmental Relations (ACIR) 1994 Funding

**Issue:** During House floor consideration of the 1994 appropriations bill for Treasury, Postal and General Government, the House voted to eliminate funds (\$1.8 million) for ACIR. Unless the Senate votes to maintain funds in its version, the commission will be terminated on Sept. 30.

Although the commission has its problems, it has provided valuable research on intergovernmental issues over the years. It is the only federal agency committed to improving the way governments at all levels interact and serve their constituents. In an era of increasing mandates, duplicative regulations, and enormous paperwork and reporting requirements, there is a great need for improving and maintaining ACIR.

**Status:** The House voted to eliminate funds for ACIR on June 28. The Senate Appropriations Subcommittee for Treasury, Postal and General Government will consider its version of the bill in mid-July. The full Senate is expected to vote on the bill before the August recess.

**NACo Policy:** NACo supports full funding of ACIR.

(Staff Contact: Larry Jones)

## Justice and Public Safety



### Juvenile Justice and Delinquency Prevention Act

**Issue:** In October 1992, Congress approved comprehensive legislation reauthorizing the Juvenile Justice and Delinquency Prevention (JJDP) Act for an additional four-year period. The measure includes a

new title for county-wide prevention programs (Title V). NACo had a major role in developing this title, designed to encourage collaboration with school districts, health and social service agencies, the business community, non-profit organizations, and other units of government. In designing and implementing prevention and early intervention efforts, the new title encourages the creation of county-wide policy boards, and contains incentives to co-locate services and to encourage states to develop or enhance state-wide prevention subsidy programs.

The House Appropriations Committee recently approved \$22 million for Title V and \$65 million for formula grants.

**Status:** The House Appropriations Committee approved an overall appropriation of \$123 million for the legislation, including \$22 million for Title V and \$65 million for formula grants.

The funding for Title V was the major portion of a \$46 million increase for the JJDP Program. It also represented a sharp departure from the Administration's original budget request which sought only level funding for the act in FY94. The original budget request, prepared prior to the confirmation of Janet Reno, contained no funds for Title V. The act is currently funded at \$77 million.

**NACo Policy:** The overall increase in the juvenile justice appropriations, as well as the new emphasis on prevention, was an important victory for county government. Two years ago, NACo played a major role in designing Title V. The association also waged an intensive lobbying campaign to get the program funded. NACo supports full funding of the act.

### Anti-Crime Bill

**Issue:** President Clinton has repeated his support for passage of the Brady bill and his intention to fund 100,000 additional law enforcement officers at the local level. The president also expressed support for boot camps for first-time, non-violent offenders.

While one can expect to see these and other provisions from last year's anti-crime bill such as pretrial drug testing, drug treatment and intermediate sanctions incorporated in the 1993 Anti-Crime Act, it is also likely that the legislation will contain a number of new features that reflect the input of Attorney General Janet Reno, the former prosecutor for Dade County, Fla.

Reno has championed many innovative community programs, is a strong supporter of prevention, and favors a carrot and stick approach that seeks to divert non-violent, low-level first offenders into programs of

treatment, education and rehabilitation.

Since 1980, the Justice Department budget has undergone spectacular growth — from about \$2.3 billion in 1980 to about \$11 billion today. Most of the money supports federal programs. Many believe Reno will attempt to reset the department's priorities to provide greater assistance to state and local governments.

**Status:** The crime bill should be introduced before the August recess, if not sooner. The bill is expected to be considered next year.

**NACo Policy:** NACo policy strongly supports alternatives to incarceration for non-violent offenders. NACo has called for incentives in the new anti-crime legislation to promote the development or enhancement of state-wide community corrections acts, and has advocated more concerted efforts to prevent crime through the work of health and social services agencies.

(Staff Contact: Donald Murray)

## Labor and Employee Benefits



### Fair Labor Standards Act Amendments to Curtail Overtime Liability

**Issue:** A growing number of counties, cities and states have been held liable for overtime pay for highly paid executive, administrative and professional employees. Under the Fair Labor Standards Act (FLSA), these employees were intended to be exempt from the time-and-a-half overtime pay requirement.

However, to be exempt, an employee must pass a salary-basis test and a duties test as prescribed in the FLSA regulations. In general, the way federal courts have interpreted

the regulations, very few public employees may be able to pass these tests.

In cases involving the salary-basis test, federal courts have denied the overtime exemption for employees whose earnings are subject to a deduction for partial-day (three or four hours) absences. The exemption has also been denied if employees are required to fill out time sheets, required to use accumulated leave for partial-day absences, provided comp time off or paid at their hourly rate for overtime work (work in excess of 40 hours per week), subjected to suspensions without pay for less than a week, required to notify supervisors before leaving work during the workday, and required to work according to a fixed schedule.

In denying the exemption in duties test cases, the courts have referred to an opinion letter issued by the U.S. Department of Labor (DOL) in 1988. In the letter, DOL states that "production workers" (those whose primary duties involve carrying out the mission of the agency) do not qualify for the exemption. Only those who are involved in managing the agency or determining its overall policies are exempt.

This presents a serious problem for public employers because many administrative, executive and professional jobs involve duties that carry out the mission of the agency. These include probation officers, correction workers, social workers, investigators, child welfare workers, and officers in police and fire departments. Pending liability is estimated to be in the hundreds of millions of dollars nationwide. The potential liability is much greater.

**Status:** Several bills were introduced last year to exempt state and local government employees from the salary-basis test. Although hearings were held by the House Labor Standards Subcommittee, no action was taken on any bill. Only one bill, H.R. 1309, has been introduced so far this year by Representatives Tom Petri (R-Wis.) and Robert Andrews (R-Wis.).

In August of 1992, the Labor Department attempted to address the salary basis problem. Revised regulations were issued to clarify that state and local employees may be subjected to pay reductions and required to use leave in hourly increments, and still be exempt from the overtime pay requirement. However, the regulations only address the docking of pay and leave accounts and not the other issues raised by the courts in cases involving the salary-basis test.

In recent rulings in March and June of 1993, courts have specifically stated that the regulations do not terminate liability since they only deal with the docking of pay. An-



# Issues Update



other problem is the regulations do not address retroactive liability. This must be resolved by legislation.

**NACo Policy:** Supports legislation to relieve states and localities from retroactive liability and amend the definition of covered employees in the public sector. NACo also supports separate regulations for the public sector.

## Social Security Payroll Tax Exemption for Election Workers

**Issue:** Under the 1990 tax act, the Social Security payroll tax was extended to all temporary and part-time public employees who were not participants in a state or local pension plan. A special rule exempts annual earnings of not more than \$100 for election workers. Because many election workers are used for more than one election during an election year, they stand to exceed the \$100 limit. Consequently, their income will be taxed.

Counties have complained that many experienced election workers will not work for the reduced wages. They have also expressed concerns about the increased financial burdens and record-keeping requirements it would impose on local governments.

**Status:** The House passed the budget reconciliation bill (H.R. 2264) May 27. The bill included language that would increase the exemption amount for election workers from \$100 to \$1,000 annually. The bill also calls for indexing future exemption amounts to the cost-of-living increases. The Senate version of the bill (S. 1134) was approved on June 25 by a vote of 50-49, without the exemption for election workers.

Although the chairman of the Senate Finance Committee, Senator Patrick Moynihan (D-N.Y.), supports the exemption language in the House bill, the Senate decided not to include it because it would have made approval of the bill even more difficult. Senate members are not optimistic about retaining the exemption language in a final compromise on the reconciliation bill. If it is not, they will seek to include the language in another tax bill later this summer.

**NACo Policy:** Calls for a total exemption of election workers earnings from the Social Security payroll tax. If such an exemption is not approved, NACo policy calls for a \$1,000 annual exemption.

## Pension Simplification

**Issue:** Under current law (Sec-

tion 415 of the Internal Revenue Code), a limit is set on the amount of pension benefits that can be paid to retired public employees under a defined benefit plan. In many states and localities, it is likely that employees will become eligible for benefits that will exceed the limit.

The penalty for exceeding the limit is very severe. If just one participant in a plan exceeds the limit, all participants will be taxed on the employer contributions, vested benefits and investment earnings. Representative Robert Matsui (D-Calif.) has introduced legislation (H.R. 2023) that would provide much needed flexibility in complying with Section 415. This bill represents a long-term solution to the unique problems of public plans.

**Status:** Efforts were made to get H.R. 2023 included in the reconciliation bill, but the leadership in the House and Senate objected because they wanted to keep the bill clean. There is a good chance the bill will be included in another tax bill later this summer. Congress approved provisions similar to H.R. 2023 last year as part of a tax bill that was subsequently vetoed by the president.

**NACo Policy:** Supports the enactment of H.R. 2023.

## Occupational Safety and Health Act (OSHA) Reform

**Issue:** Under current law, OSHA does not apply to employees of state and local governments unless a state has an approved OSHA plan. Legislation (H.R. 1280/S. 575) has been introduced in the House and Senate to extend OSHA to employees of all state and local governments.

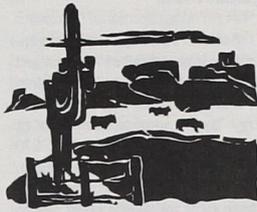
The proposals would require public employers to develop health and safety programs to reduce or eliminate hazards, and prevent injuries and illness to employees. These programs must provide for employee education and training. The bills also call for public employers to establish labor-management committees to review the safety and health programs, conduct inspections, and make advisory recommendations.

**Status:** Hearings in the House and Senate may be held later in the summer. Further action is uncertain at this time.

**NACo Policy:** Opposes the legislation, as it would impose another unfunded mandate on state and local governments.

(Staff Contact: Larry Jones)

## Public Lands



### Payments-in-Lieu-of-Taxes (PILT)

**Issue:** PILT was first enacted in 1976 at a funding level of approximately \$96 million and has not been increased since that time. Inflation has eroded the value of the program to less than half of its original authorization. The program must be appropriated every year and has received full funding of \$104 million for the past several years.

**Status:** Senator Mark O. Hatfield (R-Ore.) introduced a new PILT bill, S. 455, which will increase the program to about \$243 million and index it for inflation. Under this bill, the increased authorization would be phased in over five years.

This change from last year was an accommodation to Senator Robert Byrd (D-W.Va.), chairman of the Senate Appropriations Committee, who objected to the increased authorization during a period of large federal budget deficits. There are currently 29 co-sponsors in the Senate.

A campaign for co-sponsors is underway to show broad, bipartisan support for S. 455 in order to get a hearing on the bill before the end of this fiscal year.

The House version, H.R. 1181, has been introduced by Congressman Pat Williams (D-Mont.) and now has 34 co-sponsors. H.R. 1181 is identical to last year's bill and calls for the increase to occur in the next fiscal year. The same bipartisan support for the bill must be shown as in the Senate in order to request hearings before Chairman Bruce Vento's Subcommittee on National Parks and Public Lands.

**NACo Policy:** To bring the PILT Program up to full value and to index it for inflation. PILT has been named as one of NACo's top eight priority issues for 1993, and NACo is trying to secure White House and Administration support to help chances of passage this year.

## Community Stability Through Rural Development

**Issue:** Changes in multiple-use

policies and cutbacks in timber production caused by the protection of endangered species are affecting the economic and social well-being of many public lands counties. Jobs are threatened and the revenues generated by economic activities such as timber harvesting, mineral extraction and grazing could suffer dramatically. Many counties are "resource-dependent" and their economic vitality is being endangered by federal land-management decisions.

**Status:** Last year, Congress authorized a specific program of grants, loans and technical assistance to timber-dependent communities to be administered by the Forest Service. The program, however, received only \$5 million in appropriations last year and the same amount is projected for this year. The president's timber summit in the Northwest in April focused new attention on this issue.

A plan for resolving the crisis in the Northwest may be announced by Annual Conference time, which will address spotted owl protection as well as jobs and economic transition.

**NACo Policy:** NACo supported the enactment of the forest-dependent communities provision as a means of helping counties achieve community stability. Though the amounts requested for FY94 are roughly the same as last year (approximately \$10 million), there are expectations that the Forest Service may double its request for FY95.

## Interior Appropriations Request

**Issue:** Most of the public lands programs which affect counties are located within the budget of the Department of Interior. It includes requests for the Bureau of Land Management as well as the Forest Service. PILT, timber receipts, grazing fees and rural economic development are all included in the Administration's budget request.

**Status:** The House Interior Committee on Appropriations marked up its bill on June 18. PILT received full funding of \$104 million, but there are indications that the national timber sale program could dip dramatically to less than four billion board feet (bbf), a cut of almost 50 percent from last year. For the spotted owl counties in the Northwest, the guarantee for timber receipts dropped from 85 percent of the average of the last four year's receipts to only 70 percent. In addition, grazing fees were increased from \$1.86 to \$2.46 per animal unit month in the House version.

The Senate version of the Interior

appropriations bill has not been produced, but will likely restore many of the public lands programs that have been dramatically cut. As in the past, the real battle will occur in the Senate/House Conference Committee on the FY94 Interior appropriations bills.

**NACo Policy:** Supports a timber sale program that will maintain county road and school budgets, a forest-dependent program for counties of at least \$30 million, and grazing fees which should be determined by an agreed upon formula that has been considered through the congressional legislative process.

## Reauthorization of the Endangered Species Act

**Issue:** The formal authorization for the Endangered Species Act (ESA) expired on Sept. 30, 1992, although the requirements of the law remain in force. Many view the reauthorization process as an opportunity to fix flaws in the statute and a battle over amendments to the act is expected in Congress.

A major goal of critics of the act is to require greater consideration of the economic costs of protecting threatened and endangered species. Proponents advocate a purely scientific approach, not tempered by economic factors.

**Status:** Representative Gerry Studds (D-Maine) has introduced a reauthorization bill, H.R. 2043, which advocates a pure science approach in determining status under the Endangered Species Act. Representatives Jack Fields (R-Texas) and Billy Tauzin (D-La.) have introduced a bill, H.R. 1490, which would make several procedural amendments and require that economic factors be given greater consideration in efforts to protect endangered species. Field hearings on the bills will begin in early July and will be held by the Environmental and Natural Resources Subcommittee, chaired by Rep. Studds.

**NACo Policy:** NACo policy states that there are significant negative impacts on employment, local tax revenue and economic opportunity, caused by the listing of species under the Endangered Species Act. Therefore, NACo supports amendments to the ESA that will give more balance to the human, social and economic consequences of endangered species protection. NACo still supports the basic concepts of the act which calls for wildlife and habitat protection.

(Staff Contact: Rick Keister)

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# Issues Update



## Taxation and Finance



### Tax-Exempt Bonds

**Issue:** A number of bills were introduced this year in the House and Senate on tax-exempt bonds. The bills ranged from simplifying or clarifying existing provisions, permanently reauthorizing extensions, increasing bank interest deductions, and creating a new category of bonds for distressed areas.

President Clinton proposed to permanently extend small-issue industrial development and mortgage revenue bonds, low-income housing and targeted jobs tax credits, and other tax credit programs that had expired June 30, 1992 as part of his deficit-reduction and tax package. The president also proposed the use of new, expanded economic development bonds in 10 empowerment and 100 enterprise zones.

Another proposal would exempt high-speed rail bonds from state volume caps for public/private projects.

NACo joined with other state and local government organizations in urging the Administration to include several tax-exempt bond proposals that could further President Clinton's goals of financing more infrastructure projects. All of the proposals had been recommended in 1989 by the Anthony Commission, which then-Governor Clinton served on as a founding member. The Administration, however, was more concerned about the cost of the changes and finding offsetting revenues to pay for them.

NACo was told the Administration would be introducing an infrastructure package later this year and that changes in tax-exempt bond financing would be considered.

Without Administration support, members of the House Ways and Means and Senate Finance committees were limited in being able to offer other amendments. The Ways and Means Committee voted to include only the president's proposals on extensions, enterprise zones and high-speed rail bonds. The Senate Finance Committee also acted on only the president's bond proposals, but limited reauthorization of the extenders to 24 months, or to June

30, 1994. The only exception was permanent reauthorization of low-income housing tax credits.

**Status:** A House-Senate Conference Committee will start meeting in mid-July on tax and spending cuts under the jurisdictions of the Ways and Means and Finance committees. The major issue for tax-exempt bonds will be whether or not the extenders will be permanently reauthorized or given an extension until next year.

**NACo Policy:** NACo supports enactment of the recommendations of the Anthony Commission on tax-exempt financing. NACo, along with other state and local government organizations, are urging Congress to:

- modify present law definition of "governmental" bonds
- repeal or substantially change arbitrage rebate requirements
- restore 80 percent bank interest deduction
- index statewide volume caps, and
- create a new category of bond for use in distressed areas.

### Energy Tax

**Issue:** The Administration proposed a broad-based Btu energy tax as part of its deficit-reduction and tax package. The tax, as proposed, would have applied to all consumers with only a few exceptions for certain industries. Counties, cities and states were not exempted.

It was estimated by the congressional Joint Committee on Taxation that the cost of the tax to states and local governments would be more than \$3 billion a year. Many counties did their own cost estimates of the Btu energy tax and sent them to Congress. Costs for urban counties ranged from \$500,000 to more than \$2 million annually. Cost estimates for small to medium-sized counties were \$50,000 to \$200,000 annually.

The House of Representatives passed the Btu energy tax after voting to allow a large number of exemptions for agriculture and other industries, and rate adjustments for different fuels. The Senate Finance Committee was forced to take a different approach and agreed to a 4.3-cent transportation fuels tax. The committee also made further spending cuts in Medicare and other programs to partly make up the difference in revenues.

States, counties and cities achieved a major victory on the Senate floor when Senator Hank Brown (R-Colo.) offered an amendment to dedicate the new 4.3-cent transportation fuels tax to the highway trust fund. The amendment passed 66-32. The Senate also agreed, by voice vote, to exempt aviation fuels from the new tax.

Earlier, states, counties and cities were successful in the Senate Fi-

nance Committee in getting an exemption from paying the tax on transportation fuels.

**Status:** There appears to be general agreement that the House-passed Btu energy tax is dead. The problem is finding another broad-based energy tax or some combination of energy taxes that will produce \$70 billion in revenues (over five years). The Senate-passed 4.3-cent transportation fuels tax would bring in \$24 billion. There is little support, however, in western and rural states for increasing the fuels tax.

One possible compromise being considered is to keep the Senate-passed fuel tax, but add on an electric utility tax. Depending on the rate, this combination could produce a total of \$40 billion to \$50 billion. The congressional leadership is confident that a bill will be sent to the president by early August.

**NACo Policy:** The NACo Board of Directors passed a resolution on May 14 urging "Congress to respect the traditional standards of reciprocal tax immunity between federal, state and local levels of government and exempt states, counties and cities from paying the tax." NACo has had long-standing policy that gasoline and diesel taxes should be dedicated to the highway and transit trust funds.

### Collecting of Sales Taxes

**Issue:** The U.S. Supreme Court agreed last year to overrule a North Dakota Supreme Court decision that would have allowed the state to impose a use tax on an Illinois mail-order company doing business in North Dakota.

In its decision (*Quill Corporation v. North Dakota*), the Supreme Court reversed itself on one section of the landmark *Bellas Hess* case by stating that "due process" was no longer a legitimate reason for prohibiting mail-order sales taxes.

However, the majority of the court agreed that such sales or use taxes could interfere with interstate commerce. The court referred the issue to Congress to decide whether states could tax the sales of out-of-state mail-order companies.

It is estimated that the total amount of state and local sales taxes to be collected from mail-order sales companies amounts to \$3.9 billion. If only state-imposed taxes were collected, it would amount to approximately \$3.26 billion. The estimated revenue from collecting local sales taxes would be approximately \$650 million.

Counties also would benefit indirectly from the collection of state taxes and increased state revenues.

Legislation was introduced in the

last several sessions of Congress requiring mail-order companies to collect and pay sales taxes to states.

Representative Jack Brooks (D-Texas), chairman, House Judiciary Committee, introduced legislation in previous sessions of Congress that would establish a single tax rate or local "in-lieu" rate in states having different local rates. His bill permitted states, but did not require them to collect local sales taxes.

NACo and other municipal organizations did not support Brooks' bill because of the state option to collect local sales taxes at an in-lieu rate.

Since there was no agreement or progress being made last year on a bill, the Federation of Tax Administrators (a state group) started meeting with representatives of the Direct Marketing Association on a possible compromise involving voluntary compliance on the collection of state sales taxes. The association represents large mail-order companies.

The groups discussed the establishment of one tax rate per state, a national clearinghouse to centralize the receipts of payments from companies, and the dropping of state claims of past liability. The discussions came to an end in December 1992 with no agreement.

State and local government groups, along with national retailers associations, have decided to make another effort to pass legislation in 1993. A bill has been drafted that would collect actual state and local taxes due. There would be no local in-lieu tax rate. It is believed that the technology is such that mail-order sales companies can compute actual taxes without difficulty.

**Status:** NACo-sponsored legislation will be introduced this fall in the Senate and House. There will be an emphasis on the need for more equity for locally based small businesses as well as larger chains operating on main street and in local shopping malls.

**NACo Policy:** NACo strongly supports federal legislation that will require the collection of sales taxes from all businesses including out-of-state mail-order companies.

(Staff Contact: Ralph Tabor)

## Transportation



### Highway/Transit Trust Fund

**Issue:** In 1990, Congress increased the federal gasoline tax by 2.5 cents and used it for deficit reduction rather than for transportation purposes. This was the first time that the federal gasoline tax was used for non-transportation purposes. The U.S. General Accounting Office has now announced that there will not be enough revenue coming into the highway trust fund to fully fund the Intermodal Surface Transportation Efficiency Act (ISTEA) beginning in 1995.

**Status:** The Clinton Administration has announced its support for returning the 2.5 cents to the trust fund, with two cents going for the highway portion and 0.5 cents for transit. If this change were made it would generate between \$2.5 billion to \$3 billion annually, allowing Congress, if it chose, to fully fund ISTEA from 1995-1998. Both the House and Senate versions of the deficit-reduction/tax bill contains such a change in the law. The conference committee on this bill is expected to meet during July.

**NACo Policy:** NACo's position is that the 2.5 cents should be recaptured for highway and transit purposes.

### Energy Tax

(See Taxation and Finance section)

### Surface Transportation Program Technical Corrections

**Issue:** The new surface transportation bill was enacted into law in late 1991. While there were some minor corrections made in the legislation last year, there are a number of items which need to be addressed in a technical corrections bill that were either omitted or overlooked in the legislation.

A number of these items are of

See next page



# Issues Update



importance to counties, including clarification of an issue related to the Bridge Program and how funds are allocated through the rural set-aside in the Surface Transportation Program.

**Status:** It is possible that Congress will consider a technical corrections bill in the near future. The House Surface Transportation Subcommittee has held a hearing on this issue, at which NACo testified.

**NACo Policy:** NACo has communicated its views on these issues. Our position on technical amendments is in basic conformance with our surface transportation policy developed by the Transportation Steering Committee.

## FY94 Transportation Budget/ Appropriations

**Issue:** The Administration has presented its transportation budget, which funds the Federal-Aid Highway Program, Mass Transit Program, Airport Improvement Program (AIP), Essential Air Service (EAS), Amtrak

and other programs of importance to counties. In general, this budget provided for increases in most of these programs.

**Status:** The House and Senate Transportation Appropriations subcommittees have held hearings on the FY94 budget. On June 22, the House Appropriations Committee approved its bill. The highway obligation ceiling was increased from a FY93 level of \$15.3 billion to \$17.22 billion, with an additional \$2.2 billion for minimum allocation, emergency relief and demonstration programs. The transit Section 9 formula program was increased by 40 percent, with the big increase going to the capital program and the rural transit program. Operating assistance was cut by \$50 million and Section 3 was reduced slightly.

The AIP was cut by \$300 million to \$1.5 billion, and EAS received no funding.

**NACo Policy:** NACo supports funding to the fully authorized levels for the highway, transit and airport programs.

## Federal Airport and Aviation Programs

**Issue:** The authorization for AIP expires Sept. 30, 1993. This is the program that provides almost \$2 billion annually in grants to mostly local government-owned airports for capital improvements.

**Status:** The Senate Commerce, Science and Transportation Committee, and the House Public Works and Transportation Committee have jurisdiction over these programs. No major legislation has been introduced. Additionally, the Administration has not provided its proposal on this issue.

There is a special federal task force on the condition of the American airline industry, and it is fairly likely that no substantive action will be taken on the AIP legislation until the task force makes its report on Aug. 19.

**NACo Policy:** NACo policy supports the continuation of the AIP with an increased authorization.

## High-Speed Rail

**Issue:** The creation of a number

of additional high-speed rail lines in the United States would provide alternatives to air travel and provide an economic boost to those areas served.

**Status:** The Clinton Administration has proposed a \$1.3 billion program for the development of a series of high-speed rail corridors over the next five years. The federal money is supposed to leverage state, local and private sector funds to stimulate the construction of such lines. While the Administration did propose some spending in its FY94 budget, the House Appropriations Committee has provided no funds for this program.

The House Subcommittee on Transportation and Hazardous Materials has approved H.R. 1919, which is the Administration's proposal, and the full Energy and Commerce Committee is expected to consider the legislation sometime in late July.

**NACo Policy:** NACo has no policy on high-speed rail.

## Cable Television – Telco Entry

**Issue:** With the enactment of the

Cable Act of 1992, the next major policy issue is whether to allow telephone companies (Telco) to become cable operators. The telephone companies recently walked away from their commitment to local government to provide cable under the same set of rules under which the cable industry operates.

**Status:** Representative Rick Boucher (D-Va.) has introduced H.R. 1504 which would allow telephone companies to offer cable services. It is silent on the issue of whether cable companies would have to obtain franchises. Senators John Danforth (R-Mo.) and Daniel Inouye (D-Hawaii) have introduced S. 1086, which would also allow telephone companies to offer cable service, but in a manner that is consistent with the same federal laws that cable companies are subject to.

**NACo Policy:** NACo supports allowing telephone companies into the cable business, providing that they are subject to the same franchise requirements and pay the same fees as cable operators.

(Staff Contact: Bob Fogel)

## Krueger backs hospital charity care

By Thomas L. Joseph, III  
associate legislative director

Are tax-exempt, non-profit hospitals truly helping relieve county governments of a portion of the burden of providing charity care? Are we getting our money's worth equal to the tax subsidy they receive?

These questions and others were raised by Marilyn A. Krueger, St. Louis County (Minn.) commissioner, in her testimony before the House Ways and Means Subcommittee on Select Revenue Measures. The hearing focused on a number of tax measures that could be used to improve the health of residents in urban and other distressed areas.

Krueger, who chairs NACo's Health Steering Committee, argued for stronger federal rules and leadership in making non-profit hospitals provide charity care.

While counties experienced a 105 percent real increase in health and hospital expenditures over the 1980s, by the end of the decade, non-profit hospitals enjoyed a \$4.5 billion annual federal subsidy.

Krueger reminded the subcommittee that state and local subsidies are also involved, and supported the U.S. General Accounting Office's finding that many hospitals are not implementing proactive indigent care goals and policies.

"Charity care must be a non-profit hospital's central mission," she said. "Until that time, some counties will continue to dispute the tax-exempt status of some of their hospitals."

As of last fall, at least one non-profit hospital in 32 states had their tax-exempt status challenged, according to the American Hospital Association.

Krueger noted some progress has been made at the state and local levels, and encouraged stronger federal IRS enforcement and legislation. She spoke about developments in a number of states, including Texas.

In early June, Governor Ann Richards signed the first state legislation to more clearly define and regulate the duty of non-profit hospitals to provide charity care and other community benefits.

This legislation grew out of increasing state and county frustration with some non-profit hospitals. Under the new law, each non-profit must file a plan and annual report each year.

There will be a number of options hospitals will choose from to meet their community benefit standard, based on percentages of their net patient revenue going toward charity or government-sponsored care, or a dollar amount equal to their tax exemption.

Krueger also reported on an appeal by three Utah counties which is pending before the state Supreme Court.

The counties have argued that the non-profit hospitals in question have consistently provided nominal indigent care, often amounting to less than one percent of their gross revenues.

In Lehigh County, Pa., the county negotiated an out-of-court, non-financial agreement with a number of its non-profit hospitals to provide the bulk of health services for the county's jail population, including a set number of free inpatient days and drugs purchased by the county at the hospital's lower price.

Krueger urged the subcommittee to examine the issue more closely, and review past bills introduced by former Representatives Edward Roybal (D-Calif.) and Brian Donnelly (D-Mass.), as well as the Texas legislation.

She said, "During the search for revenues and the allocation of responsibilities under health reform, the federal government should look closely at the practices of non-profit hospitals.

"By no means would stronger charity care measures solve all health access problems. But it would force those hospitals which have blurred their original mission to refocus their efforts on charity care."

*(The following resolutions were inadvertently omitted from the July 5 report on the policy resolutions being submitted to steering committees for review and adoption.)*

## Employment Steering Committee

### Dislocated Workers Assistance

This resolution urges Congress and the Administration to assist individuals and communities that are affected by relocation of jobs due to the North American Free Trade Agreement and other structural, economic and environmental changes. It urges that funds be directed to the local level and calls for the consolidation and streamlining of services utilizing the existing Job Training Partnership Act (JTPA) public/private partnership delivery system.

### County Employment Opportunities for JTPA Graduates

This resolution calls for a JTPA "hire first" requirement in the economic stimulus package.

### National Service

This resolution supports legislation to create a program of national service. The resolution includes NACo concerns on the adequacy of county representation on state commissions, match requirements and the need to simplify the funding process.

### Increasing Access to Job Training, Education and "Real-Work" Opportunities for Inmates

This resolution argues that counties should develop work skills, education and job placement programs in jails and in the community, as well as transitional services to link the jail to the community and to the world of work.

# Enterprising County

Vol. 25, No. 14 • July 19, 1993

Washington, D.C.

A Publication of the National Association of Counties

## Risk, Research and Technology

by Harvey Ruvin, Metro-Dade County Clerk of Courts and County Commission

Counties must invest in R&D to provide the best possible return to our investors (taxpayers), and service to our customers. Like the private sector, we need to organize around and invest in the R&D function in our public institutions.

The Urban Consortium network of Public Technology, Inc., which I have the privilege of chairing, has brought together the nation's largest jurisdictions, and offers uniquely useful "real life lab" opportunities, practical expertise, and tangible, "aggregatable" market clout. The R&D results have been overwhelmingly successful and have been networked to both large and small jurisdictions.

Printed on this page is just one example of the urban laboratory concept conducted through the Urban Consortium. Whether it's turning environmental mandates into Public Enterprise opportunities, forming public private partnerships to help test information technologies, or focusing the huge federal research establishment on community needs -- PTI and the UC are creating solutions that benefit all counties.

As a former NACo president with over 20 years tenure as a County Commissioner, now serving as Dade County's Clerk, I am proud of what counties and PTI have and will accomplish together.

There are countless opportunities for you and your county to be ready for the future. And the future is now! Get involved!



Enterprising County is a bi-monthly feature of County News. Please call Taly Walsh, 202/626-2412 for more information.

PTI is the national non-profit research, development and commercialization organization of NACo, the National League of Cities, and the International City/County Management Association.

PTI's President is Dr. Costis Toregas.

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## Energy Experiments Pay Off for Our Environment

by Dexter Muller, Memphis/Shelby County Planning Agency

Urban Consortium counties and cities have led the way in testing Alternatively Fueled Vehicles (AFV); energy efficient building technologies relating to lighting, heating and air conditioning; recycling and solid waste management techniques; energy efficient water and sanitary sewage treatment facilities; and many other energy challenges.

We have truly become laboratories to test innovations in technology as well as social policy.

One project conducted in Memphis/Shelby County focused on sanitary sewage treatment operations. The Sludge Storage Lagoon Biogas Recovery and Use

Project was the first time that biogas recovery had been applied to this kind of facility. We had experienced significant costs associated with the disposal of sludge, a primary by-product of the sanitary sewage treatment system. Large lagoons were constructed and maintained at annual utility operating costs of approximately \$872,000.

There were also complaints from neighbors regarding the offensive odor associated with the release of the biogas that was created from the decomposing process of the sludge. These biogases contain concentrations of methane, a Greenhouse Gas and contributor to global warming.

After extensive analysis of alternatives, Memphis covered the lagoons with a thin plastic fabric

and now collects the methane gas for reuse. The total cost of the project was \$3.6 million. We have achieved savings of \$917,000 per year for a 4.1 year payback. Environmental problems have been mitigated and odors eliminated!

During Phase II, we're evaluating 3 alternatives for use of this perpetual source of natural fuel:

1. Use of the biogas as fuel to generate electricity to run the treatment plant;
2. Construction of a pipeline and sale of the biogas to an adjoining large industrial facility as an inexpensive source of fuel for the plant -- thus enhancing economic development and providing a source of revenue for us (Public Enterprise in action);
3. Construction of a facility to

clean up the biogas and prepare it for use as an alternate fuel in our public fleets.

These alternatives will be implemented in the next twenty-four months.

Efficient energy consumption makes good sense for the environment, for local financial resources, and for the lifestyle of future generations, economically and environmentally.

Hundreds of energy conserving projects like this one have been made possible by the Urban Consortium's partnership with the U.S. Department of Energy. One mission of the Consortium's Energy Task Force is to reduce costs through energy efficient technologies -- and indeed, millions of dollars have been saved for each participating jurisdiction. The feds provided the incentive and we took the risks as urban laboratories of change.

The taxpayer and the environment are the winners.

# Enterprise zones: OK idea, but could we do better?

By Neal R. Peirce  
Washington Post Writers Group

Prospects are murky for the Clinton Administration's enterprise zone plan, approved by the House but zeroed out — at least for now — in the Senate version of the budget-reduction plan.

The Clinton camp has given this evergreen proposal a new spin by suggesting a two-tier approach. There'd be ten "empowerment zones" in which firms could get up to \$5,000 yearly tax credits for each poor zone resident they employ. Also, 100 "enterprise communities" would be designated. They wouldn't get to share in the tax breaks but would share preferential status for such federal initiatives as "micro-enterprise" loan funds and community policing subsidies.

But is the Administration's formula the right way to go, even if it gets by the congressional Scylla and Charybdis?

The Clintonites are saying yes, the right wing is saying no, and the fact is both may be missing the point.

By setting up a "challenge grant" process, the Clinton formula would likely spur local governments, businesses and non-profits to take a step

too few do — form creative local partnerships to draw uncomprehensive plans to instill economic strength into their poorest neighborhoods.

But to run a competition, you need national standards and a judging board. And that has the conservatives enraged. Stuart Butler of the Heritage Foundation, the British-born scholar who originally "imported" the enterprise zone idea into the United States, claims the Clinton proposal "stands the whole enterprise zone idea on its head."

Butler believes zones should first and foremost relieve inner cities "of suffocating bureaucracy and central planning." Tax breaks would be a sweetener to draw businesses into enterprise zones. But the Clinton approach, Butler alleges, would "force pioneering businessmen and local officials to adopt whatever neighborhood development strategies are currently in vogue in the White House.

The Clintonites insist their goal is to encourage local innovation. But the argument misses a deeper dilemma: Enterprise zones simply can't add up to a legitimate urban policy for the United States. Only six of Clinton's ten big empowerment zones would be in cities (three are reserved for rural areas, one for

an Indian reservation). In real-life politics, several would be wired for the likes of Chicago, Los Angeles and New York. And of the 100 enterprise communities, only 65 would be urban.

The result could be some great (and overdue) demonstrations of how enterprise zones can work. But the program could look more like a sweepstakes than a coherent policy to save our bleeding cities.

There is an alternative approach, one that could help communities — especially those heavily dependent on federal aid — without increasing appropriations. The idea, quite simply, is to invite grassroots officials to take a hand at redesigning the use of the billions of federal moneys that already flow into their communities.

The problem is that federal assistance is divided into hundreds of disparate funding streams, each program equipped with its own set of rules, regulation, restrictions and mandates.

Even within his own Department of Housing and Urban Development, Secretary Henry Cisneros acknowledges, "A crazy quilt of despairing programs have emerged, each supported by separate constituencies with little relation or

connectedness." The interdepartmental picture is even gloomier.

The U.S. Conference of Mayors, usually single-mindedly focused on asking more of Washington, has just started demanding radically simplified federal rules and regulations.

Obviously, the whole system cries out for "reinvention."

A possible answer now comes from the National Civic League. The league is suggesting that local communities be allowed to discover, or invent for themselves, fresh ways to redirect and combine various federal funding flows, oftentimes commingling Washington's money with state, local or even private funds.

A community organization, for example, could set up a cooperative family support and health center to serve several thousand people in a troubled inner-city neighborhood. Current federal payments flowing into the neighborhood for Medicaid, food stamps, surplus commodities, infant nutrition and welfare might be combined or reallocated to address family needs more effectively.

Various state and local government coalitions could also be invited to come up with parallel formulas to rechannel flows of gov-

ernment money. The goal: to achieve debureaucratized results in every area from infrastructure to environmental services, worker training to community policing.

The soundest ideas would be approved by a Federal Innovation Council, which would fund the experiments with a congressionally approved set-aside of funds (maybe two to six percent of overall program budgets).

Government bureaucracies and advocacy groups for special constituencies — welfare recipients, children, the handicapped, for example — might be wary about this new local freedom. So perhaps the experiments, at least initially, should have a three- to five-year "sunset" clause.

Experimentation along these lines could uncork some of the immense creativity pent up in our communities. But it would involve trial and perhaps a few serious errors — the unavoidable price of improving an intergovernmental system we know isn't working nearly well enough today.

In the long run, the greatest payoff for troubled American cities and neighborhoods could be the freedom to start reinventing their own future.

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## Job market

**COUNTY ENGINEER — WASECA COUNTY, MINN.:** Waseca County, Minnesota, is seeking a County Engineer. Position supervises and manages all Road and Bridge personnel and functions, including: maintenance/construction programs, surveying, construction plans, and specifications/estimates for project bids. Prepares department budget request and long-term construction/maintenance plan. Candidates must be professionally licensed as Civil or Highway Engineers in Minnesota (or able to obtain) and possess strong management and administrative skills. Substantial experience in construction/maintenance of roads and bridges is preferred, especially as a County Engineer. Position will offer salary DOQ, excellent benefit package, high quality of life and supportive Board. To apply, please contact: Coordinator's Office, Waseca County Courthouse, 307 North State Street, Waseca, MN 56093, 507/835-0630 for an application. Completed applications must be received at the above address by 4:30 p.m. on Friday, July 23, 1993. An Equal Opportunity Employer.

**ECONOMIC DEVELOPMENT DIRECTOR — MAHONING COUNTY (YOUNGSTOWN), OHIO:** \$55,000 to \$70,000 (based on experience/education). Newly reorganized county office coordinating economic/community development ac-

tivities with direct authority from county commissioners. Responsibilities: Creation/implementation of strategic plan; Facilitating county/private sector tools to serve area industries; Control department budget (approximately \$600,000 annually); Familiar with grants; Hiring support staff. Education level: Masters Degree preferred in Economics, Planning, Public Administration, Political Science or related field; others considered upon experience. Challenging area: High concentration of manufacturing distribution; Population - 265,000; 101,000 households; Household income - \$24,062; Cost of living 95 percent; Unemployment rate 9 percent plus. Resumes/credentials before 7/15/93 to Ms. Hill, 1200 Stambaugh Bldg. - 1A, Youngstown, Ohio 44503. All inquiries held confidential. Mahoning County is an Affirmative Action/Equal Opportunity Employer.

**EXECUTIVE DIRECTOR, WATER RESOURCES AUTHORITY — CHESTER COUNTY, PA.:** The Chester County Water Resources Authority seeks a qualified candidate to fill the position of the retiring executive director. The WRA, created in 1961, conducts active programs in cooperation with the Soil Conservation Service, U.S. Geological Survey and others to manage the water resources of an urban/rural environment. The executive director is responsible for administration of programs cover-

ing all aspects of water resources to ensure the quantity and quality of the county's surface and ground waters are protected from degradation, water supply is optimized and appropriate response to emergencies caused by adverse meteorological events is provided. A baccalaureate degree related to water resources with course work preferred in hydrology, hydrogeology, meteorology and biology and a minimum of seven years job-related experience is required. Graduate work may be substituted as part of this requirement. Good communications skills and working knowledge of the legislative and regulatory process is also required. The executive director is a county employee providing staff services to the Authority. Starting salary is in the low 30s with flexible benefits program, including HMO options. Send or FAX (215-344-5489) detailed resume and salary history immediately to Robert E. Copeland, Chairman, Search Committee, c/o Chester County Personnel Department, 34 W. Gay Street, West Chester, PA 19380. EOE/MFVH.

**HEALTH DEPARTMENT DIRECTOR — WELD COUNTY (GREELEY), COLO.:** Minimum Qualifications: Graduate of approved medical school and completion of an acceptable internship. Must be strong administrator with successful and responsible administration and supervisory experience in the health field.

Must have thorough knowledge of finance and budget matters. Master's degree in public health preferred. Licensed or eligible for licensure to practice medicine in the State of Colorado. Work Environment: Director works for a five member board of county commissioners. Full service health department, including sanitation, nursing, laboratory, chronic disease, dental health, occupational health, maternal and child health, communicable disease, vital statistics, mental health, veterinary, public health, health education, and environmental protection. General Statement of Duties: Responsible for administration of the Department of Health, including managing, supervising, coordinating and directing health programs. Administer and enforce the public health laws of the State of Colorado, and the rules, standards, and regulations of the State Board of Health and of the Board of Weld County Commissioners. Performs medical services such as public health clinics and supervision of Community Health Nurses and Practitioners. Miscellaneous: Salary commensurate with experience. Possibility of working with a family practice residency training program and precepting University of Colorado Preventive Medicine Residence. Location is urban/rural; sixty miles from Denver; close to Colorado Rocky Mountains. Application: Send resume and references to Weld County Personnel Department, P.O. Box 758, Greeley, Colorado 80632. FAX (303) 352-0242. Application deadline date August 13, 1993.

## Job Market - Classified Rate Schedule

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