

Farm Foundation Forum

U.S. Elections & Impact on Rural Communities

November 14, 2012

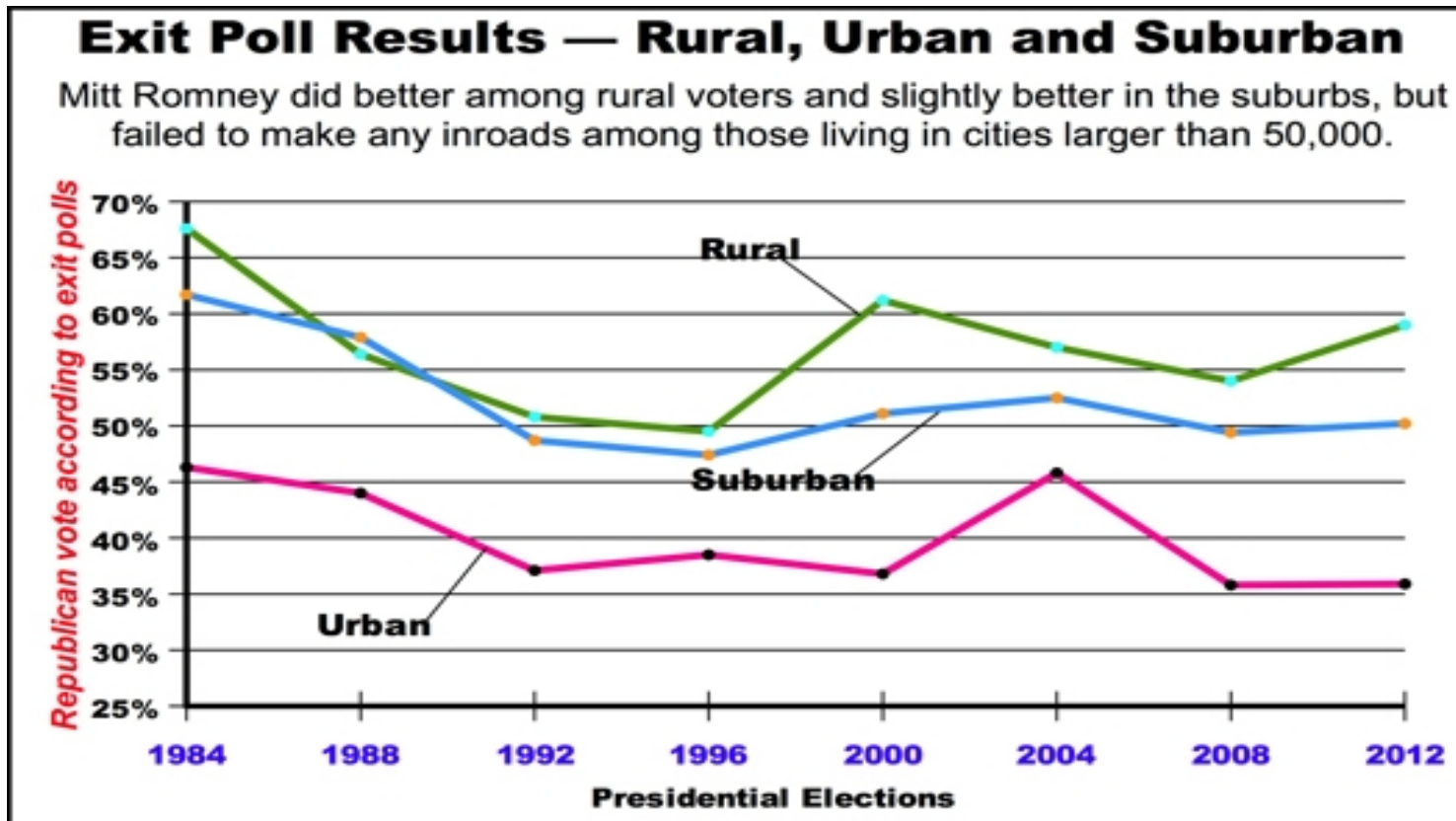


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The Rural Vote in the Presidential Election



Source: Daily Yonder

Geographic Split in the Electorate

Exit Polls by Population of Area



<http://hamptonroads.com/2012/11/exit-polls-2012-how-obama-won>

Geographic Split in the Electorate

The Rural Vote

- In rural areas (communities and unincorporated areas with a population of less than 10,000), Governor Romney picked up a higher percentage of the total rural vote at 59% than his predecessors did in 2008 (McCain 54%) and 2004 (Bush 57%).
- Obama's share of the 2012 rural vote dropped to 37% (down from 43% in 2012) and he lost eight of the 10 most-rural states to Romney and 15 of the 19 states that are more than one-third rural.
- Despite the weaker performance of President Obama in rural areas, several high profile Senate races in red rural states were won by Democrats. These states include Indiana, Montana, North Dakota, Missouri, West Virginia and Maine (won by Independent Angus King who endorsed President Obama).

Source: Daily Yonder

The Urban Vote

- In the 98 largest urban counties (communities with a population density of no less than 1/2 million residents), the voting electorate overwhelmingly supported President Obama (77.5%).
- The urban electorate chose Democratic Party candidates for Congress in 88.5% of contested elections.
- The margin of votes in support of Democrats in many of these high population centers were routinely over 80 percent.

House of Representatives

- All 435 seats in the House were up for reelection,
 - In the House, a total of 218 seats is needed for the majority
 - There were 62 open seats, the largest number in 20 Years
- OUTCOME:
 - Republicans retained majority with 233 seats, but lost 2 seats overall (as of Nov 9, 2012)
 - Democrats claim 193 seats, gaining 7 seats overall (as of Nov 9, 2012)
 - 6 seats remain uncalled
- Eight former House members won: Maffei (D-NY), Shea-Porter (D-NH), Grayson (D-FL), Nolan (D-MN), Stockman (R-TX), Salmon (R-AZ), Titus (D-NV), and Foster (D-IL)
- Over 1/3 of House members will be serving their first and/or second term in the 113th Congress

Impact of Redistricting/Reapportionment

Reapportionment

- ✓ The 2010 decennial census reapportioned the 435 House seats assigned to the 50 states
- ✓ Each state received a minimum of one congressional seat, with the remaining 385 seats apportioned according to the states' relative population sizes
- ✓ 8 States gained congressional seats (TX, AZ, GA, SC, UT, FL, NV, and WA) and 10 States (LA, MO, NY, OH, IL, IA, MA, MI, NJ, PA) lost congressional seats
- ✓ Texas had the largest gain with 4 seats, followed by Florida with 2

Redistricting

- ✓ GOP controlled redistricting in 213 of 435 House seats; Democrats controlled only 44 districts
- ✓ Built in Republican Advantage for next decade - only need to win 28 of 99 swing districts in any given election to remain in control

Blue Dogs

Blue Dog Democrats saw their numbers shrink from 24 to 15, including six members who retired, sought higher office, or were defeated in primaries earlier this year. There were 55 Blue Dogs before the 2010 midterm elections.

The Blue Dog Coalition, formed in 1995, is an official caucus in the U.S. House of Representatives comprised of 24 moderate and conservative Democrats that are deeply committed to the financial stability and national security of the United States and dedicated to finding bipartisan solutions to the nation's biggest challenges

What happened to the Tea Party Caucus and Republican Freshman Class of 2010?

Republican Freshman Class

- ✓ Of the 87 Republican freshman of 2010, only 9 lost their election
- ✓ Of the 2010 freshman class, just 19 of the 87 GOP freshmen joined the Tea Party Caucus after the 2010 landslide

Tea Party Caucus

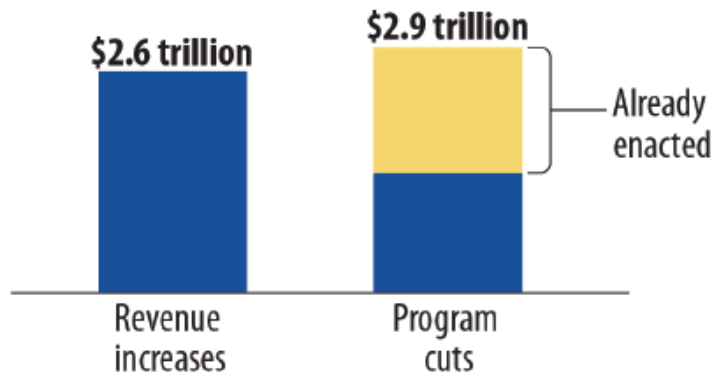
- ✓ 47 members of the 60 member Tea Party Caucus won on election day, while 2 remain in tight races too close to call

Potential Grand Bargain with Simpson-Bowles as Baseline

Stabilizing vs. Reducing the Debt Ratio

Bowles-Simpson Recommended Nearly Equal Amounts of Program Cuts and Revenue Increases Over 2013-2022

Half of the Program Cuts in the Original Plan Have Been Achieved



Note: Calculations exclude debt service and Social Security solvency proposals.

Source: CBPP calculations, based on Moment of Truth Project and Congressional Budget Office estimates.

Summary of Original Bowles-Simpson Plan

	Total plan	Not yet enacted
<i>Ten-year cumulative totals in trillions of dollars</i>		
Revenue increases	\$2.6	\$2.6
Program cuts	\$2.9	\$1.4
Interest savings	<u>\$0.8</u>	<u>\$0.6</u>
TOTAL deficit reduction	\$6.3	\$4.6
<i>Ratio, program cuts to revenue increases</i>		
Not counting interest	1.1 to 1.0	0.5 to 1.0
Counting interest	1.4 to 1.0	0.8 to 1.0

Note: Covers 2013 through 2022; excludes Social Security solvency proposals; measured relative to current policy; may not add due to rounding.

“70% of Simpson-Bowles cuts in discretionary spending have already been enacted into law!”

FY2013 Projected Cuts under Sequestration:

8.2% Domestic Discretionary Reduction = \$38 Billion Total

Examples of FY2013 Cuts by Program

- HUD Community Development Block Grant (CDBG) = \$242 Million
- HUD HOME Investment Program = \$81 Million
- HUD Section 8 Housing = \$1.5 Billion
- HUD Homeless Assistance = \$156 Million
- U.S. Economic Development Administration (EDA) = \$34 Million
- USDA Rural Development = \$203 Million
- EPA State and Local Grants = \$293 Million
- EPA Hazardous Substance / Superfund = \$119 Million
- DOE Energy Efficiency & Renewable Energy = \$54 Million
- FEMA State & Local Disaster Preparedness & Recovery Programs = \$183 Million
- FEMA Disaster Relief = \$580 Million

FY2013 Projected Cuts:

8.2% Domestic Discretionary Reduction = \$38 Billion Total

Examples of FY2013 Cuts by Program

- DOJ State Criminal Alien Assistance Program (SCAAP) = \$17 Million
- DOT Essential Air Service* = \$12 Million (*Discretionary funds only*)
- Education Dept's Elementary & Secondary Education = \$1.3 Billion
- FTA Transit Capital Grants = \$163 Million
- HHS Substance Abuse & Mental Health = \$275 Million
- HHS Child Care Discretionary = \$187 Million
- HHS Older American / Aging Services = \$121 Million
- DOJ State & Local Law Enforcement = \$92 Million
- DOJ Juvenile Justice = \$21 Million
- DOL WIA Title I Formula Grants to States = \$262 Million

NACo Position

NACo is advocating for a *balanced approach* to deficit reduction negotiations. Our general principles include:

- It is nearly impossible to address the federal debt and deficit crisis by severely cutting domestic, non-military discretionary programs
- Federal assistance to state and local governments will help mitigate further layoffs; A new round of cuts will most likely result from sequester
- Federal investments and matching funds in state and local infrastructure projects helps produce private sector jobs and improve our competitiveness
- Deficit reduction should *NOT* be accomplished by shifting costs to counties, imposing unfunded mandates, or pre-empting county programs and taxing authority
- Special care should be taken to ensure that reforms to Medicaid, in particular, are not simply a shift of health care costs to counties

Unfunded Federal Mandates & Regulations

The list is long, but what are the key pending regulatory issues facing rural communities and agriculture

- EPA Regulations - Many have been pending and are expected to be released after the elections
 - ✓ “Waters of the U.S. Guidance”
 - ✓ Particulate Matter (Dust)
 - ✓ Ozone - Potential new non-attainment counties
 - ✓ EPA is now regulating pesticides - Congressional attempts to overturn
 - ✓ NPEDES exemption for stormwater runoff from logging roads - Silviculture Rule

Farm Bill Reauthorization/Rural Development

- Potential for Farm Bill in Lame Duck
 - ✓ \$115 million in RD Mandatory Funding in Senate vs. \$50 million in House Bill
 - ✓ Senate bill includes NACo supported policy changes in the Rural Development Title (T/A for Community Facilities and Preference for multijurisdictional projects)
 - ✓ \$800 million in mandatory funding for Renewable Energy in Senate Bill versus \$0 in House

- Rural Development Appropriations
 - ✓ Potential Omnibus
 - ✓ House- \$2.1 Billion for RD vs. Senate at \$2.276 (\$176 million dollar difference)
 - ✓ Senate includes Regional Innovation Initiative
 - ✓ Agency faces bleak staffing situation in present and looks to be bleaker in future
 - ✓ Program levels continue to increase as budget authority decreases (More loans to administer with less funding for administration and grants)

Rural Communities with Public Lands

- Secure Rural Schools (SRS) is currently expired
 - ✓ Last authorized payment will go to counties in Jan of 2013
 - ✓ Title II - Resource Advisory Committees will begin to cease their work very soon (will hurt resource development efforts on Public Lands)

- Payment in Lieu of Taxes (PILT) One Year Extension in MAP 21
 - ✓ Last authorized payment will go to counties in June of 2013 (Sequestration cuts PILT by 7.6 % or \$30 million)

- Looking Ahead
 - ✓ Future Vehicles for Reauthorization - Interior Appropriations Bill or fiscal cliff/tax reform bill
 - ✓ Who will be the next Sec. of Agriculture and Sec. of Interior?
 - ✓ Turnover in senior DOI and USDA leadership

Rural Transportation Infrastructure

- MAP-21 Implementation Opportunities
 - ✓ Streamline Environmental Permitting
 - ✓ More influence for rural transportation planning entities

- The Real Deal - New Revenue is needed to meet infrastructure needs of rural America
 - ✓ MAP 21 is only a two year bill
 - ✓ The Highway Trust Fund is exempt from sequestration but everything is on the table in Grand Bargain negotiations
 - ✓ Increased Revenue needed to meet transportation infrastructure needs - but will there be political leadership on the issue?

Rural Health and Substance Abuse

- Medicaid - The biggest potential cost shift to rural communities
 - ✓ There are numerous proposals to block grant Medicaid or shift to per capita payments
 - ✓ This will shift the costs from the federal government to states and counties
 - ✓ Rural health system is more reliant on Medicaid than Urban health system (per capita)
 - ✓ Protecting counties from this cost shift will be a priority for NACo, especially during grand bargain/fiscal cliff negotiations

- Substance Abuse
 - ✓ Substance Abuse and Mental Health Services Administration (SAMSHA) is critical to rural communities
 - ✓ Substance Abuse and Mental Health Issues facing rural veterans
 - ✓ Substance Abuse Prevention & Treatment Block Grant

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