PERSONAL EXPLANATION

HON. HARRIS W. FAWELL

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Wednesday, January 25, 1995

Mr. FAWELL. Mr. Speaker, during consideration of amendments to H.R. 5, the Unfunded Mandates Reform Act of 1995, I was recorded as voting aye on roll call vote 26. This vote was on an en block amendment offered by Mr. GREEN (D–TX), and my vote should have been recorded as a nay in this instance. I would ask that the record reflect my opposition to the Green amendment numbered 26.

UNFUNDED MANDATES REFORM ACT

HON. JOHN D. DINGELL

OF MICHIGAN

IN THE HOUSE OF REPRESENTATIVES

Wednesday, January 25, 1995

Mr. DINGELL. Mr. Speaker, as the House continues to debate H.R. 5, the Unfunded Mandates Reform Act, I think it is important that we consider some of the insights discussed in an article which appeared in the Washington Post on January 22.

I commend this article to my colleagues and hope that reflection on the facts will yield a more common sense mandates relief bill.

[From the Washington Post, January 22, 1995]

GOVERNORS BITE HELPING HAND IN MANDATES FIGHT—FEDERAL PAYMENTS, BREAKS ON TAXES SUBSIDIZE STATES

(By Dan Morgan)

California Gov. Pete Wilson (R) has scored political points with voters and fellow governors by blasting the federal government for making his state pay the medical, educational and correctional costs of illegal immigrants—who he says are in California only because of the failure of federal immigration policy.

Wilson contends, Washington should pick up the bill.

But when it comes to paying California's 10 percent share of the costs of rebuilding public facilities after the 1994 Los Angeles earthquake, Wilson is the deadbeat. California voters in June defeated a ballot initiative to raise the money. Wilson, who promised to cut state taxes despite a budget deficit, owes Washington $90 million and has yet to say how he will come up with the money.

The federal government, by contrast, has shelled out or obligated nearly $1.2 billion of $2.8 billion promised for repairs of facilities from buildings to sewer lines, and Wilson is seeking another $500 million in federal relief as a result of the recent mudslides and floods in the state.

Such broad-based federal assistance to every state represents the other side of the debate about the financial burdens the federal government places on states, counties and cities. While governors and the Republican majority in Congress press for legislation that will make it more difficult for Congress to impose rules and regulations that cost local jurisdictions money, local governments continue to take for granted enormous federal subsidies and benefits.

Federal grants to state and local government this year will total $230 billion, and will account for nearly a fifth of state budgets. The payments include the $5 million allocated to the ''distance learning and medical link program'' benefiting rural communities and the $89 billion it pays out under Medicaid for the medical care, rehabilitation and nursing home bills of poor or, elderly state residents.

The tax exemption of state and municipal bonds, and the deductibility of most state and local taxes under federal income tax law will be worth another $68.9 billion in 1995, according to the Office of Management and Budget.

By issuing bonds on which interest payments are exempt from federal taxes, local jurisdictions can pay less interest to borrowers than if the income were taxed. Allowing taxpayers to deduct local income and property taxes make it easier for cities, states and counties to raise revenues.

In addition, the federal government subsidizes local governments in dozens of hidden ways, such as allowing states to shift parts of existing health programs into Medicaid, qualifying them for federal matching funds.

This is the part of the story that Democrats and some Republicans in Congress say is not getting through in the debate over unfunded mandates, which are federal requirements that states take certain actions but for which the federal government provides no money.

''The issue of unfunded mandates is very legitimate,'' said Rep. David R. Obey (D-Wis.), ranking member of the House appropriations Committee. ''But you have to distinguish between what's legitimate and what isn't.''

Obey said it was proper for states such as California, Florida, Texas and New York to demand the federal government do more to defray the financial impact of refugees and illegal immigrants.

In fact, the Justice Department has begun expediting payments of $33.4 million to California, and smaller amounts to six other states, to help cover costs of imprisoning illegal immigrants, the Los Angeles Times reported in October.

But Obey said Wilson ''ought to be ashamed of himself coming here with his hand out for federal aid because [flood victims in his state are suffering the consequences of decisions by local zoning and building authorities.''

Obey, who said he was fighting mad about California's slowness in coming up with its share of earthquake money, said this week he will introduce legislation that would replace the current practice of direct federal aid for disasters with a private insurance plan into which states would contribute their own money, with premiums based on a risk assessment.

Some legislators say the implications for local jurisdictions of the GOP-backed constitutional amendment to require a balanced federal budget by 2002 are far more dire than whatever relief a reduction in unfunded mandates might provide.

''To think, as many Republicans do, that the federal government can just get out of all of this—nothing in health care, nothing in welfare, nothing in highways and let the states and locals go off on their own—that's crazy. You pass a balanced budget amendment, let me tell you, there won't be any flood aid anymore and there won't be any earthquake aid. Maybe that's what we want to do,'' House Minority Leader Richard A. Gephardt (D-Mo.) said recently.

If Congress does pass a balanced budget amendment and begins implementing it with deep spending cuts, states would be hard pressed to maintain the same level of services without increasing taxes substantially, according to data published in the current issue of Newsweek.

Louisiana, home state of Rep. Bob Livingston (R), chairman of the House Appropriations Committee, would have to raise its taxes by 27.8 percent to keep up.

Other poor states such as Mississippi and Tennessee would not be far behind. Richer states, including Maryland and Virginia, would feel relatively little effect.

''We as a nation collectively decide to achieve a certain objective, which can be paid for at the national level or in some combination of the state and local level,'' said Robert D. Reischauer, director of the Congressional Budget Office.

The real issue, he added, is whether the federal government is imposing obligations on local jurisdictions which they would choose not to provide on their own.

In the case of laws requiring local jurisdictions to meet certain environmental, safety or health standards, the federal government has often backed up its mandates with large sums of money covering most, if not all, of the costs.

Since passage of the Clean Water Act of 1972, the federal government has spent more than $60 billion on local water and sewer projects. More recently, the federal crime bill passed last year calls for the federal government to spend billions over six years to pay for hiring 100,000 new police officers and building more prisons.

Although governors have been complaining about rising costs of the Medicaid health program for the poor, the federal government pays nearly 60 percent of the overall costs and, in the cases of poor states, as much as 79 percent.

Beginning in the late 1980s, states were confronted by slackening tax revenues and recession-driven demands on social services. Many responded not by tightening belts but by using a loophole in Medicaid rules to extract billions of additional federal Medicaid dollars from Washington.

Federal Medicaid payments to states under an obscure program that subsidizes hospitals treating large numbers of low-income patients went from $300 million in 1989 to $10.8 billion in 1992, while there was little increase in state money going into health care.

New Hampshire, for example, used the no-strings-attached federal money to prop up the state budget and avoid imposing new taxes.

An August General Accounting Office report concluded some states ''used illusory approaches to shift the costs of the Medicaid program to the federal government.''

Many other benefits the states receive from the federal government are not readily apparent, but are well known to governors and county executives.

For example, the federal government returns half of the revenues it receives from the sale of minerals, timber and other commodities on public lands—a total of $1.3 billion a year—to states, counties and local road and school districts. Portions of what is left is allocated to fighting fires, killing predators and eradicating troublesome weeds such as the creosote bush.

People should not be ''slapping [Washington] with one hand while they have the other hand out,'' a House Democratic congressional aide said.