Top 5 Issues for 2015: Federal Affairs

By Andy Karellas

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Andy Karellas, CSG's Director of Federal Affairs, outlines the top five issues in federal affairs policy for 2015, including unfunded mandates, pre-emption, international trade agreements, intergovernmental coordination, and the discontinuation by the U.S. Census Bureau of the Consolidated Federal Funds Report.

Unfunded Mandates
The federal government regularly issues an assortment of new rules and regulations, many of which have a direct economic impact on states. In addition, the federal government frequently issues these regulations—or mandates—without fully evaluating the total economic costs and does not provide any additional funds to cover the necessary costs. According to the White House’s Office of Management and Budget, these “unfunded mandates” cost states, cities, and the general public between $44 billion and $62 billion each year. This economic uncertainty makes it very difficult for states to budget for upcoming fiscal years.

Federal Fiscal Funds Report
The U.S. Census Bureau in 2012 discontinued its annual Consolidated Federal Funds Report, which contained information on the federal funding state and local governments receive. The annual report contained key data to increase the transparency, tracking and overall impact of federal funding to state and local governments. The absence of a transparent data source will limit federal and state governments from better understanding the patterns and best practices in federally funded programs.

Avoiding Pre-emption
The role and diversity of states is made possible by the 10th Amendment to the U.S. Constitution, which established the framework for states to be the “laboratories of democracy” and enact policies
unique to each state. Prior to 1900, the federal government enacted 29 statutes that pre-empted state law. Since then, the federal government has enacted more than 500 federal pre-emptions. While federal pre-emption might play a legitimate role when national interests are at risk, such pre-emptions could obstruct a state’s traditional areas of responsibility and its ability to develop innovative policies.

**International Trade Agreements**

2015 is shaping up to be an active year for international trade policy. The federal government, through the United States trade representative, is negotiating a variety of international trade agreements that could dramatically impact businesses in the states. Since 1974, Congress has enacted Trade Promotion Authority legislation, which gives the president authority to negotiate international trade agreements that best support U.S. jobs. Trade Promotion Authority requires the president to notify and consult with Congress, the private sector and other stakeholders on the negotiations; however, there is limited consultation with state and local governments on the status and possible impact of trade negotiations.

**Intergovernmental Coordination**

The national Advisory Commission on Intergovernmental Relations, which was established in 1959 and closed in 1996, was created to study and provide recommendations on the state and federal relationship and how the two levels could coordinate in the policymaking process. The commission provided in-depth reports on a variety of policies, including more than 350 related to federalism, tax policy and government accountability. The absence of the commission framework has state governments looking for other ways to better communicate and coordinate with federal policymakers.

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