Congress finished 2015 on an unusually productive streak – at least compared to recent years – by passing a variety of legislation important to state governments, including funding the highway trust fund, reforming the Elementary and Secondary Education Act (now called the Every Student Succeeds Act), reauthorizing the highly debated Export-Import Bank, extending a variety of tax incentive provisions, and funding the federal government through September 2016. Going into a presidential election year, many experts do not expect Congress to act on major policy initiatives before November, and are closely watching what President Obama will do in his final year in office.

The president has continuously stated his intention to use his executive authority to enact policy to help achieve his goals. This could be in the form of new executive orders, federal regulations, or funding proposals. State leaders will be closely monitoring Congressional and executive actions to ensure they do not pre-empt their individual state laws or add any new unfunded expenses.

Fiscal Uncertainty

State and local governments rely heavily on federal appropriations and authorization processes to pursue grant programs and fulfill key policy objectives. Almost 30 percent of all estimated state expenditures came from federal funds in fiscal year 2013. Uncertainty, inaction or delays associated with appropriations in Congress continue to cause uncertainty and make it more difficult for state and local governments to manage fiscal resources and strategically plan. Congress has not approved all 12 appropriations bills on time since 1996, and it has relied on the use of stopgap continuing resolutions, also known as CRs, and omnibus bills to provide federal appropriations. The pattern of patchwork funding and the recurring threat of government shutdowns have made it difficult to predict the flow of funds to state and local governments.

For additional reading:
- The U.S. Census Bureau, State and Local Government Finance [2]
- The Pew Charitable Trust, Fiscal Federalism Initiative [3]

Federal Regulations and Intergovernmental Coordination

The federal government regularly issues a variety of rules and regulations that have a direct economic impact on states. Many of these regulations were processed with limited consultation with state and local officials. Absent the Advisory Commission on Intergovernmental Relations, which was closed in 1996 and was the framework for the state and federal relationship in the rule-making process, both federal and state leaders must identify opportunities to increase their coordination and improve the intergovernmental relationship.

For additional reading:
- The Office of Information and Regulatory Affairs [4]
Election Year Politics and Presidential Transitions

Heading into a presidential election year, many policy experts do not expect Congress to take on major legislation or policy initiatives. The inaction or delay of certain policies could cause strain among some state and local governments and their stakeholders. Moreover, thousands of political appointees will transition away from their respective federal agencies and offices, which could result in a delay of certain programs or a complete change of course.

For additional reading:

- U.S. General Services Administration, Presidential Transition Act [5]

Minimizing Unfunded Mandates

An assortment of new rules and regulations issued at the federal level can have a direct economic impact—including major rules that cost more than $100 million. The federal government frequently issues these regulations—or mandates—without quantifying and evaluating the potential costs. Moreover, the federal government often does not provide additional funding to cover new regulations. According to the White House Office of Management and Budget, these “unfunded mandates” cost states, cities and the general public between $44 billion and $62 billion each year.

For additional reading:


The International Trade Agenda and the Trans-Pacific Partnership Agreement

The passage of Trade Promotion Authority provided President Obama with the ability to conclude the negotiations on one of his major trade initiatives—the Trans-Pacific Partnership agreement, or the TPP. The TPP is a multilateral trade agreement that was negotiated with 11 other nations, with the goal of increasing trade and investment between partner nations. Exports of U.S. goods to TPP nations totaled $698 billion in 2013, or about 45 percent of total U.S. exports. A 2012 analysis by the Peterson Institute for International Economics estimated that a TPP agreement could generate nearly $124 billion in new U.S. exports to those nations.

For additional reading:

- The Office of the United States Trade Representative, Trans-Pacific Partnership [7]
- The United States Department of Commerce, International Trade Administration [8]
- The United States Department of Labor and The Office of the United States Trade Representative, Standing Up for Workers: Promoting Labor Rights Through Trade [9]

For more information on these topics and for additional resources on federal affairs policy, see www.csg.org/top5in2016 [10].

By:
Monday, January 4, 2016 at 12:00 AM

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