

**NCSL Standing Committee on Budgets and Revenue**  
**POLICY DIRECTIVES AND RESOLUTIONS**

**2021 Policy Week Review Call**

**Sept. 20-24, 2021**

**Table of Contents**

**POLICY: SUPPORT FOR THE INVESTING IN OUR COMMUNITIES ACT..... 1**  
**POLICY: STATE AND FEDERAL BUDGETING: PARTNERING TO MAKE POLICY ..... 2**

1 **COMMITTEE: BUDGETS & REVENUE COMMITTEE**

2 **POLICY: SUPPORT FOR THE INVESTING IN OUR**  
3 **COMMUNITIES ACT**

4 **TYPE: RESOLUTION**

5 **Support for the Investing in Our Communities Act (Resolution)**

6 WHEREAS, advance refunding of tax-exempt municipal bonds can be a financial tool  
7 that saves state and local governments billions of dollars by allowing them to provide  
8 more comprehensive savings at lower costs to taxpayers; and

9 WHEREAS, the refunding of tax-exempt municipal bonds is a mechanism by which  
10 states and localities finance infrastructure projects, utilities, education, and other  
11 general purpose bonds; and

12 WHEREAS, a refunding occurs when the proceeds from one bond are used to pay off  
13 another bond, typically at a lower interest rate; and

14 WHEREAS, the Investing in our Communities Act as introduced in the 116th Congress  
15 restores the ability for states to advance refund their tax-exempt municipal bonds, which  
16 was eliminated by the Tax Cuts and Job Act of 2017; and

17 NOW, THEREFORE, BE IT RESOLVED that the National Conference of State  
18 Legislatures urges Congress to pass legislation that restores the ability of states to  
19 finance public infrastructure that is cost-effective and consistent with NCSL principles of  
20 preserving fiscal viability and tax reform.

1 **COMMITTEE: BUDGETS & REVENUE**

2 **POLICY: STATE AND FEDERAL BUDGETING: PARTNERING**  
3 **TO MAKE POLICY**

4 **TYPE: DIRECTIVE**

5 It is the policy of the National Conference of State Legislatures to advance and defend a  
6 balanced, dynamic partnership among local, state and federal level governments.

7

8 Too often, the federal government has responded to budget pressures by simply shifting  
9 costs and exporting deficits to the states. The federal government should resist  
10 accomplishing national goals through unfunded mandates on state and local  
11 governments.

12

13 NCSL believes that the federal government must:

14

15 Maintain its financial commitment to federal programs that rely on state participation for  
16 implementation and provide stable and predictable funding for state-federal partnership  
17 programs;

18

19 Maintain its matching rate for federal programs for which it shares responsibility with  
20 state governments. Where match rate reductions are proposed for shared programs,  
21 there should be a corresponding reduction in the regulatory and administrative burdens  
22 imposed on states; and

23

24 Avoid delaying the release of funds for state-federal programs within a fiscal year.

25

26 Affirm the role of state legislatures in their appropriation and oversight of federal funds;  
27 Streamline the waiver process that states are subject to concerning education, the  
28 environment, human services, Medicaid, health and other programs; and

29

---

[BACK TO THE TABLE OF CONTENTS](#)

30 Limit the federal oversight role of state grant funds to audit and evaluation.  
31 Avoid unfunded mandates and underfunded national expectations in state-federal  
32 partnerships;  
33  
34 Avoid increasing federal domestic programs at the expense of funding for state  
35 administration or state sharing ratios; and  
36  
37 Fully fund the long-term maintenance as well as the short-term startup costs of federal  
38 mandates; and  
39  
40 Avoid capping federal entitlement spending while retaining the legal entitlement  
41 obligation of the states; and  
42  
43 Avoid the long-term commitment of funds based on short-term revenue projections.  
44 Minimize the imposition of state maintenance of effort requirements in existing and  
45 future federal fiscal assistance-related legislation;  
46  
47 NCSL believes the federal government should maintain its guaranteed financial  
48 commitment to federal-state programs. Any devolution of federal responsibilities to the  
49 states should constitute a serious attempt at restoring balance to the state-federal  
50 partnership and not result in any reduction of the federal financial commitment to  
51 affected programs either in the short or long run.  
52  
53 To that end, NCSL has developed a set of principles for any new block grant the federal  
54 government considers. Because state legislatures are the bodies that are most involved  
55 in the decision-making process with regard to program delivery in the states, we urge  
56 Congress and the administration to adhere to the following principles when constructing  
57 any new block grant plan or revising any existing block grant program:  
58

59 Funding levels for block grants must be adequate to finance mandated programs long-  
60 term and to respond to economic changes through countercyclical assistance.

61 In the event that Congress imposes "maintenance of current level of services"  
62 mandates on funds appropriated for any federal grant program, Congress should  
63 provide the funds necessary to maintain and support the current levels of services  
64 existing at the time of such mandates. State "maintenance of effort" (MOE) clauses are  
65 inappropriate for program consolidations. Requiring states to spend a fixed amount  
66 while implementing decreases in federal funding for block grants is equivalent to an  
67 unfunded mandate.

68

69 The consolidation of categorical programs into a single funding stream should not be  
70 accompanied by a limitation in the types of services provided or constitute new  
71 mandatory categories of services.

72

73 Language should be included in any block grant legislation that allows federal block  
74 grant funds to be distributed or expended "according to state law." Federal law must  
75 allow each state to choose the manner of appropriation of federal block grants. States  
76 should be authorized to determine the agency within state government that is  
77 responsible for carrying out public participation requirements.

78

79 Maximum flexibility in terms of program implementation and administration should be  
80 maintained.

81

82 Technical assistance to states by federal agencies during transition to any block grant  
83 should be provided.

84

85 State reporting requirements should not be burdensome or require the use of funds that  
86 would otherwise be spent on program delivery.

87

88 The federal government should not create new entities to oversee the implementation of  
89 any block grants to the states.

90  
91 Federal agencies and their administrators should rely on the single audits prepared by  
92 the states. The federal government should pay the full costs for performing these audits.

93  
94 Given the interdependency of federal government activities with state and local  
95 economies, and recognizing that a federal government shutdown has serious  
96 implications for state and local governments, NCSL believes that in the event of a  
97 federal government shutdown, the federal government must:

98  
99 Establish a National Incident Management System (NIMS) structure, including an  
100 Incident Command System (ICS), to integrate and manage the shutdown and to involve  
101 all levels of government in the coordination of the incident;

102  
103 Provide flexible, temporary authority to states that have a federally-approved  
104 contingency plan to assume basic-level operations of selected national parks and  
105 laboratories; and

106  
107 Reimburse state funding with interest that was spent providing services that otherwise  
108 would have been paid for with federal funds.