

Minneapolis Federal Agenda

As amended by the City Council on September 21, 2018

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INTRODUCTION

Since his inauguration in January 2017, the President has outlined a policy agenda that will significantly alter the federal government's role in several policy areas affecting local governments and City of Minneapolis residents. Several agenda items, such as the proposed budget, health care, immigration, consumer protection, tax reform, public safety, housing, and environment policies have met with opposition from Congress, many local governments and advocacy organizations. Agenda items needing legislative approval have not moved through Congress. In many policy areas such as immigration and the environment, the President has issued executive orders which have resulted in court challenges that are awaiting judicial decisions. The combination of legislative inaction and legal challenges has caused the public, including local government officials, to question whether the President and the Congress will be able to adopt a budget and address such issues as health care this year and how the federal government will engage in domestic issues.

The City of Minneapolis has adopted a Federal Agenda which consists of positions on policies that could affect not only the City enterprise but also its residents. The policy positions could take the form of federal laws or amendments to existing law, appropriations, rules, executive orders and programs. The 2018 Federal Agenda, like its predecessors, has positions that both oppose and support federal actions.

The City of Minneapolis uses its officially adopted vision and values as a policy framework in developing the 2018 Federal Policy Agenda. The City strives "to be a growing and vibrant world-class city with a flourishing economy, and a pristine environment, where all people are safe, healthy and have equitable opportunities for success and happiness."

The City of Minneapolis evaluates proposed policies and initiatives through a variety of lenses, including:

- **Equity** – the policy results in fair and just opportunities and outcomes for all people, especially those traditionally underserved by the government. Racial inequities (including in housing, education, income and health) are addressed and eliminated.
- **Transparency** – the policy is the result of a process that allowed for public input and the intended outcomes of the policy are clearly articulated.
- **Sustainability** – the policy is one which sustains resources for future generations by reducing consumption, minimizing waste, and using less energy. Communities traditionally burdened with environmental inequities are prioritized.
- **Partnership** – the policy builds on a long fostered collaborative approach between municipalities and the federal government to addressing problems and achieving shared priorities.

If a federal action is consistent with our vision and goals, it will be supported. If the action is inconsistent with City goals it will be opposed.

Health Care

Affordable Care Act

The City of Minneapolis supports the goal of the Affordable Care Act (ACA) is to ensure that all Americans have access to quality and affordable health care. To achieve the goal, the ACA included several policies that addressed the medical insurance market and prescribed certain policies related to medical insurance coverage. To fund the ACA and provide tax incentives and subsidies for individuals and insurance carriers, the enabling legislation authorized fees and taxes. Among the taxes and fees are the medical device fee, a health insurance provider fee, and an additional hospital insurance tax for high wage earners. Since the ACA's passage in 2010 there have been repeated attempts to repeal the ACA and more recently, an effort to repeal and replace it.

While there are clearly issues with ACA's implementation that need to be addressed, the seven-year-old law has increased the number of citizens receiving health care and has required medical insurance to cover such items as extending dependent coverage to age 26, eliminating lifetime and annual limits on benefits, and providing assistance for those who are uninsured because of pre-existing conditions.

The Minnesota Department of Human Services (DHS) reports that under the ACA, 96% of Minnesotans have health care insurance. The rate is one of the highest in the country and is an increase over pre-ACA rates. The DHS also noted that over the last five years the state has saved approximately \$1.0 billion in medical expenses. In analyzing the latest repeal and replacement measure offered by Senators Graham, Cassidy, and others, DHS concluded that the proposal would eliminate federal funding for critical health care programs that cover about 366,000 Minnesotans. The programs impacted by the proposal are Medicaid expansion, Minnesota Care and premium tax credits through MN Sure. In addition, the Senate proposal would put at risk coverage for 900,000 people covered by Minnesota's Medicaid program. If the proposal is enacted, Minnesota would lose \$1.9 billion in federal funding in the first three years of implementation and program costs could be shifted to the state, families, and providers.

Prevention and Public Health Fund

When enacted, the ACA created the Prevention and Public Health Fund (PPHF) to prevent the leading causes of sickness and death. PPHF supports a range of cost-effective public health activities including tracking new disease threats; childhood lead poisoning prevention; foodborne illness prevention; immunization programs; heart disease and stroke prevention; diabetes and tobacco prevention; and training and assistance for local public health. However, subsequent federal budget reductions required using funds from the PPHF to backfill cuts to the Centers for Disease Control and Prevention (CDC) and other federal agencies. The PPHF makes up 12% of the CDC's budget. Many of the local activities supported with PPHF dollars are core public health functions that were funded by other federal sources prior to the ACA.

In FY 2016, Minnesota received a total of \$16.1 million from the PPHF. If the PPHF were eliminated, Minnesota would lose more than \$80 million over five years as well as diminish its ability to reduce health care costs through cost effective prevention. The program has supported important public health initiatives programming implemented by the Minneapolis Health Department.

Medical Assistance (Medicaid)

In addition to seeking to repeal the ACA, the Administration and the Congressional majority have proposed changes to Medicaid intended to reduce costs to the federal government and reduce the number of eligible recipients. Minnesota is an ACA Medicaid expansion state, which means that approximately 27,000 more low-income residents are able to take advantage of the program. Medical Assistance is Minnesota's Medicaid program. It is the largest of Minnesota's publicly funded health care programs and supports Minnesota's Medicaid recipients, three-fourths of whom are children and families, pregnant women, and adults without children. The others are people 65 or older and people who have disabilities. Cuts to this program would have devastating effects on the residents of Minneapolis and the state.

DHS estimates that the proposed changes to Medicaid contained in the American Health Care Act passed by the US House of Representatives would reduce Minnesota's federal funding for Medicaid by \$2.3 billion in the first 18 months of the proposal's implementation. DHS also estimates that approximately 1.2 million Minnesotans

would face significant cuts in coverage or a loss of coverage altogether.

The Medicaid program, as proposed in the House passed bill, would continue Medicaid as a federal program but decreased federal financial participation would force state governments to determine the type of Medicaid program it could sustain. A reduction in federal funding would force states to decide between raising taxes or cutting benefits to fill the gap in funding. This could also shift costs to patients, providers, county governments, and the private sector.

Impact of Repeal and Replace Proposals on Women's Health Coverage and Benefits

Since the passage of the ACA, the number of women aged 19 to 64 who do not have medical insurance fell from 17% to 11% from 2013 to 2015. The drop was due, according to a Kaiser Family Foundation report, to Medicaid expansion and availability of federal tax credits to subsidize premium costs for many low and modest income women and men. The ACA also included a requirement that all plans in the individual market and Medicaid expansion programs cover ten categories of benefits (Essential Health Benefits) including maternity care, preventive services, and mental health. Although most repeal and replace proposals retain the Essential Health Benefits, several allow the states to waive benefits through their block grant program. The repeal and replace proposals passed by the House and Senate also ban funding for abortions and Planned Parenthood.

The Government Accountability Office estimates that 390,000 women would lose access to healthcare and up to 650,000 would face reduced preventive care within a year if Congress blocked Medicaid patients from Planned Parenthood. The Kaiser Family Foundation reports that banning Planned Parenthood as a medical provider could limit access to family planning services to many low-income women. For example, of the 10,700 clinics in the country providing publicly funded family planning services only 6% are Planned Parenthood clinics. However, Planned Parenthood serves 32% of the 6.2 million female clients at all publicly funded clinics.

Family Planning and Teenage Pregnancy Prevention Funding and Rule Changes

In 2018 the Administration has proposed rule and program changes to Title 10 of the Public Health Services Act and the Teenage Pregnancy Prevention grant program. The changes could be implemented without Congressional approval.

Title X which was enacted in the 1970s is the only federal program specifically dedicated to support family planning services. Administered by the U.S. Department of Health and Human Services (HHS), Title X

- distributed in Fiscal Year 2018 approximately \$260.0 million nationwide. Minnesota received \$3.2 million
- funded 400 clinics in 2016 including specialized family planning clinics such as Planned Parenthood, state health departments community clinics and non-profit organizations. In Minnesota yearly 56,000 persons across 38 sites were served by Title X funded programs
- served mostly low-income persons. In Minnesota half of the Title patients have incomes 101% below the federal poverty level.

The Administration in February 2018 issued a 2018 Title X Funding Opportunity Announcement (FOA). The 2018 FOA differs from previous years in that it makes natural planning and abstinence counseling a program priority and deemphasizes the role of specialized family planning clinics such as Planned Parenthood. Applications were due by June 30, 2018. Planned Parenthood and the National Family Planning and Reproductive Health Association sued HHS asserting that the FOA violates Title X statutory authority and related regulations. On July 16, 2018, the U.S. District Court for the District of Columbia ruled in favor of HHS by concluding that the FOA is not a final agency action that can be challenged. The organizations have requested a stay of the FOA pending an appeal to The U.S. Court of Appeals for the District of Columbia.

In addition to the revised FOA the Administration has issued new proposed regulations for Title X grants. The regulations which were published in the Federal Register on June 1, 2018. The new rules if adopted would

- prohibit referral and counseling for abortion services unless a woman has already decided to have an abortion
- require abortion activities to be separately accounted for in electronic and paper health records
- mandate a separate physical facility, staff, signs, phone number, and e-mail for abortion-related

services

- eliminate the requirement that clients receive non-directive pregnancy options counsel and the requirement that a full range of family planning services be offered to clients.

The proposed rule often referred to as a “gag rule” by the media will not be final until September 2018. It is probable that a lawsuit challenging the rule will be filed. The proposed rule is similar to one adopted by the Reagan Administration. Although the lawsuit challenging the Reagan era rule was upheld it was not implemented by the next Administration.

The Teenage Pregnancy Prevention Program (TPPP) is also subject to changing policy priorities and funding reductions. The federal government currently funds three types of teenage sex education programs – abstinence-only education; abstinence plus information on contraception, condoms; and comprehensive sex education. The teenage sex education programs are funded by five separate funding streams that appropriate a total of approximately \$300.0 million. In 2017 approximately one third of federal funding was for abstinence education. The largest funded program is the TPPP (\$101.0 million)

The TPPP is a five-year grant private program that funds private and public entities to provide medically accurate and age appropriate programs with a focus on high risk communities. The program funds 84 programs. As part of its announcement for 2018 funding HHS will require that TPPP grantees replicate one of two abstinence programs. One is a risk avoidance model or abstinence only education while the other is sexual risk avoidance approach. The requirement to replicate one of two abstinence programs contrasts with prior rules that allowed grantees to choose from a wider range of evidence- supported programs.

In addition, the Administration notified current TPPP grant recipients that their grants would be terminated on June 30, 2018, or two years early. Nine organizations sued in federal court claiming that the grants were wrongfully terminated. The federal court ruled in favor of the organizations and the grants will continue to 2020. However, the new TPPP rules indicates that the 2018 grants will be for two years with the possibility of two additional years. The Congress as part of the 2018 Consolidated Appropriations Act includes a \$10.0 million increase in the sexual risk avoidance program.

Recommendation: The City of Minneapolis recommends that Congress:

- protect the ACA and work to address any issues or adjustments that need to be made within the current system so that the millions of Americans who benefit from this program can retain their healthcare
- support continued coverage for the more than 20 million Americans at risk of losing insurance due to the repeal and the 27,000 Minneapolis residents who have been able to obtain publicly funded health coverage through Medicaid expansion
- support the continuation of the requirement that all individuals obtain health insurance, continue federal outreach and education campaigns, and provide incentives to insurers and individuals to make the insurance affordable
- maintain in legislation the required health insurance coverages such as extended dependent eligibility and preclusion of considering pre-existing conditions included in the ACA
- oppose efforts to reduce Medicaid funding by imposing per capita limits or a block grant
- maintain and increase funding levels the Prevention and Public Health Care Fund
- reject efforts to repeal or limit ACA protections under the guide of state flexibility waivers
- oppose efforts through grant program rule changes or Medicaid changes to reduce funding and types of services that are evidence based and medically accurate to Planned Parenthood and other community clinics for family planning services and teenage sex education programs.

Immigration Reform

In the first two months of the 115th session, 34 different pieces of immigration-related legislation were introduced in Congress. Of the 34, two seek to protect Deferred Action for Childhood Arrivals (DACA) individuals and one prohibits the creation of an immigration-related registry program. The remaining 31 bills all focus on restricting immigration, building a border wall, enhancing border security, penalizing undocumented immigrants and stricter enforcement mechanisms. None offer a comprehensive immigration reform measure that would provide a path to citizenship for up to 11 million people estimated to be living without legal status in the country. This is especially unfair given that most undocumented residents are working, paying taxes, and contributing to

their community.

On September 5, 2017, the President, through the Attorney General, announced that DACA would be ended after a 6-month extension and that during that time Congress would resolve issues with DACA. However, soon after the announcement to end DACA the President has been meeting with Congressional leaders of both parties to seek a workable solution. Congressional leadership has indicated support for DACA, however a solution has not yet been proposed.

In Minnesota approximately 6,300 residents are DACA participants. Through no fault of their own, DACA participants are undocumented but all have been extensively vetted and most are students or are employed. The University of Minnesota reports that, in 2016, DACA participants paid more than \$6 million in state taxes. The possible termination of DACA will put all participants at risk of deportation and disrupt their lives as well as those of their families.

Congressional leadership has indicated support for DACA, however a solution has not yet been proposed. The termination of the DACA program has resulted in federal litigation in multiple districts, which have resulted in USCIS accepting applications for extension of DACA, though at this time it is not possible to file new DACA applications. The most recent court decision was issued on August 31, 2018, entitled *State of Texas v U.S.*

Any workable immigration policy must consider the impact of immigrants on the economy. Any policy which seeks to limit immigration will negatively impact population and the workforce. A recent study by the University of Minnesota analyzed population trends and concluded that an aging population and a decline in the birth rate could result in little or no population growth by 2040. For the foreseeable future the report suggests that, based on population projections and historical migration, the state's population growth will be heavily dependent on migration, particularly international migration.

The University report also analyzed workforce growth and noted that the state must focus on attracting more immigrants to Minnesota and must incorporate immigrants into the economy by finding ways to use their skills and education. Without workers the state's economy will not experience growth or attract new residents. At a U.S. Senate hearing in February 2017, Federal Reserve Chair Janet Yellen, while declining to comment on immigration policy details, did state that along with slow productivity growth, slowing the pace of immigration likely would slow the growth rate of the economy due to shrinkage of the available labor force. In an April 2017 letter written by 1,470 economists, representing a broad spectrum of political and economic views, stated that immigration was one of America's competitive advantages in the global economy. Incongruously, in proclaiming National Hispanic Heritage month, the President noted that, "Hispanic Americans own more than three million businesses and are the fastest growing businesses in America."

In addition to the economic impact, the lack of a comprehensive immigration policy will have a social impact. Many undocumented persons have family members who are American citizens. The absence of a comprehensive immigration policy or a pathway to citizenship divides families, cause economic hardships, disrupts communities and sows distrust. Undocumented individuals are our neighbors, friends, co-workers, and caregivers. It is unconscionable to deny them the opportunity to work towards citizenship.

The City of Minneapolis recently joined Welcoming America's network of Welcoming Cities and Counties, recognizing its commitment to inclusiveness toward immigrants and all its residents. Becoming a Welcoming City reaffirms the City's commitment to be a welcoming place for all people, regardless of ethnicity, national origin, gender identity, religion, birthplace or any other identity.

The Administration is in the process of revising the "public charge" rule as it relates to immigration. Public charge is a term used by the U.S. Citizenship and Immigration Services (USCIS) to refer to a person who is considered primarily dependent on the government for subsistence, as demonstrated by either receipt of public cash assistance for income maintenance or institutionalization for long-term care at government expense. The "public charge" provision has been in federal law since the late 1880s and has been amended several times. The USCIS is using guidance issued in 1999 to determine if a person seeking lawful admission to the United States is likely to become a public charge. The guidance list exempts numerous non-cash benefits and special purpose benefits that are not intended for income maintenance from determining if an individual is considered to be a public charge and therefore is inadmissible for admission or adjustment to current status to the United States. For example, Medicaid, health insurance, other health service, housing assistance, child care, and nutrition programs are

exempted from the list. In determining whether a person will be considered a public charge several factors including age, health, family status, assets, resources, financial status, education, and skills are evaluated. The proposed rules which have not been released officially for comment adds several of the exempted non-cash programs to the list of programs subject to the “public charge” review and defines increased income thresholds well above current standards. If adopted the rule would affect current legal residents or a change in status. In addition, the Department of State has amended its Foreign Affairs Manual (FAM) to include provisions similar to those proposed by USCIS. If a person is determined to be a public charge meaning and are applying for permanent residence in the US, their application can be denied on this basis, and if they are at a US consulate or embassy abroad their application for a visa can be denied. No waiver is possible for this ground of inadmissibility and so determination that someone is likely to become a public charge puts one’s ability to enter into or remain in the United States in jeopardy.

Changing public charge rule has the potential to affect members of the Minneapolis immigrant community who are applying for immigration status or who are petitioning for family members. Applicants may not apply for the Women, Infant and Children (WIC) program, Head Start or similar programs for themselves and/or their children, who may be US citizens, due to fear that legal use of these benefits would result in denial of immigration status.

Recommendation: The City of Minneapolis recommends that Congress and the Administration:

- support comprehensive immigration reform which provides a roadmap to permanent residency and eventual citizenship for the estimated 11 million undocumented immigrants
- ensure immigration enforcement focuses on individuals who pose a danger to the country and its residents
- Oppose rules and policies that redefine “public charge” so that non-citizens legally residing in the United States or seeking legal status in the country can continue to remain in the country and apply for residence or change of status
- attract investors, innovators and skilled professionals, including those in science, technology, engineering and math (STEM) studies, to help strengthen our economy and create jobs
- develop a balanced, workable solution for the agriculture industry that ensures agricultural workers have a route to citizenship and employers have the workers so that American agriculture continues to lead the global economy
- protect immigrant families, including the families of bi-national and same-sex couples, by reducing the family backlogs and keeping spouses, parents and children together
- end the exploitation of U.S. and immigrant workers by providing sufficient, safe and legal avenues for foreign workers to fill legitimate workforce gaps, and benefit from full labor rights, protection from discrimination, and a reasonable path to permanency to ensure equitable wages and working conditions for all workers and their families
- strengthen the national commitment to providing protection to those fleeing disaster, persecution, and torture
- oppose efforts to build a wall on the border between the United States and Mexico regardless of how it is funded
- support legislation, enacted as soon as possible, that protects those enrolled in the DACA program and provides the DACA participants a pathway to permanent residency and citizenship

U.S. Resettlement of Refugees

The current practice of refugee security vetting and admissions process takes up to 18 to 24 months. Refugees are the most rigorously vetted individuals to enter the U.S. and must pass through a series of steps aimed at ensuring they will not pose a security risk to our country, including providing biographic and biometric information. The information examined to confirm a refugee’s identity is checked against law enforcement, intelligence community, and other relevant databases, including National Counterterrorism Center, Department of Defense, Federal Bureau of Investigation, Department of State, and Department of Homeland Security databases. The United Nations decides if a person fits the definition of a refugee and whether to refer the person to the United States or to another country for resettlement. Only the most vulnerable are referred, accounting for less than 1 percent of refugees worldwide. The City of Minneapolis supports a timely, fair and equally applied review of applications that ensures individuals in need of resettlement are able to find homes in our community. In 2016, the United States

agreed to accept 110,000 refugees. President Trump has most recently advocated for a reduction of this number for federal fiscal year (FY19) to 25,000 refugees annually. In FY 2016 the U.S. as of May of that fiscal year admitted 41,000 persons to the U.S. as refugees as compared to 14,000 for the same timeframe for FY 2018.

Local refugee resettlement organizations have resettled more than 12,500 refugees in the Twin Cities since 2011. The refugees are from over 40 countries and are important members of our community. The refugees join large communities of new arrivals from all over the world and are contributing to the growth and diversity of the city, region and state. To assist refugees to resettle, federal funds for food, health care and cash assistance are available through state human service departments. The assistance is available for a brief timeframe – three to eight months. Job training and other assistance programs are also available to the refugees. However, data from the nonpartisan National Bureau of Economic Research shows that “refugees pay \$21,000 more in taxes than they receive in benefits over their first 20 years in the U.S.” Given the uncertainty of federal refugee and immigration enforcement policies, an increasing number of refugees are concerned about being deported and a growing number are fleeing to a more welcoming environment in Canada.

Recommendation: The City of Minneapolis recommends that the federal government:

- continue the refugee resettlement program and increase, not decrease, the number of refugees permitted to resettle, reside and work in the United States
- ensure that the refugee program does not discriminate based on a refugee’s religion, place of origin, or other criteria not relevant to normal vetting
- oppose efforts including legislation or executive orders that further restrict or slow access to the United States
- increase resources to ensure that refugee applications are processed in a thorough and timely manner.

Substance Use and Mental Health Disorders: Prevention and Treatment

Preventing inappropriate use of opioids, and reducing overall substance use disorders (SUD), requires a public health approach. That means not only addressing how pain is managed, but also how communities and people are supported in addressing the root causes of SUD, which go far beyond the individual person, specific substance or a distinct community. In Hennepin County there were 97 opiate-related deaths in 2015 with decedents ranging in age from 19 to 67. Of these deaths, 49 involved heroin, 17 involved methadone (17.5 percent), 15 involved oxycodone, 93 involved fentanyl, 10 involved methamphetamine used in combination with an opiate, and 6 involved cocaine used in combination with an opiate.¹ More white people in Minnesota die of opioid overdoses than anyone else, but Native American and African-American communities are hardest hit by the epidemic with higher rates per capita of overdoses than other Minnesotans. One area of particular concern is pregnant and parenting women using opioids. Per the final report from the 2016 Tribal-State Opioid Summit, funding and policy change is needed.

In addition, addiction and mental health often go hand in hand. More than 70% of those with a substance use disorder also have a co-occurring mental health disorder. Effective treatment requires sophisticated integration of addiction and mental health services. The annual national cost of the opioid epidemic is estimated to be \$78.5 billion. Medicaid plays a central role in the nation’s efforts to address the opioid epidemic. In Minnesota, 32% of the total spending for buprenorphine is financed by Medicaid. More than 50,000 Minnesota residents depend on Medicaid for substance use disorder or mental health services. While additional funding is needed to address mental health and substance use disorders, any additional funding would be for naught if the Medicaid program is diminished. Lastly, health care professionals’ prescription practices need to change to avoid the prevalence of opioids in the community that can lead to addiction.

Recommendation: The City of Minneapolis recommends that Congress and the Administration:

- support effective, culturally appropriate prevention and treatment interventions for substance use

¹ *Minneapolis/St. Paul Drug Abuse Trends April 2016 by Carol Falkowski, Drug Abuse Dialogues, St. Paul, Minnesota*

disorder with funding for promising new programs, long term focus, behavioral health resources and housing with supportive services

- increase funds for accessible mental health treatment options at the community and individual level
- provide resources to communities for screening and early identification of opioid use among pregnant and parenting women within a supportive, culturally informed context
- develop a supportive community-based social service system for pregnant mothers and partners with consistent protocols, appropriate treatment parameters and active involvement of child welfare agencies
- support funding for naloxone (Narcan) availability and distribution

Family, Early Childhood and Adolescent Health

The Minneapolis Health Department has utilized federal funds for maternal child health programs, public health emergency preparedness, lead poisoning prevention, nutrition education and teenage pregnancy prevention, and substance abuse and mental health services. These programs are primarily funded with direct federal grants or pass through grants from the Minnesota Department of Health and other departments. In 2016, the Health Department expended \$5.6 million of federal funds with \$3.5 million or 62% of the total being spent through contracts. Of that total, \$1.5 million was expended for maternal and infant early childhood home visiting, programs authorized and funded by the Affordable Care Act.

Recommendation: The City of Minneapolis recommends that Congress:

- continue funding public health programs at a level that is no lower than the 2017 appropriation
- encourage the Congressional Budget Office to use a 20-year time horizon when scoring public health programs

Youth Violence Prevention

In response to an increase in youth violence in 2006, the Minneapolis City Council adopted a resolution that declared youth violence to be a public health concern. The city subsequently developed the “Blueprint for Action,” a comprehensive, multifaceted, community-based plan to prevent youth violence.

In 2010, the US Departments of Justice, Education and other federal agencies united to prevent and reduce youth violence across the nation with the funding of three initiatives: National Forum on Youth Violence Prevention; Community-Based Violence Prevention; and the Defending Childhood Initiative.

As a National Forum participant, Minneapolis has adopted a public health approach that is data-driven and collaborative, with a focus on youth development opportunities. Activities are informed by public health principles and aligned with the Forum framework of prevention, early intervention, reentry and enforcement.

Local achievements have been significant for the time frame of 2007-2015:

- 34 percent decrease in youth victims of crime
- 76 percent decrease in youth arrests with a gun
- 62 percent decrease in youth victims of gunshots
- Successful partnerships across public/private/nonprofit sectors

Recommendation: The City of Minneapolis recommends that Congress and the Administration:

- designate youth violence as a national priority and a preventable public health issue, and align new and existing federal resources accordingly
 - continue expanding initiatives created for effective youth violence policy coordination and strategy alignment among state and local governments, tribes, schools, community groups, faith communities and other supportive entities
 - continue promoting interagency coordination to address youth violence determinants and responses (i.e. Center for Disease Control, Office of Juvenile Justice and Delinquency Prevention, Community Oriented Policing Services, Department of Education, etc.)
- support legislation for positive preventive policies and programs addressing youth violence, delinquency, and involvement in the criminal justice system

- establish a funding source for youth violence prevention programs including local agency capacity building and activities in an appropriate agency
- support full funding of and continued access for cities and jurisdictions to federal law enforcement programs including Community Oriented Policing Grants, Byrne-Justice Assistance Grants (JAG) and the Violence Against Women Act

Minimum Wage

The Federal minimum wage was last changed in 2008, when it was raised by \$0.70 to \$7.25 per hour. With the lack of federal action on the minimum wage, local municipalities and state legislatures have been forced to confront the issue. Recognizing that all residents should have the opportunity to thrive and prosper in our City, Minneapolis recently adopted a municipal minimum wage of at least \$15 per hour, phased in over five years and indexed for inflation. An increase to the federally adopted minimum wage is long overdue.

Bills have been introduced in Congress proposing to increase the federal minimum wage but no proposal has been signed into law. In June of 2017, Representative Bobby Scott of Virginia introduced a bill (HR 15), with 165 co-sponsors including Rep. Keith Ellison, that would increase the rate to at least \$15 per hour over seven years. The bill eliminates the separate minimum wage requirements for tipped, newly hired, and disabled employees. After a specified period, these employees would be paid the same minimum wage as a regular employee.

Recommendation: The City of Minneapolis recommends that Congress and the Administration:

- support legislation to increase the federal minimum wage to at least \$15 per hour and phase the implementation over a period of years

Inclusive Employment and Non-Discrimination in the Workplace

The City of Minneapolis has played an historic role in the struggle for equal rights. The City, for example, in 1975 was the first local government in the nation to enact civil rights protections for transgender people and was the second city to pass non-discrimination protections for gay, lesbian, and bisexual people.

As of July 1, 2014, Minnesota and 20 other states have passed legislation that protects the right of all citizens to seek employment regardless of sexual preference or gender identity. In July of 2014 President Obama signed an executive order barring employment discrimination on the basis of sexual orientation or gender identity by federal contractors. The Administration, with its decision to prohibit transgender individuals from serving in the United States military is a significant step backwards from this progress. All residents of the United States, no matter their sexuality or gender identity, should have equal opportunity and be free from discrimination.

Recommendation: The City of Minneapolis recommends that Congress and the Administration:

- enact legislation that includes the 2014 executive order barring employment discrimination on the basis of sexual orientation or gender identity by federal contractors and the military, including
- oppose efforts to ban transgender service members from the United States military
- enact broad legislation that protects individuals from discrimination based on sexual orientation or gender identity

Access to Voting and Modernizing the Election Process and Ensuring Election Integrity

In the wake of the 2013 Supreme Court *Shelby v. Holder* decision, voting rights are under attack nationwide as states pass voter suppression laws. In 2016, 14 states implemented new voting restrictions for the first time in a presidential election. The new laws range from strict photo ID requirements to early voting cutbacks to registration restrictions. This is part of a broader movement to curtail voting rights, which began after the 2010 election, when state lawmakers nationwide started introducing hundreds of measures making it harder to vote.

Since 2010, a total of 10 states have more restrictive voter ID laws in place (and six states have strict photo ID requirements), seven have laws making it harder for citizens to register, six cut back on early voting days and hours, and three made it harder to restore voting rights for people with past criminal convictions.

The Voting Rights Advancement Act, as introduced in both chambers of Congress each year since 2015, seeks to restore federal review of voting laws in states having a record of enacting restrictive laws that violate federal voting and other related laws. However, the bill has not received a hearing. The current House bill has 185 co-sponsors but none are members of the Republican majority.

In January 2014, the bipartisan Presidential Commission on Election Administration warned of an impending crisis resulting from the widespread wearing out of voting system technologies. Voting systems usually have a 10 to 20 years lifespan. More recent reports indicate that the majority of the systems in use are at least ten years old and in fourteen states the machines are 15 or more years old. Most states are using machines that are no longer manufactured and replacement parts are difficult to find. Older machines and systems can also have security issues. For example, Virginia recently decertified a voting system used in approximately one-quarter of its precincts after it found that the system could be accessed by an outside party. Additionally, the City of Minneapolis utilizes a ranked-choice voting method for its municipal elections. Due to the lack of action at the federal level, there are no certified election systems that automate the calculation of votes for ranked-choice elections. It is essential that the federal government, in collaboration with states and local jurisdictions, commit funding and expertise to ensure that voting systems are efficient and secure.

By executive order President Trump has established the Presidential Advisory Commission on Election Integrity. The 15-member Commission is charged to study rules, laws, policies, strategies and practices that enhance or undermine confidence in the integrity of the voting processes used in federal elections. The Commission is also charged to review vulnerabilities in voting systems and practices used for Federal elections that could lead to improper voter registrations and improper voting, including fraudulent voter registrations and fraudulent voting. The Commission is to report to the President within 18 months (November 2019). The Commission's request for voter information data from the states has resulted in many states refusing to supply the data and pose questions regarding the purpose of the Commission.

Recommendation: The City of Minneapolis recommends that Congress:

- adopt legislation to increase voter participation and oppose the implementation of strict voter identification requirements which disenfranchises eligible voters
- amend the Voting Rights Act to include more current measures of racial discrimination in voting that meet Constitutional requirements and allow the DOJ to monitor proposed state law changes
- oppose efforts to dissolve the US Election Assistance Commission
- ban efforts by the federal government to gain access to voting information on individuals maintained by the states
- provide funding to states to purchase new voting systems and securing the voting systems from unauthorized access

Transparency in Election Financing

The 2010 decision of the United States Supreme Court in *Citizens United v. Federal Elections Commission* has restricted the ability of government at all levels - local, state, and federal - to regulate campaign financing. The *Citizens United* struck down limitations on corporate funding of political advertising and ruled that corporations have the same free speech protections as natural persons. *Citizens United* also overturned several provisions of the 2002 Campaign Reform Act.

To reduce the impact of *Citizens United* on campaign financing or, ultimately, to negate it through constitutional amendment, U.S. Senators and Representatives have introduced several bills and joint resolutions. To this end, Rep. Keith Ellison has introduced a Joint Resolution to amend the constitution to address the impacts of *Citizens United*. In July 2014 the Senate Judiciary Committee approved a constitutional amendment that would negate the *Citizens United* decision.

In addition to constitutional amendments, legislation to improve the disclosure of campaign-related spending by corporations and outside groups have been introduced in the House and Senate but no bill has been enacted.

Recommendation: The City of Minneapolis recommends that Congress:

- amend the United States Constitution to ensure Congress and the States have the power to regulate political campaign contributions by for-profit entities
- enact legislation that requires increased disclosure and reporting of contributions and expenditures by private entities including nonprofit organizations and federal lobbyists
- conduct oversight of federal agencies to ensure that there is access to campaign expenditure information and rules and regulations are consistent with the intent of federal legislation
- oppose efforts to end the Johnson amendment in the Internal Revenue Code which prohibits 501(c)(3) non-profit organizations from endorsing or opposing political candidates

Telecommunications

The City of Minneapolis supports free and open access to the internet for all residents. The City supports a concept of net neutrality that requires Internet service providers and the federal government’s regulation of the Internet to treat all data on the Internet the same, not discriminating or charging differentially by user, content, website, platform, application, type of attached equipment, or mode of communication. The new Federal Communications Commission chairman Ajit Pai has given strong indication that the Administration does not support net neutrality. In fact, he has already acted to stop nine companies from providing discounted high-speed internet service to low-income individuals.

The City of Minneapolis’ vision for the Internet is one where all City residents, institutions, and businesses will have the tools, skills, and motivation to gain value from the digital society. Our residents and businesses need to be equipped to effectively compete with others around the world—to be smarter, more creative, more knowledgeable, and more innovative. In order for this to be possible, the Internet needs to be open.

Recommendation: The City of Minneapolis recommends that Congress and the Administration:

- oppose efforts to dismantle net neutrality ensuring that internet service providers enable access to all content and applications regardless of the source, and without favoring or blocking particular products or websites
- oppose efforts to further repeal internet privacy protections and work to bolster consumer protections for internet users

Public Safety: Role of Local Law Enforcement

The City of Minneapolis, with the assistance of the US Department of Justice (DOJ), has adopted policies that aim to build trusting and supportive relationships with all communities including people of color, immigrants, and refugee communities. These changes in policies and focus on community policing are necessary to address the race based biases that persist in law enforcement and result in disproportionately negative outcomes for people of color. In practice, community policing involves forming partnerships with community groups, prioritizing transparency, actively pursuing feedback, and establishing programs that allow police to engage with residents outside of the law enforcement arena. At its best, the practice allows community members to feel heard, respected, and empowered. Police are then able to control serious crime rather than residents feeling that officers are there to enforce laws through aggressive stopping, questioning, arresting, and incarcerating.

Over the past ten years, the DOJ has worked with cities including Minneapolis to improve police community relations by reviewing and recommending policies and procedures that address such issues as implicit bias, police use of force, and racial justice. The DOJ assistance was requested by the city and often involves discussions with local elected and community leaders. In September 2017, Attorney General Jeff Sessions announced that the Collaborative Reform Initiative, the official title for the assistance program, would have a “course correction to ensure that resources go to agencies that require assistance rather than wide-ranging investigative assessments

that go beyond the scope of technical assistance and support.” This course correction will reduce DOJ’s ability to use its experience and research to assist local police departments in improving service to their community.

Under Attorney General Sessions, the DOJ is also focusing less on community policing and more on aggressive enforcement of federal immigration laws. The DOJ has issued guidance regarding the application for DOJ grants which prevents municipalities from adopting ordinances regarding communication between local and federal immigration officials. The guidance, based on Section 1373, requires city officials to certify that a city complies with the guidance. Additional certification is required for local governments applying for Byrne grants. The U.S. Conference of Mayors and the Major City Chiefs Association released a joint statement decrying the efforts of the federal government to co-opt local law enforcement for federal immigration work and damaging police/community relations. When our immigrant communities view police as an arm of immigration enforcement, they are often disinclined to engage with police or even to report crimes at all. Without community input, our police can experience significant challenges in their ability to solve crimes, not only within a specific community, but also the community as a whole. The City and police department view collaborative engagement as a vital tool in making Minneapolis a safer city for all.

The City of Minneapolis complies with federal law, but joins law enforcement officials from across the country in asserting that local law enforcement should be focused on the protecting the safety of residents rather than enforcing federal immigration law.

Recommendation: The City of Minneapolis recommends that Congress and the Administration:

- oppose the federal preemption of local public safety policy
- support the role of local governments as the protector of health and safety of its residents and continue to fund programs to strengthen police-community relations and build community trust in the police
- support federal funding for training of police officers in de-escalation, mental health, and community policing models
- support legislation to reinstate the federal ban on supplying municipal police forces with military weaponry
- reinstate the Collaborative Reform program that provides local police agencies with recommendation to improve its performance.
- continue investigating allegations of law enforcement misconduct and enter into agreements to implement management and policy changes.

Preventing Gun Violence

Gun violence in the United States results in tens of thousands of deaths and injuries annually. The City of Minneapolis supports common sense, responsible solutions to reduce gun violence and we believe that local governments should have the ability to regulate firearms or weapons to ensure the public health and safety of their communities in accordance with local circumstances.

Recommendation: The City of Minneapolis recommends that Congress and the Administration:

- oppose legislation that will create unsafe federal gun purchase safety standards, including legislation that removes right to carry restrictions across borders and lessens mental health criteria for gun buyers
- support funding for the Center for Disease Control to resume studying the causes of gun violence
- support efforts to curb suicide rates and domestic abuse violence related to firearms

Sexual Exploitation of Youth

The United States Department of Justice Office of Justice Programs noted in 2011, as many as 300,000 children in the United States are at risk for sexual exploitation each year. According to March 2017 data from Minnesota Safe Harbor, the statewide system for helping sexually exploited youth, service providers have helped nearly 1,200 sex-trafficked youths statewide since 2014; 455 of those youths received services in the Twin Cities metro area. Nearly all of the youths were female (94%), and the average age of youth served was 16.

Federal legislation such as the Trafficking Victims Protection Act (TVPA), the Mann Act, and the PROTECT Act are the primary federal policies regarding human trafficking. The PROTECT Act was enacted in 2003 to combat the sexual exploitation of children.

In 2015, Congress passed the Justice for Victims of Trafficking Act law sponsored by Senator Amy Klobuchar and inspired by Minnesota's "Safe Harbor." It provides incentives for all states to have a safe harbor provision. With the city hosting the Super Bowl next year, the need for increased vigilance will be necessary.

Recommendation: The City of Minneapolis recommends that Congress:

- work to end the sexual exploitation of youth by building a system that responds effectively to their needs, including sufficient resources and training for law enforcement and service providers
- support increased federal funding for local law enforcement training to increase awareness and familiarity with trafficking issues

National Support for the Arts and Culture

For approximately 50 years the federal government has provided funding for the development and growth of arts and cultural resources throughout the country. The federal funding has been the catalyst for a growing sector of the national economy and has enabled communities to sponsor and support programs that include but are not limited to theater, music, art, dance, and writing. The federal grants have often been matched or been supplemented by local public and private funding.

In Minneapolis federal arts and culture funding has not only helped in the presence of a nationally recognized theater, music and literary arts sector but has also assisted in creating an environment where arts, culture and creative industries thrive by acting as a catalyst in leveraging resources from non-federal and private investors. Federal arts and culture funding also plays a vital and critical role in arts and culture access, education and community development. Federal funding supports community libraries, museums and other cultural institutions ensuring all Minneapolitans have access to arts and culture no matter where they live. In turn, these investments stimulate direct and indirect economic activity by arts and cultural institutions in creative sector employment and resources for low-income, underserved communities to search for employment opportunities.

The Minneapolis Creative Index 2015 which reports on the scale and impact of Minneapolis' creative sector economy indicates that non-profit organizations engaged in arts and cultural activities generated approximately \$285.0 million in revenue in 2014. Additionally, in 2014 the Minneapolis metro area featured the 6th highest score in the nation for creative sector employment and revenues.

Non-profit arts and cultural organizations, libraries and public broadcasting in Minneapolis and throughout the state receive funding support from federal funding sources. The National Endowments for the Arts and Humanities (NEA & NEH), the Corporation for Public Broadcasting (CPB) and the Institute of Museum and Library Services (IMLS) collectively awarded approximately \$1,595,000 to Minneapolis nonprofits in 2016. These nonprofit organizations are usually small and therefore a larger portion of their budgets are supported through federal funds which also provide opportunities to leverage more resources.

Recommendation: The City of Minneapolis recommends that Congress and the Administration:

- recognize the important economic and social benefits provided to local communities through federal support of arts and cultural programming
- continue funding for the National Endowments for the Arts and Humanities, the Institute for Museum and Library Services and the Corporation for Public Broadcasting
- oppose cuts to the National Endowment for the Arts and Humanities in FY 2018 and future appropriations legislation

Federal Role in Affordable and Workforce Housing

Federal funding and tax expenditures play a critical role in aiding states and local governments in their efforts to maintain and increase affordable and workforce housing. As such, maintaining and increasing current funding levels, as well as expansion of tax expenditures to support affordable and workforce housing, ensures households' access to affordable rental and owner-occupied housing. This access then contributes to the economic vitality of the state and nation. Housing, especially affordable housing, should be viewed as key infrastructure necessary for economic development and regional prosperity.

Attention on affordable housing is especially critical when considered in light of the local, state, and federal government's role in creating the current disparities between white residents and people of color. Redlining, racially restrictive covenants, and other discriminatory housing practices were employed in recent history and result in disparities today. A 2016 University of Minnesota Center for Urban and Regional Affairs study shows that in 2014, a typical black household could not live in Minneapolis without being cost-burdened. Communities with concentrations of poverty face challenges related to public safety, disinvestment, and education quality. New housing can have a revitalizing effect in these communities, and can be designed to attract a healthy mix of households of various means.

The City of Minneapolis, like many cities across the nation, faces an affordable housing crisis. The City has fewer units affordable to low income households than it did 20 years ago. The current development of new affordable housing is not keeping pace with the loss of affordable housing, especially with housing costs rising faster than incomes for low and moderate- income families and individuals. The Low- Income Housing Tax Credit (LIHTC) is the single most effective and important tool for producing and preserving affordable housing.

The 2017 Tax Cuts and Jobs Act (TCJA) included major reform to the federal income tax code. Changes to the LIHTC were not included in the TCJA, however, the anticipation and ultimate passage of tax reform has and may continue to impact the overall benefit of the credit. Additionally, though the elimination of tax exempt private activity bonds was contemplated in the discussions leading to passage of the TCJA, no changes to private activity bonds were ultimately approved. Further, the TCJA did make a host of changes to brackets, rates, and deductions in the individual income tax code, including capping the mortgage interest deduction at \$750,000 of mortgage debt.

The federal public housing program has not added a new unit since the mid-1990s. In fact, during that timeframe, the supply of the nation's public housing dropped by approximately 250,000 units. Another 60,000 units have been converted to Section 8 units. A 2010 study by the US Department of Housing and Urban Development estimated that the unmet rehabilitation needs of the existing public housing totaled \$26.0 billion. The Minneapolis Public Housing Authority (PHA) estimates that it has a deferred capital need of \$127.0 million but the PHA receives only \$10.0 million in federal funds for capital projects.

The President's proposed budget eliminates the Community Development Block Grant (CDBG) program along with HOME Investment Partnerships and the Choice Neighborhoods program. These programs are vital at assisting local communities leverage significant public and private investments in the creation and preservation of quality affordable housing.

The Emergency Solutions Grants (ESG) and the Continuum of Care grants have been a major source of funding for housing and services for the homeless. The President's budget reduces funding to both programs but the House and Senate Appropriation Committees have recommended funding equal to or greater than the programs' 2017 funding level. Federal homeless prevention funding has been used to implement local efforts to eliminate homelessness.

Since the passage of the Fair Housing Act in 1968, the federal government has been obligated along with local governments to foster inclusive, diverse communities. The Affirmatively Furthering Fair Housing Rule (AFFH), released in 2015, is helping the region develop better strategies to address barriers to housing opportunity and promote fair housing choice.

Recommendation: The City of Minneapolis recommends that Congress:

- protect and enhance federal tax code provisions related to Low Income Housing Tax Credits and tax-exempt bonds protect and enhance federal tax code provisions, including expanding housing credit authority and increasing flexibility in the program to help make more projects financially feasible
- provide increased funding for public housing capital improvements and the development of new public housing units.
- preserve, extend and enforce AFFH guidance provided by HUD to ensure local leaders are able to deliver tailored, cost-effective planning and investment solutions to provide maximal housing choice
- provide resources to sustain and improve existing public housing units
- maintain and increase resources for rental assistance programs
- ensure continued Federal Housing Finance Agency funding to the National Housing Trust Fund to be provided directly to local jurisdictions to build and preserve affordable housing for people with the lowest incomes
- fund programs that make home ownership available and affordable to all eligible households
- support additional federal tax code changes including changing the mortgage interest tax deduction, in whole or in part, to a tax credit so that the code changes are structured to support first time and moderate-income household homeownership
- support legislation that provides a tax credit or federal funding to preserve naturally occurring, affordable housing

Community Development Programs

The President's budget recommends the elimination of funding for the Community Development Block Grant (CDBG) and the HOME Investment Partnership program as well as reducing funding for the Emergency Shelter and Housing for Person with Aids programs. The elimination of these programs would result in the City losing approximately \$11.0 million annually for housing and neighborhood development programs. The CDBG funds are also used for job training and business development programs which primarily serve low and moderate income persons and households.

Recommendation: The City of Minneapolis Recommends that Congress:

- preserve and increase funding for the Community Development Block Grant Program and the federal HOME program, which are catalysts for creating more affordable housing
- preserve and increase funding for homeless housing assistance grants, including the Competitive Continuum of Care program and Emergency Solutions Grant block grant program, which fund proven interventions like cost-effective permanent supportive housing, emergency shelter, and rapid rehousing programs for persons experiencing homelessness, as well as cost-efficient homelessness prevention services

Infrastructure Package

The Administration has indicated that they will propose legislation that spurs \$1 trillion worth of public and private infrastructure investment sometime in 2018. In addition to roads and bridges and transit, broadband networks, locks and dams, transmission infrastructure, hospitals run by the Department of Veterans Affairs and schools could be included. Many business leaders and trade associations have encouraged Congress to raise the gas tax and continue advancing vehicle-miles traveled fee as a long-term replacement to the gas tax. Similarly, there is widespread support of an infrastructure bank and a proposal allowing the Treasury Department to issue 30-year bonds for highway and transit infrastructure rehab projects that would be paid for by indexing gasoline and diesel taxes to inflation. These investments are especially important because the City of Minneapolis has consistently seen that transportation and infrastructure funding create abundant private investments that, in turn, support future projects.

While supporting a large infrastructure investment, the Administration has proposed in the most recent budget (FY 2019) a phasing-out of the transit capital improvement grant and elimination of the TIGER/BUILD program. A similar proposal was included in the Administration's FY 2018 budget. The Congress has rejected the budget proposal and has funded both programs. However, the Federal Transit Administration (FTA) has been slow in approving transit capital projects, and has stated that it intends to approve only projects that have a full funding agreement and not projects that qualify for an agreement but one has not yet been formalized. The FTA position could impact the Orange Line and expansions to the Blue and Green Lines. In reaction to the FTA's position, there could be language inserted in the 2018 appropriation bill requiring the FTA to approve pending full funding agreements and fund them.

Beyond funding infrastructure, a new package should reflect policy direction that will most likely affect the outcome of investment in cities. To ensure that projects are equitable and successful, decision making processes should be shifted to include the communities they impact. An infrastructure package should prioritize the human aspect of broad investment, recognizing that infrastructure contributes to quality of life for all people and communities.

The Infrastructure Package must recognize that neighborhoods must not be bisected by infrastructure improvements as has occurred to numerous low income and communities of color during the construction of urban freeways. The US Department of Transportation, as part of the infrastructure program, should include funding to assist communities impacted by these historical harms to reconnect.

While suggesting an infrastructure package, the Administration has proposed in its FY 2018 and FY 2019

Recommendation: The City of Minneapolis recommends that Congress:

- recognize the critical role federal funding plays in attracting private investment, and that robust federal investment must be included in any infrastructure package
- support sustainable public funding mechanisms for transportation infrastructure that includes recurring funding sources for critical projects, invests in the backlog of basic maintenance, and adds to the basic 'user fee' and fuel tax funding structure through competitive funding opportunities, congestion pricing, and public / private partnerships.
- base infrastructure funding criteria in the metropolitan area on performance measures that deliver broad community benefits including economy, environmental justice, racial equity, access to jobs, safety and reduction of greenhouse gases
- recognize the importance of well-maintained roads and bridges to effectively move goods and services, and provide for these maintenance needs in infrastructure spending
- bring project decisions and control closer to the taxpayer by making direct aid agreements available for infrastructure projects in large cities
- maintain and increase funding for transit capital investments projects that have or are eligible for a full funding agreement for New or Small Start grants and operations, or the TIGER Discretionary Grant program
- develop new and strengthen existing safe transportation systems policies, adopting national goals on eliminating fatalities on the nation's roadways and supporting programs for vulnerable roadway users

- provide funding and expertise to facilitate connecting neighborhoods divided by freeway construction
- include wastewater and water treatment plants as a priority for national infrastructure policy

American Community Survey and the 2020 Census

The U.S. Census Bureau annually conducts the American Community Survey (ACS), a nationwide survey that asks approximately 3 million persons questions related to household composition, employment, transportation patterns and income. The City of Minneapolis uses the data to develop housing, public health, and development programs, along with a number of resident outreach tasks. The ACS provides the only source of high-quality, detailed socioeconomic information that is comparable across time and geography, allowing the city to analyze current trends and community needs to plan accordingly.

In recent years there have been attempts to discontinue the survey by eliminating the funding or making it voluntary. The proposed changes have not been accepted and the survey has been funded at the requested level. Many national and local business groups, including the U.S. Chamber of Commerce and the Minneapolis Regional Chamber of Commerce and the Minneapolis Downtown Council, have been vocal in their support and have urged Congress to keep participation in the survey mandatory.

Additionally, the 2020 Census is rapidly approaching. The Census is a critical for resource allocation at all levels of government and across all sectors of civic and economic life and is required for the reapportionment of the US House of Representatives and state legislatures. Over \$400 billion in federal funds are distributed to state and local jurisdictions each year based on census data. To conduct an efficient and accurate Census, the US Census Bureau must thoroughly test new technologies, collection procedures, public messaging, and partnerships to encourage participation and address Census response concerns, particularly by communities of color, recent immigrants, and members of the LGBT community. A question related to citizenship could reduce participation in the census and result in not achieving the Census' goal of a fair and complete count. The 2020 Census should also include a question allowing individuals to self-identify with respect to LBGT status.

Congress has not met the growing funding needs of the US Census Bureau in recent years, leading the Government Accountability Office to recently identify the 2020 Census as a "High Risk" operation. The Census Bureau has had to delay or curtail testing and other crucial programs.

Recommendation: The City of Minneapolis recommends that Congress:

- continue the American Community Survey with mandatory participation requirements
- adequately fund the 2020 Census to ensure a complete and accurate count of the nation's population
- oppose the inclusion of the citizenship question on the 2020 US Census
- include a question allowing individuals to self-identify with respect to LGBT status

Energy and Environment Policy and Funding

The Administration has outlined its plan to rearrange domestic energy and environmental priorities. The focus will be on deregulation or renegotiating previous industry agreements such as the Corporate Average Fuel Economy (CAFÉ) standards, rescinding many of the restrictions imposed on coal production and power, and moving away from the Clean Power Plan. The Administration also aims to open up federal lands to oil and gas drilling and coal mining. As a part of President Trump's proposed budget, the Environmental Protection Agency (EPA) would see a 31% reduction in its budget which will reduce the technical assistance made available to localities to meet federal mandates. The proposed budget also calls for the elimination of more than 50 EPA programs such as Energy Star.

It is not clear what effect the Administration priorities will have on a major driver of U.S. renewable energy development. In 2015, Congress passed a five-year extension of renewable energy tax credits for wind and solar. At this time, there is no indication that either the Administration or Congress will seek a repeal of the tax credits. Additionally, a list of infrastructure priorities compiled by the Administration includes provisions for transmission expansion, wind and energy storage, among other power sector projects.

In June 2013, Minneapolis adopted a Climate Action Plan. The plan is a "roadmap" for the city to reduce its

greenhouse gas emissions, energy use and waste generation. The plan includes goals to reduce greenhouse gas and strategies to achieve the goals. The City of Minneapolis stands with other cities and states across the United States and the world in the fight against global warming. The City opposes the President's decision to withdraw from the Paris Climate Accord and affirms our commitment to the Accord's aims of preventing the increase of global temperatures, increasing ability to adapt to the adverse impacts of climate change, fostering climate resilience, and promoting low greenhouse gas emissions.

The economic returns on environmental investments have been enormous and studies have shown that the benefits regulations bring to the economy far outweigh the costs. For example, the federal Office of Management and Budget estimates that every dollar spent on reducing fine particulates in the air returns \$30 in lower health care costs, fewer lost workdays, fewer asthma cases, fewer heart attacks and strokes, and fewer premature deaths.

Recommendation: The City of Minneapolis recommends that Congress and the Administration:

- honor the Paris Climate Accord
- support federal programs and standards that address clean water, healthy air, healthy housing (lead, asthma prevention and reduction), reduced energy consumption and the benefits they provide to the economy
- invest in the development of clean energy sources and related infrastructure including transportation systems
- support the EPA as a vital agency that should remain intact and can function to oversee the nation's water and air policy, environmental reviews of all major infrastructure and aviation projects and continued oversight of brownfields and superfund projects
- support funding for the critically important scientific research conducted by and for the federal government and oppose efforts to silence or remove research from the public realm
- support funding for the study and prevention of the spread of Invasive Carp and other invasive species
- oppose the elimination of funding for the Weatherization Assistance Program and Low- Income Home Energy Assistance Program, which protect the vulnerable from the extreme Minnesota climate
- adopt a plan to combat antibiotic resistant bacteria, fund its implementation and enact legislation that limits the use of antibiotics in agricultural animals
- oppose repeal of the Waters of the United States rule which represents years of stakeholder input and scientific research to protect progress for safe drinking water in the Midwest
- support funding for the study and prevention of the proliferation of endocrine disrupters

2018 Farm Bill

The Farm Bill provides essential supports for food security and local food systems for residents, small businesses, and economies throughout Minnesota. Federal nutrition programs in the Farm Bill such as the Supplemental Nutrition Assistance Program (SNAP) and The Emergency Food Assistance Program (TEFAP) are critical resources for low-income residents to improve their access to nutritious food. More than 160,000 individuals in Hennepin County, including more than 70,000 children, were enrolled in SNAP in 2016. More than 60% of students in Minneapolis Public Schools received free or reduced- price meals in 2016. Statewide, more than 645,000 Minnesotans with low incomes received almost \$603 million in federal SNAP benefits to buy food some time during federal fiscal year 2016. Minnesotans made more than 3.3 million visits to food shelves during 2016.

Additionally, the Farm Bill has also provided important support to small farms and food producers in Minneapolis by bringing millions of dollars in critical support to the development and analysis of local food systems and food entrepreneurship in the City.

Unconscionably, the President's proposed budget proposes to cut SNAP by over 25%.

Recommendation: The City of Minneapolis recommends that:

- preserve Farm bill funding for critical programs like SNAP and TEFAP
- maintain support of local food research, production, farm to school programs, and for incentives related to urban agriculture and food retail in under-resourced communities

Air Traffic Safety and Noise Concerns

The City of Minneapolis, having thousands of residents living in close proximity to Minneapolis-St. Paul International Airport (MSP), has been and continues to be concerned about the impact of aircraft noise on the city's residential neighborhoods. The City has been engaged with the Metropolitan Airports Commission (MAC) and the Federal Aviation Administration (FAA) in noise issues and the effect of the implementation of new technologies on noise.

Recommendation: The City of Minneapolis recommends that Congress and the Administration:

- encourage the FAA to work with the local governments adjacent to airports to provide accurate information regarding aircraft noise and develop programs and procedures to prevent, reduce and mitigate noise over residential neighborhoods
- provide funding to maintain a high level of air traffic safety including new technologies such as Next Gen and that ensure that there is an adequate complement of air traffic control personnel
- support efforts by the FAA and Congress to develop, and maintain a robust community engagement process, in addition to or outside of the traditional National Environmental Protection Act process
- eliminate legislated and regulatory categorical exclusions for Performance Based Navigation
- oppose privatization of the Federal Aviation Administration's Air Traffic Organization (ATO). Privatization diminishes the ability of airport-adjacent communities to engage and collaborate with the entity that has jurisdiction over air traffic and noise impacts on communities
- lower the 65 decibel Day-Night Average Sound Level (DNL) standard to 55 decibel DNL as supported by the House Quiet Skies caucus
- provide additional federal resources to study noise and health impacts from airport operations

Department of Homeland Security: Urban Areas Security Initiative (UASI)

The Department of Homeland Security's Urban Area Security Initiative (UASI) grants, created after 9/11, offer funding to local governments to prevent, protect against, mitigate, respond to, and recover from acts of terrorism. UASI grants play an integral role in addressing the implementation of the preparedness system in Minneapolis and the region responsive to federal priorities around terrorism prevention, protection, response and recovery planning. The program supports the building, sustainment, and delivery of core capabilities essential to achieving the National Preparedness Goal.

Recommendation: The City of Minneapolis recommends that Congress:

- ensure the protection of our nation's citizens from acts of terrorism, by increasing the funding of UASI grants which are critical for building and sustaining preparedness in urban areas
- oppose efforts to implement a local cost share for these important grants

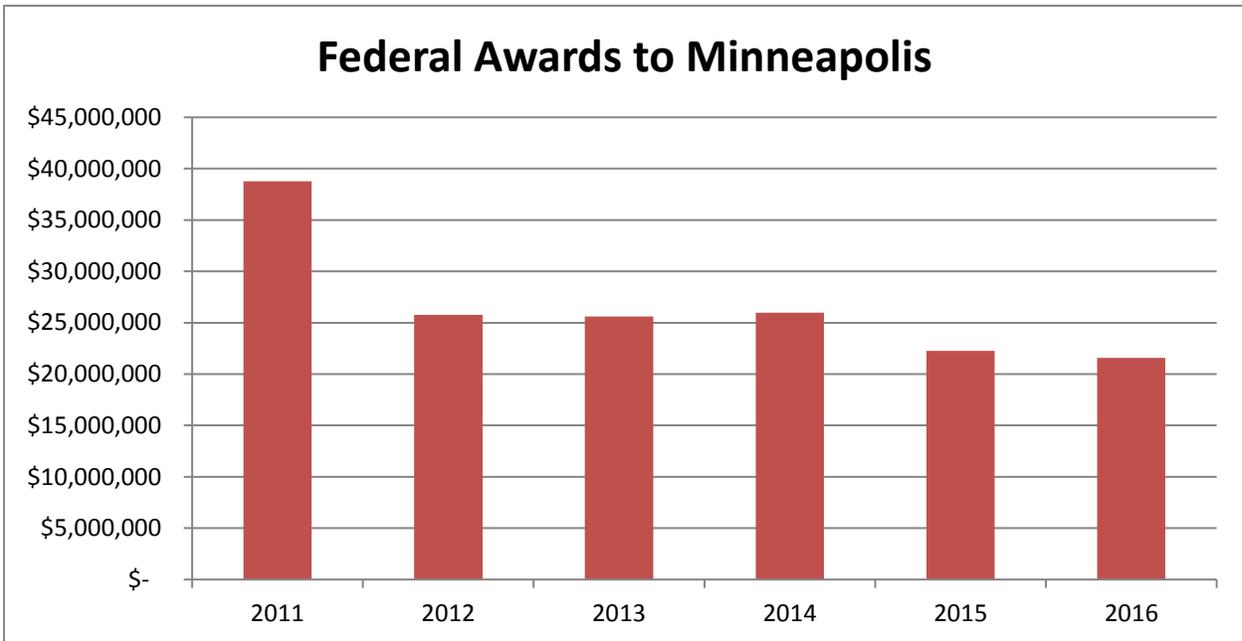
Federal Support and the City of Minneapolis: Grants, Aid, and Taxes

Appropriations

The City of Minneapolis receives federal grants and tax expenditures to support housing, public safety, public health, environment, youth violence prevention, workforce development, emergency management, economic development and public infrastructure. Examples of federally funded initiatives and projects include, but are not limited to, housing, police body-cameras, research-supported outreach to high-risk youth and their families, and investments in maternal, infant and early childhood home visiting programs.

While there was a brief increase in revenue from the federal government due to the Recovery Act of 2009, federal non-defense discretionary spending, which roughly only accounts to 13 percent of the federal budget, has been in decline as Congress turned its attention to issues such as deficit reduction, tax reform, and health care. Under the current caps on discretionary spending instituted under the 2011 Budget Reconciliation Act, federal

nondefense investment in infrastructure, education and training, and research and development soon will be smaller relative to Gross Domestic Product than at any time in at least 50 years. As a result, federal grants and aids to local governments has declined. The following table displays the amount of feral grants received by the City of Minneapolis from 2011.



Uncertainty within the annual appropriations is expected to continue and given the high level of partisanship, varying viewpoints on spending, and the President’s funding promises from the campaign, the annual appropriations process is not expected to get any smoother. The Budget Control Act of 2011 was intended to govern discretionary spending for ten years to eliminate contentious yearly spending debates, but Congress has voted to raise the caps three times in the first five years of the law and the President’s FY 2018 budget ignored the caps outlined in the Act. Defense hawks want to raise the defense caps but not the non-defense caps. Many members of Congress have not opposed raising the defense caps, but will not sign onto any defense increase without equal raises for nondefense spending.

Revenue: General Fund

The President’s initial budget proposed an increase in defense spending and a reduction in nondefense discretionary spending. Entitlements, such as Medicare and Medicaid, continue to be targets of several members of Congress and reductions in Medicaid have been proposed as part of the health care legislation.

Tax Reform: Tax Cuts and Jobs Act

Although it was widely perceived as unlikely due to the difficulty of passing significant tax reform for a variety of reasons, at the end of 2017, the Congress passed a sweeping tax package, The Tax Cuts and Jobs Act (TCJA), which made more changes to the federal income and corporate tax system since 1986. Some of these changes included cutting the corporate income tax rate to 21 percent, and changing the individual income tax base and structure.

Some changes to the individual income tax system include lowering the rates and changing the income tax brackets, increasing the standard deduction but eliminating the personal exemption and a number of other deductions, placing a limit on the deductibility of mortgage interest to the first \$750,000 in value, and limiting the state and local tax deduction to a combined \$10,000 for income, sales, and property taxes.

The effect of tax reform on the cost (interest rate) of municipal bonds has been a concern of state and local governments. At a time when aging infrastructure is in desperate need of repair, capital interest costs associated with financing public works infrastructure improvements could have a negative result. In Minneapolis alone its

five-year (2017-2021) capital plan includes 196 projects with planned tax- exempt bond issues totaling \$241 million. Additional tax- exempt revenue bonds are planned to be issued to fund upcoming water system improvements. Tax-exempt financing, coupled with other financing tools and sources of funds, is vital to state and local governments to eliminate the funding gap for the massive infrastructure capital needs. Although there was some discussion of changing tax treatment related to municipal bonds and private activity bonds, no changes were made as part of the TCJA.

Another area of concern for Minneapolis residents is the proposed end of the state and local tax (SALT) deduction. State and local taxes have been deductible since the inception of the federal income tax in 1913 and it results in an indirect federal subsidy to state and local governments by decreasing the net cost of nonfederal taxes to those who pay them. As a result, although the SALT deduction limitations were passed as part of the TJCA, the City of Minneapolis opposed efforts to end the deduction.

The short and long- term impacts of the Act may vary and are uncertain, both from an economic impact perspective and as it relates to impacting individual taxpayers and households.

Recommendation: The City of Minneapolis recommends that Congress and the Administration

- to review the impacts of the TJCA, particular as it relates to low and moderate- income taxpayers, and consider changes to mitigate any harm done in the near and -long term.
- to ensure that the long- term impacts of the TJCA do not create significant budgetary issues in the long term and do not impact the stability of the economy.

Opportunity Zones

Opportunity Zones is a new community development program established by Congress in the Tax Cuts and Jobs Act (TCJA) of 2017 to encourage long-term investments in low-income urban and rural communities nationwide. The Opportunity Zones program provides a tax incentive for investors to re-invest their unrealized capital gains into Opportunity Funds that are dedicated to investing into Opportunity Zones as designated by the chief executives of every state and territory in the United States. The tax incentive is available for up to ten years.

As the United States Treasury Department is expected to release rules and regulations related to the implementation, there are many unknowns about the impact the Act will have on communities across the state. It is anticipated that the Act may be a useful tool in spurring development in low-income communities and could help with business development and jobs; there are also questions about what impact the Act will have on the residents that live and businesses that operate, in these communities today. For example, while development may have positive impacts such as increasing tax base or job opportunities, robust development could have unintended consequences such as displacement of current residents and businesses.

The City of Minneapolis urges the federal government to seek regular input from communities that are designated as Opportunity Zones regarding how the tool is being used, whether the tool is encouraging new development opportunities, and how community members who live in the Zones are impacted. Community input should such include creation of a local advisory board made up of residents, businesses, and other stakeholders located in the designated census tracts. The Federal Government should seek input from local communities throughout the implementation of the rules and regulations and consider necessary amendments and adjustments as needed in response to potential questions or concerns raised by the communities whose residents, workers, and businesses will be experiencing the changes that ensue in the Zones.

As Opportunity Zone development could potentially have a generational impact on the City, the City of Minneapolis urges the federal government to ensure local units of government have the local tools needed to connect these new investments with local initiatives and strategies, such as local anti-displacement work and efforts that “do no harm” to existing residents and businesses. The federal government should consider bolstering and aligning community development resources to stimulate investment in Opportunity Zones and should adopt rules and regulations that ensure that local residents, workers, and businesses benefit from the investments. The federal government should also set performance measures and reporting requirements around living wage jobs created, and affordable housing units added in the Zones to evaluate the program’s success and future design.

Specifically, building on the measures outlined in the TJCA— related to job creation, poverty reduction, and new business starts—we recommend the following measures: living wage jobs created, the number of dedicated affordable housing units created or preserved (60 percent of AMI or less), investments in minority/disadvantaged/women-owned businesses, vacant structure repurposing, and critical services available to vulnerable populations

Recommendation: The City of Minneapolis recommends that the federal government

- seek input for the rules and on-going input from communities that are designated as Opportunity Zones regarding how the tool is being used, whether the tool is encouraging new development opportunities, and how community members who live in the Zones are impacted. Based on community input, program change should be developed and implemented
- establish performance measures that include: living wage jobs created, the number of dedicated affordable housing units created or preserved (60 percent of AMI or less), investments in minority/disadvantaged/women-owned businesses, vacant structure repurposing, and critical services available to vulnerable populations

Revenue: National Highway Trust Fund

In late 2015, Congress passed the Fixing America’s Surface Transportation (FAST) Act, which authorized Federal highway, highway safety, transit and rail programs for five years from Federal fiscal years 2016 through 2020. This was the first time since the SAFETEA-LU Act in 2005 that Congress was able to pass a long-term, five year bill. The FAST Act authorized \$305 billion from both the Highway Trust Fund (HTF) and the General Fund (GF). It provides \$225 billion in Highway Trust Fund contract authority over five years for the Federal-aid Highway Program, increasing funding from \$41 billion in 2015 to \$47 billion in 2020. The FAST Act provided a moderate increase in funding compared to MAP-21 due to \$70 billion in GF transfers to the HTF.

The FAST Act includes \$95 million for the new Surface Transportation System Funding Alternatives (STSFA) grant program to States for testing alternative long-term sustainable funding mechanisms, including vehicle-miles traveled. The Minnesota Department of Transportation was announced as an award recipient of the first round of pilot grants in 2016.

Revenue: Sales Tax on Internet Sales

On June 21, 2018, the United States Supreme Court released an opinion that opened the door for states to require online retailers to collect and remit state sales taxes even if they do not maintain a physical presence in the state. The state of South Dakota had asked for a ruling on the matter after filing suit against Wayfair, Inc. for its failure to collect state taxes under a state act that required them to do so. Wayfair and other respondents contended that under the physical presence standard previously established by the Court, the South Dakota act was unconstitutional.

In a close 5-4 ruling, the Court overruled previous decisions and said that due to the changing modern marketplace in which more and more commerce is done online, the physical presence rule “becomes further removed from economic reality and results in significant revenue losses to the States.” It estimated that because of the rule states are losing between \$8 and \$33 billion annually. In Minnesota, initial estimates show that the change could increase annual revenues to the state by \$150 million.

Prior to Wayfair, for many years Minnesota has participated in the Streamlined Sales and Use Tax Project, which includes 23 other states. The Project aims to streamline state sales and use tax laws through standardized laws and definitions to simplify sales tax treatment over jurisdictional lines to reduce the challenge and burden of administering taxes for sellers. Following Wayfair, the Minnesota Department of Revenue announced it would begin enforcement on October 1, 2018. Other states have already begun collection, or are anticipated to in the future. The Streamlined Sales and Use Tax Project has indicated they will continue to work to ensure that implementation of the Wayfair decision is fair, efficient, and administrable.

Prior to Wayfair, at the federal level there have been many competing bills regarding the tax of internet sales,

including the Remote Transactions Parity Act (H.R. 2775), the No Regulation Without Representation Act (H.R. 5893), and the Online Sales Simplification Act (discussion draft).

More recently, Senators Mike Enzi (R-WY), Dick Durbin (D-IL), Lamar Alexander (R-TN) and Heidi Heitkamp (D-ND) introduced the Marketplace Fairness Act of 2017, which would give states the right to collect the sales and use taxes they are owed from out-of-state businesses or online retailers. While there are still unknowns as to the impacts of Wayfair through its implementation as it relates to how different states (part of SSUTP or otherwise) will move forward, the Congress could also still pass legislation related to Wayfair, such as preempting state action.

Recommendation: The City of Minneapolis recommends that Congress:

- adopt annual appropriations through the Congressional appropriations committee process including public hearings rather than Continuing Resolutions to reduce uncertainty about future budget policy
- boost economic growth and assist state and local government to address their needs by lifting caps on nondefense discretionary spending
- fund programs to local governments at a level that provides resources to accomplish the program's goal
- protect tax-exempt municipal bonds as they have been the most important source of infrastructure projects in the United States
- revise the federal tax code to continue expenditures that assist in developing and rehabilitating affordable housing, preserving and reusing historic structures, and stimulating economic development in distressed areas
- let states respond to the Wayfair decision in ways that best suit them locally, as opposed to enacting a federal preemption in this area

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