

# Washington

## Watch Federal Experts Advise Counties to Keep Up Advocacy As Congress Considers Next COVID-19 Relief Package

By Amy Ward Kirschbaum, Strategics Consulting and Lacy Pate, NCACC Public Relations Manager



This April, NCACC's podcast series CountyCast featured Leslie Mozingo and Jim McCleskey, two veterans of the federal legislative political arena, to discuss the impact of the pandemic on North Carolina counties. They provided an overview of recently enacted federal COVID-19 legislation and the importance of advocating for the passage of additional flexible and direct funding for states and local governments, and payroll tax credits for government employers.

Together, Leslie and Jim have close to 60 years of experience in understanding how policy, legislation and politics in Washington, D.C. affect local North Carolina communities including the 100 counties throughout the state. Leslie is the Owner/CEO of Strategics Consulting, a lobbying firm that represents NC local governments on the federal level and serves as NCACC's federal government relations consultant. Jim is the Director of Governor Cooper's Washington, D.C. office and has served other North Carolina governors in the same capacity.

To listen to this episode and others, visit [www.ncacc.org/countycast](http://www.ncacc.org/countycast).

Here are the highlights from Leslie and Jim's CountyCast interview.



Since mid-March, Congress has passed multiple funding packages to address COVID-19 needs. The most recent package, dubbed Phase 3.5, replenished funds for small business grants and loans, and the newly created Paycheck Protection Program (PPP) to keep employees on the payroll during business closures due to COVID-19. The 3.5 package also provided additional funds for hospitals and testing.

The largest of the COVID funding packages - the Coronavirus Aid, Relief and Economic

Security (CARES) Act - was signed into law on March 27, 2020. The sweeping, \$2.2 trillion supplemental relief bill included approximately \$4 billion for North Carolina to respond to COVID-19. The CARES Act also established the Coronavirus Relief Fund (CRF), which provided direct assistance to local governments with a population of 500,000 or greater, including Guilford, Mecklenburg, and Wake counties, and the City of Charlotte. CRF funds are highly restrictive and limited to direct COVID-related expenditures that were not budgeted for previously.

At the time of writing this article, Congress has not authorized new funds, or the use of existing funds appropriated through the CARES Act, to cover lost revenue due to COVID-19. Jim McCleskey discussed the impact of lost revenue and the limits of the CARES Act. "That is a significant restriction. In discussions with our federal congressional delegation, I have characterized the [CARES Act] funding as water that is in buckets that we can't drink. There will be significant needs statewide because of our success in bending the curve. All our counties are experiencing significant drop-offs in revenue due to the requirements of social distancing," he said.

"We also anticipate income tax impacts as we move along - we are facing a short-term

revenue delay since the tax filing deadline was extended from April to July. That puts us into a new fiscal year. So, revenue replacement is key. Now that it's not an eligible use of funds, it will likely affect how the state is able to make funds available in a way that makes the most sense for our counties and local partners," McCleskey explained.

Smaller counties and cities must appeal to the state to address their many unbudgeted needs that are COVID-related, but without the flexibility clause, Mozingo said it is far more difficult. Mozingo shared her perspective on Congress' intent and advised counties on how to effectively communicate their needs to North Carolina members of Congress. "The theory in Congress was that smaller communities [those below the 500,000-population threshold] need to go back to the state and apply. The remaining 45% [of CRF funding] needs to make its way down to smaller communities to address unbudgeted needs that are COVID-related."

"You [NCACC] did a great job making it known that we need direct assistance for counties under [the population] threshold. NCACC has been proactive in making it known that all counties need support. Counties have to balance budgets, so they have to consider cuts without having this revenue replacement mechanism in place. These are all things that need to be communicated strongly to the Congressional delegation," Mozingo advised.

Mozingo also stressed the importance of data capture - studying and processing the impacts and costs as best as possible and detailing all the numbers. "It is absolutely critical to keep records. Keep detailed records of the impacts of the pandemic on your community and costs. The best way to communicate is to have that data and get that information to congressional offices so they know just how badly it [assistance] is

needed," Mozingo explained. McCleskey agreed, "I appreciate you [Leslie] hitting on that. Data is part of telling that story to paint the picture in a compelling way," he said.

McCleskey echoed Mozingo's point about the importance of tracking expenditures and "keeping receipts," stating that there will be some uniformity in the way the state will collect and report costs. "The State is standing up a unit [the North Carolina Pandemic Recovery Office] to support tracking costs to collect and report costs from the public sector. OSBM [North Carolina Office of State Budget Management] is setting up this unit to support tracking and the UNC School of Government is engaged in that process. So, I encourage all counties to pay attention to that," McCleskey said.

McCleskey also discussed the state's vision for supporting local governments in COVID-19 response and the importance of engaging the state legislature. "I think there will be the intent by the Governor that there be a broad distribution of funds to help counties with COVID costs. I will say in terms of process, the General Assembly and the leadership made clear they will be exercising their prerogative under the state's constitution and executive budget act to appropriate these federal funds made available to the state [through the CARES Act]."

He said North Carolina and other states are actively advocating for retroactive flexibility to use CARES Act funds for revenue replacement, and he urged counties to get buy-in from the state legislature. "We are a big ten state, so we got a substantial allocation there," McCleskey said. NCACC recently [sent a letter](#), along with the NC League of Municipalities, NC Mayors Association, and NC Metropolitan Mayors Coalition to the Governor and General Assembly leadership, urging them



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to follow CARES Act guidance released by the U.S. Treasury, directing states to distribute 45 percent of the state’s CRF allocation to local governments with populations 500,000 or less “to ensure equitable treatment among local governments of all sizes.” Under N.C. Session Law 2020-4, the North Carolina legislature allocated 4 percent of the CARES Act balance in Section 3.3(2) directly to the 97 counties that did not receive direct funding from the U.S. Treasury. An additional 4 percent is held in reserve, but not yet appropriated, for local governments under Section 2.3, pending federal action to allow CRF monies to be spent flexibly for revenue shortfalls.

McCleskey also reflected on the emerging needs that the state anticipates as North Carolina moves into the next phases of recovery. “With respect to COVID-related expenses, major categories are coming into sharper focus. We are going to need the “three T’s” for reopening our economy – testing, tracing, and trends. The three T’s will help us get a handle on where we really stand. We have to have significant resources available across our state to support testing and tracing in order to detect trends and make decisions in a responsible fashion with this deadly bug. I think it will drive some of the decision making around how resources may spread across the state,” said McCleskey.

On May 15, the U.S. House of Representatives passed a fourth, \$3 trillion coronavirus relief package, the Heroes Act, with nearly \$1 trillion for state, local and tribal governments. The bill was passed along party lines with only one Republican voting for the measure. Senate Majority Leader Mitch McConnell has advocated for waiting to see how the current stimulus spending and reopening efforts proceed

before passing new legislation. Mozingo and McCleskey said they expect Congress to pass a phase four relief package this summer and urged counties to keep up their advocacy efforts.

“Realistically, the timeline for a phase four package is in July and that puts us all up hard against closeout for the end of the fiscal year,” McCleskey shared. He advised counties “to continue to make the case that every minute that’s passing, the hole is getting deeper. Between now and then everyone has to keep on it and not take your eye off the ball. Urgency is the watchword,” he said.

Mozingo said counties need to advocate “every chance you get,” and reach out to key North Carolina influencers. “The State of North Carolina has leaders in key positions particularly former Congressman Mark Meadows who is now the President’s Chief of Staff. He has the president’s ear. He is the one who is in these high-level negotiations with House and Senate leadership and Secretary Mnuchin so he is a very key player. Senator Tillis has done regular town halls and did a special call with NCACC and has been named to the Economic Recovery Task Force,” Mozingo explained.

Mozingo said advocacy efforts by the “Big 7” – the National Governors Association, the National Conference of State Legislatures, The Council of State Governments, the National Association of Counties, the National League of Cities, the U.S. Conference of Mayors and the International City/County Management Association – have helped, but more work is needed.

“The Big 7 did a good job of getting the message out. There has been widespread coverage in news, and everyone was talking about the financial difficulties facing local and state governments. We are getting a lot

closer. As soon as the text of the 3.5 package came out, we saw a commitment from U.S. Treasury Secretary Steven Mnuchin to put state and local government relief in the phase four package and the President was tweeting about his commitment, so I do think the needle has moved,” Mozingo remarked.

When asked what it will take for Congress to pass another package, Mozingo said that there is never a guarantee of what will get passed, or when. “What can you be doing? What will it take? It will take not letting up. Every chance you get, call or email. Whether you’re on teleconferences, tele-town halls, whatever the scenario may be, you’ve got to keep repeating this message of needing help,” she advised. She also recommended placing more emphasis on the payroll tax credit issue.

“The good news is you have opportunity to influence things but I’m concerned that I’m hearing less about the third issue – the removal of the exclusion for payroll tax credits so that local governments would qualify.” Government employers including counties are required to provide emergency leave to employees for COVID-19 related reasons. However, government employers were specifically excluded from the payroll tax credits given to private employers in the third phase, known as the CARES Act. “I encourage you to ramp up the volume on the payroll tax issue,” Mozingo shared.


McCleskey stressed the importance of building bipartisan support. “Republican members in both chambers understand the need for broad federal and flexible support even among fiscal conservatives,” he said. “While no one likes the thought of more borrowing, we are the reserve currency of the world. There is that flexibility at the federal level when we’re in an unprecedented crisis. It is our imperative to reopen and in the



Jim McCleskey, Director of Governor Cooper’s Washington, D.C. office, and Leslie Mozingo, Owner/CEO of Strategics Consulting, address county leaders.



interim we must have federal help to plug the holes, so we don’t throw more fuel on the economic fire,” McCleskey commented.

Looking ahead, Mozingo said that once the immediate COVID-19 crisis passes, Congress will begin the annual appropriations process for Fiscal Year 2021 which will include hundreds of millions of dollars in competitive grants. “I fully expect to see a lot of discretionary grant programs with COVID-19 provisions,” Mozingo said. “As we have seen with other disasters, I anticipate that the distribution of many of these grants will go toward recovery from this national crisis.” 

This article was mostly transcribed from the CountyCast podcast by Amy Ward Kirschbaum, Duke Alumna, whose grandmother is from Brunswick County and whose grandfather hails from Columbus County. Amy is currently a Legislative and Research Assistant for Strategics Consulting.