

## PROPOSED NEW POLICIES FOR THE FEDERAL AGENDA

### Federal Support and the City of Minneapolis

#### Appropriations

The City of Minneapolis has received federal grants and tax expenditures to support housing, public safety, health, environment, emergency management, economic development and public infrastructure. The Camden Bridge, bike trails, affordable housing developments, the emergency operations center, school health clinics, and public safety equipment are examples of federal support for projects and programs. The amount and type of assistance is related to national economic conditions, the annual appropriations process and continuation of tax expenditures such as low income housing tax credits, historic tax credits and tax exempt bonds.

Since 2007 the city's total federal grant amount has been affected by the economy and federal actions.

In 2013 the city received approximately \$35.0 million in federal grants or the same amount as 2007. In response to the "great recession" the President and the Congress agreed to an increase in federal spending through the Recovery Act. From 2009 through 2011, the city's grant amounts increased to \$98.6 million and \$94.9 million in 2010 and 2011 respectively. Since 2011 the Congress in an attempt to reduce the federal deficit has enacted measures to reduce federal spending by adopting annual spending limits until 2021. As a result the city's federal grant amounts have declined to 2007 levels. The following table illustrates the city's federal grant history since 2007.

(chart from Results Minneapolis)

Although Congress has been able to reduce spending it has not been able to resolve policy issues related to the funding. For at least four years Congress has not completed the appropriation process which often includes policy directives to the agencies. In addition the Congress has struggled to reauthorize in a timely manner such legislation as transportation, agriculture (the Farm Bill) and aviation (Federal Aviation Administration). Therefore, the federal government for at least the last three years has operated on continuing resolutions (CRs) which continue the existing appropriation amount unless specified at a different amount for up to the end of the fiscal year.

#### Revenue: General Fund

The revenue raising side of the federal ledger is also under Congressional and Administration review. The President and Congress have proposed changes to most taxes that would modify rates, close loopholes, reduce the number of exemptions/credits and clarify provisions. The House Ways and Means chair has offered a bill that would in his opinion generate economic growth while reducing tax rates and eliminating credits and deductions. Assuming that there will be no tax reform in 2014, the Senate Finance Committee chair has offered a bill that would extend several tax provisions including credits and deductions for two years. It is envisioned that a tax reform bill would be passed by the Senate before the expiration of the extension.

### **Revenue: National Highway Trust Fund**

The lack of new or increases in existing revenue sources could result in the insolvency of the National Highway Trust Fund's (NHTF) Highway Account prior to September 30, 2014. The Mass Transit Account of the NHTF is projected by the U.S. Department of Transportation to have approximately a \$1.0 billion balance by the end of FY2014. The NHTF could have become insolvent earlier except that \$9.0 billion was transferred during the year from the general fund to the NHTF. The NHTF is also a major funding source for many of the programs authorized by the transportation act--Moving Ahead for Progress in the 21<sup>st</sup> Century (MAP-21)--that are utilized by the city and Metropolitan Council.

Approximately 72% of the NHTF comes from the 18-cent federal tax on gasoline and 24.2 cents on diesel motor fuels. The tax was last raised in 1993 and the revenues are not keeping pace with the costs of projects.

To prevent insolvency of the NHTF, the House and Senate have passed short term funding bills. Both bills transfer funds from existing accounts or modify the federal tax code to raise approximately \$10.0 billion. The bill would provide funding through May 2015 and allow the Congress to develop a long term solution while considering the reauthorization of MAP-21.

### **Revenue: Sales tax on Internet Sales**

Several states have adopted legislation that extends its sales tax to internet sales. However, some state courts have overturned the laws. In Illinois and other states, for example, the courts have ruled that the federal government rather than the state have jurisdiction over internet taxation. New York's Supreme Court, however, in 2013 upheld the state's internet sales tax. The U.S. Supreme Court has refused to hear an internet sales tax case.

Federal legislation, the Main Street Fairness Act, has been introduced in 2011 and 2013 to authorize the imposition of sales taxes on internet sales. The Senate in May 2013 passed on a bipartisan basis the Act but it has not been moved in the House. If enacted the sales tax is estimated to increase the revenue from the Minnesota state sales tax by \$400.0 million annually.

**Recommendation:** the City of Minneapolis recommends that Congress:

- adopt annual appropriations rather than Continuing Resolutions and renew its efforts to conduct oversight of the programs under its jurisdiction.
- fund programs to local governments at a level that provides resources to accomplish the program's goal.
- revise the federal tax code to continue expenditures that assist in developing and rehabilitating affordable housing, preserving and reusing historic structures, and stimulate economic development in distressed areas.
- prior to the close of the 2014 session prevent the potential insolvency of the National Highway Trust Fund (NHTF) by transferring revenue to the NHTF.
- adopt as soon as possible a long term funding package for the NHTF that includes an indexed motor fuels tax.
- enact legislation that authorizes states to impose a sales tax on internet retail transactions.

### **Reauthorization of Moving Ahead for Progress in the 21<sup>st</sup> Century (MAP-21)**

The Moving Ahead for Progress in the 21<sup>st</sup> Century Act for MAP-21 is scheduled to expire on September 30, 2014. Both the House and Senate are working on reauthorization bills but revenue sources are inadequate to fund the current or reauthorized MAP-21. It is probable that

the reauthorization bills will not move until the National Highway Trust Fund is made solvent and revenue sources are found to close the revenue/expenditure gap in MAP-21 programs.

To address the pending NHTF insolvency the Senate Finance Committee chair has proposed a stop-gap funding package that includes modifications to several tax provisions and a transportation related fee increase. The proposal would sustain the NHTF until the end of 2014. The House leadership has suggested that the savings from eliminating Saturday mail service be used for the NHTF. Neither proposal has advanced to the respective floor. The NHTF could exhaust its available revenue by August 2014.

To reauthorize MAP-21 at the current program level, Congress will need to close the gap between revenues and expenditures. The Congressional Budget Office estimates that there is an annual revenue shortfall of approximately \$16.0 billion. Much of the gap can be attributed to the lack of growth in the primary revenue source for transportation – NHTF. The NHTF has not been raised since 1993 and is not indexed to inflation. Legislation has been proposed to increase the tax and index but a decision on the tax rate increase will not occur until later in the year if at all. Another proposal offered by House members is to gradually phase out the federal government's role in transportation and provide block grants to the states. Referred to as "devolution" the proposal would reduce the gas tax to 3.8 cents which would be the basis for funding the block grants. It is likely that a bill that includes a revenue increase with some program reductions is possible. For example, the short term Senate funding solution for the NHTF was delayed due to objections raised by minority caucus Senators who argued that the proposed tax change should be offset by program reductions.

In addition to the funding issues, MAP-21 focuses planning and programming with the states. As a result, resources may not be available to address new or rehabilitated projects that are not on the state or federal aid system but carry high volumes of traffic.

**Recommendation:** the City of Minneapolis recommends that Congress:

- enact a six year transportation reauthorization act.
- fund the Act primarily with transportation related taxes and fees that are indexed and rely less on the motor fuels tax as a revenue source.
- provide more program specific funding to local governments for the rehabilitation and construction of bridges and highways that may not be on the federal or state highway system.
- maintain and increase funding for transit capital investment and operations.

### **Federal Role in Affordable and Workforce Housing**

The City of Minneapolis encourages the federal government to maintain and increase current funding levels as well as maintaining and possibly expanding tax expenditures to support 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. Providing households access to affordable rental and owner occupied housing is an important piece to the economic vitality of the state and nation.

**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.
- provide resources to sustain existing public housing units.
- maintain and increase resources for rental assistance programs.
- direct (encourage) the Federal Housing Finance Agency to provide funding to the National Housing Trust Fund and Capital Magnet Fund for low income rental housing.

- ensure that home ownership is available and affordable to all eligible households.
- maintain and enhance federal tax code provisions related to housing tax credits, and tax exempt bonds.
- support federal tax code changes including the mortgage interest tax deduction, in whole or in part, to a tax credit and reducing the maximum home mortgage so that the code changes are structured to assist first time and moderate income households in affording a home and providing funding for the National Housing Trust Fund.

### **Health Care: Affordable Health Care Act**

The City of Minneapolis supports the Affordable Health Care Act (AHCA). The AHCA addressed the need for enhanced public health programs by establishing the Prevention and Public Health Trust Fund. The Trust Fund is intended to support public health initiatives such as programs implemented by the Minneapolis Department of Health and Family Support. The Fund was originally authorized to receive \$18.75 billion from FY 2010 to FY 2022. The FY 2010 funding level was set at \$500.0 million and gradually increasing to \$2.0 billion in FY 2022.

The funding, however, has been reduced and the savings have been used to offset scheduled Medicare cuts and to implement other provisions of the AHCA. Additional reductions resulted from sequestration. Therefore, the Trust Fund resources have been reduced by approximately a third. In the short term, it is anticipated that there will be efforts to further reduce the fund or eliminate it and the AHCA.

**Recommendation:** the City of Minneapolis Recommends that Congress:

- continue the Affordable Health Care Act.
- maintain the Prevention and Health Care Trust Fund at originally authorized funding levels.

### **Telecommunications Policy**

Over the past few sessions years Congress has attempted to revise the communications act that was initially adopted in 1934 and last revised in 1996. In previous Congressional sessions, bills were introduced that would limit local cable franchising by local governments. More recently the concept of Internet “net neutrality” has become the focus of debate among the Federal Communications Commission (FCC), the telecommunications industry, and the Congress. The concept is defined to mean that companies providing Internet service should treat all sources of data equally.

The FCC adopted a rule, the Open Internet Order, in December 2010 that was intended to ensure that high speed internet service providers treat all internet traffic equally and fairly. In January 2014 a federal appeals court affirmed FCC’s authority to govern broadband providers’ treatment of Internet traffic but struck down two rules. One rule barred broadband providers from blocking legal content, applications, and services from the internet. The second rule barred broadband providers from unreasonably discriminating among legal internet traffic.

Since the ruling the FCC has begun a process to develop rules that protect and promote the open internet and are within the legal framework outlined by the courts. The proposed rules and policy questions are open for comment until September 15, 2014. A proposed draft rule could be available in late 2015.

Several legislative proposals have been introduced in both chambers that would limit the FCC’s authority to regulate the internet or to strengthen its authority to regulate it. Several members of Congress note that the internet has flourished without oversight or regulation and Congress

should not get involved. Other members suggest that regulation is needed to ensure equal access and prevent undue industry influence in the internet's operation.

**Recommendation:** the City of Minneapolis recommends that Congress:

- ensure that the internet is open and accessible in a fair and equal manner.
- authorize the FCC to regulate internet service providers so that all internet users can enjoy robust, fast and dynamic internet access.

The city also reaffirms its support that if amendments are made to the federal communications law that they:

- continue to permit local government to facilitate or offer advanced communications services to their citizens through local franchise agreements;
- preserve local authority to manage public safety rights of way for the benefit of everyone;
- reaffirm local government's ability to provide public safety services over the communications system; and
- recognize local roles in promoting universal access to a full range of communications services.

### **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. The Blueprint emphasizes the need for an array of community-based prevention programs, along with increased law enforcement efforts to prevent youth violence in Minneapolis.

The City of Minneapolis supports the following federal legislative initiatives and principles:

1. Designate youth violence as a national priority and a preventable public health issue, and align new and existing resources accordingly.
  - Create a mechanism for effective policy coordination and strategy alignment for youth violence issues with state and local governments, tribes, schools, community groups, faith communities and other supportive entities.
  - Support legislation promoting preventive policies and programs that reduce youth violence, delinquency, and involvement in the criminal justice system through positive preventive measures as opposed to punitive anti-gang legislation.
2. Enhance the capacity and infrastructure for local, state and federal public health administrations to address youth violence as a preventable public health issue.
  - Establish a funding stream or appropriations line item for youth violence prevention programs and activities to an appropriate agency.
  - Direct the determined agency to distribute funds to local and state public health administrations to support youth violence prevention programs and activities such as program development and evaluation, building infrastructure, and technology to improve coordination and monitoring efforts.

### **Energy and Environment Policy and Funding**

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. A similar long-term plan is being developed by Minnesota Legislative Commission on Energy.

The Congress has not adopted a comprehensive energy policy but at the direction of the President, the U.S. Environmental Protection Agency (EPA) has issued proposed rules related to greenhouse gas emissions. The rules could be adopted within the year unless Congress intervenes.

**Recommendation:** the City of Minneapolis recommends that Congress:

- enact climate change legislation that reduces greenhouse gas emissions in 2050 by approximately 80 percent of 1990 levels prior to the United Nations Climate Change Conference in December 2009.
- pass legislation that supports the development of clean energy sources that would decrease reliance on high carbon fuels and related infrastructure including transportation systems.

### **Inclusive Employment Non-Discrimination Act (ENDA)**

The City of Minneapolis has played a 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 protect the right of all citizens to seek employment regardless of sexual preference or gender identity. At the federal level the Senate in November 2013 passed the Employment Non-Discrimination Act (ENDA). The House has not heard the bill and no action is expected prior to adjournment at the end of the year. In July of 2014 the President signed an executive order barring employment discrimination on the basis of sexual orientation or gender identity by federal contractors.

**Recommendation:** the City of Minneapolis recommends that Congress:

- enact a fully inclusive Employee Non-Discrimination Act that includes gender identity protections.

### **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. To date the FAA has partially implemented the new technology but has delayed full implementation.

**Recommendation:** the City of Minneapolis recommends that the FAA:

- work with the local governments adjacent to airports to provide accurate information regarding aircraft noise and propose programs and procedures to mitigate noise over residential neighborhoods.

### **Federal Actions Defining Marriage**

A recent U.S. Supreme Court case (U.S. v. Windsor) ruled that same sex couples married in states where it is legal must receive the same federal health, tax, Social Security and other

benefits that heterosexual couples receive. As a result of the decision married couples in thirteen states including Minnesota are able to receive federal benefits.

As of July 2014, a total of 19 states recognize same sex marriages. In the remaining states, laws banning same sex marriage have been overturned by the courts and appeals are pending.

**Recommendation:** the City of Minneapolis recommends that Congress:

- oppose federal legislation or proposed constitutional amendments that would define marriage as solely between one man and one woman.

### **Invasive Carp Prevention**

During 2011 several federal, state and local agencies under the direction of the Governor worked on a plan to prevent the presence of invasive carp in the Mississippi River and its tributaries in Minnesota. If the invasive carp are able to enter Minnesota's rivers and lakes the state's eco-system and tourism industry could be adversely affected.

The plan developed by the multi-agency work group was presented to the Governor and the state's Congressional delegation in the fall of 2011. The Invasive Carp Action Plan lays strategies and measures necessary to assess the invasive carp threat to Minnesota and to minimize their impacts in Minnesota.

The action plan lays out four areas of work that must be pursued including:

- 1) Early Detection and Response
- 2) Prevention and Deterrence
- 3) Mitigation and Control
- 4) Outreach and Communication

The City of Minneapolis supports the Invasive Carp Action Plan. The city also supports federal legislation granting the authority to the U.S. Army Corps to temporarily close the St. Anthony Falls Lock and Dam and/or Lock and Dam #1 if certain Minnesota DNR established, and continually measured, criteria for the detection of Asian Carp are met (consistent with criteria within the federal legislation granting the closure authority).

In May 2014 the president signed legislation that permanently closed the lock and dam except that the lock could be open for flood control measures. The city also recommended that federal funds be available for costs related to the relocation, redevelopment and restoration made necessary by limiting navigation above the lock and dam.

**Recommendation:** the City of Minneapolis recommends that Congress:

- provide financial assistance to the City with any relocation, redevelopment and restoration costs made necessary by the ending or limiting of navigation above the Upper St. Anthony Falls Lock and Dam.

### **Access to Voting**

New voting restrictions are set to be in place in 22 states before the 2014 midterm elections. Many of the modifications included measures to reduce hours for early voting, require additional documentation for voter registration drives, mandate voter identification to receive a ballot and eliminate same day registration. Some of the laws in states and local jurisdictions were subject to prior approval by the U.S. Justice Department under Section 5 of the Voting Rights Act may

have been blocked from implementation until a review was completed. However in November 2013 the U.S. Supreme Court ruled in *Shelby County v. Holder* that Section 5 was invalid. Soon after the court decision Texas, Alabama, Mississippi and North Carolina either passed or implemented laws that would restrict voting.

The Supreme Court decision and state actions have prompted several members of Congress to introduce legislation to strengthen the Voting Rights Act. Sen. Patrick Leahy, along with nine co-sponsors including Sens. Franken and Klobuchar, is the Senate author (S1945). In the House, Rep. John Conyer is the bill's author (HR3899). The House legislation has 170 co-authors.

**Recommendation:** the City of Minneapolis recommends that Congress:

- adopt legislation to increase voter participation and opposes the implementation of voter identification. The City supports the efforts of the U.S. Department of Justice to monitor state voting law changes to ensure that they are in compliance with the Voting Rights Act.

### **Remittance to Somalia**

Minneapolis is home to the nation's largest population of Somali-Americans. Many Somali-Americans have migrated to Minnesota from Somalia and continue to financially support family and friends still residing in the country. Many of the financial remittances are made by using a system known as Hawalas. Because of their fast network of agents and resources, Hawalas (money service businesses) are able to deliver remittances to Somalia affordably and within a very short period of time. The vast majority of remittances are small amounts of money that are sent to family and friends in Somalia and are used to provide basic needs – food, shelter, clothing and education.

During the last few years financial institutions in the United States have stopped their banking relationships with the Somali-American run Hawalas (MSBs) citing more stringent regulations under the Bank Secrecy Act. Rep. Ellison has introduced legislation (HR4386) that would authorize the Secretary of the Treasury to work with state agencies in reviewing certain remittances. The change is expected to allow financial institutions to continue the remittances. The bill passed the House in May of 2014 and is in the Senate Banking Committee. Sens. Franken and Klobuchar are co-sponsors.

**Recommendation:** the city of Minneapolis recommends that Congress:

- enact legislation that would permit the continuation of remittances by private financial institutions.

### **U.S. Resettlement of Refugees**

In July 2010 the Senate Committee on Foreign Relations issued a report regarding the resettlement of refugees and local communities. The report entitled, "Abandoned upon arrival: Implications for refugees and local communities burdened by a U.S. Resettlement System that is not working," found that the federal government does not work closely with local governments on resettlement; resources for language training are inadequate; already financially strained educational systems are stretched to serve the refugee populations; and there appears to be a one-size fits all approach to the refugee population. The report recommended actions to address the findings.

Since the issuance of the report, the federal government has made changes to the resettlement program. In its annual Proposed Refugee Admissions Plan to Congress in September 2010, the Department of State acknowledged that there are "challenges addressing the needs of

refugees after their arrival in the United States.” To resolve the challenges the White House has led an interagency process to develop solutions which has involved consultations with stakeholders from outside the federal government. Among solutions adopted by the Administration have been several to the Office of Refugee Resettlement (ORR) in the Department of Health and Human Services. The ORR has implemented regular interagency meetings led by National Security staff, more frequent consultations with external stakeholders, the provision to local agencies of more complete information about the refugees before their arrival, and greater attention to health care needs of refugees after their arrival.

Rep. Ellison has introduced legislation (HR651) that attempts to improve the refugee process by providing orientation programs for refugees approved to immigrate to the U.S., requiring coordinated programs among public and private agencies and appropriating funds for refugee settlement programs. The legislation which was introduced in February 2014 has not been heard in committee.

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

- continue its efforts to assist refugees who settle in the United States and increase interaction with local partners including local governments. The federal government should provide assistance that recognizes the various cultures and needs of the refugees.

### **Transparency in Elections**

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 constitution 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.

### **American Community Survey**

The U.S. Census Bureau annually conducts the American Community Survey (ACS). The ACS is a nationwide survey that asks approximately 3.0 million persons questions related to, but not limited to, household composition, employment, transportation patterns and income.

Responding to the survey is mandatory and the Census Bureau follows up with potential respondents to complete the form. Federal law includes a monetary penalty for not completing the form. And the same law classifies the answers as confidential.

The ACS began nationwide in 2005 and is a replacement for the decennial census' long form which requested similar information. The ACS unlike the long form which was used every ten years is an annual survey whose results are published as descriptive narratives, maps and tables. The survey information is used by public entities as well as private businesses. The City of Minneapolis uses the data to develop housing, public health and development programs. ACS information has been used by businesses to assist, for example, in decisions related to investments, facility location, expansion of existing facilities and marketing plans.

In recent years there have been attempts to discontinue the survey by eliminating the funding or make it voluntary. The proposed changes have not been accepted and the survey has been funded at the requested level.

**Recommendation:** the city of Minneapolis recommends that Congress:

- continue the American Community Survey and oppose proposals to make the survey voluntary.

### **Immigration Reform**

In 2013 the United States Senate passed the Border Security, Economic Opportunity and Immigration Modernization Act (S744). Although numerous bills regarding immigration have been introduced in the House of Representatives, no legislation has been brought to the floor of the House for debate and a vote. It is uncertain if the House will act on immigration reform in 2014. Meanwhile, enforcement of U.S. immigration laws continues. Since 2008 approximately 1.8 million people have been deported.

**Recommendation:** the City of Minneapolis recommends that Congress enact immigration reform legislation that:

1. Establishes a "common sense" immigration system for undocumented immigrants. The system should be a roadmap to permanent residency and eventual citizenship for the estimated 11 million undocumented immigrants. The roadmap could include registration, background checks, and knowledge of American civics, the economy and English.
2. Protects the unity and sanctity of the family, including the families of bi-national and same-sex couples, by reducing the family backlogs and keeping spouses, parents and children together
3. Ends the exploitation of U.S. and immigrant workers by providing sufficient, safe, and legal avenues for foreign workers to fill legitimate gaps in our workforce, with full labor rights, protection from discrimination, and a reasonable path to permanency that lifts up wages and working conditions for all workers and their families;
4. Insures smart and accountable enforcement that promotes the safety of our communities;

5. Attracts the best and the brightest investors, innovators, and skilled professionals, including those in science, technology, engineering, and math (STEM) studies, to help strengthen our economy, create jobs, and build a brighter future for all Americans;
6. Builds on the extraordinary success of the Deferred Action for Childhood Arrivals (DACA) program and incorporates DREAMers—those who were brought to the U.S. at a young age and are Americans but for a piece of paper—into the mainstream of life in the United States through a path to citizenship so that America benefits from their scholastic achievements, military service and pursuit of their dreams;
7. Includes a balanced, workable solution for the agriculture industry that ensures agricultural workers have a route to citizenship and employers have the workers and American agriculture continues to lead in our global economy;
8. Strengthens our commitment to providing protection to those fleeing persecution and torture, holding true to our deeply held belief in the freedom to be who you want to be and say what you want to say; and
9. Renews our commitment to citizenship, to ensure all workers pay their fair share of taxes, fully integrate into our way of life and bear the same responsibilities as all Americans and reaffirms our shared belief that the Citizenship Clause of the Constitution is a fundamental freedom that must be preserved.

#### **Foreclosure Prevention: Principal Reduction for Fannie Mae and Freddie Mac Mortgages**

Fannie Mae and Freddie Mac own or insure approximately 60% of the nation's residential mortgages. As a result of the foreclosure crisis, the two agencies and private mortgage firms have been urged by housing advocates and state and local governments to develop policies to assist homeowners to remain in their homes. Among the policies have been mortgage modification programs that include lower monthly payments, forbearance, principal reduction, shared equity and a combination of the programs. A recent court settlement involving mortgage lenders, the states and the federal government will provide refinancing and form of principal reduction to homeowners whose homes are "underwater" – mortgage value exceeds home value. The principal reduction program is available to loans serviced by banks but loans backed by Fannie Mae and Freddie Mac are not eligible for the program.

The Federal Housing Finance Agency (FHFA) despite its own analysis indicating that the program is cost effective has not offered a principal reduction program. The FHFA analysis of a principal reduction program concluded that it would reduce the agencies losses and benefit the homeowner. The former FHFA administrator raised concerns about the principal reduction including administration and costs and that a reduction program could encourage homeowners who are current on their mortgage to default so that they can apply for the debt reduction program. His successor has indicated that Freddie Mac and Fannie Mae should modify its programs to help homeowners but he has not authorized a principal reduction program.

The U.S. Department of Housing and Urban Development and the U.S. Treasury have established a principal reduction program -- Making Homes Affordable -- for homes not financed by Freddie Mac or Fannie Mae. In 2013 the program reported that 1.3 homeowners were assisted.

Several members of Congress including Rep. Ellison have recommended that the FHFA authorize Freddie Mac and Fannie Mae to offer a principal reduction program. They cite the potential savings, community benefit of the program, and available funding from the Treasury.

**Recommendation:** the City of Minneapolis recommends that the FHFA:

- establish a principal reduction program for Fannie Mae and Freddie Mac owned or insured residential mortgages.

### **Federal Minimum Wage**

The federal minimum wage as defined in the Labor Standards Act is \$7.25 per hour or \$15,000 for a full time annual wage. The annual wage is below the poverty guidelines for most households. The limit was last raised in 2009. The minimum wage, however, for workers who receive tips is \$2.13 and was last adjusted in 1991. Neither minimum is indexed. For example, if the minimum wage were adjusted for inflation over the last forty years the minimum wage would be more than \$10.00 per hour. In fact, legislation introduced in the U.S. Senate (Federal Minimum Wage Act of 2013) would increase the minimum wage in three steps so that it would increase to \$10.10 per hour. In subsequent years the minimum wage would be adjusted for inflation.

**Recommendation:** the City of Minneapolis recommends that Congress:

- enact legislation raising and indexing the federal minimum wage for hourly workers to at least \$10.10 and for tipped workers to at least 70% of the hourly minimum wage.

### **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. In Minnesota, the Advocates for Human Rights and the Minnesota Office of Justice Programs of the Minnesota Department of Public Safety estimate that 124 girls were sold on the internet in the month of August 2010 alone, which is a 55% increase since February 2010.

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 TVPA was authorized in 2000 and has been reauthorized four times. The Mann Act makes it a felony to knowingly transport any person in interstate or foreign commerce for prostitution, or for any sexual activity for which a person can be charged with a criminal offense. This law is frequently used as an effective tool to prosecute sex traffickers. The PROTECT Act was enacted in 2003 to combat the sexual exploitation of children. Among other things, the Act requires courts to impose mandatory sentences for sex offenders and makes it a crime to travel abroad to engage in sexual conduct with minors. The Act amends the criminal code to increase supervision of convicted sex offenders for specific felonies. In addition, the Act creates minimum standards and grants for states to expand their Amber Alert system for missing children.

The House in July 2014 passed and sent to the Senate legislation that requires states to be eligible for specific federal grants to have in place reporting systems and programs for children who have been subject to sexual exploitation.

**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.

## Policies That Have Been Accomplished

1. **Healthy Food Financing Initiative.** The city supported amendments to the Farm Bill that would authorize the United States Department of Agriculture (USDA) to work with local governments to increase the availability of locally grown and healthy food to urban areas and to promote food processing and grocery stores in urban areas.

The Farm Bill enacted in 2014 included the healthy food amendment. The USDA has initiated the process to develop the program. A listening session was held in Washington, D.C., in May 2014 by the U.S. Department of Agriculture to gather input from stakeholders. It is anticipated that draft rules should be released within the next few months.

2. **Railroad Safety Zone.** The city supported a change to federal law that permits cities to retain their Quiet Zone ordinances that keep trains from blowing their whistle or appropriate funds to support the purchase of the necessary safety equipment to eliminate the use of train whistle.

The Federal Railroad Administration adopted a final rule in 2006 that established a process for cities to retain pre-1996 Quiet Zones and to propose new zones. A grant program for highway/railroad crossing safety improvements has been authorized by Congress but an appropriation was last approved for FY 2012.

3. **Financing and Credit.** The city supported the adoption of federal policies in regard to the use of personal credit information in opening a checking or savings account or offering employment information.

The Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 (Dodd-Frank Act) included several sections aimed at helping consumers with financial and credit issues. The Consumers Financial Protection Bureau was established to educate and advocate for consumers in financial and credit issues. The Bureau provides information, receives and attempts to resolve consumer complaints and bring civil action against alleged violators of the Act.

4. **Community Radio Act.** The city supported legislation that would allow the establishment of low-power FM (LPFM) radio stations throughout the country. The Community Radio Act was passed by Congress in December 2010. In November 2012, the Federal Communications Commissions (FCC) adopted a rule to implement the Act. As a result of the Act community groups and nonprofits may apply for a license to operate a non-commercial low-power FM radio station.

5. **Invasive Carp Prevention.** City supported legislation to permanently close the Upper St. Anthony Lock and Dam as a barrier to prevent the movement of the carp into the Upper Mississippi River. The city as part of its adopted policy supported federal funding for the redevelopment of sites used for transporting goods and materials by water. The Water Resources Reform and Development Act of 2014 (WRRDA) included authority to close the lock within one year of the passage of the Act (June 2015).

Federal funding for the redevelopment was not included in the legislation (partially accomplished).