

THE NEW ENGLAND COUNCIL

The Weekly Washington Report is organized by NEC committee category for weekly updates on specific issues relevant to our members, plus a report on general activity in Congress

FRIDAY, FEBRUARY 6, 2009

NEXT WEEK IN CONGRESS

With the fate of the economic stimulus bill still up in the air and a self-imposed Feb. 13 deadline looming, all eyes will remain on its progress in the Senate. If the Senate is able to pass the measure later today or over the weekend, getting it through (a likely contentious) conference committee and back through each chamber by next Friday will be a top leadership priority – but a heavy lift. In addition, the House may take up a measure containing a number of public lands bills already approved by the Senate earlier this year. The Senate may begin debate on tying off Fiscal Year 2009 appropriations funding still left over from the 110th Congress.

Congress is scheduled to be out of session the week of Feb. 16 for a President's Day recess, which often serves as a strong motivator to wrap-up outstanding issues by week's end. President Obama has scheduled a prime-time address to Congress (similar to a State of the Union) for Tuesday, February 24.

BUDGET/APPROPRIATIONS

Two weeks ago the swift passage of a bipartisan economic stimulus bill exceeding \$800 billion appeared to be a fait accompli. However, after the House passed a bill last week that was not supported by any Republicans (opposition that included 11 Democrats) and a growing call for modifications in the Senate, the self-imposed Feb. 13 deadline to finish the stimulus bill is in jeopardy.

Amendments approved this week swelled the Senate's stimulus bill to nearly \$940 billion with additions to encourage automobile sales and boost funding for the National Institutes of Health by \$6.5 billion. Strong opposition remains to the legislation, creating a far more chaotic process than was expected. Negotiations on a compromise deal continued late Thursday night and into today on reducing the size of the package to around \$800 billion (the House bill has an \$819 billion price-tag). Many members continue to call for a drastic reduction in the overall price-tag of the measure, the elimination of "non-stimulative" items, and a greater

reliance on business and individual tax relief to get the economy moving. On Thursday, the Senate rejected a full substitute amendment committing \$421 billion to the economy with a stronger reliance on tax relief and aid to the housing market. Senate debate continues this afternoon and perhaps into the weekend in hopes of reaching a vote on final passage which CBO has indicated will create between 2 million – 4 million jobs.

Last fall, Congress and President Bush agreed to a continuing resolution (CR) that included temporary funding for a significant amount of the government. The CR contained short-term funding for 9 of the 12 annual appropriations bills for FY09 (the bills funding the Pentagon, Homeland Security, and the VA system for the entire year were included in the bill) to keep all departments of the government operating through early March. With that deadline creeping up (and only three full legislative weeks left until then) it will be a difficult task for Congress to wrap-up current year funding without another (likely short-term) continuing resolution. Earlier this week, Republican House Appropriations Committee members called on House leaders to release details of the finalized omnibus package. Finalizing funding for the current fiscal year will likely take priority over crafting a Fiscal Year 2010 budget, pushing the announcement of any funding blueprint from the Obama Administration into late March or early April.

FINANCIAL SERVICES

Early next week, the Obama Administration is expected to detail a series of reforms and conditions relating to the second \$350 billion remaining from the initial Troubled Asset Relief Program (TARP) and possibly the need for an entirely new round of TARP funding. This week the President and Treasury Secretary Tim Geithner previewed the larger strategy by announcing restrictions on companies that receive “exceptional assistance” from the TARP program. This includes a \$500,000 limit on salaries for top executives of participating companies and mandates that government assistance be paid back before certain types of compensation are given to senior employees. Next week’s announcement will be critical to stemming Congressional frustration over the perceived misuse of TARP money by participating companies, especially if Congress is asked to commit more money to the program in the coming weeks. President Obama stated, “We all need to take responsibility. And this includes executives at major financial firms who turned to the American people, hat in hand, when they were in trouble, even as they paid themselves customary lavish bonuses. As I said last week, this is the height of irresponsibility...We don’t disparage wealth. We don’t begrudge anybody for achieving success. And we certainly believe that success should be rewarded. But what gets people upset -- and rightfully so -- are executives being rewarded for failure, especially when those rewards are subsidized by U.S. taxpayers.” Two amendments were added to the Senate version of the economic stimulus bill yesterday aimed at limiting executive compensation at TARP-participating companies.

The House Financial Services Committee passed three individual bills by voice vote on Wednesday, the meat of which were contained in a separate housing bill recently passed by the full House. The bills included an attempt to expand and loosen restrictions on the Federal Housing Administration-run Hope for Homeowners Program (H.R. 787), increase for six years the amount the Federal Deposit Insurance Corporation insures in financial institutions from \$100,000 to \$250,000 and raise the FDIC's overall borrowing authority from \$30 billion to \$100 billion (H.R. 786), and provide increased legal protection for mortgage providers that alter terms of their loans (H.R. 788). The \$300 billion Hope for Homeowners Program was expected to help approximately 40,000 by now, but has only closed on modifications of 25 loans.

HEALTH CARE

On Wednesday, President Barack Obama signed H.R. 2 — the Children's Health Insurance Program Reauthorization Act — into law, ending a two-year long process to reauthorize and extend the State Children's Health Insurance Program enacted in 1997. The SCHIP reauthorization provides \$32.8 billion for the addition of an estimated 4 million children whose families earn less than 300 percent of the poverty level to the state-sponsored program. The reauthorization provides children covered under SCHIP with access to dental care and other needed medical services, and gives states an option to enroll legal immigrant pregnant women and children in the Medicaid and SCHIP programs. President Obama referred to Congressional passage of the SCHIP reauthorization as, "a responsibility that has only grown more urgent as our economic crisis has deepened, health care costs have exploded, and millions of working families are unable to afford health insurance." H.R. 2 reauthorizes SCHIP for four and a half years and funds the program with a \$0.62 federal tax on cigarettes and other tobacco products.

ENERGY/ENVIRONMENT

On Tuesday the chair of the Senate Environment and Public Works Committee outlined her goals for "straightforward" legislation on global warming. Senator Barbara Boxer (D-CA) introduced a cap-and-trade bill last summer but interest waned over the balance of the session. This week, she outlined general principles for new legislation, including that it, "ensure a level global playing field... so that countries contribute their fair share to the international effort to combat global warming." The legislation would also encourage state and local entities to, "continue pioneering efforts to address global warming," and aim to set standards, "guided by science," for emission reduction. Revenues from an established carbon market would be used to invest in clean and efficient energy technology, assist with the transition to clean energy, support conservation efforts, and "keep consumers whole" during the transition.

Sen. Boxer wants a new bill approved by the committee by the end of the year to take to international climate talks in Copenhagen, when representatives from nearly 200 countries will meet to discuss an international plan to respond to climate change. Her plan comes in the wake of a new industry study of key legislative proposals from the 100th congress intended to reduce carbon emissions. The study, done by PJM Interconnection, was based on projected carbon prices identified by the U.S. Environmental Protection Agency and the Energy Information Administration. It concluded that the legislation could result in an increase of \$5.9 billion to \$36 billion in the annual, market-wide cost of electricity.

In the House Rep. Henry Waxman (D-CA), Chairman of the Energy and Commerce Committee, is leading a parallel but separate effort on climate change legislation, and is aiming for the committee approval of a bill by Memorial Day. Chairman of the Select Committee on Energy Independence and Global Warming Edward Markey (D-MA) is also pushing for sustainable energy; he and Rep. Todd Platts (R-PA) have introduced legislation with the goal that one-quarter of the U.S.'s electricity to be generated from renewable sources in the year 2025. Rep. Markey also introduced a bill targeting energy efficiency – one of President Obama's key goals – in order to reduce the demand for electricity by 15 percent by 2020. The Select Committee held a hearing on Wednesday in preparation for addressing climate change on a global scale during the upcoming international summit. Witnesses agreed on the importance of joining an effective, cooperative international effort to combat global warming, but cautioned that any plan must take economic and other domestic concerns into consideration. Karen Harbert, President and CEO of the Institute for 21st Century Energy, advised that the newly-formed international approach to climate change should “strike a good balance between environmental protection, energy security, and economic growth.”

EDUCATION

On Tuesday, the House unanimously approved H.R. 748 — the Center to Advance, Monitor, and Preserve University Security (CAMPUS) Safety Act. H.R. 748, introduced by Judiciary Committee Subcommittee on Crime, Terrorism and Homeland Security Chairman Bobby Scott (D-VA), establishes a National Center for Campus Public Safety within the Department of Justice to ensure that colleges and universities have an effective, reliable safety system in place in case of emergency. “The Center will train campus public safety agency personnel, encourage research to strengthen college safety and security, and serve as a clearinghouse for the dissemination of relevant campus public safety information,” Chairman Scott said in statement.

TRADE

On Thursday, lawmakers announced an agreement to reauthorize and extend the Trade Adjustment Assistance program. TAA provides federal retraining and extended unemployment benefits to workers who lose their job due to competition from countries with which the U.S. has a standing trade agreement. Under the new plan, TAA would be extended to workers in the public and service industries, as well as to those whose companies have outsourced to countries such as India and China even if the U.S. does not have a trade agreement with them. This agreement may expedite congressional approval of stalled free trade agreements with Panama, South Korea, and Colombia that were negotiated under the Bush Administration and that had stalled without a TAA agreement.

The TAA was expected to be added to the Senate economic stimulus bill, but faced the objections of several Republicans. Minority Whip John Kyl (R-AZ) linked the TAA to the contentious and long-debated Colombian free trade agreement, saying everyone wants to see that, "both Trade Adjustment Assistance and the Colombia free trade agreement can succeed to a successful solution." Progress on the amendment was stalled by Republicans calling for a vote on the Colombia agreement, and Finance Committee Chairman Max Baucus (D-MT) refusing to do so until TAA had been reauthorized, "International trade creates millions of American jobs... but in the instances when trade has negative effects, American workers and entrepreneurs need to know that someone's got their back." The TAA amendment would reauthorize the program through 2010 and include \$575 million for expanded worker training programs.

#