



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 27, 2009

NEXT WEEK IN CONGRESS

The Senate will take up the House-approved \$410 billion Fiscal Year 2009 (FY09) omnibus spending measure (see below). If the Senate amends the bill (H.R. 1105) before final passage, it must head back to the House before landing on the President's desk by Friday – the current continuing resolution expires March 6. The Senate could also vote on the confirmation of Gary Gensler to chair the Commodity Futures Trading Commission. The House is slated to continue debate and vote on a bankruptcy “cramdown” measure (see below) as well as a Senate-passed bill giving the District of Columbia a voting representative in the next Congress as well as adding a seat for the State of Utah.

BUDGET/APPROPRIATIONS

Two weeks after approving a \$787 billion economic stimulus bill, Congress got back to work on finalizing current fiscal year funding, something they were unable to reach agreement on with President Bush before Fiscal Year 2008 ended in October. The continuing resolution signed last fall included full FY09 funding for the three appropriations bills (covering spending for homeland security, veterans affairs, and the Pentagon) leaving nine bills to be finished up this year. Earlier this week the House approved a \$410 billion FY09 omnibus appropriations package -- vaulting FY09 discretionary funding directed through traditional appropriations bills to over \$1 trillion. The House vote (245-178) may not be the last vote it takes on the bill, as the Senate is prepared to modify bill language requiring another House vote. The bill exceeds FY08- enacted spending by about \$31 billion for the nine bills, close to an 8% increase. The \$410 billion price-tag is \$19 billion more than the prior Administration requested for the same programs.

President Obama addressed Congress and the nation on Tuesday evening, and followed his speech by releasing a broad budget blueprint yesterday for Fiscal Year 2010. The \$3.55 trillion proposal for next year will be followed by a more detailed, traditional budget in April. The Council was pleased to release its summary of the FY10 blueprint earlier today, which can be found on our website

at:

http://newenglandcouncil.com/pdf/rep_webReports/rep_2009.02.27_2010BudgetSumm.pdf

On Wednesday President Obama nominated former Washington Governor Gary Locke to head the U.S. Department of Commerce. Governor Locke has spent considerable time in New England, graduating from Yale University (1972) and Boston University law school (1975). Before his time as governor (1997-2005) he served in the Washington State House of Representatives and since 2005 Locke has been a partner in the Seattle law firm of Davis Wright Tremain, focusing on U.S./China relations and energy policy.

FINANCIAL SERVICES

Late yesterday House leaders delayed a vote on a housing bill that includes a provision empowering bankruptcy judges to modify the terms of mortgages to assist struggling homeowners (referred to as a “cramdown”). The provision (contained in H.R. 1106) hopes to cut down on homes entering foreclosure by allowing judges to alter both the remaining principle and payment rates of a pre-existing primary-residence mortgage (this ability already exists when dealing with second homes). Supporters believe the measure will help reduce foreclosures and keep people in their homes, while opponents counter the bill will provide an incentive for homeowners to enter bankruptcy and lead to higher interest rates for average homeowners. The bill also contains provisions to expand and loosen restrictions on the Federal Housing Administration-run Hope for Homeowners Program and increased legal protection for mortgage providers that alter terms of their loans. Even if the House is able to pass H.R. 1106 next week, support in the Senate and timing for a possible vote is unclear.

Leaders of the Senate Banking and House Financial Services Committees joined President Obama and Treasury Secretary Timothy Geithner at the White House this week to discuss the need for broad legislation to overhaul the nation’s financial services regulatory structure. The Administration released a handful of core fundamentals it believes any reform proposal should contain, including significant oversight of major financial institutions whose possible demise could create havoc in financial markets, increased transparency, and the use of plain language throughout the system. The Administration hopes to have a broad outline of possible reforms to take to the G-20 summit in early April.

The Federal Reserve Bank Chairman Ben Bernanke testified before Congress this week that “If actions taken by the Administration, the Congress, and the Federal Reserve are successful in restoring some measure of financial stability--and only if that is the case, in my view--there is a reasonable prospect that the current recession will end in 2009 and that 2010 will be a year of recovery.” While underscoring the gravity of the significant challenges the housing and credit markets, and the economy at large, continue to face, Chairman Bernanke stated

if actions taken by Congress, the Administration, and the Fed are successful they “will contribute to a gradual resumption of economic growth and improvement in labor market conditions in a context of low inflation.”

The Senate Agriculture Committee held a hearing this week on the President’s nominee to oversee the Commodity Futures Trading Commission (CFTC), former Treasury Department official Gary Gensler. The CFTC receives almost a \$35 million increase in the FY09 omnibus appropriations bill, for a total budget of \$146 million, “to increase staff and improve technology in order to strengthen oversight and enforcement capabilities at a time of turmoil in the commodity futures markets.”

HEALTH CARE

The FY09 omnibus bill provides funding for a number of public health programs for the remainder of the year. H.R. 1105 funnels \$30.3 billion to the National Institutes of Health to conduct research on cancer, diabetes, heart disease, stroke and other diseases, and to renovate its buildings and facilities. The bill also provides states with \$149 billion in grant funding for Medicaid, Medicare, and SCHIP program management, payments to health care trusts funds, and the elimination of fraud and abuse in these public health programs. The \$149 billion in state funding also includes \$75 billion for high risk health insurance pools. In addition, the bill directs \$2.2 billion to Community Health Centers, and \$43.5 million to the Office of the National Coordinator for Health Information Technology to promote nationwide health information technology adoption.

ENERGY/ENVIRONMENT

The omnibus appropriations bill continues the strong Congressional support demonstrated in the recent economic stimulus bill for the development of renewable energy sources as well as climate change research. The Department of Energy’s budget grows to \$27 billion, with significant gains for programs dedicated to solar energy (\$175 million), biofuels (\$217 million), and advanced vehicle technology (\$273 million). The Energy Department’s Office of Science sees a significant increase to \$4.8 billion (+\$755 million) to research long-term energy priorities.

Climate studies benefit from close to \$2 billion in the bill, including \$394 million for the National Oceanic and Atmospheric Administration (NOAA), \$230 million for the National Science Foundation, and \$14.7 million to the Economic Development Administration to gather and assess climate data and encourage the use of environmentally-friendly business practices. NOAA receives a large overall increase in its budget to \$4.4 billion, a \$469 million increase.

The importance of reliable scientific evidence regarding global climate change was highlighted in two hearings this week. The House Committee on Science

and Technology's Energy and Environment Subcommittee focused on the monitoring, reporting, and verifying of greenhouse gas emissions (GHG), and the Senate Committee on Environment and Public Works examined recent scientific reports on global warming. Members of both committees made note of President Obama's call to action in addressing climate change, while noting that national energy policy must take into account the current economic climate and its impacts on businesses and families.

The Senate hearing featured testimony from four leading environmental scientists, including Dr. R. K. Pachauri, Chairman of the United Nations Intergovernmental Panel on Climate Change (IPCC). Much of the discussion centered on the IPCC's 2007 Assessment Report on climate change science, the principal conclusion of which was that, "warming of the climate system is unequivocal." Dr. Pachauri also pointed out that while the projected consequences of GHG emissions at their current levels are devastating, particularly for the poorer regions of the world, the reduction of those emissions is not only feasible but "economically attractive." He said that it would require less than 3% of the global [gross domestic product] to mitigate climate change, and the health, employment, and energy security benefits would "lead to negative costs."

EDUCATION

The omnibus appropriations bill provides an increase in financial assistance to college students. The bill will increase the Pell Grant award by \$119 to a maximum award of \$4,360 per student for the 2009-2010 school year. College students will also receive an increase in their Pell Grant awards under the College Cost Reduction Act which Congress passed and President George W. Bush signed into law in 2007. The Act increased the Pell Grant award by \$490 for a maximum award of \$4,850 for the 2009-2010 school year. The 2009 omnibus bill provides \$1.9 billion in additional grants and Perkins Loans funding.

TRANSPORTATION

Amtrak and intercity passenger rail and transit will receive an increase above FY08 funding levels under the omnibus bill -- \$1.5 billion for Amtrak and \$90 million in federal matching funds for intercity passenger rail. The bill also contains \$40.7 billion for highway construction and safety, and \$10.1 billion for state transit construction and transit formula grants.

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