

# 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, MARCH 6, 2009**

## **NEXT WEEK IN CONGRESS**

On Monday, the Senate will vote on a number of amendments to the Fiscal Year 2009 (FY09) omnibus appropriations bill and likely vote on final passage. Approval of any Senate amendments will send the bill back to the House for final passage before heading to the White House. After clearing the omnibus bill, the Senate will most likely turn its attention to a House-passed mortgage “cramdown” measure (see below) and possibly vote on a Justice Department nomination. The House may take up a measure to reauthorize the Clean Water State Revolving Fund as well as a bill to grant the District of Columbia full voting rights in the House of Representatives (as well as an additional seat for the State of Utah). The DC voting rights bill may be held up over a gun ownership provision.

## **BUDGET/APPROPRIATIONS**

In September, Congress passed a five-month continuing resolution (CR) for FY09 to keep the government running from October 1 through this evening. Congress has now been forced to pass a second, shorter-term CR after the Senate was unable to approve the House-approved FY09 omnibus appropriations bill. The Senate postponed its vote on the bill and a number of amendments, until early next week after failing to generate the 60 votes necessary to move the bill forward. Opposition to the \$410 billion measure has centered on the bill’s thousands of earmarks and its overall cost – roughly an 8% increase over Fiscal Year 2008 spending.

A number of Obama Administration officials appeared before Congressional committees this week to explain the President’s Fiscal Year 2010 budget blueprint, the outline of which was released last week. Office of Management and Budget Director Peter Orszag, Secretary of the Treasury Timothy Geithner and Chairman of the Federal Reserve Ben Bernanke described the budget as an aggressive but appropriate response to the severe economic downturn. They highlighted the budget’s emphasis on health care, transportation, and energy generation infrastructure, and the Administration’s commitment to reduce budget

deficits in the long-term. Chairman Bernanke urged Senate Budget Committee members to, “consider the formidable challenges and tradeoffs needed to simultaneously achieve an economic and financial recovery, fiscal responsibility, and program reforms that accomplish their desired goals effectively and efficiently. In particular, policymakers must remain prepared to take the actions necessary in the near term to restore stability to the financial system and to put the economy on a sustainable path to recovery.” Budget opponents decry its doubling of the federal debt within eight years and argue the Administration’s approach constitutes an indirect tax increase on non-wealthy American families who will pay for more all goods if energy prices rise to comply with the President’s cap-and-trade climate change policy.

## FINANCIAL SERVICES

The Obama Administration estimates that approximately nine million homeowners may benefit from a \$75 billion foreclosure mitigation plan detailed this week. The “Making Home Affordable” initiative seeks to stem the foreclosure wave by offering lenders monetary incentives to restructure loans (beyond simply refinancing) held by homeowners in danger of losing their homes. The plan also provides homeowners with cash payments to reduce mortgage balances and help them stay current on their payments. In addition, Fannie Mae and Freddie Mac must refinance loans it insures for homeowners underwater on their mortgages (to a certain level) with no income ceiling on homeowners eligible for refinancing their Fannie/Freddie-backed loans. Administration officials strongly emphasized that Making Home Affordable programs are designed to benefit owner-occupants and not speculators.

After a week’s delay, the House approved a measure (234-191) that empowers bankruptcy judges to modify the terms (including reducing the principal) of a pre-existing, owner-occupied mortgage with the goal of reducing high foreclosure rates. The “cramdown” bill (H.R. 1106) hit a snag last week when opponents rallied to tighten bill language they believe will provide undesirable incentives encouraging struggling homeowners to enter bankruptcy in hopes of receiving mortgage relief. The bill would require homeowners to notify their lenders (giving mortgage holders the ability to work with homeowners) a month in advance of filing for bankruptcy, mandates a review of alternative modification proposals offered prior to bankruptcy, and allows lenders to receive a portion of any profit realized when the house is sold. When assessing a similar cramdown bill (H.R. 200) approved by the House Judiciary Committee in late January, the Congressional Budget Office estimated that, “Of the over one million households that could benefit from filing for bankruptcy under the legislation in the next few years, we estimate that about 350,000 additional households would file for bankruptcy over the 2009-2019 period, with about two-thirds of those filings occurring within the first three years after enactment.” H.R. 1106 also makes

changes to the Hope for Homeowners program and expands the Federal Deposit Insurance Corporation.

This week, House Financial Services Committee Chair Barney Frank (D-MA) rolled out an ambitious agenda, saying the Committee will, “focus on regulatory restructuring and the role of law enforcement in the current financial crisis and whether law enforcement agencies have the tools to pursue fraud and prosecute individuals...the committee will move legislation to the House floor that will curtail abusive mortgage lending practices and reform credit card and overdraft practices that are harmful to consumers.” Yesterday, a Financial Services Subcommittee held the first in a series of hearings on the creation of a systematic risk regulator in order to, “examine how to improve the ability of the government to prevent private sector activities from putting at risk the stability of the U.S. economy.”

## HEALTH CARE

On Thursday, President Obama convened a “Forum on Health Reform” to discuss how to overhaul America’s health care system. The invitation-only forum was attended by a wide variety of groups with a strong stake in health care reform (including representatives from workers, hospitals, patients, insurance, business, and labor groups), outside advocacy organizations and a number of lawmakers. President Obama was clear in stating the purpose of the forum, which came shortly after he rolled out health care principles in his proposed budget to Congress last week. He indicated that he expected the forum to be a starting point, “to determine how we lower costs for everyone, improve quality for everyone, and expand coverage to all Americans. And our goal will be to enact comprehensive health care reform by the end of this year.” He described health care reform as necessary, “if we want to create jobs and rebuild our economy and get our federal budget under control.” President Obama’s end-of-the-year timeline for health care reform legislation is less ambitious than the timeline released earlier this week by congressional leaders who expect to have reform legislation ready before August recess.

## ENERGY/ENVIRONMENT

After grim language in the Administration’s FY10 budget outline, supporters of the Yucca Mountain nuclear waste repository heard similar themes from Energy Secretary Steven Chu on Thursday. Chu voiced his belief that a single, unified waste storage facility, like the Yucca Mountain repository, is not a viable long-term solution. Instead, he supports temporary storage at existing sites while Energy and Administration officials develop a long-term strategy that does not involve the Yucca Mountain repository. The development of the Yucca Mountain site has been a Council priority for many years as New England energy consumers continue to pay into federal coffers designated for the development of

a long-term nuclear waste facility. In addition, nuclear waste storage continues at decommissioned nuclear plants in New England, years after the government was required by law to start assuming responsibility for the waste.

The Senate Committee on Energy and Natural Resources held a hearing Tuesday on the implementation and regulation of a “smart” electric grid -- using digital technology to streamline distribution and integrate alternative sources of electricity. This modernization has the potential to make power delivery more reliable, more efficient, and to lower consumer costs. Industry and government agency representatives weighed in on the most effective ways to go about formulating and implementing new industry standards and technology. Department of Energy (DOE) officials underlined the importance of providing consumers with free access to accurate information and energy usage data while still protecting individual privacy. A National Institute of Standards and Technology representative detailed its development of an “interoperability network” along with the Federal Energy Regulatory Committee (FERC) and DOE. FERC Commissioner Suedeen Kelly emphasized that carefully crafted standards could prevent the technology from becoming obsolete, and would ensure industry-wide interoperability.

Smart grid technology will play a central role during Senate debate of a broad energy bill expected to be introduced in the coming weeks (a bill that will go through the Energy and Natural Resources Committee). Congress has recently made a significant commitment to renewable energy program funding and development of as well as renewable energy mandates. However, the most effective sites for the collection of alternative energy (wind and solar in particular) are often in remote areas and require a modern and comprehensive infrastructure to be carried to populated areas. Earlier this week, the Senate Majority Leader introduced a bill to create federal standards for the siting and funding of a network of renewable energy power lines, a proposal that will likely be added in some form to the overall energy bill.

Despite the billions of economic stimulus dollars and FY09 annual funding for science-related programs throughout the government, the confirmation of two science posts within the Obama Administration have been blocked by a senator for a matter unrelated to the nominees. The timetable for consideration for Jane Lubchenco (Undersecretary of Commerce for Oceans and Atmosphere) and John Holdren (White House Office of Science and Technology Policy) appeared to be on the fast-track after relatively smooth confirmation hearings before the Senate Commerce Committee in mid-February and will likely move quickly once the holds on the nominations are released.

## TECHNOLOGY

The Chairmen and Ranking Members of the House and Senate Judiciary Committees this week introduced identical bills to reform the U.S. patent system, an effort that failed to gain traction in the Senate during the 110<sup>th</sup> Congress. Disagreements remain over provisions in the bill, the Patent Reform Act of 2009, governing the awarding of patent infringement damages as well as where those seeking legal remedies may file their claims. Senate Judiciary Committee Chairman Patrick Leahy (D-VT) stated, "This bill will establish a more efficient and streamlined patent system that will improve patent quality and limit unnecessary and counterproductive litigation costs, while making sure no party's access to court is denied."

This week, President Obama named Vivek Kundra as the first federal chief information officer, responsible for spearheading efforts to expand the use of cutting-edge technology within and among federal agencies. Mr. Kundra is well-known for his use of Internet-based initiatives as the chief technology officer for the District of Columbia. Last year District residents submitted online and cell phone applications to his "Apps for Democracy" contest -- providing residents access to city data on crime, commuting, and even community gardens. Mr. Kundra estimated that soliciting ideas from citizens saved \$2.6 million over the cost of hiring contract developers, and according to a White House statement he is expected to bring a similar eye for cutting costs to his new post.

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