



The National Association of Towns and Townships'

WASHINGTON REPORT

A MONTHLY REPORT ON THE ISSUES AFFECTING THE NATION'S SMALL COMMUNITIES

MARCH 9, 2011

The "NATaT Washington Report" is a monthly email newsletter that provides timely information to town and township officials on the legislative, regulatory, funding, and policy decisions in Washington that could affect your communities. The Washington Report focuses on federal issues that affect local governments, including towns and townships. The Washington Report is produced by NATaT's federal representative in Washington, The Ferguson Group. For more information on the legislation described in this report, see <http://thomas.loc.gov/> or contact The Ferguson Group. Contact NATaT Federal Director Jennifer Imo at 1.866.830.0008 or jimo@tfgnet.com for more information.

THE JANUARY - FEBRUARY 2011 WASHINGTON REPORT CONTAINS SUMMARIES OF THE FOLLOWING ISSUES:

CONGRESSIONAL SCHEDULE

BUDGET AND APPROPRIATIONS

- **FY 2011 Short-term Funding Provided**
- **FY 2011 Long-term Funding**

HEALTH CARE

- **Medicaid Debate**

PUBLIC SAFETY AND HOMELAND SECURITY

- **USA Patriot Act Extended**

TELECOMMUNICATIONS

- **Wireless Network for Public Safety Communications**

TRANSPORTATION

- **Surface Transportation Extension Pending**
- **SAFETEA-LU Reauthorization**
- **FAA Reauthorization**

WATER AND NATURAL RESOURCES

- **Water Resources Development Act**

CONGRESSIONAL SCHEDULE

Congress returned to Washington on February 8 to consider funding bills, short-term extensions of expiring authorization bills and a stop-gap funding measure to prevent a government shutdown on March 4. The Presidents' Day congressional district work period the week of February 21 gave constituents the opportunity to meet with their members of Congress and oppose spending cuts to programs important to the local community.

The next recess is the week of March 21 and Congress is scheduled to be in recess for two weeks, April 18-29.

BUDGET, APPROPRIATIONS & FISCAL POLICY

FY 2011 Short-term Funding Provided

With the current Continuing Resolution scheduled to expire on Friday, March 4, Congress approved a two-week extension to keep the government operating until March 18 while the House of Representatives and Senate attempt to compromise on spending levels for the remainder of FY 2011. The bill allows most federal agencies and programs to continue operating at current FY 2010 levels. However, the bill contains about \$4 billion in spending reductions, including the termination of eight programs as recommended by the White House.

The spending reductions contained in the short-term FY 2011 Continuing Resolution are listed below.

- Election Assistance Grants -- \$75 million. This termination was requested in the President's FY 2012 budget. The states have yet to spend large amounts of funding provided by this program, and both the House of Representatives and Senate proposed eliminating the program last year.
- Broadband Direct Loan Subsidy (Department of Agriculture) -- \$29 million. No funds were requested for this program in the President's budget.
- Smithsonian Institution Legacy Fund -- \$30 million. No funds were requested for this program in the President's budget. The Legacy Fund was intended as a one-time only appropriation for revitalization of the Smithsonian's Arts and Industries Building.
- Striving Readers Program (Department of Education) -- \$250 million. The President proposed that this program be terminated in his budget request. This program has a large balance of unused funds, and is essentially duplicative of the Title 1 program that provides \$14 billion annually in reading assistance to at-risk students.
- LEAP Program (Department of Education) -- \$64 million. This termination was requested in the President's budget.
- Even Start (Department of Education) -- \$66 million. This termination was requested in the President's budget. Three national evaluations have found that participants in this program make no greater literacy gains than non-participants.
- Smaller Learning Communities (Department of Education) -- \$88 million. The President's budget request proposed that this program be terminated. Both governmental and non-governmental research has shown no evidence that creating smaller learning communities within high schools makes a difference in academic achievement.

- Highways – Additional General Fund spending (Federal Highways Administration) -- \$650 million. No funds were requested for this use in the President’s budget. This one-time funding addition was provided in FY 2010 and distributed to all states through the existing, authorized highway formula.

In addition to the program terminations, the short-term Continuing Resolution to March 18 will reduce FY 2011 funding for a number of programs by amounts that had been provided for congressional earmarks in those accounts in FY 2010. The language is meant to cut the amount of funding provided to an agency for earmarks. It does not impact the FY 2010 actual earmark projects approved by Congress. By eliminating funding that previously had been earmarked, House Republican leaders will also satisfy a longtime demand of conservatives that in addition to abolishing earmarks, the actual funding also be reduced. Earmark proponents argue that they don’t add to spending because they simply direct how a small portion of an agency’s larger budget is to be spent, and that no savings are generated since the Administration then decides how to distribute the appropriated funds. The new short-term Continuing Resolution extension does cut more than \$2.7 billion in funding that previously had been earmarked, which would reduce the overall funds available to the Administration.

The programs reduced in FY 2011 funding are outlined below.

Energy and Water Development

- U.S. Army Corps of Engineers, Investigations -- \$56 million
- U.S. Army Corps of Engineers, Construction -- \$341 million
- U.S. Army Corps of Engineers, Mississippi River and Tributaries -- \$80 million
- U.S. Army Corps of Engineers, Operations and Maintenance -- \$39 million
- Bureau of Reclamation, Water and Related Resources -- \$38 million
- Department of Energy, Energy Efficiency and Renewable Energy -- \$292 million
- Department of Energy, Electricity Delivery and Energy Reliability -- \$13 million
- Department of Energy, Nuclear Energy Research -- \$3 million
- Department of Energy, Fossil Energy Research -- \$37 million
- Department of Energy, Office of Science -- \$77 million
- Department of Energy, Defense Environmental Cleanup -- \$4 million
- Department of Energy, Other Defense Activities -- \$3 million
- Department of Energy, NNSA, Office of the Administrator -- \$13 million
- Department of Energy, Nuclear Nonproliferation -- \$0.3 million

Department of Homeland Security

- Undersecretary for Management, logistics training -- \$1 million
- Customs and Border Patrol, solar powered batteries program -- \$1 million
- Customs and Border Patrol Construction -- \$43 million
- Transportation Security Administration, National “Safe Skies” Alliance -- \$1 million
- U.S. Coast Guard, Operations System Center -- \$4 million
- U.S. Coast Guard, shore construction projects -- \$17 million
- U.S. Coast Guard, alteration of bridges -- \$4 million
- National Programs and Protection Directorate -- \$20 million
- Office of Health Affairs -- \$5 million
- FEMA State and Local Programs -- \$103 million

- FEMA Pre-disaster Mitigation Grants -- \$25 million
- Science and Technology -- \$41 million

Labor, HHS, Education

- Training and Employment Services -- \$49 million
- Mine Safety and Health Administration -- \$1 million
- Labor Department, Salaries and Expenses -- \$40 million
- Health Resources and Services -- \$397 million
- Centers for Disease Control and Prevention -- \$21 million
- Substance Abuse and Mental Health Services Administration -- \$15 million
- CMS, program management -- \$3 million
- Children and Families Services program -- \$21 million
- Child Care Development Block Grant -- \$1 million
- Administration on Aging -- \$6 million
- HHS Office of the Secretary, departmental management -- \$2 million
- School Improvement Programs -- \$5 million
- Department of Education, Innovation and Improvement -- \$229 million
- Safe Schools and Citizenship Education -- \$32 million
- Special Education -- \$22 million
- Rehabilitation Services and Disability Research -- \$5 million
- Higher Education -- \$129 million
- Institute of Museum and Library Services -- \$16 million

Legislative Branch

- Library of Congress Salaries and Expenses, digitalization program -- \$0.2 million

Transportation, Housing and Urban Development

- HUD Neighborhood Initiatives -- \$22 million
- HUD Economic Development Initiative -- \$173 million
- Surface Transportation priorities -- \$293 million
- Rail Line Relocation -- \$25 million

FY 2011 Long-term Funding

Congress passed legislation giving them until March 18 to negotiate a long-term Continuing Resolution to fund the federal government until September 30.

Now pending is the bill, H.R. 1, for FY 2011 funding passed by the House on February 19 that includes more than \$60 billion in discretionary program spending cuts below FY 2010 enacted levels. Senate Democrats oppose the bill and the President has threatened to veto the measure.

HEALTH CARE

Medicaid Debate

A major portion of the winter meeting of the National Governors' Association held February 26-28 focused on the states' responsibilities for Medicaid expansion.

On March 1, Republican Governors Haley Barbour (MS) and Gray Herbert (UT) testified before the House Energy and Commerce Committee that by prohibiting states from limiting who is eligible for Medicaid, the law has locked in states into unsustainable spending at a time of fiscal crisis. However, the Administration countered that the additional expense to states will be largely offset because the law also enables states to save on Medicaid. The more people enrolled in Medicaid will reduce the amount spent to care for the uninsured.

In 2014, the Patient Protection and Affordable Care Act will require states to open Medicaid eligibility to an anticipated 20 million more people with slightly higher incomes. At first, the federal government will fully fund the extra cost. Beginning in 2017, the states' share of the cost will gradually increase to ten percent by 2020. States whose Medicaid programs now cover people with incomes above the minimum required by law could shift those people to state run exchanges through which they will be able to buy insurance plans with federal subsidies.

A coalition of 130 diverse national associations urged Congress to stand firm and oppose any efforts to weaken the Medicaid provisions contained in the healthcare law.

PUBLIC SAFETY and HOMELAND SECURITY

USA Patriot Act Extended

On February 17, Congress gave final approval to a temporary extension of the surveillance authority provisions of the USA Patriot Act. The bill would extend the authority of federal officials to use so-called "roving wiretaps" to track unidentified suspects who move frequently and change their communications equipment, to obtain library records and other personal information, and to non-citizens who have demonstrated connections with terrorist organizations.

These provisions automatically sunset every several months largely because Congress has chosen not to grant the U.S. intelligence services the long-term ability to conduct that work. The House of Representatives initially rejected the proposal, with several members citing their concerns with granting broad authority for federal intelligence agents to spy on U.S. soil. House leaders made some minor modifications and quickly approved the bill on a second vote. The Senate followed suit and with the House giving final approval to the last version, it was sent to the President for his signature. The legislation provides for a three-month extension. Stakeholders expect there to be a larger battle over reauthorization when the current law expires in May. Republican leaders say that they want to make the law permanent, while several Democratic leaders and civil liberties groups said they will push for more short-term extensions to ensure congressional oversight.

TELECOMMUNICATIONS

Wireless Network for Public Safety Communications

On February 10, President Obama announced his plan to build a high-speed wireless network that will spark business growth, expand educational opportunities and provide public safety officials with secure, nationwide interoperability. The Wireless Innovation and Infrastructure Initiative, which was also introduced in the President's State of the Union address, will ultimately make high-speed wireless services available to at least 98% of Americans in the next five years and significantly increase the capability of public safety agencies to access mobile communications.

The initiative will nearly double wireless spectrum available for mobile broadband. The President's plan targets freeing up 500 MHz of spectrum over the next ten years for smartphones, wireless broadband connectivity for laptops, and machine-to-machine communications. This portion of the plan will be supported by voluntary incentive auctions and increased efficiency of government spectrum and is estimated to raise \$27.8 billion over the next decade.

While private companies are investing in the deployment of 4G technologies to most of America, rural areas are being left behind. The President's initiative will extend services to remote areas of the country through the investment of \$5 billion and reform of the Universal Service Fund.

The initiative will invest in wireless innovation (WIN) research and development of emerging wireless technologies and applications which will be supported by \$3 billion of the spectrum proceeds.

The Administration wants to develop and deploy a nationwide, interoperable wireless network for public safety. The President's budget includes an investment of \$10.7 billion for the development and deployment of a nationwide wireless broadband network that will be devoted to public safety agencies. The funds for this portion of the initiative will be raised from the reallocation of the 700 MHz D Block spectrum to public safety and \$500 million from the WIN Fund. A portion of the spectrum auction, \$9.8 billion, will be dedicated to deficit reduction over the next ten years.

TRANSPORTATION

Surface Transportation Extension Pending

On March 2, the House of Representatives approved H.R. 662 to extend funding for programs authorized by SAFETEA-LU until September 30, 2011. The authorization currently expires on March 4, making passage of the next extension time sensitive. The Senate is expected to approve H.R. 662 the week of February 28.

Enactment of an extension through September 30 will give Congress time to consider a multi-year surface transportation reauthorization law. The President's budget request proposes a \$556 billion, six-year bill covering FY 2012 – FY 2017.

SAFETEA-LU Reauthorization

Along with his FY 2012 budget request, President Obama released his Administration's proposal to reauthorize the nation's surface transportation law, SAFETEA-LU. The plan calls for a six-year, \$556 billion surface transportation reauthorization bill, which would streamline highway funding by consolidating 55 highway programs into five. His proposed Transportation Trust Fund (TTF) would merge railway spending with the Highway Trust Fund. The new TTF would be made up of four separate accounts including highways, transit, high-speed rail, and the National Infrastructure Bank. The \$556 billion dollar proposal is almost double the \$285 billion package authorized in SAFETEA-LU which expired September 2009. In addition of a focus on rail, the President's proposal enhances funding for "livability" initiatives, including a new Federal Highway Administration (FHWA) livability grant program totaling \$28 billion over six years, which specifically targets multi-modal transportation hubs and bicycle/pedestrian/transit access. The budget also includes \$119 billion for transit over the next six years, double the amount set aside for transit each year under the previous transportation bill.

FAA Reauthorization

On February 17, the Senate passed S. 223 reauthorizing the Federal Aviation Administration (FAA) by a vote of 87 to 8. The Senate bill must wait for the House to pass its own reauthorization bill because the measure contains tax provisions, so it must originate in the House. On February 16, the House Transportation and Infrastructure Committee passed its version of the bill by a vote of 34 to 25. The House bill includes new anti-union provisions that will serve as "poison pills," if included in the final bill that is sent back to the Senate. The last FAA reauthorization expired in September 2007 and, after 17 extensions, the current bill expires on March 31.

WATER AND NATURAL RESOURCES

Water Resources Development Act

In late February, Senator Barbara Boxer (D-CA), the Chair of the Environment and Public Works Committee, signaled that the Committee is actively working on the next Water Resources Development Act (WRDA) bill this year. Both Senators Boxer and Ranking Member James Inhofe (R-OK) have asked Senators for specific project or programmatic requests to the multi-year authorization bill. Many Republicans are saying that submitting individual projects would in fact be making an earmark request so many Republican Senators are not participating in the process. Others, such as Senator Inhofe, have said that authorization bills are not, by definition, earmarks.

While senior majority staff at the Senate Environment and Public Works Committee say that they are serious about putting a WRDA bill together this year, it remains to be seen how that will work without many Republican Senators making requests. Furthermore, there has been no indication from the House committee with jurisdiction over WRDA as to how they will handle a bill. WRDA authorizes Corps of Engineers projects and directs spending priorities for the Army Corps of Engineers Civil Works program. Traditionally the Act has been reauthorized every two years, but the last WRDA bill became law in 2007.