

WEEKLY WASHINGTON FEBRUARY 7TH – FEBRUARY 11TH, 2011

Below is an informal overview of the Weekly Washington activities of the Office of Intergovernmental Affairs.

PRESIDENT'S FY 2012 BUDGET REQUESTS

On Monday, February 14, 2011 President Obama and the Office of Management and Budget will release the FY 2012 budget request. The budget request will then be reviewed, and in many cases altered, during the coming months by Congress.

SEAPORT DEEP DREDGE

President Obama's FY 2012 Budget request is expected to be released on Monday and OIA, along with the Federal lobbying team, continue to work to ensure that the Seaport's Deep Dredge project is included. Office of Management and Budget (OMB) Director Jacob Lew met with the House Committee on the Budget this week and Rep. Debbie Wasserman Schultz, a member of the committee, spoke to the director on behalf of the Deep Dredge. Additionally, OIA met with several offices of the Miami-Dade Congressional Delegation this week to implore them to continue reaching out to the White House and the administration for the Deep Dredge project. All members of the Miami-Dade Congressional Delegation have been overwhelmingly supportive of the project. OIA also met with the staff for Senator Bill Nelson who indicated the Senator continues to regularly advocate to OMB and the U.S. Army Corps of Engineers on behalf of the Deep Dredge.

THREE PERCENT WITHHOLDING ON GOVERNMENT CONTRACTS

Senator Olympia Snowe (ME) filed an amendment to the Federal Aviation Administration reauthorization bill to repeal the 3 percent withholding mandate on government contracts. The provision, enacted in the Tax Increase Prevention and Reconciliation of Act of 2005, requires that all levels of the government withhold 3 percent of almost all of their payments to private contractors, including Medicare provider payments, farm payments, defense contracts and certain grants. The initial rationale of the provision was to address compliance with the tax code and the widening tax gap. During markup of the bill by the Senate Finance Committee, Senator Snowe said the serious costs of compliance will disproportionately impact small businesses making it less likely for them to bid on any contracts in the future. According to Snowe, Congress delayed implementation of the mandate for one year due to recognition of the costs of compliance. The provision becomes effective on January 1, 2012. Unfortunately, Snowe's amendment was not adopted by the Finance Committee. The Senator ultimately offered the amendment in order to bring attention to the issue. Chairman Baucus said that it was an important issue and that he plans to incorporate it into a future hearing on tax issues. Ranking Member Hatch, along with Senator Grassley, also backed Snowe's efforts. The members are also calling for a GAO report on the costs of the provision and a joint committee on taxation report on the costs of repeal or other options. Rep. Wally Herger (CA) and Rep. Earl Blumenauer (OR) plan to address the repeal, which has the support of House Majority Leader Eric Cantor, in the coming weeks.

TRADE AGREEMENTS

Extensions of Trade Adjustment Assistance (TAA) benefits and trade preferences for Andean nations continue to stall as trade deals between Panama and Colombia fail to make progress. The TAA benefits provide training and resources to Americans whose jobs are affected by international trade. Plans to debate the extensions were halted after conservative members revolted due in part to dissatisfaction with the Obama Administration's trade agenda. Ways and Means Chairman Dave Camp indicated the bill may return to the floor next week. According to Camp, there is a possibility that GOP leaders would split off the trade preferences for the Andean nations and move it as a stand alone bill. It is likely that conservatives will hold back on extending the TAA benefits as leverage to advance the trade deals. U.S. Trade Representative Ron Kirk pledged to intensify talks with Colombia, but warned there are serious issues that need to be addressed before moving forward, including united opposition from organized labor. It is expected that the Obama Administration will ask Congress to permanently normalize trade relations with Russia however conservative leaders said the Russia pact will not advance ahead of the Colombia and Panama deals.

HIGH SPEED RAIL

Vice President Biden announced a six year comprehensive plan to build a national high-speed rail network. The plan is part of President Obama's goal of giving eighty percent of Americans access to high speed rail in twenty-five years. The proposal will invest \$53 billion over six years to continue construction of the national high-speed rail network. Vice President Biden said the plan will help communities, reduce congestion and create jobs. The President's fiscal year 2012 budget will invest \$8 billion in expanding access to high-speed passenger rail service. The investments will focus on developing or improving interconnected corridors, to raise speeds on existing rail lines, and provide resources to communities who want to join the national high-speed rail network. The six year commitment builds on a \$10.5 billion down payment already dedicated to a high-speed rail network. The proposal streamlines the Department of Transportation's rail programs making the grant and loan application process simpler. All high-speed rail and intercity passenger rail programs will be consolidated into two new accounts, a \$4 billion account for network development, and a \$4 billion account for system preservation and renewal.

GOP BUDGET CUTS

House Republicans are likely to propose deeper budget cuts due to a potential revolt on the right. Last week, the House Appropriations Committee proposed \$40 billion in cuts to the domestic budget. Prior to announcing the cuts, GOP leaders pledged to make \$100 billion in spending cuts by rolling back the budget to fiscal year 2008 levels. After the cuts were announced conservatives demanded twice the reductions. Now, House Republicans are actively working to come up with a strategy that will satisfy conservative members. The lists of proposed cuts includes cuts to high speed rail, renewable energy programs and the EPA, community health centers and federal block grants, and cuts to international food aid programs and the Women,

Infants, and Children (WIC) Program. The Securities Exchange Commission faces a frozen budget and denial of new funds.

COMMUNITY SERVICE FUNDING CUTS

After specifically announcing cuts to community service programs in his State of the Union address, President Obama is expected to propose deep funding cuts to community action agencies in his fiscal year 2012 budget. The proposed cuts would reduce Community Service Block Grant funding from \$700 million to \$350 million, with the remaining \$350 million to be awarded to programs through a competitive grant process. The current award process does not take into account the quality of work performed by recipients. The proposed grant process is purported to ensure that funds are allocated in ways to provide communities with the most efficient help.

LEAVING CONGRESS

Senators Jim Webb (D) of Virginia and Senator John Kyl (R) of Arizona announced they will not run for re-election in 2012. Webb and Kyl, join Senators Kent Conrad (D) of North Dakota, Senator Joe Lieberman (I) of Connecticut and Senator Kay Bailey Hutchinson (R) of Texas who also announced their intention to retire from the Senate at the conclusion of their current terms. Additionally, Rep. Jane Harman (D) of California has decided to leave Congress to accept an appointment to lead the Woodrow Wilson International Center for Scholars. California will hold a special election to replace her in coming months. Additionally, Republican House member Christopher Lee (L) resigned this week for personal reasons. A special election will take place in New York to fill his seat.

CONGRESSIONAL CALENDAR

The House and Senate return next week for legislative business before adjourning for the President's Day holiday and a week of constituent work in their districts. On Saturday, March 05, 2011 NACo will hold its annual Legislative Conference in Washington D.C. OIA will attend and participate on behalf of Miami-Dade County.