

City of Seattle

Office of Intergovernmental Relations

Marco Lowe, Director
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MEMORANDUM

TO: Council Members
FROM: Shauna Larsen, Federal Relations Director
DATE: May 31, 2011
SUBJECT: Federal Relations Update

In Congress, the first five months of this year has been spent trying to complete the FY 2011 Appropriations process and begin the FY 2012 Appropriations process. The House Republicans have also spent this time focused on passing legislation to repeal all or aspects of the Health Care Reform bill. In addition, they have passed several bills that limit access to reproductive health services and family planning. These bills will receive a cold reception in the Senate, but House Republicans continue to pass the bills as messages about their priorities for the country. The other major action of the House has been their work on a budget proposal to try to deal with the deficit. This plan would eliminate Medicare as we know it and change Medicaid to a Block Grant type program to states. The changes to these programs would have a devastating impact on seniors, children and low income individuals.

FY 2011 Appropriations Update

It took months of wrangling, several extensions and a near-shutdown of the federal government, but the FY11 budget -- six months and two weeks overdue -- was finally completed on April 15. The accomplishment is not pretty and leaves in its wake considerable damage to urban and social programs. The Continuing Resolution provides for \$1.055 trillion in discretionary spending for the year, a reduction of \$39.9 billion from FY10 enacted levels, a lower level than the \$61.5 billion in cuts contained in the House passed HR1.

As you can see from the attached list, except for a few cases, the news is harsh, ranging from a 16.2 per cent cut for the Community Development Block Grant to a complete elimination for the year of the High-Speed Rail program. Most of the cuts are somewhere in-between. As bad as the FY11 news is, it will also be a challenge to stave off even more cuts in FY12.

The Department of Housing and Urban Development has released preliminary estimates of allocations for CDBG and HOME for FY 2011. The FY 2011 CDBG estimate for Seattle is \$10,729,249. The FY 2010 amount was \$13,058,499. In addition, the HOME Investment program was reduced from \$4,594,448 in FY 2010 to \$4,066,097 in FY 2011.

The FY 2011 Final Budget Appropriations bill did not include any earmarks. This result meant that in some cases, as in the Army Corps of Engineers, there was a question of how the agency would allocate their resources to specific projects. The Army Corps released their list of studies to fund in FY 2011 and the Seawall received \$182,000.

The Department of Homeland Security released their plan for spending their FY 2011 appropriations, including the Urban Area Security Initiative funds. The Seattle region will receive \$7,959,338 from FY

2011, down from \$11,053,806 from FY 2012. The other agencies will be releasing their operating plans and grants for their FY 2011 funds and OIR will be working with city departments to take advantage of these opportunities.

FY 2012 Appropriations Process

The House has begun their work on the FY 2012 appropriations process. They have released a schedule for completing the work on 12 FY12 appropriations bills by the end of the fiscal year on September 30. The plan includes marking up and approving each bill at both the subcommittee and full committee levels in the next few months before the August recess. Chairman Rogers also announced the funding limits for each of the 12 Appropriations subcommittees based on the Budget Resolution the House passed last month. They include a reduction of nearly \$46 billion from FY11 levels for non-security programs.

House Appropriations Committee Ranking Member Rep. **Norm Dicks** made the following comments concerning the Republican Majority's proposal: *"Rather than presenting a reasonable budget that continues the momentum of our economic recovery, the Republicans have decided to double-down on their bogus economic theory called 'cut and grow.' It's clear from what we're seeing in the economy that if these cuts were enacted, they would lead to a severe setback for economic growth by shedding more government jobs and further depressing state and local government spending."*

FY 2012 Homeland Security: In a harbinger of future tough mark-ups to come, the House Appropriations Committee passed its one of its first FY12 appropriations bill, the Homeland Security Appropriations bill, and the news was not good for local governments. The bill is \$1.1 billion – or 2.6% – below last year's level and \$3 billion – or 7% – below the President's request. The bill includes significant cuts to FEMA's State and Local Government Programs, with the Subcommittee Chair specifically citing the over \$13 billion in unspent funds by state and local governments as reason one of the reasons for this cut. The bill also limits UASI funding – Urban Area Security Initiative – to only the 10 highest risks cities (Seattle is not among these 10).

Status of Major Policy Issues

There are several ongoing major policy issues that Congress and the Administration have identified as priority for addression. Unfortunately, on most of these issues, there are significant disagreements between the Administration and Congress over how best to address these issues.

Transportation Reauthorization: Reauthorization of the surface transportation bill has typically been a bipartisan endeavor. However, there were significant changes to the composition of the House Transportation and Infrastructure Committee due to the last elections which has meant that there are a lot of new members of the committee who may be unfamiliar with the programs they are overseeing. Chairman Mica had indicated in the past that we wanted a Transportation Reauthorization bill out of his committee by Memorial Day, but that has not happened.

On the Senate side, there has been incremental movement on a bill. Bipartisan leadership on the Senate Environment and Public Works Committee recently released a statement that they are working on legislation that would:

- Fund programs at current levels to maintain and modernize our critical transportation infrastructure;
- Eliminate earmarks;
- Consolidate numerous programs to focus resources on key national goals and reduce duplicative and wasteful programs;

- Consolidate numerous programs into a more focused freight program that will improve the movement of goods;
- Create a new section called America Fast Forward, which strengthens the TIFIA program to stretch federal dollars further than they have been stretched before; and
- Expedite project delivery without sacrificing the environment or the rights of people to be heard.

The Administration has also weighed in - kind of. An unofficial, draft version of the Administration's surface transportation authorization bill "leaked" to various industry groups. In general, the proposal is very similar to the broad outline which was included in the President's FY12 Budget Request. The draft calls for a total investment of \$556B over six years, but without any indication of where the funding would come from other than a vague reference to a possible, unspecified new energy tax. Among the proposals included in the leaked document are:

- replacement of the Highway Trust Fund with a Transportation Trust Fund to include funding for high-speed rail programs
- establishment of a National Infrastructure Innovation and Finance Fund, essentially an infrastructure bank, which would also encompass the TIFIA program
- creation of a Surface Transportation Alternatives Office in FHWA to study and test options to replace the gas tax and to implement a VMT revenue collection system
- consolidation of 60+ highway programs into six categories
- permission to toll the Interstate upon approval of the Secretary in areas over 1 million population
- creation of an Office of Freight Policy tasked with developing a National Freight Plan and designating a National Freight System
- making permanent a pilot program to allow states to assume authority over environmental reviews

In addition, members of Congress are introducing pieces of legislation that could potentially be included in a reauthorization bill. For instance, Senator Patty Murray, along with Senators Susan Collins (ME) and Dick Durbin (IL) have introduced the "Transportation Infrastructure Grants and Economic Reinvestment Act" (TIGER), a bill that would authorize the Secretary of Transportation to provide grants, direct loans, and loan guarantees to states, local governments, and transit agencies for critical transportation projects. TIGER was originally established under the Recovery Act and has been kept going by appropriations in FY10 and FY11.

Of course, the big hang up is how you pay for a transportation bill. The current gas tax will not cover the costs for future transportation legislation. While there has been a discussion of a wide variety of funding options, no one option or suite of options have been identified as the keys for moving the bill forward.

Reauthorization of the Elementary and Secondary Education Act: Another area of possible bipartisanship is over the reauthorization of the Elementary and Secondary Education Act (or No Child Left Behind). The House has taken the first move on this reauthorization effort and has six bills that it is trying to pass that would change the ESEA law significantly. The first of the six bills from the House would repeal over 40 programs included in the original ESEA law. Both the Administration and the Senate would prefer that one comprehensive bill be passed rather than the piecemeal approach of the House. The Senate is working on putting a comprehensive bill together.

Water Resources Development Act: With the delay in a transportation reauthorization bill a continued delay in a Water Resources Development Act reauthorization seems inevitable, since the same committees in the House and the Senate deal with both issues. This is the bill that authorizes Corps programs. The Senate Environment and Public Works Committee did ask for possible projects earlier this spring, but the

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date for getting them to the committee was pushed back to June. The House has made no efforts on this front.

Senate Public Safety Communications Bill : Senators Jay Rockefeller (WV) the Chairman of the Senate Commerce, Science and Transportation Committee and a number of his colleagues have introduced new legislation to provide America's first responders with lifesaving communications tools and hopes to have it enacted before the tenth anniversary of 9/11. The bill - *the Public Safety Spectrum and Wireless Innovation Act (S. 28)* - will set aside additional airwaves for first responders to build a nationwide wireless broadband network. This network will allow first responders to communicate seamlessly - from coast-to-coast - during a time of crisis.

Specifically, the bill will: (1) allocate a swath of spectrum, called the "D-Block", to first responders for the purpose of creating a public safety communications network; and (2) give the Federal Communications Commission the authority to hold incentive auctions based on the voluntary return of spectrum. The funds raised by these incentive auctions will be billions beyond what is needed to pay for building the public safety network. Excess funds - to the tune of \$10 billion - will be used to pay down the nation's deficit. Bill Schrier has been very active on this issue, providing briefings to Hill staff and others.

Immigration Reform: While the President recently made a push on immigration reform, it is clear that the appetite to address this issue may not be there in Congress.

FY 2011 Funding Levels for Select Programs

HUD

- **CDBG** is cut \$650 million from FY10, a 16.2% reduction
- The **Sustainable Communities Initiative** is funded at \$100 million, \$50 million below FY10;
- **Homeless Veterans** is funded at \$50 million, \$25 million below FY10;
- **Section 8** is funded at \$18.4 billion, \$233 million over FY10;
- **Homeless Assistance** is funded at \$1.9 billion, an increase of \$40 million over FY10;
- **Public Housing Capital** is funded at \$2.0 billion, \$456 million below FY10;
- **Public Housing Operating** is funded at \$4.6 billion, \$149 million below FY10;
- **HOPE VI** is funded at \$100 million, not eliminated as in the House bill;
- The bill includes \$400 million for housing for the **elderly** and \$150 million for housing for **disabled**;

Transportation

- The **TIGER** program is retained at \$528 million, \$72 million less than FY10;
- **High Speed Rail** is not funded in this bill and \$400 million from FY10 is rescinded;
- **New Starts** is funded at \$1.6 billion, \$400 million below the FY10 level;

Labor –HHS-Education

- The bill includes \$2.8 billion for **job training**, \$182 million below FY10;
- The bill includes \$80 million for **Youthbuild**, down \$22.5 million from FY10;
- The bill includes \$7.5 billion for **Head Start**, \$340 million more than FY10;
- The bill provides \$4.71 billion for **Low Income Energy Assistance**, down \$390 million for FY10;
- The bill provides \$680 million for the **Community Services Block Grant**, \$20 million less than FY10;
- The bill provides \$700 million for **Race to the Top**;
- The bill provides \$1.08 billion for the **Corporation for National and Community Service**, a reduction of \$72 million from FY10;

Environment

- The bill includes \$1.525 billion for the **Clean Water Revolving Fund** and \$965 million for the **Drinking Water Revolving Fund**, down, \$997 below FY10;

Justice

- The bill includes \$1.12 billion for **Byrne Grants**, \$276 million for **Juvenile Justice** and \$496 million for **COPS**, each down about 17% from FY10;

Homeland Security

- The bill provides \$2.2 billion for **State and Local Grants**, \$786 billion below FY10. Of that amount the following programs are included: **State Homeland Security Grants**: \$750 million; of which \$35 million to **Metropolitan Medical Response**; \$55 million for **Operation Stonegarden**; \$45 million for **REAL- ID**; and \$10 million for **Citizen Corps**; **UASI**: \$725 million; **Regional Catastrophic Preparedness**: \$15 million; **Public Transportation Security**: \$250 million; **Port Security**: \$250 million; **Over the Road Bus Security**: \$5 million; **Emergency Operations Centers**: \$15 million; **Training, Exercises**: \$249.5 million

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- The bill provides \$405 million for **SAFER** and \$405 million for **Firefighter Grants**, compared to \$420 million and \$390 million for FY10