



City of Phoenix

To: Mayor and Council
Executive Team

Date: September 25, 2008

From: Karen Peters
Government Relations Director

Subject: FEDERAL UPDATE: SEPTEMBER 18 – 25, 2008

This memorandum provides an update of the past week's federal activities – Congressional action, lobbying and national meetings. Government Relations plans to prepare a similar memorandum each week that there is activity. Since Congress is winding down this month, this edition contains more information than might be typical. Please let me or Tom Remes know if you have any questions or need further information on specific legislation or issues.

SEPTEMBER 18 – 25, 2008

Appropriations/ Budget

On Wednesday, by a vote of 370-58, the House passed a \$630 billion-plus Continuing Resolution (CR) that encompasses three FY09 appropriation bills (Defense, Homeland Security, and Military Construction/Veterans Affairs). The CR will fund the government through March 6, 2009. The funding level will be set at the FY 2008 spending rate, with a few notable exceptions described below. The legislation also contains emergency disaster spending. The Senate is expected to hold a procedural vote on Saturday.

The March 6 date is still in dispute – the White House would like a November date and Speaker Pelosi (D-CA) continues to push the March date. As with all legislation at the end of a session of Congress, nothing is final until Congress actually adjourns and leaves town.

The following are some exceptions to the 2008 funding level for agencies:

- The Women, Infants and Children (WIC) program is funded at \$600 million over current levels;
- Rural rental assistance funded at a \$997 million rate;
- Rural housing loan guarantees provided a \$27 million increase over FY 2008 level;
- Bureau of Prisons operating rate set at \$5.4 billion;
- Provides a \$250 million emergency appropriation for the Weatherization Assistance program (this amount, when combined with the current FY08 funding of \$225 million, doubles funding for this program);
- Low-Income Home Energy Assistance Program (LIHEAP) is provided \$5.1 billion, \$2.8 billion of which is designated as emergency funds. The CR also

overrides existing law to expand eligibility to those individuals earning 75% of a State's median income (current law limits it to 60% of such median income);

- The CR maintains Pell Grant awards at the maximum FY08 level to all eligible students, an increase of \$2.5 billion above the current FY08 funding level, and preserves supplemental stipends;
- Extends the Airport Improvement Program;
- Provides \$250,000,000 for Transportation Security Administration Checkpoint Support equipment;
- Allow Housing and Urban Development to fund certain project-based Section 8 contracts at a level up to \$618 million above the FY08 level;
- Extends Hope IV authorization through March 6; and
- Makes adjustments to several mortgage programs.

The year-long FY 2007 CR included the overall surface transportation spending increases guaranteed by Safe, Accountable, Flexible, Efficient Transportation Equity Act – A Legacy for Users (SAFETEA-LU), but this CR does not. Instead, formula funding recipients will get about 43% of their FY 2008 funding levels, for now. The House version of the CR doesn't include the provision to increase contingent commitment authority for New Starts. There is interest in getting it attached to the Senate version.

Although the CR will go through March 6, Congress won't adjourn sine die next week. Rather, they will retain the option of returning for a lame duck session to further address the financial crisis, maybe make a budget deal with President Bush if McCain wins, and to prevent the President from making recess appointments.

Administration's Financial Rescue Plan/Economic "Bailout" Legislation

Despite all-day, behind-the-scenes meetings between Republican and Democratic members, particularly those on the Banking and Financial Services committees, negotiations over a \$700 billion rescue plan broke down today. Negotiations are likely to continue through the night.

Federal Stimulus Package and Energy Bill

Congress could still take up an economic stimulus bill, but it almost certainly will not pass. The House intends to take up its version later this week. It will include around \$15-20 billion in infrastructure spending to be distributed by formula. If it passes the House, it is likely to die by filibuster in the Senate. The most popular features of the stimulus bill, e.g. disaster relief, have already been moved over to the CR.

The House passed an energy bill last week that included a drilling compromise, but it is unlikely to pass the Senate either.

Transportation Update

The House and Senate committees are expected to work on SAFETEA-LU reauthorization bills over the Congressional recess. House Democratic leadership appears interested in ensuring that reauthorization shows linkages with concerns about climate change, energy conservation, land use, etc. The House Metropolitan Mobility Caucus and some Senate members are interested in introducing legislation similar to California's law that would empower Metropolitan Planning Organizations (MPOs) to consider those issues before approving their Transportation Improvement Program amendments.

Offshore-Drilling Ban to Expire

The CR does not extend the offshore-drilling ban. Congress will let the ban on drilling off the U.S. Atlantic and Pacific coasts expire at the end of the month so that the partisan debate over oil drilling is postponed until after the November 4 election.

Low-Income Home Energy Assistance Program (LIHEAP)

As mentioned above, among the exceptions to FY 2008 funding levels is \$5.1 billion in FY 2009 LIHEAP funding. If the CR passes as is, the good news is that Arizona will receive \$28 million in LIHEAP formula money for FY 09, compared to \$9 million in FY 08. The proposed CR also includes \$600 million in LIHEAP contingency funding which must be distributed before the end of this calendar year. Phoenix will continue to engage with Congress and the Administration to get a better share of the contingency.

Unfortunately, Congressman Obey (D-WI) inserted a provision in the CR that raises the “hold harmless” level of the LIHEAP formula from \$2.0 billion to \$3.7 billion. The result is that cold weather states will receive “more” additional money while warm weather states receive more money but not as much as the colder weather states.

The City’s lobbyists spoke with staff from Sen. Kyl’s office, Rep. Pastor’s office, Governor Napolitano’s Washington office, and the Southern Governors Association Policy Analyst this morning about LIHEAP in the CR. Each office is anxious to continue to work on this issue with Phoenix again beginning early next year. To support that effort, staff is working to compare the population increases and rate of poverty of five or more cold and warm weather states over the past twenty-seven years – the length of time LIHEAP has existed. The City’s lobbyists also spoke with Speaker Pelosi’s staff about the Speaker’s request for additional LIHEAP funding, emphasizing the need for warm weather states (including her home state of California) to be treated on par with cold weather states.

The House Select Committee on Energy Independence and Global Warming held a hearing this afternoon on LIHEAP focused on the cost and availability of home heating oil for this winter. The City’s lobbyists prepared questions and briefing material for Congressman John Shadegg, who is on the Select Committee, and worked with his staff to encourage him to take the opportunity to raise the fair share issue relative to LIHEAP.

Copper Theft Prevention Act

The City’s lobbyists met with Home Depot’s lobbyist last week to discuss the Copper Theft Prevention Act (HR 6831), which was set to be marked up on Tuesday by the full House Energy and Commerce Committee. As drafted, the bill does not preempt state or local laws. It does set a \$500 ceiling on cash payments for scrap metal, which is less restrictive than Arizona’s law and Phoenix’s ordinance. Councilman Mattox sent a letter this week to Congressman Shadegg, who sits on the Committee, regarding the City’s comments regarding HR 6831.

The chances of HR 6831 being enacted this year are slim given the amount of time left on the Congressional calendar, but Senator Inouye (D-HI), Chairman of the Commerce, Science and Transportation Committee has a strong interest in moving this bill because Hawaii leads the country in copper theft. We will continue to track this legislation.

Congressional Black Caucus Foundation's 38th Annual Legislative Conference

The Annual Legislative Conference is taking place from September 24-27 at the Walter E. Washington Convention Center. This year's theme is "*Embracing the Promise, Realizing the Vision.*" Councilman Michael Johnson and Assistant Aviation Director Carl Newman are participating in the Conference.