BUDGET AND APPROPRIATIONS

Congress Passes Continuing Spending Resolution

Congress recently passed a continuing resolution that will keep the federal government funded through November 16th. Although the House has approved all twelve of their spending bills, the Senate has only passed five. In order to keep the government running past September 30—the end of the fiscal year—it was necessary that a continuing resolution was passed.

Although the passage of the continuing resolution has bought some extra time for appropriators, a shadow looms over the appropriations schedule. The White House has threatened to veto seven of the pending spending bills because of their “inflated” funding levels. Democrats have included $23 billion dollars more than what the president included in his $933 billion budget. Observers have reported that in order to prevent a veto showdown with President Bush, Democrats may end up combining several spending bills into one massive omnibus spending measure. President Bush has warned against doing so.

Congressional Quarterly (CQ) has reported that House Appropriations Committee Chairman David Obey (D-WI-7th) would like to work out a compromise with the administration on how to proceed further. CQ has also reported that Senate Majority Leader Harry Reid (D-NV) hopes to send President Bush three spending bills in the next couple of weeks to “see what he does with them.” He did not specify which three bills he was referring to. The Senate is expected to pass the Defense and Commerce, Justice, State appropriations bills in the near future.
imposing a surtax ranging from 2% on the working class to 15% on the wealthiest taxpayers.

The Democratic Party, however, did not present a united front on this effort. Speaker of the House, Nancy Pelosi (D-CA), rejected the proposal stating “just as I have opposed the war from the outset, I am ...opposed to a war surtax.” Senate Majority Leader Harry Reid (D-NV), has sided with the Speaker saying that her stance is “good enough for me.”

Though the opposition from the party leadership in both chambers effectively kills the proposal, Congressman Obey has stated that he anticipated as much and wanted to use the proposal as yet another way to challenge the President on Iraq. The plan, designed to generate additional opposition to the war, comes in the wake of several failed Democratic attempts to include troop withdrawal language into Senate defense authorization bill. The authorization bill, which passed with the support of 92 senators, is devoid of any withdrawal language. Perhaps trying to rally his party to the anti-war cause, Obey was in a combative mood stating that if the costs are too high, the war ought to be “shut down.” He added that he has “no intention of reporting out of [his] committee anytime in this session of Congress any such request that simply serves to continue the status quo” referring to the President’s $190 billion war supplemental request.

Defense Authorization Bill Passes in the Senate

The Senate opened the month of October by overwhelmingly passing the 2008 Defense Authorization Bill (H.R. 1585) by a vote of 92-3. The legislation, like its House counterpart, does not contain language that would begin the withdrawal of the troops from Iraq despite a multitude of Democratic amendments seeking to begin the process of bringing soldiers home. The Senate bill authorizes $142 billion for the wars in Iraq and Afghanistan, out of the total $648 billion authorization.

The House bill, authorizing $646 billion, is slightly less than its Senate companion and has some major differences that will have to be resolved in conference before the legislation reaches the President’s desk. The bills differ dramatically on weapon funding. One example is concerning the Future Combat Systems Army program, for which the Senate has increased funding by $115 million on top of the Army’s $3.7 billion request, while the House decreased its funding by $867 million. Additionally, the House bill contains language that would submit the Department of Defense to “Buy American” rules, a provision that does not appear in the legislation passed by the Senate.

The President has taken issue with some provisions that appear in both bills and has issued a veto threat. The House and Senate have included a provision that would raise the salary of military personnel by 3.5%, half a percentage point higher than the President supports. In addition, the bills would restore collective bargaining rights to Pentagon employees as well as expand hate crime laws to include acts committed against individuals based on gender or sexual orientation, both of which the President opposes. Despite the veto threat, no president has ever vetoed a defense authorization bill and the Democrats do not believe that such a practice will begin this year. Senate Armed Services Committee Chairman Carl Levin (D-MI) stated that he doesn’t “buy that the President is going to veto the defense authorization bill.” It remains to be seen what provisions will emerge from conference and whether the President will veto such a bill in a time of war.

Prelude to Supplemental Battle; War Surtax Proposal

Frustrated by failed attempts to bring about the end of the war in Iraq, three Democratic congressmen have proposed a surtax to pay for the war effort. House Appropriations Chairman David Obey (D-WI), Chairman of the Defense Appropriations Subcommittee Jack Murtha (D-PA), and Jim McGovern (D-MA) argue that their plan would raise $140 billion to $150 billion per year by
While the surtax may not become a reality, its proposal is seen as a sign of the coming battle between the White House and the Democratic Congress once the war supplemental is considered.

**Coast Guard Reauthorization Bill Floor Consideration on Hold**

Progress on the Fiscal Year 2008 (FY08) Coast Guard Reauthorization Bill continues to remain on hold. Both the House and Senate managed to approve their versions of the bill at the committee level before the August recess. Despite their progress this summer, however, both bills are still awaiting floor consideration.

On September 25, the House Homeland Security Committee marked up the House version of the bill (H.R. 2830). The measure was approved by voice vote after members adopted a substitute amendment, among other things, added language that would overhaul the Coast Guard’s Deepwater program. In addition to the extra Deepwater provisions, the committee also added almost $300 million in authorized funding for the program.

It is not clear if the House Transportation and Infrastructure Committee, which marked up the bill in July, agree with all the changes the Homeland Security Committee has approved. Regardless, further advancement of the House bill is on hold until the Coast Guard provides the House Transportation and Infrastructure Subcommittee on Coast Guard and Maritime Transportation with a report on its Merchant Marine Safety Program—a request made by Subcommittee Chairman Elijah Cummings (D-MD-7th). Committee staffers have indicated that this should happen sometime in October.

The Senate Commerce Committee staff has indicated that they have no plans to take any immediate action on the Senate bill (S. 1892).

**TELECOMMUNICATIONS AND TECHNOLOGY**

**Preparing America for the Transition to DTV**

In 2005, Congress set a date, February 17, 2009, for the transition from analog to digital television (DTV). On February 18, 2009, any analog television not equipped with a converter box will go dark.

The federal government allocated $1.5 billion for a coupon program to assist in purchasing the converter boxes. Boxes will run $50 to $70 each and all United States households are eligible for up to two coupons worth $40 each for the purchase. Congressman Fred Upton (R-MI) is confident that the amount allocated will exceed the necessary expenditures. It is estimated that 23 million coupons will be needed and the program is funded for approximately 33.5 million.

Lately criticism of the Federal Communications Commission (FCC) and National Telecommunications and Information Administration’s (NTIA) efforts to alert the public to the transition has been rampant. On September 26, consumer advocates criticized current efforts at a public meeting hosted by the FCC regarding the DTV transition. The National Consumers League believes the FCC needs to show more effective leadership and begin a major media campaign to alert the public. The Consumer Action group also voiced its concern that the FCC conducts the oversight and regulation of the public service announcement (PSA) programs regarding the DTV transition. According to the FCC and NTIA, budget restraints have led to individual industry groups leading the campaign. Groups also commented on the importance of using trusted community-based organizations to assist in spreading the word and their fears of fraud and con-artists taking advantage of the situation and any potential confusion.

The FCC and NTIA believe they are on track for the transition. Concerns have been voiced that ads are not getting the information out about the coupon program but the FCC and NTIA claim their initial focus is to get consumers to further information like web sites or a toll-free number they have set up.
The Government Accountability Office (GAO) will issue a report this November further analyzing the efforts so far. Congressman Edward Markey (D-MA) requested the report a little over a year ago. Markey, chairman of the House Energy and Commerce Subcommittee on Telecommunications and the Internet, said his subcommittee would hold hearings on October 17 and 31 to further address concerns. Portions of the GAO report are expected to be revealed at that time.

Internet Tax Legislation Stalls in Senate

Efforts on September 27 to extend the moratorium on Internet access taxes stalled in the Senate Commerce, Science and Transportation Committee. The Internet Tax Freedom Act Extension of 2007 (S. 1453), a bill to extend the moratorium for four more years, was pulled from markup when it became apparent that the majority planned on voting to make the ban on Internet taxes permanent. The current ban expires on November 1.

Co-authors of S. 1453, Senators Thomas Carper (D-DE) and Lamar Alexander (R-TN), advocate the four year ban because of the ever-changing nature of the Internet. They believe there is no way to predict possible future problems caused by instituting a permanent ban. The National Governors Association, the Council of State Governments, National Association of Counties, National League of Cities, U.S. Conference of Mayors and other groups representing states and localities endorsed the four-year extension as the path to take.

Supporters of opposing legislation, the Permanent Internet Tax Freedom Act of 2007 (S. 156), include Senators John Sununu (R-NH), Ron Wyden (D-OR), John McCain (R-AZ), Trent Lott (R-MS), Mitch McConnell (R-KY), Commerce Secretary Carlos Gutierrez, Treasury Secretary Henry M. Paulson, and the National Association of Manufacturers.

Following the unsuccessful markup, Chairman Daniel K. Inouye (D-HI) said the two sides may have come to an agreement with a six-year extension outside of the committee room.

INTERNATIONAL TRADE

U.S. Close to Trade Agreement with Peru

On September 27th President Bush sent implementing language to the House and Senate in hopes of immediate congressional action on the Peru trade agreement. Under fast-track rules, lawmakers are given three months (90 days) to approve or reject the legislation. Having jurisdiction over this matter, the House Committee on Ways and Means has 45 days to vote on the bill. If the Committee does not consider the bill within that timeframe, the measure will automatically be sent to the House floor. From there, members are given fifteen days to vote yea or nay. Upon House consideration, the Senate Finance Committee must consider the bill within fifteen days of House action. Once the committee considers the bill, the full Senate will have 15 days to vote on it.

Signed in April 2006 the Peru trade agreement had been subject to intense scrutiny in the 109th Congress by many Democrats due to the exclusion of labor and environmental standards. In an article published in the September 28th edition of CQ Today, staff writer Victoria McGrane states “Panel Democrats, who largely opposed the Peru pact in the 109th Congress, generally support the measure now, because of the addition of labor and environmental standards they had long sought.” Despite the inclusion of the standards, many Democrats still oppose the deal arguing that votes on the Trade Adjustment Assistance (TAA) program and China’s undervalued currency should take precedence over trade pacts.
HEALTHCARE

FDA Increases Regulatory Authority

On September 27th President Bush signed the FDA Overhaul bill (HR 3580) into law. The bill is, arguably, the most comprehensive overhaul of the Food and Drug Administration in over ten years. The bill, as a result, will greatly increase the regulatory authority of the FDA thereby bolstering the monitoring of prescription drugs and medical devices. In the September 19th edition of CQ today, Energy and Commerce Committee Chairman Dingell states: “This legislation strikes the proper balance between new drug-safety measures and ensuring consumers have access to innovative prescription pharmaceuticals in a timely manner.”

Chief among the bill’s provision is the reauthorization of the FDA’s Prescription Drug User Fee Act (PDUFA) and the Medical Device Users Fee Act (MDUFMA), which mandate that companies pay annual user fees to expedite the drug and medical device approval process. Both programs are now reauthorized until 2012. Other bill provisions include but are not limited to: drug safety and approval studies, clinical trials databases, food safety, and the creation of the Regan-Udall Foundation.

AGRICULTURE

Senate Hopes To Cut Farm Subsidies in Farm Bill

The Senate Agriculture Committee is expected to soon begin debating the Farm Bill and Senators are calling for a modest cut of $5.2 billion in subsidies guaranteed to farmers of mostly cotton, wheat, soybeans and corn. Critics say that the payments are no longer justified since the prices of these crops are at record highs.

According to the Washington Post on October 2, 2007, Tom Harkin (D-IA) Chairman of the Senate Agriculture Committee said, “You can anticipate there is going to be a number of amendments on the Senate floor to revise the direct payments.” He also stated that the Senate is proposing a farm-bill outline that provides more funding for land stewardship, renewable energy, rural economic development, and specialty crops.

According to public opinion polls in Washington state, New York, Colorado, Oregon, and Virginia, the majority of people (three out of four) thought that their senators should support conservation programs instead of farm subsidies.

ENERGY AND ENVIRONMENT

U.S. Hosted Global Climate Change Meeting Adjourned

President Bush called on a two-day meeting that opened Sept. 27 for the worst polluters to come together and discuss global climate change. The U.S. hosted gathering drew representatives from 17 of the world’s largest polluters including representatives from China, India, the United Nations and the European Union.

Foreign ministers tried to agree upon a long-term goal for tackling greenhouse gas emissions by 2050 but were unable to agree on a workable solution. The White House, which has opposed setting binding caps on emissions, advocated using green technologies and voluntary efforts to try and curb emissions. Critics claim that this method is unlikely to produce consequential results.

The Japanese proposal called for a 50 percent cut in emissions from current levels while the European proposal called for a 50 percent cut from 1990 levels.

President Bush hopes to continue discussions over the next year in order to finalize discussions of a global goal by the summer of 2008.