



City of Phoenix

To: Mayor and Council
Executive Team

Date: January 8, 2009

From: Karen Peters
Government Relations Director

Subject: FEDERAL UPDATE: JANUARY 1 – JANUARY 8, 2009

This memorandum provides an update of the past week's federal activities – Congressional action, lobbying and national meetings. Please let me or Tom Remes know if you have any questions or need further information on specific legislation or issues.

JANUARY 1 – JANUARY 8, 2009

Congress Convenes 111th Congress

The first session of the 111th Congress convened on Tuesday, January 6th. The House's first order of business was a resolution setting the chamber's internal rules. The resolution set off a heated partisan debate. Republicans argued that the package restricts the minority's right to offer motions to recommit bills and removes committee chairman term limits that were instituted when Republicans took control of the chamber in 1994. The resolution ultimately was adopted along party lines by a vote of 242-181.

Arizona Congressional Delegation in the 111th Congress

The Arizona House delegation is now made up of five Democrats (Ed Pastor, Harry Mitchell, Raul Grijalva, Gabrielle Giffords, and Ann Kirkpatrick) and three Republicans (John Shadegg, Trent Franks and Jeff Flake). Yesterday we learned that Congresswoman Kirkpatrick was selected to serve on the Homeland Security Committee, which will oversee chemical security legislation, authorization of the Department of Homeland Security, Federal Emergency Management Agency (FEMA) designation and many other important issues that may impact local governments. Congressman Pastor remains on the Appropriations Committee with subcommittee assignments on Energy and Water, Interior and Transportation-HUD. Congressman Mitchell remains on Transportation and Infrastructure (subcommittee assignments have not been released) and Veterans Affairs.

On the other side of Capitol Hill, Arizona's representation remains the same with Republican Senators Kyl and McCain returning. Senator Kyl will again serve as the Senate Minority Whip, which is the 2nd ranking leadership position and he will continue serving on the Finance and Judiciary Committees. Senator McCain has indicated that he is interested in shifting his committee responsibility from the Commerce, Science and Transportation Committee to the Health, Education, Labor and Pensions Committee where he can have a role in shaping health care legislation.

Among the many legislative items facing Congress, the two highest priorities are the remaining nine Fiscal Year (FY) 2009 appropriations bills and the economic stimulus package.

FY 10 Appropriations

On Tuesday, the chairmen of the House and Senate Appropriations Committees released a joint statement announcing their plans for earmark reform for the 111th Congress. Starting with FY 10 appropriations bills, members will be required to publish on their websites their appropriations requests, explaining the purpose of the earmark and why taxpayer money should be used. The Chairmen also stated that they intend to cut the overall level of earmarks to 50 percent of the 2006 appropriations level, which is approximately the same level as the FY08 earmarks. The 50 percent cut will not apply to project-based accounts like the Corps of Engineers. It is not clear how individual members will adapt to this new process and some offices have indicated they may have to limit overall requests.

Economic Stimulus and FY 2009 Appropriations

On Wednesday, the House and Senate Appropriations staffs started a final reading of the FY 2009 appropriations conference report. In this process, the staffs read every word of the bill and report to confirm that it is correct and adheres to the agreements reached by the House and Senate. We expect that the remaining FY 2009 appropriations will be done as an omnibus bill; the timing is unknown and depends on Congressional politics.

Senate and House appropriations staff report that the Obama Administration's stimulus package was provided to the House and Senate in the President-Elect's meeting with Congressional leadership. Congress will spend the remainder of this week working the President Elect's proposal into the House and Senate versions of a stimulus bill. Negotiations are expected to be continue for the next several weeks between Congressional Democrats and Republicans and the new Administration in order to get a package approved by Presidents Day (Feb. 16). No details are available about how stimulus money will be distributed. Consistent with what some members are saying, we expect that the pressure to get money spent on projects will cause federal agencies to use existing formulae and procedures for distributing funds. If "shovel-ready" projects are only those for which environmental reviews are complete, federal agencies should be able to process projects quickly.

The City's federal lobbyists spoke with the Assistant Executive Director of the U.S. Conference of Mayors (USCM) about targeting highway funding directly to local governments. The federal lobbyists and City staff have been working with USCM, National League of Cities (NLC) and other local government groups to request that highway funding be directed to local governments through the Surface Transportation Program. In meetings with staff in Congressman Pastor and Congressman Mitchell's offices, the team has discussed the importance of including language in the stimulus package that would require states to sub-allocate funding to local governments.

The Economic Stimulus Continued...

The most recent development in the economic stimulus discussion involves eradicating pork barrel spending. President-Elect Obama in conjunction with Congressional

Democrats is pushing to eliminate nearly all earmarks from the nearly trillion dollar price tag of the proposed stimulus package. This bill, they assert, is not the place for pet projects in lawmakers' home districts. Critics of the stimulus package point to projects such as Las Vegas wanting to use stimulus funding to turn a historic post office into a Mob Museum.

Senate Top 10 Legislative Priorities

On Wednesday, Senate leadership released its top 10 priorities for the 111th Congress. Below are the bills with short descriptions. S.1 is the economic stimulus package. The Finance Committee will be marking up the tax sections of the bill next week.

- A bill (S. 1) to create jobs, restore economic growth, and strengthen America's middle class through measures that modernize the nation's infrastructure, enhance America's energy independence, expand educational opportunities, preserve and improve affordable health care, provide tax relief, and protect those in greatest need, and for other purposes.
- A bill (S. 2) to improve the lives of middle class families and provide them with greater opportunity to achieve the American dream.
- A bill (S. 3) to protect homeowners and consumers by reducing foreclosures, ensuring the availability of credit for homeowners, businesses, and consumers, and reforming the financial regulatory system, and for other purposes.
- A bill (S. 4) to guarantee affordable, quality health coverage for all Americans, and for other purposes.
- A bill (S. 5) to improve the economy and security of the United States by reducing the dependence of the United States on foreign and unsustainable energy sources and the risks of global warming, and for other purposes.
- A bill (S. 6) to restore and enhance the national security of the United States.
- A bill (S. 7) to expand educational opportunities for all Americans by increasing access to high-quality early childhood education and after school programs, advancing reform in elementary and secondary education, strengthening mathematics and science instruction, and ensuring that higher education is more affordable, and for other purposes.
- A bill (S. 8) to return the Government to the people by reviewing controversial "midnight regulations" issued in the waning days of the Bush Administration.
- A bill (S. 9) to strengthen the United States economy, provide for more effective border and employment enforcement, and for other purposes.
- A bill (S. 10) to restore fiscal discipline and begin to address the long-term fiscal challenges facing the United States, and for other purposes.

Presidential Nominations Update

A hearing regarding Governor Janet Napolitano's appointment as Secretary of Homeland Security is scheduled for Thursday, January 15, and she is expected to be confirmed and seated promptly after the Inauguration. Rumor has it that CNN's Chief Medical Correspondent, Dr. Sanjay Gupta, will be nominated for the office of Surgeon General. Sources say that Dr. Gupta will accept the nomination and is planning to move his family from Atlanta to Washington D.C. once the vetting process is complete.

A recent change to the Cabinet lineup includes the announcement that New Mexico Governor Bill Richardson has withdrawn his nomination for Commerce Secretary. President Elect Obama has yet to announce an alternate candidate for this office.

As a final piece to this week's nomination area, President-Elect Obama announced the nomination of Leon Panetta to head the CIA. Panetta, with no known intelligence background, was a most unexpected pick for the job. Senator Diane Feinstein, the newly appointed Chairwomen of the Senate Intelligence Committee, asserts that Panetta's lack of experience in the field of intelligence will pose some challenges in his confirmation.

The 111th Senate Convenes Sans Two Members

The runoff in the Minnesota Senate race between Al Franken and Senator Norm Coleman (R-MN) as well as the contentious appointment of Roland Burris to replace President-Elect Obama as Senator of Illinois is causing quite a stir. The Senate confirmations that took place on Tuesday proved even more interesting when both Burris and Coleman were refused access the official confirmation hearing. Both the President-Elect and the Senate want these issues to be quickly resolved to avoid stalling passage of the proposed economic stimulus plan. Another Senate seat that may be vacant soon is the New York Senate seat. We will wait to see what happens after the expected confirmation of Sen. Hillary Clinton (D-NY) to Secretary of State. Several names have been mentioned for her replacement.

Other Senate changes include Sen. John Kerry (D-MA) replacing Sen. Joe Biden (D-DE) as chair of the Foreign Relations committee and Sen. Daniel Inouye (D-HI) replacing Sen. Robert Byrd (D-WV) as head of the Appropriations Committee.