



Super-Committee Members Meet and Make Demands; FY 2012 CR Looms

Appropriations Issues

The Senate Appropriations Committee met and approved the FY 2012 Agriculture, Rural Development, FDA, and Related Agencies spending bill, thus clearing this measure for Senate consideration. The committee provided the FDA with \$2.497 billion which amounts to about the same level of spending as for FY 2011. In contrast, the House passed H.R. 2112 with only \$2.1 billion going to FDA operations. It appears unlikely this bill will be enacted before the October 1st beginning of the new fiscal year. Republican and Democrat congressional leadership appear to have agreed to pass a short-term continuing resolution, CR, to enable Congress to consider several other individual appropriations bills or wrap up FY 2012 spending under a long-term omnibus spending bill. The CR is likely to continue through November 23rd, the date when the Joint Select Committee on Deficit Reduction is to make their recommendations on deficit reduction.

Joint Select Committee on Deficit Reduction Meets

The deficit reduction “super committee” met last week for the first time and co-chairs **Rep. Jeb Hensarling and Senator Patty Murray** agreed to alternate the chairman’s gavel from meeting to meeting. A hearing is scheduled for September 13 to hear the CBO director on ‘the History and Drivers of Our Nation’s Debt and Its Threats.’ Another key staffer was named to assist the committee; **Sarah Kuehl**,

a senior Senate Budget Committee analyst for the Democrats, joins **COS Mark Prater** as his deputy. Earlier, **Assistant House Minority Leader James Clyburn** argued that he will promote “jobs, cuts and revenue” in his role as one of the twelve joint committee members. However, **Jeb Hensarling** said that “deficit reduction and a path to fiscal sustainability are themselves a jobs program.” **Rep. Clyburn** also said the committee does not have the time or resources to come up with a major overhaul of the tax code. His admonition may come to pass unless the President or the House and Senate tax committees move early on to develop a consensus on major tax reform. As to health spending matters, the minority staff of the House Ways and Means Committee released a report which details various health savings options, including setting up new Medicare Part D drug rebate program for dual-eligibles and low-income subsidy recipients (\$120

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billion in estimated savings over a decade) and raising the Medicare eligibility age to 67 (estimated savings of \$124 billion).

President Obama Declares “Pass the Bill Now” During Jobs Speech

In a joint session of Congress, **President Obama** called on members to “pass now” his \$400-450 billion American

Jobs Act which he said would include payroll tax cuts for employees and employers, an extension of unemployment benefits, transportation and school construction spending and direct aid to states and cities. The President also indicated his support for “modest adjustments” to Medicare to ensure the program’s long-term solvency. He said the jobs bill would be fully paid-for with the details to be released

within a week or two. The pay-fors would also accompany the President’s recommendations for spending cuts to the Joint Select Committee. The proposal for additional spending and revenue decreases is likely to make the job of the joint committee even tougher, if a consensus is to be reached by November 23rd in order to avoid a \$600 billion cut to both defense and non-defense programs.

CMS Issues RFI on PPACA Basic Health Plan

CMS announced it is seeking information on factors that states will face in deciding whether or not to formulate their basic health plan options for individuals with incomes between 133-200% of the federal poverty level. The factors include: whether to offer a basic plan; how the basic

plan could be made more or less attractive to states; costs associated with their decisions; the standards for the basic plan; the contracting process for the basic plan; and how such plans should coordinate with other health programs.

Fourth Circuit Avoids Decision on Individual Mandate

The U.S. Court of Appeals for the Fourth Circuit held that the State of Virginia lacks the standing to challenge the PPACA’s individual mandate. The court said that the mandate did not apply to the state itself and the state, therefore, could not demonstrate that it would suffer an injury in fact should the mandate be upheld. The court also said a state cannot bring an action solely to defend the

constitutional rights of its citizens, such as in the Virginia law saving individuals from the individual mandate. In another case against the individual mandate, *Liberty University Inc. v. Geithner*, the court said that the tax anti-injunction act (AIA) stripped it of jurisdiction to hear a challenge to the constitutionality of the mandate.

House Ways and Means Hearing on Hospital/Insurer Prices

At a House Ways and Means Health Subcommittee hearing last week, witnesses said that the consolidation among hospitals and

health insurers has led to higher prices, up to 50% in some cases. **Chairman Wally Herger** said that research has shown that such consolidation does not lead to

greater efficiencies and improved quality and that the hearing is a starting point for further assessment of the consolidation issue.

Senate HELP Passes Reauthorization of Pediatric Training

By voice vote the Senate HELP Committee passed S. 958, legislation reauthorizing the children's hospital graduate medical education (GME) program for five years at the current level of \$330 million annually. There was bipartisan support for the bill which goes against the President's recommendation to defund the program.

HHS Guidance on Fair Visitation Rights for Patients

HHS issued guidance giving hospitalized Medicare and Medicaid patients the right to see visitors of their choosing, including same-sex partners. CMS alerted state survey agencies of the policy with respect to their role to conduct on-site inspections.

Grants to Community Health Centers

HHS announced \$700 million in grants under the \$11 billion PPACA program designed to construct, expand and upgrade community health centers.

Recently Introduced Health Legislation

H.R. 2841 (MEDICAID), to require the secretary of health and human services to approve waivers under Medicaid that are related to state provider taxes that exempt certain retirement communities, Sept. 2.

small business capital formation in ways that are consistent with investor protection, including expanding “crowdfunding” opportunities and increasing mini-offerings. Finally, the President’s plan calls for Congress to pass comprehensive patent reform, increase guarantees for bonds to help small businesses compete for infrastructure projects and remove burdensome withholding requirements that keep capital out of the hands of job creators.

2. Putting Workers Back on the Job While Rebuilding and Modernizing America

- *Tax Credits and Career Readiness Efforts to Support Veterans’ Hiring:* The President is proposing a Returning Heroes Tax Credit of up to \$5,600 for hiring unemployed veterans who have been looking for a job for more than six months, and a Wounded Warriors Tax Credit of up to \$9,600 for hiring unemployed workers with service-connected disabilities who have been looking for a job for more than six months, while creating a new task force to maximize career readiness of servicemembers.
- *Preventing Layoffs of Teachers, Cops and Firefighters:* The President is proposing to invest \$35 billion to prevent layoffs of up to 280,000 teachers, while supporting the hiring of tens of thousands more and keeping cops and firefighters on the job. These funds would help states and localities avoid and reverse layoffs now, requiring that funds be drawn down quickly. Under the President’s proposal, \$30 billion be directed towards educators and \$5 billion would support the hiring and retention of public safety and first responder personnel.
- *Modernizing Over 35,000 Schools – From Science Labs and Internet-Ready Classrooms to Renovated Facilities:* The President is proposing a \$25 billion investment in school infrastructure that will modernize at least 35,000 public schools – investments that will create jobs, while improving classrooms and upgrading our schools to meet 21st century needs. This includes a priority for rural schools and dedicated funding for Bureau of Indian Education funded schools. Funds could be used for a range of emergency repair and renovation projects, greening and energy efficiency upgrades, asbestos abatement and removal, and modernization efforts to build new science and computer labs and to upgrade technology in our schools. The President is also proposing a \$5 billion investment in modernizing community colleges (including tribal colleges), bolstering their infrastructure in this time of need while ensuring their ability to serve future generations of students and communities.
- *Making an Immediate Investment in Our Roads, Rails and Airports:* The President’s plan includes \$50 billion in immediate investments for highways, transit, rail and aviation, helping to modernize an infrastructure that now receives a grade of “D” from the American Society of Civil Engineers and putting hundreds of thousands of construction workers back on the job. The President’s plan includes investments to improve our airports, support NextGen Air Traffic Modernization efforts, and resources for the TIGER and TIFIA programs, which target competitive dollars to innovative multi-modal infrastructure programs. It will also take special steps to enhance infrastructure-related job training opportunities for individuals from underrepresented groups and ensure that small businesses can compete for infrastructure contracts. The President will work administratively to speed infrastructure investment through a recently issued Presidential Memorandum developed with his Jobs Council directing departments and agencies to identify high impact, job-creating infrastructure projects that can be expedited in a transparent manner through outstanding review and permitting processes. The call for greater infrastructure investment has been joined by

leaders from AFL-CIO President Richard Trumka to U.S. Chamber of Commerce President Thomas Donohue.

- Establishing a National Infrastructure Bank: The President is calling for Congress to pass a National Infrastructure Bank capitalized with \$10 billion, in order to leverage private and public capital and to invest in a broad range of infrastructure projects of national and regional significance, without earmarks or traditional political influence. The Bank would be based on the model Senators Kerry and Hutchison have championed while building on legislation by Senators Rockefeller and Lautenberg and the work of long-time infrastructure bank champions like Rosa DeLauro and the input of the President's Jobs Council.
- Project Rebuild: Putting People Back to Work Rehabilitating Homes, Businesses and Communities. The President is proposing to invest \$15 billion in a national effort to put construction workers on the job rehabilitating and refurbishing hundreds of thousands of vacant and foreclosed homes and businesses. Building on proven approaches to stabilizing neighborhoods with high concentrations of foreclosures, Project Rebuild will bring in expertise and capital from the private sector, focus on commercial and residential property improvements, and expand innovative property solutions like land banks. This approach will not only create construction jobs but will help reduce blight and crime and stabilize housing prices in areas hardest hit by the housing crisis.
- Expanding Access to High-Speed Wireless in a Fiscally Responsible Way: The President is calling for a deficit reducing plan to deploy high-speed wireless services to at least 98 percent of Americans, including those in more remote rural communities, while freeing up spectrum through incentive auctions, spurring innovation, and creating a nationwide, interoperable wireless network for public safety.

3. Pathways Back to Work for Americans Looking for Jobs.

- Reform Our Unemployment Insurance System to Provide Greater Flexibility, While Ensuring 6 Million People Do Not Lose Benefits: Drawing on the best ideas of both parties and the most innovative states, the President is proposing the most sweeping reforms to the unemployment insurance (UI) system in 40 years help those without jobs transition to the workplace. Alongside these reforms, the President is reiterating his call to extend unemployment insurance, preventing 6 million people looking for work from losing their benefits and extending what the independent Congressional Budget Office has determined is the highest "bang for the buck" option to increase economic activity.
 - Reemployment Assistance: States will be required to design more rigorous reemployment services for the long-term unemployed and to conduct assessments to review the longest-term claimants of UI to assess their eligibility and help them develop a work-search plan. These reforms are proven to speed up UI beneficiaries' return to work.
 - Work-sharing: The President will expand "work-sharing" to encourage arrangements using UI that keep employees on the job at reduced hours, rather than laying them off.
 - State Flexibility for Bold Reforms to Put the Long-Term Unemployed Back To Work: The President is proposing to provide additional funds to allow states to introduce new programs aimed at long-term unemployed workers, including:
 - "Bridge to Work" Programs: States will be able to put in place reforms that build off what works in programs like Georgia Works or Opportunity North

Carolina, while instituting important fixes and reforms that ensure minimum wage and fair labor protections are being enforced. These approaches permits long-term unemployed workers to continue receiving UI while they take temporary, voluntary work or pursue work-based training. The President's plan requires compliance with applicable minimum wage and other worker rights laws.

- Wage Insurance: States will be able to use UI to encourage older, long-term unemployed Americans to return to work in new industries or occupations.
 - Startup Assistance: States will have flexibility to help long-term unemployed workers create their own jobs by starting their own small businesses.
 - Other Reemployment Reforms: States will be able to seek waivers from the Secretary of Labor to implement other innovative reforms to connect the long-term unemployed to work opportunities.
- Tax Credits for Hiring the Long-Term Unemployed: The President is proposing a tax credit of up to \$4,000 for hiring workers who have been looking for a job for over six months.
 - Investing in Low-Income Youth and Adults: The President is proposing a new *Pathways Back to Work Fund* to provide hundreds of thousands of low-income youth and adults with opportunities to work and to achieve needed training in growth industries. The Initiative will do three things: i) support summer and year-round jobs for youth, building off of successful programs that supported over 370,000 such jobs in 2009 and 2010; ii) support subsidized employment opportunities for low-income individuals who are unemployed, building off the successful TANF Emergency Contingency Fund wage subsidy program that supported 260,000 jobs in 2009 and 2010; and iii) support promising and innovative local work-based job and training initiatives to place low-income adults and youths in jobs quickly.
 - Prohibiting Employers from Discriminating Against Unemployed Workers: The President's plan calls for legislation that would make it unlawful to refuse to hire applicants solely because they are unemployed or to include in a job posting a provision that unemployed persons will not be considered.

4. More Money in the Pockets of Every American Worker and Family

- Cutting Payroll Taxes in Half for 160 Million Workers Next Year. The President's plan will expand the payroll tax cut passed last December by cutting workers payroll taxes in half next year. This provision will provide a tax cut of \$1,500 to the typical family earning \$50,000 a year. As with the payroll tax cut passed in December 2010, the American Jobs Act will specify that Social Security will still receive every dollar it would have gotten otherwise, through a transfer from the General Fund into the Social Security Trust Fund.
- Helping More Americans Refinance Mortgages at Today's Historically Low Interest Rates: The President has instructed his economic team to work with Fannie Mae and Freddie Mac, their regulator the FHFA, major lenders and industry leaders to remove the barriers that exist in the current refinancing program (HARP) to help more borrowers benefit from today's historically low interest rates. This has the potential to not only help these borrowers, but their communities and the American taxpayer, by keeping borrowers in their homes and reducing risk to Fannie Mae and Freddie Mac.

5. Fully Paid for as Part of the President's Long-Term Deficit Reduction Plan.

- To ensure that the American Jobs Act is fully paid for, the President will call on the Joint Committee to come up with additional deficit reduction necessary to pay for the Act and still meet its deficit target. The President will, in the coming days, release a detailed plan that will show how we can do that while achieving the additional deficit reduction necessary to meet the President's broader goal of stabilizing our debt as a share of the economy.

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Tax Cuts to Help America's Small Businesses Hire and Grow	70
Cut employer payroll taxes in half & bonus payroll cut for new jobs/wages	65
Extend 100% expensing in 2012	5
Putting Workers Back on the Job While Rebuilding and Modernizing America	140
Teacher rehiring and first responders	35
Modernizing schools	30
Immediate surface transportation	50
Infrastructure bank	10
Rehabilitation/repurposing of vacant property (neighborhood stabilization)	15
National wireless initiative	0*
Veterans hiring initiative	n.a.
Pathways Back to Work for Americans Looking for Jobs	62
UI Reform and Extension	49
Jobs tax credit for long term unemployed	8
Pathways back to work fund	5
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Cutting employee payroll taxes in half in 2012	175
TOTAL	447

* Proposal has a gross cost of \$10bn, but a net deficit reducing impact of \$18bn because of spectrum auction proceeds.