



COMMITTEE ON APPROPRIATIONS

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House Consideration of the 2010 Supplemental Appropriations Act: Amendments on Fully Offset Education & Other Funding

WASHINGTON, D.C. – The House of Representatives passed two amendments to H.R. 4899, the 2010 supplemental appropriations bill for efforts in Iraq, Afghanistan, and Haiti and pressing domestic needs.

The Senate bill provides a total of \$45.5 billion in discretionary funding for FY 2010, of which \$37.12 billion is provided for our troops in Iraq and Afghanistan. The bill also provides \$5.1 billion for FEMA disaster relief, \$2.9 billion for Haiti, \$162 million for the Gulf Coast oil spill, and over \$600 million for other domestic needs in discretionary appropriations. Additionally, the bill includes \$13 billion in mandatory funding for Vietnam veterans exposed to Agent Orange as requested by the President.

The House amendments add \$22.8 billion for important domestic needs, including \$10 billion for an Education Jobs Fund to help save 140,000 education jobs for the next school year, and funding for Pell Grants, summer youth jobs, the Pigford and Cobell settlements, border security, innovative technology energy loans, schools on military installations, additional Gulf Coast oil spill funding, emergency food assistance, a new soldier processing center at Fort Hood, and program integrity investments that are proven to produce 1½ times their cost in savings.

In order to hold the total amount to the President's requested level over a ten-year period, the amendments includes a total of \$23.5 billion in offsets: \$11.7 billion in rescissions from programs that no longer require the funding, have sufficient funds on hand, or do not need the funding this year or next; \$4.7 billion in savings from changes to mandatory programs; and \$7.1 billion in increased revenues.

In total, the amendments save the Federal Government \$493 million over ten years compared to the President's request for Supplemental funding.

SUMMARY OF PROVISIONS IN THE HOUSE AMENDMENTS

Education Jobs: \$10 billion, fully offset, for an Education Jobs Fund to provide additional emergency support to local school districts to prevent impending layoffs. It is estimated that this fund will help keep 140,000 school employees on the job next year.

Process: The fund will be administered by the Department of Education. After reviewing State applications, the Department will make formula allocations to States based on total population and school age population. States will then distribute the funds to school districts through their respective funding formulas or based on each district's share of Title I funds. In the case that a Governor does not submit an approvable application for funds to the Department of Education, the bill directs the Secretary to bypass the State government and make awards directly to other entities within the State.

Requirements: The bill includes strict provisions to ensure that States use these funds only for preservation of jobs serving elementary and secondary education, and not to supplant State spending on education.

- Amounts from the Education Jobs Fund may not be used for purposes such as equipment, utilities, renovation, or transportation.
- The bill prohibits States from using any of these funds to add to "Rainy-Day Funds" or to pay off State debt.

- In order to receive an Education Jobs Fund grant, each State must provide assurance that State spending for both K-12 and higher education (measured separately) in fiscal year 2011 will be at or above either:
1. the fiscal year 2009 level (in aggregate or per pupil);
 2. the same percentage share of the total State budget as in fiscal year 2010, or;
 3. for states demonstrating especially dire fiscal conditions, the 2006 fiscal year aggregate dollar level or percentage share.

NOTE: More stringent rules apply to the State of Texas.

Pell Grants: \$4.95 billion, fully offset, to address the current year shortfall in the Pell Grant Program that was unanticipated last year. Over 8 million students received Pell grants this year.

Border Security: \$701 million to strengthen enforcement on the southern border, including:

- \$208.4 million for 1,200 additional Border Patrol agents deployed between the ports of entry along the Southwest Border.
- \$136 million to maintain current Customs and Border Protection (CBP) officer staffing levels and add 500 additional officers at ports of entry along the Southwest Border.
- \$35.5 million for improved tactical communications on the Southwest Border, three permanent Border Patrol forward operating bases, and a surge of workforce integrity investigations designed to prevent corruption among CBP officers and agents.
- \$50 million for Operation Stonegarden grants to support local law enforcement activities on the border.
- \$32 million to procure two additional CBP unmanned aircraft systems.
- \$30 million for Immigration and Customs Enforcement activities directed at reducing the threat of narcotics smuggling and associated violence.
- \$201 million for Justice Department programs, as requested.

Gulf Oil Spill: \$304 million for the Gulf Coast oil spill. The Senate bill carried \$162 million, including: \$83 million for unemployment assistance related to the oil spill and an oil spill relief employment program; \$7 million for NOAA oil spill response activities, including scientific investigations and sampling; \$14 million to respond to economic impacts on fishermen; \$10 million for Justice legal activities; \$5 million for economic recovery planning; and \$31 million for the Department of the Interior to conduct additional inspections and enforcement and to strengthen oversight and regulation and for the EPA to conduct a long-term risk study. The House amendment adds \$12 million for the newly created Presidential Commission investigating the spill; and \$130 million for an unemployment benefits program for the self-employed (ie, fisherman) and for training and employment services.

Emergency Food Assistance: \$50 million for The Emergency Food Assistance Program for food purchases to distribute through local emergency food providers.

Schools on DoD Installations: \$163 million to improve the capacity and condition of elementary and secondary schools located on DoD installations.

Energy Loans: \$180 million to allow \$18 billion in innovative technology energy loans, split evenly between nuclear and renewable energy programs.

Fort Hood Soldier Processing Center: \$16.5 million for the replacement of the Soldier Readiness Processing Center at Fort Hood, Texas, the site of the 2009 shooting.

Program Integrity Funding: \$538 million to strengthen waste, fraud and abuse prevention and enforcement for Medicare, Medicaid and the IRS. Research shows that for every \$1.00 invested into identifying and eliminating waste, fraud and abuse in government spending, we get \$1.50 back.

Cobell and Pigford Settlements: \$4.6 billion to pay for settlement of both the Cobell and Pigford class action lawsuits. The Cobell settlement concerns the government's management and accounting for over 300,000 American Indians' trust accounts, and the Pigford settlement ends a decades old discrimination lawsuit brought by black farmers against USDA.

Summer Jobs: \$1 billion to allow local Workforce Investment Boards to expand successful summer jobs programs that were funded in the American Recovery and Reinvestment Act. The funds would support over 350,000 jobs for youth ages 14 to 24 through summer employment programs. This age group has some of the highest unemployment levels – 25% unemployment for those aged 16 to 19.

Modifications to the Surface Transportation Extension Act of 2010: Makes two changes to Title IV, the “Surface Transportation Extension Act of 2010,” of the *Hiring Incentives to Restore Employment (HIRE) Act*. First, the amendment would distribute the Projects of National and Regional Significance (PNRS) and National Corridor Infrastructure Improvement (National Corridor) program funding so that each State receives a share equal to the greater of either (1) the amount of PNRS and National Corridor program funding that the State received under the HIRE Act or (2) the amount of PNRS and National Corridor funding that the State receives under this Act. The provision authorizes such sums as may be necessary from the Highway Trust Fund to provide these amounts. Second, the amendment would distribute “additional” highway formula funds (which the bill makes available in lieu of additional Congressionally-designated projects) among all of the highway formula programs rather than among just six formula programs.

UNDERLYING SENATE PROVISIONS

FEMA Disaster Relief: \$5.1 billion for the FEMA Disaster Relief Fund, as requested by the President and included in the Senate bill. The request is necessary to pay for known costs for past disasters, such as Hurricanes Katrina, Rita, Ike, and Gustav, the Midwest floods of 2008, and the California wildfires and for needs that emerge from new disasters.

Veterans: \$13.377 billion in mandatory appropriations in 2010, as included in the Senate bill, for the payment of benefits to Vietnam veterans and their survivors for exposure to Agent Orange, which has been linked with Parkinson’s disease, ischemic heart disease, and hairy cell/B cell leukemia. An estimated 86,069 people will be eligible to receive retroactive payments and 67,259 people will be eligible to receive new benefits.

Haiti: \$2.93 billion provided in the Senate bill for Haiti, \$130 million above the request.

Farm Loans: \$31.5 million, supporting \$950 million in farm loans, included in the Senate bill for the Farm Service Agency (FSA) to provide direct loans to family farmers who may not qualify for agricultural credit through other commercial institutions in the tight credit market. The funding provided in the FY 2010 appropriation bill was estimated to meet demand at the time the bill was passed, but demand for the farm ownership and operating loan programs continues to rise above historical levels due to the lack of availability of conventional credit.

Disaster Assistance: \$100 million in Community Development Block Grant (CDBG) funding included in the Senate bill to help local communities devastated by flooding this year.

Mine Safety: \$22 million included in the Senate bill to reverse the growing backlog of mine safety enforcement cases while ensuring that the Mine Safety and Health Administration (MSHA) can complete 100% of its mandated mine inspections.

Financial Crisis Inquiry Commission: \$2 million included in the Senate bill to allow the Commission to investigate the causes of the recent financial crisis. The Commission is tasked with submitting its report by December, 2010.

Capitol Police: \$13 million included in the Senate bill for the ongoing acquisition and installation of a modern digital radio system because of known security threats.

Port of Guam: \$50 million, as requested, included in the Senate bill to improve and provide greater access to port facilities.

Highway Safety: \$15 million included in the Senate bill for additional studies of sudden acceleration and to administer fuel economy standards.

Rural Housing Loans: the Senate bill provides authority to continue making loans, and protects low-income borrowers from the loan fee increase.

Army Corps of Engineers: \$178 million included in the Senate bill to respond to natural disasters.

Mississippi River and Tributaries: \$18.6 million included in the Senate bill to respond to disasters.

Emergency Drought Relief: \$10 million included in the Senate bill to respond to droughts in the West.

Flood Control and Coastal Emergencies: \$20 million provided in the Senate bill for the Army Corps.

Fisheries Disasters: \$26 million provided in the Senate bill and offset by a NOAA rescission.

Economic Development Administration: \$49 million provided in the Senate bill.

Emergency Forest Restoration: \$18 million provided in the Senate bill.

Coast Guard: \$16 million provided in the Senate bill for aircraft replacement.

OFFSETS

The bill includes \$11.7 billion in rescissions from programs that no longer require the funding, have sufficient funds on hand, or do not need the funding this year or next. It also includes \$4.7 billion in savings from changes in mandatory programs. Rescissions include:

- \$69.9 million in funds appropriated before 2008 to the Department of Agriculture.
- \$122 million in funding provided to the Department of Agriculture for emergencies that have been completed.
- \$487 million in Recovery Act and other funding provided to the Department of Agriculture for WIC.
- \$27.3 million in emergency funding for the Farm Service Agency provided as early as 2004 that are no longer needed.
- \$602 million in Recovery Act funding provided to the Departments of Agriculture and Commerce for broadband grants.
- \$112 million in funding provided in the Recovery Act for digital television.
- \$15 million in funding provided in the Recovery Act for NIST construction.
- \$2 billion in funding appropriated as early as 2006 to the Defense Department.
- \$500 million in funds appropriated to the Department of Defense for military construction projects that achieved bid savings.
- \$262 million in Recovery Act funding provided to the Department of Defense.
- \$177 million in funding appropriated to the Defense Department for HMMWVs they no longer plan to purchase.
- \$116 million appropriated for the Non-Line of Sight Launch System (NLOS-LS) which the Army has terminated.
- \$100 million appropriated to the Army for Operations and Maintenance, because of slow execution of some programs within the account
- \$87 million appropriated for SINCGARS radios and other Army procurement programs that have not been spent as quickly as planned.
- \$237 million in funds appropriated for Army Corps of Engineers projects now terminated or completed, or for projects that have not utilized allocated funding for several years.
- \$800 million in funding provided to the Department of Education for new discretionary grant awards.
- \$329 million in funding appropriated as early as 2009 to the Department of Energy, (including out-year savings).
- \$18 million in funding appropriated as early as 2005 to the Nuclear Regulatory Commission.
- \$100 million in funding appropriated to the General Services Administration.
- \$6 million in funds appropriated in 1995 to the Department of Health and Human Services.
- \$2 billion in funding appropriated as early as 2004 to the Department of Health and Human Services for pandemic flu and procurement of new biological countermeasures.
- \$200 million in funding for DHS border efforts currently frozen due to secretarial review.
- \$36 million in funds appropriated in 2006 to FEMA.

- \$7 million in funds appropriated in 2006 to the Coast Guard.
- \$53.8 million in funds appropriated as early as 2007 for research in DHS' Domestic Nuclear Detection office.
- \$6.6 million in funds appropriated in 2007 to the Transportation Security Administration.
- \$80 million in Recovery Act funding appropriated to the Department of Interior, EPA, and Forest Service.
- \$33 million in funding provided in 1997 and 2004 to the National Park Service and the Fish & Wildlife Service.
- \$2.7 million in funds appropriated in 2010 to the Judiciary.
- \$11 million in funds appropriated in 1989 to the Federal Highway Administration.
- \$8 million in funds appropriated in 2004 and 2006 to the Federal Aviation Administration.
- \$112 million in funds appropriated in 2008 for Hurricanes Ike and Gustav and Midwest Floods.
- \$400 million in funds appropriated in 2008 for CDBG for Hurricane Katrina.
- \$2.2 billion in highway contract authority.
- \$44 million in unused Recovery Act funding from the Consumer Assistance to Recycle and Save Program (aka Cash for Clunkers).
- \$40 million in Recovery Act funding appropriated to the State Department.
- \$150 million in funding appropriated for the Millennium Challenge Corporation.
- \$70 million in funding appropriated to the Department of State and USAID for the Civilian Stabilization Initiative.
- \$6 million in Recovery Act funding provided to the Department of Veterans Affairs for which the purpose has been completed.
- \$5 million in funding appropriated to the Architect of the Capitol.

Other Provisions:

Iran Sanctions: The House amendment prohibits funding from being provided for any new contract unless the contractor has certified that it, and any entities it controls, does not engage in activity that could be sanctioned under section 5 of the Iran Sanctions Act of 1996.

No Fly List: The Senate bill requires the Transportation Security Administration (TSA) to require commercial foreign air carriers to check the list of individuals TSA has prohibited from flying no later than 30 minutes after the list has been updated.

High-Value Detainee Interrogations: The Senate bill requires the FBI to submit the High-Value Detainee Interrogation procedures, and any updates to those procedures, to the Congress within 30 days.

Defense Jobs Estimates: The House amendment requires an assessment of the number of jobs and costs associated with new major defense acquisitions planned for 2011.

Preserving Access to Affordable Generic Drugs: The House amendment includes a provision to strengthen the Federal Trade Commission's ability to restrict lucrative "pay for delay" payments by brand-name drug manufacturers to their generic competitors to delay the manufacture and marketing of more affordable generic drugs to consumers. In 2009, an FTC study found that a ban on these lucrative sweetheart drug industry deals would save American consumers \$35 billion over 10 years. CBO estimates that with the provision in this bill, the federal government will save more than \$2.4 billion over 10 years in lower drug costs for Medicare, Medicaid, military and veterans' health programs.

Medicaid AMP Computation: The House amendment includes a provision to clarify the calculation of the "Average Manufacturer Price" (AMP), which determines the amount of manufacturer rebates to the federal government for outpatient drugs purchased by the Medicaid program. This technical correction to the health care reform bill affects certain injectable, infusible, and inhalation drugs. It will save the American taxpayers \$2.1 billion over 10 years.

Public Safety Collective Bargaining: The House amendment guarantees collective bargaining rights for the nation's first responders employed by States and localities. Under the language, states would administer and enforce their own labor laws, while the Federal Labor Relations Authority would step in only where such laws do not exist or do not meet minimum standards. The language prohibits public safety officers from engaging in a lockout, sickout, work slowdown, strike, or any other organized job action that will disrupt the delivery of emergency services.

FHA Loan Authority: The House amendment increases the loan commitment authority for the Federal Housing Administration (FHA) to insure mortgages for multi-family housing, hospitals and health care facilities. This increase in authority is necessary in order to avoid a disruption or suspension in the financing of these facilities.

GRAT Minimum Term: Includes the President's 2011 Budget proposal to require a minimum 10-year term and other changes to Grantor retained annuity trusts ("GRATs"). GRATs allow taxpayers to structure a transfer of assets to avoid gift taxes. As a result, taxpayer would be required to take on greater risk in order to take advantage of the gift tax benefits of using a GRAT. This provision is estimated to raise \$5.297 billion over 10 years.

Crude Tall Oil: Limits eligibility for the cellulosic biofuel tax credit, which was created to encourage the development of new production capacity for biofuels that are not derived from food sources, to fuels that are not highly corrosive (i.e., fuels that could be used in a car engine or in a home heating application). The change would prevent taxpayers from claiming the credit for production of processed fuels that are highly corrosive, such as crude tall oil (a waste by-product of the paper manufacturing process). This proposal is estimated to raise \$1.849 billion over 10 years.

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