

Issue #1-10

GOVERNMENT RELATIONS UPDATE

April 6, 2010

CONGRESSIONAL SCHEDULE

The 111th Congress continues to move [President Barack Obama's](#) domestic agenda forward, most recently with the passage of major health care legislation. After returning April 12 from the spring recess, lawmakers will shift their attention to financial services reform, additional jobs-related measures, energy, climate change and fiscal year 2011 appropriations.

FEDERAL UPDATE

Texas Sen. Hutchison announces plans to finish term. Texas's senior senator, Republican Kay Bailey Hutchison, has announced plans to serve out the last two years of her term rather than resign. The announcement comes on the heels of her loss to incumbent Republican Gov. Rick Perry in the November gubernatorial primary election. Although she had said she would give up her seat and return to Texas for family reasons regardless of the outcome of the primary race, she said she instead decided to heed calls from Senate colleagues and constituents to stay in office.

President Obama signs health care reform into law. House leaders secured enough votes to approve previously passed Senate health care reform legislation and send the legislation to President Obama's desk for his signature. Senate Democrats then used the [budget reconciliation](#) process, to avoid a Republican filibuster, to pass a package of House revisions to the previously enacted legislation. Since the Senate made some changes to the House revisions, the House then voted again on the newly revised package and then sent the second piece of legislation to the president. Some highlights of the comprehensive measure are outlined below and a full section-by-section analysis of the bill can be seen [here](#).

- Cost: approximately \$950 billion over the next 10 years, according to the Congressional Budget Office (CBO).
- Increases the Medicare payroll tax and expands it to include investment income on individuals making more than \$200,000 and families making more than \$250,000.
- Lowers federal deficits by \$138 billion during the same time, also according to the CBO.
- Extends health insurance coverage to an additional 32 million Americans by, among other things, expanding Medicaid and providing federal subsidies to help families afford insurance premiums.
- Extends insurance coverage to 95 percent of legal U.S. residents by 2019, up from 83 percent today, according to CBO estimates. One-third of the remaining uninsured are expected to be undocumented immigrants.
- Requires most American citizens and legal residents to purchase health insurance or to be assessed a financial penalty for failure to do so.
- Extends requirements on employers to provide adequate health benefits, including fines of up to \$2,000 per fulltime employee on employers with 50 or more employees that don't provide coverage. Prohibits insurers from denying coverage for pre-existing medical conditions.
- Extends the prohibition on lifetime health care expense caps.
- Within six months after enactment of the law, requires insurers to allow children to remain on their parents' health care insurance policies until 26 years of age.

Student-loan legislation enacted with health care measure. The follow-on reconciliation act also included the Student Aid and Fiscal Responsibility Act, which shifts all lending from the private bank-based Federal Family Education Loan Program to the government-based Direct Loan Program and uses \$61 billion in projected savings over 10 years to bolster the Pell Grant Program and for a handful of other education priorities. The bill sets automatic annual increases in maximum Pell Grants, scheduled to rise to \$5,975 by 2017 from \$5,350 this year. It also covers a \$13.5 billion shortfall in the program due to increased enrollment in higher education due to the recession and increases the Income-Based Repayment Program that caps student-loan repayment at 15 percent of discretionary income. The full story can be seen [here](#).

FY11 appropriations process begins with earmark moratoriums. On March 10, [House Appropriations Committee Chairman David Obey](#), D-Wis., [announced](#) that there will be no FY11 earmarks (also known as congressionally directed funding) on behalf of *for-profit* entities. House Republicans upped the political ante by voting for a moratorium on *all* earmarks for FY11. [Rep. John Culberson](#), R-Texas, whose district includes Rice University, has joined other House GOP leaders in standing by the moratorium. In the Senate, a bipartisan majority [voted down](#) an attempt to freeze earmarks for one year. Nonetheless, the mounting pressure against earmarks and massive federal budget deficits will make for a difficult FY11 budget process.

The National Science Foundation and the Department of Energy's Office of Science receive support from House members. Seventy members of the House of Representatives sent a [letter](#) to their colleagues on the Appropriations Committee advocating for approval of the Obama administration's request of \$7.4 billion for the [National Science Foundation](#). Similarly, 43 members [lobbied](#) colleagues on the House Energy and Water Appropriations Subcommittee to support the administration's request of \$5.1 billion for the [Department of Energy's Office of Science](#) in FY11.

House members push for increase in the National Endowment for Humanities' budget. As difficult economic times put pressure on humanities researchers, a bipartisan group of 88 representatives formally requested an increase to \$232.5 million, or 65 percent, for the [National Endowment for the Humanities](#) in FY11.

FEDERAL ISSUES UPDATE

Sen. Dodd unveils financial services reform bill. [Senate Banking Chairman Christopher Dodd](#), D-Conn., has released a proposal to establish a new consumer financial protection entity and to expand the powers of the Federal Reserve. The bill would regulate shadow markets, limit the interconnections between and size of financial institutions, and create the authority to deal with failing institutions. There appears to be bipartisan congressional consensus that financial services reform legislation will pass prior to the November elections. The full story can be viewed [here](#). Dodd's bill summary can be accessed [here](#).

Sen. Kerry and others continue to work on bipartisan climate change legislation. [Sens. John Kerry](#), D-Mass., along with Joseph Lieberman, a Connecticut independent and [Lindsey Graham](#), R-S.C., are working on a bipartisan approach to climate change legislation. The group has met with industry leaders, other key senators and administration officials and hopes to release a draft bill in late April. The House passed a so-called cap-and-trade bill last year. The full story can be seen [here](#). In a related development, President Obama proposed opening new off-shore sites to drilling in an effort to begin wooing Republicans and moderate Democrats to support a robust energy and climate change bill.

STATE ISSUES UPDATE

Texas budget deficit estimated at more than \$10 billion and growing. According to the Texas [Legislative Budget Board](#), the state budget deficit is more than \$10 billion and is projected to grow larger in the 2012-13 biennium.

The deficit is attributed to lower than expected sales tax revenues and increased costs in many state programs, in part because of the economic downturn. An infusion of federal stimulus funds helped the state deal with a shortfall in the current biennium, but no additional stimulus funds are expected. The LBB's report can be seen [here](#).