

Washington Update

COUNTY OF SANTA BARBARA

September 8, 2011

DEFICIT REDUCTION COMMITTEE

As Congress returns from its August recess this week, the impending work of the Joint Select Committee on Deficit Reduction looms as the most significant legislative effort for the remainder of the year, as well as the overriding factor regarding what other legislative initiatives may be addressed. The Budget Control Act signed into law on August 2 raises the debt ceiling and puts into place \$900 billion in budget savings through the use of annual caps on Federal spending. Under the legislation, additional budget savings of at least \$1.2 trillion will be achieved through the work of the Select Committee.

The make-up of the Select Committee is evenly split between the two major political parties as well as the House and Senate, with members having been selected by Congressional leaders. The Committee is scheduled to have its organization meeting today, and must formally approve and report its proposals as legislation by December 2. Those recommendations must be voted on by the Congress by December 23 under expedited parliamentary procedures. If the Committee's savings are not enacted, then the required savings will be accomplished through government-wide, automatic cuts in spending.

There is much speculation but little certainty at this point regarding the outcome of the Committee's efforts. Several of its members also served on a bipartisan deficit commission chaired by Vice President Biden last spring, and the efforts of that commission may be used as a starting point. Because the debt limit law already established discretionary spending caps to save almost \$1 trillion through 2021, the panel is expected to focus on additional savings through changes in entitlement programs and tax changes. Several Democrats are also calling for the Committee to also include jobs stimulus provisions in the legislation, such as long-term infrastructure programs. On August 31, NACo

sent a formal letter to Committee members, urging them, amongst other principles, to ensure that deficit reduction is not accomplished by shifting costs to counties, imposing unfunded mandates, or by preempting county programs or taxing authority.

FY 2012 APPROPRIATIONS

The caps on discretionary spending included in the Budget Control Act provide a framework for the FY 2012 annual appropriations bills, setting an overall cap on FY 2012 discretionary spending of \$1.043 trillion. While this is about \$7 billion less than the FY 2011 enacted level, it is higher than the limit set in the Budget Resolution adopted earlier in the year by House Republicans. This should enable the process to move more rapidly, and both the House and the Senate are anxious to expedite the funding bills so that they do not conflict with the work of the Select Committee on Deficit Reduction.

When Congress recessed in August, the House had passed only six of the twelve FY 2012 appropriations bills, and the Senate has only passed one. However, the House Appropriations Committee has only two more bills to ready for full House consideration – Labor, Health and Human Services, and Transportation/HUD – and is scheduled to take action on both bills this week. In the Senate, the Appropriations Committee is taking up several measures this week, including Agriculture, Homeland Security, and Energy and Water. Despite this frenzy of activity, it is anticipated that few if any of the bills will be enacted by the October 1 start of the new Federal Fiscal Year, necessitating a short term Continuing Resolution to keep Federal agencies and programs running.

HYDRO FRACKING

We contacted the House and Senate Committees of jurisdiction to advocate in support of the *Fracturing Responsibility and Awareness of Chemicals (FRAC) Act*. Introduced in

the House as H.R. 1084 by Congresswoman DeGette (D-CO) and in the Senate by Senator Casey (D-PA) as S. 587, the proposal would repeal the exemption from restrictions on underground injection of fluids or propping agents granted to hydraulic fracturing operations relating to oil and gas production activities under the Safe Drinking Water Act. Congresswoman Capps is a cosponsor of H.R. 1084, while both Senators Boxer and Feinstein are cosponsors of the Senate version. The Senate Environment and Public Works Committee held hearings on S. 587, but further action has not been scheduled. We also provided the County with the General Accounting Office's (GAO) report entitled, *Energy Development and Water Use: Impacts of Potential Oil Shale Development on Water Resources*, which was released in conjunction with its testimony before the Senate Committee. The GAO concluded that shale development could have significant impacts on the quality and quantity of water resources, but the magnitude is unknown because "technologies are not yet commercially proven, the size of a future industry is uncertain, and knowledge of current water conditions is limited."

ASSISTANCE FOR HOMELESS VETS

The U.S. Department of Housing and Urban Development (HUD) and the U.S. Department of Veterans Affairs (VA) recently announced that HUD will provide \$46.2 million to supply permanent housing and case management for 6,790 homeless veterans through the Veterans Affairs Supportive Housing Program (HUD-VASH). We were informed that the Santa Barbara County region has been awarded 50 HUD-VASH vouchers and a one year budget authority of \$478,194. Under this program, homeless veterans receive a Section 8 Housing Choice Voucher from HUD that is coupled with case management and clinical services provided by VA at its medical centers and in the community. It will be administered locally by the Housing Authority.

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