



Request for City Council Committee Action from the Department of Intergovernmental Relations

Date: November 1, 2011

To: Council Member Elizabeth Glidden

Referral to: Committee of the Whole/IGR

Subject: Federal, State, Local Update

Recommendation: Receive and File

Department Information

Prepared by: Gene Ranieri

Approved by: Gene Ranieri _____

Supporting Information.

Federal: Senate Appropriations Minibus. The Senate is expected to complete debate on the agriculture appropriations bill (HR2112) this week. The bill has been amended to include the Commerce and Transportation appropriation bills. The bill will be sent to the House where a conference committee will be established to resolve differences between the two bills. The Senate has identified conferees.

The major funding differences between the bills follow:

Program	FY 2011 Funding	House FY2012	Senate FY2012
New Starts	\$1.562 billion	\$ 1.56 billion	\$1.950 billion
TIGER	0.526	-0-	0.550
HOME	1.606	1.200	1.000
CDBG	3.300	3.300	2.85

The House's CDBG appropriation also reduces the maximum amount of funding for planning and administration to 10% from 20% of the grant award. The Senate does not change the maximum.

It is also possible that the House could add two additional appropriations to the current minibus being debated in the Senate.

Joint Committee on Deficit Reduction. The Joint Committee held a public hearing on October 26 to hear testimony from Congressional Budget Director Douglas Elmendorf regarding security and non-security outlays. As has been previously reported security (defense) spending would also be subject to automatic budget reductions if the joint committee report is not adopted. The threat of defense reductions could spur the committee to develop a proposal. Other Congressional members, notably Sen. John McClain (R-AZ), argue that Congress could amend the 2011 Budget Act to modify or eliminate the defense reductions.

At a private meeting held earlier in the week, Democrats and Republicans discussed their proposals to reduce the deficit. The Democratic plan would reduce the deficit by \$3.0 trillion over 10 years. Of the total \$1.3 trillion would be in tax increases. While no details were available, the plan cut Medicare and Medicaid by \$500 billion. The plan does not have unanimous support of all Democratic committee members. Committee member Rep. Jim Clayburn (D-SC) opposes the cuts to health care. The Republican plan would reduce the deficit by \$2.2 trillion by reducing health care and other spending. The plan would also raise approximately \$550 billion in revenues from non-tax revenues including but not limited to the sale of the government wireless spectrum capacity.

SAFETEA-LU Reauthorization. The Senate Environment and Public Works Committee has announced mark-up session for the SAFETEA-LU reauthorization. Sen. Barbara Boxer, committee chair, will attempt to mark-up a two year extension of the bill. However, the revenue to fund the bill has not yet been identified by the Senate Finance Committee. Without a funding source the bill approved by the policy committee will not move through the Finance Committee.

State. Revenue Projection. The Minnesota Office of Management and Budget is scheduled to release its current biennium revenue projection in early December. Another projection will be released in February/March 2012. The projections will dictate if the biennial budget will need to be adjusted for revenue changes.

Metropolitan Council. The Community Development Committee is scheduled to meet on November 7. Among the possible agenda items is a staff proposal regarding transit oriented development and use of existing funds. If approved the Metropolitan Council could release a request for proposals by the end of the year.