

MEMORANDUM

TO: COLLINS & COMPANY CUSTOMERS

FROM: COLLINS & COMPANY

SUBJECT: C&C APPROPRIATIONS UPDATE

DATE: FEBRUARY 4, 2005

“HELL NO.”

- Senator Larry Craig (R-WY) on the proposed changes to the Appropriations Committees introduced by Chairman Jerry Lewis (R-CA).

“I’VE HEARD SOME SCREWBALL IDEAS, BUT I TRUST THOSE WON’T GO ANYWHERE.”

- Senator Christopher Bond (R-MO), after reviewing some of the changes Chairman Jerry Lewis (R-CA) has proposed for the House Appropriations Committee.

Appropriations Reorganization

In the most dramatic reorganization proposed in recent years, Rep. Jerry Lewis (R-CA), the newly appointed Chairman of the House Appropriations Committee, has put forth sweeping changes to the way appropriations bills are handled in Congress. Under his proposal, which has yet to be finalized, the Veterans Affairs, Housing and Urban Development, and Independent Agencies panel would be dismantled and the jurisdictions of that subcommittee would be distributed among other subcommittees. Veterans’ programs would go to the Military Construction Subcommittee, which would also pick up defense health accounts from the Defense Subcommittee forming a “military quality of life” panel. The Environmental Protection Agency would be shift to the Interior appropriations bill, while housing programs would be transferred to the Transportation-Treasury bill. The District of Columbia Subcommittee also would be eliminated, with its responsibilities transferred to the Interior Subcommittee as well. Finally, the Legislative Branch Subcommittee would be eliminated, with its annual bill handled by the full committee. This would reduce the total number of subcommittees in the House from 13 to 10.

The responses in both the House and the Senate to this proposal have ranged from disdain to outright dismissal. Two of the most powerful Senate cardinals (*an Appropriations Subcommittee or Committee Chairman*), Ted Stevens (R-AK) and Christopher Bond (R-MO) would see their subcommittees (Defense and VA-HUD respectively) lose power or be eliminated. Senator Stevens, the former Senate Appropriations Committee chairman, and Senator Bond, the fifth most senior Senate cardinal, are not likely to allow these sweeping changes without exacting significant concessions or leaving very bitter feelings.

The VA-HUD Subcommittee in the House is without a champion like Senator Bond. Rep. James Walsh (R-NY), its chairman for the past six years, has reached the Republican caucus imposed term-limit for the gavel. One possibility is that Rep. Walsh would take over the chairmanship of the Transportation Subcommittee from Rep. Ernest Istook (R-OK), who infuriated fellow Republicans last year by stripping almost two dozen earmarks from members who refused to support a cut in funding for Amtrak.

It is possible that the Senate Appropriations Committee will remain as it is while the House will accept some or all of the changes proposed by Chairman Lewis. This would likely cause massive confusion and delays in the budget process – and increase the likelihood of another omnibus appropriations bill, something both new Chairmen have vowed to avoid – as multiple subcommittees in the Senate would have overlapping jurisdiction on the House bills. If the subcommittees do not match in both Houses, multiple Senate Appropriations Subcommittees would have jurisdiction over parts of the House appropriations bills. Mismatched subcommittees could also cause confusion during the conference phase of the appropriations process as there would not even be a common underlying bill framework from which to work.

The full details of the plan have not been released and Chairman Lewis has attempted to keep the plan close to his chest. However, statements by GOP staff of both the Senate and House Appropriations Committees have said that there is merit in the proposal, but change is not an easy accomplishment when one considers the formidable political personalities involved.

The staffs of both Appropriations Committees are also in flux because of the proposed changes. Until resolution of the plan put forth by Chairman Lewis, it is unlikely that many of the top positions in either committee will be considered safe.

Cabinet Confirmations

In other news, the following Cabinet members have been confirmed by the Senate:

- Condoleezza Rice, Secretary of State
- Margaret Spellings, Secretary of Education
- Michael Johanns, Secretary of Agriculture
- Samuel Bodman, Secretary of Energy
- Carlos Gutierrez, Secretary of Commerce
- Michael Leavitt, Secretary of Health and Human Services
- Jim Nicholson, Secretary of Veteran's Affairs
- Alberto Gonzales, Attorney General

One Cabinet nominee has as of yet not been confirmed:

- Michael Chertoff, Secretary of Homeland Security

State of the Union

In his State of the Union, delivered February 2, 2005, President Bush called for Congress to closely follow the budget that he will submit on February 7th. President Bush said that he wanted to hold down the increase in spending below the inflation rate except in Homeland Security and Defense. However, it would appear that even internally at the Department of Defense there have been calls for significant reductions in major and minor programs.

The President spent a large part of the address describing his plans for reforming Social Security, including adding private or personal accounts. Many on both sides of the aisle have noted that the accounts may cost up to \$2 trillion to implement. President Bush also reiterated his campaign promise to cut the deficit in half by 2009.

As always, Collins and Company will continue to update you on these and other important matters.