

Washington Update – January 12, 2009

We are now just over a week prior to the Inauguration of Barack Obama as the 44th President of the United States of America. And Washington is a busy place. The Obamas have moved into the Hay-Adams Hotel, prompting the closure of several key roads just north of the White House – creating a zone about ten blocks north and south, beginning at Constitution Avenue where you cannot travel east-west. And Sunday, I came to the office and found myself ensnared in the Inaugural rehearsal, and it took me an hour to go a half mile. Next weekend, a 3½ mile area will be shut to traffic – including ARC's office. So we'll all be telecommuting early next week.

The Congress is in session and acting – working on Obama Administration nominations and key legislation, including the ever-changing stimulus bill. In a rare Sunday session yesterday, the Senate voted 66-12 to cut off a filibuster against a public lands bill package that had been blocked by a filibuster by Oklahoma Senator Tom Coburn. The legislation contains more than 100 separate bills passed by the House over the past two years, ranging from Wilderness bills to the creation of the BLM National Landscape Conservation System. Final Senate action on that measure could come as soon as the end of this week, although the House will need to take up the measure, since its action came in the 110th Congress.

Confirmation hearings are underway, starting with a hearing for the nominee to be Secretary of Health and Human Services, former Senate Majority Leader Tom Daschle, last Thursday. Among those of interest to us this week are those of the Senate Energy Committee, chaired by Jeff Bingaman of New Mexico, for Dr. Stephen Chu, nominated to be Secretary of Energy, on Tuesday, and for Sen. Ken Salazar of Colorado, nominated to be Secretary of the Interior, on Thursday. Nominations will be big business in the Senate for the next four months – there are about 1,000 Obama appointees who will require confirmation. Senate confirmation extends well beyond the 15 Cabinet members and five Cabinet-level appointees – deputy secretaries, undersecretaries and assistant secretaries, as well as the heads of many agencies including the National Park Service, the US Fish and Wildlife Service, the Bureau of Land Management and more are also subject to Senate hearings and votes.

But the congress also has other pressing matters. It needs to complete action on the budget for Federal departments and agencies for ***this year*** – the government is operating under a "continuing resolution" through March – and begin work on the FY2010 budget that goes into effect on October 1, 2009. And it needs to act to release \$350 billion in already-approved economic recovery funding as well as take up the new stimulus package that is now about \$800 billion and is very likely to grow.

Many of you know that the first emergency funding – TARP – granted broad discretion to the Secretary of the Treasury. The Congress and White House saw the measure as vital and anticipated that the funds would curtail home foreclosures and shore up lending for cars, educational expenses and more. The verdict on the good done by the first half of the \$700 billion in TARP funds is not clear, and certainly the housing, RV and boat industries have not seen much evidence of relaxed lending at the retail and commercial levels. In fact, recreation industries have seen a major

retreat in national finance programs, including cancellations by financial institutions receiving billions in TARP funds.

The same Congressional committees and leadership considering changes to be required in use of the second \$350 billion in TARP funding are also involved in the emerging stimulus legislation. The new legislation will have three major components: (1) tax code changes to spur private sector investment and employment, including quick recapture of taxes paid on profits over the past year for businesses experiencing losses in 2008; (2) major infrastructure spending – on roads and public buildings and parks and more; and (3) aid to states for increased unemployment and healthcare costs due to high unemployment.

Many recreation interests have been deeply involved in the development of this bill, and it has been a frustrating process. At first, the legislation operated as a leadership effort – leaving even committee chairmen on the sidelines. Then, Congressional leadership determined that spending almost a trillion dollars required some committee-level expertise and experience, and action turned to bodies like the House Transportation and Infrastructure Committee. New terms were coined, like “shovel-ready,” referring to programs and projects where hurdles like NEPA studies and more had already been resolved. Lists of trail projects, boating access and recreational harbor dredging projects and park road projects were developed and submitted. But then it began to look like “earmarking,” and President-elect Obama made it clear that he would not sign a recovery package with \$400 billion or more of “earmarks.” So the lists were thrown out and eligible projects were looked at by broad categories – for example, Title 23 of US Code, which is federal aid to state transportation programs. “Earmarking” uses of available funds would then be done by governors, not Congress. Then late last week, Congress realized that many governors had their own problems – and some were political competition to Members of Congress, and especially Senators. So now, more power over stimulus spending may be given to the new Obama cabinet members.

Despite all of the turmoil, I see reasons for optimism. First, the incoming President wants to succeed badly – and success won’t come from blaming the former Administration for economic woes. Recovery needs to become visible to the public soon – improving consumer confidence – and he will use his communications skills to sell recovery. And the next round of “bail-out” funds will clearly come with strings requiring easier loans for mortgages and consumer buying. Finally, energy prices are likely to remain fairly stable for the next year, and the psychology of \$2/gallon or less fuel will benefit us as planning for summer vacations in 2009 begins.

Happy New Year. Let’s all do our part to make it a good one.

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