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New Priorities and Future Tax Cuts

Kennedy, Daschle and their Republican counterparts have made clear over the last 4 months that the nation is now facing new problems (on top of existing problems) and we cannot afford a debate over semantics. Instead, we must address the problems laid out by Daschle and Kennedy over the last 2 weeks and by the President in his State of the Union address next week.

In the [last issue of the Watcher](#), we noted that in his January 4 speech Senate Majority Leader Tom Daschle (D-SD) avoided a direct confrontation with the politically tenuous proposition to hold off the next phase of the June tax cut until the needs of the country, the economy and the federal budget better allowed for it. Instead, Daschle outlined the problems the country was facing, reminded his audience of the size of the 10-year tax cut the President signed last June, maintained his own commitment to a fiscal responsibility defined by the size of the federal budget deficit or surplus and allowed his listeners to draw their own conclusion as to an appropriate way of navigating through these contrary elements. Though his lack of directness was recognized by many commentators as a shrewd political move by a likely Presidential candidate, the OMB Watcher also noted that he and our nation's other policy makers must come to define fiscal responsibility "much more broadly than the absence of a deficit." Last week, Sen. Edward Kennedy (D-MA) became the most senior of these policy makers to do so publicly.

In a speech at the [National Press Club on January 16](#), Kennedy outlined a plan for a federal budget that represents and meets the needs of the nation's priorities including fully funding programs like Head Start, a prescription drug plan for seniors, a true living -- not minimum -- wage, and enforcement and oversight of the nation's laws and regulations protecting against discrimination. Recognizing that even those who would support these values would likely also question whether the country could find sufficient funds, Kennedy predicted that, "we can afford to do what is right if together we return to fiscal responsibility." And connecting the dots between the choices laid out by Daschle last week, Kennedy drew his conclusion: "Whatever the merits or demerits of last year's tax bill, it was enacted in what now seems a very different and distant time. Today, for the sake of our country, we must transcend the old boundaries of debate. We must think anew, and act responsibly. We can and should postpone a portion of the future tax cuts that overwhelmingly benefit the wealthiest taxpayers." His proposal called for delaying the enactment of \$350 billion worth of future tax cuts over the next 10 years, while maintaining the \$1 trillion in existing tax cuts, future tax cuts for families making less than \$130,000 a year, and the child tax credit and "marriage penalty relief." (Rep. Jan Schakowsky (D-IL) proposed a similar delay on the tax cuts in her ["First Things First Act"](#) last October.)

Nevertheless, over the last week, many people, including the President's Chief Economic Adviser, Larry Lindsey, have accused Kennedy and other Democrats of working to meet their own "long lists of spending proposals" at the expense of the nation's economic success. Lindsey has also suggested that Kennedy's speech has done the nation a great favor by "making explicit the Democrats' economic plan [to] increase taxes." (Many, including the [Center on Budget and Policy Priorities \(CBPP\) in its latest analysis](#), have pointed out that under Kennedy's plan, "no tax rates would be raised above their current level" and that, indeed, "95 percent of tax filers would be unaffected by his proposal, and even those with the highest incomes would continue to see their taxes reduced over the decade." The CBPP report also provides a detailed response to Lindsey's and Treasury Secretary Paul O'Neill's claims that the vast majority of the higher income taxes "proposed" by Kennedy would be paid by business owners filing individual returns.)

To some extent, however, it is unfortunate that this has developed into a debate over whether delaying a future tax cut is a tax increase or not. As Kennedy, Daschle and their Republican counterparts have made clear over the last 4 months, the

nation is now facing new problems (on top of existing problems) and we cannot afford a debate over semantics. Instead, we must address the problems laid out by Daschle and Kennedy over the last 2 weeks and by the President in his State of the Union address next week. The Democrats have taken a step in the right direction by creating for the public a big picture view of not only the upcoming challenges and problems but also the opportunities and choices we have as a country. We must help them take the next step by letting them know we support reevaluating the \$1.35 trillion tax cut in the light of our new and existing national priorities and delaying some of the tax cuts to more easily meet those priorities.

Faith-Based Initiatives Working Group Report Released

Recommendations are, for the most part, in agreement with the positions of OMB Watch on faith-based issues.

A working group on faith-based and community initiatives headed by Sen. Rick Santorum (R-PA) and former Senator Harris Wofford has released its recommendations for legislation. These recommendations are largely in agreement with the positions of OMB Watch on the faith-based issues (see our "[Charitable Choice](#)" page for more information).

Major recommendations include:

- Initiatives to increase charitable giving, both from individuals and institutional donors
- Increased technical assistance to small organizations
- Setting up separate 501(c)(3) organizations for churches that wish to deliver social services
- Forbidding employment discrimination for any federally-funded position, as well as racial discrimination for any program, even if it is ostensibly based on religious beliefs

While the recommendations made in the report are in no way binding, since Santorum is one of the champions of this legislation, it is assumed that many of them will find their way into legislation. [Read the full report](#) .

Court Rules Unconstitutional Direct Grant to Faith Works

A federal district court in Wisconsin has held that a direct government grant to Faith Works, which operates a program for recovering addicts, is unconstitutional because the program integrates religious activity with direct social services. Read the court's opinion in [Freedom from Religion Foundation v. Faith Works Milwaukee](#). (A login ID is required to access this document from the PACER system. See [PACER](#) for more information.)

OMB Watch Launches First Issue of the Executive Report

This monthly report will provide an in-depth look at a variety of executive branch issues.

The Executive Report (available at <http://www.ombwatch.org/execreport/>), a monthly online report that will come out on the third Wednesday of each month, is designed to take an in-depth look at a variety of executive branch issues. These include issues such as electronic government, information policy, the regulatory process, devolution, enforcement of health, safety and environmental protections, as well as other cross-cutting issues dealing with government accountability. In examining such issues, we will look both broadly across government and at specific agencies, with a particular focus on the Environmental Protection Agency (EPA) and OMB's Office of Information and Regulatory Affairs (OIRA), which has review authority over all health, safety and environmental regulations.

We invite you to peruse the contents and if you like what you see, [please subscribe](#).

EPA Seeks to Delay Pollution Cuts for Utilities

Though announcement serves as another example of how the Bush administration will cater to industry interests at the cost of public health, EPA spokesperson says it is not an attempt to roll back the rule.

Just one week after the Justice Department ruled that lawsuits filed by the Clinton Administration against power plants that failed to install clean-air devices ([new source review requirements](#)) should proceed, Environmental Protection Agency (EPA) Administrator Christie Whitman last week notified 70 members of Congress that she would seek court approval to postpone a requirement that utilities cut their coal emissions significantly by May 2003. Though clearly another example of how the Bush administration will cater to industry interests at the cost of public health, EPA spokesperson Joe Marytak said that this was Whitman's attempt to "harmonize" court-ordered compliance dates for different plants, not an attempt to roll back the rule, according to [this article in the New York Times](#).

Currently, utilities have until May 2003 to significantly cut pollutants that cause low-lying smog to drift into other states. Whitman's request would extend that date by one year, to May 2004. In 1997, eight Northeastern states filed a petition that asked the federal government to crack down on interstate smog; as Governor of New Jersey at that time, Whitman was one of the petitioners. Now, as EPA Administrator, she is arguing on behalf of the utilities.

The Bush Administration Weakens Wetlands Rules

On January 14 the [Army Corps of Engineers](#) announced changes to several wetlands rules that will make it easier for developers, mining companies and others to qualify for general permits to dredge and fill wetlands, according to the [Washington Post](#). This action comes on the heels of an [October 2001 decision](#) in which the Army Corps of Engineers issued a policy that allows developers to offset losses of wetlands on one site by protecting wetlands, or even dry land, elsewhere. This move came even after a National Academy of Sciences report found that the Corps' mitigation policy was not providing for "no net loss" of wetlands.

As the [Washington Post](#) reported on January 15, Interior Secretary Gale Norton and Deputy Interior Secretary Steven Griles, who lobbied for mining interests before joining Interior, were involved in a controversy over "missing comments" that the Fish and Wildlife Service submitted to the Army Corps -- the comments were critical of the Corps' plan to weaken the rules and Norton evidently failed to give those critical comments to the Corps. Earlier this year, Norton was accused of altering Fish and Wildlife Service data regarding the effects of drilling in the Arctic National Wildlife Refuge (ANWR), in an attempt to remove obstacles from drilling in the ANWR. It is painstakingly clear that Bush's appointees to protect the environment are wreaking havoc on our environmental protections. [Read more in the full Bush Regulatory Report.](#)

Scalia Escapes Senate Confirmation to Become DOL Solicitor

As Solicitor, Scalia has jurisdiction over a wide range of legal and regulatory issues, ranging from mine safety and job training, to migrant workers and pension rights.

On January 11, President Bush announced a one-year recess appointment for Eugene Scalia, son of Supreme Court Justice Antonin Scalia, to serve as the Solicitor for the [Department of Labor](#). The Bush White House cited Constitutional authority to appoint Scalia during the recess, escaping the Senate confirmation process while allowing Scalia to serve until Congress recesses again at the end of next year. The Senate Health, Education, Labor, and Pensions Committee narrowly approved Scalia by a vote of 11-10 on October 16, 2001, but the controversial nomination had not been brought to a vote on the floor when Congress adjourned in December.

As Solicitor, Scalia has jurisdiction over a wide range of legal and regulatory issues, ranging from mine safety and job training, to migrant workers and pension rights. A very controversial nomination, Scalia represents the most strident opponents of an ergonomics standard to protect workers against repetitive motion injuries. Scalia represents the typical Bush nominee, however, in that he has built his career opposing a specific regulation, and will now be in a powerful position at the very agency in charge of regulating the issue he has been fighting against. As Solicitor, his name will go on many briefs that find their way to the Supreme Court, which may require his father, Antonin, to recuse himself.

For more on Scalia and the line up of President Bush's nominations to Environmental, Health, Safety, and Civil Rights posts, see OMB Watch's first issue of the [Executive Report](#), a monthly online report addressing regulatory and access to information issues (see [related article](#), [this issue](#)).

Critical Infrastructure Information

OMB Watch is building a new website to serve as a central point of access to information on Critical Infrastructure Information.

OMB Watch has obtained a [letter from a group of industry associations](#), including the U.S. Chamber of Commerce and the National Association of Manufacturers, addressed to President Bush on December 21, 2001, in support of the Davis-Moran bill ([H.R. 2435](#)), and the Bennett-Kyl bill ([S.B. 1456](#)). OMB Watch and other environmental, civil liberties, and consumer protections groups [circulated a sign-on letter](#) opposing the Bennett-Kyl bill. Both of these letters and additional information can be found at <http://www.ombwatch.org/info/cii>, a new site OMB Watch is building to serve as a central point of access to information on Critical Infrastructure Information. Please send any information you would like to post to ombwatch@ombwatch.org.

NPTalk: File Sharing Among Nonprofits

NPTalk considers some benefits, and costs, around peer-to-peer for organizations.

"Peer-to-peer," an effort to broaden the network capacity of individual users by distributing the workload and access to files among individual users, has usually only been considered in the context of file sharing and attendant copyright issues. Should nonprofits be taking a "napster" on the technology, or are there applications which can serve as a wake-up call to the sector. [NPTalk considers some benefits, and costs, around peer-to-peer for organizations.](#)

"Unauthorized" Appropriations

Last week, the Congressional Budget Office (CBO) issued its annual House and Senate reports listing the various FY 2002 appropriations whose authorization has expired or will expire before the start of FY 2003.

Though it is often true that such programs get funded each year long after their authorizing language has expired, technically, such action requires a vote in each house of Congress. In practice, this means that programs whose authorization has expired can be used to force a debate on spending priorities -- a likely event in the coming budget process, as estimates of the FY 2002 budget deficit range from \$40 - \$70 billion. Though mandatory or "direct spending" programs, such as Social Security and Medicare, usually receive permanent authorization, CBO notes that others such as the Food Stamp program, "require periodic renewal."

For a list of which of the FY 2002 appropriations appear on CBO's list of expired or expiring authorizations, see the [CBO reports](#)

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