



Policy Update

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The following memo provides a summary of public policy issues of interest to the Early Childhood Investment Corporation.

The State Children's Health Insurance Program

Today, the House sent H.R. 2, the *Children's Health Insurance Program Reauthorization Act of 2009*, to the president's desk. President Obama is expected to sign the bill into law this evening, marking the end of a two-year bipartisan effort to reauthorize and expand the health insurance program. The legislation was first passed by the House on January 14th before being amended and passed by the Senate on January 29th by a vote of 66 to 32. The amended bill was ultimately agreed to by the House today with 290 members in favor. Amendments were not permitted under the House rules.

The legislation will infuse \$32.8 billion into the State Children's Health Insurance Program over the next four and a half years, a figure that will help expand the program to reach an additional 4.1 million low-income uninsured children. House Energy and Commerce Committee Chairman Henry A. Waxman (D-CA) announced that there are very few differences between the new bill, amended by the Senate, and the original House bill. Among the minor changes, the Senate increased the federal tobacco tax that will fund the program's expansion by one cent, to 62 cents. The Senate also added a provision allowing states to provide dental insurance to children and pregnant women.

The bill passed both chambers despite objections from Republicans regarding the coverage of legal immigrant children who have been in the U.S. for less than five years. Unlike H.R. 2, the bipartisan bills passed in Congress and vetoed by President Bush in 2007 did not permit states to insure such individuals. The identity requirements for enrollment in the earlier versions were also loosened by Democrats in H.R. 2. Many Republicans, including two of the earlier bill's strongest supporters, Senators Charles E. Grassley (R-IA) and Orrin G. Hatch (R-UT), voted against the bill last week because of these changes.

Economic Recovery Package

Last week on the floor of the House of Representatives and in committee meetings in the Senate, an enormous and unprecedented economic stimulus package slipped through the legislative process at break-neck speed. At an estimated cost of \$819 billion, H.R. 1, the American Recovery and Reinvestment Act of 2009 was debated by the House of Representatives and, in spite of a personal lobbying blitz by President Obama himself and a constant barrage of dismal economic news, the bill passed on a partisan vote of 244 to 188. Not a single Republican voted in favor of the measure that included approximately \$500 billion in tax cuts and \$325 billion in new domestic spending.

Yesterday, the Senate took up S. 336—a bill that shares a name with its House counterpart. The Senate Finance and Appropriations Committees developed this two-part, \$884 billion measure, initially with limited Republican support. At the beginning of the week the House and Senate versions of the bill appeared very similar to one another. However, both Democrats and Republicans in the Senate will be introducing amendments that could reallocate or decrease the proposed funding in the bill. In an effort to reduce spending in the Senate bill, Senators Susan Collins (R-ME) and Ben Nelson (D-NE) spent the weekend drafting amendments that would lower the overall cost of the Senate bill to \$650 billion. Collins and Nelson would delete provisions of the bill that, in their estimation, would not create jobs. Additionally, Senator Kent Conrad (D-ND) has discussed an amendment that would reallocate approximately \$50 billion within the bill, directing these funds toward housing programs.

In spite of these potential amendments, and criticisms of the bill, its supporters are hopeful that the Senate will pass S. 336 by next week and begin to work out the differences between the House and Senate bills. House and Senate leaders would like to see this legislation passed before the Presidents' Day recess. Senate Majority Leader Harry Reid (D-NV) and House Speaker Nancy Pelosi (D-CA) have told their colleagues "no February recess" until the bill is complete, which so far has proven to be a powerful "stimulus" in and of itself.

While the new funding is eagerly anticipated, a lingering question is just how long this good fortune will last. The bill is designed as a stimulus for a stalled economy and a lifeline for state budgets that are in freefall. The money must be spent quickly and will be appropriated over a two-year period. Given the complexity of funding formulas and the accountability requirements that are in place, it will be challenging for States, schools and other grantees to get the dollars out the door quickly and spend the money wisely. It is the kind of challenge education and research advocates have always wished for.

FY 2009 OMNIBUS

House Majority Leader Steny Hoyer (D-MD) predicted today that the omnibus FY09 appropriations package will be completed following the Presidents Day recess later this

month. “My expectation is that we will complete the omnibus prior to the 6th of March,” he told reporters at a briefing today. The 6th marks the expiration of the continuing resolution, which has funded most federal programs since last September. The omnibus package, which includes nine FY09 appropriations bills, was originally scheduled for a vote in the House tomorrow. The legislation was tabled until Congress passes the economic stimulus package, currently being debated on the Senate floor.