

January 19, 2007

The Honorable David Obey
Chairman
Committee on Appropriations
United States House of Representatives
H-218 Capitol Building
Washington, DC 20515-6015

The Honorable Jerry Lewis
Ranking Member
Committee on Appropriations
United States House of Representatives
1016 Longworth House Office Building
Washington, DC 20515-6015

Dear Mr. Chairman and Ranking Member Lewis:

As the Congress moves to finalize the FY 2007 appropriations, the Coalition of Northeastern Governors (CONEG) recognizes that the House and Senate Appropriations Committees are confronted with difficult and immediate decisions. As you make these decisions, we would like to reiterate our critical priorities for funding transportation, community development and energy programs for FY 2007. These priorities are briefly noted below with additional information attached.

Transportation, Treasury and Housing and Urban Development Appropriations

The Governors urge you to:

- fund the combined highway, public transit and safety programs at levels consistent with the authorized levels, with \$39.1 billion for highway obligation and \$8.97 billion for public transit including fully funding the Small Starts program;
- provide \$1.4 billion for intercity passenger rail with specific funding levels for operations support and debt service, including at least \$750 million for capital; and the input of states in the development of any capital investment plan and operations reform; and
- provide \$4.1 billion for the Community Development Block Grant program.

Labor, HHS and Education Appropriations

The Governors strongly urge you to fund the Low Income Home Energy Assistance Program (LIHEAP) at levels equivalent to FY 2006 funding levels, including contingency funds for unforeseen energy emergency situations.

Energy and Water Development Appropriations

The Governors urge you to:

- ensure funding for the State Energy Program at not less than the President's request of \$49.5 million;
- provide at least \$250 million for the Weatherization Assistance Program;
- maintain \$4.95 million for the Northeast Home Heating Oil Reserve; and
- provide \$7.5 million to continue the National Biomass Partnership (previously the Regional Biomass Energy Program).

The Governors are deeply concerned and strongly oppose the language in the Senate version of the earlier Energy & Water Development appropriations bill that would require commercial spent nuclear fuel to be stored at local or regional federal consolidated storage facilities in up to 31 states across the nation.

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The Governors appreciate Congress' support for these vital programs and stand ready to provide more information on the importance of these programs and issues to the Northeast and the nation.

Sincerely,

/o.s./
Donald L. Carcieri
Chairman
Governor of Rhode Island

/o.s./
Jon Corzine
Chairman-Elect
Governor of New Jersey

Attachments

Identical letters were also sent to leadership of the Senate Appropriations Committee and copies were provided to the House and Senate Appropriations Subcommittees on Transportation, Housing and Urban Development; Labor, Health and Human Services, Education; and Energy and Water.

**FY 2007 Appropriations
Transportation, Treasury, Housing and Urban Development
Submitted by the Coalition of Northeastern Governors**

Highways, Transit and Safety

The Governors urge you to fund the combined highway, public transit and safety programs at the authorized levels. This federal funding is essential to continue the progress in recent years to improve economic development of the nation and the Northeast, and to strengthen a critical link for competitiveness in international trade. Specifically, the Governors support:

- providing a \$39.1 billion federal highway obligation limit for FY 2007, a level equal to the authorized contract authority plus \$842 million from the Revenue Aligned Budget Authority (RABA);
- funding public transit at the authorized level of \$8.97 billion in FY 2007. A failure to fully fund the transit program would undermine the important and historic 80/20 split between highways and transit;
- fully funding the Small Starts program. This program is attractive since it provides the flexibility to fund small but vital transit projects, such as bus rapid transit, which might not be cost-effective if subject to the lengthy approval process needed for larger endeavors; and
- providing adequate funding for the Coordinated Border Infrastructure Program for its investment in transportation projects that address both security and transportation needs

Intercity Passenger Rail

The Governors urge you to provide \$1.4 billion for intercity passenger rail in FY 2007, with specific funding levels provided for operations, capital and debt service, including \$750 million for capital. Capital investment in infrastructure and equipment is the key to improved reliability, increased ridership and greater operational efficiency. We urge the Committee to ensure that Amtrak can continue to fund critically needed bridge repair projects and life-safety work in the New York and Baltimore tunnels.

States across the nation partner with Amtrak to invest in tracks, stations, equipment and to provide critical operations support. Therefore we believe that states should have meaningful input into the development of Amtrak capital investment plan and operations reform.

Community Development

The Governors urge you to provide at least \$4.1 billion for the Community Development Block Grant (CDBG) program in FY 2007. Federal funding for CDBG is an efficient federal investment as each dollar of federal funding is matched by three dollars in private funds. The CDBG enables states to provide funding for infrastructure improvements, housing programs and projects that attract businesses to urban and rural areas, creating new jobs and spurring economic growth and recovery in the nation's low income and rural communities.

**FY 2007 Appropriations
Labor, Health and Human Services, and Education Appropriations
Submitted by the Coalition of Northeastern Governors**

Low Income Home Energy Assistance Program

The CONEG Governors urge you to fund the Low Income Home Energy Assistance Program (LIHEAP) at levels equivalent to FY 2006 funding levels including contingency funds for unforeseen energy emergency situations.

LIHEAP is a vital tool for making home energy more affordable for almost six million of the nation's most vulnerable households faced with high energy burdens - the elderly and disabled on fixed incomes and families with young children. In spite of warmer than average temperatures in some areas of the nation and home heating fuel prices moderating from last year's unusually high prices, the need for LIHEAP has not diminished. The price of home heating fuels – and the average home heating expenditures incurred by households – remains historically high. For example, according to the Energy Information Administration, the average household expended \$936 annually for home heating oil between 2000-2005. In 2006-2007, the average expenditure is expected to be \$1,373. In addition, many low-income households are still struggling to pay last year's home energy bills; can amass significant energy debt even during mild weather; and may face utility cut-offs in the Spring.

The recent trend toward higher home heating fuels prices has eroded the purchasing power of LIHEAP funds. The funding level contained in the current FY 2007 Continuing Resolution would further erode the purchasing power of the average LIHEAP grant, as the reduction in federal grant funds would outstrip the modest decline in most heating fuel prices. For example, in FY 2006, the average LIHEAP grant covered approximately 30 percent of the costs of home heating oil paid by the average LIHEAP recipient. At the LIHEAP funding level in the current CR, the average LIHEAP grant would cover approximately 20 percent of comparable costs.

As the LIHEAP purchasing power has plummeted, states across the country have seen significant increases in their regular LIHEAP caseloads, as well as requests for emergency crisis assistance from those households in imminent danger of a fuel service cut-off. States across the country have stepped in to provide additional funding for LIHEAP, and adopted strategies to make the LIHEAP administrative costs among the lowest of human services programs. However, the need is far too great. The number of requests for LIHEAP assistance has reached its highest level in more than a decade.

FY 2007 Appropriations
Energy and Water Development Appropriations
Submitted by the Coalition of Northeastern Governors

Weatherization Assistance Program (WAP): The Governors urge you to provide at least \$250 million for the Weatherization Assistance Program (WAP) in FY 2007. Through a network of partnerships with local weatherization agencies across the country, the Weatherization Assistance Program improves the energy efficiency of more than 100,000 low-income dwellings a year, thereby reducing the heating and cooling bills of the nation's most vulnerable citizens, with energy savings of up to 30 percent. WAP provides numerous non-energy benefits through job creation and reduced air emissions.

State Energy Program: The Governors urge you to ensure funding for the State Energy Program (SEP) at not less than the President's request of \$49.5 million in FY 2007. With this modest increase, states can continue their work as partners toward the national goal of a balanced, reliable and secure energy system, as well as their vital energy preparedness activities. Cost-shared by the states, SEP allows state energy offices to move energy efficiency and renewable energy technology into the marketplace, assist both private and public sectors in reducing energy use and costs, and conduct extensive public information activities. SEP encourages efficient federal, state and private sector energy investment.

National Biomass Partnership: The Governors urge you to provide adequate funding to continue the work of the National Biomass Partnership (formerly the Regional Biomass Energy Program). As the nation puts greater emphasis on renewable energy, adequate funding for this Partnership will help achieve the goals of reduced reliance on imported fossil fuels and increase diversity of the nation's energy portfolio. Bioenergy is a varied, domestic resource that provides reliable energy year-round in markets across the nation. The National Biomass Partnership is the primary link among state, regional, federal and private sector biomass activities that are bringing bioenergy and bioproducts to markets today – and laying the groundwork for new bioenergy technologies in the future.

Northeast Home Heating Oil Reserve: The Governors urge funding of \$4.95 million for the Northeast Home Heating Oil Reserve in FY 2007. The Reserve provides an important buffer to ensure that this regional market will have prompt access to essential fuel supplies in the event of a supply emergency.

Spent Nuclear Fuel Language: The Governors strongly oppose the prior Senate language that would suddenly shift the long-established national policy on nuclear waste by requiring commercial spent fuel to be stored at local or regional federal consolidated storage facilities in up to 31 states. Electricity ratepayers in our states and across the nation have upheld their part of the current contractual agreement by paying billions of dollars into the Nuclear Waste Fund for the development of a permanent long-term centralized facility. The Senate language undermines the federal commitment by diverting these much needed funds away from their intended purpose.