

Dems Drop Millionaires Tax In Year-End Dispute

BY DAVID ESPO

AP Special Correspondent

WASHINGTON — Democrats backed away from their demand for higher taxes on millionaires as part of legislation to extend Social Security tax cuts for most Americans on Wednesday as Congress struggled to clear critical year-end bills without triggering a partial government shutdown.

Republicans, too, signaled an eagerness to avoid gridlock and adjourn for the holidays. With a bipartisan \$1 trillion funding bill blocked at the last minute by Democrats, GOP lawmakers and aides floated the possibility of a backup measure to run the government for as long as two months after the money runs out Friday at midnight.

With time beginning to run short, Senate Majority Leader Harry Reid, D-Nev., met with President Barack Obama at the White House, then returned to the Capitol and sat down with the two top Republicans in Congress, Speaker John Boehner and Sen. Mitch McConnell of Kentucky.

Taken together, the developments signaled the end game for a year of divided government — with a tea party-flavored majority in the House and Obama's allies in the Senate — that has veered from near-catastrophe to last-minute compromise repeatedly since last January.

The rhetoric was biting at times.

"We have fiddled all year long, all year," McConnell complained in a less-than-harmonious exchange on the Senate floor with Reid. He accused Democrats of "routinely setting up votes designed to divide us ... to give the president a talking point out on the campaign trail."

Reid shot back that McConnell had long ago declared Obama's defeat to be his top priority. And he warned that unless Republicans show a willingness to bend, the country faces a government shutdown "that will be just as unpopular" as the two that occurred when Newt Gingrich was House speaker more than a decade ago.

It was a reminder — as if McConnell and current Speaker John Boehner of Ohio needed one — of the political debacle that ensued for Republicans when Gingrich was outmaneuvered in a showdown with former President Bill Clinton.

At issue now are three year-end bills that Obama and leaders in both parties in Congress say they want. One would extend expiring Social Security payroll tax cuts and benefits for the long-term unemployed, provisions at the heart of Obama's jobs program. Another is the \$1 trillion spending measure that would lock in cuts that Republicans won earlier in the year. The third measure is a \$662 billion defense bill setting policy for military personnel, weapons systems and the wars in Iraq and Afghanistan, plus national security programs in the Energy Department.

After a two-day silence, the White House said Obama would

sign the measure despite initial concern over a provision requiring military custody of certain terror suspects linked to al-Qaida or its affiliates. U.S. citizens would be exempt.

The measure cleared the House, 283-136, with a final vote expected Thursday in the Senate.

Officials said Democrats were drafting a new proposal to extend the payroll tax that likely would not include the millionaires' surtax that Republicans opposed almost unanimously.

Republicans minimized the significance of the move. "They're not giving up a whole lot. The tax they wanted to implement on business owners was something that couldn't pass the House and couldn't pass the Senate," McConnell said in a CNBC interview.

Jettisoning the tax could also require Democrats to agree to politically painful savings elsewhere in the budget to replace the estimated \$140 billion the tax would have raised over a decade.

In its most recent form, the surtax would have slapped a 1.9 percent tax on income in excess of \$1 million, with the proceeds helping pay for the extension of tax cuts for 160 million workers. Senate Democrats have twice forced votes on the proposal in what officials have described as a political maneuver designed to force GOP lawmakers to choose between protecting the wealthy on the one hand and extending tax cuts for millions on the other.

The spending bill was hung up — and there was no agreement why.

Republicans and at least one Democrat said agreement had been reached earlier in the week, but Reid disputed that and pointed to provisions relating to travel to Cuba and funding for the Commodities Future Trading Commission as examples.

"It's pretty clear to all of us that President Obama and Sen. Reid want to threaten a government shutdown so they can get leverage" on the payroll tax bill, said Boehner, noting that so far, the Senate has failed to pass legislation on the issue.

Wednesday's maneuvering occurred the day after the House passed a payroll tax extension that contained no higher taxes. That House measure drew a veto threat from Obama that cited spending cuts the White House said would harm the middle class without requiring a sacrifice from the wealthy.

The bill would extract nearly \$43 billion from the year-old health care bill; extend a pay freeze on federal employees while also increasing their pension contributions and raise Medicare premiums on seniors with incomes over \$80,000 beginning in 2017. It also would raise a fee that is charged to banks whose mortgages are guaranteed by Fannie Mae and Freddie Mac.

Obama's veto message also alluded to a requirement for the construction of an oil pipeline from Canada to Texas that Republicans said would create 20,000 jobs.

House Passes \$662B Defense Bill

BY DONNA CASSATA

Associated Press

WASHINGTON — The House passed a massive \$662 billion defense bill Wednesday night after last-minute changes placated the White House and ensured President Barack Obama's ability to prosecute terrorist suspects in the civilian justice system.

The vote was 283-136 and reflected the strong support for annual legislation that authorizes money for the men and women of the military as well as weapons systems and the millions of jobs they generate in lawmakers' districts.

It was a rare instance of bipartisanship in a bitterly divided Congress. The Senate is expected to pass the measure on Thursday and send it to Obama.

The House vote came just hours after the administration abandoned a veto threat over provisions dealing with the handling of terrorism suspects.

Applying pressure on House and Senate negotiators working on the bill last week, Obama and senior members of his national security team, including Defense Secretary Leon Panetta and Secretary of State Hillary Rodham Clinton, had sought modifications in the detainee provisions.

Negotiators announced the changes late Monday, clearing the way for White House acceptance.

In a statement, press secretary Jay Carney said the new bill "does not challenge the president's ability to collect intelligence, incapacitate dangerous terrorists and protect the American people."

Specifically, the bill would require that the military take custody of a suspect deemed to be a member of al-Qaida or its affiliates and who is involved in plotting or committing attacks on the United States. There is an exemption for U.S. citizens.

House and Senate negotiators added

language that says nothing in the bill will affect "existing criminal enforcement and national security authorities of the FBI or any other domestic law enforcement agency" with regard to a captured suspect "regardless of whether such ... person is held in military custody."

The bill also says the president can waive the provision based on national security.

"While we remain concerned about the uncertainty that this law will create for our counterterrorism professionals, the most recent changes give the president additional discretion in determining how the law will be implemented, consistent with our values and the rule of law, which are at the heart of our country's strength," Carney said.

Uncertainty was a major concern of FBI Director Robert Mueller, who expressed serious reservations about the detainee provisions.

Testifying before the Senate Judiciary Committee, Mueller said a coordinated effort by the military, intelligence agencies and law enforcement has weakened al-Qaida and captured or killed many of its leaders, including Osama bin Laden and Anwar al-Awlaki, the U.S.-born radical Islamic cleric. He suggested that the divisive provision in the bipartisan defense bill would deny that flexibility and prove impractical.

"The statute lacks clarity with regard to what happens at the time of arrest. It lacks clarity with regard to what happens if we had a case in Lackawanna, N.Y., and an arrest has to be made there and there's no military within several hundred miles," Mueller said. "What happens if we have ... a case that we're investigating on three individuals, two of whom are American citizens and would not go to military custody and the third is not an American citizen and could go to military custody?"

Unnerving many conservative Republicans and liberal Democrats, the legislation



TRAVIS LONG/RALEIGH NEWS & OBSERVER/MCT
President Barack Obama prepares to address troops Wednesday, at Fort Bragg in North Carolina. The president and first lady Michelle Obama thanked the troops for their service in Iraq, marking the fulfillment of a campaign promise to bring home all U.S. forces following a nearly nine-year conflict.

also would deny suspected terrorists, even U.S. citizens seized within the nation's borders, the right to trial and subject them to indefinite detention. House Republican leaders had to tamp down a small revolt among some rank-and-file who sought to delay a vote on the bill.

Some of the Republicans were concerned that the "president would use the military to round up American citizens," said Rep. Allen West, R-Fla., a member of the Armed Services panel.

The escalating fight over whether to treat suspects as prisoners of war or criminals has divided Democrats and Republicans, the Pentagon and Congress.

Report: Half Of Schools Fail Federal Standards

BY DORIE TURNER

AP Education Writer

ATLANTA — Nearly half of America's public schools didn't meet federal achievement standards this year, marking the largest failure rate since the much-criticized No Child Left Behind Law took effect a decade ago, according to a national report released Thursday.

The Center on Education Policy report shows more than 43,000 schools — or 48 percent — did not make "adequate yearly progress" this year. The failure rates range from a low of 11 percent in Wisconsin to a high of 89 percent in Florida.

The findings are far below the 82 percent failure rate that Education Secretary Arne Duncan predicted earlier this year but still indicate an alarming trend that Duncan hopes to address by grant-

ing states relief from the federal law. The law requires states to have every student performing at grade level in math and reading by 2014, which most educators agree is an impossible goal.

"Whether it's 50 percent, 80 percent or 100 percent of schools being incorrectly labeled as failing, one thing is clear: No Child Left Behind is broken," Duncan said in a statement Wednesday. "That's why we're moving forward with giving states flexibility from the law in exchange for reforms that protect children and drive student success."

State's scores varied wildly. For example, in Georgia, 27 percent of schools did not meet targets, compared to 81 percent in Massachusetts and 16 percent in Kansas.

That's because some states have harder tests or have high numbers of immigrant and low-income children, center officials

said. It's also because the law requires states to raise the bar each year for how many children must pass the test, and some states put off the largest increase until this year to avoid sanctions.

The numbers indicate what federal officials have been saying for more than a year — that the law, which is four years overdue for a rewrite, is "too crude a measure" to accurately depict what's happening in schools, said Jack Jennings, president of the Washington, D.C.-based center. An overhaul of the law has become mired in the partisan atmosphere in Congress, with lawmakers disagreeing over how to fix it.

"No Child Left Behind is defective," Jennings told The Associated Press. "It needs to be changed. If Congress can't do it, then the administration is right to move ahead with waivers."

Waivers fix the immediate problem but likely will make it much more difficult for parents to understand how schools are rated because progress will no longer be based on just one test score.

Under the 11 waivers already filed, states are asking to use a variety of factors to determine whether they pass muster and to choose how schools will be punished if they don't improve.

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Above Ground Ribbon Cutting
The Yankton Chamber of Commerce Ambassador Committee hosted a Business Expansion ribbon cutting for AboveGround, located at 211 W. Third St. Cathy Clatworthy owner of the new gallery space above her original store LilyCrest said it is a non-profit gallery space to showcase local talent with art shows, lectures workshops, meetings-anything that helps promote the advancement of the arts in this community. Store hours are Mon-Fri 10-6p.m. Sat. 10-5 p.m. You can reach AboveGround at (605)664- 8800 or www.lilycrest.com, lilycrest@msn.com.
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