Jackie Speier Sworn in to Represent State’s 12th Congressional District

California returned to its full contingent of 53 House members on Thursday, April 10, 2008, when Jackie Speier was sworn to represent voters in California’s 12th Congressional District. The 12th District includes various areas south of San Francisco.

A former state legislator, Speier was elected to fill the remaining term of the late Rep. Tom Lantos, who died of cancer in February. She was administered the oath of office by House Speaker Nancy Pelosi. As provided under House rules, Rep. Speier will retain the office space held by Rep. Lantos through the end of this year but will have to compete with fellow junior colleagues when the 111th Congress convenes in January.

Thursday’s swearing-in came just two days after Speier won Tuesday’s special election, garnering 77 percent of votes cast.

Trade: House Delays U.S.-Columbia Free Trade Agreement Timetable

By a mostly party-line vote of 224-195, the House on April 10, 2008 voted to delay consideration of the U.S.-Columbia Free Trade Agreement (H.R. 5724) indefinitely. The vote was on amending House rules to stop the clock on the implementing legislation, which under fast-track rules would have had to be considered by both the House and the Senate within 90 legislative days of submission by the President. The fast-track procedures, however, are rules of the House and Senate and can be changed by either body.

Speaker Nancy Pelosi pushed the rules amendment after President George Bush sent the trade pact to Congress on April 8th, despite the Speaker’s advice to hold it back. The Speaker and other Democrats argue that the Agreement should not be considered until Congress and the President have enacted legislation, such as trade adjustment assistance, to help U.S. workers.

In her remarks, Speaker Pelosi stated that if the pact were considered on the House floor now it would fail. Republicans pointed out, however, that the move effectively kills the trade bill and also weakens Columbia, an important U.S. ally, and strengthens Hugo Chavez in Venezuela.
Upon implementation, the trade agreement would eliminate tariffs on more than 80 percent of U.S. exports to Columbia of industrial and consumer goods. Colombia, Bolivia, Ecuador and Peru already receive duty-free treatment on many of their exports to the United States under the Andean trade preferences law, which was recently reauthorized.

**Transportation: House Subcommittee Addresses Transportation in Metro Areas**

On Wednesday, April 9, 2008, the House Transportation Subcommittee on Highways and Transit heard testimony from local transit executives and transit experts at a hearing entitled, “Transportation Challenges in Metropolitan Areas.” The hearing follows a series of hearings by the full committee addressing funding for, and uses of, the Highway Transportation Trust; and reviewing recommendations by the National Surface Transportation Policy and Revenue Commission report. This hearing was the first in a series of hearings exploring emerging themes in transportation policy and practice, the needs of our national surface transportation system, and the reauthorization of our surface transportation laws.

Mr. Michael Wiley, General Manager and CEO of Sacramento Regional Transit (RT), Sacramento’s public transportation authority, and Mr. Robert Puentes, Fellow at The Brookings Institution Metropolitan Policy Program, were among the panelist delivering testimony.

Wiley, a 30 year veteran of Sacramento’s Regional Transit, spoke about the idea of “smart growth”, the process of improving intra-city mass transit, and reducing vehicle mile’s traveled (VMT’s) for commuters. He said that a significant factor in improving overall efficiency of the transit system is to develop communities in a way that makes the necessary amenities a short distance from where people live. This is called smart growth, or planning communities with medium- to high-density housing, or mixed-use developments, near public transportation and commercial centers that provide goods and services. He made reference to the suburban sprawl that has taken place in many Sacramento areas, such as the Natomas area – a suburb tucked into the northeastern part of the city of Sacramento– where residents have to drive significant distances to reach work and amenities. This sprawl increases transit trips by 600%, he said, and increased the percentage transit to downtown from 20-40%. “If allowed to continue undeterred, this type of development will ultimately consume another 660 square miles of undeveloped land. Residents would face longer commutes, more vehicle trips, dirtier air and a growing disconnect between where they live and where they work”, Wiley said.

RT is building a light-rail line into the Natomas area – and ultimately to the Sacramento International Airport – with all local funding, an effort organized by the Sacramento Area Council of Governments (SACOG). They will be seeking matching federal funds for future efforts, Wiley testified. His comments concluded with several suggestions: “At the federal level, it is crucial that Congress identify a funding source that is sustainable and growing to meet the nation’s infrastructure needs... The next authorization should begin to connect land-use patterns with sustainable living and increased transit.”

Mr. Puentes’ testimony argued that metropolitan areas need to be recognized as the engine of our economy; and that Congress must recognize the
role of transit in powering this engine and develop a vision for a national plan for transit. “Metropolitan
challenges are National challenges”, said Puentes. He noted that metropolitan areas are “where most
Americans live, work, and produce the majority of the nation’s economic output. The services and revenues
they generate drive state economies.” He said that these areas are the “front lines of competitiveness in our
global economy” and that Congress needs to establish a “national transportation vision that recognizes the
metropolitan concentration of our economic life and responds accordingly.”

He gave three recommendations for creating this vision; 1) the federal government must lead where there
are clear demands for national uniformity or else to match the scale or geographic reach of certain problems.
The federal government should focus on three specific program areas of national importance: the preservation
and maintenance of the interstate system, the development of a true national intermodal freight agenda, and a
comprehensive national plan for intermetro area passenger travel; 2 that there are other aspects of
transportation policy where metropolitan areas should lead and put the federal government squarely in the
service of state and local leaders; and 3) the federal government needs to re-orient transportation policy to
remedy the mistakes of the past and establish a coherent performance-measured and outcome-based program
for the future.

For more information visit http://transportation.house.gov/hearings/hearing.aspx

HEALTH: SENATE FINANCE COMMITTEE ADDRESSES IMPACT OF SCHIP DIRECTIVES

On Wednesday, April 9, 2008, the Senate Finance Committee heard testimony from the Administration
and health care administration experts on the impact of the August 17, 2007, State Children’s Health
Insurance Program (SCHIP) directive issued by the Centers for Medicare and Medicaid Services. The
directive to SCHIP administrators sets forth a series of requirements that would be applied to all states
seeking to cover children with family incomes above 250 percent of the federal poverty level (FPL) ($44,000
for a family of three).

Dennis G. Smith, Director of the Center for Medicaid and State Operations at CMS, justified the directive
and it’s goals in his testimony. He referenced a trend by states to expand eligibility beyond the intended
levels, and the potential problems that can create. The directive, he said, was a reminder to states of how to
stay within the parameters of the program while expanding eligibility. He commented: “[O]ffering some
accommodation to those states wishing to expand SCHIP coverage, CMS issued new policy guidance in
August 2007. The August 17, 2007 SHO [State Health Officers] letter advises state health officials of the
types of crowd-out prevention procedures CMS expects states to incorporate into their programs should the
state opt to extend SCHIP eligibility above 250 percent of FPL”.

“Crowd-out, or substitution of public coverage for private coverage, is a public policy concern because it
increases public expenditures without necessarily improving access to care or health status”, he said. He
stated that the directive was necessary to maintain the program’s stability. He argued “stability in the SCHIP
was interrupted in 2006 as states... began to expand eligibility, without substantial strategies to prevent
crowd-out as had been included by earlier expansion states.”

Among the problems he cited with attempts to expand coverage were that “requests for increased
eligibility levels were combined with little or no cost-sharing and short or no waiting periods.” The letter was
issued, he said, because “[i]n short, over time it became apparent that further action was necessary to remind
states of their obligation for preventing ‘crowd out.’”

Alan Weil, JD, MPP, Executive Director of The National Academy for State Health Policy (NASHP),
gave opposing testimony. He argued that CMS failed to include states in developing the new policies,
therefore setting the stage for further compliance failures. He commented: “First, because the directive was
written and issued without any input from states, it includes provisions that are unattainable, outside the
control of states, and poorly suited for achieving the purported goal of minimizing crowd out. Second, the
CMS directive usurps Congressional authority with respect to both SCHIP and Medicaid. And third, the
directive adds yet another level of uncertainty to states in a manner that impedes state action designed to
achieve the statutory goal of reducing the number of children without health insurance.”
According to Weil, the requirements in the August 17 directive prompted questions and concerns among states, especially among the 24 states that are immediately affected due to current or recently approved eligibility levels. He further argued that since the directive, there has been no effort by CMS to help states comply. He asserted: “Although states have sought further guidance from CMS to address their concerns, CMS so far has not responded in writing to many of the detailed questions about the directive posed by individual states or to questions compiled from states by NASHP and submitted at the suggestion of CMS.”

For more information visit: http://finance.senate.gov/sitepages/hearing040908.htm

CLIMATE: SELECT COMMITTEE DISCUSSES GLOBAL WARMING, PUBLIC HEALTH, CALIFORNIA WAIVER REQUEST

On Wednesday April 9, 2008, the House Select Committee on Energy Independence and Global Warming held a hearing to discuss health effects of climate change. The hearing, entitled “Healthy Planets, Healthy People: Global Warming and Public Health,” was led by Rep. Hilda Solis (El Monte).

Rep. Solis noted that the negative health effects of global warming will fall disproportionately on already vulnerable populations: children, the elderly, and African-Americans. Climate change is likely to cause an increase in plant species that typically cause allergies as well as an increase in asthma symptoms. It will also exacerbate chronic medical conditions such as chronic obstructive pulmonary disease. The medical literature, Solis said, reveals a well established association between weather and mortality from cardiovascular and respiratory diseases. Heat waves, which cause premature deaths, are predicted to become more frequent and more extreme.

The witness list included testimony by a number of distinguished and preeminent scientists and physicians: Howard Frumkin of the Center for Disease Control, Director of National Center for Environmental Health, Agency for Toxic Substances and Disease Registry; Jonathan Patz, Professor and Director of Global Environmental Health at University of Wisconsin at Madison; Georges Benjamin, Executive Director of the American Public Health Association; Mark Jacobson, Director, Atmosphere and Energy Program and Professor of Civil and Environmental Engineering at Stanford University; and Dana Best of the American Academy of Pediatrics. Dr. Patz, who shares in the Nobel Peace Prize awarded to former Vice President Al Gore and the IPCC in 2007, noted that the medical community is used to dealing with single disease elements and toxic chemicals. The effects of climate change are felt in myriad ways and will be a challenge to address.

Dr. Jacobson argued against the EPA's decision to deny California's request for a waiver of the Clean Air Act Preemption on March 6, 2008. The decision, made by administrator Stephen L. Johnson, cited two assumptions that Jacobson argues have no scientific basis. Johnson stated in the decision that since greenhouse gases emitted in California eventually mix globally, California's greenhouse gas emissions do not affect California's ozone any more than other state's greenhouse gas emissions do. But Jacobson's research findings (the first, and so far only, study of its kind) directly contradict this argument. Jacobson found that higher temperatures and water vapor due to carbon dioxide increase pollution the most where it is already high. California is therefore disproportionately affected by greenhouse gas emissions since the state has six of the ten most-polluted cities in the United States. More specifically, Jacobson found that any emissions of carbon dioxide, whether in California or elsewhere, increase air pollution health problems in California at a rate 2.5 times higher than in the United States as a whole.

For more information on this hearing, please visit: http://globalwarming.house.gov

WATER: SENATE SUBCOMMITTEE ON WATER AND POWER HEARS ADMINISTRATION TESTIMONY ON CALIFORNIA WATER BILLS

On Tuesday, April 8, 2008, the Senate Energy and Natural Resources Subcommittee on Water and Power received testimony from Kris Polly, Deputy Commissioner, Bureau of Reclamation, U.S. Department of the Interior, on a package of California water-related legislation.
He testified that the Administration is opposed to all of the following bills in the package:
- HR 813, the Santa Ana River Water Supply Enhancement Act of 2007, would amend Title XVI, the Reclamation Wastewater and Groundwater Study and Facilities Act to authorize the Secretary of the Interior to participate in several projects.
- HR 31, the Elsinore Valley Municipal Water District Wastewater and Recycled Water Facilities Act.
- HR 716, a bill to authorize Reclamation to participate in the design, planning, and construction of the Santa Rosa Urban Water Reuse Plan.
- HR 786, the Los Angeles County Water Supply Augmentation Demonstration Project.
- HR 1140 would amend Title XVI, the Reclamation Wastewater and Groundwater Study and Facilities Act.
- HR 1503, the Avra/Black Wash Reclamation and Riparian Restoration Project Act.
- HR 1725, the Rancho California Water District Recycled Water Treatment and Reclamation Facility Act.
- HR 1737, the City of Oxnard Water Recycling and Desalination Act of 2007.
- HR 2614, a bill to authorize water supply, reclamation reuse and recycling, and desalination projects in Southern California.

For a full explanation of the legislation and opposition visit http://energy.senate.gov.

**DEMOGRAPHICS: PPIC REPORT HIGHLIGHTS CHALLENGES FACING INLAND EMPIRE**

The Public Policy Institute of California, with funding from the James Irvine Foundation, released a new report on April 9, 2008 showing that demographic projections for 2015 indicate potential problems for the Inland Empire. The report, *The Inland Empire in 2015*, was authored by Hans Johnson, a senior fellow and an associate director of research at PPIC; Deborah Reed, director of research and a senior fellow at PPIC, where she holds the Thomas C. Sutton Chair in Policy Research; and, Joseph Hayes, a research associate at PPIC.

The report finds that, by 2015, the population of Riverside and San Bernardino Counties will grow to 4.9 million, about a million more people than lived there in 2005. The primary driver of the significant population growth will be migration from other California counties. But the report’s demographic projections also foreshadow potential problems, including a possible mismatch between employment opportunities and the educational attainment of the population, and between the share of residents who make up the majority of the population and those who participate actively in voting and civic affairs.

Principal findings include:
- Between 2004 and 2015, the number of jobs in the Inland Empire is expected to grow 28 percent, outpacing job growth statewide (20%). But population gains will outstrip job gains, and this suggests that the share of workers who commute out of the region (20% in 2005) will remain high.
- Unlike the rest of California, the demand for jobs requiring a bachelor’s degree (20.3%) in the region will equal the share of adults who have that qualification (20.6%). But the share of Inland Empire adults with less than a high school diploma (22.1%) will exceed the share of jobs available for workers at that education level (17.7%).
- Although no single ethnic group today holds a majority in the Inland Empire’s population, Latinos will constitute a majority (51.2%) of the region’s population by 2015. But Latinos may not have their voices heard as clearly as they could be, because the plurality (48%) of registered voters will be white, even though whites will constitute only about one-third (35%) of the adult population.

To view the entire report, go to: http://www.ppic.org.

**HOUSING: FHA MORTGAGE LOAN LIMITS RISE FOR MOST CALIFORNIA COUNTIES**

Following directives from and using resources provided by the economic stimulus package passed in February, the Bush Administration on March 5, 2008, announced that it was raising the mortgage limits for loans guaranteed by the Federal Housing Administration (FHA) in areas with high housing costs.
An increase to the new top loan limit of $729,750 was made available for 14 counties in California, including Alameda, Contra Costa, Los Angeles, Marin, Monterey, Napa, Orange, San Benito, San Francisco, San Mateo, Santa Barbara, Santa Cruz, and Ventura.

Near the maximum limit are San Diego ($697,500), San Luis Obispo ($687,500), and Sonoma ($662,500), and another nine counties had loan limits raised to or above $500,000 (including Sacramento, Riverside and San Bernardino). Limits are based on median home prices in each county.

Mortgages below the FHA loan limits are eligible to be funded via FHA; those above the limit seek private “jumbo” loan funding (and to date, half of the nation’s jumbo loans are originated in California). The loan limit changes are intended to be temporary, but some are working in an effort to make the changes permanent (see below).

The economic stimulus package also permitted Fannie Mae and Freddie Mac to buy mortgages at these higher levels.

**HOUSING: GOVERNOR URGES PERMANENT INCREASE IN HOME LOAN LIMITS**

On April 2, 2008, Governor Arnold Schwarzenegger sent a letter to key Senators urging them to permanently increase the loan limits eligible for Federal Housing Administration (FHA) insurance. The loan limits were temporarily increased from $362,790 to $729,750 in the economic stimulus package (P.L. 110-185) enacted in February.

Currently, the House Financial Services and Senate Banking Committees are in conference on the Federal Housing Administration Modernization Act (S. 2325/H.R. 1852), which would raise the limits permanently. The Governor’s letter went to the chairs and ranking Republican members of the Senate and House Committees. The House and Senate are also moving on other legislation to assist the mortgage crisis, including H.R. 5720 and H.R. 3221.

It points out that in Los Angeles the average home costs $589,000, and that many homes selling for more than $730,000 are fewer than three bedrooms and about 1,300 square feet. Until the loan limits were raised temporarily, the letter states, FHA was virtually irrelevant in California’s mortgage market. Since the increase, however, 47 of California’s 58 counties qualify for loans, and 14 qualify for the new FHA maximum loan limit of $729,500.

The Governor concludes the letter, stating: “These temporary loan limit increases have already done some good for California’s working-class families. Permanent increases stand to do much more.”

**TOURISM: GOVERNOR JOINS HAWAII’S GOVERNOR TO OPPOSE CRUISE PROPOSAL**


The rule proposes new criteria to be used by CBP to determine whether non-coastwise-qualified vessels are in violation of the Passenger Vessel Services Act (PVSA) when engaging in cruise itineraries in which passengers board at a U.S. port, and the vessel calls at several Hawaiian ports, before it proceeds to a foreign port(s) for a brief period, and ultimately returns to the original U.S. port for disembarkation of its passengers. CBP believes these itineraries are contrary to the PVSA and it appears that the primary objective of the foreign stop is evasion of the PVSA.

The Governors argue that, while the rule is intended to protect U.S. flagships, it could have a highly deleterious impact on the $17 billion cruise industry in Hawaii, California, and across the nation. They urge the Office of Management and Budget to rule that an economic impact statement be completed before there is damage to the states’ economies. The letter states that the criteria created by the rule – such as requiring the amount of time at the foreign port to be more than 50 percent of the total amount of time at the U.S. ports, and the stop at the foreign port to last at least 48 hours – “are so out of line with industry standards that nearly all passenger cruises from U.S. ports will be affected.”
The letter points out that San Diego’s cruise business has more than tripled in the past five years, and that $30 million in infrastructure to support the cruise industry has been invested at LA’s port, with $100 million more planned over the next few years. Overall, the cruise industry employs an estimated 44,000 people in California. The letter concludes: “Given that essentially every passenger cruise trip in the United States will be directly and adversely affected by this rule, we hope you will agree that these losses are simply too great to afford. We strongly urge you to send this rule back for needed alterations and economic analysis.”

**TAX TREATMENT: PANEL DISCUSSION HELD ON RACE, ETHNICITY, POVERTY, AND THE TAX TRANSFER SYSTEM**

On Friday, April 4, 2008, The Tax Policy Institute, a collaboration between the Urban Institute and the Brookings Institution, held a panel discussion on tax transfer systems in the United States. While designed to be race blind, programs funded through tax transfers such as wage subsidies, social security, and public education affect racial and ethnic groups differently due to their unique socioeconomic characteristics.

Melissa Favreault, Senior Research Associate at the Urban Institute, discussed how incremental changes in the payroll tax and benefit formula could help those segments of the population most vulnerable to poverty in retirement and increase the equity of the system. Since mortality, earnings, childbearing, and marriage patterns differ across racial and ethnic groups, social security benefits, designed to be a highly progressive tax transfer program, fall short of this goal.

Mark Lopez, Associate Director of the Pew Hispanic Center, discussed recent increases in Hispanic immigration and the need to educate young Hispanics enrolled in public schools who may have different needs than the general student population, especially additional instruction in English. Lopez pointed out that due to their additional needs, it is possible that school funding formulas should take into account the number of Hispanic students that are enrolled. He also noted that it can be difficult to track the progress of Hispanic students as test scores of English language learners are often omitted from final numbers.

For more information, please visit: [http://www.taxpolicycenter.org/](http://www.taxpolicycenter.org/).

**ENVIRONMENT: CENSUS BUREAU RELEASES REPORT ON POLLUTION ABATEMENT COSTS AND EXPENDITURES**

On Wednesday, April 9, 2008, the U.S. Census Bureau released a report on Pollution Abatement Costs and Expenditures (PACE) for 2005. The data in the report is from the 2005 Pollution Abatement Costs and Expenditures Survey conducted by the U.S. Census Bureau under a joint partnership agreement with the U.S. Environmental Protection Agency (EPA). Survey content was developed by the EPA. The Census Bureau was the collection agency and produced the estimates in the report.

California ranked the second highest in operating costs at $1.8 billion, second only to Texas. California spent $465 million in capital expenditures. Pollution abatement capital expenditures and operating costs include costs associated with treatment/capture, recycling, disposal, and prevention. The majority of capital expenditures were used for air emissions abatement, water discharge abatement and solid waste abatement. Operating cost drivers mimicked those of expenditures.

For full details, visit: [http://www.census.gov/mcd/pace.htm](http://www.census.gov/mcd/pace.htm).

**TRANSPORTATION EVENT: BRIEFING ON GOODS MOVEMENT ON THURSDAY, APRIL 17 TO FEATURE MAYOR VILLARAIGOSA AND CHAIRMAN OBERSTAR**

At an “Ice Cream Social” on Thursday, April 17, 2008, California transportation experts concerned about with the nation’s gateways and trade corridors will brief Congressional members, staff and others who may be interested regarding freight mobility and goods movement.

The briefing will include comments by Rep. James L. Oberstar (WI), the chair of the House Transportation and Infrastructure Committee, Los Angeles Mayor Antonio Villaraigosa, and the leaders of the Congressional Goods Movement Caucus. In addition, the briefing will feature comments from members
of the Coalition for America’s Gateways and Trade Corridors. It is sponsored by Access DC, Mobility 21, BNSF, and the California Institute. It will take place Thursday, April 17th from 10:00 am to 12:00 noon in Room 2105 of the Rayburn House Office Building. To attend the briefing or to find out more information, contact Enessle@blakey-agnew.com.