Appropriations: House Passes FY 2010 Homeland Security Funding

By a vote of 389-37, the House easily approved H.R. 2892 making appropriations for Fiscal Year 2010 for the Department of Homeland Security. Discretionary funding in the bill is set at $42.6 billion, $205 million less than the Administration’s request, but $2.6 billion more than FY09 funding, excluding emergency funding.

A Manager’s Amendment, approved 345-85, included $10 million more for Homeland Security firefighter grant programs, as well as additional funding for other programs. Another amendment, adopted 423-6, added $1.7 million to increase the number of Immigration and Customs Enforcement personnel screening visas overseas. Rep. Jerry Lewis (Redlands), Ranking Member on the Committee, succeeded in adding $34 million to Customs and Border Protection funding to hire an additional 200 Border Patrol agents. The vote was 375-55 in favor. A motion to recommit was also approved, 234-193, that added $50 million to U.S. Citizenship and Immigration Services to improve E-Verify.

Among other items, the bill includes the following:
First Responder Grant Programs: $3.55 billion, $256 million above the President’s request and $176 million below 2009. This total includes:
- State Grants: $950 million, the same as the President’s request and 2009
- Urban Area Grants: $887 million, the same as the President’s request and $49.5 million above 2009

Immigration and Customs Enforcement: $5.4 billion, $30 million below the President’s request and $439 million above 2009, including:
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- $1.5 billion to identify and prioritize for removal dangerous criminal aliens once an immigration judge has ordered them deported;
- $200 million for Secure Communities, a pilot program that allows local law enforcement to check fingerprints of people booked on criminal charges for immigration and criminal records
- $97.8 million for ICE to combat international trade in illicit drugs, weapons smuggling and crimes associated with violence along the Southwest Border. This is part of a $124 million increase over 2009 for ICE investigations and $27.8 million more than the President’s request.

- Customs and Border Protection: $10 billion, $82 million below the President’s request and $147 million above 2009. Funding includes:
  - $692 million for Southwest Border investments for Border Security Fencing, Infrastructure, and Technology (BSFIT), compared to $735 million in 2009 and $759.5 million in the request. The Economic Recovery Act included $160 million in CBP for SW Border security technology and Border Patrol tactical communications.
  - $3.5 billion to fully fund 20,019 Border Patrol agents, of whom over 17,000 will be based on the Southwest Border.

- Air Cargo and Cargo Container Security:
  - $123 million for TSA to meet the 100-percent air cargo security screening mandate by August 2010, required by the 9/11 Act, $15 million above the President’s request and the same as 2009.
  - $804 million for CBP and the Domestic Nuclear Detection Office to develop and deploy systems to screen cargo for weapons or nuclear precursor materials, $3 million below the request and $155 million below 2009. The Economic Recovery Act included $100 million for new inspection technology at ports of entry.
  - $162 million to continue CBP’s implementation of pilot and overseas container security programs, $3.4 million below the request and $12.5 million above 2009.
  - $2.8 million and 20 CBP Officers to enhance targeting of dangerous goods and people.

- REAL ID: $75 million, the same as the President’s request and $25 million below 2009, to help states to comply with REAL ID, which requires state licenses to meet new standards in order to be used for federal identification purposes. Of this total, $50 million is for Real ID grants, the same as 2009.

The bill also includes a two-year extension of E-Verify.

The California Institute will provide a more comprehensive analysis of the bill and its California implications in the near future. For more information, go to: [http://appropriations.house.gov](http://appropriations.house.gov)

**Appropriations: House Committee Marks Up Agriculture 2010 Appropriations**

The House Appropriations Committee approved its FY2010 agriculture appropriations on June 18, 2009. The bill includes $22.9 billion in total discretionary spending, a $2.3 billion increase from fiscal year 2009. A significant amount of this increase was directed towards: WIC, FDA and International Food Aid. The President requested $22.979 billion.

This bill includes:
- $2.995 billion for the Food and Drug Administration, the same as the President's request and $373 million over 2009
- The Food Safety and Inspection Service received $1.018 billion, the same as the President's request and $47 million over 2009, for inspection of meat, poultry and egg products.
- The Nutrition for Women, Infants, and Children (WIC) program received $7.541 billion, $236 million below the President's request and $681 million above 2009. The funding is expected to help up to an additional 700,000 women, infants, and children, bringing WIC participation to over ten million people.
- The Commodity Supplemental Food Program received $180 million, $17 million over the President's request and $19.6 million over 2009.
- The Supplemental Nutrition Assistance Program (SNAP) received $61.352 billion, the same as the President's request and $7.383 billion over 2009.
- USDA Rural Development programs received $2.825 billion, $191 million below the President's request and $92 million above 2009. The USDA rural programs focus on improving and supporting rural housing, water projects, community facilities and economic development efforts. Specifically, the bill provides funding for programs that help house families ($8.7 billion), invest in rural businesses ($1.2 billion), and support new community facility infrastructure ($542 million for community facilities, and $9.3 billion for the rural utilities programs).
- The Agricultural Research Service received $1.19 billion, $37 million above the President's request and $3 million above 2009, and the National Institute for Food and Agriculture (formerly called CSREES) for agricultural research received $1.253 billion, $87 million above the President's request and $31 million above 2009.
- Conservation Programs received $980.3 million, $72.9 million above the President's request and $11.9 million above 2009, for the Natural Resources Conservation Service to improve service in the field, deliver conservation to protect the environment, and upgrade aging dams at risk of catastrophic failure. The bill rejects $267 million in cuts to priority farm bill conservation programs, including the Wetlands Reserve Program, Farmland Protection Program, and Wildlife Habitat Incentives Program.

Other policy items include:
- Prohibits USDA from moving forward with a rule to allow certain poultry products from China into the U.S.
- Fully funds the costs to continue overseeing country of origin labeling for fresh fruits and vegetables, meats and other products.

A full summary of the markup and a complete list of California-specific Congressionally Designated Projects will be available in the near future. More information can be found at: http://appropriations.house.gov.

**Appropriations: House Passes Interior and Environment Appropriations**

The House passed H.R. 2996, the FY2010 Interior and Environment appropriations, by a vote of 254-173. The House Appropriations Committee approved the bill on June 18, 2009. As reported by the committee, this bill includes $32.3 billion in total discretionary spending, up from an allocation of $27.6 billion for fiscal year 2009. The Committee matched the President's request for total funding. The bill includes funding at the following levels:

The Environmental Protection Agency received $10.46 billion, $23 million below the President's request and $2.83 billion over 2009.

Clean Drinking Water & Wastewater programs received $3.9 billion. This includes: $2.3 billion for the Clean Water State Revolving Fund; $1.4 billion for the Drinking Water State Revolving Fund; and $160 million for direct grants to communities for water infrastructure. According to committee documents, a portion of the State Revolving Funds will be available as subsidized loans, and 20 percent of each State Revolving Fund will be available for green infrastructure, water or energy improvements, or other
environmentally innovative projects. It is estimated that these funds will create as many as 40,000 new construction jobs.
- $1.5 billion, equal to the President's request and $3 million above 2009, was allocated to clean up dangerous toxic waste including $100 million for evaluation and cleanup of Brownfields.
- $5 million was allocated to allow the EPA to fully fund four new centers of excellence to study the impact to children from toxins and chemicals in the environment and to expand EPA in-house research in this area.
- $420 million, $24 million above the President's request and $189 million above 2009 was allocated for programs to address global climate change, including: 1) $28 million to implement the Energy Independence and Security Act, including $21 million to meet its requirement that the US produce 36 billion gallons of renewable fuels by 2022, and $7 million for carbon sequestration research (evaluating geological and biological potential and processes) at the US Geological Survey; 2) $50 million for EPA's Energy Star program which saves consumers $14 billion a year in energy costs by letting them know appliances' energy efficiency; 3) $10 million for new grants at EPA to encourage local communities to find ways to cut their greenhouse gas emissions; 4) $17 million to continue development of a Greenhouse Gas Registry, a first step in controlling greenhouse gases; 5) $67 million for priority climate change research at the US Geological Survey, an increase of $22 million over 2009; 6) $32 million total for climate change research at the Forest Service, an increase of $5 million over 2009; 7) $15 million as requested for the National Global Warming and Wildlife Science Center at the US Geological Survey for wildlife adaptation to climate change; and 8) $58 million to promote the development of renewable clean energy sources on Federal lands and waters.
- $3.66 billion, $669 million above 2009 and $165 million above the President's request, for efforts to prevent and fight wildfires at the Forest Service and the Department of the Interior, including hazardous fuels reduction projects, State and volunteer fire assistance activities, and forest health projects, including: 1) $357 million for the new wildfire suppression contingency reserve accounts, as requested; 2) Increases hazardous fuels projects by $91 million, or 17 percent over the request; 3) Increases overall wildfire suppression funding by $526 million, or 40 percent over 2009.

National Parks received $2.7 billion, $27 million above the President's request and $198 million above 2009.

National Wildlife Refuge System: $503 million, $20 million above the President's request and $40 million above 2009.

US Forest Service (non-fire) received $2.77 billion, $62 million above the President's request and $154 million above 2009.

The bill also includes a number of policy changes, such as:
- implement a new fee for inspections of offshore oil and gas facilities. This nominal fee ($2,000 to $6,000 per facility per year), will provide $10 million to partially offset the cost of the inspection program.
- apply the Davis-Bacon prevailing wage requirements to the Clean Water and Drinking Water State Revolving Funds.
- prohibit EPA from including emissions from manure management systems in the mandatory reporting of greenhouse gas emissions.
- prohibit EPA from promulgating a regulation to require Clean Air Act permits for emissions from biological processes associated with livestock production.

A full outline of this and other appropriations bills, along with a complete list of California-specific Congressionally Designated Projects will be available soon. More information can be found at: http://appropriations.house.gov.

**Appropriations: House Energy & Water Reports FY2010 Funding**

The House Energy and Water Appropriations Subcommittee reported its FY10 funding bill on June 25, 2009 by voice vote. The $33.3 billion is $1.1 billion below the President’s budget request, but $39 million above the FY 2009 level.
The Energy Department will receive $26.9 billion, down a bit from the $27 billion appropriated in FY09 and less than the president’s request of $28.4 billion. Included in that figure is $2.3 billion for energy efficiency and renewable-energy programs, slightly about the $2 billion appropriated in fiscal 2009.

The bill provides $4.9 billion for the Office of Science, about the same as the President’s request and $186 million above FY 2009. It fully funds the America COMPETES Act through FY 2010, and adds $20 million to the Fusion Energy Sciences Program.

The Bureau of Reclamation is funded at $1 billion, down $38 million from FY09. The Army Corps of Engineers is funded at $5.5 billion, up $139 million from FY09.

The California Institute will prepare a more detailed analysis of the appropriations and its implications for California in the near future. More information on the bill and a complete list of Presidential and Congressionally directed spending earmarks can be found at: http://appropriations.house.gov.

**Appropriations: Senate Committee Approves Commerce, Justice, Science Funding**

The Senate Appropriations Committee on June 25, 2009, marked up its FY10 funding for Commerce, Justice, Science and Related Agencies. The $64.9 billion bill, approved 30-0, bumps up funding by $7.27 billion above FY2009, excluding additional funding under the economic recovery law.

The bill provides a total of $27.38 billion for the Department of Justice, which is $1.29 billion above the enacted level and $311 million above the President’s budget request. Funding includes:

- State and Local Law Enforcement – The Committee provides a total of $3.16 billion for state and local law enforcement, which is $63 million below the enacted level and $412 million above the President’s budget request: Including:
  - $228 million for the State Criminal Aliens Assistance Program (SCAAP), a cut of $172 million from the $400 million appropriated in FY09 and contained in the House-passed bill (H.R. 2847). California historically receives about 40 percent of SCAAP funding.
  - $510 million for Byrne Justice Assistance Grants (JAG), state formula grants to assist local law enforcement
  - $658 million for Community Oriented Policing Service (COPS) grants, including $100 million for a COPS hiring program
  - $407 million for juvenile justice and delinquency prevention
  - $435 million to prevent violence against women
  - $265 million to prevent, investigate and prosecute crimes against children

The bill provides a total of $14.04 billion for the Department of Commerce, which is $4.77 billion above the Fiscal Year 2009 level and $254 million above the President’s request.

- Office of Science and Technology Policy (OSTP) - The bill provides $6.15 million for OSTP, equal to the budget request.
- National Aeronautics and Space Administration (NASA) - The bill provides $18.68 billion for NASA, $903 million above the Fiscal Year 2009 level and equal to the President’s request. Included is $4.5 billion for science; and $507 million for aeronautics research.
- National Science Foundation (NSF) - The bill provides $6.9 billion for NSF, $426 million above the Fiscal Year 2009 enacted level. The total includes $5.55 billion for research, $122 million for research equipment and facilities; and $857 million for education activities.
- National Oceanic and Atmospheric Administration (NOAA) – The bill provides more than $4.77 billion for NOAA, $407 million above the Fiscal Year 2009 level and $299 million above the President’s budget request. The Committee bill includes: $551 million for the National Ocean Service; $980 million for the National Weather Service; $872 million for the National Marine Fisheries Service; $1.2 billion for satellite programs; and $430 million for Oceanic and Atmospheric research, including climate science.
- Patent and Trademark Office (PTO) – The bill continues the policy of providing PTO with full access to fees collected from inventors, estimated at $1.9 billion for Fiscal Year 2010.
The bill also provides $7.3 billion for the Census Bureau, $4.2 billion above the Fiscal Year 2009 level and $50 million below the President’s original budget request. This level provides full funding for the 2010 Census, according to Committee documents.

The California Institute will prepare a more detailed analysis of the bill and its implications for California in the near future. Further information on the bill can be obtained at: http://appropriations.senate.gov

**appropriations: Senate Committee Approves Interior-Environment Funding**

On June 25, 2009, the Senate Appropriations Committee approved its FY10 funding for Interior and Environment. The $32.1 billion bill was approved by a vote of 30-0. The funding is $4.5 billion, or 16%, above the FY09 enacted level, but $225 million below the president’s request, and below the House’s $32.3 billion (HR 2996).

The bill provides $10.19 billion for EPA, which is $2.5 billion, or 33%, above the 2009 non-emergency level. The bill includes:

- $3.63 billion for water and sewer infrastructure, an increase of $1.9 billion, or 119%, over the 2009 non-emergency level. The Senate mark will fund approximately 1,327 water and sewer projects for communities nationwide. Together with funds passed as part of the American Recovery and Reinvestment Act (P.L. 111-5), these levels provide $11 billion to States to fund water infrastructure over a two-year period. Included is:
  - $2.1 billion for sewer system improvements through the Clean Water State Revolving Funds program, $1.4 billion above the 2009 non-emergency level.
  - $1.39 billion for drinking water system improvements through the Drinking Water State Revolving Funds program, $558 million above the 2009 non-emergency level.
  - $150 million above the request for targeted water and sewer improvements.

- The bill also provides $2.88 billion for environmental programs and management activities, an increase of $486 million, or 20%, above the 2009 level. Funding includes:
  - $112 million for climate protection activities, an increase of $17 million above the 2009 level. Fully funds implementation of EPA’s greenhouse gas reporting rule to be finalized in 2009.
  - $1.11 billion to States and tribes to fund environmental regulation and protection activities, $16 million, or 1%, above the 2009 level. Funding includes $227 million for State and local air grants, an increase of $2.5 million above the 2009 level, and $229 million for State water pollution control grants, an increase of $11 million above the 2009 level.
  - $843 million for science and technology programs, an increase of $53 million, or 7%, above the 2009 level.
  - $60 million for Diesel Emission Reduction Act grants, equal to the 2009 level.

The bill includes $3.56 billion for wildland firefighting and fire risk reduction programs by the U.S. Forest Service and the Department of the Interior, an increase of $576 million, or 19%, above the 2009 non-emergency level. Funding includes:

- $1.86 billion for wildland fire suppression, a $526 million increase, or 40%, above the 2009 non-emergency level. That amount fully funds the 10-year average for both agencies and incorporates the Administration’s proposed $357 million in contingent fire suppression reserve funds.
- $556 million for hazardous fuels reduction on Federal lands, an increase of $23 million, or 4%, above the 2009 non-emergency level. With these funds, the Forest Service and Interior Department will treat 3.5 million acres of fire-prone federal lands, an increase of 200,000 acres compared to the request.
- $979 million for firefighter salaries and equipment, an increase of $26 million above the 2009 non-emergency level.

The bill provides a total of $2.71 billion for activities of the National Park Service, an increase of $186 million, or 7.4%, over the fiscal year 2009 level. For the U.S. Forest Service, $5.29 billion is provided, an increase of $552 billion, or 12%, above the 2009 non-emergency level.
The Fish and Wildlife Service (FWS) will receive a total of $1.608 billion, an increase of $162.5 million, or 11.2%, above FY 2009. Included is:
- $271.2 for protection of threatened and endangered species and $19.7 million for endangered species programs.

The Bureau of Land Management (BLM) is funded at $1.145 billion, an increase of $106.0 million, or 10.2%, above FY 2009.

The California Institute will prepare a more detailed analysis of the bill and its implications for California in the near future. Further information on the bill can be obtained at: http://appropriations.senate.gov.

**HEALTH: HEALTH CARE DEBATE IN FULL SWING IN HOUSE AND SENATE; PhRMA AGREES TO CUT SENIOR COSTS**

Congress began a solid week of work on June 22, 2009 on efforts to reform health care with the Senate Health, Education, Labor and Pensions (HELP) Committee meeting every day to mark up its proposal and the House Energy and Commerce Committee and its Subcommittee on Health holding three days of hearings. The HELP Committee began its markup on June 17, 2009. It has completed work on about three titles of the bill, and will resume the markup after the Fourth of July recess next week.

The Senate bill, sponsored by HELP Chair Edward Kennedy (MA), came up for criticism early on because the non-partisan Congressional Budget Office (CBO) estimated that the bill’s cost would be about $1 trillion over 10 years and only about 16 million of the 46 million estimated uninsured in the United States would gain coverage. The majority has stressed, however, that the Kennedy bill is still a work in progress, and numerous changes have already been made, and more are expected, during the markup. Sen. Chris Dodd (CT), who is chairing the markup, noted on Thursday that the Committee had accepted 85 Republican amendments by unanimous consent, and had worked through another 50 or 60 amendments over the last week.

During its June 25th markup, the HELP Committee defeated an amendment, 10-12, that would have allowed individuals to import prescription drugs from abroad. Opponents argued that the safety and efficacy of imported drugs could not be assured, and criminal organizations would inevitably infiltrate the market with counterfeit drugs. When the markup resumes on July 7, the Committee will take up the such issues as: coverage and the “pay or play” mandate that requires employers to contribute to the cost of insurance for their workers; the treatment of follow-on biologics; the “public plan” option, and additional long-term care amendments. It hopes to complete action by July 10.

As drafted, the Senate bill mandates that employers must contribute to providing insurance to employees, and establishes state-run “gateways” that would allow individuals without insurance to join with others to purchase plans. Also, in the case of those families of four earning no more than 500 times the poverty level, the draft would provide for federal subsidies to pay for the premiums on those plans. Restrictions would also be placed on private insurers, who could not deny coverage for pre-existing conditions, and would have to limit the differences in premiums because of such factors as age, gender, health status, and occupation. The bill also includes provisions to increase preventive care and the use of information technology. Incentives and funding support for greater home care services and resources are also included to allow people to remain in their homes, rather than go to nursing homes.

In the meantime, the Senate Finance Committee continues to seek a plan that will keep the cost of reform at $1 trillion over 10 years. No deal has been reached, but Senators Max Baucus (MT), Chairman, and Ranking Member Charles Grassley (IA) have indicated they think an agreement can be reached. Proposals being considered include ending or capping the current tax exclusion of health benefits paid by employers, and cuts in Medicare payments to hospitals and providers.

On the House side, the Energy & Commerce Health Subcommittee heard from numerous witnesses covering the whole array of parties and issues involved in health care. Some of the issues raised during the hearings were:
- ways to integrate behavioral health and medical care to address mental health and substance abuse
issues;
- covering pregnant women through pre-natal care and post-natal care and the impact of that care on the wellbeing of their children;
- “place-based” health care, which would be aimed at providing health care, especially to children, in schools;
- the role of preventive care in reform legislation;
- a single-payer insurance program;
- ways to increase the number of primary care physicians; and
- Medicare payments

One California witness was Robert S. Freeman, Deputy Executive Director, CenCal Health, and also representing the California Association of Health Insuring Organizations, who testified on Wednesday, June 24. CenCal Health is a County Organized Health System (COHS) that administers the Medicaid, Children’s Health Insurance Program (CHIP), and other publicly sponsored health care programs in Santa Barbara and San Luis Obispo Counties. The California Association of Health Insuring Organizations (CAHIO) is the association of California’s five COHS plans. CAHIO supports provisions in the bill that would increase Medicaid program payments for primary care physicians to 80% of Medicare rates in 2010, 90% in 2011, and 100% in 2012 and thereafter. Freeman also urged that COHS plans could be used as model for the Committee because of their experience with providing coverage to a large and vulnerable population, as well as promoting transparency, accountability, and cost-effectiveness.

Another California witness was Howard Kahn, who testified on Thursday, June 25. He is CEO of L.A. Care Health Plan, an independent, local public agency and health plan established through state legislation and created by Los Angeles County to provide Medicaid managed care services to the Temporary Aid for Needy Families (TANF) population. Mr. Kahn testified that L.A. Care strongly supports the concept that public plans can provide choice, transparency, and quality, and can compete on a level playing field with private competitors. There are seven other public plans like L.A. Care in California that provide comprehensive health care coverage to Medicaid beneficiaries in nine counties, called Two-Plan model counties. In all of these counties, Kahn said, the public plans compete in exactly the same way against private plan competitors. In total, 2.5 million Medicaid beneficiaries are provided health, dental, and vision care services throughout California via the Two-Plan model. Other public plan models operate in California, as well.

In other news, the White House announced this week that the Pharmaceutical Research and Manufacturers of America (PhRMA) has agreed to provide $80 billion over the next ten years in discounts under Medicare Part D prescription coverage. The discounts would aid seniors caught in the “doughnut” coverage gap. Under the plan, they would only pay 50 percent of the cost of brand-name medications in the gap instead of the 100 percent they pay now. The new benefit is expected to be added to health care reform legislation. PhRMA also stated at the time of the announcement, “the entire negotiated price of the Part D covered medicine purchased in the coverage gap would count toward the beneficiary’s out-of-pocket costs, thus lowering their total out-of-pocket spending. Importantly, the proposal would not require any additional paperwork on the part of the beneficiary nor would an asset test be used for eligibility.”

"This is an early win for reform," A. Barry Rand, President of AARP, said of the agreement.

For more information on the Senate HELP bill, go to: http://help.senate.gov. For the testimony of all the witnesses and further information, go to: http://energycommerce.house.gov.

AGRICULTURE: SUBCOMMITTEE ASSESSES 2008 FARM BILL IMPLEMENTATION

On June 24, 2009, the General Farm Commodities and Risk Management Subcommittee (Chairman Boswell, Iowa) of House Agriculture Committee held hearings on the implementation of the Food, Conservation and Energy Act of 2008.

Witnesses included: Mr. Bob Stallman, President, American Farm Bureau Federation; Mr. Ron Litterer, Chairman, National Corn Growers Association; Mr. John W. Hardwick, Chairman, National Cotton
Council; Mr. Erik Younggren, Secretary-Treasurer, National Association of Wheat Growers; and Mr. Roger Johnson, President, National Farmers Union.

Witnesses raised a number of concerns. Bob Stallman, Rodger Johnson and Erik Younggren raised concerns about the implementation of the bill's disaster assistance program. The 2008 farm bill included a supplemental disaster package designed to provide farmers with assistance when affected by a devastating natural disaster. Since the bill passed a year ago, the USDA has not yet created the rules for the disaster assistance program. Stallman, Johnson and Younggren urged the USDA to work to implement the program as quickly as possible. John Hardwick and Ron Litterer raised concerns about payment limitations and eligibility, and specifically the elimination of the three entity rule and the implementation of the new income tests.

Witnesses also discussed:
- the importance of supporting FSA technology upgrades and improvements
- the payment eligibility rules
- the implementation of the of the revenue based risk management program, and the three new eligibility tests
- the definition of "actively engaged" within the context of determining farm program eligibility
- the proposed USDA/IRS partnership that would result in USDA audits of IRS "red-flagged" producers, or producers who could exceed the Adjusted Gross Income, and
- transparency and how to effectively convey program details to farmers

Full witness testimony and more information can be found at: http://agriculture.house.gov.

**Housing: Hearing Examines Preserving Affordable Housing Assistance**

On June 25, 2009 the House Financial Services Committee (Chairman Frank, Mass.) held a hearing titled, "Legislative Options for Preserving Federally and State-Assisted Affordable Housing and Preventing Displacement of Low-Income, Elderly and Disabled Tenants."

Shaun Donovan, Secretary of Housing and Urban Development was the only witness.

HUD provides rental assistance for over 1.4 million assisted units throughout the country for low- and very-low-income families who otherwise would not have access to safe, decent, affordable housing. According to HUD, there are less than 3 units available for every 4 low-income households, and only half the number of units needed for families in extreme poverty.

"We know from experience that preserving affordable housing is essential. If the current economic crisis has taught us anything, it's that it is long past time that we had a balanced, comprehensive national housing policy - one that supports homeownership, but also provides affordable rental opportunities, and ensures nobody falls through the cracks," Secretary Donovan said in a prepared statement to the committee.

Secretary Donovan and the committee discussed a range of issues including:
- opportunities to enter into longer term section 8 contracts to boost tax credit investor confidence;
- the concept of a national database that will give HUD access to information regarding America's affordable housing stock; and
- how to appropriately tailor efforts to specific problems without using a one-size fits all approach.

More information can be found at: http://www.financialservices.house.gov.

**Transportation: House Subcommittee Marks Up Surface Transportation Authorization Act**

On June 24, 2009, the Highways and Transit Subcommittee of the House Transportation and Infrastructure Committee met to mark up Chairman James Oberstar's (MN) Surface Transportation Authorization Act of 2009. The bill would:
- redefine the Federal role in surface transportation by consolidating or terminating more than 75 programs;
- consolidate the majority of highway funding in four, core formula categories;
- focus the majority of transit funding into four defined core categories;
- direct Federal highway safety investments to specific activities demonstrated to reduce fatalities and injuries;
- establish new initiatives to address congestion in major metropolitan regions, and eliminate bottlenecks in freight transportation;
- create a National Transportation Strategic Plan;
- reform the U.S. Department of Transportation;
- require States and local governments to establish transportation plans with specific performance standards;
- change the project delivery process by eliminating duplication in documentation and procedures;
- establish a new program to finance planning, design, and construction of high-speed rail; and
- create a National Infrastructure Bank to better leverage limited transportation dollars.

More information about the mark up can be found at: http://transportation.house.gov/.

TRANSPORTATION: HOUSE COMMITTEE ASSESS PROGRESS OF RECOVERY ACT INVESTMENTS IN TRANSPORTATION

On June 25, 2009 the House Transportation and Infrastructure Committee held a hearing titled "Recovery Act: 120-Day Progress Report for Transportation Programs," to address implementation efforts in transportation programs under the committee's jurisdiction, including highways, bridges, public transportation, rail and aviation. Witnesses included: The Honorable J. Randolph Babbitt Administrator, Federal Aviation Administration; The Honorable Joseph C. Szabo, Administrator, Federal Railroad Administration; The Honorable Peter M. Rogoff, Administrator, Federal Transit Administration; Mr. Jeffrey F. Paniati, Acting Deputy Administrator, Federal Highway Administration; Mr. Joseph H. Boardman, President and CEO, Amtrak.

Committee documents indicate that the Recovery Act, which was signed into law on February 17, 2009, provided $48.1 billion for programs within the jurisdiction of the T&I Committee including:

$27.5 billion for highways and bridges;
$8.4 billion for transit;
$9.3 billion for passenger rail;
$1.5 billion for competitive surface transportation grants;
$1.3 billion for aviation; and
$100 million for small shipyard grants.

The committee and witnesses discussed the progress of implementation efforts. According to the Department of Transportation, DOT has announced $47.5 billion and obligated $17.5 billion in Recovery Act funding of the total $48.1 billion for projects provided under the Act. Specifically, the agency testified that allocations and progress have been made in a wide range of areas including:

4,366 projects totaling $14.4 billion, approximately half of the Recovery Act highway formula funds, have been allocated;
the Federal Transit Administration (FTA) has awarded 101 Transit Capital Assistance program projects totaling $1.2 billion
On May 11, 2009, FTA issued $742.5 million in New Starts grants for projects in nine states including California
4,098 highway and transit projects in all 50 States, three Territories, and the District of Columbia have been put out to bid, totaling nearly $16 billion;
47 States have signed contracts for 2,294 highway and transit projects worth $6.5 billion.

The Federal Railroad Administration (FRA) has approved 675 Amtrak capital improvement projects, totaling nearly $1.3 billion. On April 16, 2009, FRA released its strategic plan for distributing $8 billion in high-speed rail and intercity passenger rail grant funds. The FRA’s high-speed and passenger rail funding guidelines put California's proposed 800-mile statewide high speed rail system at the forefront for a significant share of the $8 billion, because California is the only state in the country that already has
voter-approved financing, environmental impact assessments completed and an adopted and approved high-speed rail train route in place.

More information, a complete list of approved allocations and an archived video of the hearing can be found at: http://transportation.house.gov/.

TRANSPORTATION: SENATE COMMITTEE, HOUSE SUBCOMMITTEES DISCUSS HIGHWAY TRUST FUND CRISIS, NEED FOR TRANSPORTATION INVESTMENT

Administration officials and policy experts participated in two transportation hearings June 25, 2009. The Senate Environment and Public Works Committee held a hearing titled "Impacts of Expected Highway Trust Fund Insolvency," with the following witnesses: The Honorable Ray LaHood, Secretary of U.S. Department of Transportation; Kathy Ruffalo, President of the Ruffalo and Associates; Don James, Chief Executive Officer of Vulcan Materials Company; and Jack Basso, Director of Program Finance and Management of the American Association of State Highway and Transportation Officials.

At the same time, House Ways and Means’ Oversight Subcommittee and Select Revenue Measures Subcommittee, held a joint hearing on highway and transit investment needs. Witnesses for the House subcommittee hearing included: the Honorable Roy Kienitz, Undersecretary of Policy, United States Department of Transportation; Phillip R. Herr, Director, Physical Infrastructure Issues, United States Government Accountability Office; Robert D. Atkinson, Ph.D., President, Information Technology and Innovation Foundation; William Buechner, Ph.D., Vice President, Economics and Research, American Road and Transportation Builders Association; and others.

Witnesses in both hearings discussed concerns about the insolvency of the Highway Trust Fund. According to the Department of Transportation (DOT), the Safe, Accountable, Flexible, Efficient Transportation Equity Act: A Legacy for Users (SAFETEA-LU) authorized funding for the Federal Highway Administration (FHWA), the Federal Transit Administration (FTA), the National Highway Traffic Safety Administration (NHTSA), and the Federal Motor Carrier Safety Administration (FMCSA) through fiscal year 2009. SAFETEA-LU provided a $286.4 billion investment in the nation's highways, transit, and highway safety programs over the life of the Act. The funding levels set in SAFETEA-LU were designed to spend down the accumulated balance in the Highway Account of the Trust Fund, and at the time that the bill was signed into law, economic forecasts indicated that there would be sufficient revenues to cover the costs through the end of the authorization period. In 2008, the Highway Trust Fund required an $8 billion cash transfer from the General Fund in order to remain solvent. Now, estimates indicate that the Highway Account will be unable to meet its spending levels through the end of August 2009; an additional $5-7 billion will be necessary to pay the bills through the end of this year and an additional $8-10 billion will be needed to cover the projected shortfall for fiscal year 2010. According to Secretary LaHood and Under Secretary Kienitz, DOT may need to delay payment of some bills in order to continue running surface transportation programs.

Secretary LaHood discussed the Administration's proposed immediate 18-month highway reauthorization through March 2011, which would require that Congress immediately replenish the Highway Trust Fund to prevent a shortfall in August of this year. He indicated that $20 billion would need to be allocated to carry the program through 2011. He also indicated that the Administration opposes any gas tax during the recessionary period. Undersecretary Kienitz shared the details of the proposal with the House Subcommittee. Chairman James Oberstar (MN) opposes an extension of the existing program, and his proposed Surface Transportation Authorization Act of 2009 (see related article in this Bulletin) is an attempt to address surface transportation investment issues in a comprehensive way. It was marked up in the House subcommittee on June 24, 2009.

Witnesses in the Senate hearing stated the importance of "fixing" the Highway Trust Fund, stating that there are distinct short-term and long-term funding crises facing the Highway Trust Fund that must be fixed. Kathy Ruffalo stated that if the insolvency problem is not addressed, "the result will be a reduction in funding to the states and local governments for transportation projects." Ruffalo also stated that the impact from "any gap in federal transportation funding will have a ripple effect across the transportation sector and
through the economy," causing job losses in industries such as construction and fueling a reluctance on the part of the transportation sector to hire workers.

Witnesses in both hearings urged greater investment in transportation infrastructure.

More information about the Senate Committee hearing and witness testimony can be found at: http://www.epw.senate.gov/.

More information about the House subcommittee hearing can be found at: http://waysandmeans.house.gov/.

RESOURCES: SCHWARZENEGGER REQUESTS FEDERAL DISASTER DECLARATION FOR FRESNO

Governor Arnold Schwarzenegger on June 19, 2009 requested a federal disaster declaration from President Obama for Fresno County, and also activated the California Disaster Assistance Act, which will allow the state to provide up to $4 million per month in temporary supplemental assistance to the local governments and non-profit organizations that supply food and other aid to those who are impacted by the drought statewide.

“California’s Central Valley is our nation’s agricultural engine and unemployment here is devastating the economy and hurting the people of California,” the Governor said. “These are dire circumstances - no water means no work - and no work means people cannot feed their families. This drought is truly an emergency, and the actions we are taking today show how government can still work for the people when they need it most.”

For more information, go to: http://www.gov.ca.gov/press-release/12562/.

HEALTH: FEWER PHYSICIANS, MORE SPECIALIZED IN CALIFORNIA

A June 2009 California HealthCare Foundation report presents the findings of the first comprehensive study of the Medical Board of California survey data on practicing physicians in the state.

The results indicate that: 1) The supply of physicians in the state is 17 percent lower than estimated; 2) Of active patient care physicians in California, 34 percent were in primary care -- 20 percent fewer than the estimate from AMA data; 3) The number of primary care physicians actively practicing in California is at the very bottom range of the state's need, based on Council on Graduate Medical Education estimates; 4) Rural counties suffer from low physician practice rates and from a diminishing supply of primary care physicians; and 5) There is an abundance of specialists practicing in the state, though geographically they are unevenly distributed.

The full report can be found at: http://www.chcf.org/documents.

ENVIRONMENT: CBO FINDS THE CLIMATE CHANGE BILL WOULD COST HOUSEHOLDS $175 A YEAR

According to the Congressional Budget Office (CBO), the proposed Waxman-Markey climate-energy legislation would cost households an average of $175 a year in 2020, a net cost of $22 billion. The bill, which could be taken up by the House on Friday, June 26, 2009, would limit emissions of greenhouse gases and direct companies to buy and sell pollution allowances in order to meet the cap.

The report found the gross annual cost of the bill in 2020 would be $110 billion, a cost that would come primarily from the purchase of allowances and the financing of special projects in the farm and forestry sectors. Of the total cost, about 30 percent, or $28 billion, would be allocated back to households directly; about 50 percent of the total, or $47 billion, would be allocated to industry; 10 percent would go to the federal government and states; and 7 percent would go toward overseas programs.

The House Republican leadership has disputed the CBO estimate, arguing that it would cost much more and lead to the loss of jobs to other countries.

The full report can be found at: http://www.cbo.gov.
ENERGY: CPUC FINDS 33-PERCENT RPS HIGHLY AMBITIOUS

California leaders and lawmakers are currently working to develop and pass legislation to increase the Renewable Portfolio Standard (RPS) from its current 20 percent by 2010 requirement to a 33-percent by 2020 requirement. The increased standard has already been approved by the California Air Resources Board (CARB) in its Global Warming Solution Act (AB 32) scoping plan.

In a California Public Utilities Commission report entitled "33% Renewables Portfolio Standard: Implementation Analysis Preliminary Results," CPUC analysts outlined the challenges and trade-offs associated with meeting a 33-percent renewable portfolio standard. Major findings include:

- achieving a 33-percent RPS by 2020 would require massive infrastructure buildout and would be highly ambitious;
- to meet the current 20-percent by 2010 target, four new transmission lines are needed; to meet a proposed 33-percent RPS target, seven additional transmission lines would be needed;
- a 33-percent RPS target would require a tripling of renewables in the state;
- even if CA doesn't invest further in renewables, the average cost of electricity per kwh will rise by 16.7 percent in 2020, compared to 2008 in real terms; In 2020, the total statewide electricity expenditures of achieving a 33% RPS utilizing the current procurement strategy is projected to be 7.1% higher compared to the 20% RPS, and 10.2% higher compared to an all-gas scenario; and
- policy changes will be necessary to meet a 33-percent goal.

The full report can be found at: http://docs.cpuc.ca.gov.

ECONOMY: PPIC RELEASES REPORT ON CALIFORNIA'S ENTERPRISE ZONES

According to a June 2009 Public Policy Institute of California (PPIC) report, Do California's Enterprise Zones Create Jobs, California's enterprise zone program was established to promote the creation of businesses in economically distressed areas and to create job opportunities for economically disadvantaged workers. The program is the largest economic development program in the state; it offers tax credits and other incentives to businesses in 42 designated zones throughout the state.

The report assesses the extent to which the program has met its most important goal, creating employment, and finds that on average, "enterprise zones have no effect on business creation or job growth."
The report also finds that the program's overall effectiveness differs across zones.

The full report can be found at: www.ppic.org.