



THE CALIFORNIA INSTITUTE FOR FEDERAL POLICY RESEARCH

1608 Rhode Island Avenue, NW, Suite 213, Washington, D.C. 20036

202-974-6384 fax:202-223-2330 e-mail: ransdell@calinst.org web: http://www.calinst.org

California Capitol Hill Bulletin

Volume 16, Bulletin 23– July 30, 2009

To expand communications between Washington and California, the California Institute provides periodic news bulletins regarding current activity on Capitol Hill that directly impacts the state. Bulletins are published weekly during sessions of Congress, and occasionally during other periods.

HOMELAND SECURITY: SENATE COMMITTEE CLEARS PASS ID ACT

The Senate Homeland Security and Governmental Affairs Committee favorably reported by voice vote S. 1261 on July 29, 2009. The bill, the PASS ID Act (Providing for Additional Security in States' Identification Act of 2009), repeals major provisions of the REAL ID Act passed in 2005. That Act was strongly resisted by the states, with as many as 13 states stating that they would not implement the law under any circumstances because of the cost.

The PASS ID is intended to resolve the problems under REAL ID. It establishes minimum document requirements and issuance standards for drivers licenses with which the states will have to comply in order for those documents to be accepted by federal authorities. It puts stricter requirements on the states to ensure that so-called "breeder documents" (i.e. documents, such as birth certificates, used by applicants to receive licenses) are legitimate and verified. It requires that the state licensing authority must use a national database to check the validity of Social Security numbers and the immigration status of applicants. States also must digitize birth certificate records and provide those to a national database. However, recognizing the cost this imposes on the states, as well as current deficiencies in the national database, the bill gives the states six years to digitize birth certificate records and authorizes grants to assist the states in making the change.

An amendment in the nature of a substitute, which was adopted during the markup, will ensure that TSA agents will retain the discretion necessary to grant or deny plane access to a passenger, without regard to document compliance. Another adopted amendment requires the Department of Homeland Security to report annually on the privacy implications of the law.

CONTENTS:

Homeland Security: Senate Committee Clears PASS ID . 1
Housing: House Committee Approves Section 8 Reform Act . . . . . 2
Appropriations: FY 2010 Appropriations for Labor, HHS and Education Approved by Senate Appropriations Committee. . . . . 2
Appropriations: FY 2010 Appropriations for Transportation, Housing and Urban Development Approved by Senate Appropriations. . . . . 3
Agriculture: House Committee Holds Hearing on the Economic Conditions of the Dairy Industry. . . . . 5
Education: Subcommittee Holds Hearing on Improving K-12 STEM Education . . . . . 5
Energy: House Science and Technology Passes Energy Legislation . . . . . 6
Housing: Subcommittee Explores the Future of Public Housing . . . . . 6
Climate: Select Committee Holds Hearings on New Energy Technologies and Intellectual Property . . . . . 7
California: Governor Schwarzenegger Signs Budget Bill. . 7
Resources: House Passes Clean Ocean Bill. . . . . 8
Briefing: Diesel Tech Forum Briefs Congressional Staff. . 8
Economy: CCSCE Disputes Milken Analysis Of CA Business Climate. . . . . 9
Immigration: Report Estimates Drop In Undocumented Population. . . . . 9

ADVISORY BOARD SUPPORTERS  
OF THE  
CALIFORNIA INSTITUTE

The California Institute wishes to express its heartfelt thanks to the following donors for their generous support, without which none of our work would be possible.

**BENEFACTORS**

The California State University  
University of California  
Sempra Energy  
Southern California Edison  
PG&E Corporation

**PATRONS**

AT&T  
The Boeing Company  
General Atomics  
Public Policy Institute of California  
Safeway Inc.  
Verizon Foundation  
  
Hewlett-Packard

**SPONSORS**

Applied Materials  
California Business Roundtable  
California Chamber of Commerce  
California Federation of Teachers  
California Institute of Technology  
Center for California Studies, CSUS  
Century Housing  
Chevron  
League of California Cities  
Pacific Life  
SAIC  
University of Southern California  
Wine Institute

**CONTRIBUTORS**

Assn of California Water Agencies  
California Bankers Association  
California School Boards Association  
California State Association of Counties  
City of Los Angeles  
Metropolitan Water District of So. Calif.  
RAND

Bay Area Economic Forum  
California Association of Realtors  
California Farm Bureau Federation  
California Space Authority  
International Brotherhood of Teamsters  
Jacobs Engineering  
Platinum Advisors  
Trimble Navigation  
Wyle Laboratories  
Xilinx

California Institute for Federal Policy Research  
1608 Rhode Island Ave, NW, Suite 213  
Washington, DC 20036 www.calinst.org

## HOUSING: HOUSE COMMITTEE APPROVES SECTION 8 REFORM ACT

On July 23, 2009, the House Financial Services Committee approved the Section Eight Voucher Reform Act of 2009, H.R. 3045, sponsored by Congresswoman Maxine Waters (Los Angeles). As reported by the Committee, the bill would reform the Section 8 Housing Choice Voucher Program, which provides rental housing assistance to 2 million low-income American families. H.R. 3045 would establish a funding system for the Section 8 program and would restore previous assistance levels by authorizing 150,000 new vouchers.

The bill also would streamline the process of providing Section 8 housing assistance by simplifying rent payments, and changing application and processing requirements for program administrators and participants. H.R. 3045 also streamlines the housing inspection process along with administrative processes for transferring vouchers between jurisdictions. Additionally, the bill provides flexibility for public housing authorities to preserve affordable housing by expanding the ways that agencies can use "project-based" vouchers. The bill also reforms "Moving to Work" (it is renamed: the Housing Innovation Program) by allowing public housing agencies to waive certain rent structures and programs.

More information can be found at:

<http://www.house.gov/financialservices> .

## APPROPRIATIONS: FY 2010 APPROPRIATIONS FOR LABOR, HHS AND EDUCATION APPROVED BY SENATE APPROPRIATIONS COMMITTEE

The Senate Appropriations Committee completed its mark up of the proposed Fiscal 2010 Appropriations for the Departments of Labor, Education and Health and Human Services on July 30, 2009, two days after the Labor, Health and Human Services, Education, and Related Agencies Subcommittee concluded its mark up of the legislation.

The bill, which did not change significantly during the full committee mark up, includes:

- \$700 million for a new program to repair school buildings, or build new school facilities, in every State;

- \$354 million to complete funding for the Nation's pandemic influenza preparedness plan;

- \$2.97 billion for State grants for job training, equal to the President's budget request, plus \$1.7 billion for the Office of Job Corps, \$9.7 million above the President's request;

- \$1.4 billion for key agencies that enforce rules protecting the health, safety, and rights of workers, including \$562 million for the Occupational Safety and Health Administration, \$357 million for the Mine Safety and Health Administration and \$499 million for the Employment Standards Administration for a total \$118 million more than the fiscal year 2009 enacted level;

- \$30.8 billion to fund biomedical research at the 27 Institutes and Centers that comprise the NIH, an increase of \$442 million over the fiscal year 2009 enacted level;
  - \$217 million for nursing education, \$46 million over the fiscal year 2009 enacted level;
  - \$71 million for prevention of and support for families affected by autism and other related developmental disorders, an increase of \$7.7 million over the fiscal year 2009 enacted level;
  - \$380 million for cancer prevention and control efforts at the Centers for Disease Control and Prevention, an increase of \$40 million over the fiscal year 2009 enacted level;
  - \$333 million for global health activities at the Centers for Disease Control and Prevention, an increase of \$24 million over the fiscal year 2009 enacted level;
  - \$354 million to prepare for and respond to an influenza pandemic;
  - \$7.2 billion for the Head Start Program, an increase of \$122 million over the fiscal year 2009 enacted level;
  - \$104 million for a new program to fund evidence-based efforts to reduce teen pregnancy;
  - \$13.8 billion for title I grants to local education agencies, an amount \$800 million above the President's budget request;
  - \$700 million for a new program to improve the condition of school facilities. The funding will be allocated to States under the terms of S.1121, the School Building Fairness Act, sponsored by Sen. Harkin.
  - \$263 million for a revamped Striving Readers program, an increase of \$115 million over the combined fiscal year 2009 enacted level for Early Reading First and Striving Readers;
  - \$300 million to support performance-based compensation systems for school staff, an amount more than triple the \$97 million provided in the fiscal year 2009 education appropriations bill;
  - \$256 million, an increase of \$40 million over the fiscal year 2009 enacted level, for the charter schools program;
  - \$19.296 billion for student financial assistance. The maximum discretionary Pell Grant Program award level is maintained at \$4,860. This funding, combined with mandatory funding provided in the College Cost Reduction and Access Act, will increase the maximum award to \$5,550 for the 2010-2011 school year.
  - \$12.6 billion to help ensure that all children have access to a free and appropriate education, including \$11.5 billion for Part B grants to States, equal to the President's budget request;
  - \$679 million to support the Institute of Education Sciences.
  - \$50 million for a new high school graduation initiative, as requested by the administration;
  - \$11.4 billion for the administrative expenses of the Social Security Administration- a funding level that is \$984 above the fiscal year 2009 enacted level;
  - \$60 million, an increase of \$10 million, to conduct eligibility reviews of claimants of Unemployment Insurance;
  - \$758 million for conducting continuing disability reviews (CDRs), redeterminations of eligibility, and, to the extent that it is as cost effective, asset verification pilot programs for Social Security Disability and Supplemental Security Income benefits;
  - \$311 million for Health Care Fraud and Abuse Control (HCFAC) activities at the Center for Medicare and Medicaid Services.
- More information on the mark ups, as well as proposed and adopted amendments to the bill can be found at: <http://appropriations.senate.gov> .

## **APPROPRIATIONS: FY 2010 APPROPRIATIONS FOR TRANSPORTATION, HOUSING AND URBAN DEVELOPMENT APPROVED BY SENATE APPROPRIATIONS**

The Senate Appropriations Committee completed its mark up of the proposed Fiscal year 2010 Appropriations for the Departments of Transportation and Housing and Urban Development on July 30,

2009. The subcommittee completed its mark up of the bill on July 29, 2009. As passed by the committee, the bill includes:

- \$1.1 billion for grants to support significant transportation projects in a wide variety of modes, including highways and bridges, public transportation, passenger and freight railroads, and port infrastructure. No less than \$250 million must be spent for projects in rural communities.

- \$1.2 billion for investments in intercity and high speed rail grants, funding will build on the \$8 billion provided as part of the American Recovery and Reinvestment Act.

- \$1.4 billion in funding is provided for highway investments. This funding is added to the \$41.1 billion provided in the bill for the Federal-Aid Highway program, resulting in a total of \$42.5 billion for highway investments.

- \$480 million above the President's budget request for the transit "New Starts" program.

- \$3.5 billion for capital investments at airports across the country.

- \$18.1 billion for housing choice vouchers. This level of funding is \$1.16 billion above the fiscal year 2009 enacted level and \$301 million above the President's request.

- \$16.339 billion for the renewal of current housing choice vouchers;

- \$75 million for 10,000 new HUD-Veterans Affairs Supportive Housing (HUD-VASH) vouchers for homeless veterans.

- \$20 million for new family unification vouchers to assist youth aging out of foster care and families separated because of a lack of housing.

- \$8.1 billion for the project-based section 8 program, including over \$7.8 billion for the renewal of all expiring project-based contracts for a full 12 months. This level of funding is \$600 million above the fiscal year 2009 non-emergency enacted level and equal to the President's budget.

- \$1.875 billion for homeless assistance grants, a level of funding that is nearly \$200 million above the fiscal year 2009 enacted level and more than \$80 million above than the President's request.

- \$785 million for housing for our nation's low-income elderly.

- \$265 million for housing for our Nation's disabled-\$15 million above the fiscal year 2009 enacted level and the budget request.

- \$3.99 billion in CDBG grant funding for States and communities across the Nation. The allocation is \$350 million above the level of non-emergency funding provided in fiscal year 2009, and equal to the budget request.

- \$1.825 billion for the HOME Investment Partnership program, which is equal to the level of non-emergency funding provided in fiscal year 2009 and the President's budget.

- \$670 million for Native American housing block grants. This level of funding is \$25 million above both the level of non-emergency funding provided in fiscal year 2009, and the President's budget.

- \$45 million is provided for additional capital grants for the NeighborWorks organization

- \$165 million for housing counseling efforts. This includes \$100 million for HUD's housing counseling activities including foreclosure prevention activities as well as pre-purchase counseling. \$65 million is included to continue the National Foreclosure Mitigation Counseling program that began in fiscal year 2008.

- \$50 million is provided for grants to invest in railroad safety technology, including positive train control.

- \$150 million within HUD's Community Development Fund to promote integrated housing and transportation planning.

- \$250 million for HUD's Choice Neighborhoods Initiative.

- \$100 million for grants to help transit agencies make capital investments that will reduce the energy consumption or greenhouse gas emissions of their operations.

More information about the mark ups can be found at: <http://appropriations.senate.gov> .

## **AGRICULTURE: HOUSE COMMITTEE HOLDS HEARING ON THE ECONOMIC CONDITIONS OF THE DAIRY INDUSTRY**

On July 28, 2009 the Livestock, Dairy, and Poultry Subcommittee of the House Agriculture Committee held its third hearing on the economic conditions facing the dairy industry. Witnesses included: Mr. Craig Lang, President, Iowa Farm Bureau Federation, and member of the Board of Directors of American Farm Federation; Mr. Joaquin Contente, dairy farmer, and President, California Farmers Union, Hanford, California; Mr. Thomas M. Suber, President, U.S. Dairy Export Council; and others.

"In order to be effective, the dairy support purchase price must factor in today's cost of production so that it can provide a meaningful safety net during crisis like the one faced by producers across the country today," said California Farmers Union President, Joaquin Contente, in prepared testimony to the committee. He advocated an immediate, temporary emergency floor price of \$18 per hundredweight to provide immediate relief to producers, and an increase in the federal support purchase price to the level included in the Milk Income Loss Contract (MILC) program. He also highlighted the importance of passage of the "Milk Import Tariff Equity Act."

Other issues discussed during the hearing included: inventory management, the imbalances of the dairy markets, suggestions for market-oriented national dairy programs that include national counter-cyclical income assistance components, state and regional initiatives and compacts aimed at supporting market-oriented national dairy programs, the modernization of the FMMO system, and the challenges facing independent dairies in the marketplace.

The first two hearings were held on July 14, 2009 and July 21, 2009.

More information can be found at: <http://agriculture.house.gov> .

## **EDUCATION: SUBCOMMITTEE HOLDS HEARING ON IMPROVING K-12 STEM EDUCATION**

On July 30, 2009, the Research and Science Education Subcommittee of the House Science and Technology Committee held a hearing titled "A Systems Approach to Improving K-12 STEM [Science, Technology, Engineering, and Mathematics] Education."

Witnesses included: Wanda Ward, Acting Assistant Director, Directorate for Education and Human Resources, National Science Foundation; Maggie Daley, Chairwoman, After School Matters; Katherine Pickus, Divisional Vice President, Global Citizenship and Policy, Abbott; Michael Lach, Head, Office of High School Teaching and Learning, Chicago Public Schools; and Donald Wirk, Director, Department of Chemistry, and Director of Graduate Studies in the Learning Sciences Research Institute, University of Illinois at Chicago

Witnesses and members discussed: the successes and failures of the current K-12 Stem Program; the roles and responsibilities of both public and private stakeholders in the K-12 STEM education system; opportunities for partnerships and the importance of partnerships in ensuring continuity in learning between classrooms and out-of-class programs; barriers to improving the interest and performance of K-12 students and teachers in STEM; types of model programs and approaches to curriculum and instruction that have demonstrated how to increase student achievement and teacher performance; and the role and successes of National Science Foundation (NSF) programs in supporting the improvement of the teaching and learning of STEM students and the tools, resources, materials, and technologies that have been used and implemented by NSF to enable STEM learning.

Members and witnesses generally agreed that improving STEM education throughout the nation is necessary to help preserve the nation's capacity for innovation and discovery and for ensuring U.S. economic strength and competitiveness in the international marketplace of the 21st century.

For more information, visit: <http://science.house.gov> .

## **ENERGY: HOUSE SCIENCE AND TECHNOLOGY PASSES ENERGY LEGISLATION**

On July 29, 2009 the House Science and Technology Committee passed four pieces of legislation: HR 3246, HR 3165, HR 3029, and HR 3247. All four bills passed the Committee's Energy and Environment Subcommittee on July 21.

H.R. 3246, the Advanced Vehicle Technology Act of 2009, would authorize an RD&D program within the Department of Energy (DOE) to explore a wide range of advanced vehicle technologies, with an emphasis on medium- to heavy-duty vehicles. The goal of the program is to reduce or completely eliminate petroleum fuel use and their associated emissions in vehicles. During the mark up, the committee approved amendments to the bill, submitted by Rep. Gary Peters (MI), the sponsor of the bill, and Rep. Eddie Bernice Johnson (TX). Rep. Johnson's amendment is aimed at ensuring that the legislation facilitates the development of cost-effective advanced technologies for vehicles.

H.R. 3165, the Wind Energy Research and Development Act of 2009, would establish a wind energy RD&D program aimed at reducing the cost of construction, generation, and maintenance of wind systems. The bill was introduced on July 9 by Energy and Environment Subcommittee Vice Chairman Paul Tonko (NY). The Committee approved amendments to H.R. 3165 from Rep. Randy Neugebauer (TX), Ranking Member Adrian Smith (NE), Rep. Eddie Bernice Johnson (TX), Rep. Roscoe Bartlett (MD), and Rep. Michael McCaul (TX).

H.R. 3029, also introduced by Rep. Tonko on June 24, would establish a short-term RD&D program at DOE aimed at increasing efficiency of gas turbines to 65 percent, from the current average of less than 60 percent. A one-percentage point improvement in efficiency applied to existing utility scale gas turbines in the U.S. would result in millions of tons of CO<sub>2</sub> reductions and billions of dollars in fuel costs, annually. Specifically, this program would examine gas turbines used in combination with cycle power generation systems. The Committee approved amendments to H.R. 3029 from Rep. Brian Bilbray (San Diego) and Rep. Suzanne Kosmas (FL).

H.R. 3247 would establish a social and behavioral sciences research program at DOE to identify and understand factors that influence both energy consumption and acceptance and adoption of new technologies. H.R. 3247 was introduced by Energy and Environment Subcommittee Chairman Brian Baird (WA) on July 17. The Committee approved amendments to H.R. 3247 from Rep. Donna Edwards (MD), Rep. Bob Inglis (SC), Rep. W. Todd Akin (MO), and Rep. Mario Diaz-Balart (FL).

For more information, visit: <http://science.house.gov> .

## **HOUSING: SUBCOMMITTEE EXPLORES THE FUTURE OF PUBLIC HOUSING**

On July 29, 2009, the House Financial Services Housing and Community Opportunity Subcommittee, chaired by Rep. Maxine Waters (Los Angeles), held a hearing to explore academic perspectives on the future of public housing, focusing on existing research on the state of the nation's public housing stock, the ways in which federal housing policy should improve the lives and self-sufficiency of public housing residents and the impact of the Department of Housing and Urban Development's HOPE VI Revitalization program on neighborhoods and public housing residents. Witnesses included industry professionals and academic leaders.

Public housing advocates raised concerns about the public housing screening process, highlighting the practice of unfairly and erroneously requiring public housing applicants to meet credit requirements. Other witnesses suggested that such practices helped protect investors. Several concerns about the HOPE VI program were identified, including concerns about program participant isolation. Witnesses suggested that public housing programs balance program goals and objectives with intensive case management and long term supportive housing, pointing to the challenges of mixed-income development and the difficulties faced by program participants in adjusting to new surroundings.

A full witness list and all witness testimony is available at:  
<http://www.house.gov/financialservices> .

## **CLIMATE: SELECT COMMITTEE HOLDS HEARINGS ON NEW ENERGY TECHNOLOGIES AND INTELLECTUAL PROPERTY**

The House Select Energy Independence and Global Warming Committee held a hearing on new energy technologies on July 28, 2009 and on July 29, 2009, a hearing titled "Climate for Innovation: Technology and Intellectual Property in Global Climate Solutions.

On Tuesday, July 28th, the Committee heard from experts in solar and carbon capture technology. The hearing, "New Technologies: What's Around the Corner," featured companies that are working to capture CO<sub>2</sub> from power plants -- one placing it under the ocean floor and another combining CO<sub>2</sub> with seawater to make cement. In addition, the Committee heard from solar entrepreneurs who are developing solar panels with greater strength and efficiency that use fewer raw materials in production. According to the Committee, between now and 2030, over \$20 trillion will be invested in energy infrastructure worldwide, and an estimated \$1.5 trillion will be invested by the U.S. power sector alone. If proposed climate legislation, H.R. 2454 (also referred to as the Waxman-Markey American Clean Energy and Security Act) were to become law, the United States government would invest \$190 billion in clean energy technology and research in an effort to meet the emissions reductions requirements called for in the bill.

Witnesses included: Dr. Greg Kunkel, Vice President for Environmental Affairs, Tenaska Inc.; Mr. Sean Gallagher: Vice President, Tessera Solar; Mr. Gary Spitznogle: Manager IGCC and Gas Plant Engineering, American Electric Power; and others.

On Wednesday, July 29, 2009, the Committee hearing was entitled: "Climate for Innovation: Technology and Intellectual Property in Global Climate Solutions." The hearing examined the impact of intellectual property rights on global warming solutions and how to encourage American innovation while spreading climate related technologies globally. The Committee discussed technology transfer and cooperation as part of the international climate regime, issues which have become increasingly important to negotiations on the future international climate agreement, as well as the debate heading into the UN Climate Change Conference this December in Copenhagen. Witnesses included: Mr. Govi Rao, Chairman, Lighting Science Group Corporation; Mr. Robert T. Nelsen, Co-founder and Managing Director, ARCH Venture Partners; Ms. Jennifer Haverkamp, Managing Director for International Policy & Negotiations, Environmental Defense Fund; and Dr. Mark Esper, Executive Vice President Global Intellectual Property Center, U.S. Chamber of Commerce.

More information can be found at: <http://globalwarming.house.gov> .

## **CALIFORNIA: GOVERNOR SCHWARZENEGGER SIGNS BUDGET BILL**

After months of haggling with the State Senate and Assembly, which resulted in furloughs for state employees and IOUs to pay state bills, Governor Arnold Schwarzenegger signed a budget on July 28, 2009, but not without further acrimony, as the Governor used his line item veto to strike an additional \$500 million over what the State Senate and Assembly had approved. The legislature passed the 2009-2010 budget deal on July 24, 2009.

The additional cuts will further impact child welfare and children's healthcare, the elderly, state parks and AIDS treatment and prevention, which were already slashed under the deal finally worked out between the Governor and the state legislative bodies. Although legislators were angry over the Governor's use of the line-item veto, the Schwarzenegger argued that the additional cuts were necessary, because the legislature refused to give the state \$1 billion in gas tax money that belongs to local governments and also rejected a new offshore oil drilling project that could have produced \$100

million in royalties.

The additional cuts include: \$80 million that pays for workers who help abused and neglected children; \$50 million from Healthy Families; \$50 million from services for developmentally delayed children under age 3; \$16 million from domestic-violence programs; and \$6.3 million from services for the elderly; \$6.2 million more was cut from parks, which could result in the closure of 100, rather than 50, of California's 279 state parks.

Estimates of other cuts included in the budget to close California's \$26.3 billion budget shortfall include:

- K-12 and community college education -- \$4.3 billion
- Higher education -- \$3 billion
- Medi-Cal -- \$1.3 billion
- CalWorks/welfare -- \$528 million
- Home health aides -- \$226 million
- Healthy Families children's insurance -- \$124 million
- Local transportation -- \$1 billion
- Redevelopment agencies -- \$1.7 billion

The state would collect additional revenues by accelerating income tax withholding to collect an extra \$1.7 billion, and by increasing estimated tax payments for businesses and the self-employed, for a gain of \$610 million.

According to the Legislative Analyst's Office, the budget package projects \$89.5 billion of revenues and transfers to the General Fund, and authorizes total General Fund spending of \$84.6 billion. The plan leaves the General Fund with an estimated reserve of \$500 million at the end of the 2009-10 fiscal year.

For further information, go to:

<http://www.lao.ca.gov/laoapp/PubDetails.aspx?id=2112> .

## **RESOURCES: HOUSE PASSES CLEAN OCEAN BILL**

The House by voice vote under suspension of the rules passed H.R. 2093 on July 29, 2009. The Clean Coastal Environment and Public Health Act of 2009 requires the Environmental Protection Agency (EPA) to regulate available methods to monitor coastal waters adjacent to beaches to detect pathogenic contamination. It also requires monitoring coastal recreation water quality notifying the public when contamination is detected near public beaches.

EPA is also required to prepare annual reports on compliance with beach monitoring and notification and changes the criteria for monitoring and notification grants made to state and local authorities.

The Senate has a similar bill, S. 878, which was reported from the Senate Environment and Public Works Committee in June, but has not been taken up by the full Senate yet.

## **BRIEFING: DIESEL TECHNOLOGY FORUM BRIEFS CONGRESSIONAL STAFF**

At a briefing hosted by the California Institute on July 27, 2009, congressional staff and other guests were briefed on the status of diesel technology and efforts in California to upgrade to clean diesel technology. Diesel fuel is the predominant source of power for key sectors of California's economy such as agriculture, construction and transportation. Attendees heard from Douglas P. Wheeler, Esq., Hogan and Hartson (Former Secretary of Natural Resources, State of California, 1991-1999), who provided an overview of diesel developments in California. He detailed actions taken by the California Air Resources Board to adopt a diesel risk reduction plan to reduce toxins in new engines, retrofit older diesel engines, and require the use of clean low-sulfur diesel fuel. With the adoption of this plan, California is on track to have clean diesel technology in all diesel engines by 2014. Mr. Wheeler also

discussed other initiatives undertaken by the Port of LA/Long Beach and the state that will result in clean diesel use in California.

The second speaker was Allen Schaeffer, Executive Director of the Diesel Technology Forum. Mr. Schaeffer discussed what clean diesel technology is and how it has changed. Noting that 94 percent of good moved in the United States are moved by diesel, he pointed out that diesel as a whole generates \$12.7 billion for the California economy each year. He detailed how the use of clean low-sulfur diesel fuel, which California has mandated since 2006, with the additional use of exhaust filters and catalysts, results in near-zero emissions from diesel. These efforts, Mr. Schaeffer pointed out, have made diesel less and less of a factor in California's air emissions readings over the last several years.

Eric J. Prince, Director of Government Relations for Cummins Inc., a diesel engine manufacturer, was the last speaker, addressing federal policy initiatives affecting diesel technology. He discussed some issues considered during the recent debate on climate change legislation, including provisions on heavy-duty on-highway greenhouse gas regulation, the international reserve and allowance program, and black carbon. Mr. Prince also discussed the Diesel Engine Retrofit Act (DERA), enacted in 2005, which authorized \$1.5 billion in funding for the retrofitting of older ("legacy") diesel vehicles. He noted that garbage trucks, school buses, and stationary engines are all eligible for DERA funds, and that municipal, county, and/or state entities must partner with nonprofits (for example, the American Lung Association) to apply for DERA funds. The recently enacted recover bill, ARRA, provided \$300 million in stimulus funding for retrofitting diesel, Mr. Prince noted.

## **ECONOMY: CCSCE DISPUTES MILKEN ANALYSIS OF CA BUSINESS CLIMATE**

The Center for Continuing Study of the California Economy (CCSCE) recently released its July 2009 *Numbers In The News* report, which disputes some of the findings made in a recent Milken Institute study on manufacturing job trends in California. See, Bulletin, <http://www.calinst.org/bul2/b1620.shtml> Agreeing that during the past nine years manufacturing job levels fell by 5.4 million in the nation and nearly 540,000 in California, CCSCE looked at three time periods -- 1) starting in 1997 to capture the possible impact of the state's high-tech boom, 2) the past nine years starting in 2000 to bring Milken's analysis, which ended in 2007, up to date, and 3) the recession period starting in December 2007. In each period manufacturing job losses were substantial, CCSCE found, but in each period the percentage job losses in California were below the national average. California is in the middle, CCSCE data indicates -- below the national average measured by percentage job losses, and definitely not trailing the pack when a broad group of states is included.

To respond to the question of why manufacturing job levels in California are falling, CCSCE pointed to its analysis published in March 2009 ([http://www.ccsce.com/pdf/Numbers-Mar09-Mfg\\_Job\\_Losses.pdf](http://www.ccsce.com/pdf/Numbers-Mar09-Mfg_Job_Losses.pdf)). It found that there are two basic conclusions: 1) that manufacturing job losses are primarily the result of productivity gains outpacing sales growth and 2) that, therefore, a "lost" job is most likely not a job that moved to another locale (here or abroad) but a job for which there was no longer any demand. With manufacturing productivity growing at 5-6% per year, substantial production gains are possible while job levels fall.

CCSCE data also contradicts the Milken Institute study in finding that more people are coming to California than are leaving the state.

To obtain the full report on the differences between the Milken study and CCSCE's report, go to: <http://www.ccsce.com/Numbers.htm> .

## **IMMIGRATION: REPORT ESTIMATES DROP IN UNDOCUMENTED POPULATION**

A report released by the Center for Immigration Studies on July 30, 2009, estimates that the illegal immigrant population in the United States dropped 13.7 percent (1.7 million) from a peak of 12.5

million in the summer of 2007 to 10.8 million in the first quarter of 2009. The report, “A Shifting Tide: Recent Trends in the Illegal Immigrant Population,” is written by Steven Camarota, the Center’s Director of Research, and Karen Jensenius, the Center’s Demographer. It analyzes monthly data collected by the Census Bureau.

Other findings from the report are:

- only the illegal immigrant population has declined. The legal immigrant population does not show the same decline. This is true overall and for Mexico specifically.

- there is evidence that the number of new undocumented immigrants arriving has fallen by about one-third in the last two years compared to earlier in this decade and that the number of illegal immigrants returning home has more than doubled in the last two years compared to earlier in this decade.

- while the decline began before unemployment among illegal immigrants rose (attributable, according to the authors, to stepped up enforcement), since then unemployment among undocumented immigrants has increased dramatically.

For a copy of the report, go to: <http://cis.org/IllegalImmigration-ShiftingTide> .