EDUCATION: SENATE HELP EXPLORES ESEA REAUTHORIZATION ISSUES

On April 13, 2010, the Senate Health, Education, Labor and Pensions Committee (Chairman Harkin, Iowa) continued a series of hearings on the reauthorization of the Elementary and Secondary Education Act. Witnesses and the Committee discussed ways to turn around underperforming schools. Witnesses shared their experiences in implementing school improvement strategies that have resulted in sustainable student achievement.

Witnesses included: Robert Balfanz, Associate Research Scientist, Center for Social Organization of Schools, and Associate Director, Talent Development Middle and High School Project, Baltimore, Md.; Beverly Donohue, Vice President of Policy and Research, New Visions for Public Schools, New York; Joel Klein, Chancellor, York City Public Schools, New York; Timothy Mitchell, superintendent of schools, Chamberlain School District 7-1, Chamberlain, S.D.; and Marco Petruzzi, CEO, Green Dot Public Schools, Los Angeles.

According to the Department of Education there are approximately 5,000 chronically underperforming schools across the country, which is nearly 5 percent of the nation's public schools. These schools are attended largely by minority and low-income students. Bob Balfanz of Johns Hopkins identified almost 2,000 high schools with graduation rates of less than 60 percent; sixty-nine percent of all African American and 63 percent of all Hispanic dropouts come from these 2,000 schools. Twelve percent of U.S. high schools are responsible for 50 percent of the nation's dropouts, and consistently produce students who are neither career- nor college-ready.

"We must find ways to better support students at these lowest-performing schools," said Chairman Harkin. "Not only are students attending the lowest-performing schools more likely to drop out, they are frequently unprepared for college-level coursework, and lack the life skills to fully participate in the global twenty-first century economy."
On April 14, 2011, the Senate Appropriations Committee held a hearing on the FY 2011 Department of Education budget. Witnesses included Arne Duncan, Secretary of Education; Ramon C. Cortines, the Superintendent of the Los Angeles Unified School District; and others. Witnesses and the committee discussed the details of the proposed budget, challenges facing teachers, students and schools, and opportunities to improve education and create jobs.

According to Secretary Duncan, the centerpiece of the 2011 budget request for the Department of Education is the pending reauthorization of ESEA. The President asked for a discretionary increase of $3.5 billion for fiscal year 2011, of which $3 billion is dedicated to ESEA, the largest-ever requested increase for ESEA. If Congress completes an ESEA reauthorization that is consistent with the President's plan, the Administration will submit a budget amendment for up to an additional $1 billion for ESEA programs, Duncan said.

Ramon C. Cortines, Superintendent of the Los Angeles Unified School District, the second largest district in the country, highlighted the fiscal challenges facing the school district, which have resulted in the School District handing out 5,200 reduction-in-force notices last month and the unions agreeing to shorten
the school year by 5 days, causing students and teachers to lose classroom time. He encouraged the Committee to support recently proposed legislation, the Keep our Educators Working Act, as well as House efforts to pass a job stabilization act that would send funding to School Districts to keep teachers and staff employed. He also advocated that more funding be directed to disadvantaged students, that the Federal government pay 40-percent of the cost of special education, and that the federal government not freeze Title I spending as President Obama has proposed. He said that 631 Title I schools in California will be impacted by the cuts.

More information can be found at: http://appropriations.senate.gov.

EDUCATION: SENATE HELP COMMITTEE DISCUSSES IMPROVING TEACHER TRAINING, SUPPORT THROUGH ESEA REAUTHORIZATION

On April 15, 2010, the Senate Health, Education, Labor and Pensions Committee (Chairman Harkin, Iowa) held another hearing on the reauthorization of the Elementary and Secondary Education Act. Witnesses included: Randi Weingarten, President, American Federation of Teachers; Timothy Daly, President, The New Teacher Project, Brooklyn, N.Y.; Jon Schnur, CEO and co-founder, New Leaders for New Schools; Ellen Moir, Executive Director, New Teacher Center, Santa Cruz, Calif.; Stephanie Hirsh, Executive Director, National Staff Development Council, Dallas; and others. Witnesses and the committee discussed the opportunities to better prepare and support teachers and leaders through the reauthorization of ESEA.

Randi Weingarten, President of the American Federation of Teachers, argued that the reauthorization of ESEA presented an opportunity to improve teacher development and evaluate programs; to appropriately address school environment issues that limit efforts to attract teachers to hard-to-staff schools and impede teaching and learning; and to help narrow the achievement gap between advantaged and disadvantaged students. "ESEA should also help ensure that teachers have the tools, time and trust they need to succeed, including offering teachers and students an environment that sets everyone up for success," stated Weingarten.

Ellen Moir, Executive Director of the Santa Cruz, CA based New Teacher Center, urged the committee to ensure that the reauthorization of ESEA include requirements that states establish standards for induction and mentoring programs that include rigorous requirements about who is selected to mentor, foundational training and on-going support for mentors, and dedicated time for mentor-new teacher interactions. Moir also suggested ESEA should provide dedicated funding for the induction and mentoring of all new teachers for at least their first two years and that ESEA should hold states and districts accountable for giving new teachers the mentoring, support and teaching conditions they need to be successful.

More information and witness testimony can be found at: http://help.senate.gov.

ENERGY: COMMITTEE EXPLORES EFFECTIVENESS OF CURRENT ENERGY TAX POLICY, OPPORTUNITIES FOR IMPROVEMENT

On April 14, 2010, the House Ways and Means Committee (Chairman Levin, Mich.) held a hearing on energy tax policy. The hearing examined the effectiveness of current energy tax policy and sought to identify additional steps that the Committee can take to ensure continued job growth in this area while at the same time advancing national energy policy. Witnesses included: Jeffrey Sachs, Director, the Earth Institute, Columbia University, New York; Joseph Romm, Senior Fellow, Center for American Progress; Karen Harbert, President and CEO, Institute for 21st Century Energy, U.S. Chamber of Commerce; Rod Dole, Auditor-Controller-Treasury-Tax Collector, County of Sonoma, Santa Rosa, Calif.; Mark Bolinger, Research Scientist, Lawrence Berkeley National Laboratory, Berkeley, Calif.; and David Bohigian, Managing Partner, E2 Capital Partners.

According to the Committee, over the last several years the nation has benefitted from an unprecedented amount of both public and private investment in renewable electricity production, energy efficiency, and renewable fuels, ushering in the new, green economy as a driver for sustainable job creation.
A significant amount of Federal support for investment in renewable energy and energy efficiency is provided through the Internal Revenue Code. Within the span of five months during the Winter of 2008 and 2009, the Congress passed and the President signed into law approximately $39 billion in provisions to stimulate demand for renewable electricity and renewable fuels, provide assistance to communities to make investments in energy efficiency, and assist domestic manufacturers engaged in the production of advanced energy equipment. These investments include approximately $17 billion in incentives provided in the Energy Improvement and Extension Act of 2008 (Division B of P.L. 110-343) and approximately $22 billion in incentives provided in the American Recovery and Reinvestment Act of 2009 (P.L. 111-5).

Rod Dole of Sonoma County encouraged the committee to offer federal tax incentives for municipalities to undertake programs like Sonoma's PACE program. PACE (Property Assessment Clean Energy) programs, which was launched in California through California AB 811, aims to eliminate barriers for property owners to make energy efficiency improvements and provide jobs in the local green construction industry. Dole encouraged the committee to offer tax incentives for municipalities to undertake PACE programs.

"The federal government would enable counties and cities to reduce the interest rate of the financing mechanism, which would provide a very competitive rate to the consumers," stated Dole. "That would in turn induce more property owners to participate, and create more jobs." He suggested that incentives for PACE financing might include:

- providing tax exempt status on PACE Municipal bonds (HR 3525, sponsored by Congressman Mike Thompson, provides tax exempt status for PACE bonds)
- expanding the qualifying capital expenditures for Build America Bonds (BAB's), and Qualified Energy Conservation Bonds (QECB's) to include PACE financed expenditures in private property
- sponsor an "Energy Bank" to invest in the Program with both long term and short term "warehouse" financing and qualify programs for Community Reinvestment Act investment to incent participation by local banks, or to develop grant or line of credit offerings for one time funding to encourage nationwide implementation.

Mark Bolinger of Lawrence Berkeley National Laboratory discussed the successes of the first year of the Section 1603 Treasury cash grant program, a Recovery Act program that enables renewable power projects to elect cash payments in lieu of tax credits. "The Section 1603 program has been heavily used, particularly by wind power projects. As of March 1 of this year, wind power had received 86% of the nearly $2.6 billion in grants that had been disbursed through this program, followed distantly by geothermal at 6%, solar at 4.5%, and biomass at 2.8%," stated Bolinger. "In capacity terms, wind power accounted for nearly 3,900 MW of the 4,250 MW of all renewable power technologies supported by the program as of that date."

More information can be found at: [http://waysandmeans.house.gov/](http://waysandmeans.house.gov/).

**Transportation: House Subcommittee Discusses Best Practices in Transit Project Financing**

On April 14, 2010, the Highways and Transit Subcommittee (Chairman DeFazio, Oreg.) of the House Transportation and Infrastructure Committee held a hearing titled "Using Innovative Financing to Deliver Highway and Transit Projects." The Committee received testimony on innovative financing practices in surface transportation project delivery. Witnesses included: The Honorable Chris Bertram, Assistant Secretary for Budget and Programs and Chief Financial Officer, U.S. Department of Transportation; The Honorable Eugene A. Conti, Secretary, North Carolina Department of Transportation; Mr. Phillip A. Washington, General Manager and Chief Executive Officer, Regional Transportation District, Denver, CO; Mr. Arthur T. Leahy, Chief Executive Officer, Los Angeles County Metropolitan Transportation Authority; and Mr. Jeffrey A. Parker, President, Jeffrey A. Parker & Associates, Inc.

Highway and transit investments are funded through a combination of Federal, State, and local public funds. Private funds are used to augment and leverage public funds for certain types of transportation projects. Transportation "funding" thus generally refers to the different revenue sources generated at the
Federal, State and local levels, including: taxes, fees, user charges, and capturing enhanced property values through special assessments. According to the Department of Transportation's 2008 Status of the Nation's Highways, Bridges and Transit: Conditions and Performance report, current public investments in funding surface transportation are not adequate to meet the needs of the system. Over the next 20 years, an additional:

- $27 billion per year from all levels of government is needed simply to sustain highway conditions and performance;
- $96 billion per year from all levels of government is needed to make all cost-beneficial highway improvements and to eliminate the backlog of bridge deficiencies;
- $2.3 billion per year in capital investment from all levels of government is necessary to maintain the current average transit asset conditions and current transit vehicle occupancy levels; and
- $8.3 billion per year in capital investment from all levels of government is necessary to improve transit conditions and performance.

LA County MTA’s Arthur Leahy highlighted the successes and challenges of Los Angeles area transit projects and financing mechanisms. The greatest financial innovation that the MTA has taken to deliver transit and highway projects is the fact that voters in Los Angeles County have consistently supported tax increases to support transit projects. In 1980 and 1990 Los Angeles County voters elected to support a half-cent sales tax on retail sales in the County. In November 2008, Los Angeles County residents - by a two-thirds margin - voted to authorize an additional half-cent sales tax to fund specific transit and highway projects. Taken together, these funds will amount to approximately $1.5 billion this year for LA area transit efforts. Leahy discussed the Alameda Corridor project, SR 91 (a public-private toll road), and efforts to actively promote private sector investments utilizing a series of innovative financial tools such as ground leases of our park and ride lots, subway transit plazas and excess right of way to create transit oriented development. Leahy encouraged the committee to support the President's proposed National Infrastructure Investment Finance Fund, to modify the Build America Bonds program to become more transit-specific, and to create a Metropolitan Mobility Access Program in the next surface transportation bill.

This hearing is part of the Subcommittee's effort to reauthorize Federal surface transportation programs under the Safe, Accountable, Flexible, Efficient Transportation Equity Act: A Legacy for Users (SAFETEA-LU) (P.L. 109-59), which would have expired on September 30, 2009, but has been extended through December 31, 2010.

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

**HOUSING: SECRETARY DONOVAN DISCUSSES CUTS, PRIORITIES IN FISCAL 2011 HUD BUDGET**

On April 15, 2010, the Senate Banking, Housing and Urban Affairs Committee (Chairman Dodd, Conn.) held a hearing on the fiscal 2011 budget request for the programs and operations of the Department of Housing and Urban Development. The witness was Shaun Donovan, Secretary of Housing and Urban Development.

Donovan explained that HUD's proposed fiscal year 2011 budget reflects the President's commitment to reducing the federal deficit, including a three year freeze on domestic discretionary spending. The proposed HUD Budget proposes overall funding of $41.6 billion, 5 percent below fiscal year 2010. Not including FHA and Ginnie Mae receipts, the budget proposal is $1.6 billion above the 2010 funding levels.

"These figures meant that we had difficult choices to make - and we chose to prioritize core rental and community development programs, fully funding Section 8 tenant-based and project-based rental assistance, the public housing Operating Fund, and CDBG," stated Donovan.

The proposed budget cuts funding for a number of programs, including the public housing capital fund, HOME Investment Partnerships, Native American Housing Block Grants (NAHBG), the 202 Supportive Housing Program for the Elderly, and the Section 811 Supportive Housing Program for Persons...
with Disabilities. In some instances, these are programs that received substantial ARRA funding (e.g., public housing capital and NAHBG), reducing the need for funds in fiscal year 2011.

In the case of reductions to new capital grants-in public housing, Section 202, and 811-Donovan stated that the Department is recognizing that HUD's partners must increasingly access other private and public sources of capital as HUD and the federal government are facing severe resource constraints. "During this fiscal year, we will take administrative steps and work with this Committee on legislative reforms needed to modernize the 202 and 811 programs."

More information visit: http://banking.senate.gov.

CLIMATE: LAO ASSESSES IMPLEMENTATION OF AB 32, GOVERNOR’S PROPOSED PROGRAM BUDGET

The Legislative Analysts Office released an analysis of the progress made on the implementation of California's landmark climate change legislation commonly referred to as "AB 32".

According to the LAO, the state's AB 32 activities, currently carried out mainly by the Air Resources Board (ARB) but also by eleven other state agencies, will be shifting from the development of plans and regulations to program implementation and enforcement. The analysis provides details of the Governor's AB 32 budget proposal - which includes $39 million allocated to twelve departments for the purposes of implementing AB 32-related activities, and ARB's plan to pay for most of the AB 32 program administrative activities from a new fee. The LAO also offers recommendations relative to the budgeting process for the program, suggesting that the Governor and Legislature plan a zero-based budget and workload analysis for AB 32 program implementation across all state agencies in 2011-12.

More information can be found at: http://www.lao.ca.gov.

REPORT: CPB ASSESSES IMPACT OF ARRA ON CALIFORNIA


The ARRA is designed to boost the economy through a $787 billion package of spending and tax measures, including increased federal funding for Medicaid and a new State Fiscal Stabilization Fund, which provide a total of $17.2 billion, much of which, according to CBP, can be used to help the state avert additional cuts, tax increases, or borrowing that would otherwise be needed to close the state's budget gap. CBP estimates that California and Californians will receive an estimated $50.7 billion from the provisions of ARRA.

More information can be found at: www.cbp.org.

REPORT: USC RESEARCH GROUP FINDS CALIFORNIA BECOMING MORE SETTLED, HOME GROWN

According to the Population Dynamics Research Group at USC, the new reality of California is of a more settled, homegrown population. The growth of a population dominated by those born and raised in California represents a sea change in the state's history. Always before, California's people were formed largely of migrants from other states and lands. This has significant implications for policy making in education, infrastructure, tax policy, and state budget making, the Group opines.

The Group found that:
- Today's youth will be the first generation in California history whose majority will be California born when they assume the positions of leadership in middle age.
- Nationwide, only 50.0% of adults ages 25 and older still resided in their state of birth in 2007. For California natives that figure was 66.9%. California natives are more committed to their state than are the natives of all but four other states: Georgia, North Carolina, Texas and Wisconsin.

- Latino and Asian California natives appear to be more family-anchored than whites or blacks. Observed at age 25-34, fully 82.6% of Latinos and 82.5% of Asian and Pacific Islanders who were California born remained living in the state in 2007, rather than having move elsewhere in the U.S., compared to 75.7% of blacks and 62.1% of whites.

- Mostly comprised of homegrown citizens, voters under age 45 appear to be more financially committed to improving public services in the state. Overall, just under half of likely voters in 2008 (49.4%) preferred the alternative of higher taxes and more services rather than lower taxes and services.

More information can be found at: [http://www.usc.edu/schools/sppd/research/popdynamics/futures](http://www.usc.edu/schools/sppd/research/popdynamics/futures).

### REPORT: PPIC FINDS IMMIGRANT LEGALIZATION WOULD HAVE LIMITED LABOR MARKET EFFECTS

According to the Public Policy Institute of California, nearly 12 million unauthorized immigrants live in the United States. California is home to about 2.7 million of these immigrants, who make up almost 10 percent of the state's labor force. Currently, some legislative proposals for comprehensive reform of federal immigration policies call for the possible legalization of unauthorized immigrants. This report finds that legalizing most currently unauthorized immigrants would not lead to dramatic changes in the labor market, either for unauthorized immigrants or for native workers. The report also finds little evidence to support the view that such a step would have significant effects on the broader economy, particularly on tax revenues or public assistance programs.

Specifically, the PPIC found that:

- Legalization is not likely to increase the occupational mobility or wages of most unauthorized immigrants, at least in the short run, especially true for low-skill workers, for whom any improvement is likely to be small at best.
- For immigrants who cross the border without documentation, employment outcomes do improve over time, but none of this progress is attributable to gaining legal status.
- For those who gain legal status after overstaying a temporary visa, the outlook is slightly better, however. This mobility is specifically attributable to skill level: Highly skilled immigrants, regardless of how they arrived in the United States, exhibit occupational improvements after gaining legal status.
- A legalization program is not likely to significantly affect the employment outcomes of native workers; the lack of upward occupational mobility among low-skill unauthorized workers suggests that legalization will not lead to much, if any, increase in labor market competition with low-skill natives.
- The vast majority of unauthorized immigrants report filing federal tax returns before acquiring legal status.
- If English-language proficiency becomes a requirement in a new legalization program, the costs of providing classes could be significant.

For more information visit: [www.ppic.org](http://www.ppic.org).

### RESOURCES: INTERIOR ANNOUNCES INCREASED WATER SUPPLY ALLOCATIONS IN CALIFORNIA

The Department of the Interior announced on April 15, 2010 that the Bureau of Reclamation’s 2010 Central Valley Project Water Supply allocations have increased throughout the valley as a result of improved hydrologic conditions and the California Department of Water Resources’ (DWR) April 2010 snow survey and runoff forecast.

The allocations are:

- The allocation for Municipal and Industrial (M&I) water service contractors north of the Delta, including American River and Contra Costa M&I contractors, is 100 percent—up from 75 percent
- M&I water service contractors south of the Delta remain at 75 percent allocation.
- Agricultural water service contractors north of the Delta are allocated 100 percent—up from 50 percent.
- Agricultural water service contractors south of the Delta are allocated 30 percent—up from 25 percent.
- Friant Division agricultural water service contractors’ allocation of Class 2 water supply increases to 15 percent—up from 10 percent; Class 1 allocation remains at 100 percent.
- Eastside Division agricultural contractors’ (Stanislaus River) allocation remains at 100 percent of their contract quantities (155,000 acre-feet).
- The allocation for settlement contractors with claims to senior water rights along the Sacramento and San Joaquin Rivers remains at 100 percent of their contract quantities (approximately 2.4 million acre-feet).
- Wildlife refuges’ allocation north and south of the Delta remains at 100 percent of their “Level 2” water (approximately 400,000 acre-feet).

Additional information, including the allocation table, and water supply updates are posted on the Mid-Pacific Region’s website at [http://www.usbr.gov/mp/PA/water/](http://www.usbr.gov/mp/PA/water/).

**EVENT: DOE TO HONOR CALIFORNIANS WITH SCIENCE AWARD**

Secretary of Energy Steven Chu will present the 2009 Ernest Orlando Lawrence Awards to three Californians, as well as three other notable national scientists. The Award was established in 1959 in honor of a scientist who helped elevate American physics to world leadership. It is presented every year to honor scientists and engineers, at mid-career, showing promise for the future for exceptional contributions in research and development supporting the Department of Energy and its mission to advance the national, economic and energy security of the United States.

Three of this year’s recipients are Californians: Omar Hurricane, Lawrence Livermore National Laboratory; Wim Leemans, Lawrence Berkeley National Laboratory; and Zhi-Xun Shen, SLAC National Accelerator National Laboratory and Stanford University. The other recipients are: Joan F. Brennecke, University of Notre Dame; William Dorland, University of Maryland; and Sunney Xie, Harvard University.

The Awards ceremony will take place on Wednesday, April 28, 2010, at 4 PM at the National Academy of Sciences Building, 2100 C Street, NW, Washington, DC. A reception will follow the ceremony.

The public is invited. If you are interested in attending, RSVP by April 21st to [http://www.science.doe.gov/lawrence](http://www.science.doe.gov/lawrence) or 202-586-1936.