Appropriations: Subcommittee Marks Up FY 2011 Energy and Water Development Appropriations

On July 15, 2010, the Energy and Water Development Subcommittee of the House Appropriations Committee marked up legislation making Fiscal Year 2011 appropriations for energy and water programs.

Total funding for Energy and Water Development is $34.7 billion. This funding amount represents a reduction of $675 million from the President’s budget request and an increase of $1.2 billion from fiscal year 2010. Within this increase, the Committee accommodated a $1.1 billion increase for programs that address essential national security needs at the National Nuclear Security Administration.

The bill also provides:
- $220 million to the Advanced Research Projects Agency - Energy, which was zero funded in FY10. The Administration request for FY11 is $300 million.
- $50 billion in new authority, split evenly between renewable energy systems and efficient end-use energy technology projects and nuclear power facilities.
- $126 million for research and development of new electricity delivery and energy reliability technologies. The bill funds research and development of smart grid technologies that will increase the efficiency of large-scale transmission and local electricity distribution.
- $4.9 billion for the Office of Science, approximately the same as 2010.
- $10 million for Advanced Technology Vehicles, a decrease of $10 million from the FY10 enacted level, and the same as the Administration’s request.
- $5.28 billion for the Army Corps of Engineers - about $400 million more than the Administration’s request, but less than the $5.45 billion enacted in FY10. Construction funding is provided $1.85 billion, versus the $2 billion in FY10 funding; Operations and Maintenance funding is set at $2.5 billion, compared to the $2.4 billion last year.

For more information, visit: http://appropriations.house.gov. The California Institute will prepare an analysis of the bill with California implications when more detailed Committee documents are available.
APPROPRIATIONS: SUBCOMMITTEE MARKS UP FISCAL 2011 LABOR-HHS-EDUCATION APPROPRIATIONS

On July 15, 2010, the Labor, Health and Human Services, Education, and Related Agencies Subcommittee of the House Appropriations Committee marked up draft legislation making Fiscal Year 2011 appropriations for programs under its jurisdiction. The bill provides discretionary appropriations totaling $176.4 billion for the Departments of Labor, Health and Human Services, Education and various related agencies. The bill’s total is roughly $1.5 billion less than the President’s request. The bill includes:

- $800 million for Community Service Block Grants, which assists local community action agencies in providing services such as emergency food and housing assistance, child care, parenting education, and job training and employment assistance
- $5.1 billion for the Low Income Home Energy Assistance Program at the current level.
- $2.827 billion for the Child Care and Development Block Grant. This appropriation is $100 million less than the President requested.
- $8.1 billion for Head Start, about $124 million less than the budget request , but $866 million above the FY10 level.
- an additional $250 million to support summer employment opportunities for about 100,000 young adults
- $16.265 billion for Education for the Disadvantaged, which includes $14.9 billion in grants to school districts
- $356 million for programs under title VII of the Public Health Service Act, and $292 million for nursing education to alleviate shortages and help people prepare for careers.
- $400 million for Investing in Innovation grants – $100 million less than the request. For Race to the Top grants, the bill includes $800 million – $550 million less than the budget request.
- $775 million for English Language Acquisition compared to the $750 FY10 enacted level.
- $24.9 billion for Student Financial Assistance, including $23.16 billion for Pell Grants. The FY10 level for Pell Grants was about $17.5 billion, almost $5.7 billion less than the Subcommittee’s mark.

For more information, visit: [http://appropriations.house.gov](http://appropriations.house.gov). The California Institute will prepare an analysis of the bill with California implications when more detailed Committee documents are available.

APPROPRIATIONS: SENATE APPROPRIATIONS APPROVES

HOMELAND SECURITY APPROPRIATIONS

By a vote of 17-12, the Senate Appropriations Committee on July 15, 2010 approved its FY 2011 appropriations for the Department of Homeland Security. The Homeland Security Subcommittee had reported the bill out by voice vote on July 14.

The bill provides $43.79 billion in discretionary budget authority for fiscal year 2011, about $1.0 billion, or two percent, above the FY 2010 enacted funding of $42.776 billion.

Funding for some of the major programs in the bill includes:
**Federal Emergency Management Agency (FEMA):** $7.33 billion, $217 million above the President’s request and $36 million above FY 2010, including:
- $4.23 billion for homeland security grants, $69 million above FY 2010 and $233 million above the President’s request. Included in that amount is:
  - $950 million for Urban Area Security, a $63 million increase over the 2010 funding level
  - $950 million for State Homeland Security Grants, of which $60 million is for Operation Stonegarden
- $350 million for Rail/Transit/Bus Security, a $38 million increase over the 2010 funding level grants
- $350 million for Port Security, a $50 million increase over the 2010 funding level grants
- $35 million for the Regional Catastrophic Grant Program
- $420 million for SAFER grants (firefighter hiring grants)
- $390 million for FIRE grants (firefighter equipment grants)
- $345 million for Emergency Management Performance Grants

**Science and Technology:** $1.0 billion for homeland security research and development priorities with an emphasis on explosives detection, chemical and biological security, cyber security, nuclear material detection devices, and first responder technologies. An additional $10 million above the President’s request is included for university programs.

**Cyber Security:** $387.7 million for cyber security, $9 million above the President’s request. The increase will expedite the continuing effort to combat the cyber security threat and provide funds to ensure coordination and innovation with the Department of Defense and the private sector.

**Customs and Border Protection (CBP):** $9.92 billion, $107.5 million above the President’s request and $210 million below FY 2010. Funding within CBP for border security includes:
- $3.57 billion to fully fund 20,370 Border Patrol agents, of whom over 17,000 will be based on the Southwest Border.
- More than $66 million above the request for border security activities including $20 million for Southwest Border counterdrug initiatives for southbound operations lanes, personnel, and equipment to stop the outbound flow of weapons and currency used in the drug trade, $25.9 million for new officers, pilots, vessel operators, and staff, and $20.5 million for one additional unmanned aircraft system and support equipment.
- $574 million for Southwest Border investments for Border Security Fencing, Infrastructure, and Technology (BSFIT), as requested by the Administration. Through a mix of fencing, technology, and border patrol agents on the ground CBP now has more than 700 miles of the Southwest border under effective control, compared to 241 miles in FY 2005, according to the Committee.

**Immigration and Customs Enforcement (ICE):** $5.55 billion, $27.4 million above the President’s request and $114.2 million above FY 2010, including:
- $30 million for ICE to combat international trade in illicit drugs, weapons smuggling, human trafficking, and crimes associated with violence along the Southwest Border.
- $147 million for Secure Communities, as requested by the Administration, for a program that allows local law enforcement to check fingerprints of people booked on criminal charges for immigration and criminal records.
- $72 million, as requested, for alternatives to detention.

**US-VISIT:** $334.6 million, as requested. $50 million is directed to begin to implement a biometric air exit system, as required by law.

More information can be found at: [http://appropriations.senate.gov](http://appropriations.senate.gov). The California Institute will prepare an analysis of the bill with California implications when more detailed Committee documents are available.
**Appropriations: Senate Appropriations Committee Approves FY11 Agriculture Bill**

On July 15, 2010, the Senate Appropriations Committee approved its FY 2011 appropriations for the Department of Agriculture, the Food and Drug Administration, and Rural Development by a vote of 17-12.

The bill includes $22.839 billion in discretionary budget authority, a $296 million discretionary decrease over the fiscal year 2010 enacted level, and $27 million below the President's request. The most significant increases in the bill are in the areas of nutrition, farm support reimbursements (mandatory spending), and international food assistance.

Funding of significance in the bill includes:

**Nutrition/WIC**: The bill provides a total of $94.051 billion, including mandatory funding, for domestic nutrition assistance.

**The Supplemental Nutrition Assistance Program (SNAP)**, formerly the Food Stamp Program, is funded at $68.209 billion in mandatory budget authority.

**Child Nutrition**: School Lunch and Breakfast programs are funded at $18.156 billion in mandatory budget authority.

**The Special Supplemental Nutrition Program for Women, Infants, and Children (WIC)**: WIC is funded at $7.252 billion in discretionary budget authority. There is also $125,000,000 in contingency funds which the Committee states will be sufficient to meet current estimates of WIC caseload requirements.

**FDA and Food Safety and Inspection Service**: The bill provides full funding, as requested by the President, for the two major federal agencies responsible for regulating safety and efficacy standards for the U.S. food and drug supply, the Food and Drug Administration (FDA) and the Food Safety and Inspection Service (FSIS). FDA is funded at $2.504 billion, equal to the President's request, and $159 million above the fiscal year 2010 enacted level. FSIS is funded at $1.047 billion, $10 million above the President’s request, and $27 million above the fiscal year 2010 enacted level.

**Research**: The bill includes $2.818 billion for USDA research agencies. This is a decrease of $20 million below the fiscal year 2010 enacted level, and $24 million above the President's request. The primary agricultural research agencies, the Agricultural Research Service and the National Institute of Food and Agriculture (NIFA) receive $1.251 billion and $1.310 billion respectively. Within NIFA, the Agriculture and Food Research Initiative receives an increase of nearly $48 million.

**Farm credit**: The bill includes an additional $47 million over the 2010 enacted level, and almost $37 million over the President's request to support increased loan funding for agricultural producers. The Committee stated that rural private lenders remain reluctant to meet credit demands, so producers have had to rely more heavily on Farm Service agency loan programs. Credit needs continue to exceed earlier forecasts, according to the Committee. Direct farm operating loans are increased by $190 million while unsubsidized guaranteed operating loans are increased by $150 million.

**Rural development**: The bill includes $2.768 billion in discretionary budget authority for rural development programs, which is a decrease of $168 million from the fiscal year 2010 enacted level and an increase of $85 million above the President's request. Generally, the bill provides level funding for water and waste water, community facilities, business, renewable energy, and electric and telecommunications loans and grants.

More information can be found at: [http://appropriations.senate.gov](http://appropriations.senate.gov). The California Institute will prepare an analysis of the bill with California implications when more detailed Committee documents are available.

**Social Services: Ed & Labor Marks Up Child Nutrition Reauthorization**

On July 14, 2010, the House Education and Labor Committee (Chairman George Miller (Martinez)) marked-up H.R. 5504, a bill to reauthorize child nutrition programs. The bill would increase spending on food programs for infants and youth by $8 billion over a decade. The Committee approved the bill by a vote of 32-13.
H.R. 5504 would boost funding levels for school breakfast and lunch, and other nutrition programs over 10 years. The Congressional Budget Office estimates that current law authorizes $17.2 billion in fiscal 2011, an amount that would rise to $24.3 billion by fiscal 2020 if no changes were made in the law. The proposed bill would add $8 billion to that estimated spending.

During the markup, members of the committee debated whether or not the $8 billion in additional spending needed to be offset by cuts to other federal programs. Chairman Miller said that the Committee address that issue in the future. The Senate Agriculture, Nutrition and Forestry Committee approved a draft measure in March that would authorize an additional $4.5 billion over the coming decade, partially offsetting the increase by using over $2 billion from the Environmental Quality Incentives Program.

H.R. 5504 includes reforms to increase access and remove barriers to child nutrition programs, improve the quality of the meals served and implement new school food safety guidelines. The bill would increase the reimbursement rate for schools -- the first increase in over 30 years. Additionally, for the first time, it would require schools to set standards for foods served outside the cafeteria, including vending machines.

“If we allow our children’s health to suffer, if we allow more children to go hungry by not taking swift action with this legislation, we fail our children, their families and the future of this country,” said Miller, who sponsored this legislation. “This legislation gives us a real opportunity to make dramatic reforms to help prevent hunger, to improve children’s health and increase access to healthy meals. The health and academic success of an entire generation of children is at stake.”

For more information, visit: http://edlabor.house.gov/.

EDUCATION/WORKFORCE/LABOR: CALIFORNIA AND RAND WITNESSES DISCUSS WORK AFTER RETIREMENT

On July 15, 2010, the Senate Finance Committee discussed ways to facilitate work by people who want to resume work after they retire from their full-time jobs, or who want to phase down their work before retiring. Witnesses included: Stephen Goss, chief actuary, Social Security Administration; Marc Freedman, CEO and founder, Civic Ventures, San Francisco; Marcia Brown, chief operating officer, National Center for Appropriate Technology, Butte, Mont.; and Nicole Maestas, Economist, RAND Corp., Santa Monica, Calif.

The committee and witnesses discussed issues facing the nation’s social security benefits and the solvency of Medicare. They discussed the tax gap – the difference between what taxpayers owe and what they actually pay. Currently, there’s a gap of about $58 billion each year between Social Security and Medicare payroll taxes that are owed and the taxes that are paid.

According to the Committee if the number of people over 62 who were working increased by just 10 percent, the nation’s Social Security’s long-run actuarial imbalance would be reduced by about five percent. Additionally, there would be reductions in the Medicare Trust Fund’s long-run imbalance by about two percent, and the increase in the number of these workers would increase federal and state income tax revenues as well.

“(Through) “phased retirement,” workers can reduce their hours of work at their principal job, or work only seasonally. Their current firm can rehire them after they have retired for a period of time. Workers can go to work in another career or occupation. Or they can do their current kind of work at a different firm,” said Chairman Max Baucus (MT)

“Integrating encore career opportunities into the work force development provisions in legislation can increase the return on the nation’s investments and represents a cost-effective way to meet broader goals,” stated Marc Freedman CEO and Founder of California based Civic Ventures. “Encore careers are as much a description as a prescription. The trend toward longer working lives is already well underway, offering one of the best opportunities to boost long-term economic growth rates.” Civic Ventures has pioneered a new model for encore career transitions known as Encore Fellowships. Paid, temporary, high-level assignments, Encore Fellowships provide immediate communications, research, business
development, program development and human resources support to nonprofit organizations, while providing the fellows themselves with a bridge to a new stage of work.

Nicole Maestas, an Economist with RAND, testified that the committee should use legislation to encourage employers to hire and retain older workers. But also raised concerns that “we do not yet understand whether the biggest barriers faced by employers are with respect to the productivity of older workers, healthcare costs, high turnover rates that make it difficult to recoup hiring and training costs, or production processes that are difficult to adapt to flexible, part-time work schedules.” She indicated that the committee also consider how to attract more middle-aged women into the labor force.

For more information, visit: http://finance.senate.gov.

**RESOURCES: SUBCOMMITTEE HOLDS HEARING ON BUREAU OF RECLAMATION AND ARRA FUNDING**


Witnesses included: Michael Connor, Commissioner, Bureau of Reclamation, Department of the Interior; Ed Abreo, Associate Deputy Commissioner for Policy, Administration and Budget, Bureau of Reclamation, Department of the Interior; Dan Keppen, Executive Director, Family Farm Alliance, Klamath Falls, Ore.; Anthony J. Pack, General Manager, Eastern Municipal Water District, Perris, Calif.; and Tom Mallams, President, Klamath Off-project Water Users, Beatty, Ore.

In February 2009, President Obama signed the American Recovery and Reinvestment Act (ARRA). The Act provided the Bureau of Reclamation with $1 billion to preserve and create jobs and to stimulate the economy. As permitted by ARRA, $50 million was transferred to the Department’s Central Utah Project Completion Act (CUPCA) program, which is now fully obligated. To date, $46.5 million of the $50 million appropriated to CUPCA has been expended. After the CUPCA transfer, Reclamation had $950,000,000 to expend on water resources and hydropower projects in the 17 Western States. As of June 30, 2010, Reclamation has obligated more than $774,414,000, which is approximately 82% of its total appropriation. It has begun work on 131 out of 178 projects. The Council of Economic Advisers has provided guidance that one full time equivalent job year is created or saved by spending $92,136, according to Reclamation. Using this figure, Reclamation’s $950 million funding would be equivalent to approximately 10,300 jobs throughout the economy; the Bureau is still tracking actual jobs created, however.

According to Mr. Pack with the Eastern Municipal Water District, Reclamation’s Title XVI Program provides a means of funding water recycling projects; however, the program has not been adequately funded for many years until the recent infusion of funding from ARRA. “The stimulus funding allowed many backlog projects to be funded, but the future administration of the program must be addressed, if it is to realize the full potential benefits that are possible,” said Pack. “Currently an agency identifies a need, develops a project, and attempts to submit it under the Title XVI Program. The agency finds the Bureau is not adequately funded to approve the project and does not support adding additional projects to the existing backlog.”

He also raised concerns that the Bureau perceives, however incorrectly, that the congressional appropriation will reduce available funding for more traditional projects and requirements. “The Agency then turns to Congress to obtain an authorization. If the project is authorized, the agency must then attempt to obtain funding through annual appropriations. While this initial appropriation may provide funding for a beginning, it does not qualify as a “new start” in the Bureau budget and there is no guarantee that subsequent year funding will be provided. A multi-million dollar project can not be awarded and constructed with such uncertain funding.”

He urged the committee to ensure adequate funding in the Bureau’s annual appropriation and for Congress to establish eligibility criteria to guide the Title XVI Program rather than focus on specific projects. He also suggested that once a project has been approved, it should be totally funded and included
as a “new start” in the Bureau’s budget if multiple year funding is necessary.

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

**ENERGY: HOUSE AGRICULTURE COMMITTEE PASSES LEGISLATION TO ENCOURAGE ENERGY EFFICIENCY PROJECTS IN RURAL COMMUNITIES**


The bill authorizes the U.S. Department of Agriculture’s (USDA) Rural Utilities Service to make interest-free loans to eligible entities, including rural electric cooperatives, that will then make loans to qualified consumers to implement energy efficiency measures. The program will provide funds to retrofit residences and small businesses with structural improvements and investments in cost-effective, commercial off-the-shelf technologies to reduce energy costs and consumption. Consumers will repay the loans through their electricity bills at an interest rate below 3 percent.

Further information on the bill and the amendments that were adopted during the markup are available on the Committee’s website at: http://agriculture.house.gov/inside/legislation.html.

**RESOURCES: FINANCE SUBCOMMITTEE HOLDS HEARING ON PROMOTING MARINE CONSERVATION AND ADVANCING AMERICAN EXPORTS**

On July 14, 2010, the International Trade, Customs, and Global Competitiveness Subcommittee (Chairman Ron Wyden, Ore.) of the Senate Finance Committee held a hearing titled “Marine Wealth: Promoting Conservation and Advancing American Exports.”

Witnesses included: Mr. Eric Schwaab, Assistant Administrator for Fisheries, National Oceanic and Atmospheric Administration; and Mr. Mark Linscott, Assistant U.S. Trade Representative for Environment and Natural Resources, Office of the United States Trade Representative; Ted Danson, on behalf of Oceana, Los Angeles; Mr. David Schorr, Fellow, World Wildlife Fund; Mr. Rod Moore, President, West Coast Seafood Processors; and Mr. Tom Bastoni, Vice President (Scallop Division), American Pride Seafoods.

Mr. Danson raised concerns about the health of the world’s oceans, citing concerns about Illegal, Unreported, and Unregulated (IUU) fishing. Other witnesses discussed current processes and regulations relating to fish and ocean wildlife management; the state of the world’s fisheries; the Doha Development Round; and industry subsidies.

Mr. Moore and Mr. Danson raised concerns about harmful WTO fishing subsidies. Moore indicated that they can hurt the industry when they are applied to the marketplace and penalize product from those countries such as the U.S. where the seafood industry bears the cost of implementing conservation measures and developing their foreign markets.

Mr. Schorr encouraged the committee to work towards new WTO rules that include a broad prohibition on most forms of fisheries subsidies that directly contribute to fishing capacity and effort; new WTO rules that ensure that subsidies not covered by the ban are subject to effective limits and conditions that ensure subsidies will not be granted where fleets are already overcapacity, where stocks are already subject to overfishing, or where fisheries management does not meet minimum international norms; and new WTO rules that put an end to the lack of transparency that characterizes most subsidy programs today by requiring governments to disclose the details of their fisheries subsidies and by making subsidy reporting obligations enforceable under WTO law.

Danson also encouraged the committee to develop a comprehensive ocean plan. “Most people think pollution is the biggest problem because that’s what we are familiar with. But we often don’t understand the harm that comes from overfishing because it happens far away and below the surface – and we can’t see the destruction that is occurring,” he stated. “There’s an inextricable link between ocean conservation and global competitiveness.”
BRIEFING: CA SCIENCE & TECHNOLOGY COUNCIL BRIEFS DELEGATION ON NASA LABS


Dr. Charles Kennel, Chair of CCST, and Dr. Susan Hackwood, CCST’s Executive Director, addressed the gathering. Dr. Hackwood gave a brief overview of CCST, which is a non-partisan, 501(c)(3) corporation established by the California Legislature in 1988. She discussed CCST’s recent initiatives, including a new study that CCST is conducting that will assess the condition of California’s "innovation infrastructure." The study will culminate with CCST’s recommendations of steps to take in order to retain and sustain the state's role as a leader in science and technology. Dr. Kennel discussed the importance of the NASA laboratories resident in California to the state and its economic competitiveness. The labs - NASA Ames Research Center, Dryden Flight Research Center, and the Jet Propulsion Laboratory - are directly responsible for over 16,000 jobs in the state. But, more importantly, Dr. Kennel said, the California Space Authority estimates that the labs support over 350,000 jobs in the public and private sector in California. Representatives of the labs were also at the lunch, and participated in the question and answer session.

More information can be found on CCST’s website at: http://www.ccst.us.