NEW JOBS/ELECTIONS: GOP CHOOSES 112TH COMMITTEE CHAIRS

The House Republican Steering Committee met on December 7, 2010 to nominate the majority members who will chair House Committees in the 112th Congress beginning in January 2011. The full GOP Caucus officially confirmed the selections on Wednesday, December 8th.

Several California Republican members will assume chairmanships, while others were passed over. As expected, Rep. David Dreier (San Dimas) will take control of the Rules Committee, with control over the floor consideration of legislation.

Rep. Buck McKeon (Santa Clarita) will become chair of the House Armed Services Committee. He is currently the Ranking Republican member on the Committee.

Rep. Dan Lungren (Folsom) was chosen to lead the House Administration Committee. The Committee has jurisdiction over federal elections and the day-to-day operations and funding of the House of Representatives.

Rep. Darrell Issa (Vista) will chair the Oversight and Government Reform Committee. It has jurisdiction to investigate any federal program and any matter with federal policy implications.

Three other Californians, Reps. Jerry Lewis (Redlands), Dana Rohrabacher (Huntington Beach), and Ed Royce (Fullerton), lost their bids to chair Committees. Rep. Lewis had hoped to receive a waiver of the term-limit rule in order to become chair of the Appropriations Committee, where he is currently serving as Ranking Minority Member. Rep. Harold Rogers (KY) was chosen as chair instead. Rep. Rohrabacher ran for the chairmanship of the Science and Technology Committee, but lost to Rep. Ralph Hall (TX). Rep. Royce was beaten out for chair of the Financial Services Committee by Rep. Spencer Bachus (AL).

Other Chairs elected are:
- Rep. Peter T. King (NY) - Committee on Homeland Security
- Rep. Fred Upton (MI) - Committee on Energy and Commerce
- Rep. John L. Mica (FL) - Committee on Transportation and Infrastructure
- Rep. Lamar Smith (TX) - Judiciary Committee
- Rep. John Kline (MN) - Education and Labor Committee
- Rep. Doc Hastings (WA) - Natural Resources Committee
APPROPRIATIONS: HOUSE PASSES LONG-TERM CONTINUING RESOLUTION; INCLUDES FOOD SAFETY BILL
By a vote of 212-206, the House on December 8, 2010 passed a Continuing Resolution (H.R. 3082) to keep the government funded through the end of Fiscal Year 2010, September 30, 2011. The House used H.R. 3082, the FY11 Appropriations bill for Military Construction as the vehicle to streamline parliamentary procedures.

Although the bill maintains the overall FY10 spending level of $1,089,652 for FY11, there were changes made. Some of the major changes include:
- $5.1 billion less for defense base closure funding
- $1.5 billion less in high-speed rail funding
- $630 million rescission of previously authorized highway project funding
- $5.7 billion more funding for Pell higher education grants to maintain the $5,550 maximum award
- $723 million more in funding for Social Security, Medicare and unemployment compensation
- $550 million more in funding for Race to the Top education grants

Funding for the Commerce, Justice, Science programs was cut $8.6 billion from FY10 levels. FY11 funding for Community Oriented Policing Services is set at $597,500,000. Grants for anti-methamphetamine activities are reduced from $40,385,000 to $15,000,000. The FY10 funding level of $170,223,000 for law enforcement technologies and interoperable communications programs is reduced to $1,500,000.

Under Energy and Water Development funding, the bill allows the Department of Energy to transfer $300 million from existing programs to the Advanced Research Projects Agency - Energy (ARPA-E) for
energy research aimed at future energy needs. The Department of Energy, Interior’s Bureau of Reclamation and the Corps of Engineers are also required to submit a spending plan for the fiscal year within 30 days of enactment.

The CR also contains S. 510, the FDA Food Safety Modernization Act, which was passed by the Senate on November 30, 2010 by a vote of 75 to 25. (See California Capitol Hill Bulletin, Volume 17, Bulletin 30 -- December 2, 2010).

For more information, go to: http://appropriations.house.gov.

IMMIGRATION: HOUSE PASSES DREAM ACT TO LEGALIZE UNDOCUMENTED STUDENTS; SENATE CLOTURE VOTE FAILS

After a passionate debate, the House voted 216-198 on December 8, 2010 to pass the Development, Relief, and Education for Alien Minors (DREAM) Act, sponsored by Rep. Howard Berman (North Hollywood). The Senate, however, failed to invoke cloture on the bill the following day and further action in the lame-duck session is not expected.

The legislation would provide conditional permanent resident status to youths and young adults who meet the following conditions:

- was brought to the United States as a child (15 years old or younger);
- is currently 29 years old or younger;
- has lived in the U.S. for 5 years or more before the date of enactment;
- has graduated from an American high school, has obtained a GED, or is admitted to an institution of higher education;
- has been a person of “good moral character,” as defined by U.S. immigration laws, from the date the individual initially entered the United States;
- submits biometric and biographic information and completes security and law-enforcement background checks;
- undergoes a medical examination;
- registers for the Selective Service; and
- pays a significant surcharge in connection with the initial application.

The accepted applicants could remain in conditional legal status for five years, with an additional five year extension possible. After 10 years in conditional status, the program’s successful participants would be able to adjust their status to permanent resident.

The bill contains a one-year application deadline. An individual would be required to apply for conditional status within one year of obtaining a high school degree or a GED or the effective date of interim regulations under the Act.

During the heated debate, proponents of the bill cited a Congressional Budget Office report estimating that the bill would result in a $2.2 billion reduction in the deficit over ten years. Opponents, on the other hand, cited a Center for Immigration Studies report showing that the bill would cost $2.6 billion. The Migration Policy Institute estimates that about two million individuals would be eligible for the program. Opponents argued, however, that there is a high opportunity for fraud and the numbers would be substantially higher.


HEALTH: SENATE/HOUSE PASS ONE-YEAR DOC FIX

The Senate on Wednesday, December 8, 2010, followed by the House on Thursday, passed a one-year extension of the current Medicare payment rates for physicians (H.R. 4994). A 25 percent reduction in payments was set to kick in on January 1, 2011 if Congress did not act.
The bill also extends other Medicare programs and is estimated to cost a total of $19.5 billion over ten years. The measure is fully offset by changes to the new health care law regarding the recapture of overpayments subsidizing the purchase of health insurance.

For more information, go to: http://thomas.loc.gov.

**SOCIAL SERVICES: EXPANDED SCHOOL NUTRITION ASSISTANCE PROGRAM PASSES IN HOUSE**

The House passed H.R. 5012, on Wednesday, December 8, 2010, which would establish a five-year program to provide meals to low-income school children on weekends and during school holidays.

The Department of Agriculture would create a pilot program to provide funding to elementary and secondary schools, and food agencies to implement the meals program, but only if money is available. The cost of the program is $4.5 billion.

Children would be eligible for the weekend food benefit if they participate in food service programs in areas served by schools where at least 50 percent of students are certified to receive free or reduced-price meals.

The measure also would require the department to submit a report to Congress by the end of 2015, with recommendations on whether the program should continue. An interim evaluation would be required in November of 2013.

The legislation is part of First Lady Michelle Obama's campaign to end childhood hunger and fight childhood obesity. In a statement, she commended the bill as "a groundbreaking piece of bipartisan legislation that will significantly improve the quality of meals that children receive at school and will play an integral role in our efforts to combat childhood obesity."

Opponents of the bill argued, however, that the bill is too expensive and an example of government overreach.

For more information: http://www.house.gov.

**REPORT: UNITED STATES ONLY RANKS IN MIDDLE IN INTERNATIONAL EDUCATION ASSESSMENT**

On December 27, 2010, the Organization for Economic Development and Cooperation released their annual Programme for International Student Assessment (PISA). The PISA measures reading literacy among 15-year olds in 65 economies around the world. For the first time, the survey also tested students’ ability to manage digital information. The PISA aims to help countries see how their school systems match up globally with regard to their quality, equity and efficiency.

Korea and Finland are the highest performing countries on the PISA. The next strongest performances were from Hong Kong-China, Singapore, Canada, New Zealand and Japan. The province of Shanghai, China, took part for the first time and scored higher in reading than any country. Shanghai also topped the table in math and science. Mexico is listed as the lowest performing country.

The United States performs around the average in reading and science and below the average in mathematics. On the overall reading scale, the United States ranked 17. On the Math overall scale, the United States ties for 30th place among the 65 countries assessed. The United States ranks 22nd on the Science scale.

The Organization for Economic Development and Co-Operation and the National Center on Education and the Economy (NCEE) produced a report entitled *Strong Performers and Successful Reformers in Education: Lessons from PISA for the United States*. According to the report, the United States has seen significant performance gains in science since 2006. In a comparison of countries’ actual spending per student, from the age of 6 up to 15, only Luxembourg spends more than the United States on school...
education per student, on average. Additionally, the survey shows that parents in the United States are better educated than in most other countries.

Other significant findings across all countries include:
- High performing school systems tend to prioritize teacher pay over smaller class sizes.
- High performing systems allow schools to design curricula and establish assessment policies but don’t necessarily allow competition for students.
- Schools with good discipline and better student-teacher relations achieve better reading results.
- Public and private schools achieve similar results, after taking account of home backgrounds.
- Combining local autonomy and effective accountability seems to produce the best results.


STATE ISSUES: GOVERNOR SCHWARZENEGGER UNVEILS SPECIAL SESSION BUDGET PROPOSALS

On December 6, 2010, Governor Arnold Schwarzenegger convened a special session with incoming Legislatures after declaring a fiscal emergency in California. The California Legislative Analysis’s Office released findings of a $6.1 billion budget deficit in the recently approved budget. The state is facing an estimated $25.4 billion deficit over 18 months.

If enacted, special session proposals would decrease the budget deficit by $1.9 billion in 2010-11 and by $8 million in 2011-12, thereby reducing the identified budget deficit to $15.5 billion.

The Governor’s proposals consist of $7.4 billion of expenditure-related reductions and two major revenue proposals. These proposals were rejected earlier this year by the prior Legislature. His reductions include the elimination of state welfare and child-care programs, cutting cash grants to the elderly and disabled, and ending vision coverage for children receiving government-subsidized healthcare.

The Governor’s revenue proposals include an automated speed enforcement program to offset trial court costs, thereby reducing General Fund expenses by $400 million in 2011-12. Second, the Governor proposes a property insurance surcharge to offset CalFire and other emergency services costs, thereby reducing General Fund costs by an assumed $350 million in 2011-12.

The Governor also urged legislators to transfer vehicle weight fee revenues to the General Fund. This would achieve an estimated $850 million in budget solutions in 2010-11 and $727 million in 2011-12. Proposition 22, passed by voters in November, prevents the state from using excise taxes on fuel to pay transportation bond debt. Under the proposal, the fuel tax revenues that would have helped the General Fund prior to Proposition 22 would now be available for transportation programs.

In announcing his proposals, Schwarzenegger said, “(Incoming-Governor Jerry Brown) will no doubt inherit the deficit, just like I did the first year when I came into office. The longer we wait, the harder it will get.” Governor-elect Brown held a budget summit on December 8th (see related article in this Bulletin).

For more information visit: http://www.lao.ca.gov/.

STATE ISSUES: GOV-ELECT JERRY BROWN HOLDS BUDGET FORUM

Governor elect Jerry Brown hosted a budget forum on December 8, 2010 at Sacramento’s Memorial Auditorium. All 120 state legislators and 1,200 local officials were invited. The purpose of the forum was to discuss the state’s budget problems, reviewing the causes of the deficit. Brown will be sworn into office on January 3, 2011.

“I’m determined to do everything I can to get us back on the track,” Brown said. “One-time solutions such as federal stimulus funds and temporary tax hikes are not options to fill in gaps left by the state's plummeting revenues.”
Joining Brown on stage were Finance Director Ana Matosantos, who served under Gov. Arnold Schwarzenegger and has agreed to continue in the job under Brown; Legislative Analyst Mac Taylor; State Treasurer Bill Lockyer; State Controller John Chiang, and other state officials.

Matosantos said the deficit problem could grow to $28 billion over the next 18 months from the currently projected deficit of $25.4 billion. The larger deficit estimate is contingent on the federal government making changes to estate and inheritance tax laws, an issue currently being considered in Congress.

Discussing issues related to revenues and expenditures in the state, presenters explained that California ranks 15th in taxes and fees compared to other states and has the fourth lowest ratio of 10,000 residents to state employees, while its pupil to staff ratios in the schools are among the nation’s highest.

In California, personal income tax revenue accounts for 53 percent of the state’s General Fund revenue. Nearly three quarters of General Fund expenditures are spent in only three areas: education (K-12 at 30 percent, higher education at 10.6 percent), health (22.3 percent) and human services (10.8 percent). Of General Fund expenditures, 71 percent are passed through to local jurisdictions that ultimately provide the services.

The state faces many future expenses, including $100 billion to $500 billion in pension liabilities, a $10.3 billion deficit in the Unemployment Insurance Fund, $15.3 billion in outstanding budgetary borrowing and $3.5 billion in costs related to health care reform. Of the $60 billion in solutions enacted in the 2009-10, 84 percent were short term in nature or never materialized, presenters stated.

Budget solutions varied among legislators. Some argued that the state needs more tax revenue and should reconsider taxing oil production, create a plan to increase the income tax and lower the sales tax to take advantage of federal deductibles. Other legislators argued that the state had been taxed enough and should examine areas where the state spends on undocumented immigrants, particularly in prisons.

For more information: http://www.lao.ca.gov/ or http://www.calchannel.com/.