BUDGET: HOUSE PASSES ONE WEEK CR; NEXT STEPS VERY UNCERTAIN

On April 7, 2011, the House, by a mostly party-line vote of 247-181, passed another short-term continuing resolution to fund the government while negotiations continue on legislation to keep the government funded for the rest of Fiscal Year 2011. The latest CR, H.R. 1363, will keep the government open for one more week. The current CR expires at midnight on Friday the 8th.

H.R. 1363 also contains another $12 billion in funding cuts and full funding for the military through the end of the fiscal year. But it also contains policy riders that the Senate and the White House say they will reject. Among them is one banning the Environmental Protection Agency from implementing its recently adopted greenhouse gas emissions rules. (See story below.)

Whether a compromise can be found in time to avert a government shutdown at midnight on Friday, April 8th is very uncertain at this time.

BUDGET: RYAN AND HOUSE GOP UNVEIL FY12 BUDGET WITH SWEEPING CHANGES

Rep. Paul Ryan (WI), Chairman of the House Budget Committee, released the House GOP’s proposed FY 2012 budget on April 5, 2011, calling for sweeping changes in all aspects of federal spending and revenue. The budget bill, titled “The Path to Prosperity,” cuts $6.2 trillion in spending from the president's budget over the next 10 years, and $5.8 trillion relative to the current-policy baseline. It reduces the debt as a percentage of the economy, and would bring federal spending to below 20% of gross domestic product (GDP), in line with the average 18 percent over the last 40 years. It would also reduce the deficit in 2012 to under $1 trillion.
The budget proposal is a non-binding resolution but, if passed by the House, will be used as the blueprint to set funding levels for the House Appropriations Committee for FY12. Most of the policy changes called for in the budget would require implementing legislation to be enacted.

In unveiling the proposal, Rep. Ryan stated: “A study just released by the Heritage Center for Data Analysis projects that The Path to Prosperity will help create nearly one million new private-sector jobs next year, bring the unemployment rate down to 4% by 2015, and result in 2.5 million additional private-sector jobs in the last year of the decade. It spurs economic growth, with $1.5 trillion in additional real GDP over the decade. According to Heritage's analysis, it would result in $1.1 trillion in higher wages and an average of $1,000 in additional family income each year.”

Highlights of the resolution include:
- reducing non-security discretionary spending to FY08 levels
- capping future total spending as a percentage of GDP
- restructuring Medicaid as a block grant to states, reducing federal spending by over $700 billion over ten years but giving states flexibility in operating the program
- converting the Supplemental Nutrition Assistance Program (SNAP) to a block grant to the states and changing eligibility and job training requirements
- for workers 54 and younger, gradually increasing the Medicare eligibility age from 65 to 67 and replacing the current entitlement system with “premium support” payments, based on income and health needs, to subsidize the purchase of private insurance
- lowering the top individual and corporate tax rate from 35 percent to 25 percent, and eliminating or changing unspecified tax deductions and credits
- repealing and defunding the recent health care law
- consolidating job-training programs into career scholarships
- reducing current defense spending by $178 billion, the savings already identified by Secretary of Defense Robert Gates, and reinvesting $100 billion of that into combat capabilities
- reducing the federal workforce by 10 percent over three years through attrition, freezing pay for the next five years, and increasing the percentage employees must pay for retirement benefits
- continuing the ban on earmarks

For other budget programs, the resolution reduces transportation funding by $633 billion over ten years, and cuts the estimated $85 billion in FY11 budget authority to $64 billion for FY12. It will also zero out spending for high-speed rail and consolidate many separate highway programs.

For agriculture programs, the resolution calls for reducing fixed direct payments to farmers regardless of price levels, and modifying the crop insurance program. The Community and Regional Development accounts of the budget would be reduced to $12 billion in FY12, compared to the estimated $16 billion in FY11 spending. The General Science, Space, and Technology account will drop to $27 billion in FY12 budget authority, compared to the FY11 estimate of $29 billion.

For more information and to obtain the budget documents, go to: http://budget.house.gov
TAXES: SENATE PASSES REPEAL OF 1099 REGULATION; PRESIDENT WILL SIGN

The Senate on April 5, 2011, passed H.R. 4, to repeal the provision in the Patient Protection and Affordable Care Act requiring businesses to file 1099 tax forms for all vendors paid more than $600 in a year. The vote was 87-12. The House passed the bill, titled the Small Business Paperwork Mandate Elimination Act of 2011 and sponsored by Rep. Dan Lungren (Gold River), on March 3rd by a vote of 314 - 112. The President is expected to sign the bill soon.

The requirement in the ACA had drawn broad bipartisan opposition since coming to light after passage of the law. H.R. 4 was co-sponsored by 273 members of Congress in the widespread belief that the expansion of the 1099 requirements would impose a substantial tax compliance burden on small businesses, forcing them to devote scarce resources to tax filing instead of to business expansion and job creation.

In addition to repealing the IRS Form 1099 information reporting requirements that were imposed on small businesses, H.R. 4 repeals an additional Form 1099 reporting requirement on owners of rental real estate and reduces improper overpayments of Exchange subsidies established under the ACA.

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

ENVIRONMENT: HOUSE PASSES BAN ON EPA GHG REGULATIONS; SENATE DEFECTS SIMILAR MEASURE

On Thursday, April 7, 2011, the House passed H.R. 910, the Energy Tax Prevention Act, by a vote of 255-172. The bill prohibits the Environmental Protection Agency from regulating greenhouse gas emissions. EPA promulgated rules in July requiring that pollution-reduction equipment be installed by certain industries, such as utilities and petroleum refiners, in newly constructed facilities or during planned expansion of existing facilities.

On April 6th, however, the Senate defeated a similar measure offered as an amendment to the Small Business Innovation Research (SBIR) and Small Business Technology Transfer (STTR) bill (S. 493) under consideration. The amendment was rejected by a 50-50 vote; 60 votes were needed for passage.

On a separate front, House Republicans have proposed that language to the same effect be included in the most recent Continuing Resolution being negotiated this week to keep the government funded.

AGRICULTURE: HEARING ADDRESSES EXPANDING U.S. AGRICULTURAL EXPORTS

The House Agriculture Subcommittee on Rural Development, Research, Biotechnology and Foreign Agriculture met Thursday, April 7, 2011 for a hearing to review market promotion programs and their effectiveness in expanding exports of U.S. agricultural products. Witnesses included: Mr. John Brewer, Administrator, Foreign Agricultural Service, U.S. Department of Agriculture; Mr. Michael Wootton, Senior Vice President Corporate Relations, Sunkist Growers, on behalf of the National Council of Farmer Cooperatives and the Coalition to Promote U.S. Agricultural Exports (Sherman Oaks); Mr. George Nikolich, Vice President, Technical Operations, Gerawan Farming, Inc., on behalf of the California Grape & Tree Fruit League (Reedley); Mr. Stephen L. Censky, American Soybean Association; Mr. Thad Lively, U.S. Meat Export Federation; and Mr. Tim Hamilton, Food Export Association of the Midwest USA.

The Foreign Agricultural Service (FAS) is the lead office in the U.S. Department of Agriculture (USDA) responsible for addressing the challenges and opportunities in expanding foreign market access for U.S. products, building new markets, improving the competitive position of U.S. agriculture, and addressing food security and capacity building in foreign countries. Last month, Tom Vilsack, Secretary of Agriculture, announced that U.S. farm exports are expected to reach a record $135.5 billion in Fiscal Year 2011, eclipsing the 2008 record by more than $20 billion. Compared to FY 2010, export value is expected to grow by 25 percent and volume by 10 percent. The agricultural trade surplus is projected to reach a record $47.5 billion. Administrator Brewer testified to the committee that agriculture is a bright spot in the U.S. trade portfolio, because it has been consistently running a trade surplus. According to Brewer, every $1 billion in
agricultural exports generates an additional $1.31 billion in economic activity and supports 8,400 American jobs.

The Market Access Program (MAP) uses funds from the USDA Commodity Credit Corporation (CCC) to aid in the creation, expansion, and maintenance of foreign markets for U.S. agricultural products. MAP forms a partnership between non-profit U.S. agricultural trade associations, non-profit U.S. agricultural cooperatives, non-profit state-regional trade groups, small U.S. businesses, and USDA's CCC to share the costs of overseas marketing and promotional activities, such as trade shows, market research, consumer promotions for retail products, technical capacity building, and seminars to educate overseas customers.

Mr. Wootton, Senior Vice President of Sunkist Growers, testified as Chairman of the Coalition to Promote U.S. Agricultural Exports and on behalf of the National Council of Farmer Cooperatives. Sunkist Growers is a 118 year-old agricultural marketing cooperative owned and governed by 4,000 citrus growers in California and Arizona. Wootton testified that unfair foreign competition remains a growing problem in foreign outlets and here in the United States. As a result of open U.S. trade policies, he said, half of all fresh fruits and vegetables consumed in the U.S. are now of foreign origin. Wootton also said, "By any measure, MAP and other USDA trade promotion programs have been tremendously successful and cost-effective in maintaining and expanding U.S. agricultural exports, creating American jobs, and strengthening farm income."

Mr. Wootton detailed the findings of a recent independent USDA-commissioned audit of MAP and other USDA trade programs that confirmed that MAP uses government funds to supplement, not replace, industry funds. According to the report, the increase in market development spending by government and industry from 2002-2009 enlarged U.S. market share and increased the annual value of U.S. agricultural exports by $6.1 billion. This equates to $35 in agricultural export gains for every additional $1 expended, a 35 to 1 return on investment. The report also showed that from 2002-2009, export gains associated with the programs increased average annual farm cash receipts by $4.4 billion and net cash farm income by $1.5 billion. It further confirmed that, due to higher prices from increased demand abroad, U.S. domestic farm support payments were reduced by roughly $54 million annually, thus reducing the net cost of these U.S. programs.

Mr. Wootton urged the Administration and Congress "to ensure the strength of MAP and the other valuable export programs as part of a robust trade component in the new Farm Bill and encourage their aggressive utilization." He stated that the Coalition believes that the current system of funding under FAS programs, based upon the competitive merit of each applicant proposal, works well and should not be changed, and that targeting funds to specific sectors is neither necessary nor prudent.

Mr. George Nikolich, who testified on behalf of the California Grape & Tree Fruit League, said technical trade barriers represent an important, increasing, and in many cases, complex challenge faced by U.S. exporters of agricultural products. He stated that USDA's Technical Assistance for Specialty Crops (TASC) program is relied upon by U.S. organizations and businesses to provide funding for projects that address sanitary, phytosanitary, and technical barriers that prohibit or threaten the export of U.S. specialty crops. In citing several examples of TASC’s benefits, he described the Mexican government’s required monitoring in California of stone fruit exports to Mexico and its rising costs to California growers. "Without federal funding," Nikolich said, "it is likely that the costs of Mexican oversight in California would prohibi many California shippers, particularly the smaller companies, from participating in this program," Nikolich testified.

For more information: http://agriculture.house.gov/.
TRADE: WAYS & MEANS HOLDS HEARING ON SOUTH KOREA FTA

The House Ways and Means Subcommittee on Trade held a hearing on April 7, 2011 to address the pending U.S. Free Trade Agreement with South Korea. The Subcommittee has previously held two hearings focused on the pending FTAs with Colombia and Panama.

Witnesses included: Ambassador Demetrios Marantis, Deputy U.S. Trade Representative; William Rhodes, Chairman, U.S.-Korea Business Council; President and Chief Executive Officer, William R. Rhodes Global Advisors, LLC; Senior Advisor to Citigroup, on behalf of the U.S.-Korea Business Council and the U.S.-Korea FTA Business Coalition; John A. Schoch, Jr., President and Chief Executive Officer, Profile Products LLC, on behalf of the United States Chamber of Commerce; Robert Holleyman, President and Chief Executive Officer, Business Software Alliance; and Ambassador Thomas Hubbard, Senior Director for Asia, McLarty Associates, Former Ambassador to South Korea.

On March 7th, Chairman Dave Camp (MI) agreed to the USTR’s written request to begin technical discussions on the draft implementing bill and technical discussions are ongoing.

In calling the hearing, Chairman Camp again expressed his desire that the Administration work with the Committee to allow Congressional consideration of all three pending trade agreements by July 1st.

Korea is the United States' seventh largest goods trading partner. In 2010, U.S.-Korea two-way trade totaled over $87.7 billion, with U.S. goods exports accounting for $38.8 billion. Korea is California's fifth largest exporting partner. In 2010, California exported $8.1 billion to the country. Computer and electronic products accounted for $2 billion of those exports and machinery manufactures accounted for $1.9 billion.

For the testimony of the witnesses, go to: http://waysandmeans.house.gov.

SOCIAL SERVICES: WELFARE PROGRAM DUPLICATION ISSUES EXAMINED

On Tuesday, April 5, 2011, the House Ways and Means Subcommittee on Human Resources held a hearing on duplication in welfare and related programs. The hearing focused on overlap among welfare and related programs under the Subcommittee's jurisdiction, and considered recommendations for reducing such duplication and providing more effective services to low-income families. Witnesses included: Kay E. Brown; U.S. Government Accountability Office; LaDonna Pavetti, Center on Budget and Policy Priorities; and Robert Rector, The Heritage Foundation.

In a March 2011 report to Congress, the Government Accountability Office (GAO) identified opportunities to reduce duplication in a broad spectrum of government programs. Their report identified 81 separate areas for Congress to review - including 34 areas in which programs and agencies have overlapping goals or provide similar services to the same population, and 47 other areas in which Congress may wish to take action to reduce program costs, among other goals.

The GAO reported that the federal government spends $18 billion on 47 different education and training programs in nine different federal agencies each year. Of these programs, GAO found that only one in 10 had even been evaluated for effectiveness in the last seven years. The Committee on Ways and Means oversees operations of nearly 20 income support, child care, and child welfare programs.

The report specifically mentioned overlap between the Temporary Assistance for Needy Families program under the Subcommittee's jurisdiction, the Employment Service supported by Federal unemployment funds, and Workforce Investment Act programs, indicating there may be opportunities to streamline the delivery of employment services across those and other programs. The report noted that overlapping programs may include different eligibility criteria or objectives, or that they may provide similar types of services in different ways.

"Low-income individuals and families often receive aid from multiple programs to meet their income support, health, nutrition, employment and training, and housing needs," Ms. Brown testified on behalf of the GAO. "The complexity and variation in eligibility and other rules and requirements among the programs
have contributed to time-consuming and duplicative administrative processes that are inefficient and add to overall costs."

Chairman Davis stated, "The Government Accountability Office uncovered a tremendous number of Federal programs that provide overlapping services. Congress needs to review current programs to see how we can reduce that duplication and deliver better services to those who need them. This hearing seeks to do just that for welfare and related programs in this Subcommittee's jurisdiction, so we can ensure that taxpayer funds are well spent, and individuals receive the help they need to become self-reliant as efficiently as possible."

For more information, go to: http://waysandmeans.house.gov or http://www.gao.gov/.

TRANSPORTATION: COMMITTEE HEARS STATE & LOCAL TRANSPORTATION PERSPECTIVES

On Wednesday, April 6, 2011, the Senate Environment and Public Works Committee (Chairwoman Barbara Boxer) held a hearing on state and local perspectives on transportation. Witnesses included: Cindy McKim, Director, California Department of Transportation (CalTRANS); Isiah Leggett, County Executive, Montgomery County (MD); Bill Kennedy, Commissioner, Yellowstone County (MT); Paul Degges, Chief Engineer, Tennessee Department of Transportation; Thomas K. Wright, Executive Director, Regional Plan Association; and Mike Malone, Executive Director, Northwest Arkansas Council.

Senator Inhoffe addressed the committee in his opening statement, "According to the Administration, our nation's backlog of deferred road and bridge maintenance is $600 billion and growing. Typically, spending on roads and bridges at all levels of government is around $80 billion a year, of which the federal government makes up 40%. Clearly, with limited Highway Trust Fund resources, the federal highway program is only part of the solution."

Cindy McKim, Director of the California Department of Transportation, testified on behalf of Governor Jerry Brown and the citizens of California. McKim said California has invested billions of dollars to maintain and expand transportation infrastructure. "California is also using innovative delivery and funding approaches, such as public-private partnerships and design-build, to find more cost-effective ways to deliver transportation improvements," she testified.

Over the past decade, more than $40 billion in additional state funds have been authorized for transportation, including state and local roadway improvements and high speed rail. Statewide, California voters approved Propositions 1A and 1B for a combined $30 billion in transportation bonds. Another $1.5 billion in annual revenues derived from the state sales tax on gasoline were dedicated to transportation, beginning in 2003. More than 40 percent of containers moving into and out of America use California's highways, railroads, ports, and airports. With 12 percent of the nation's population, California is responsible for almost 14 percent of the nation's Gross Domestic Product.

At the local level, McKim testified that voters in counties have approved local sales tax measures that together generate over $4 billion annually. "These successful measures demonstrated that voters recognize the need for transportation improvements; and - if the measures are tied to specific projects and schedules - are willing to provide revenues for that purpose," McKim said. She said local tax-measure projects can provide many opportunities to leverage federal funds and expedite delivery through an expanded TIFIA program.

Just to maintain and rehabilitate our existing highway infrastructure will require an additional $74 billion, yet California's administration anticipates there will be just $18 billion available to meet that need, McKim said. For local streets and roads, the shortfall is projected to be $78.9 billion and for the same 10-year period, the unmet transit preservation need is $14.4 billion.

McKim's specific recommendations to the committee include:

-Ensure the financial integrity of the Highway and Transit Trust Funds.
- Rebuild and maintain our transportation infrastructure.
- Make goods movement a national priority.
- Reduce congestion in metropolitan areas.
- Streamline project delivery and extend California's National Environmental Policy Act (NEPA) delegation pilot program. (Through this program, Caltrans has assumed most federal responsibilities for environmental documents and now completes routine NEPA documents about 14 months earlier than before. Overall project delivery timeframes have improved as well.)
- Consolidate several federal programs.

For more information, go to: http://epw.senate.gov/.

INTELLECTUAL PROPERTY: HOUSE JUDICIARY EXAMINES “PARASITE” WEBSITES

On Wednesday, April 6, 2011, the House Judiciary Subcommittee on Intellectual Property, Competition and the Internet held a hearing on "Promoting Investment and Protecting Commerce Online: Legitimate Sites v. Parasites, Part II." The hearing was the second of two of the Subcommittee devoted to the destructive effects of online “parasites” – web-based entities that steal intellectual property, such as web-based stores selling counterfeit goods.

In his opening statement full Committee Chair Lamar Smith (TX) noted that the Alliance for Safe Online Pharmaceuticals (ASOP) estimates that 95% of online pharmacies are unlicensed or traffic in counterfeit drugs, and that a recent study of online activity revealed that nearly one quarter of global Internet traffic involves stolen IP.

Witnesses at the hearing were: The Honorable John Morton, Director, U.S. Immigration and Customs Enforcement; Floyd Abrams, Partner, Cahill Gordon & Reindel LLP; Kent Walker, Senior Vice President and General Counsel, Google; and Christine Jones, Executive Vice President and General Counsel, Go Daddy Group.

Director Morton detailed the efforts ICE and other government agencies are taking to combat the piracy of counterfeit goods, especially through the multi-agency Intellectual Property Rights Coordination Center. He noted that China remains the country of origin of most stolen IP. In FY10, ICE and Customs and Border Patrol seized at U.S. ports of entry counterfeit goods from China with a value of $124.6 million, accounting for approximately 66 percent of the value of all counterfeit goods seized.

In his testimony, Mr. Walker of Google urged the subcommittee to get the input of a wide range of stakeholders in the issue in order to avoid impeding the growth of technology and innovation. He set out several guidelines that he recommended to the subcommittee, including:
- policymakers should aim squarely at the “worst-of-the-worst” foreign websites without ensnaring legitimate technologies and businesses;
- new legislation should not alter common law secondary liability principles or undermine the DMCA (Digital Millenium Copyright Act);
- the DMCA notice-and-takedown process strikes the right balance for search engines;
- policymakers should foreclose private rights of action and tailor intermediary requirements appropriately; and
- policymakers should dismantle barriers to licensing to encourage greater proliferation of compelling legal offerings for copyrighted works online.

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

EDUCATION: HEARING HELD ON STREAMLINING FEDERAL EDUCATION AND WORKFORCE PROGRAMS

On Wednesday, April 6, 2011, the House Education and the Workforce Committee held a hearing titled "Streamlining Federal Education and Workforce Programs: A Look at the GAO Report on

On March 1, 2011, the GAO released a report entitled "Opportunities to Reduce Potential Duplication in Government Programs, Save Tax Dollars, and Enhance Revenue" that examined overlap, fragmentation, and duplication of federal programs. The report found 82 separate programs aimed at improving teacher quality, and 47 distinct workforce training programs. Many of these programs are managed by multiple agencies and aimed at the same beneficiaries, causing unnecessary duplication and wasted tax dollars.

"At a time when our nation faces a historic fiscal crisis, we must make a concerted effort to reduce federal spending. A necessary step in this process is to eliminate and streamline federal programs," Chairman Kline stated. "According to the March 2011 report, billions of dollars are being squandered on redundant programs. As our nation continues to borrow 40 cents of every dollar spent, this misuse of taxpayer funds is unacceptable."

Mr. Dodaro testified that the proliferation of programs has resulted in fragmentation that can frustrate agency efforts to administer programs in a comprehensive manner, limit the ability to determine which programs are most cost effective, and ultimately increase program costs. He also explained to the committee that taking actions on these opportunities and reducing or eliminating duplication, overlap, or fragmentation could save billions of tax dollars annually and help agencies provide more efficient and effective services.

"We all have a responsibility to eliminate waste, fraud, and abuse of taxpayer dollars and make the tough choices necessary to streamline federal programs within this committee's jurisdiction," Chairman Kline concluded. "A failure to act when confronted with such compelling evidence of waste would be indefensible."

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

**IMMIGRATION: HEARING ADDRESSES DIVERSITY IMMIGRANT PROGRAM ELIMINATION**

The House Judiciary Subcommittee on Immigration Policy and Enforcement held a hearing on April 5, 2011 to address the Security and Fairness Enhancement (SAFE) for America Act of 2011 (HR 704). If enacted the HR 704 would amend the Immigration and Nationality Act to eliminate the diversity visa lottery immigrant program. Witnesses included: Congressman Bob Goodlatte (VA); Janice L. Kephart, Director, National Security Policy, Center for Immigration Studies; Stephen A. Edson, Principal, SAEdson, LLC; and Ambassador Johnny Young, U.S. Conference of Catholic Bishops.

The purpose of the diversity immigrant visa lottery is to encourage legal immigration from countries other than the major sending countries of current immigrants to the United States. To be eligible for a diversity visa, the Immigration National Act (INA) requires that the foreign national must have a high school education or the equivalent, or two years experience in an occupation that requires at least two years of training or experience. The diversity lottery currently makes 50,000 visas available annually to natives of countries from which immigrant admissions were lower than a total of 50,000 over the preceding five years. Diversity lottery winners, like all other aliens wishing to come to the United States, must undergo reviews performed by Department of State consular officers abroad and DHS inspectors upon entry to the United States.

In his opening statement, Chairman Elton Gallegly (Ventura) spoke in support of HR 704. He warned that the diversity immigrant visa lottery program is vulnerable to fraud and misuse and is potentially an avenue for terrorists, citing the difficulties of performing background checks in many of the countries eligible for the diversity lottery. He also referenced the case of Hesham Mohamed Ali Hedayet, the Egyptian immigrant who shot and killed two people at Los Angeles International Airport on July 4, 2002, and who had obtained legal permanent resident status as a result of the program. "U.S. immigration policy should be
based on something more than the luck of the job. It should be secure and it should be beneficial to Americans. The visa lottery program is neither," Gallegly said.

Congresswoman Zoe Lofgren (San Jose), Ranking Member of the Subcommittee, opposes HR 704, on the other hand. She explained that background checks for criminal and national security matters are performed on all prospective immigrants seeking to come to the United States, including those winning diversity visas. She said diversity visa lottery winners are more likely to report managerial and professional occupations than legal permanent residents. Rep. Lofgren pointed out that the Department of State and Department of Homeland Security have revised the diversity lottery procedures to address vulnerabilities from fraud. She believes that the diversity visa lottery immigrant program balances the U.S. immigration system.

For the testimony of the witnesses or more information, go to: http://judiciary.house.gov/

NATURAL DISASTERS: HEARING HELD ON EARTHQUAKE RISKS

On April 17, 2011, the House Science, Space and Technology Subcommittee on Technology and Innovation held a hearing titled, "Are We Prepared? Assessing Earthquake Risk Reduction in the United States." The purpose of the hearing was to examine earthquake risk in the United States and to review efforts supporting the development of earthquake hazard reduction measures, and the creation of disaster-resilient communities. Witness included: Dr. Jack Hayes, Director of the National Earthquake Hazards Reduction Program (NEHRP) at the National Institute of Standards and Technology (NIST); Mr. Jim Mullen, Director of the Washington State Emergency Management Division, President of the National Emergency Management Association (NEMA); Mr. Chris Poland, Chairman and Chief Executive Officer of Degenkolb Engineers and the Chairman of the NEHRP Advisory Committee; and Dr. Vicki McConnell, Director of the Oregon Department of Geology and Mineral Industries.

The hearing examined various elements of the Nation's level of earthquake preparedness and resiliency including the U.S. capability to detect earthquakes and issue notifications and warnings, coordination between federal, state and local stakeholders for earthquake emergency preparation, and research and development measures supported by the federal government designed to improve the scientific understanding of earthquakes. Earthquake hazards are greatest in the western United States, particularly in California, Oregon, Washington, Alaska, and Hawaii.

In 2008, the United States Geological Survey, the Southern California Earthquake Center (SCEC), and the California Geological Survey (CGS), with support from the California Earthquake Authority (CEA), jointly forecast a greater than 99% certainty of California's experiencing a magnitude 6.7 or greater earthquake within the next 30 years.

In 1977, Congress passed the Earthquake Hazards Reduction Act establishing The National Earthquake Hazards Reduction Program (NEHRP) as a long-term earthquake risk reduction program for the United States. Current program activities are focused on four broad areas including supporting the development of effective earthquake hazard reduction measures, promoting the adoption of these measures by federal, state, and local governments, improving the basic understanding of earthquakes and their effects on people and infrastructure, and developing and maintaining the Advanced National Seismic System (ANSS), the George E. Brown Jr. Network for Earthquake Engineering and Simulation (NEES), and the Global Seismic Network (GSN).

Issues discussed at the hearing included the coordination of federal preparedness efforts, hazard mitigation costs and benefits, the state of hazards reduction science, and response and recovery planning. Witnesses discussed how well NEHRP is functioning, opportunities to improve coordination among the NEHRP agencies, and the priorities for NEHRP moving forward. Witnesses also discussed whether the cost of government investments in natural hazard mitigation with the objective of reducing or eliminating losses from future natural disasters results in a measurable benefit.

For more information: http://science.house.gov/.
ENERGY: AMERICAN ENERGY INITIATIVE HEARING HELD

On April 4, 2011, the House Energy and Commerce Subcommittee on Energy and Power held a hearing titled "The American Energy Initiative." The purpose of the hearing was to examine a draft bill entitled Transparency in the Regulatory Analysis of Impacts on the Nation Act of 2011. One major topic of discussion was China's energy portfolio and the implications for jobs and energy prices in the United States. Witnesses included: Ms. Deborah Seligsohn, Principal Advisor, China Climate and Energy Program; Mr. Steven Kopits, Douglas-Westwood; Mr. Frederick Palmer, World Coal Association; World Resources Institute; and Ms. Mary J. Hutzler, Institute for Energy Research.

Issues discussed at the hearing include: the trends in Chinese energy consumption and production, by source; private and public-sector investment among energy sources; global energy market behavior and adjustment derived from Chinese activity, both experienced and projected; and, a comparative analysis of U.S. and Chinese energy projects and development.

In his opening statement, Chairman Whitfield said for the past 30 years, China's GDP has grown by an average annual rate of 10 percent. "This economic progress has been made possible through the availability of affordable, secure, and abundant sources of energy," Whitfield said. He explained to the committee that China understands the importance of acquiring the resources necessary to power new manufacturing consumers, fuel millions of new automobiles, and electrify the homes and businesses of the world's largest population.

Chairman Whitfield outlined the following ways China is currently pursuing energy in all its forms:
- Rather than abandoning fossil fuels in exchange for renewable energy, China continues to burn coal at an astonishing rate (using 3.5 times more coal than the United States) and building one new coal-fired power plant every two weeks with technology that exceeds that of the U.S.
- China is building 25 nuclear power plants, although it has been reported that they are undergoing a safety review as a result of the situation in Japan.
- China leads the world in hydroelectricity usage.
- China is the second largest consumer of oil, behind the U.S., but the difference is quickly shrinking.

During the recession, the Chinese spent billions towards ensuring oil resources around the globe.

For more information, go to: [http://energycommerce.house.gov/](http://energycommerce.house.gov/).

HOMELAND SECURITY: SECURING THE BORDER AT THE LOCAL LEVEL HEARING HELD

On Thursday, April 7, the Senate Homeland Security and Governmental Affairs Committee held a hearing titled "Securing the Border: Progress at the Local Level." Witnesses included: Raymond Loera, Sheriff, Imperial County; Veronica Escobar, El Paso County Judge, Texas; Raymond Cobos, Sheriff, Luna County; N.M.; and Paul Babeu, Sheriff, Pinal County, Ariz.

Sheriff Loera testified on behalf of Imperial County. The county covers 4,597 square miles, bordering Baja California, Mexico, Yuma County, Arizona, and San Diego County, California. The Mexicali-Imperial Valley corridor is a significant, lucrative drug smuggling corridor, Sheriff Loera testified. The Customs and Border Protection Agency reports that, during FY2010, the Calexico ports of entry led with the most cocaine seized, as compared to seizures at other ports of entry along the southwest border. For FY2011, this trend continues and the Calexico ports of entry also lead in crystal methamphetamine seizures along the southwest border.

Traffickers must transport their drugs from Mexico into the United States, despite increased border security and counterdrug efforts. Since September 2003, 11 tunnels have been discovered in the Imperial Valley border area, with the latest one discovered on March 6, 2011, Loera testified. Ultralights are used to air drop marijuana loads into agricultural areas, where couriers await to retrieve the loads. Since December 2010, there have been 27 ultralight incursions into Imperial Valley, resulting in 10 seizures totaling approximately 3,090 pounds of marijuana. According to the U.S. Bureau of Alcohol, Tobacco, Firearms and
Explosives (ATF), weapon smuggling is also an issue in the Imperial Valley. The "Imperial County Corridor" serves as a major pipeline of firearms for organized crime entities operating in Northwestern Mexico and members of the Sinaloa Cartel, Loera said.

Alien smuggling is also a problem along this portion of the border. Out of the nine United States Border Patrol sectors, the El Centro sector ranked fifth in illegal alien apprehensions. During FY09, 33,521 aliens were apprehended in this area and 32,562 during FY10. However, this is significantly less than FY1999 when 225,279 illegal aliens were apprehended.

Loera testified that efforts to combat these threats include:

- The Imperial Valley Law Enforcement Coordination Center specifically houses the Intelligence Support Unit, the Street Interdiction Team, the Imperial County Narcotics Task Force, Major Mexican Traffickers and the California Department of Justice's Major Narcotics and Violence Team.

- The BEST team, a Homeland Security Investigations led team, targets the use of tunnels to smuggle drugs as well as ultralight incursions and southbound weapons.

- The U.S. Bureau of Alcohol, Tobacco, Firearms and Explosives established an office within Imperial County in 2009, as a component of ATF's Southwest Border Strategy, which includes both an International Strategic Component and a Domestic Strategic Component.

For more information, go to: [http://hsgac.senate.gov/](http://hsgac.senate.gov/).

**REPORT: CENTER EXAMINES WELFARE USE BY IMMIGRANTS**

On April 5, 2011, the Center for Immigration Studies released a report entitled, "Welfare Use by Immigrant Households with Children: A Look at Cash, Medicaid, Housing, and Food Programs." According to the report, Census Bureau data show that the share of immigrant-headed households (legal and illegal) with children (under age 18) using at least one welfare program continues to be very high. This is partly due to the large share of immigrants with low levels of education and their resulting low incomes, according to the Center for Immigration Studies.

The welfare programs examined in the report are SSI (Supplemental Security Income for low income elderly and disabled), TANF (Temporary Assistance to Needy Families), WIC (Women, Infants, and Children food program), free/reduced school lunch, food stamps, Medicaid (health insurance for those with low incomes), public housing, and rent subsidies. Data for this analysis comes from the March 2002 to 2010 Current Population Survey (CPS) collected by the Census Bureau, also referred to as the Annual Social and Economic Supplement. All welfare figures are based on self-reporting in the CPS.

Among the findings in the report:

- Based on the latest data available, from 2009, 57 percent of households headed by an immigrant (legal and illegal) with children (under 18) used at least one welfare program, compared to 39 percent for native households with children.

- Immigrant households with children tend to use food assistance programs and Medicaid at much higher rates than native households with children. Use of cash and housing programs tends to be similar to natives.

- The states where immigrant households with children have the highest welfare use rates are Arizona (62 percent); Texas, California, and New York (61 percent); Pennsylvania (59 percent); Minnesota, and Oregon (56 percent); and Colorado (55 percent).

- Households with children with the highest rates of welfare use are those headed by immigrants from the Dominican Republic (82 percent), and Mexico and Guatemala (75 percent). Those with the lowest use rates are from the United Kingdom (7 percent), India (19 percent), Canada (23 percent), and Korea (25 percent).

- The Center estimates that 52 percent of households with children headed by legal immigrants used at least one welfare program in 2009, compared to 71 percent for illegal immigrant households with children. Illegal immigrants generally receive benefits on behalf of their U.S.-born children.
REPORT: RAND STUDIES COST AND COVERAGE OF AFFORDABLE CARE ACT


According to the California study, the Patient Protection and Affordable Care Act (ACA) contains substantial new requirements aimed at increasing rates of health insurance coverage. These requirements include a mandatory expansion of Medicaid programs to cover individuals in households with incomes below 133 percent of the federal poverty level, a requirement that states develop and run health insurance exchanges through which individuals and small businesses can purchase health care coverage, a requirement that large and mid-sized employers (including state governments) provide qualifying coverage to employees or face the possibility of penalties, and a requirement that most individuals purchase or otherwise obtain coverage.

The following represents RAND's best estimates of the effect of the coverage-related provisions of the ACA, though there is, the report acknowledges, considerable uncertainty associated with these projections. Unless otherwise indicated, all projections apply to the year 2016, the year that all of the provisions in the ACA related to coverage expansion will be fully implemented:

- The proportion of California residents with insurance will increase from 80 to 96 percent (a reduction in the uninsured of nearly 6 million).
- The nature of employer-sponsored coverage will change slightly after implementation of the ACA. There will be a 2 percent reduction in the number of employees offered coverage, but approximately 400,000 employees will be covered through the exchange.
- By 2016, 17 percent of the insured, nonelderly population (roughly 6 million) will have coverage through the exchange.
- Enrollment in Medicaid will increase by 58 percent (3.6 million), with the majority of the new enrollees being newly eligible adults.
- Total state government spending on health care will be 7 percent higher for the combined 2011-2020 period because of the ACA – mostly from increases in Medicaid costs. In dollar terms, this amounts to roughly $2 billion in additional state spending in 2016, approximately $333 per year for each newly insured individual. In 2020, state spending will be $4 billion higher than it would have been without the ACA.

For more information: http://www.rand.org/.

For more information and to view the entire report: http://www.cis.org/.