TRANSPORTATION: SENATE PASSES TWO-YEAR HIGHWAY BILL REAUTHORIZATION

On Wednesday, March 14, 2012, the Senate passed a legislation package that would replace the expired SAFETEA-LU law and reauthorize federal surface transportation programs for two years. The bill, S. 1813, also known as Moving Ahead for Progress in the 21st Century (MAP-21) Act, passed the Senate by a vote of 74-22.

There have been indications House Speaker John A. Boehner (OH) intends that chamber to take up the now-passed Senate measure, or something similar. The House had been pursuing its own five-year surface transportation legislation package, H.R. 7, before an absence of support derailed the bill.

S. 1813 would provide relief from cyclic short term extensions of surface transportation programs, the latest of which is set to expire at the end of March (PL 112-30). It is possible that the House will seek another extension to give them more time to clear a final bill with the Senate and send it to the President. However, Senate Environment and Public Works Committee Chairwoman Barbara Boxer has stated that another short-term extension would result in “chaos.”

Wednesday's passage marked the end of the S. 1813’s more than one month presence on the Senate floor. The chamber heard stacked votes beginning Tuesday on a multitude of issues such as energy tax credits, gas taxes paid into the Highway Trust Fund (and the amount states would receive back), and the overall role of the federal government in surface transportation.

The bill would maintain most funding for surface transportation, keeping funding levels for highways, safety, and transit programs steady while allowing for inflation adjustments for most funding. In addition, the bill would change the structure of federal surface transportation programs. Several highway programs would be consolidated, while a new national freight program would be created. The Transportation Infrastructure Finance and Innovation Act (TIFIA) program would also be expanded.

Under SAFETEA-LU, highway funding is awarded to states using a combination of formulas and equity bonuses. S. 1813 would instead distribute funds using the level of discretionary and formula money a state received through the previous reauthorization, as compared to the whole amount of funding received by that state. This new system of apportionment would be restricted in that no state would receive less than 95 percent of what it paid into the Highway Trust Fund.
According to Senate Finance Committee Chair Max Baucus (MT), long negotiations to make S. 1813 "deficit neutral" were successful; the bill, as passed, would be paid for in full.

The Senate passed an amendment offered by Senator Boxer by a vote of 76-20. The amendment expresses the Senate's belief that mandated environmental reviews, approvals, and permits for rebuilding after a federally declared emergency or disaster should be expedited. Also adopted was an amendment that would make changes to the calculations used to determine funding for federal-aid highways. Specifically, it would remove privatized highways from the equation altogether. Effectively, it would give private operators of former public toll roads control over road revenues.

The chamber rejected an amendment from Sen. Bob Corker (TN) that would have reduced spending on transportation projects if the Transportation Secretary found that the Highway Trust Fund would be in the red for that fiscal year.

According to the Senate Commerce, Science and Transportation Committee, S. 1813, would also:

- Improve and establish National Highway Traffic Safety Administration (NHTSA) grant programs to address long-standing and emerging driving issues, such as distracted and teenage driving; enhance NHTSA's enforcement authority and transparency; mandate lifesaving new child safety standards; and strengthen the agency's expertise in advanced technologies.

- Modernize the Federal Motor Carrier Safety Administration's (FMCSA) approach to truck and bus safety by increasing the use of technology and data to drive enforcement efforts; ensure that only the safest truck and bus drivers are authorized to drive on U.S. highways; improve the safety laws and regulations that govern drivers and vehicles that operate in the industry; and enhance FMCSA's authority to oversee the truck, bus, and household goods movers industries.

- Establish a clear and unified mission for federal surface transportation and freight networks, including a long-term vision for surface and freight transportation programs that the Secretary of Transportation will have to implement through a surface transportation and freight strategic plan; and provide more transparency and accountability to the federal surface transportation funding programs.

- Build on existing rail programs at Amtrak and at the Federal Railroad Administration to further refine and streamline development of a robust intercity passenger rail system and take steps to address key rail safety concerns.

- Enhance the Research and Innovative Technology Administration's (RITA) innovative planning and research capability; streamline RITA's current authority; improve RITA's ability to spur innovation in transportation research; and increase the safety and oversight of the hazardous materials being transported through our nation's transportation networks.

The Committee's website provides summaries of the following components of S. 1813: the Motor Vehicle and Highway Safety Improvement Act; the Commercial Motor Vehicle Safety Enhancement Act; the Surface Transportation and Freight Policy Act; the Hazardous Materials Transportation Safety Improvement Act; the National Rail System Preservation, Expansion, and Development Act; the Transportation Research and Innovative Technology Act; and the Sport Fish Restoration and Recreational Boating Safety Act.
Agriculture: Senate Holds Hearing on Risk Management and Commodities in the 2012 Farm Bill

On Thursday, March 15, 2012, the Senate Agriculture, Nutrition, and Forestry Committee held another in a series of hearings in preparation for drafting the 2012 farm bill. The hearing was titled Risk Management and Commodities in the 2012 Farm Bill.

Fourteen witnesses were heard on four panels, including: Mr. Michael Scuse, the Acting Undersecretary for Farm and Foreign Agricultural Services at the U.S. Department of Agriculture (USDA); Mr. Roger Johnson, President, National Farmers Union; Mr. Bob Stallman, President, American Farm Bureau Federation; and representatives from farm insurance and specific crop associations.

Mr. Scuse testified that while "agriculture is a bright spot in our economy, contributing one in every twelve jobs in America, it "also faces new challenges and pressures. Our farmers and ranchers today are faced with two primary risks as they produce our food: price volatility and production losses due to natural disasters or pests."

Mr. Scuse went on to detail the Farm Services Agency's (FSA) programs, including those for disaster relief, commodity support, credit, and crop insurance. He also detailed the FY13 budget proposal for the Agency. According to Mr. Scuse, the FSA would contribute "$32 billion over ten years" to deficit reduction by eliminating direct farm payments, reauthorizing disaster assistance, decreasing crop insurance subsidies, and better targeting conservation funding to high priority areas. He noted that the budget would maintain the 2008 bill's disaster programs through 2017, or to the end of the next farm bill, "at a cost of about $8.4 billion over 10 years."

Other topics discussed included:
- The compound impact of price volatility in both commodities and inputs and rises in cost of production, a major factor impacting producers.
- The 2008 farm bill and its components that provides farmers, growers, and ranchers a safety net and risk protection.
- Individuals' efforts to invest in risk management and mitigation in their own operations, and that crop insurance should remain a priority in the 2012 farm bill, despite some possibility of crop insurance distorting the marketplace.
- Characteristics of the crop insurance industry, including that it is well managed, timely, tailored to the farmer, and is not burdened with arbitrary regulatory dictates.
- The downward trend in agricultural spending. Average funding in the U.S. for farm policy, including crop insurance, has been about $13 billion per year for the last five years (a decrease of more than 28 percent from the five years preceding).
- Suggestions for the economic protection of American agriculture and farmers, and the use of different mechanisms, including crop insurance, to meet production goals and growing demand.

For more information:

Health: LAO Releases Analysis of the Governor's 2012-2013 Budget Proposal for the Healthy Families Program

On February 17, 2012, the Legislative Analyst's Office (LAO) released a report titled The 2012-13 Budget: Analysis of the Governor's Healthy Families Program Proposal (Report).
Governor's Proposal
In the 2012-2013 proposed budget, negotiated rates paid to Healthy Families Program (HFP) managed care plans would be reduced by more than 25 percent, on average, by fall 2012. In addition, children currently enrolled in HFP would be shifted over a nine-month period to Medi-Cal (completion by mid-summer 2012). The Governor's proposal would also expand managed care into the state's 28 counties that currently have only Fee-For-Service (FFS) Medi-Cal. According to the Report, "this expansion would begin in June 2013, six months after the first HFP enrollees would be shifted into FFS under the Governor's plan."

According to the LAO, the Administration estimates that these changes will result in a net General Fund savings of $64 million in 2012-13, with full year annual savings of $91 million in 2013-14.

LAO's Findings
The LAO's Report details HFP and Medi-Cal, explaining the programs as they are currently operated, including their similarities, strengths, and weaknesses. It also examines how the implementation of federal health care reform will affect HFP and Medi-Cal. This mainly revolves around the fact that healthcare reform expanded Medi-Cal eligibility up to 133 percent of the Federal Poverty Line (FPL), making approximately 187,000 children newly eligible to switch from HFP to Medi-Cal on or before January 14, 2014.

The LAO finds that "the Governor's budget proposal has merit because, in addition to creating significant General Fund savings, it would provide greater continuity of coverage for some families and implement early some of the program changes required" by healthcare reform. With that in mind, the LAO cautioned that the Governor's proposal also has shortcomings, especially as related to implementation, disruption of and access to services, and overall budgetary savings.

Specifically, the savings from the proposal "may erode" as HFP rates would decrease from an average of $103.44 per member per month to $76.86, and "It is unknown how many health plans will be willing to continue to contract with [California's Managed Risk Medical Insurance Board] MRMIB for HFP at this reduced rate."

Furthermore, LAO recommends that the Legislature reconsider the state's healthcare programs as a whole, in light of healthcare reform's increased access. Healthcare reform will make "children and adults below 133 percent of the FPL" eligible for Medi-Cal and provide "most adults with incomes between 133 percent and 250 percent of the FPL" with "premium subsidies and cost-sharing assistance through the exchange." This leaves just the "status of children in families with incomes between 133 percent and 250 percent of the FPL" in question; LAO recommends that this question be passed to the legislature's policy committee.

LAO’s Alternative to the Governor's Proposal
The Report also presents the LAO's own alternative to the Governor's plan in the Report. This alternative would consist of the "the early transition in 2012-13 of the subset of HFP enrollees who would be transitioned anyway to Medi-Cal in 2014 under federal health care reform." It "would serve as a pilot test for the proposal to shift all HFP enrollees to Medi-Cal and would allow for full evaluation of the policy and budget implications of such a shift."

For more information, see: [http://www.lao.ca.gov/laoapp/PubDetails.aspx?id=2568](http://www.lao.ca.gov/laoapp/PubDetails.aspx?id=2568).

**DEMOGRAPHICS: PEW HISPANIC CENTER RELEASES STATISTICAL PORTRAIT OF LATINO AND FOREIGN-BORN POPULATIONS IN THE U.S.**

In February 2012, the Pew Hispanic Center, a project of the Pew Research Center, released updated statistical profiles of Latino and foreign-born populations in the United States. Gleaned from analysis of the U.S. Census Bureau's 2010 American Community Survey, these statistics provide detailed characteristics of these U.S. populations. Many topics are examined, including: age, geographic dispersion, nativity,
citizenship, origin, language proficiency, racial self-identification, living arrangements, marital status, fertility, schooling, health insurance coverage, earnings, poverty and other labor market outcomes.

In 2010, about 12.9 percent of the U.S. population was foreign-born, an increase of 1.8 percent over 2000. The overall population grew in this time period from about 250 million persons in 2000 to about 269 million in 2010.

When separated by region of birth, those from Mexico continued as the largest group within the U.S. foreign-born population. This group comprised 11.7 million people in 2010, a growth from 9.1 million in 2000. But it did not see growth as a percentage of the foreign-born population, staying stagnant at 29.4 percent. Those born in South and East Asia made up the next largest group, comprising approximately 24.9 percent of the U.S. foreign-born population in 2010. After that, the sizes of groups' percentages declines significantly; the next largest group is those of Caribbean birth at just 9.3 percent of the U.S. foreign-born population in 2010.

The top five countries of birth represented by the U.S. foreign-born population in 2010 are Mexico, India, the Philippines, China and Vietnam.

In terms of states, California had the largest number of foreign-born residents in 2010 at just over 10 million. This is a growth of 1.2 million over 2000 and represents a percent change of 14.2 percent. The state's total population was about 37.3 million, making foreign-born residents about 27.2 percent of California's population. The top three regions of birth for foreign-born Californians were Mexico, South and East Asia, and Central America.

For more information, go to: http://www.pewhispanic.org/2012/02/21/statistical-portrait-of-the-foreign-born-population-in-the-united-states-2010/ .

HEALTH: RAND RELEASES STUDY ON SMALL BUSINESS HEALTH INSURANCE PREMIUMS AND THE ACA

Early this week, RAND released the results of a study titled Small Firms' Actions in Two Areas, and Exchange Premium and Enrollment Impact (the Report). The Report studied the Affordable Care Act's (ACA) changes to the regulations governing small firms' health insurance premiums and how these changes may affect affordability of coverage sold through the ACA's healthcare exchanges.

Under ACA, small businesses can avoid many of the new regulations by self-insuring or maintaining grandfathered plans, according to the Report. But the ACA also restricts this ability under certain regulations for larger businesses and other groups.

For the Report, RAND used a sophisticated microsimulation model created by RAND Comprehensive Assessment of Reform Efforts (COMPARE) to predict "the effects of self-insurance and grandfathering exemptions on coverage and premiums available through the exchanges." According to the results, RAND estimates that ACA "regulations restricting employers' ability to offer grandfathered plans will result in lower premiums on plans available through the exchanges and will have small negative effects on enrollment in the exchanges." Therefore, the Report suggests "that these regulations are essential to keeping premiums on the Small Business Health Options Program (SHOP) exchanges affordable."

Conversely, the Report found that "rules that allow some small employers to avoid regulation under the federal ACA are unlikely to have a major impact on the future cost of health insurance for small businesses in the exchanges."

Other key findings, as stated in the Report:

- Most small employers will not choose to self-insure because it exposes them to significant financial risk should the medical expenses of their employees rise unexpectedly. The analysis also concluded that some small businesses will choose to self-insure and therefore reduce enrollment in the small business insurance exchanges somewhat, but it will not have a substantial impact on exchange premiums.
- However, if regulations were relaxed to allow more employers to maintain grandfathered plans, enrollment through the Small Business Health Options Program exchanges could drop by as much as 50 percent. In that case, premiums offered to small employers through health insurance exchanges would be significantly higher.


**STATE BUDGET: CBP RELEASES ANNUAL CHARTBOOK ON THE GOVERNOR'S PROPOSED BUDGET**


To access a copy of the chartbook, visit: [http://www.cbp.org/pdfs/2012/120203_Budget_Chartbook.pdf](http://www.cbp.org/pdfs/2012/120203_Budget_Chartbook.pdf).

**EDUCATION: REPORT ON THE STATUS OF THE TEACHING PROFESSION IN CALIFORNIA RELEASED**

The Center for the Future of Teaching and Learning at WestEd released a report titled *The Status of the Teaching Profession 2011* (the Report). The Report was co-sponsored by the California State University (CSU), Public Policy Institute of California (PPIC), and the University of California (UC), Office of the President, with research done by SRI International of Menlo Park.

The Report examines the California teacher workforce and takes an extended look at principals in the Golden State and their role in supporting teacher effectiveness. It also examines how California's school principals perceive their role and how well-prepared they are in helping their teachers become more effective educators.

Additionally, the Report provides new information on budget cutbacks to teacher professional development, declining enrollment in preparation programs, drops in the rate of newly credentialed teachers, and escalating educator retirements.

The Report offers research and analyses as well as recommendations regarding the improvement of teacher development and evaluation, and preparation for Common Core State Standards implementation.

For more information: [http://www.wested.org/cs/we/view/rs/1196](http://www.wested.org/cs/we/view/rs/1196).

**EVENTS: BUSINESS COUNCIL FOR SUSTAINABLE ENERGY RECEPTION**

The Business Council for Sustainable Energy will hold its 2012 Clean Energy Industry Reception on Wednesday, March 21, 2012. The event will celebrate BCSE’s 20th anniversary as a coalition of companies and trade associations from the energy efficiency, natural gas and renewable energy sectors. BCSE also includes independent electric power producers, investor-owned utilities, public power, commercial end-users and project developers and service providers for environmental markets.

The reception will be held from 5:30 p.m. to 7:30 p.m. at Lounge 201, 201 Massachusetts Avenue, NE, Washington, DC.

To RSVP, go to: [https://events.r20.constantcontact.com/register/eventReg?oeidk=a07e5nc3hn16ac08214&oseq=](https://events.r20.constantcontact.com/register/eventReg?oeidk=a07e5nc3hn16ac08214&oseq=). Or bcse@bcse.org.