To expand communications between Washington and California, the California Institute provides periodic news bulletins regarding current activity on Capitol Hill and other information that directly impacts the state. Bulletins are published weekly during sessions of Congress, and occasionally during other periods.

**Appropriations: Senate Subcommittee Approves FY 2013 Agriculture Appropriations Bill**

On April 26, 2012, the Senate Appropriations Committee favorably reported funding legislation for FY13 Agriculture programs by a vote of 28-1. The FY13 Agriculture Appropriations bill totals approximately $20.7 billion in discretionary spending, higher than the enacted FY12 amount of $19.5 billion (this figure does not include that year’s disaster funding).

According to the Committee, priorities for FY13 include programs that focus on public health and safety, as well as domestic and international nutrition assistance programs.

Key highlights of the bill include funding for:

- The Food and Drug Administration at $2.52 billion. Included in this amount is an increase of $12.5 million for implementation of the Food Safety Modernization Act. The bill does not provide funds for several proposed user fees that have yet to be authorized.

- The Food Safety and Inspection Service at $1 billion, an increase above the budget request for Federal inspection activities and the full funding requested in the budget for State and international inspection activities.

- The Special Supplemental Nutrition Program for Women, Infants, and Children (WIC) at a level of $7.04 billion. This level will fully fund participation in the program. It also provides $60 million for breastfeeding peer counselors, $14 million for infrastructure, and $30 million for management information systems.

- Other domestic nutrition programs at $397 million. This includes $187 million for the Commodity Supplemental Food Program, which fully funds participation.

- Foreign Food Assistance at $1.47 billion, for PL 480 Title II, the same level as FY12 and $66 million more than the budget request. The McGovern-Dole Program, which provides school meals to the world’s poorest children, is funded at $184 million.

- The National Institute on Food and Agriculture (NIFA) at $1.24 billion. Within this amount is $298 million for the Agriculture and Food Research Initiative, $236 million for the Hatch Act, $33 million for the McIntire-Stennis Cooperative Forestry program, and $294 million for the Smith-Lever Sections 3(b) and 3(c).
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For more information, see: http://www.appropriations.senate.gov/news.cfm?method=news.view&id=beb437d6-d9f4-4801-93c8-24e84ae34b40

The California Institute has prepared a more detailed analysis of the bill from a California perspective. It is available at: http://www.calinst.org/pubs/ag13senate.shtml.

**Appropriations: Senate Subcommittee Approves FY 2013 Energy and Water Development Appropriations Bill**

On April 26, 2012, the Senate Appropriations Committee reported funding legislation for energy and water programs for FY13. The FY13 Energy and Water Development Appropriations bill was passed by a vote of 28-1, and totals approximately $33.4 billion, a figure about $373 million below the amount enacted for FY12. The bill funds the Army Corps of Engineers, the Department of Energy (DOE), and the Bureau of Reclamation, among other agencies.

Senator Dianne Feinstein (CA), Chairman of the Energy and Water Development Appropriations Subcommittee, made the following statement:

"This bill makes responsible investments in critical water infrastructure projects, clean energy technologies and nonproliferation and nuclear weapons programs. It allows the Corps of Engineers and the Bureau of Reclamation to fulfill their public safety responsibilities around the country while safeguarding and modernizing our nuclear weapon stockpile. The bill adds a limited provision to begin addressing our lack of policy for long-term storage of spent nuclear fuel and high-level radioactive waste, providing the Department of Energy with the authority to initiate a pilot program for a consolidated storage facility."

Highlights of the Bill include appropriations for:

- The DOE at a level of about $27.1 billion, which is $1.38 billion above FY2012. Within DOE funding, $312 million is for the Advanced Research Projects Agency-Energy (ARPA-E). The Office of Science is funded at about $4.91 billion, which is $35 million above fiscal year 2012, for basic research. According the Subcommittee, the highest priorities are materials and biological research to focus on breakthroughs in energy applications and computing to develop the next-generation high performance systems.

- The Agricultural Research Service at $1.101 billion.
- Rural Development at $2.276 billion, which maintains loans and grants to small and remote rural communities. The single-family housing loan level is steady at $900 million, the water and wastewater loan and grant program exceeds $1.5 billion, and $2 billion in loans is provided for essential community facilities.
- The Farm Service Agency at $411 million, including funds for farm loan programs. The bill provides about $1.21 billion for salaries and expenses. It also fully funds the agencies' information technology requirements.
- The Natural Resources Conservation Service at $828 million. It does not include funding for the Watershed Rehabilitation Program.

For more information, see: http://www.appropriations.senate.gov/news.cfm?method=news.view&id=beb437d6-d9f4-4801-93c8-24e84ae34b40

The California Institute has prepared a more detailed analysis of the bill from a California perspective. It is available at: http://www.calinst.org/pubs/ag13senate.shtml.
Reclamation, under which $36 million is allocated for the California Bay-Delta Restoration project and $40 million for the Central Valley Project Restoration Fund.

- Independent Agencies at $250 million, which is $2 million below FY2012.

For more information, go to:
http://www.appropriations.senate.gov/news.cfm?method=news.view&id=beb437d6-d9f4-4801-93c8-24c84ae34b40; or

The California Institute will prepare a more thorough analysis of the bill from a California perspective, which will be available in the near future.

**Appropriations: Institute Report on FY13 Senate Agriculture Bill Available**

On April 26, 2012, the Senate Appropriations Committee reported S. 2375 (S.Rpt. 112-163), the Fiscal Year 2013 Agriculture, Rural Development, Food and Drug Administration, and Related Agencies Appropriations by a vote of 28-1. The bill totals $142,182,337,000, compared to FY12 appropriations of $136,840,373,000, and the President's request of $144,233,282,000.


**Budget: House Energy & Commerce Approves Reconciliation Measures**

On April 25, 2012, the House Energy and Commerce Committee advanced reconciliation legislative recommendations required by the House-passed Fiscal Year 2013 Budget resolution.

The recommendations approved, with the Committee vote on each Title, are detailed below.

**Title I: Approved by a vote of 30-22**

**Prevention and Public Health Fund**

The health care law created the "Prevention and Public Health Fund," controlled by the Department of Health and Human Services (HHS). The law provides an advanced appropriation of $16 billion for the first ten years of the fund, and a permanent $2 billion annual appropriation. The Committee repeals the fund and rescinds unobligated funds.

**Unlimited State Exchange Authority**

The health care law provided HHS unlimited direct appropriation into the Federal Treasury without any further congressional approval for grants to states to facilitate exchanges. The committee strikes the unlimited direct appropriation and rescinds unobligated funds.

**CO-OP Program**

The health care law created the "Consumer Operated and Oriented Plan" (CO-OP) program to provide government-subsidized loans to qualified non-profit health insurance plans and appropriated $6 billion for such loans, reduced to $3.8 billion in the FY11 CR. The committee rescinds all unobligated funds made available to the CO-OP program in the health care law.

**Title II: Approved by a vote of 30-20**

**Medicaid Maintenance of Effort on States**

The health care law includes eligibility restrictions on states called Maintenance of Effort (MOE) requirements. The committee approved a proposal to repeal the MOE.

**Disproportionate Share Hospital Allotment in Fiscal Year 2022**

The health care law includes annual aggregate Disproportionate Share Hospital (DSH) allotment reductions for FY 2014 through FY 2020, but allotments revert to levels prior to passage of the health care
law in FY 2021. The Middle Class Tax Relief and Job Creation Act of 2012 included a rebasing of DSH payments for FY 2021. The committee approved a proposal to rebase the FY 2022 allotments to maintain the FY 2021 level of reductions.

**Federal Medicaid Funding Cap and Match Rate for Territories**

The health care law increased the federal Medicaid match rate for the territories from 50 percent to 55 percent beginning in FY 2011. Additionally, the law increased the cap on federal Medicaid spending directed to the territories by $6.3 billion over ten years. The committee restored both the increased Medicaid federal match and the cap for the territories to the levels in place prior to the health care law.

**Provider Tax Threshold to 5.5 Percent**

States are able to use revenues from health care provider taxes to help finance the state share of Medicaid expenditures. Under current law, states are limited to a provider tax threshold of no higher than six percent of the net patient service revenues. Until October 1, 2011, the threshold was 5.5 percent. The president's FY 2013 budget proposal would have phased down the threshold to 3.5 percent. The committee adjusts the provider tax threshold back to its previous 5.5 percent level beginning in FY 2013.

**Bonus Payments for States for Increasing Their Medicaid Enrollment**

The Children's Health Insurance Program Reauthorization Act of 2009 (CHIPRA) authorized "bonus" payments to states that increase their Medicaid enrollment above a defined baseline from the prior year, only if the state implements eligibility verification criteria that run counter to the standards for program integrity in the Medicaid program. The committee repealed these "bonus" payments.

**Title III: Approved by a vote of 29-22**

**Medical Liability Reform**

The committee approved a proposal to implement medical liability legislation identical to previous legislation approved by the committee in 2011.


**BUDGET: HOUSE AGRICULTURE COMMITTEE MAKES RECONCILIATION RECOMMENDATIONS**

On April 18, 2012, the House Committee on Agriculture approved by voice vote the Agricultural Reconciliation Act of 2012. The Act reduces spending within the Committee’s jurisdiction, as required by H. Con. Res. 112, the FY13 budget passed by the House in March. The Committee’s reconciliation instructions included making policy changes that resulted in one, five, and 10 year saving estimates of $7.7 billion, $19.7 billion, and $33.2 billion, respectively.

As approved, the Act would amend the American Recovery and Reinvestment Act of 2009 (ARRA) by terminating on July 1, 2012 the increased Supplemental Nutrition Assistance Program (SNAP) benefits provided under ARRA.

It would also amend the Food and Nutrition Act of 2008 by:

- Restricting categorical eligibility for SNAP to only those households receiving cash assistance through other low-income assistance programs.
- Striking a provision that requires a state agency using a standard utility allowance to provide the allowance to each household that receives any payment under the Low Income Home Energy Assistance Act of 1981.
- Striking a provision that provides a cost share to states for certain expenses incurred in operating an employment and training program.
- Eliminating the performance bonuses provided to states for effectively administering the SNAP.
- Reducing the allocation to State agencies to carry out employment and training programs for fiscal year 2013 to $79,000,000.
- Eliminating indexing on the Nutrition Education and Obesity Prevention Grant Program.
- Extending the authorization for appropriations to carry out the Act through fiscal year 2013.
For more information, go to:


Witnesses were heard on two panels. The first included testimony from: Mr. Jim Davis, Executive Director, Colorado Department of Public Safety, Vice Chair of the Governors' Homeland Security Advisors Council, National Governors Association, testifying on behalf of the National Governors Association; Mr. Bryan Koon, Director, Florida Division of Emergency Management, testifying on behalf of National Emergency Management Association (NEMA); Ms. Hui-Shan L. Walker, Emergency Management Coordinator, City of Hampton, Virginia, U.S.A. President, International Association of Emergency Managers, testifying on behalf of the International Association of Emergency Managers; and, Mr. Judson Freed, Director of Emergency Management and Homeland Security, Ramsey County, Minnesota, testifying on behalf of the National Association of Counties.

Panel II included the following witnesses: Deputy Commissioner Richard Daddario, Counterterrorism Bureau, New York City Police Department; Mr. Robert M. Maloney, Director, Office of Emergency Management, Baltimore, Maryland; Chief Hank C. Clemmensen, Palatine Rural Fire Protection District, First Vice President, International Association of Fire Chiefs, testifying on behalf of the International Association of Fire Chiefs; Mr. Richard A. Wainio, Port Director and CEO, Tampa Port Authority, testifying on behalf of the American Association of Port Authorities; and, Mr. Michael P. DePallo, Director/General Manager, Port Authority Trans-Hudson Corporation, testifying on behalf of the American Public Transportation Association.

The hearing discussed many of the existing Department of Homeland Security (DHS) and Federal Emergency Management Agency (FEMA) grant programs. It also focused on the proposed National Preparedness Grant Program (NPGP).

Items discussed included:
- States' role in administering homeland security grants at the state and local level.
- The effect of a nearly 50 percent reduction in federal funding in the past two fiscal years, and why that may warrant a restructuring of the grant system in order to ensure efficiency. For example, many state fusion centers no longer receive sufficient funds from their respective state's 20 percent share of State Homeland Security Grant Program (SHSGP) grants.
- The nearly $8 billion in grant funding that has been appropriated but not spent, and the related problems at the state and local level.
- Return on investment in regards to the Emergency Management Performance Grants (EMPG).
- Concerns about the FEMA FY13 budget proposal to collapse 16 homeland security grant programs into a state centric block and competitive grant program, to be called the NPGP.
- Possible improvements that can be made to NPGP, including the process by which it has been discussed thus far.
- The effect of program consolidation under NPGP on the Port Security Grant Program.
For more information, go to:
HOMELAND SECURITY: HOUSE PASSES CYBERSECURITY BILL

By a vote of 248-168, the House on April 26, 2012 approved H.R. 3523, the Cyber Intelligence Sharing and Protection Act (CISPA). The bill eases restrictions to allow private information technology companies operating the cyber infrastructure and U.S. agencies to share information regarding cyberthreats.

Among its provisions, the bill requires the director of National Intelligence to create procedures for the sharing of cyber threat intelligence between companies and the government’s intelligence community. It also grants immunity from civil and criminal liability to a company that shares such information with the federal government.

In response to criticism, a package of privacy and civil liberties amendments were added to the bill during consideration. Opponents argued that the bill does not adequately protect the privacy of individuals in terms of their Internet activity and how personal information can be used. Proponents argue that it does contain sufficient privacy provisions to keep individual American’s private information private, and that the bill is necessary in order to allow U.S. businesses to better protect their own networks and their corporate customers from hackers looking to steal intellectual property.

The Obama Administration has threatened to veto the bill because of its concerns over the privacy question. Also, the Senate has a cybersecurity bill that would authorize the Department of Homeland Security to issue regulations setting minimum security standards for network operators, but that requirement is drawing opposition from businesses.


REPORT: PPIC RELEASES SURVEY HIGHLIGHTING CALIFORNIANS' OPINIONS ON Raising TAXES TO SUPPORT EDUCATION

On April 25, the Public Policy Institute of California (PPIC) released the results of a statewide survey focused on K-12 education in California, titled PPIC Statewide Survey: Californians and Education.

According to the survey, 65 percent of likely voters would support raising income taxes on the state's wealthiest citizens, in order to bolster funding for K-12 public schools. Only 46 percent would support raising the state sales tax for this purpose.

Increases in both income and sales tax for education purposes will appear on the upcoming November 2012 ballot as part of Governor Brown's proposal to bridge the state's multibillion-dollar budget deficit. Of likely voters, 54 percent answered that they would support this initiative, in order to avoid automatic cuts to education in the event of its failure. The results were decidedly partisan, with Democrats supporting the measure at 75 percent and Republicans opposing it at 65 percent. Independents would likely support it, with 53 percent in support.

According to the survey, other key findings, among likely voters, include:
- 57 percent of likely voters oppose an overall hike in state income tax
- 72 percent say the state budget situation is a big problem for public schools
- 67 percent say the quality of education is a big problem
- 58 percent say that K-12 education is the area they most want to protect from spending cuts (17 percent higher education, 15 percent health and human services, 7 percent prisons and corrections)
- 59 percent say the current level of state funding for their local public schools is not adequate
- 67 percent say they are very concerned about schools laying off teachers and 62 percent are very concerned about having fewer days of school instruction.
- 81 percent of public school parents believe that their child's school has been affected a lot by budget cuts, while 58 percent say they are very concerned about teacher layoffs at their child's school
- 53 percent would vote yes on a bond measure to pay for construction projects for their local school district, this is less than the 55 percent needed to pass such a measure.
- 53 percent favor the idea of spending decisions to be made in the school districts (36 percent schools, 6 percent state). This majority holds across parties, regions, and demographic groups.
- 79 percent say that school districts in lower-income areas of the state have fewer resources—including good teachers and classroom materials—than those in wealthier areas.
- 54 percent say that if new funding were to become available, more of it should go to the districts with more low-income students. They are much less likely (40 percent) to support the idea of giving more funding to districts with more English learners.
- 47 percent approve of the Governor's job performance (40 percent disapprove, 12 percent don't know). Brown gets much lower marks for his handling of K-12 education: 23 percent approve, 54 percent disapprove, 23 percent don't know.
- 15 percent of likely voters approve of the way the legislature is doing its job, and just 10 percent approve of its handling of K-12 education.

For more information, and for the full survey results, visit: 
http://www.ppic.org/main/publication.asp?i=1014

**BRIEFING: BUSINESS COUNCIL FOR SUSTAINABLE ENERGY TO HOLD BRIEFING ON CLEAN ENERGY MARKETS**


The briefing, titled *Clean Energy Markets: Investment and Policy Trends*, is sponsored by the House Renewable Energy and Energy Efficiency Caucus, with Co-Chairmen Congressman Roscoe Bartlett (MD) and Congressman Chris Van Hollen (MD) giving opening remarks.

Panelists include:
- Ethan Zindler, Bloomberg New Energy Finance
- George Williams, Sempra Energy
- Mark Wagner, Johnson Controls
- Joe Allen, Solar Turbines

Panelists will discuss:
- Commercial dynamics impacting the energy sector,
- New innovations in the power sector and the benefits to consumers,
- Opportunities and challenges to more widespread deployment and job creation, and
- How Congress can support the business community in creating jobs and increasing domestic competitiveness.

To RSVP or for more information, please contact Colbie Holderness at cholderness@bcse.org or 202-785-0507.