ELECTIONS: Rep. Bono Mack Concedes; Two Races Still Unresolved

Rep. Mary Bono Mack (Palm Springs) conceded her reelection race to Raul Ruiz on November 9, 2012. Member-elect Ruiz was leading Bono Mack by about 7,300 votes as of November 13th. Congresswoman Bono Mack had served the district for seven terms after succeeding her late husband, Sonny Bono. In a statement, Rep. Bono Mack said: "Dr. Ruiz will do a fine job if he is guided as well by the people of the Congressional district as I was. Please give him the opportunity to succeed."

Ruiz, 39, is a physician who grew up in the Coachella Valley. He graduated from the University of California Los Angeles, and received his medical degree from Harvard University, as well as Masters’ Degrees in Public Policy and in Public Health. He has worked as an emergency physician at Eisenhower Medical Center in Rancho Mirage, and as Senior Associate Dean at the University of California, Riverside School of Medicine.

Two other races in California have yet to be resolved. In the 7th District, incumbent Rep. Dan Lungren continues to trail Democrat Ami Bera. As of November 13th, California’s Secretary of State’s tally showed Bera with 119,726 votes to Lungren’s 115,902.

In the newly drawn 52nd District, Rep. Brian Bilbray is trailing Democrat Scott Peters by about 2660 votes as of Tuesday.

For more information, go to: http://www.vote.sos.ca.gov.


The Congressional Budget Office (CBO) issued a report on November 8, 2012 assessing the potential impact of various alternatives to "fiscal tightening" – a combination of expiring tax breaks from the Bush and Obama Administrations as well as substantial automatic spending cuts triggered by
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the Budget Control Act of 2011–which is scheduled to take effect in January 2013. According to the CBO, if the fiscal tightening occurs in its totality, the so-called "fiscal cliff," real GDP will drop by 0.5% in 2013. That contraction of the economy will cause the unemployment rate to rise to 9.1% by the fourth quarter of 2013. After 2013, economic growth will increase and a strengthening labor market will decrease the unemployment rate to 5.5% by 2018, according to the report; however, output would be greater and unemployment lower if some or all of the fiscal tightening was removed.

The CBO stopped short of advocating fiscal tightening elimination as the sole long-term solution to a stagnant economy and increasing federal debt. Rather, the CBO warned that, even if the fiscal tightening was removed and current policies remained in effect, a continued surge in the federal debt would raise the risk of a financial crisis. Indeed, while "reducing the fiscal tightening schedule … would boost output and employment in the short run, doing so without imposing a comparable amount of additional tightening in future years would reduce the nation's output and income in the longer run relative to what would occur if the scheduled tightening remained in place."

In its report, the CBO measured the budgetary and economic impacts of the primary changes to current law that would occur under various alternative scenarios. For all its calculations, the CBO assumed that the fiscal tightening would not take effect for two years. Based on this assumption, the CBO reached the following conclusions:

- Eliminating the automatic mandatory and discretionary spending cuts established by the Budget Control Act and maintaining Medicare's payment rates for physicians' services would increase real GDP by about 0.75% by the end of 2013.
- Extending the 2001, 2003, and 2009 tax provisions, including those that expired at the end of 2011—except for the payroll tax cut—and indexing the alternative minimum tax for inflation beginning in 2012 would increase real GDP by a little less than 1.5% by the end of 2013.

The CBO estimates that making the aforementioned changes would increase real GDP by about 2.25% by the end of 2013. Thus, of the total difference in the projected growth of GDP next year under current law and under the alternative fiscal scenario, about two-thirds owes to changes in tax policies and about one-third owes to changes in spending policies.

The CBO also analyzed the effects of President Obama's current plan to let the tax cuts expire for couples with incomes above $250,000 and $200,000 for single taxpayers:

- Extending all expiring tax provisions, except for the payroll tax cut, and indexing the AMT for inflation—except for allowing the expiration of lower tax rates on income above $250,000 for couples and $200,000 for single taxpayers—would increase real GDP by about 1.25% by the end of 2013.

The CBO estimates that the effect of letting these tax cuts expire is nearly as large as the effect of making all of those changes in law and extending the lower tax rates on higher incomes as well, primarily because the budgetary impact would be nearly as large, and, secondarily, because the extension of lower tax rates on higher incomes would have a relatively small effect on output per dollar of budgetary cost.

Other CBO Findings:
- Extending both the current 2% payroll tax cut and emergency unemployment benefits-extensions that are not assumed in the alternative fiscal scenario-would increase real GDP by about 0.75% by the end of 2013. Making those changes along with making all of the changes in CBO's alternative fiscal scenario would increase real GDP by about 3% by the end of 2013.
- If the Budget Control Act's automatic defense spending cuts are avoided, the effect would be an increase in real GDP by 0.4%, boosting GDP in 2013 by about $1.20 for every dollar of budgetary cost in that year-the full range of estimates runs from $0.50 to $2.00 of GDP per dollar of budgetary cost.

For more information: http://www.cbo.gov/publication/43694.

**SPACE: HOUSE PASSES COMMERCIAL LAUNCH RISK SHARING BILL**

On November 14, 2012, the passed H.R. 6586 by voice vote under suspension of the rules. The bipartisan bill authorizes a two year extension of a commercial space transportation risk-sharing and liability regime that was established by Congress in 1988 under the Commercial Space Launch Amendments Act. The law indemnifies commercial launch and reentry operators against catastrophic losses suffered by the uninolved public.

Rep. Steve Palazzo (MS), Chair of the Science Committee’s Space and Aeronautics Subcommittee stressed that “the federal government’s exposure is only for third-party claims, and only for amounts that exceed the maximum probable loss determined by the Office of Commercial Space Transportation. Our commercial space launch industry needs this extension.”

Other co-sponsors of the bill included Reps. Dana Rohrabacher (Huntington Beach), Kevin McCarthy (Bakersfield), and Rep. Adam Schiff (Burbank).

For more information, go to: http://science.house.gov/subcommittee-space-and-aeronautics.

**RESOURCES: SENATE ENVIRONMENT & PUBLIC WORKS HOLDS HEARING ON WRDA**

The full Senate Committee on Environment and Public Works met on Thursday, November 15, 2012 to examine a draft bill to reauthorize the Water Resources Development Act of 2012 (WRDA). WRDA authorizes the projects and programs of the U.S. Army Corps of Engineers (the Corps), such as maintaining navigation routes and flood protection. The bill authorizes 18 projects for authorization, including flood risk and storm damage reduction, navigation, and ecosystem restoration. Senator Barbara Boxer highlighted in her opening statement a California-specific project authorized by the WRDA bill that would authorize improvements to levees around the Natomas basin in Sacramento, protecting $7 billion in property and infrastructure.

In light of Hurricane Sandy, Senator Boxer also proposed a new provision that would direct the Corps to work with the National Academy of Sciences to evaluate options to reduce risks associated with future disasters and provide the Corps with new authority to conduct post-disaster assessments. Finally, Senator Boxer addressed the need for funding water resources and infrastructure projects.

Witnesses included: Stephen A. Curtis, P.E., D.PE, M.ASCE, Board Member and At-Large Director, American Society of Civil Engineers; Terry Sullivan, State Director, Rhode Island Chapter, The Nature Conservancy; Amy W. Larson, Esq., President, National Waterways Conference, Inc.; Warren Dusty Williams, President, National Association of Flood and Storm Management Agencies, General Manager and Chief Engineer, Riverside County Flood Control and Water Conservation District.

Issued discussed are the hearing included:
- Panelists discussed the need to adequately invest in the nation's aging marine port and inland waterways, which threaten more than 1 million U.S. jobs. Between now and 2020, port and waterway infrastructure require a $30 billion investment, less than half of which is currently planned. Inaction could increase transportation costs, resulting in reduced employment, personal income, and GDP.
- Levee safety needs to be improved through the creation of a comprehensive national levee safety program that would create a better understanding of levee location, ownership, and condition throughout the country, according to witnesses.
- Warren Dusty Williams recommended that Congress "exclude the Corps of Engineers water resources projects from the earmark category" in order to increase legislative transparency associated with "identifying, vetting, and funding potential projects."
- Some panelists believed that, while states are able to organize and oversee their own levee safety programs under state legal authorities, WRDA should enact mandatory minimum national guidelines and safeguards for the states to follow.
- WRDA provides provisions granting broad authority to undertake efforts to increase efficiency of dam operations and maintenance.
- Panelists concurred that dredging of the nation's ports and harbors is needed in order to maintain America's ability to compete in the global marketplace. Increased funding was also sought in order to continue these efforts.
- Only about half of harbor maintenance tax revenue is used for its intended purpose, so nearly 1,000 federal ports and harbors haven't been maintained properly, resulting in narrower and shallower channels that increases the risk of groundings, collisions, and pollution incidents.
- Terrence Sullivan of the Nature Conservancy also advocated restoring natural systems, including restoring natural floodplain and wetlands areas in order to improve water storage practices and help reduce the impacts of flooding while increasing the flexibility in the management of reservoirs and other water infrastructure.

For more information:

HEALTH: HOUSE SCIENCE COMMITTEE EXAMINES HEALTH INFORMATION TECHNOLOGY STANDARDS AND INTEROPERABILITY

The House Committee on Science, Space and Technology, Subcommittee on Technology and Innovation met on Wednesday, November 14, 2012 to hear testimony regarding the development and implementation of interoperable technical standards and conformance testing procedures for health information technology (HIT). The Subcommittee examined recent activities by the Office of the National Coordinator for Health Information Technology (ONC) and the National Institute of Standards and Technology (NIST) in promoting interoperable technical standards for HIT. The Subcommittee also discussed the implementation of the Health Information Technology for Economic and Clinical Health Act (HITECH Act), which promotes the adoption of HIT products, services, and infrastructure through a variety of discretionary and mandatory funding programs. The panelists generally concurred that, while much has been done with respect to health information exchange and interoperability, greater bipartisan efforts should be encouraged to promote national standards development.

Witnesses included: Dr. Farzad Mostashari, National Coordinator for Health Information Technology, The Office of the National Coordinator for Health Information Technology, U.S. Department of Health and Human Services; Dr. Charles H. Romine, Director, Information Technology
Laboratory, National Institute of Standards and Technology; Mr. Marc Probst, Chief Information Officer and Vice President, Information Systems, Intermountain Healthcare; Ms. Rebecca Little, Senior Vice President, Medicity; Dr. Willa Fields, DNSc, RN, FHIMSS, Professor, School of Nursing, San Diego State University.

Issued Discussed:
- The HITECH Act has provided incentives and other approaches, including a network of hands-on technical assistance centers, that have helped hospitals transition from paper-based record keeping to electronic health records (EHRs). From 2008 to 2011, the adoption of EHRs among office-based physicians rose from 38 to 57 percent, and hospital adoption of EHRs increased from 13 to 35 percent. As of September 2012, more than half of eligible professionals and over 75 percent of eligible hospitals have registered to participate in HITECH Act Medicare and Medicaid EHR Incentive Programs.

- Rules for Stage 2 of the Medicare and Medicaid EHR Incentive Programs, which were published on September 4, 2012, are increasing standards-based health information exchange between providers and with patients.

- The ONC and NIST have worked together to provide standards and conformity assessment technical expertise, including regulatory framework for EHR certification, which ensures the availability of EHR products that enable health care providers to meet meaningful use criteria.

- NIST’s Information Technology Laboratory (ITL) and the ONC collaborate with industry, healthcare informatics-related standards organizations, consortia, and government agencies to develop consensus-based standards and to build tools and prototypes to advance the adoption of technology within healthcare systems.

- Marc Probst noted that much progress had been made as a result of the HITECH Act with respect to facilitating greater HIT interoperability and standardization. However, Probst stressed the importance of realizing new efficiencies, even in the face of increasing difficulty and expense involved in reconciling independently developed standards.

- Dr. Willa Fields gave a description of the Electronic Medical Record Adoption Model and provided several recommendations to Congress, such as continuing support for adoption and use of EHRs and interoperability, continuing support for the Meaningful Use and Electronic Health Records Programs, encouraging a study on data matching, supporting the reconciliation of complex federal and state privacy laws and regulations to promote information-sharing, continuing Health IT education programs and evidence-based practices research, and precluding additional delay in implementation of ICD-10, the International Classification of Diseases.

For more information, go to:

**TRADE ADJUSTMENT: HOUSE COMMITTEE EXAMINES TRADE ADJUSTMENT ASSISTANCE**

The House Oversight and Government Reform’s Subcommittee on Government Organization, Efficiency and Financial Management held a hearing on November 14, 2012, entitled *Trade Adjustment Assistance for U.S. Firms: Evaluating Program Effectiveness and Recommendations*. Witnesses were: Mr. Bryan Borlik, Director, Trade Adjustment Assistance for Firms, Economic Development Administration, U.S. Department of Commerce; Mr. Williams J. Bujalos, Director, Mid-Atlantic Trade Adjustment Assistance Center; Mr. J. Alfredo Gomez, Acting Director, International Affairs and Trade,
Director Borlik delineated some of the improvements achieved since the establishment of the Trade Adjustment Assistance Division (TAAD) at the Economic Development Agency (EDA). He noted that the average turnaround time for EDA certification of petitions has decreased from 89 days to 36 days, while the average turnaround time for approval of Adjustment Proposals (APs) has decreased from 20 days to 16 days. In addition, 100% of EDA grants to Trade Adjustment Assistance Centers (TAACs) have been processed on time, and all payments to TAACs have been disbursed on time.

Mr. Gomez reported that the GAO found that while the program has helped manufacturing and services firms, measures, data, and the funding formula could be enhanced. He said that GAO’s report recommended that Commerce establish more effective measures of program outcomes, improve its data collection, and allocate funds in a way that considers program needs and costs. He noted that the Department of Commerce concurred with GAO’s findings and recommendations and EDA has already made initial efforts to address them.

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

**REPORT: LEGISLATIVE ANALYST'S OFFICE RELEASES THE 2013-14 BUDGET: CALIFORNIA'S FISCAL OUTLOOK**

The Legislative Analyst's Office (LAO) issued a report on November 14, 2012 forecasting the State of California's budget condition over the next five years. The LAO indicated that California's budget situation has improved significantly due to a combination of the state's economic recovery, prior budget cuts, and the additional temporary sales and income tax increases provided by Proposition 30. The LAO further found a "strong possibility of multi-billion-dollar operating surpluses within a few years," assuming consistent economic growth and spending restraints.

Other findings of the report included:
- The LAO projected a $1.9 billion budget deficit for 2012, which will need to be addressed by the Legislature and the Governor in order to pass a balanced budget by June 2013.
- Based on current law and economic forecast, expenditures are projected to grow less rapidly than revenues and, therefore, the LAO projects an over $9 billion surplus by 2017-18.

Nonetheless, the LAO cautioned that its forecast is dependent on numerous economic, policy, and budgetary assumptions that, if altered, could dramatically lower – or even eliminate – the projected surplus. For example, inconsistent economic growth or issues associated with the so-called "fiscal cliff" facing the federal government could change the LAO's current forecast.

The LAO also made several suggestions regarding how California should manage a budget surplus. It advised the state's leaders to implement three strategies: (1) begin building the reserve envisioned by Proposition 58 (2004), which requires that 3 percent of estimated General Fund revenues be deposited in the Budget Stabilization Account, the state's rainy day fund; (2) develop strategies to address outstanding retirement liabilities – particularly for the teachers' retirement system; and (3) selectively restore recent program cuts, particularly in Proposition 98 (1988) programs, under which a minimum percentage of the state's budget must be spent on K-12 education.