Congress: House Committee Chairs

SELECTED; ROYCE TO LEAD FOREIGN AFFAIRS

The House Republican Steering Committee announced its choices for Committee chairmanships on Tuesday, November 27, 2012, and they were accepted without change by the full Republican Conference on Wednesday. Among California members, Rep. Ed Royce (Fullerton) will become the new chairman of the Foreign Affairs Committee. He will replace current chairwoman Rep. Ileana Ros-Lehtinen (FL), who must step down because of House Republican term limits. In a statement after his selection, Rep. Royce said: “We are only as strong abroad as we are at home. The committee will focus on expanding economic opportunities for Americans overseas. That includes reforming our too bureaucratic export control system.”

Rep. Buck McKeon (Santa Clarita) will retain the chairmanship of the House Armed Services Committee, and the Oversight and Government Reform Committee will continue to be led by Rep. Darrell Issa (Vista).

Rep. Dana Rohrabacher (Huntington Beach), fourth in seniority on the Science, Space and Technology Committee, had hoped to be elevated to that top spot, but the Steering Committee chose Rep. Lamar Smith (TX) instead.

Other Committee chairs in the 113th Congress will be:
Agriculture – Rep. Frank Lucas (OK)
Appropriations – Rep. Hal Rogers (KY)
Budget – Rep. Paul Ryan (WI)
Energy and Commerce – Rep. Fred Upton (MI)
Intelligence – Rep. Mike Rogers (MI)
Natural Resources – Rep. Doc Hastings (WA)
Rules – Rep. Pete Sessions (TX)
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- San Bernardino Valley MWD
- University of Southern California


Small Business – Rep. Sam Graves (MO)
Transportation and Infrastructure – Rep. Bill Shuster (PA)
Veterans’ Affairs – Rep. Jeff Miller (FL)
Ways and Means – Rep. Dave Camp (MI)

House Democrats are expected to select their Ranking Members for the upcoming Congress in the near future. Subcommittee chairmanships will probably be decided in December.

**Congress: 14 New Members to Join California Delegation**

When the 113th Congress convenes on January 21, 2013 there will be 14 new members joining the California congressional delegation. The large turnover is the result of several retirements, as well as incumbents losing their re-election bids in the newly redrawn Congressional districts in the State.

Of the 53 members comprising the California delegation in the 113th Congress, 38 are Democrats and 15 are Republicans. The makeup of the full House for the new Congress will be 234 Republicans and 200 Democrats (there is one vacant seat because of the post-election retirement of Rep. Jesse Jackson Jr. (IL).

The California Institute has prepared short biographies on the 14 new incoming members. It can be found at: http://www.calinst.org/pubs/113thNewCaMbrsBios.pdf.

The Institute will also prepare a new roster of all the Members of the Delegation, with their contact information, in the near future.

**Economy: Resources Available on Fiscal Cliff Impact**

As Congress and the White House work to negotiate a deal to prevent the budget cuts and tax increases scheduled to be triggered on January 1, 2012, several organizations have looked at the impact on the economy if this so-called “fiscal cliff” is not averted. The California Institute has compiled a partial list of reports that discuss the impact on the economy of going over the cliff, with a particular focus on the impact on states. At this point, there has not been a report focused specifically on the impact on California. The California Department of Finance has not attempted to quantify the impact at this point, but may undertake an analysis in the future.

Below are several citations. It is not intended to be an exhaustive list, and the Institute will update it in the future if appropriate.

- **California Legislative Analyst’s Office** - The 2013-14 Budget: California's Fiscal Outlook (November 2012)

"Recession Likely if Federal Leaders Are Deadlocked. If the President and the Congress cannot come to an agreement and the fiscal cliff tax increases go into effect (particularly when combined with the domestic and defense federal spending cuts in the current sequestration law), the U.S. economy likely would fall into recession in 2013. This in turn would cause the California economy to perform considerably weaker than we assume in our forecast and reduce state revenues substantially in the near term. In an alternative simulation in which we assumed a 0.6 percent contraction of real U.S. GDP in 2013-rather than the 1.8 percent increase in our forecast-state revenues in 2012-13 and 2013-14 combined were about $11 billion lower than indicated in our forecast. (For the state's General Fund expenditures, such a revenue reduction would be accompanied by a lower Proposition 98 minimum guarantee and higher spending requirements
under current law for various health and social services programs.) The bulk of the assumed drop in GDP in this alternative recession scenario results from the expiration of the Bush tax cuts and the payroll tax cut. Spending cuts, the end of the bonus depreciation policy, and the expiration of emergency UI benefits each are responsible for a smaller part of this hypothetical near-term economic contraction. 


IMMIGRATION: HOUSE PASSES TWO BILLS CONCERNING BORDER SECURITY

On November 27, 2012 under suspension of the rules the House passed two bills related to border security issues.

The first, H.R. 6025, the “Mandatory Operational Control Reporting and Performance Measures Act,” directs the Secretary of Homeland Security (DHS) to submit annual reports to Congress on: (1) the number of miles of the international land and maritime border between the United States and Canada and the United States and Mexico that are under operational DHS control, cumulatively and by sector; and (2) the estimated number of individuals who unlawfully enter the United States annually, the estimated number of individuals unlawfully present in the United States as of the date of each annual report, and the number of individuals unlawfully present in the United States who voluntarily exited the United States in the preceding year. H.R. 6025 was agreed to by voice vote.

The second bill is the "Jaime Zapata Border Enforcement Security Task Force Act" (H.R. 915). It passed by a recorded vote of 397-4 and will authorize the "BEST" border security program, in which Immigration and Customs Enforcement (ICE) partners with Federal, State, local and foreign law enforcement entities to identify, disrupt, and dismantle criminal organizations which pose a threat to border security. The program also serves as a model for interagency cooperation, coordination, and information sharing.

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

HEALTH: HOUSE ENERGY AND COMMERCE SUBCOMMITTEE ON HEALTH EXAMINES OPTIONS TO COMBAT HEALTH CARE WASTE, FRAUD AND ABUSE

The House Committee on Energy and Commerce Subcommittee on Health met on Wednesday, November 28, 2012 to examine the increased prevalence of health care waste, fraud, and abuse and to discuss novel strategies to address future threats. The hearing was held in response to recent studies showing that fraud and abuse added as much as $98 billion to Medicare and Medicaid spending in 2011. Additionally, another study found that about 30 percent of total U.S. health care spending in 2009 was wasted on unnecessary services, excessive administrative costs, fraud, and other problems. The hearing addressed this growing issue as well as new areas of reform, including the use of predictive data models to prevent future fraud.
Witneses included: Ms. Kathleen M. King, Director, Health Care, Government Accountability Office; Mr. Neville Patterson, Senior Vice President Government Affairs, Standards and Business Development, Gemalto, Inc. on behalf of The Secure ID Coalition; Mr. Dan Olson, Director of Fraud Prevention, Health Information Designs; Ms. Alanna Lavelle, Director Investigations, East Region/Special Investigations Unit Wellpoint; Mr. Michael Tezrich Senior Vice President, Global Sales and Marketing, Zebra Technologies; Mr. Louis Saccoccio, Chief Executive Officer, National Health Care Anti-Fraud Association; Dr. Kevin Fu, Associate Professor of Computer Science and Engineering, University of Massachusetts Amherst.

Issued discussed at the hearing included:
- Panelists discussed the various types of health care fraud, including providers or suppliers billing for services or supplies not provided or not medically necessary, purposely billing for a higher level of service than that provided, misreporting data to increase payments, paying kickbacks to providers for referring beneficiaries for specific services or to certain entities, or stealing providers' or beneficiaries' identities.
- The Centers for Medicare and Medicaid Services (CMS) has made progress implementing strategies to prevent fraud, witnesses stated. Indeed, during FY 2011, over $4 billion were recovered, which is the single largest health care fraud recovery in history. However, further actions, such as strengthening provider enrollment processes and standards, improving pre- and postpayment review of claims, and increasing evaluation and oversight, are needed.
- Panelists emphasized the use of predictive models and analytics, link analysis, and traditional medical guidelines to help prevent future fraud. However, such tools must also be coupled with broad-based partnerships with quantitative analysts, auditors, law enforcement, policy experts, and attorneys. Several speakers encouraged increased coordination and cooperation among CMS, the DOJ, and all stakeholders.
- Mr. Patterson and Mr. Terzich advocated using smart card technology to provide identity verification of beneficiaries, providers, and suppliers as well as secure billing transactions in Medicare, in order to reduce fraud and transaction costs.
- Professor Fu discussed numerous examples of security flaws and vulnerabilities with smart card technology, including the difficulty in linking cards to individuals, susceptibility to hacking and malware, and other unanticipated consequences that could interrupt patient care. He ultimately recommended a more exhaustive pilot study that includes a security analysis, cost-benefit analysis with plausible alternatives, and a period of public feedback by a neutral third-party.

For more information, go to:

**National Security: House Homeland Security Subcommittee Assesses Threats to Nation's Borders**

The House Homeland Security Subcommittee on Oversight, Investigation and Management met on Friday, November 16, 2012 to examine possible threats to the United States posed by international terrorist organizations working in conjunction with Latin American criminal groups to cross the Southwest U.S.-Mexican border undetected. The hearing supplemented a Majority Staff Report from the Subcommittee, titled "A Line in the Sand: Countering Crime, Violence, and Terror at the Southwest Border," which documented the increased operational control of Mexican drug cartels inside the United States as well as the alleged presence of Iranian intelligence agents and the terrorist group Hezbollah in Latin America and their relationship with Mexican drug cartels.

Witnesses included: Ambassador Roger Noriega, Visiting Fellow, American Enterprise Institute; Mr. Frank Cilluffo, Director, Homeland Security Policy Institute, The George Washington University; Mr.
Douglas Farah, Senior Fellow, International Assessment and Strategy Center; and Mr. Marc Rosenblum, Ph.D., Specialist in Immigration Policy, Congressional Research Service.

Issued discussed at the hearing included:
- Dr. Rosenblum articulated a more methodical approach to managing border security, stressing the need to understand the complex distinctions among threats, their relative risks, and how policies may be designed to respond to them in order to more efficiently allocate scarce enforcement resources. Dr. Rosenblum also described the difficulty in predicting future events based on historical analysis due, in part, to the constantly changing intentions of various threat groups, particularly terrorists, who may adapt their behavior in response to U.S. border enforcement.
- Dr. Rosenblum testified that the consequences of unauthorized migration are "not highly significant"; indeed, studies show that the criminality rate for foreign-born is likely no more, and possibly below, the native born rate. Moreover, while crime has increased on the Mexican side of the border, crime has not significantly increased in U.S. border cities or other metropolitan areas. Dr. Rosenblum also noted that, while unauthorized migration has decreased, illegal drug flows have not.
- Dr. Rosenblum also generally emphasized the lack of direct evidence showing Hezbollah or Al Qaeda operational cells in the Western Hemisphere and the general unlikelihood that terrorists would risk crossing the Southwest border due to high apprehension rates.
- Mr. Farah expressed his concern regarding the alleged emergence of criminalized state actors in Latin America operating in conjunction with Transnational Organized Crime groups, extra regional actors, and terrorist groups.
- Mr. Cilluffo and Ambassador Noriega echoed Mr. Farah's concerns, emphasizing the criminal-terrorist hybrid threat of cooperation between Mexican drug cartels and international terrorist groups. Mr. Cilluffo also expressed his concerns regarding potential cyber threats from foreign actors, and recommended increased U.S.-Mexico border security and enforcement to stymie the increased criminal activity and potential threats from outside actors.
- Ambassador Noriega further asserted the existence of ties between Hezbollah and Venezuelan officials, including their alleged involvement in trafficking cocaine into the U.S.

For more information, go to:

**TELECOMMUNICATIONS: HOUSE E&C SUBCOMMITTEE EXAMINES ROLE OF RECEIVERS IN THE SPECTRUM**

The House Energy and Commerce Subcommittee on Communications and Technology met on Thursday, November 29, 2012 to examine the increasing demand, limitations, and interference issues associated with the wireless spectrum. Specifically, the hearing addressed the decreased emphasis on receivers, as opposed to solely transmitters, in attempting to maximize the use of scarce spectrum resources. The hearing was held partly in response to a spectrum use report released in September 2012 that strongly recommended that the Federal Communications Commission (FCC) and the National Telecommunications and Information Administration (NTIA) establish minimum technical standards for receivers.

Witnesses included: Mr. Brian Markwalter, Senior Vice President, Research and Standards, Consumer Electronics Association; Mr. Ron Repasi, Deputy Chief, Office of Engineering and Technology, Federal Communications Commission (FCC); Mr. Pierre de Vries, Senior Adjunct Fellow, Silicon Flatirons Center, University of Colorado, Boulder.

Issues discussed at the hearing included:
- Mr. Warkwalter generally advocated against unnecessary government mandates on receiver design, which he argued would cause uncertainty for designers looking to produce more cost-effective products on
adjacent bands. Instead, he recommended that the FCC and private industry work together to provide better and more accurate information with respect to receiver interference and to employ a cost-benefit analysis on possible spectrum limitations.

- Mr. Repasi and Mr. de Vries expressed their concern regarding the limited supply of mobile broadband spectrum and the affect it has on receivers, which are increasingly operating outside authorized parameters. Mr. Repasi further expressed concern about ineffective private standards, but suggested that greater awareness and cooperation between the private sector and the FCC could alleviate certain issues. Mr. de Vries, however, opined that government-mandated receiver standards are not necessary to fixing the current problems with receivers.

For more information, go to:

**REPORT: CENTER FOR IMMIGRATION STUDIES REPORTS ON AMERICA'S FOREIGN-BORN POPULATION**

The Center for Immigration Studies (CIS) released a report on August 8, 2012 examining the socioeconomic factors with respect to the United States' immigrant population. The report, which uses Census Bureau data from 2010 and 2011, provides findings on the nation's immigrant population – both legal and undocumented – by country of birth, state, and legal status. A key finding from the report is that immigration has dramatically increased the size of the nation's low-income population. In general, immigrants make significant progress the longer they live in the country. But even with this progress, immigrants who have been in the country for 20 years are still much more likely to be poor, lack health insurance, and access the welfare system than are native-born Americans. The CIS report found that the large share of immigrants arriving as adults with relatively little education partly explains this phenomenon.

Some key findings of the report are:

- Immigrants and their U.S.-born children (under 18) accounted for one-fourth of all persons in poverty and nearly one-third of the population lacking health insurance.
- In 2010, 36 percent of immigrant-headed households used at least one major welfare program (primarily food assistance and Medicaid) compared to 23 percent of native households.
- Of immigrant households with children, 57 percent accessed one or more welfare programs, compared to 40 percent of native households with children.
- The share of working-age immigrants (18 to 65) holding a job in 2011 was the same as natives – 68 percent. Immigrant men had higher rates of work than native-born men.
- The primary reason for high immigrant poverty and welfare use is the large share of immigrants who arrived as adults with relatively little education, according to the report. Of adult immigrants (25 to 65), 28 percent have not completed high school, compared to 7 percent of natives. The share of immigrants (25 to 65) with at least a bachelor's degree is somewhat lower than that of natives – 29 vs. 33 percent.
- Among the top states of immigrant settlement, immigrants tend to be the poorest and least educated in Arizona, North Carolina, Minnesota, Texas, Georgia, Colorado, and California. Immigrants tend to be the most educated and prosperous in Virginia, New Jersey, Maryland and Massachusetts.
- There is a very significant variation across sending-countries and regions. Immigrants from East Asia, India and Europe tend to be the most educated and have the highest incomes, while those from Mexico and Latin American tend to be the least-educated and have the lowest incomes.
- The poverty rate of adult immigrants who have lived in the United States for 20 years is 50 percent higher than that of adult natives. The share of adult immigrants who have lived in the United States for 20 years who lack health insurance is twice that of adult natives. The share of households headed by an immigrant who has lived in the United States for 20 years using one or more welfare programs is nearly twice that of native-headed households.
- Approximately 28 percent of the nation's immigrants are in the country illegally. Undocumented immigrants and their U.S.-born children (under 18) account for 5 percent of the nation's overall population, 10 percent of those in poverty, 15 percent of the uninsured and 7 percent of the school age population.


REPORT: PEW HISPANIC CENTER FINDS HISPANIC STUDENT ENROLLMENTS REACH NEW HIGHS IN 2011

The Pew Hispanic Center released a report on August 20, 2012 providing findings on the recent surge in enrollment among young Hispanics. Hispanics now are the largest minority group on the nation's four-year college campuses, according to an analysis of newly available U.S. Census Bureau data. Additionally, for the first time, the number of 18 to 24-year-old Hispanics enrolled in college exceeded 2 million and reached a record 16.5 percent share of all college enrollments. Since 2010, Hispanics have been the largest minority group on the nation's college campuses – four-year and two-year combined.

Key findings of the report include:
- For the first time, nearly one-in-four public elementary school students is Hispanic. Among all pre-K through 12th grade U.S. public school students, a record 23.9 percent were Hispanic in 2011.
- Although rapid Hispanic population growth has played a role in driving Hispanic student enrollment gains over the past four decades, population growth alone does not explain all the enrollment gains made by Hispanic students in recent years. With record high school completion rates, 46 percent are enrolled in a two-year or four-year college.
- Hispanics are the nation's largest minority group, making up more than 50 million, or 16 percent, of the U.S. population. Among the 30 million young people ages 18 to 24, 6 million, or 20 percent, are Hispanic.
- The number of degrees awarded to Hispanic college students has also reached new highs. In 2010, 140,000 bachelor's degrees and 112,000 associate degrees were awarded to Hispanics. In both cases, Hispanics are a growing share of all degree recipients – 13.2 percent among those with an associate degree and 8.5 percent among those who received a bachelor's degree in 2010.

For more information, go to: