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.

**Congress: Senate Democrats Select Committee Chairs**

The Senate Democratic Steering Committee announced the Chairs and members of the Senate Committees on December 12, 2012.

Senator Dianne Feinstein will continue to chair the Intelligence Committee and remains on the Appropriations Committee. She is also second in seniority on the Judiciary Committee and a senior member of the Rules Committee.

Senator Barbara Boxer will remain Chairwoman of the Environment and Public Works Committee, and will also Chair the Ethics Committee. She is also on the Commerce, Science and Transportation Committee, and second in seniority on the Foreign Relations Committee.

Other Committee chairmanships are as follows:
- Agriculture - Sen. Debbie Stabenow (MI)
- Appropriations - Sen. Daniel Inouye (HI)
- Armed Services - Sen. Carl Levin (MI)
- Banking, Housing & Urban Affairs - Sen. Tim Johnson (SD)
- Energy & Natural Resources - Sen. Ron Wyden (OR) (new)
- Finance - Sen. Max Baucus (MT)
- Foreign Relations - Sen. John Kerry (MA)
- HELP - Sen. Tom Harkin (IA)
- Judiciary - Sen. Patrick Leahy (VT)
- Aging - Sen. Bill Nelson (FL) (new)
- Budget - Sen. Patty Murray (WA) (new)
- Joint Economic - Sen. Robert Casey (PA)
- Rules - Sen. Charles Schumer (NY)
- Small Business - Sen. Mary Landrieu (LA)
- Veterans’ Affairs - Sen. Bernie Sanders (VT) (new)
- Indian Affairs - Sen. Maria Cantwell (WA) (new)

For a list of all of the 113th Congress Committee assignments for the Democrats, including the newly elected Senators, go to:
The California Institute wishes to express its gratitude to the following donors for their generous support, without which our work would not be possible.

**Benefactors**
- AT&T
- Center for California Studies, CSUS
- PG&E Corporation
- Sempra Energy
- Southern California Edison
- University of California
- Verizon Foundation

**Sponsors**
- Assn of California Water Agencies
- Bay Area Economic Forum
- California Association of Realtors
- CA Council Science & Technology
- California Farm Bureau Federation
- California Federation of Teachers
- California Institute of Technology
- California School Boards Association
- CA State Association of Counties
- Chevron
- Diesel Technology Forum
- Metropolitan Water District of So. Calif.
- San Bernardino Valley MWD
- University of Southern California

---

http://democrats senate.gov/2012/12/12/committee-assignments-for-113th-congress-approved-by-democratic-steering-committee/.

**TRADE: SENATE PASSES RUSSIA PNTR; SENDS BILL TO PRESIDENT**

On December 6, 2012, by a vote of 92-4, the Senate passed H.R. 6156, the Russia and Moldova Jackson-Vanik Repeal and Sergei Magnitsky Rule of Law Accountability Act of 2012. The House passed the bill on November 16th by a vote of 365 - 43. H.R. 6156 establishes Permanent Normal Trade Relations with Russia upon its accession to the World Trade Organization, which is expected this summer. It also includes language requiring the State Department to identify and publish the names of individuals involved in the arrest and death of Sergei Magnitsky, an activist attempting to expose fraud and corruption by Russian government officials.

In 2011, California ranked number three among the 50 states in exports to the Russian Federation. It’s total export value was $665,080,478. Texas was number one with $1,624,771,519 in exports to Russia.

For more information, search H.R. 6156 at http://thomas.loc.gov.

**TELECOM: ENERGY & COMMERCE SUBCOMMITTEE ASSESSES BROADBAND SPECTRUM LAW**

The House Energy & Commerce Subcommittee on Communications and Technology met on Wednesday, December 12, 2012 to discuss the relative merits of a September 2012 rule change by the Federal Communications Commission (FCC) that would gift, as opposed to auction, large portions of the broadband spectrum. This rule change potentially alters the intent of the Middle Class Tax Relief and Job Creation Act ("the Act"), which allocates up to $7 billion of spectrum auction proceeds towards the construction of a nationwide, interoperable, public safety broadband network and an additional $500 million for other public safety service.

Witnesses included: Mr. Julius Genachowski, Chairman, Federal Communications Commission; Mr. Robert M. McDowell, Commissioner, Federal Communications Commission; Ms. Mignon Clyburn, Commissioner, Federal Communications Commission; Ms. Jessica Rosenworcel, Commissioner, Federal Communications Commission; and Mr. Ajit Pai, Commissioner, Federal Communications Commission.

Issues discussed at the hearing included:
- Panelists generally praised incentive auctions and continuing plans to use auction proceeds for constructing a nationwide broadband public safety network.
- Commissioner McDowell emphasized the complexity of incentive auctions, which will take up to a decade to complete, and expressed caution with respect to overregulation of the wireless market.
- Chairman Genachowski defended the commission's plans to free up 12 to 20 megahertz of spectrum for certain unlicensed uses. He argued that unlicensed spectrum drives innovation, investment, and economic growth.
- Opponents criticized the FCC for circumventing the Act's requirement that the FCC conduct incentive auctions of newly available spectrum in order to maximize proceeds.
- Proponents stated that the policy for setting unlicensed spectrum aside was settled in negotiations on a previous piece of legislation.
SPACE: HOUSE SS&T COMMITTEE EXPLORES NASA’S FUTURE

The House Committee on Science, Space, and Technology held a hearing on Wednesday, December 12, 2012 entitled "The Future of NASA: Perspectives on Strategic Vision for America's Space Program." The purpose of the hearing was to examine findings from the National Research Council (NRC) report on NASA's Strategic Direction and the Need for a National Consensus and hear testimony regarding NASA's strategic direction in the face of the Nation's budgetary challenges.

Witnesses included: The Honorable Robert Walker, Executive Chairman, Wexler & Walker; Maj. Gen. Ronald Sega, USAF (Ret), Vice Chair, National Research Council Committee on NASA's Strategic Direction; The Honorable Marion C. Blakey, President & CEO, Aerospace Industries Association; Dr. Thomas Zurbuchen Ph.D, Professor for Space Science and Aerospace Engineering, Associate Dean for Entrepreneurial Programs, University of Michigan; and Dr. Scott Pace, Ph.D, Director, Space Policy Institute, The George Washington University.

Issues discussed at the hearing included:

- Due to inconsistent projected annual budget increases and abrupt cancellations of major projects, planning for large, multi-year procurements has been difficult and inefficient. Indeed, the NRC report found that budget instability and limitations have hampered NASA's flexibility to efficiently manage the agency.
- The NRC report submitted four options with respect to re-aligning NASA's mission with its budget: (1) institute an aggressive restructuring program to reduce infrastructure and personnel costs to improve efficiency; (2) create more long-term, cost-sharing partnerships with other government agencies, private sector industries, and international partners; (3) increase NASA's budget; and (4) reduce or eliminate one or more of NASA's current major departments (human exploration, Earth and space science, aeronautics, and space technology).
- Panelists mostly concurred with the NRC report findings, indicating that NASA needs long-term investment and consistent policy goals in order to create stability in program objectives.
- Recommendations included improving the safety of NASA astronauts and contractors, strengthening bipartisan support for NASA, and continuing efforts to expand a permanent human presence beyond low-Earth orbit.
- Mr. Walker advocated additional cost-sharing partnerships between NASA and the private sector, including corporate-sponsored projects, to help fund its missions.

For more information, go to: http://science.house.gov/hearing/full-committee-hearing-future-nasa-perspectives-strategic-vision-americas-space-program.

HOUSING: SENATE COMMITTEE REVIEWS HUD'S RENTAL HOUSING ASSISTANCE PROGRAMS

The Senate Committee on Banking, Housing, & Urban Affairs met on Tuesday, December 11, 2012 to examine strategies to reform the Housing Choice Voucher and public housing programs within the U.S. Department of Housing and Urban Development (HUD). Testimony focused on both streamlining administrative processes as well as expanding access to affordable housing for low-income individuals and families.

Witnesses included: The Honorable Sandra B. Henriquez, Assistant Secretary for Public and Indian Housing, U.S. Department of Housing and Urban Development.

Issues discussed at the hearing included:
- Demand for rental assistance has increased during the recession.
- Ms. Henriquez stressed the need to implement both preservation and administrative streamlining in order to address the increased demand for affordable rental housing.
- HUD believes that Public Housing Agencies (PHAs) should enjoy greater flexibility to respond to local housing needs, which includes innovative strategies and locally-tailored partnerships.
- HUD put forth several reforms that have received broad consensus among policy experts: (1) increasing the threshold for medical deductions; (2) consolidating the Family Self-Sufficiency voucher Program to improve administrative efficiency; (3) modifying the definition of extremely low-income to better support working poor families in low-income areas; (4) authorizing enactment of a rent policy demonstration at any agency; (5) establishing a flat rent floor in order to align public housing flat rents more closely with market rents; (6) allowing PHAs to combine their operations to achieve greater operating efficiencies; and (7) authorizing biennial inspections of housing choice voucher (HCV) units, permitting PHAs to concentrate on more marginal and high-risk units.
- Ms. Henriquez acknowledged the concern of many small PHAs that the HUD oversight system is heavy-handed and may need to be reformed in order to better protect tenants and the taxpayers' substantial investment in public housing. She further emphasized the benefits of asset management, which moves basic accounting, budgeting, and management functions from the agency level to the project level.
- Senator Mike Crapo stated his belief that deregulation of Section 8 is critical to HUD reform.
- Ms. Henriquez and Senator Crapo also praised the Moving to Work (MTW) program, which has facilitated creative local projects that reward work and employment.

For more information, go to:

**TAXES: SENATE FINANCE SUBCOMMITTEE EXPLORES INCENTIVES TO PROMOTE ENERGY EFFICIENCY**

The Senate Finance Subcommittee on Energy, Natural Resources, and Infrastructure met on Wednesday, December 12, 2012 to examine tax reform, federal energy policy, and various incentives to promote the efficient use of energy resources. The hearing also focused on several bills introduced in the 112th Congress that incentivized energy efficiency measures through deductions and tax credits for commercial buildings and residential homes.

Witnesses included: Dr. Dan Arvizu, Director, National Renewable Energy Laboratory; Mr. Steve Nadel, Executive Director, American Council for an Energy-Efficient Economy; Mr. Mark F. Wagner, Vice President Government Relations, Johnson Controls, Inc.; and Mr. Matt Golden, Principal, Efficiency. Org, Policy Chair, Efficiency First.

Issues discussed at the hearing included:
- Numerous studies have shown that implementing peer-reviewed energy efficiency measures could yield over a trillion dollars in savings over the next decade. Moreover, over a gigaton of greenhouse gas emissions would be cut over this same time period.
- While energy efficiency efforts have significantly reduced the amount of energy used by the United States over the past thirty years, many experts concur that the nation has seriously underinvested in energy efficiency during this same time period.
- Panelists universally praised the federal government for providing robust, consistent, cost-effective, and long-term tax incentives to help spur energy efficiency innovation.
- Public-private partnerships have spurred energy efficiency innovation and savings at numerous retailers across the country. Additionally, partnerships with building and remodeling industry leaders as well as local non-profits have helped improve efficiency and save money for new and existing homeowners.
Mr. Nadel's study of energy efficiency tax incentives concluded that the most useful tax incentives target long-term, structural market changes; in other words, using temporary federal assistance to build the market for energy-efficient products so tax incentives can be phased out. Indeed, federal tax incentives help to leverage future market growth in advanced technologies and practices that currently have a low market share, he found.

Mr. Nadel further recommended limiting federal funding to projects that maximize the savings per federal dollar invested, including new commercial buildings and retrofits, new homes and whole-home retrofits, and high-efficiency appliances.

Mr. Wagner praised federal energy incentives for encouraging government renovations and upgrades; however, he stated several structural challenges that prevent the private sector from realizing these same benefits. He recommended passing S. 3591, the Commercial Building and Modernization Act ("CBMA"), and creating additional energy efficiency tax incentives for commercial property owners.

Mr. Golden emphasized the importance of treating residential energy efficiency as a resource that will, at least in part, be paid for through energy savings to the grid. He recommended using federal incentives to encourage decreased energy use, rather than maintaining an exhaustive, up-to-date list of specific energy-saving technologies. According to Mr. Golden, this would help encourage individual consumers to use less energy as well as create less restrictive opportunities for commercial innovation.

For more information, go to: http://www.finance.senate.gov/hearings/hearing/?id=439f3f69-5056-a032-52a7-b3240c674aa2

**JUSTICE ISSUES: SENATE JUDICIARY EXPLORES "ENDING THE SCHOOL-TO-PRISON PIPELINE"**

The Senate Judiciary Committee met on Wednesday, December 12, 2012 to consider whether current policies are unintentionally creating an easier path into the criminal justice system for American youth.

Witnesses included: The Honorable Deborah Delisle, Assistant Secretary for Elementary and Secondary Education, U.S. Department of Education; Ms. Melodee Hanes, Acting Administrator, Office of Juvenile Justice and Delinquency Prevention, U.S. Department of Justice; The Honorable Michael DeWine, Attorney General for the State of Ohio; The Honorable Steven Teske, Chief Judge, Juvenile Court of Clayton County, GA; Ms. Judith Browne Dianis, Co-Director, Advancement Project; Mr. Andrew Coulson, Director of the Center for Educational Freedom, Cato Institute; and Mr. Edward Ward, Blocks Together, Dignity in Schools Campaign.

Issues discussed at the hearing included:

- Panelists discussed current efforts to improve school discipline, the juvenile correctional system, after-school programs, and mental health practices for youth. Testimony largely consisted of local examples in which schools referred fewer juveniles to law enforcement and personal stories of hardship and success.

- Panelists commented on the substantial collaborative efforts made by the Department of Education, the Department of Justice, other federal departments, and state and local agencies to improve education outcomes for young people, which – as shown by numerous studies – results in fewer criminal issues later in life.

- Testimony encouraged further efforts to bring leaders together from multiple systems to collaborate on school discipline practices, ensuring proper enforcement of civil rights laws, and increasing investment in data collection, research, and analysis to better understand the linkages between school performance and future criminal behavior.

- Witnesses recommended further investing in evidence-based practices, particularly behavioral frameworks in K-12 education; shifting away from zero-tolerance school discipline policies that too often shift punishment to the juvenile justice system; and focusing more on preventative and constructive approaches to education and behavioral management.
- Ms. Hanes discussed the success of the Supportive School Discipline Initiative, a joint government initiative designed to promote safe, supportive, and productive school disciplinary practices to keep students out of the criminal justice system. She also emphasized reducing racial disparity in the juvenile justice system through federal programming, training, and technical assistance. Finally, she discussed efforts to assist juveniles reentering society after exposure to the juvenile justice system.

- Mr. Teske advocated amending the No Child Left Behind Act to encourage schools to seek alternatives to the juvenile justice system in dealing with disruptive students. He also praised collaborative opportunities between all relevant juvenile justice stakeholders.

For more information, go to:
http://www.judiciary.senate.gov/hearings/hearing.cfm?id=b61e5f08eadf22b2ec4ab964fc64ae9f

**Health: Senate Finance Examines Improving Care for Dually-Eligible Beneficiaries**

The Senate Committee on Finance held a hearing on Thursday, December 13, 2012 entitled "Improving Care for Dually-Eligible Beneficiaries: A Progress Update." The hearing focused on dually-eligible beneficiaries ("duals"), a subgroup of more than nine million individuals who are enrolled in both Medicare and Medicaid. Duals present unique challenges to combating increasing health care spending. Due to their significantly poorer health status, duals account for a disproportionally high amount of government health care spending – $300 billion per year in state and federal government funds. As America's population gets older and, therefore, more disease- and injury-prone, new strategies are needed to ameliorate the costly redundancies and conflicts associated with duals' health care.

Witnesses included: Ms. Melanie Bella, Director, Medicare-Medicaid Coordination Office, Centers for Medicare & Medicaid Services; Mr. Tom Betlach, Director, Arizona Health Care Cost Containment System; Ms. Mary Anne Lindeblad, Director, Washington State Health Care Authority; and Mr. John McCarthy, Director, Ohio Department of Job and Family Services, Office of Health Plans.

Issues discussed at the hearing included:
- Panelists echoed Senator Max Baucus's pleas for streamlining the duals system while maintaining or strengthening protections for beneficiaries.

- Duals must navigate three sets of rules and coverage requirements (Medicare, Medicare Part-D, and Medicaid) and manage multiple identification cards, benefits, and plans in order to acquire proper medical treatment. Panelists uniformly criticized this fragmented care, which often results in poor health outcomes and unnecessary spending.

- In 2011, the Center for Medicare & Medicaid Services' (CMS) launched the Financial Alignment Initiative to more effectively integrate the Medicare and Medicaid programs to improve the quality and costs of care, as well as the overall beneficiary experience. Test cases, including Massachusetts and Washington in August and October 2012, respectively, are in the planning stages.

- CMS has also created numerous efforts to improve access to, and the quality of data for, duals, including the Chronic Condition Data Warehouse, a research database designed to make duals data readily available to researchers.

- Representatives from Washington and Arizona's health care systems shared their experiences with spearheading duals initiatives in their respective states.

- Washington's system, HealthPathWashington is aimed at improving beneficiary experience in accessing care, promoting health planning, and utilizes a predictive modeling system to assign risk scores that identify clients most in need of chronic care management.

- Arizona has utilized novel health plans for Medicare and Medicaid to reduce hospitalizations and readmission.
- Ohio has submitted a proposal, the Integrated Care Delivery System (ICDS), which envisions the creation of a fully integrated and easily navigable system of care that has a central point of contact for enrollees and lowers costs through wellness, prevention, coordination, and community-based services.

For more information, go to:
http://www.finance.senate.gov/hearings/hearing/?id=44840579-5056-a032-52c9-034b7663dc1e

**BRIEFING: RAND STUDIES CONSUMER-DIRECTED HEALTH PLANS IMPACT ON COST AND USE OF HEALTH CARE**

The RAND Corporation, a nonprofit research institution, gave a briefing on Monday, December 10, 2012 entitled "How Consumer-Directed Health Plans Can Affect the Cost and Use of Health Care." It focused on recent findings on the costs and effects of consumer-directed health plans (CDHPs). The briefing was presented by Dr. Amelia M. Haviland, Statistician at RAND.

CDHPs, which include high deductibles and personal health accounts, are a market-based approach that many employers have adopted to address health care spending. They are intended to address health care spending by making consumers responsible for a greater share of spending by providing them more incentive to make prudent, cost-conscious decisions about using health care. CDHPs account for about 17 percent of all employer-sponsored health coverage.

Findings from the RAND study include:
- If half of Americans with employer-sponsored insurance enrolled in CDHPs, annual health care costs would fall by an estimated $57 billion, according to the RAND study.
- Families that switched from a traditional health plan spent an average of 21 percent less on health care in the first year after switching than similar families remaining in traditional plans.
- Two-thirds of the savings came from initiating fewer episodes of care, and one-third came from spending less per episode.
- However, enrollees cut back on the use of some beneficial services, the study found, including preventative care – such as cancer screenings – even though such care was fully covered under CDHPs.
- Reduced utilization of fully-covered preventative care could suggest that employers and health insurance companies need to better educate enrollees about the provisions of their health care plans.
- In conclusion, RAND found that while health care spending significantly decreased in the first year after families switched to a high-deductible plan, it is unclear whether these costs savings could be short-lived, particularly if patients skimp on high-value care services that can ameliorate or prevent more costly health issues later in life.

For more information, go to: http://www.rand.org/congress/activities/2012/12/10.html.