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.

BUDGET: SENATE FAILS TO MOVE FORWARD ON TWO SEQUESTRATION ALTERNATIVES; WHITE HOUSE ESTIMATES SEQUESTRATION IMPACT ON CALIFORNIA

On February 27, 2013, the Senate held two test votes on alternatives to handling the sequestration cuts set to begin on February 28th. As expected, both alternatives failed to garner the 60 votes needed to move forward. The first bill, offered by Senate Republicans, would have retained the $85 billion in sequestration cuts through the end of this fiscal year, but allowed the Administration more discretion in allocating those cuts across the agencies, with the caveat that the Department of Defense’s cuts be limited to no more than 50 percent of the total. Congress, however, would have had the opportunity to disapprove of the reallocation plan. It failed by a vote of 38-62. The second alternative, offered by Democrats, proposed: 1) reducing to $27.5 billion the amount of defense cuts, and postponing the cuts until 2015; 2) ending some agriculture direct subsidy payments; and 3) increasing taxes on income over $1 million. It also failed, 51-49.

The Congressional Budget Office (CBO) released a report on February 5, 2013 examining the budget and economic outlook for fiscal years 2013 to 2023, including the sequester's impact on future growth. According to the CBO, the sequester would reduce total funding in 2013 by $85 billion. Specifically, discretionary funding, which is provided through annual appropriations, would decline by $71 billion and funding for mandatory programs, which is not subject to annual appropriations, would be reduced by $14 billion, as a result of those procedures, CBO found.

Both defense and nondefense programs are subject to the sequester. Estimates are that the defense budget, excluding spending for military personnel, would be cut by around 8 percent across-the-board, and applicable nondefense funding would be cut between 5 percent and 6 percent. The exact size of the automatic reductions will ultimately be determined by the White House Office of Management and Budget (OMB). Most large nondefense programs, including Social Security, Medicaid, unemployment

<table>
<thead>
<tr>
<th>CONTENTS:</th>
</tr>
</thead>
<tbody>
<tr>
<td>Budget: Senate Fails To Move Forward On Two Sequestration Alternatives; White House Estimates Sequestration Impact on California.</td>
</tr>
<tr>
<td>Immigration: House Judiciary Examines Agriculture Guestworker Program.</td>
</tr>
<tr>
<td>Immigration: House Homeland Subcommittee Assesses Border Security.</td>
</tr>
<tr>
<td>Immigration: House Judiciary Assesses E-Verify Program.</td>
</tr>
<tr>
<td>Energy: House E&amp;C Subcommittee Assesses Energy Efficient Technologies.</td>
</tr>
<tr>
<td>Science and R&amp;D: House Science Subcommittees Examine Cybersecurity R&amp;D Challenges and Solutions.</td>
</tr>
<tr>
<td>Housing: Senate Committee Addresses FHA's Financial Condition and Program Challenges.</td>
</tr>
<tr>
<td>Economy: Senate Budget Examines The Impact of Federal Investments.</td>
</tr>
<tr>
<td>Environment: House E&amp;C Subcommittee Assesses States’ Role in Environmental Protection.</td>
</tr>
<tr>
<td>Energy: House E&amp;C Subcommittee Assesses Energy Efficient Technologies.</td>
</tr>
<tr>
<td>Report: California Legislative Analyst’s Office Analyzes Brown's Higher Education Budget.</td>
</tr>
<tr>
<td>Report: California Legislative Analyst’s Office Analyzes Governor’s Criminal Justice Proposals.</td>
</tr>
<tr>
<td>Report: California Legislative Analyst’s Office Releases Report on Governor’s Resources and Environmental Protection Budget.</td>
</tr>
</tbody>
</table>
compensation, and veterans' benefits are exempted from those cuts, and the reduction in Medicare is limited to 2 percent. According to current estimates, discretionary outlays would drop by $35 billion and mandatory spending would be reduced by $9 billion this year as a direct result of those procedures; additional reductions in outlays attributable to the cuts in 2013 funding would occur in later years.

Some Members of Congress and the White House are at odds over the immediacy, intensity, and details of the sequester's impact. To bolster its position that the sequester will greatly harm the economy and the states, the White House released specific estimates of the sequester's potential impact on each of the states. In that document, the Administration reports that, if the sequester were to take effect, California could lose the following funds in 2013:

- K-12 Education: $87.6 million for primary and secondary education. California would also lose approximately $62.9 million in funds for teachers and staff who assist children with disabilities.
- Head Start: Head Start and Early Head Start services could be eliminated for approximately 8,200 children.
- Higher Education: Thousands of low-income students could lose aid and work-study opportunities to help pay for college.
- Environment: $12.4 million in environmental funding for clean water and air quality. Additionally, California could lose $1.9 million in grants for fish and wildlife protection.
- Defense: Approximately 64,000 civilian Department of Defense employees could be forced to take furlough days. For the army, base operation funding could be cut by about $54 million. Funding for Air Force operations could be cut by about $15 million. For the Navy, maintenance and repair of certain ships could be cancelled.
- Law Enforcement & Public Safety: $1.6 million in Justice Assistance Grants that support law enforcement, prosecution and courts, crime prevention and education, corrections and community corrections, drug treatment and enforcement, and crime victim and witness initiatives.
- Job Search Assistance: $3.3 million in funding for job search assistance.
- Vaccines: $1.1 million for vaccinations.
- Public Health: $2.6 million in response funds for public health threats. Additionally, California could lose $12.4 million in grants to help prevent and treat substance abuse. The California State Department of Health Services could lose about $2 million.
- Nutrition Assistance for Seniors: $5.4 million in funds that provide meals for seniors.

For more information on the sequester, go to:


On a related subject, the Continuing Resolution that has kept the government funded since the beginning of the 2013 fiscal year on October 1, 2012, will expire on March 27th. The House majority is
drafting another CR that is expected to provide funding for the remaining seven months of the year. The House may consider the proposal as early as next week.

**IMMIGRATION: HOUSE JUDICIARY EXAMINES AGRICULTURE GUESTWORKER PROGRAM**

On February 26, 2013, the House Judiciary Subcommittee on Immigration and Border Security held a hearing entitled: “Agricultural Labor: From H-2A to a Workable Agricultural Guestworker Program.” Witnesses were: Bob Stallman, President, American Farm Bureau Federation; Chalmers Carr, President and CEO, Titan Farms, Ridge Spring, SC; Michael J. Brown, President, National Chicken Council; and Giev Kashkooli, Political/Legislative Director, 3rd Vice President, United Farm Workers.

Mr. Stallman proposed the establishment of a new agriculture guestworker program to replace the “broken system” that is the current H-2A program. Among the changes in the new program would be giving both employers and workers more flexibility in determining whether to enter into a set contract or not. Employees would also have the ability to remain in the U.S. for up to three years, and employers would not be limited by seasonality requirements. Employers would still face a U.S. workers first requirement, but the process would be streamlined. In addition, they would be required to pay a “reasonable agreed upon wage that reflects market conditions.” The AFBF also supports granting experienced agricultural workers currently in the U.S. a work authorization right in order to allow them to remain in the United States.

Mr. Kashkooli supported a “workable legalization program for the one million or more farm workers who are currently working in the fields and their immediate family members with a roadmap first to permanent resident status, and then to citizenship.” He also strongly supported improving wages and working conditions and increasing farmworkers’ legal protections, and their right to organize.

For the testimony of all the witnesses, go to: [http://judiciary.house.gov/hearings/113th/hear_02262013.html](http://judiciary.house.gov/hearings/113th/hear_02262013.html).

**IMMIGRATION: HOUSE HOMELAND SUBCOMMITTEE ASSESSES BORDER SECURITY**


Issues discussed at the hearing included:
- The concerns of some Members that DHS no longer uses "operational control" as the basis for measuring security at border, nor has defined measures or benchmarks to test what is a secure border.
- GAO’s recommendation that CBP develop “milestones and time frames for developing border security goals and measures to assess progress made and inform resource needs,” and DHS’s concurrence with the recommendations and steps being taken to comply with them.
- The long wait times at some Southern ports of entry and the deleterious effect this has on trade, as well as personal vehicles, and CBP’s efforts to speed up the crossing process.
- The importance of "community engagement," with CPB working in cooperation with state and local law enforcement, as well as the private community, to tap their knowledge of community issues and concerns, and enhance CPB’s ability to shift resources to areas where there might be a threat.

IMMIGRATION: HOUSE JUDICIARY ASSESSES E-VERIFY PROGRAM

On Wednesday, February 27, 2013, the House Judiciary Subcommittee on Immigration and Border Security held a hearing entitled: How E-Verify Works and How it Benefits American Employers and Workers. The witnesses were: Soraya Correa, Associate Director, Enterprises Services Directorate, U.S. Citizenship and Immigration Services; Chris Gamvroulas, President, Ivory Homes; Randel K. Johnson, Senior Vice President for Labor, Immigration and Employee Benefits, U.S. Chamber of Commerce; and Emily Tulli, Policy Attorney, National Immigration Law Center.

Director Correa detailed the increased use of the E-Verify program stating that the number of employers registered to use the program has grown to more than 432,000 as of February 2013 compared to only 24,000 in FY 2007, with the number of new employer registrations averaging between 1-2,000 per week in FY 2012. More than 50,000 federal contractors are enrolled in E-Verify, as well. She also pointed out the improvements that have been made in the system, and the increased “customer satisfaction” as a result. She concluded by stating that: “USCIS is committed to continue the expansion of the E-Verify program while ensuring the accuracy, efficiency, and integrity of the system and simultaneously increasing compliance, knowledge, and understanding of the program and how it benefits the American workforce.”

Mr. Johnson testified that the Chamber of Commerce supports the E-Verify program. He said that the Chamber created a task force in 2011 to assess the program. During that examination, it learned from its members that the system is “greatly improved and, while not perfect, could be workable with continued technical improvements accompanied by specific, important legislative changes.” He also testified that the Chamber’s economist has determined that expanding the program nationwide would not result in the inflated costs that have been estimated.

He called for a federal, nationwide program to replace the current “patchwork of state laws and policies.” The Chamber, however, would oppose any expansion of the program that would require businesses to “reverify” their current workforces. Other changes the Chamber called for include: safe harbors; integrating the I-9 employment verification form with E-Verify; and phasing in the full program over several years with critical infrastructure going first and small businesses last.

For more information, go to: http://judiciary.house.gov/hearings/113th/hear_02272013.html

ENERGY: HOUSE E&C SUBCOMMITTEE ASSESSES ENERGY EFFICIENT TECHNOLOGIES


Witnesses included: The Honorable Lisa Murkowski, U.S. Senator for Alaska, Ranking Member, Senate Energy and Natural Resources Committee; The Honorable Jeanne Shaheen, U.S. Senator for New Hampshire; The Honorable Dr. Kathleen Hogan, Deputy Assistant Secretary for Energy Efficiency, Office of Energy Efficiency and Renewable Energy, U.S. Department of Energy; Mr. Kevin C. Kosisko, Vice President Service, North America ABB, Inc. on behalf of: National Electrical Manufacturers Association and Industrial Energy Efficiency Coalition; Ms. Britta MacIntosh, Vice President, Business Development, NORESCO on behalf of: Federal Performance Contracting Coalition; Mr. James Crouse, Executive Vice President of Sales and Marketing, Capstone Turbine Corporation on behalf of: U.S. Combined Heat & Power Association; Mr. R. Neal Elliott, Associate Director for Research, American Council for an Energy-Efficient Economy; Mrs. Helen A. Burt, Senior Vice President and Chief Customer Officer, Pacific Gas and Electric Company (PG&E); and Mr. Ted Gayer, Co-Director, Economic Studies and Joseph A. Pechman Senior Fellow, The Brookings Institution.

Issues discussed at the hearing included: 
According to the Energy Information Administration, U.S. energy consumption per unit of gross domestic product (GDP) has decreased nearly 60 percent since 1949, dropping from 17.35 thousand British thermal units (Btu) in 1949 to 7.31 thousand Btu in 2011.

Panelists discussed numerous energy efficiency policy opportunities, including appliance and equipment standards, building codes, building labeling and disclosure, training and assistance centers for buildings and industry, and industrial energy efficiency. For example, improving energy efficiency in buildings offers opportunities to create well-paying jobs, save money for businesses and consumers, and make the air cleaner.

Panelists also discussed the importance of energy efficiency in manufacturing, but stressed the need to further educate the business community on available technologies. They also advocated further government cooperation, which can provide visibility, encourage energy efficiency investment through tax policy and other incentives, and support research and development.

Dr. Hogan discussed the Department of Energy's efforts and recent achievements to help people and businesses save money by lowering utility bills in buildings, to enhance American competitiveness and energy productivity through advanced manufacturing, and to reduce fuel consumption and lower the cost of transportation.

Mrs. Burt discussed some of the successes PG&E has achieved in California with respect to energy efficiency and demand response, including maintaining and actively managing 130 programs, often with government cooperation, to meet customer needs. For example PG&E's Smartmeter program represents the largest deployment of automated metering infrastructure in North America, which enables it to provide more reliable service and more frequent information about energy use.

Mrs. Burt also supported making cost-effective energy improvements to existing federal and commercial buildings and setting attainable energy 11 standards for building codes, materials, and appliances, which will reduce pollution, allow consumers to better manage energy costs, and create more opportunities for new technologies to make America more globally competitive.

For more information, go to:

SCIENCE AND R&D: HOUSE SCIENCE SUBCOMMITTEES EXamine CYBERSECURITY R&D CHALLENGES AND SOLUTIONS

The House Committee on Science, Space, and Technology's Subcommittees on Technology and Research held a joint hearing on Tuesday, February 26, 2013 to examine cybersecurity research and development activities, including standards development and education and workforce training, and how they align with current and emerging threats. Additionally, the Committees reviewed the Cybersecurity Enhancement Act of 2013 (H.R. 756), which reauthorizes cybersecurity programs at the National Institute of Standards and Technology (NIST) and the National Science Foundation (NSF).

Witnesses included: Mr. Michael Barrett, Chief Information Security Officer, PayPal, Inc.; Dr. Frederick R. Chang, President and Chief Operating Officer, 21CT, Inc.; and Ms. Terry Benzel, Deputy Director Cyber Networks and Cyber Security, USC Information Sciences Institute.

Issues discussed at the hearing included:
- The GAO found that the number of cybersecurity incidents reported by federal agencies has increased 782 percent from 2006 to 2012. This dramatic increase is attributed in part to the proliferation and increased sophistication of hacking and cyber attack technology.
- Mr. Barrett highlighted some of Paypal's successful security-related programs, including domain-based message authentication, reporting, and conformance, identity management and authentication, and engagement with the National Security alliance to promote online safety.
Additionally, Mr. Barrett recommended that federal policymakers engage in the following: (1) sponsor research that helps fill in information gaps with respect to cybercrime; (2) increase resources for law enforcement; (3) encourage greater workforce development and training for cybersecurity professionals; (4) increase enforcement across borders; (5) remove barriers to public/private cooperation; (5) increase consumer education awareness; and (6) establish a coordinated internet safety framework.

Ms. Benzel discussed efforts to prevent cybersecurity breaches and encourage research, notably through the DETER project, which functions both as a research project and as the operator of a major cyber experimentation lab, DeterLab.

She also noted several strategies to improve cybersecurity prevention efforts, including the following: (1) increasing the breadth and scope of strategic cybersecurity R&D, and creating opportunities for multi-disciplinary research; (2) formulating a research strategy/agenda to develop open, broad, multi-organizational cyber-security experimentation and testing capabilities; (3) developing new models of technology transfer operation, funding, partnership, and cultural change within organizations; and (4) increasing educational programs in cyber-security research and development, with an emphasis on doctoral degrees.

For more information, go to:

**Housing: Senate Committee Addresses FHA's Financial Condition and Program Challenges**

The Senate Committee on Banking, Housing, and Urban Affairs met on Thursday, February 28, 2013 to examine the Federal Housing Authority (FHA) mortgage insurance programs, its role in the recent housing crisis, and recommendations for improvement.

Witnesses included: Mr. Gary Thomas, President, National Association of Realtors; Mr. Peter Bell, President, National Reverse Mortgage Lenders Association; The Honorable Phillip L. Swagel, Professor in International Economic Policy at the Maryland School of Public Policy, University of Maryland; Ms. Sarah Rosen Wartell, President, Urban Institute; Ms. Teresa Bryce Bazemore, President, Radian Guaranty Incorporated; and The Honorable David H. Stevens, President and Chief Executive Officer, Mortgage Bankers Association.

Mr. Thomas discussed the importance of the FHA mortgage insurance program in providing stable underwriting requirements and responsible lending practices. He also praised the FHA for avoiding the brunt of defaults and foreclosures that faced the private mortgage lending industry during the recession.

Finally, Mr. Thomas put forth several recommendations on behalf of the National Association of Realtors, including the following: (1) enhancements to the rules and limits relating to owner-occupancy, investor ownership, and delinquent home owner association assessments with respect to condominiums; (2) elimination of the owner-occupancy ratio requirement for FHA condo mortgages; and (3) flexibility on condominium recertification requirements on fidelity insurance coverage requirements.

Mr. Stevens testified that recent changes announced by the FHA are fiscally prudent and warranted given the financial realities described in the Actuarial Review of FHA's Mutual Mortgage Insurance (MMI) fund for Fiscal Year 2012. He recommended that FHA balance three priorities in implementing new programmatic changes: (1) restoring financial solvency; (2) preserving the housing mission; and (3) maintaining its countercyclical role. He further suggested that the FHA continue to employ its tier downpayment with credit scores, raising the minimum credit score to 620 for all borrowers to make FHA less subject to adverse selection based on its credit policy, and tightening FHA’s credit box to require two-month reserves and debt-to-income requirements for all borrowers to promote stronger performance.
ECONOMY: SENATE BUDGET EXAMINES THE IMPACT OF FEDERAL INVESTMENTS

The Senate Budget Committee met on Tuesday, February 26, 2013 to discuss the impact of federal investments on families, communities, and long-term and broad-based economic growth. Specifically, the hearing covered the importance of investments in people through education and job training, developing and repairing the national infrastructure, and investing in research and development to boost innovation and national competitiveness. The hearing was held in the context of looming automatic federal cuts from sequestration.

Witnesses included: Polly Trottenberg, Under Secretary for Policy, Office of the Secretary of Transportation; Hunter R. Rawlings III Ph.D., President, Association of American Universities; Anthony P. Carnevale Ph.D., Director and Research Professor, Georgetown University Center on Education and the Workforce; David Malpass, President, Encima Global LLC; and Stephen L. Ferguson, Chairman of the Board, Cook Group Incorporated.

Ms. Trottenberg discussed the United States' aging infrastructure, the President's recent proposals to direct billions of dollars towards maintenance and transportation projects, and increasing capital demands over the next several decades. Dr. Rawlings testified on sequestration's significant impacts to university research and student financial aid.

Dr. Carnevale examined the effects of investing in education and job training for individual opportunity and long-term economic growth. He recommended greater efficiency in public programs, including education, employment, and training programs to keep pace with global competition. He also recommended more transparency in measured outcomes to ensure efficiency and maximum choice without interfering in complex institutional and consumer-driven decisions. Mr. Malpass recommended implementing numerous spending cuts in order to shrink the federal government and utilizing debt limit increases to install a lasting limitation on the U.S. marketable debt-to-GDP ratio.

ENVIRONMENT: HOUSE E&C SUBCOMMITTEE ASSESSES STATES’ ROLE IN ENVIRONMENTAL PROTECTION

The House Committee on Energy and Commerce's Subcommittee on Environment and the Economy met on Friday, February 15, 2013 for a hearing entitled "The Role of States in Protecting the Environment Under Current Law." The focus of the hearing was to examine the capabilities and activities of State officials in protecting the environment and public health under several of the Federal laws in the subcommittee's jurisdiction, and under related State laws.

Witnesses included: Environmental Council of States, Teresa Marks, Director, Arkansas Department of Environmental Quality; Association of State Drinking Water Administrators, Jeffery Steers, Director, Land Protection and Revitalization Division, Virginia Department of Environmental Quality; Interstate Oil and Gas Compact Commission, Harold R. Fitch, Supervisor of Mineral Wells and Chief Office of Oil, Gas, and Minerals, Michigan Department of Environmental Quality; National League of Cities, The Honorable Michael A. Sesma, Council Vice President, City of Gaithersburg, Maryland; Association of State Drinking Water Administrators, Sarah Pillsbury, Administrator, Drinking Water and Groundwater Bureau, New Hampshire Dept. of Environmental Services, Ground Water Protection Council, Matthew J. Lepore,
Director, Colorado Oil & Gas Conservation Commission; and National Caucus of Environmental Legislators, The Honorable Pricey Harrison, North Carolina House of Representatives.

Issued discussed at the hearing included:
- Among the natural resource and human health protection issues in which States are currently active are drinking water, solid waste management, hazardous waste clean-up, brownfield remediation, and oil and gas production.
- Panelists generally gave specific examples from their respective states that highlighted state environmental efforts and partnerships with the federal government.
- State environmental agencies are co-regulators with the U.S. Environmental Protection Agency (EPA) in a national system of environmental protection.
- States now implement 96.5% of the federal programs that can be delegated to the states.
- State agencies conduct over 90% of the environmental inspections, enforcement, and environmental data collection, and issue a similar amount of all the environmental permits.
- States supply most of the funding for the implementation of the delegated federal programs – typically 80% of the actual cost.
- States are concerned about the increasing workload that is being asked of them coming at a time when federal funding support for states is declining.

For more information, go to:

**ENERGY: HOUSE E&C SUBCOMMITTEE ASSESSES ENERGY EFFICIENT TECHNOLOGIES**


Witnesses included: The Honorable Lisa Murkowski, U.S. Senator for Alaska, Ranking Member, Senate Energy and Natural Resources Committee; The Honorable Jeanne Shaheen, U.S. Senator for New Hampshire; The Honorable Dr. Kathleen Hogan, Deputy Assistant Secretary for Energy Efficiency, Office of Energy Efficiency and Renewable Energy, U.S. Department of Energy; Mr. Kevin C. Kosisko, Vice President Service, North America ABB, Inc. on behalf of: National Electrical Manufacturers Association and Industrial Energy Efficiency Coalition; Ms. Britta MacIntosh, Vice President, Business Development, NORESCO on behalf of: Federal Performance Contracting Coalition; Mr. James Crouse, Executive Vice President of Sales and Marketing, Capstone Turbine Corporation on behalf of: U.S. Combined Heat & Power Association; Mr. R. Neal Elliott, Associate Director for Research, American Council for an Energy-Efficient Economy; Mrs. Helen A. Burt, Senior Vice President and Chief Customer Officer, Pacific Gas and Electric Company (PG&E); and Mr. Ted Gayer, Co-Director, Economic Studies and Joseph A. Pechman Senior Fellow, The Brookings Institution.

Issues discussed at the hearing included:
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- Panelists discussed numerous energy efficiency policy opportunities, including appliance and equipment standards, building codes, building labeling and disclosure, training and assistance centers for buildings and industry, and industrial energy efficiency. For example, improving energy efficiency in buildings offers opportunities to create well-paying jobs, save money for businesses and consumers, and make the air cleaner.
- Panelists also discussed the importance of energy efficiency in manufacturing, but stressed the need to further educate the business community on available technologies. They also advocated further
government cooperation, which can provide visibility, encourage energy efficiency investment through tax policy and other incentives, and support research and development.

- Dr. Hogan discussed the Department of Energy's efforts and recent achievements to help people and businesses save money by lowering utility bills in buildings, to enhance American competitiveness and energy productivity through advanced manufacturing, and to reduce fuel consumption and lower the cost of transportation.

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For more information, go to:

**REPORT: CALIFORNIA LEGISLATIVE ANALYST'S OFFICE ANALYZES BROWN'S HIGHER EDUCATION BUDGET**

The California Legislative Analyst's Office (LAO) released a report, *The 2013-14 Budget: Analysis of the Higher Education Budget*, on February 12, 2013 analyzing Governor Jerry Brown's higher education plan as laid out in his recent budget proposal. Specifically, the Governor's budget provides $11.9 billion in General Fund support for higher education in 2013-14, which is $1.4 billion (13 percent) more than the revised current-year level. After making adjustments for enrollment and accounting changes that otherwise would distort year-to-year comparisons, programmatic per-student funding increases 4 percent at University of California (UC), 7 percent at California State University (CSU), and 10 percent at California Community Colleges (CCC).

Additionally, the Governor calls attention to major higher education issues in California, including (1) unsustainable increasing costs without necessarily adding productivity or value, (2) reliance on a high-cost, enrollment-based funding model rather than a student success and efficiency-based system, (3) insufficient resources dedicated to core classes required for graduation, and (4) low graduation and transfer rates.

In response to these issues, the Governor's multiyear budget plan proposes the following: (1) annual unallocated base General Fund increases for the universities, with similar increases in Proposition 98 funding expected for the community colleges; (2) more university autonomy in funding debt service; (3) changing how the state funds retirement costs at CSU; (4) changing how the state funds CCC; (5) earmarking funding for several technology-related initiatives; (6) freezing tuition levels; (7) capping the number of state-subsidized college units; (8) and modifying two CCC financial aid policies.

Findings include:
- The LAO concurs that the data generally support the Governor's higher education claims. Indeed, the traditional higher education delivery model – based on a faculty member with an advanced degree teaching a relatively small number of students in a physical setting – is high-cost relative to other potential higher education and industry models largely due to the UC's heavy reliance on research. Moreover, average spending per student at UC is more than 20 percent higher than other universities with very high research activity. Data also suggest excess unit-taking is an issue at CCC and CSU. Finally, graduation rates are low
at CCC and CSU, with only 23 percent of full-time CCC students graduating or transferring within three years and fewer than half of CSU students graduating within six years.

- Despite the Governor's efforts, the LAO stated that it had serious concerns with several aspects of the budget proposals. Most notably, by providing the segments with large unallocated increases only vaguely connected to undefined performance expectations, the Governor cedes substantial state responsibilities to the segments and takes key higher education decisions out of the Legislature's control. Additionally, the LAO stated that extended tuition freezes would very likely result in steep tuition increases during the next economic downturn and reduced accountability in the near-term.

- The LAO recommended that the Legislature reject the Governor's proposals relating to unallocated base increases, combining the universities' capital and support budgets, allowing the universities to restructure their debt, and eliminating enrollment targets. Instead, they recommended that the Legislature allocate any new funding first to meet the state's highest existing priorities, including debt service, employee pension costs, and paying down community college deferrals. If more funding is provided than needed to meet these existing funding obligations, they recommended the Legislature link the additional funding with explicit enrollment and performance expectations.

- The LAO also recommended using existing resources to increase the availability of required courses while reducing the amount of excess course-taking. Likewise, the segments could leverage an existing repository of online courses developed by faculty and enable students to more easily access those courses largely, if not entirely, within existing resources.

- Finally, the LAO believes higher education funding models need a more effective redesign. Under a redesigned system, instead of basing funding entirely on enrollment or on vague performance expectations, the Legislature would establish clear expectations in areas such as program completions, degrees earned, research activity, and cost reductions.

For more information, go to: http://lao.ca.gov/laoapp/PubDetails.aspx?id=2686

REPORT: CALIFORNIA LEGISLATIVE ANALYST'S OFFICE ANALYZES GOVERNOR’S CRIMINAL JUSTICE PROPOSALS

The California Legislative Analyst's Office (LAO) released a report, The 2013-14 Budget: Criminal Justice Proposals, on February 15, 2013 examining Governor Jerry Brown's 2013-14 budget proposals for criminal justice programs, including the judicial branch, California Department of Corrections and Rehabilitation, Board of State and Community Corrections, and the Department of Justice.

The Governor proposed $13.2 billion for criminal justice programs, a 2 percent increase over estimated current-year expenditures. Moreover, the Governor's budget includes General Fund support for criminal justice programs of $10.1 billion in 2013-14, an increase of about 4 percent over the current year. Under the proposed budget, General Fund support for the California Department of Corrections and Rehabilitation (CDCR) remains relatively unchanged in 2013-14, and total support for the judicial branch budget is proposed to increase by 7 percent in 2013-14.

Compared to prior years, the Governor's 2013-14 budget includes few major proposals. The budget, however, includes a one-time $200 million transfer from a court construction fund to the General Fund, as well as a proposal to fund the ongoing service payments for the new Long Beach Courthouse from the same construction fund.

Findings include:
- With respect to court construction, the LAO encouraged the Legislature to weigh the General Fund benefits of these proposals against the likely delays in court construction projects that could result.
- The LAO criticized the methodology that the Governor uses to modify an existing grant program designed to bolster county probation programs and incentivize reductions in the number of probation failures that go to prison.
- The LAO identified several proposals that it believes could be reduced on a workload or policy basis. For example, the caseload request for the Division of Juvenile Justice (DJJ) is likely overestimated by several million dollars because actual population trends are much lower than budgeted, according to the report. Also, the LAO recommended reverting an existing appropriation set aside for future CDCR infrastructure projects, which would save the state $10 million in the budget year. The state could save another $7.5 million in 2013-14 by rejecting the administration's proposal to increase an existing grant to cities to support police services.

- The LAO highlighted several opportunities for legislative oversight of existing programs, including the following: (1) having trial court stakeholders report on what plans they are making to implement ongoing reductions, how these plans will impact court users, and what options the courts and the Legislature have to reduce court operations costs; (2) employing the federal court-appointed Receiver managing the prison medical program report at budget hearings on a new staffing methodology that he is implementing; and (3) requiring the Board of State and Community Corrections to report on its efforts to develop strategies for providing greater technical assistance to local criminal justice agencies, as well as expand its criminal justice data collection program.

For more information, go to: http://lao.ca.gov/laoapp/PubDetails.aspx?id=2687

REPORT: CALIFORNIA LEGISLATIVE ANALYST'S OFFICE RELEASES REPORT ON GOVERNOR’S RESOURCES AND ENVIRONMENTAL PROTECTION BUDGET

The California Legislative Analyst's Office (LAO) released a report on February 19, 2013 analyzing Governor Jerry Brown's 2013-14 budget proposals for various resources and environmental protection departments and programs, including the Department of Water Resources, Department of Forestry and Fire Protection, Department of Parks and Recreation, California Energy Commission, and the Air Resources Board.

The Governor's budget proposals includes $7.5 billion in expenditures from the General Fund, various special funds, bond funds, and federal funds for resources and environmental protection programs in 2013-14, a decrease of 25 percent below estimated expenditures for the current year. The proposed budget includes $3.6 billion for the Department of Water Resources (DWR), $1.3 billion for the Department of Forestry and Fire Protection (CalFire), and $438 million for the Air Resources Board (ARB), in addition to funding for many other departments. This proposed level of expenditures for 2013-14 is a decrease of $2.4 billion, or 25 percent, below estimated expenditures for the current year. The proposed reduction in spending is almost entirely from bond funds.

Findings in the analysis include:

- The LAO noted several issues with the Governor's budget, including the following: (1) using certain revenues for activities that may not be legally allowable given the revenue source, such as using funds generated by a fire fee for certain fire-related activities; (2) initiating projects that would impact state expenditures in future years, such as its commitment of $11.3 million for the Department of Water Resources to begin the remediation of the Perris Dam without sufficient information regarding the most cost-effective approach; (3) concerns regarding inadequate legislative oversight with respect to certain public utility proposals; and (4) departments in the resources and environmental protection area have not spent billions of dollars in appropriated funds in particular fiscal years as planned.

For more information, go to: http://lao.ca.gov/laoapp/PubDetails.aspx?id=2688