BRIEFING: CA SCHOOL BOARDS LUNCH BRIEFING ON K-12 ISSUES FRIDAY, JANUARY 31ST

The California Institute is holding a lunch briefing presented by the California School Boards Association on Friday, January 31, 2014. It will begin at Noon in B-369 Rayburn House Office Building, Washington, DC. Please join us for this briefing.

The briefing will be presented by Dennis Meyers, Assistant Executive Director for Governmental Relations, and Erika Hoffman, Legislative Advocate, of the California School Boards Association. It will cover the federal Elementary and Secondary Education Act (ESEA) reauthorization, Governor Jerry Brown's state budget proposal and its implications for K-12 education, and the state's new Local Control Funding Formula (LCFF).

The California School Boards Association is a collaborative group of virtually all of the state's more than 1,000 school districts and county offices of education. It brings together school governing boards and their districts and county offices on behalf of California's school children.

CSBA is a member-driven association that supports the governance team – school board members, superintendents and senior administrative staff – in its leadership role. CSBA develops, communicates and advocates the perspective of California school districts and county offices of education.

Please join us for this briefing on Friday, January 31st. To attend, please RSVP to sullivan@calinst.org or 202-785-5456.

AGRICULTURE/NUTRITION: HOUSE PASSES FIVE-YEAR FARM AND NUTRITION BILL

On January 29, 2014, the House passed H.R.2642, the Agricultural Act of 2014, the conference report of the House-Senate Farm Bill, by a vote of 251 to 166 (H. Rpt. 113-333). The Senate is expected to pass the measure before the end of next week. The legislation authorizes a five-year farm bill to replace the farm bill that expired in 2012. Under existing law, the United States was on pace to

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A new farm bill is on its way, and it will spend $972.9 billion on related farm bill programs over the next decade; the new bill would cut spending by about $16.5 billion, for a total cost of $956.4 billion, according to Congressional Budget Office Estimates. The overall bill is very important for California’s $43 billion-a-year agricultural industry, as well as for the roughly 4.1 million California residents who currently receive food stamp assistance. Below is a summary of some of the major provisions of the final legislation and their potential impact on California.

**I. Nutrition**

Nearly 80% of the spending in this bill, as in previous farm bills, is for the Supplemental Nutrition Assistance Program (SNAP), commonly known as food stamps. Under the new legislation, SNAP would be cut by about $8 billion over the next ten years. This may result in a reduction in California’s benefits of about $731.2 million, based on previous projections by Stateline, a news service of the Pew Charitable Trusts. This calculation is based on the proportion used by Stateline in projecting that the $5 billion decrease of SNAP benefits in November 2013 (due to the expiration of provisions in the American Investment and Recovery Act) resulted in a $457 million cut to California. For Stateline’s report, go to: [http://public.tableausoftware.com/views/HowwilltheNov_1foodstampcutsaffectyourstate-_0/Dashboard1?:embed=y&:display_count=no](http://public.tableausoftware.com/views/HowwilltheNov_1foodstampcutsaffectyourstate-_0/Dashboard1?:embed=y&:display_count=no).

The SNAP savings are achieved primarily through reforms of the Low Income Home Energy Assistance Program (LIHEAP), a program that based eligibility for increased SNAP benefits on state provided home heating assistance – some states reportedly took advantage of this program by paying residents as little as $1 per month to technically qualify them for more federal benefits.

While California has one of the lowest participation rates in the SNAP program among eligible individuals, federal funds may no longer be used for engaging in SNAP recruitment activities, or advertising SNAP on TV, radio, billboards or through foreign governments.

The bill authorizes $200 million to fund pilot programs in no more than ten states in which state agencies would be awarded grants to promote job training and work requirements for food stamp recipients. The Center for Budget Priorities and Policies has released a summary of the Nutrition Title of the bill, which can be found here: [http://www.cbpp.org/cms/index.cfm?fa=view&id=4082](http://www.cbpp.org/cms/index.cfm?fa=view&id=4082).

**II. Dairy**

In the case of dairy, the dairy product price support program – which historically set minimum prices for dairy products – was repealed, and the milk income loss contract program will also be repealed after a temporary continuation. Instead, dairy farmers can opt to buy coverage through a marginal protection program that will insure farmers against significant losses due to increased feed costs or decreased milk prices. The measure attempts to balance concerns about overproduction by the larger operations and the cost crunch on smaller farms with herds of 200 or fewer cows. A two-tiered system for premium rates is established wherein farmers with more than 200 cows will pay a ratio of roughly three to one what a smaller farmer would pay. The intention is to discourage the large herds from buying too much coverage, while making it easier for the smaller operator to buy extra protection.

**III. Commodities**
Dairy programs are one of many commodities programs, which aim to shield farmers against sharp fluctuations in prices, particularly corn, wheat, soybean, cotton, rice, peanut, and dairy producers. The bill would authorize $44.4 billion in spending on commodities programs, which is $14 billion less than existing law. Notably, the bill ends the crop subsidies known as direct payments, which primarily benefit growers of cotton, rice, wheat, and corn. Direct payments to California rice, cotton, wheat, barley and corn growers totaled $123 million in 2011, according to figures compiled by the Environmental Working Group. Rice growers in the Sacramento Valley and cotton growers in the San Joaquin Valley received the largest share of these payments.

These direct payments would be replaced in part by what lawmakers call improved “risk management” programs, a form of subsidized crop insurance. Spending for crop insurance programs would total $90 billion over ten years, which is an increase of $7 billion over existing law.

IV. Other

The bill provides one year of full funding for the Payment In Lieu of Taxes (PILT) program, which provides funding for vital services in communities containing large amounts of tax-exempt federal lands.

A citrus disease subcommittee will be established under the specialty crops committee within the USDA, to advise on citrus research, extension, and development needs. The committee is to include nine members, three of which are to represent either California or Arizona, five to represent Florida, and one to represent Texas.

Spending for conservation programs will total about $57.6 billion over ten years, which is $4 billion less than existing law. These savings are achieved in part through the consolidation of 23 different conservation programs into 13.

The final legislation does not include a House provision that would have preempted state law regarding animal welfare requirements. California’s Proposition 2, a 2008 measure that required that certain animals be able to turn around freely, lie down, stand up, and fully extend their limbs while confined, will remain unaffected.

For the text of the bill and a bill summary, please visit: http://agriculture.house.gov/bill/agricultural-act-2014

Late last year, the California Institute prepared a report discussing differences between the House and Senate bills, as well as a compilation of resources on the Farm Bill. That report can be obtained at: http://www.calinst.org/pubs/FarmBill2013Report.pdf

STATE ISSUES: GOVERNOR UPBEAT IN STATE OF THE STATE ADDRESS

In an optimistic report on "California's Comeback," Governor Edmund G. Brown Jr. delivered his annual State of the State address on January 22, 2014, highlighting "a million new jobs since 2010, a budgetary surplus in the billions and a minimum wage rising to $10 an hour.” He also pushed for certain reforms to the rainy day fund proposal crafted in 2010 that is scheduled to go before voters on the November ballot, describing how such a fund could support the state's path towards fiscal stability in a way that the current rainy day fund cannot. Some of the positive change in the state's fiscal reality is a credit to the 2010 passage of Proposition 25, which established a majority vote (rather than a supermajority vote) for passage of the state budget, as well as the 2012 approval of temporary tax increases through Proposition 30, he asserted. On the other hand, the boom and bust cycle of the economy has led to instability in the state's budgetary resources, and he pointed to long term obligations such as unfunded pensions and infrastructure maintenance costs that will still prove to be a challenge for the state.
The Governor also renewed his call for all Californians to conserve water in light of the declared "State of Emergency" due to the severe drought, laid out the key elements of the state's long-term water plan and noted the work ahead to fight climate change and build on historic reforms to the state's school funding and criminal justice systems. The guiding principle behind reforms to both education and public safety is the expansion of local authority to implement general state goals in the ways best fit for that locality, he asserted. The Local Control Funding Formula is the new policy for allocating state education dollars to school districts; it aims to provide more funding based on student needs, especially giving more money to schools that have higher proportions of students from disadvantaged backgrounds, while ceding discretion about how to use those funds to local authorities. Similarly, the federal mandate that California reduce its prison population has led to several policy changes in the criminal justice system. Part of the Governor's solution has been to fund counties to deal with offenders (especially lower level offenders) on a local basis, while incentivizing counties to use alternatives to incarceration that are effective in reducing criminal behavior.

For the transcript of Governor Brown's State of the State Address, please visit: http://gov.ca.gov/news.php?id=18373

**INTELLECTUAL PROPERTY: HOUSE JUDICIARY SUBCOMMITTEE EXAMINES FAIR USE**

The House Judiciary Subcommittee on Courts, Intellectual Property, and the Internet held a hearing on "The Scope of Fair Use" on Tuesday, January 28, 2014. The hearing was another in a series undertaken by the Committee to examine all aspects of copyright law. The fair use doctrine holds that unlicensed uses of copyrighted material are not infringing when those uses contribute to social and economic progress and information.

Witnesses were: Professor Peter Jaszi, Faculty Director of the Glushko-Samuelson Intellectual Property Clinic, American University Washington College of Law; Professor June Besek, Executive Director of Kernochan Center for Law, Media and the Arts, Columbia Law School; Ms. Naomi Novik, Author and Co-Founder, Organization for Transformative Works; Mr. David Lowery, Singer/Songwriter and Lecturer, Terry College of Business at the University of Georgia; and Mr. Kurt Wimmer, General Counsel, Newspaper Association of America.

The witnesses provided a range of opinions from the doctrine working well and not needing any modifications to concerns over the expansion of the doctrine and the need to clarify its limitations. Dr. Jaszi succinctly summed up his views: "Don't mess with fair use." He cautioned "that tweaks or improvements (whether intended to broaden or narrow the doctrine) could have serious and adverse unintended consequences." This view was shared by Mr. Wimmer of the Newspaper Association.

Ms. Novik, on the other hand, urged the Subcommittee to strengthen the doctrine, and improve protections for fair users, especially individual artists, who she argued are often threatened with lawsuits and/or takedowns under the Digital Millennium Copyright Act.

For the testimony of the witnesses, go to: http://judiciary.house.gov/index.cfm/hearings?ID=8E18A9AA-1AA4-4D7C-8EBF-0284862EC44B

**RESOURCES/TECHNOLOGY: SENATE ENR COMMITTEE EXAMINES U.S. CRITICAL MINERALS POLICY**

On January 28, 2014 the Senate Energy and Natural Resources Committee held a hearing to review S. 1600, the Critical Minerals Policy Act of 2013. This bipartisan bill, with nine Democratic and eight Republican co-sponsors, aims to expand the U.S. supply of critical minerals -- those minerals
that are key to the manufacturing of technologies that are vital to America's national and economic security, such as the magnets for wind turbines for clean energy, phosphors for more efficient lighting as well as night-vision goggles and heads-up displays for the military, rechargeable batteries in hybrid and electric vehicles, and various components of the nation's advanced weapons systems, among myriad others. Currently, the U.S. relies heavily on foreign suppliers for these critical minerals, including a nearly exclusive reliance on China for rare earth oxides.

Increasing U.S. independence in both the mining and processing of critical minerals will increase stability in the supply chain that supports the manufacturing of vital technologies. The bill would direct relevant federal agencies to cooperate in conducting assessments of where minerals most in need of special attention are located, and then expand research to find more efficient ways of extracting and processing those minerals. Federal agencies would be encouraged to expedite permitting for mining projects. Furthermore, the bill recognizes that mining alone is only one part of the supply chain -- the U.S. also needs to increase processing capacity to transform the raw materials pulled out of the ground into the high-purity compounds needed for useful products.

Witnesses were: David T. Danielson, Assistant Secretary, Office of Energy Efficiency and Renewable Energy, Department of Energy; Larry Meinert, Mineral Resources Program Coordinator, U.S. Geological Survey, Department of the Interior; David Isaacs, vice president of government affairs, Semiconductor Industry Association; Maj. Gen. (Ret.) Robert H. Latif, Research Professor and Director for Intelligence Community Programs School of Engineering, George Mason University; Jim Sims, Vice President of Corporate Communications, Molycorp, Inc., Greenwood Village, Colo.; Bob Swenson, Deputy Commissioner, Alaska Department of Natural Resources; Jennifer Thomas, Director of Federal Affairs, Alliance of Automobile Manufacturers; and Roderick Eggert, Professor and Director of the Division of Economics and Business, Colorado School of Mines, Golden, Colo.

According to Dr. Danielson, the Department of Energy is currently reviewing S. 1600 and has no specific comments on the legislation at this time. He noted that the Department "looks forward to continuing our discussions with Congress on ways to: monitor and identify critical materials as they potentially impact the energy economy; address the production, use, and recycling of critical minerals throughout the supply chain; as well as develop alternatives to critical minerals moving forward. The Department has been moving swiftly on multiple fronts to address challenges across the lifecycle of critical elements, while also exploring alternatives to those that are hardest to obtain." In lieu of specific comments about the legislation, he offered insight based on the Department's Critical Materials Strategy developed in 2010 and 2011. He also discussed the Critical Materials Institute, an Energy Innovation Hub established by the Office of Energy Efficiency & Renewable Energy last year, which is devoted to finding solutions in response to the scarcity of these elements that are critical to U.S. manufacturing and the expansion of clean energy technologies.

Semiconductors, known sometimes as computer chips, are the enabling technology for all modern electronics. They are one of the nation's top exports, and advanced semiconductor manufacturing in the United States is strong and growing, Mr. Isaacs stated. He described the industry challenges with an uncertain supply chain, industry responses to these challenges, and ways that the federal government could support industry efforts to secure key material supplies. In terms of S. 1600, he offered a list of suggestions for improvement to the bill from the perspective of the semiconductor industry, including suggestions for the revision of key definitions within the bill, as well as generalized support for many provisions within the bill.

For more information, please visit:
http://www.energy.senate.gov/public/index.cfm/hearings-and-business-meetings?ID=e42aa3f2-dc0a-4395-8377-0665c856ff5a
WATER: GOVERNOR BROWN DECLARES CALIFORNIA DROUGHT EMERGENCY; CA REPUBLICANS JOIN IN INTRODUCING BILL TO EASE FEDERAL REGULATIONS

As California faces its driest winter in recorded history and over two years of below-average rainfall for most of the state, Governor Jerry Brown has declared a drought State of Emergency. This action allows the state to take actions to address this unprecedented drought, including preparing for potentially severe water shortages for California residents. The impact on the state’s agriculture industry has already taken a heavy toll.

Under the Governor’s proclamation, CAL FIRE has announced it hired 125 additional firefighters to help address the increased fire threat due to drought conditions. The California Department of Public Health identified and offered assistance to communities at risk of severe drinking water shortages and the California Department of Fish and Wildlife restricted fishing on some waterways due to low water flows worsened by the drought.

The Governor has called on all Californians to voluntarily reduce their water usage by 20 percent. On January 30, 2014, the Governor and officials from the Metropolitan Water District, serving almost 19 million Californians, joined in encouraging residents to conserve their water use.

Additionally, the Save Our Water campaign announced four new public service announcements that encourage residents to conserve. In December 2013, the Governor formed a Drought Task Force to review expected water allocations and California’s preparedness for water scarcity.

In response to the devastating effect the drought has had on California’s agriculture industry, California’s entire Republican delegation has co-sponsored H.R. 3964, the Sacramento–San Joaquin Valley Emergency Water Delivery Act, introduced by Rep. David Valadao. It would codify the Bay-Delta Accord and amend the Central Valley Project Improvement Act and the San Joaquin River Restoration Settlement Act to allow additional water deliveries to farmers.

In response to the drought, the Association of California Water Agencies has established a Drought Watch, compiling information on the drought and public and private responses to it. See article below.


RESOURCES: CALIFORNIA WATER AGENCIES SET UP DROUGHT WATCH

The Association of California Water Agencies has released its first issue of California Drought Watch. This new resource is aimed at keeping Californians current on drought conditions, impacts, news and other developments associated with the unprecedented drought that California is experiencing.

California Drought Watch compiles information from many resources and reports on actions taken by public officials related to the drought. For instance, the first issue reports on the January 23rd meeting of the Delta Stewardship Council, where officials said that the unprecedented drought may compel taking unprecedented measures to deal with it.

ACWA has also launched a new interactive map to show local response actions to the drought. The map is available at: http://www.acwa.com/content/drought-map

The Association's California Drought Watch can be accessed at: http://www.acwa.com/content/2014-drought-watch
EDUCATION: HOUSE COMMITTEE CONTINUES HEARING SERIES ON HIGHER EDUCATION

In the twelfth of an ongoing series of hearings entitled "Keeping College Within Reach," the Higher Education and Workforce Training Subcommittee of the House Education and the Workforce Committee convened on January 28, 2014 to examine the topic “Sharing Best Practices for Serving Low-Income and First Generation Students.” A variety of higher education issues are discussed in this series in light of the upcoming reauthorization of the Higher Education Act, including the Committee’s priority of improving postsecondary access and affordability. Witnesses at this most recent hearing discussed state and institutional efforts at providing support for low-income and first generation students in accessing and completing a postsecondary education program, as well as proposals for improving the Higher Education Act.

Witnesses included: James Anderson, Chancellor, Fayetteville State University; Mary Beth Del Balzo, Senior Executive Vice President, College of Westchester; Josse Alex Garrido, Graduate Student, University of Texas - Pan American; Dennis H. Holtschneider, President, DePaul University.

“In the next reauthorization, federal higher education policies should focus on discontinuing needless regulations and duplicative reporting requirements, enhancing access to and success in postsecondary education and closing achievement and college attainment gaps,” stated Dr. Anderson. He outlined several student support programs and institutional efforts that have positively impacted student admittance and performance in college, including early college high schools, pre-college outreach, “The Male Initiative” (a program started at FSU in view of the low retention and graduate rates of underrepresented male students nationally, especially minority male students), learning centers, supplemental instruction, learning communities, faculty development, consistent data analysis, and improved academic advisement. He also discussed what, in his view, is a need to “re-engineer the entire financial aid platform.”

Dr. Holtschneider emphasized similar points in his testimony, especially in regard to reducing regulatory burdens on institutions, ensuring proper use of data, and improving financial aid administration. He focused primarily on ways to strengthen, improve and expand the federal TRIO programs, which are the primary federal outreach and student services programs designed to identify and provide services for individuals from disadvantaged backgrounds. “I believe policy revisions that provide greater flexibility at the program level, incentives for collaboration, both within institutions themselves and also with external partners, and creating sensible reporting requirements are specific areas for attention,” he noted. In regards to “proper use of data,” he asserted that graduation rates must account for transfer students and students who take longer than average to complete their programs, otherwise completion data for schools with large numbers of non-traditional and low-income students would be misleading. He cautioned that data-driven policies must take into account these types of circumstances so as not to curtail opportunities for students. Ms. Del Balzo similarly discussed regulatory issues, financial aid reform, and student support programs.

Finally, Mr. Garrido shared his personal experience as an immigrant student navigating the pathway towards college. He focused on the challenges he faced in not being eligible for scholarship opportunities, and also discussed the ways in which he was a beneficiary of the Texas DREAM Act, which allows immigrant students who have met certain criteria to be eligible to pay in-state tuition. In 2011, California passed a similar statewide DREAM Act.

For more information, please visit: http://edworkforce.house.gov/calendar/eventsingle.aspx?EventID=367572