RESOURCES: HOUSE PASSES CALIFORNIA WATER BILL

By a vote of 221-191, the House on February 5, 2014 passed H.R. 3964, the Sacramento–San Joaquin Valley Emergency Water Delivery Act. The bill, sponsored by Rep. David Valadao (Hanford) and all of the Republican members of the California delegation, is aimed at easing water restrictions in light of the unprecedented drought that California is experiencing. It would supercede federal environmental regulations and increase the amount of water allocated to farmers and communities in the San Joaquin Valley.

Rep. Valadao, in introducing the legislation, argued that it “reforms onerous federal laws – such as the Central Valley Project Improvement Act and the San Joaquin River Restoration Settlement Act – that have severely curtailed water deliveries and resulted in hundreds of billions of gallons of badly needed water being flushed into the ocean. On passage of the bill, Rep. Kevin McCarthy (Bakersfield), the Majority Whip, said: “It is unacceptable that vital water supplies are being forced out to the ocean instead of going to our cities. The issue demands immediate attention and today’s vote represents House Republicans’ commitment to putting California families over fish.”

Opponents of the bill, on the other hand, argue that it would not alleviate the drought, which is being caused by the lack of snow and rain, and its repeal of the San Joaquin River Settlement Agreement would result in the resumption of the numerous and costly lawsuits the Settlement sought to end.

Senators Dianne Feinstein and Barbara Boxer, who oppose the House bill, have indicated they will be introducing a bill shortly aimed at addressing California’s drought.


SPACE: HOUSE SST SUBCOMMITTEE ADDRESSES COMMERCIAL SPACE LAUNCH ACT

On February 4, the Space Subcommittee of the House Science, Space and Technology Committee held a hearing titled "Necessary Updates to the Commercial Space Launch Act (CSLA)" to examine the evolution of the commercial space launch industry since the passage of the CSLA in 1984. The CSLA provides a framework for the Federal Aviation Administration’s (FAA) regulatory authority to license launches and indemnify launch providers from third-party claims, should an accident ever occur; it has been
continually amended as the industry develops and expands. United States commercial space transportation activity has increased significantly and operations have become more advanced—launches licensed and permitted by the FAA grew six-fold from FY 2012 to FY2013, to a total of 18, among other indications of continued private investment in space flight.

Witnesses discussed the federal government’s proper role in providing an efficient and flexible legal and regulatory framework for the U.S. commercial space sector to continue to grow. The panel included: Dr. George Nield, Associate Administrator, Commercial Space Transportation, Federal Aviation Administration; Dr. Alicia Cackley, Director of Financial Markets and Community Investment Team, Government Accountability Office; and Dr. Henry Hertzfeld, Research Professor of Space Policy and International Affairs, Elliot School of International Affairs, George Washington University.

Of the three companies mentioned by Dr. Nield as having successful launches within just the week of January 6th, two of those companies are California-based: SpaceX and Scaled Composites. SpaceX most recently launched a rocket carrying a telecommunications satellite to orbit and has nearly 50 committed launches on its manifest, while Scaled Composites completed a suborbital flight test of their spaceplane SpaceShipTwo. Additionally, SpaceX has successfully provided Commercial Resupply Services (CRS) to the International Space Station for NASA, and is developing new vehicles to carry people to and from the International Space Station in competition for NASA’s Commercial Crew Program.

“The November 2013 National Space Transportation Policy (NSTP) reaffirmed the Administration’s continued commitment to maintain America’s competitiveness in the aerospace sector to ensure the United States will stay on the cutting edge by maintaining space transportation capabilities that are innovative, reliable, efficient, competitive, and affordable and that support U.S. interests,” noted Dr. Nield, “Securing public safety in commercial space transportation is a vital FAA mission.” He went on to outline how the FAA is implementing the NSTP through the orbital transportation safety initiative, international outreach, and continued support of last month’s reauthorization of the provision for the conditional payment of excess third party claims by the U.S. government through 2016.

The GAO reported that the FAA’s risk assessment process is not yet updated, and recommends that the FAA periodically review and update as appropriate its methodology for calculating launch providers’ insurance requirements. An inaccurate maximum probable loss value can increase the cost to launch companies by requiring them to purchase more coverage than is necessary, or result in greater exposure to potential cost for the federal government. The FAA has noted that the potential benefits of developing and implementing a potentially more comprehensive maximum probable loss methodology need to be balanced against the possible increased costs to the agency and to launch companies.

Dr. Hertzfeld provided an extensive overview of the new issues that have surfaced as the industry has grown and become more complex, especially in the areas of federal indemnification, jurisdictional conflicts, and comparisons with regulations in other nations. He recommended that Congress study these issues and allocate future jurisdiction to either the appropriate agency or to specially created committees.

In related news, the California State Assembly recently passed a bill (AB 777) in a 69-5 vote that would grant an exemption to property taxes for equipment “that has, or upon manufacture, assembly, or installation has, space flight capacity” of various forms, as well as property that would be flown on such vehicles, as well as fuels “used exclusively” for spaceflight. The tax exemption would remain in place until
July 2024. The bill awaits a vote in the State Senate. Another commercial space flight related bill (SB 415) was passed unanimously by the California State Senate last week and awaits a vote in the State Assembly. The bill clarifies that an “informed consent” waiver provision for commercial human spaceflight is not “contrary to the public policy of this state.”

For more information, please visit: http://science.house.gov/hearing/subcommittee-space-hearing-necessary-updates-commercial-space-launch-act

**AGRICULTURE/NUTRITION: SENATE PASSES FARM BILL AND SENDS IT TO PRESIDENT FOR SIGNATURE**

After a long negotiation between the House and Senate, a five-year farm bill is being sent this week to the President for his signature. On February 4, 2014 in a 68-32 vote, the Senate passed the conference report on The Agricultural Act of 2014 (H.R. 2642). The legislation would authorize nearly $1 trillion for agriculture and nutrition assistance programs for the next five years. The House passed the bill by a vote of 251-166 on January 29th.

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 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/HowwiltheNov_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

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:

In 2013, 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:

TRANSPORTATION: HOUSE SUBCOMMITTEE EXAMINES AIDS TO MARITIME NAVIGATION

On February 4, 2014, the House Transportation and Infrastructure Subcommittee on Coast Guard and Maritime Transportation held a hearing titled "Finding Your Way: The Future of Federal Aids to Navigation" to review the current state of affairs in maritime navigation and discuss cost effective measures of maintaining and enhancing the maritime transportation infrastructure for future needs. Waterborne cargo and associated commercial activities add $649 billion annually to the U.S. GDP. The Coast Guard, the Army Corps of Engineers, and the National Oceanic and Atmospheric Administration each play integral roles in charting, marking, and maintaining the navigation infrastructure of the nation’s marine transportation system.
The first panel witnesses included: Rear Adm. Joseph Servidio, Assistant Commandant for Prevention Policy, Coast Guard; Rear Adm. Gerd F. Glang, Director, Office of Coast Survey, National Oceanic and Atmospheric Administration; and Jim Hannon, Chief, Operations and Regulatory Division, Army Corps of Engineers. The second panel included: Capt. Lynn Korwatch, Executive Director, Marine Exchange, San Francisco Bay Region; Dana Goward, President, Resilient Navigation and Timing Foundation; Larry Mayer, Professor and Director, Center for Coastal and Ocean Mapping/Joint Hydrographic Center; and John Palatiello, Executive Director, Management Association for Private Photogrammetric Surveyors.

The first panel discussed the current operations of the three federal agencies that are largely responsible for various aspects of the nation’s maritime navigation system. “A key component of our strategy to manage, maintain, and modernize our navigation safety systems is to achieve the proper balance of visual and electronic navigation aid that best facilitates the safe flow of commerce, at the best value to the taxpayer,” noted Adm. Servidio. He described the Coast Guard’s use of differential GPS and e-Navigation systems in achieving this goal.

The focus of NOAA’s role is on informational infrastructure in the form of nautical charts, ocean and coastal observations, positioning services, weather products and services, emergency response support, and integrated ocean and coastal mapping. “As the use of U.S. ports has increased, and larger ships with more advanced sensing technology push the limits of available draft and bridge clearance, the demand for NOAA’s navigation services has never been greater,” reported Adm. Glang.

On behalf of the Marine Exchange of the San Francisco Bay Region, Capt. Korwatch gave context to the importance of these federal efforts to the management of the waterways in places like the San Francisco Bay, one of the busiest waterways in the nation. She stated that its unique coastal characteristics present numerous navigation challenges for managing such diverse users as commercial vessels, ferryboats, recreational boaters, fishermen, sail boarders and kayakers, and even swimmers. San Francisco has one of the highest rates of marine casualties in the nation, she noted, so promoting safety is always a top priority. To this end, she stressed that it is imperative to maintain physical navigation infrastructure of buoys, towers, lights, and lighthouses, as well as develop electronic navigation. Although the physical infrastructure is expensive to maintain, she contended, electronic navigation still has shortcomings and is liable to fail intermittently. Both are needed to achieve optimum safety and avoid the costs of potential disasters, she concluded.

For more information, please visit:

**RESOURCES: HOUSE WATER & POWER SUBCOMMITTEE EXAMINES SURFACE STORAGE**

Following an oversight hearing by the House Natural Resources Subcommittee on Water and Power (Chairman Tom McClintock, Folsom) entitled "A Roadmap for Increasing our Water and Hydropower Supplies: The Need for New or Expanded Multi-Purpose Surface Storage Facilities," held on October 29, 2013, the subcommittee held a legislative hearing on February 5, 2014 to discuss three bills related to water storage capabilities.

Witnesses from the previous oversight hearing had testified about the limitations of a "conservation only" approach to addressing the growing water shortage crisis in the West; they emphasized that improving the nation's aging water infrastructure is the key to increasing the supply of vital water resources for urban, residential, municipal, industrial agriculture, and environmental purposes. Chairman McClintock cited the fact that "California's water system was built for 22 million people, but is now struggling to serve 38 million people. The last major federal, multi-purpose water project in California was the New Melones Dam in 1979." Witnesses outlined the myriad benefits of increased water storage facilities, including arguments that infrastructure development could actually be in consonance with, rather than in direct opposition to, environmental protection efforts. They also highlighted the challenges in pursuing these projects due, they
argued, to cost-prohibitive federal regulations. The recommendations from witnesses provided insight for consideration of the three bills discussed at this week’s hearing.

Witnesses for the legislative hearing included: Stuart Somach, Attorney, Somach, Simmons and Dunn, Sacramento, California; Patrick O’Toole, President, Family Farm Alliance, Savery, Wyoming; Steve Ellis, Vice President, Taxpayers for Common Sense, Washington, D.C.; and Chris Hurd, Circle G Farms, Firebaugh, California.

H.R. 3981, the “Accelerated Revenue, Repayment, and Surface Water Storage Enhancement Act,” would direct the Secretary of the Interior to allow for prepayment of repayment contracts between the United States and water users, and to provide surface water storage enhancement, among other things.

In discussing how various businesses repay the Bureau of Reclamation for water received from its facilities, Mr. Somach noted “how repayment is accomplished and the underlying policy issues associated with the repayment obligation are fairly fundamental to Reclamation law.” He supported H.R. 3981 as a means of facilitating and encouraging early payment for businesses that wish to do so and of establishing a Water Storage Account to fund the building of more water storage capacity.

H.R. 3980, the “Water Supply Permitting Coordination Act,” would authorize the Secretary of the Interior to coordinate Federal and State permitting processes related to the construction of new surface water storage projects on lands under the jurisdiction of the Secretary the Interior and the Secretary of Agriculture and to designate the Bureau of Reclamation as the lead agency for permit processing.

Mr. O’Toole testified that the Family Farm Alliance (FFA) supports H.R. 3980. FFA recommends that the bill include language with specific reference to non-federal state and local projects that could be integrated with the operation of federally owned facilities. “We want to ensure Reclamation is the lead agency in the case of permitting a non-federally built storage project that has a direct federal nexus with a Reclamation project – i.e. Sites Reservoir (California) - where it will be integrated into the Central Valley Project operations but (as proposed by the local Joint Power Authority) remain a non-federally developed and owned facility.”

The final bill discussed has not been introduced in the House. The draft bill would amend the Secure Water Act of 2009 to authorize the Secretary of the Interior to implement a surface water storage enhancement program, among other provisions.

Mr. Hurd, as a board member of the Family Farm Alliance, noted that the FFA also supports the draft bill. “Certainty in Western water policy is essential to the farmers and ranchers I represent, and that is why a suite of water conservation practices, improved water management, water transfers, and other demand reduction mechanisms must be balanced with proactive and responsible development of new water infrastructure. New storage projects must be part of that mix, and creative ways to finance those projects are needed.” He described the financing mechanisms provided for in the draft bill, including the establishment of a ‘Reclamation Surface Water Storage Account’ which would be used to pay for surface water storage projects over a four-year period using a total of $400,000,000 of revenues that would otherwise be deposited in the Reclamation fund. “One of the areas that require further clarification includes the terms of repayment, and the manner in which projects would be selected and how funds are allocated. Also, the bill is not clear on who would get funding support and on what basis the Federal agency can or will determine who receives said support.”

For full witness testimony and the text of the bills considered, please visit: http://naturalresources.house.gov/calendar/eventsingle.aspx?EventID=368068


The Oversight and Management Efficiency Subcommittee of the House Homeland Security Committee held a hearing on February 6, 2014, titled "Examining Challenges and Wasted Taxpayer Dollars in Modernizing Border Security IT [Information Technology] Systems." The Department of Homeland
Security’s (DHS) border enforcement system, known as TECS, is the primary system for determining admissibility of persons to the United States. It is used to prevent terrorism, and provide border security and law enforcement, case management, and intelligence functions for multiple federal, state, and local agencies. It has become increasingly difficult and expensive to maintain and is unable to support new mission requirements. In 2008, DHS began an effort to modernize the system, which is being managed as two separate programs by Customs and Border Protection (CBP) and Immigration and Customs Enforcement (ICE).

A representative from the Government Accountability Office testified regarding a GAO finding that DHS needs to strengthen its efforts to modernize these key enforcement systems in order to use tax dollars more effectively, meet deadlines for implementation, and decrease delays in fielding enhancements to CBP officers and ICE agents. The Chief Technology Officers for CBP and ICE testified in response.


On behalf of the GAO, Mr. Powner outlined the recommendations made in its December 2013 report for the DHS to improve its efforts to manage requirements and risk, as well as its governance of the TECS Mod programs. DHS agreed with all but one of GAO’s eight recommendations, disagreeing with the recommendation about improving CBP’s master schedule. “After spending nearly a quarter billion dollars and over 4 years on its two TECS Mod programs, it remains unclear when DHS will deliver them and at what cost. While CBP’s program has delivered one of the five major projects that comprise the program, its commitments are being revised again and the master schedule used by the program to manage its work and monitor progress has not been fully developed. Moreover, ICE’s program has made little progress in deploying its system, and is now completely overhauling its original design and program commitments, placing the program in serious jeopardy of not meeting the 2015 deadline and delaying system’s deployment. The importance of having updated cost and schedule estimates for both the CBP and ICE programs cannot be understated, as this important management information will provide Congress and DHS with visibility into the performance of these vital border security investments,” concluded Mr. Powner.

On behalf of CBP, Mr. Armstrong asserted that CBP has made significant progress with the TECS Mod Program to date, and they anticipate completion of program development and Full Operational Capability (FOC) in mid FY 2016. “While six milestones were not met early in the program, by incorporating additional operational capabilities and adjusting to address technology implementation challenges, we have met all other major milestones and have been delivering modernized functionality incrementally as planned.” He provided a detailed description of the governance and oversight structure at CBP in the implementation of this project, as well as a performance update about some CBP TECS Mod functionalities that have already been delivered, such as the modernized Secondary Inspection application, which is being used successfully at air, land, and sea ports of entry. The modernized High Performance Primary Query Service was made operational in 2012 and is now being used by the Advance Passenger Information System.

Mr. Michelli further testified to the current status of the TECS Modernization Program by outlining the actions taken by ICE relating to GAO’s findings and their continued collaboration with CBP to address the recommendations offered by GAO. For example, he discussed the agency’s recent completion of a detailed evaluation and a comprehensive analysis of their functional requirements, as well as their initiation of new status reporting methods based on leading practices, providing management with a more immediate picture of program progress. He concluded that, “ICE will continue to coordinate with stakeholders as we move forward with efforts to re-baseline the program and restart development work to become independent of the costly legacy system as soon as a viable modernized system can be deployed.”
EDUCATION: HOUSE AND SENATE COMMITTEES EXAMINE EARLY CHILDHOOD EDUCATION

This week, both the House Education and the Workforce Committee and the Senate Health, Education, Labor and Pensions Committee held hearings to discuss the benefits and federal funding of early childhood education. According to a 2012 Government Accountability Office report, there are 45 federal programs linked to early childhood education and care that are operated by several different federal agencies. “As the committee continues to discuss the early childhood programs in its jurisdiction, such as Head Start and the Child Care and Development Block Grant, we will focus on exploring opportunities to strengthen the programs through enhanced coordination and transparency, while also taking steps to ensure the programs prioritize serving children and families most in need,” noted Chairman Kline of the House Committee.

Witnesses for the House Committee included: Ms. Kay E. Brown, Director for Education, Workforce, and Income Security Issues, Government Accountability Office (GAO), Washington, D.C.; Dr. Grover J. "Russ" Whitehurst, Senior Fellow & Director of the Brown Center on Education Policy, Brookings Institution, Washington, D.C.; Ms. Harriet Dichter, Executive Director, Delaware Office of Early Learning, Wilmington, DE; and Dr. Elanna S. Yalow, Chief Executive Officer, Knowledge Universe Early Learning Programs, Portland, OR.

Witnesses for the Senate Committee included: Dr. Hirokazu Yoshikawa, Courtney Sale Ross University Professor of Globalization Education at the Steinhardt School of Culture, Education and Human Development, New York University, New York, NY; Mr. John White, State Superintendent for Louisiana Department of Education, Baton Rouge, LA; Ms. Danielle Ewen, Director of the Office of Early Childhood Education, District of Columbia Public Schools, Washington, DC; and Ms. Charlotte M. Brantley, President and CEO of Clayton Early Learning, Denver, CO.

“Multiple agencies administer the federal investment in early learning and child care through multiple programs that sometimes have similar goals and are targeted to similar groups of children... the federal investment in these programs is fragmented [and] some of these programs overlap one another,” asserted Ms. Brown of the GAO. She recommended a renewed focus on program coordination and evaluation to ensure programs are more effectively serving children and taxpayers. This recommendation was reiterated by Dr. Whitehurst of the Brookings Institution. In addition to federal and state programs, there are a number of successful private-sector early childhood programs. Dr. Elanna Yalow, CEO of the Knowledge Universe Early Learning Programs, explained the value of public-private partnerships in strengthening early childhood education.

Dr. Yoshikawa provided an academic perspective by summarizing the work of the interdisciplinary group of early childhood experts he represents who have recently conducted an extensive review of rigorous evidence on why early skills matter, the short- and long-term effects of preschool programs on children’s school readiness and life outcomes, the importance of program quality, which children benefit from preschool (including evidence on children from different family income backgrounds), and the costs versus benefits of preschool education. The researchers concluded that large-scale public preschool programs have shown substantial impacts on children’s early learning, quality preschool education provides strong returns on investment, and that quality preschool education can benefit middle-class children as well as disadvantaged children, among many other findings.

Head Start/Early Head Start is a federally funded child development program for very low-income young children and their families. Since its inception in 1965, more than 20 million children and families...
nationally have benefitted from Head Start's comprehensive services. In California, this number is estimated to be more than 1,000,000 children and families. For FY 2013, California received $957,971,585 in federal funding and enrolled 111,909 children.

To learn more about the Senate hearing, please visit:
http://www.help.senate.gov/hearings/hearing/?id=e5fb765e-5056-a032-52c8-f2185f378db1

To learn more about the House hearing, please visit:

For program information about Head Start in California, please visit:
http://caheadstart.org/facts.html