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.

**APPROPRIATIONS: SENATE APPROPRIATIONS REPORTS HOMELAND SECURITY FUNDING**

On Thursday, June 26, 2014, the Senate Appropriations Committee by voice vote FY 2015 Homeland Security appropriations bill. The draft bill, approved by voice vote, includes $39 billion in discretionary spending for the Department of Homeland Security. This is approximately equal to the funding level approved by the House Appropriations Committee earlier this month. The legislation puts total spending at $47.2 billion, $643 million above the FY 2014 enacted level. Highlights of the bill include:

**Customs and Border Protection (CBP)** - The Senate bill would provide $12.6 billion to CBP, which is $18 million below the budget request and $480 million above FY 2014 levels; this level funds 21,370 Border Patrol agents, sustaining the increased levels approved in the fiscal year 2010 Border Security Supplemental Appropriations Act. A proposed raise in customs fees of $2 would pay for additional Customs and Border Protection officers, an extra 1,000 immigration detention beds, as well as a facility for immigrant families to stay together during detention.

**Immigration and Customs Enforcement (ICE)** - The draft bill provides ICE with $5.5 billion, which is $149 million above the president's request and $106 million below fiscal 2014. In response to the growing crisis of unaccompanied minors crossing the border, Senate appropriators have provided additional funding ($87 million) above the Obama administration's initial fiscal 2015 budget request for their transportation and care.

**FEMA** - The subcommittee approved $936 million in fiscal 2015 funding for FEMA salaries and expenses. In an effort to improve the National Flood Insurance Program, the draft bill includes $100 million for updating the out of date and flawed maps that FEMA uses to determine flood risks and flood insurance rates.

The bill would provide $10.2 billion for the Coast Guard, including $8.6 billion in discretionary funding and $1.3 billion in capital expenditures. TSA would receive $7.2 billion. U.S. Citizenship and Immigration Services would receive $124.4 million, including $124.4 million for the E-Verify program.

Approximately $1.5 billion, the same level as FY14, would be allotted for state and local preparedness grants, including the following:
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- $467 million for State Homeland Security Grants, including $55 million for Operation Stonegarden;
- $600 million for the Urban Area Security Initiative, including $13 million for Non-profit Security Grants;
- $100 million for Transit and Rail Security Grants, including $10 million for Amtrak security;
- $100 million for Port Security Grants;
- $340 million each for the Fire Equipment Grant program and the Firefighter Hiring Grant program, $680 million total; and
- $25 million for Predisaster Mitigation Grants;

For more information, please visit:

IMMIGRATION: HOUSE HEARING HELD ON BORDER CRISIS

In recognition of a growing crisis on the U.S. border – the recent surge of unaccompanied minors, largely from Central America, crossing the border illegally – the House Committee on Homeland Security held a hearing on June 24, 2014, to receive testimony from Secretary of Homeland Security Jeh C. Johnson about what is being done to process the unaccompanied youths who are apprehended by border patrol as well what efforts are being made to stem the tide going forward. Since October of last year, 52,000 unaccompanied minors have crossed into the United States along the southern border with Mexico. While nearly two thirds of those crossed through the Rio Grande Valley in Texas, the problem has a great impact on all Southwest border states. Customs and Border Patrol estimates that next year more than 150,000 unaccompanied children may attempt to cross our borders, and CBP is not equipped with the facilities or manpower to handle that volume of detainees, especially with the special care needed for vulnerable children.

To begin with, Secretary Johnson outlined the interagency efforts that are being coordinated to deal with the multi-pronged issues in processing and repatriating these youths, especially in terms of DHS cooperation with Health and Human Services to identify and address the physical and emotional needs of these children. FEMA administrators are also involved in this interagency approach to commit resources to finding housing for detainees while their cases are being evaluated. Because limited housing is one of the most pressing concerns, FEMA, DHS, and HHS are working to find immediate solutions. Much of the controversy on this issue is around housing – as of this week, plans to transport detainees from Texas to some southern California locations have been cancelled for the time being.

Reps. Ken Calvert (Corona) and Duncan Hunter have expressed their concerns to the DHS about plans to move some detainees to a Border Patrol post in Murrieta, CA, saying that these Border Patrol stations were already limited in their resources, and did not have the capacity to handle additional processing of immigrants. A plan to use an Escondido facility for housing also elicited protest from local residents.

In an effort to prevent the influx of unaccompanied child immigrants in the future, Secretary Johnson reported on the contact that the Administration has had with several senior government officials of Guatemala, El Salvador, Honduras, and Mexico to address shared border security interests, the underlying conditions in Central America that are promoting the mass exodus, and how the U.S. can
work with these countries to assure faster, secure removal and repatriation. He also discussed the launching of a publicity campaign in Central America to warn parents of the dangers of sending their children with criminal smuggling networks, and that children who make it to the U.S. will not be allowed to stay. And finally, DHS is working with the DOJ to target the criminal smuggling organizations through targeted operations, including one in the last month in San Diego, CA. Taken together, these steps along with others, represent the current DHS strategy for addressing this crisis.

In related news, another issue that has come to bear is that minors do not have a right to counsel during immigrating hearings. Three California members of Congress have introduced a bill that would do just that – saying that paying for lawyers would have the net benefit of reducing the number of days of immigration procedures, thereby saving American taxpayers two billion dollars a year. The sponsors of the bill are: Reps. Judy Chu (Monterey Park), Karen Bass (Los Angeles) and Lucille Roybal-Allard (Los Angeles).

For more information, please visit:

**RESOURCES: HOUSE PASSES BILL TO EXPEDITE LNG EXPORT PERMITTING**


The bill was amended before passage to give DOE only 30 days after the completion of the required environmental review to make a final determination on the export application. Under current law, LNG exports without specific permits are only allowed to go to countries with which the U.S. has free trade agreements.

Proponents of the bill argue that allowing more exports of LNG would support U.S. national security interests in places such as Ukraine, where Russia has cut off natural gas supplies, and that it would increase jobs in the United States. Opponents, however, are concerned that additional exports abroad may drive up energy costs here.

The House defeated, by voice vote, an amendment that would have required DOE to determine the impact of LNG exports on gas prices, jobs and manufacturing in the States before approving an application.

For more information, go to:
http://clerk.house.gov/floorsummary/floor.aspx?day=20140625&today=20140626 and

**RESOURCES: HOUSE COMMITTEE EXAMINES AGENCIES’ WATER USE PROPOSALS**

The Water and Power Subcommittee (Chairman Tom McClintock, Thousand Oaks) of House Natural Resources Committee held a hearing on Tuesday, June 24, 2014 on proposed EPA and Forest Service actions to purportedly increase control over water use. The Forest Service action would assert management control over "surface and groundwater resources that are hydraulically interconnected, and consider them interconnected in all planning and evaluation activities," Chairman McClintock said.

Opponents argue that this assertion would impose federal authority over groundwater that is traditionally within the purview of state jurisdictions, and which has guided water policy in western states for more than 150 years; this shift could have devastating economic impacts on western states, they argue.
As has been reported in the two previous weeks, at least two other Congressional hearings have considered the proposed EPA rule that would re-define the term "navigable waters" under the Clean Water Act; opponents refute EPA claims that this rule will only clarify the term making regulation more predictable, and instead argue that the rule would vastly expand the jurisdiction of the EPA to regulate virtually all bodies of water and could increase the regulatory burden on farmers and other water users. Ranking member Rep. Grace Napolitano (Norwalk) referred to these past Congressional hearings and emphasized that neither of these agency actions are final, and that the public comment period has been extended through October to give stakeholders more time to address the many complex issues that are being brought to the attention of the subcommittee. While the Chief of the U.S. Forest Service and the Acting Commissioner of the U.S. Bureau of Reclamation were invited to speak in defense of the proposed rules, neither were in attendance at this particular hearing.

Witnesses included: Mr. Lawrence Martin, Attorney, Halverson Northwest Law Group (also representing the National Water Resources Association), Yakima, Washington; Mr. Patrick Tyrrell, State Engineer, State of Wyoming, Cheyenne, Wyoming; Mr. Andrew Lemley, Government Affairs Representative, New Belgium Brewing Company, Fort Collins, Colorado; Mr. Randy Parker, Chief Executive Officer, Utah Farm Bureau Federation, Sandy, Utah; and Mr. Roger Clark, Director, Engineering & Operations, Associated Electric Cooperative, Inc., Springfield, Missouri.

Lawrence Martin testified on behalf of the National Water Resources Association (NWRA), which represents state associations, irrigation districts, other water providers, and their collective interests in the management of irrigation and municipal water supplies in the western states. NWRA members have historically been, and will continue to be supporters of the goals of the Clean Water Act, he said, and its members want to work collaboratively with federal partners to provide meaningful comment. However, he continued, "the sheer mass and complexity of these regulations makes that charge exceedingly difficult." He limited his detailed comments to those about the proposed EPA and Forest Service rules, but he also mentioned that water users are struggling to review, comprehend, and comment on at least four other rules that have the potential to greatly impact stakeholders: (1) Proposed Directives for National Best Management Practices for Water Quality Protection on National Forest System Lands; (2) Proposed Rule on Ski Area Water Rights on Forest Service Lands; (3) Proposed Rule on Listing Endangered and Threatened Species and Designating Critical Habitat; Implementing Changes to the Regulations for Designating Critical Habitat; and (4) Draft Policy Regarding Implementation of Section 4(b)(2) of the Endangered Species Act. "All of these proposals are currently open for comment and have the potential to seriously impact water users. These provisions are not easy reads; they are highly technical documents that cite numerous studies, which in some cases are not even finalized...We have asked for extensions or will ask for extensions to all of these comment periods in coming weeks. I hope the agencies will heed this request; otherwise I fear this recent flood of regulation will drown agricultural and municipal water users in red tape," he concluded.


**TOURISM: SENATE COMMERCE COMMITTEE EXAMINES STATE OF U.S. TOURISM**

The Senate Committee on Commerce, Science, and Transportation's Subcommittee on Tourism, Competitiveness, and Innovation held a hearing titled, "The State of U.S. Travel and Tourism: Government Efforts to Attract 100 Million Visitors Annually", on Thursday, June 26, 2014. The Subcommittee examined the federal government's role and efforts to support the U.S. travel and tourism
industry, especially in relation to the 2012 National Travel and Tourism Strategy's goal of attracting 100 million international visitors to the U.S. annually by the end of 2021. Additionally, members assessed Brand USA, the public-private corporation charged with promoting travel to the U.S. The hearing follows up on a May 8, 2014 hearing that focused on the travel and tourism industry's perspectives on the economic needs and benefits of increasing travel and tourism to the U.S., as well as the industry's assessment of the National Travel and Tourism Strategy and Brand USA.

Witnesses included: Mr. Kenneth E. Hyatt, Deputy Under Secretary for International Trade, International Trade Administration, U.S. Department of Commerce; Ambassador Michele Thoren Bond, Acting Assistant Secretary for Consular Affairs, U.S. Department of State; Mr. Michael Stroud, Acting Assistant, Secretary, Private Sector Office, U.S. Department of Homeland Security; and Mr. John P. Wagner, Acting Assistant Commissioner, Office of Field Operations, U.S. Customs and Border Protection.

"A record 70 million international visitors traveled to the United States in 2013, which is a five percent increase over 2012. Those 70 million international visitors spent a record-shattering $180.7 billion in 2013. That is nearly $1.3 billion more spent each month by international visitors on American goods and services than in 2012," reported Kenneth Hyatt, on behalf of the U.S. Department of Commerce. These and other numbers are evidence of the importance of international tourism to the U.S. economy, and show why it's important for the federal government to make traveling efficient for foreign visitors, as well as promote U.S. tourist destinations abroad, he testified. Hyatt pointed to the 2012 Executive Order "Establishing Visa and Foreign Visitor Processing Goals and the Task Force on Travel and Competitiveness" as one of the driving forces behind this positive trend. Wait times for non-immigrant visas are down and more than two million people now have access to Trusted Traveler Programs, up 60% from 2012. While increasing demand for overseas travel to the U.S. is largely positive for the economy, it has presented new challenges. Travelers continue to experience bottlenecks at the borders, long wait times, and customer service challenges at U.S. ports of entry, and the increased demand is also putting pressure on the nation's limited infrastructure, he allowed. In conclusion, he offered the following recommendations to Congress on behalf of the Department of Commerce: (1) continue to make progress on travel facilitation, including sustaining the progress on visa issuance time frames and continuing to improve the entry experience; (2) do more to support Brand USA, including the reauthorization of its federal funding; (3) increase investment in infrastructure, including surface transportation, airports, and Next Gen air traffic control; and (4) explore additional public-private partnerships so that industry and government can work together to make progress on mutual priorities.

Michael Stroud and John Wagner provided a joint statement about the efforts of U.S. Customs and Border Protection (CBP) in enhancing the ease with which foreign travelers are able to get through customs while maintaining optimal security. They described CBP's use of the Airport Wait Time Console to gather data about the wait time of passengers arriving on aircraft getting through security. They also described how CBP collaboration with Brand USA to promote programs such as the Electronic System for Travel Authorization (ESTA) and Global Entry and to identify ways of improving the traveler experience at U.S. ports of entry based on feedback from the customer satisfaction survey. "DHS continues to welcome the input and engagement of Congress, the private sector and the traveling public to pursue our mission in an increasingly innovative, efficient, and effective way," they concluded.

For more information, please visit:
http://www.commerce.senate.gov/public/index.cfm?p=Hearings&ContentRecord_id=5524437a-df5e-4914-b3e1-f1c5853b859b&ContentType_id=14f995b9-dfa5-407a-9d35-56cc7152a7ed&Group_id=b06c39af-e033-4cba-9221-de668ca1978a
EDUCATION: SENATE FINANCE EXPLORES STUDENT DEBT AND THE TAX SYSTEM

On Tuesday, June 24, 2014, the Senate Finance Committee held a hearing titled "Less Student Debt from the Start: What Role Should the Tax System Play?" in order to assess how comprehensive tax code reform can best reduce the rising costs of higher education and help families afford college. "In its debate over education costs, Congress has put a great deal of focus on how to make students' huge debt bills more manageable. Today the committee will come at this from another angle – one that I think is central to any effort to help struggling families and reinvigorate the middle class. I want to focus on policies that will mean students have less debt from the start," said Chairman Ron Wyden (OR). Witnesses were invited to discuss how the tax code could best be simplified so that families can get the most benefit out of lifelong savings for college, and how to control costs at the university level.

Witnesses included: Mark J. Mazur, Assistant Secretary of the Treasury for Tax Policy; Jayne Caflin Fonash, Director of School Counseling, Loudoun Academy of Science, Sterling, Va.; Scott A. Hodge, President, Tax Foundation; Amber Lee, Graduate, Willamette High School, Eugene, Ore.; and Dean Zerbe, National Managing Director, Alliantgroup.

As the Assistant Secretary of the Treasury for Tax Policy, Mark Mazur provided the Committee with an overview of the major existing tax programs designed to help families save for college, proposals from the Administration in furtherance of this goal, and the changes over time to postsecondary education financing that have presented new challenges to students and their families. Among the current programs are the American Opportunity Tax Credit (AOTC), "529 plans," and Coverdell education savings accounts. The AOTC was enacted in 2009 and will be available through 2017; it provides up to $10,000 of support for students who qualify. Earnings placed in 529 plans or the Coverdell program are not taxed when they are used for qualified education expenses. "Tax credits like the AOTC, especially if they are at least partially refundable, are an effective means to reduce the costs of educational attainment, particularly for lower-income and middle-class families who struggle to finance the costs of college. They can be used to reduce costs of attendance and provide a benefit that does not vary directly with the taxpayer's marginal tax rate," Mazur testified.

Among the Administration's proposals were permanently extending the American Opportunity Tax Credit, improving coordination between Pell Grants and the American Opportunity Tax Credit, modifying reporting of tuition expenses and scholarships on form 1098-T, and providing exclusion from income for student loan forgiveness and certain scholarships. Due to current trends of tuition growing much faster than inflation, declining support for public institutions from state governments, anemic and flat savings rates for middle income families, and limited prospects for earnings during the school year, as well as, on the positive side, increased college enrollment among students from low-and moderate-income families, student loans are becoming an ever-larger part of the education financing mix, said Mazur, and so there is growing need for the government to play a role in facilitating the investments that families make in education while incentivizing institutions to keep costs down.

While many witnesses discussed the advantages of tax credits and other programs for helping make college more affordable, Scott Hodge of the Tax Foundation argued in favor of an approach that does not rely on tax credits or other programs, which he says add to the complexity of the tax code without providing enough benefits to students. Tax credits may actually be a driver of increasing higher education costs, he reasoned, because they end up creating a "windfall" for universities. He offered two solutions: (1) tax reformers should consider consolidating the various targeted savings programs (such as those for college savings, health savings, and individual retirement accounts) into a universal family savings plan that would allow families to choose where best to direct their savings, and (2) create a market mechanism that forces colleges to control future costs, such as through various 529 plans that
could allow parents, grandparents, or students to lock in college costs through pre-payment arrangements. Tax programs, he concluded, are failing to address the underlying reasons for the increase in college education and are likely contributing to the rising costs of higher education. "It's time we consider other solutions that don't require us to use the IRS as a spending agency, especially as we prepare for a comprehensive overhaul of the federal tax code," Hodge concluded.

For the full testimony of witnesses, please visit:
http://www.finance.senate.gov/hearings/hearing/?id=b4a20d10-5056-a032-5282-7f3f1aff09b4

TRANSPORTATION: SENATE AVIATION SUBCOMMITTEE EXAMINES NEXTGEN

On Wednesday, June 25, 2014, the Aviation Operations, Safety and Security Subcommittee of the Senate Commerce, Science and Transportation Committee held a hearing to examine the Federal Aviation Administration's (FAA) progress in implementing the Next Generation (NextGen) Air Traffic Control System, including a review of initial benefits, the agency's efforts to implement relevant provisions from the FAA Modernization and Reform Act of 2012, and steps for future implementation. The implementation of NextGen represents a critical shift from the nation's 1950's era land-based radar air traffic control system to a 21st century satellite-based digital system. Improved air traffic control is necessary to accommodate the increase in travelers every year, ensuring optimal safety and efficiency.

The FAA Modernization and Reform Act of 2012 was passed to improve management, implementation, and stakeholder coordination of NextGen, which has resulted in timelines for implementation of new capabilities that will start benefitting the airlines and the economy as a whole, including multiple runway operations, performance based navigation, surface operations, and data communications. Once operational, it is predicted that NextGen will create significantly more capacity by allowing aircraft to move more efficiently and take more direct routes, thereby drastically reducing fuel consumption and the burden on the environment while saving billions of dollars annually. Most importantly, NextGen is expected to further the FAA's chief mission by dramatically improving the safety of air transportation by giving both pilots and air traffic controllers better situational awareness, as well as allow closer spacing of aircraft, providing additional capacity to operate in already congested airspace.

Witnesses included: The Honorable Michael G. Whitaker, Deputy Administrator, Federal Aviation Administration; Mr. Matthew Hampton, Assistant Inspector General for Aviation Audits, Office of Inspector General, U.S. Department of Transportation; Mr. Paul Rinaldi, President, National Air Traffic Controllers Association; and Mr. Gary Beck, Vice President of Flight Operations, Alaska Airlines.

Through the FAA Modernization and Reform Act of 2012, a "Chief NextGen Officer" position at FAA was created to lead the modernization effort. Since coming into that role in 2013, Michael Whitaker has been responsible for ensuring that the technological foundation is complete that will allow for increased efficiency and predictability in the operation of the National Airspace System (NAS). He provided an overview of the Chief NextGen Officer's Report to Congress, which details the progress to date of NextGen's programs and capabilities, including the Automatic Dependent Surveillance-Broadcast (ADS-B), the new surveillance system that uses GPS signals to determine an aircraft's location. He reported that the FAA is on track to have En Route Automation Modernization (ERAM) operational by Spring 2015, which will replace the 1970s-era computer system used to control traffic in high-altitude airspace.

Whitaker also testified about the ways in which NextGen is already benefitting travelers through shorter flights, better on-time performance, and fewer missed connections. Air carriers are saving precious minutes and fuel while reducing aircraft exhaust emissions by taking advantage of more
precise routing. General aviation pilots and other small aircraft operators are enjoying greater access to
more airports across the country, particularly during poor weather. Finally, air traffic controllers have
access to new tools to help them make the critical decisions necessary to keep the world's busiest
airspace system working as safely and efficiently as possible.

For more information, please visit:
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