



# THE CALIFORNIA INSTITUTE FOR FEDERAL POLICY RESEARCH

1608 Rhode Island Avenue, NW, Suite 213, Washington, D.C. 20036  
202-974-6384 fax:202-223-2330 e-mail: [randsell@calinst.org](mailto:randsell@calinst.org) web: <http://www.calinst.org>

## California Capitol Hill Bulletin

### Volume 16, Bulletin 6– February 26, 2009

*To expand communications between Washington and California, the California Institute provides periodic news bulletins regarding current activity on Capitol Hill that directly impacts the state. Bulletins are published weekly during sessions of Congress, and occasionally during other periods.*

#### **APPROPRIATIONS: HOUSE PASSES FY09 OMNIBUS APPROPRIATIONS**

By a vote of 245-178, the House on Wednesday, February 25, 2009, passed the FY09 omnibus appropriations bill (H.R.1105). The bill includes the nine appropriations bill that were not considered last year. The \$410 billion package must be approved before the March 6<sup>th</sup> expiration of the continuing resolution that is funding federal agencies for the current fiscal year.

Senate action has not yet been planned on the bill.

The California Institute will prepare an analysis of the Omnibus from a California perspective that will be available in the near future.

Some of the major provisions in the bill are:

#### **Justice**

- State and Local Law Enforcement and Crime Prevention Grants: \$3.2 billion, \$495 million above 2008. From 2001 to 2006 these programs were cut by \$1.9 billion (\$4.7 billion to \$2.7 billion).

- Community Oriented Policing Services (COPS): \$550 million,

- Office of Justice Programs: \$2 billion, \$321 million above 2008, for grants to state and local organizations, including Byrne Justice Assistance Grants, drug courts, and programs for at risk youth and missing or abused children.

- State Criminal Alien Assistance Program: \$400 million

- Meth Funding: \$73 million to fight meth including targeted efforts in “hot spots.”

#### **Science**

- Science and Science Education: A total of \$24.3 billion, \$750 million above 2008

- National Aeronautics and Space Administration: \$17.8 billion, \$385 million above 2008

- National Oceanic and Atmospheric Administration: \$4.4 billion, \$468.7 million above 2008

#### **Other Programs**

- Economic Development Assistance: \$240 million, to help local communities address economic challenges though innovation and competitiveness and to attract private investment to create jobs.

#### **Energy**

- \$27 billion, \$2.5 billion above 2008

- Office of Science -\$4.8 billion, \$755 million above 2008

- Advanced Energy Research: \$765 million, \$268 million above 2008, for basic research to tackle major barriers to advancing energy generation and storage such as fusion energy and advanced batteries. This includes \$100 million for 20-30 Energy Frontier Research Centers to perform breakthrough energy research, and \$15 million to establish an Advanced Research Projects Agency – Energy (ARPA-E).

#### CONTENTS:

Appropriations: House Passes FY09 Omnibus Appropriations .....	1
Budget: President Releases Budget Blueprint .....	3
Environment: Committee on Natural Resources Considers Off-Shore Drilling .....	3

ADVISORY BOARD SUPPORTERS  
OF THE  
CALIFORNIA INSTITUTE

The California Institute wishes to express its heartfelt thanks to the following donors for their generous support, without which none of our work would be possible.

**BENEFACTORS**

The California State University  
University of California  
Public Policy Institute of California  
Sempra Energy  
Southern California Edison  
PG&E Corporation

**PATRONS**

AT&T  
The Boeing Company  
General Atomics  
Safeway Inc.  
Verizon Foundation

Hewlett-Packard

**SPONSORS**

Applied Materials  
California Business Roundtable  
California Chamber of Commerce  
California Federation of Teachers  
California Institute of Technology  
Center for California Studies, CSUS  
Century Housing  
Chevron  
League of California Cities  
Pacific Life  
SAIC  
University of Southern California  
Wine Institute

**CONTRIBUTORS**

Association of California Water Agencies  
California Bankers Association  
California School Boards Association  
California State Association of Counties  
City of Los Angeles

**RAND**

Bay Area Economic Forum  
California Association of Realtors  
California Farm Bureau Federation  
California Space Authority  
International Brotherhood of Teamsters  
Jacobs Engineering  
Metropolitan Water District of So. Calif.  
Platinum Advisors  
Trimble Navigation  
Wyle Laboratories  
Xilinx

California Institute for Federal Policy Research  
1608 Rhode Island Ave, NW, Suite 213  
Washington, DC 20036 [www.calinst.org](http://www.calinst.org)

- New Tools and Facilities for Energy Research: \$2.2 billion, \$389 million above 2008, for labs and equipment necessary to perform the next generation of advanced energy research.

- Climate Change Research: \$178 million, \$41 million above 2008, for climate change research including advanced computer modeling.

**Army Corps of Engineers:** \$5.4 billion, \$185 million below 2008.

- Operations and Maintenance: \$2.2 billion, the same as 2008, to address the over \$1 billion backlog of operations and maintenance needs of navigation infrastructure critical to the U.S. economy.

- Construction: \$2.1 billion, \$148 million below 2008, for projects including on-going flood protection efforts.

- Investigations: \$168 million, the same as 2008, to plan and design America's next generation of water resource infrastructure.

- Management Reforms: Continues management reforms instituted at the Corps of Engineers, including the requirement for five-year development plans to guide budget decisions and limitations on reprogramming and contracting methods.

**Department of the Interior**

- Bureau of Reclamation: \$1.1 billion, the same as 2008, for dams, canals, water treatment and conservation, and rural water projects.

- Title XVI, Water Reclamation and Reuse Program: \$39 million, \$15 million above 2008, to develop and expand the use of recycled water to increase water supplies - preserving overdrawn river and groundwater supplies, protecting the environment, and improving the overall security and reliability of water supplies.

**Education**

- Individuals with Disabilities Education Act Part B State Grants: Increases the share of special education costs met by the federal government to 17.4 percent with \$558 million above 2008 for a total of \$11.5 billion.

- Pell Grants: increases the maximum Pell Grant by \$119 to \$4,360, \$3 billion above 2008 for a total of \$17.3 billion. With additional mandatory funding under the College Cost Reduction Act the maximum Pell Grant is \$4,850, increased \$800 since 2006.

- Student Financial Aid: Helps 1.4 million students go to school with programs including federal supplemental educational opportunity grants, Perkins Loans, and the Leveraging Educational Assistance Partnerships programs, with total funding of \$1.9 billion.

- Title I Grants for Low-Income Children: \$648 million above 2008 with total funding of \$15.0 billion.

- Head Start: \$235 million above 2008, with total funding of \$7.1 billion.

- Child Care Assistance: \$65 million above 2008, with \$2.1 billion in total funding.

- After-School Programs: \$50 million above 2008 for a total of \$1.1 billion.

**Other Programs**

- Social Services Block Grant: \$1.7 billion

- Community Services Block Grant: \$46 million above 2008 for a total of \$700 million.

**Transportation**

- Federal Transit Administration: \$10.1 billion, \$773 million above 2008 including:

- New Construction: \$240.2 million above 2008 for Capital Investment Grants for commuter rail or other light rail systems
- Transit Formula Grants: \$493 million above 2008 for Formula and Bus Grants for on-going capital and operating needs of urban and rural transit systems, including funding for new buses, stations, intermodal facilities, and technology improvements
- Highway Infrastructure: \$40.7 billion, \$484 million above 2008, for improvements and repairs

#### **Other Programs**

- Community Development Block Grants: \$3.9 billion, \$34 million above 2008, to fund community and economic development projects in 1,180 localities.
- Brownfields Redevelopment: \$10 million, to clean up former commercial and industrial sites for economic development.
- HOPE VI: \$120 million, \$20 million above 2008, for competitive grants to revitalize neighborhoods with deteriorating public housing projects, including demolition of public housing and construction of mixed-income housing.

Further information can be found at: <http://www.appropriations.house.gov> .

### **BUDGET: PRESIDENT RELEASES BUDGET BLUEPRINT**

President Barack Obama on Thursday, February 26, 2009, released a blueprint of the Administration's \$3.6 trillion FY2010 budget.

To bolster health care, the budget would establish a \$634 billion "reserve fund" over 10 years to cover expanding health care coverage. The budget does not detail specific health care reforms, but does assume that \$316 billion of the increased costs would be paid for by Medicare and Medicaid savings. The rest would come from capping at 28 percent the tax rate at which taxpayers can take itemized deductions – raising \$318 billion.

The budget also assumes that a cap-and-trade market system will be enacted to reduce carbon emissions and that the proceeds from that system will bring in an additional \$645.7 billion in federal revenues over 10 years. \$120 billion of that would go to renewable energy programs, while the rest would be used to pay for the Make Work Pay tax provisions contained in the recently enacted economic recovery bill. The budget also calls for expanding the earned income tax credit at a cost of \$32.9 billion.

To bring down the deficit from its projected \$1.2 trillion in 2010, the Administration also calls for letting tax cuts for upper-income individuals expire in 2010, thus raising \$636.7 billion over ten years. Another \$353.5 billion would be raised by closing corporate tax loopholes.

Further information can be obtained by going to: <http://www.whitehouse.gov/OMB> .

The Institute is preparing an analysis of the President's budget from a California perspective, which will be available soon.

### **ENVIRONMENT: COMMITTEE ON NATURAL RESOURCES CONSIDERS OFF-SHORE DRILLING**

The House Committee on Natural Resources concluded its three-part hearing series on off-shore drilling on Wednesday, February 25, 2009. The hearings were aimed at exploring different perspectives on off-shore drilling and brought a wide range of witnesses to the table over a period of three days.

The first hearing "Off-Shore Drilling: Environmental and Commercial Perspectives" was held on February 11, 2009. California witnesses included Ted Danson of Oceana, Philippe Cousteau of the Ocean Conservancy, Zeke Grader of the Pacific Coast Federation of Fisherman's Associations, and Bruce Allen of Stop Oil Seeps California. All witnesses raised concerns over the expansion and continuation of off-shore drilling along the nation's coastlines. Mr. Grader, who has testified to Congress on the issue of off-shore drilling before, indicated that it was the position of his organization, PCFFA, that Congress and the Administration should reinstate the off-shore oil and gas moratorium. He went on to conclude, that in the

event that the moratorium is not reinstated, that North California and other areas of delicate coastline be removed from lease sales, that mitigation measure be established to protect fishing where new drilling is to occur, and that lease sales be consolidated around areas that oil and gas development is taking place to minimize disruption to fishing and coastal communities.

The second hearing, “Off-Shore Drilling: State Perspectives”, held on February 24, 2009, included California witnesses Congressman Sam Farr, Congressman Dana Rohrabacher, and California Natural Resources Agency Secretary Mike Chrisman. Congressman Sam Farr stated that the “proposed minimal benefits of new drilling operations do not outweigh the potential risks”, and that he disagrees with “concerns...that decreasing US fossil fuel exploitation would result in increased foreign fossil fuel exploitation”. Secretary Chrisman stated that there “should be no ambiguity about where California stands on the issue of off-shore oil and gas leasing off California’s coasts”, the state, under Governor Schwarzenegger has taken a firm stand of opposition. But, the Secretary did indicate that California is working the Minerals Management Service and the Federal Energy Regulatory Commission to “evaluate options for sustainable off-shore energy production”, such as wave and ocean current technologies.

The final hearing in the series- “Off-Shore Drilling: Industry Perspectives”, was held on February 25, 2009. Witnesses included: Marvin E. Odum, President, Shell Oil Company; Lamar McKay, Chairman and President, BP America, Inc.; Larry Nichols, Chairman and Chief Executive Officer, Devon Energy Corporation; Tim Cejka, President, ExxonMobil Exploration Company; Gary Luquette, President, Chevron North America Exploration and Production Company; and Karen A. Harbert, President & CEO, Institute for 21st Century Energy, U.S. Chamber of Commerce. Industry witnesses generally favored the expanding off-shore drilling and the opening of the outer-continental shelf, citing economic and national security benefits and limited environmental impacts as justification. Shell President Marvin Odum, citing a study recently released by ICF International, stated that “future OCS activities would produce more federal revenues...development of America’s oil and natural gas resources that have been kept off-limits (both offshore and onshore) could generate more than \$1.7 trillion in government revenue, create thousands of new jobs and enhance our nation’s energy security.”

Recorded video webcasts, witness testimony and Chairman Rahall’s opening statements for each of the hearings in this series can be found at <http://resourcescommittee.house.gov/>