



THE CALIFORNIA INSTITUTE FOR FEDERAL POLICY RESEARCH

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California Capitol Hill Bulletin

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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.

OBAMA ADMINISTRATION UNVEILS ANOTHER INSTALLMENT OF FY 2010 BUDGET DETAILS

On Thursday, May 7, 2009, OMB published a detailed version of their FY 2010 budget -- putting more flesh on the bones unveiled in a “blueprint” released at the end of February -- and federal agencies offered briefings to provide further details.

The numbers come as part of a somewhat odd sequence, as the House and Senate have already approved budget resolutions. The Congressionally-approved resolutions set only broad spending outlines that will guide appropriators later in the year, so the President’s recommendations for new numbers are still timely.

As always, the budget proposals include pluses and minuses for every state. The Administration requests elimination of the \$400 million State Criminal Alien Assistance Program (SCAAP), which sends the lion’s share of funding to California. The elimination request continues a tradition begun in every Bush Administration budget, where SCAAP is recommended for termination and Congress restores its funds. The budget complains SCAAP is “unfocused” and suggests funds would be better used for enforcement activities (which incidentally would not address alien felons that said enforcement had failed to detect).

Production of the C-17 airlifter would also be formally eliminated -- the workhorse aircraft has been built in Long Beach. The Administration proposes to eliminate \$15 million in earmarked funds for California for retrofitting existing diesel engines, though it will maintain funding for a merit-based nationwide clean diesel program that addresses the same issue for all States, not just California. The budget proposes to eliminate \$145 million in funds for 301 water infrastructure projects in the 2009 omnibus appropriations bill. Also eliminated would be \$3 billion for the F-22 Raptor fighter aircraft program, \$465 million for an alternative engine for the F-35 Joint Strike Fighter program, and the \$300 million Drug-Free Schools and Communities grant program.

Overall FY 2010 budget information for all agencies is available from the White House Office of Management and Budget (OMB) at <http://www.whitehouse.gov/omb/budget/> . More specific information for individual agencies is available from each respective agency.

OMB prepared a fact sheet making predictions about the specific effect of the budget proposal on each state. It claims that, under the President’s budget, California will see tax cuts for 12.6 million families, \$3.7 billion for schools, \$12.6 billion in new funding for Pell Grants, and a pay raise for 227,500 enlisted

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military. The California fact sheet is located at http://www.whitehouse.gov/omb/fy2010_factsheet_ca/.

CALIFORNIA INSTITUTE POSTS BUDGET ANALYSIS ON WEBSITE

On Friday, May 8, 2009, the California Institute released the initial installment of its analysis of the Obama Administration's FY 2010 budget proposal, which had been released the day before. The analysis briefly covers spending proposed for most, though not all, federal agencies. Additional information will be added to the files.

The President's budget outlines the Administration's recommendations for discretionary and mandatory spending, as well as its revenue proposals. Developing a reliable analysis of any budget is difficult. The Institute's analysis provides a California-oriented review of the proposal. It is available on the Institute's website at <http://www.calinst.org/pubs/Budget2010.shtml> or alternatively in pdf format at <http://www.calinst.org/pubs/Budget2010.pdf>.

TECHNOLOGY: HOUSE ENERGY PANEL CONSIDERS COMPUTER SECURITY BILLS

The House Energy and Commerce Subcommittee on Commerce, Trade and Consumer Protection held a hearing on Tuesday, May 5, 2009 on H.R. 1319, the Informed P2P User Act, and H.R. 2221, the Data Accountability and Trust Act.

H. R. 1319, introduced by Rep. Mary Bono Mack (Palm Springs), will ensure that consumers have informed consent before they download P2P software onto their computers and share folders and files with network participants, in order to ensure that they do not also expose private, sensitive information, such as tax returns or social security numbers, to file sharing at the same time.

H. R. 2221, co-sponsored by Rep. George Radanovich (Mariposa), requires that persons possessing electronic data that contain personal information must take steps to ensure that the data is secure. The bill also establishes notification procedures that a company must take when a data breach occurs in order to allow affected consumers to protect themselves.

Witnesses were: Eileen Harrington, Acting Director, Bureau of Consumer Protection, Federal Trade Commission; David M. Sohn, Senior Policy Counsel, Center for Democracy and Technology; Robert W. Holleyman, II, President and Chief Executive Officer, Business Software Alliance; Martin C. Lafferty, Chief Executive Officer, Distributed Computing Industry Association; Stuart K. Pratt, President and Chief Executive Officer, Consumer Data Industry Association; Marc Rotenberg, Executive Director, Electronic Privacy Information Center; Robert Boback, Chief Executive Officer, Tiversa, Inc, and Thomas D. Sydnor II, Senior Fellow and Director of the Center for the Study of Digital Property, Progress & Freedom Foundation.

On H.R. 1319, Ms. Harrington testified that the FTC has worked with the sponsors and others over the last few years to develop the legislation and supported the authority provided to the FTC to impose civil penalties under certain circumstances. She also testified that the FTC supports the goals of H.R. 2221 and recommended two changes. First, the Commission

recommends that the proposed legislation not be limited to security of electronic information, because the breach of sensitive data stored in paper format can be just as harmful to consumers, she stated. In addition, the Commission believes it is important to ensure that the data broker provisions, which establish a procedure for customers to obtain access to and dispute information held by a broker, are compatible with, and do not displace, the protections afforded to consumers under the Fair Credit Reporting Act (FCRA) and are targeted to uses of information that raise concerns for consumers and are not already covered by the FCRA.

Mr. Holleyman testified that BSA supports the objective of improving security and trust on-line and that HR 2221 would “make a substantial contribution to this goal.” BSA, however, has “serious reservations” about H.R. 1319 as drafted. It believes that the breadth of the definitions in the bill would cover both legitimate multipurpose computer programs as well as those programs that are designed and distributed to enable illicit file sharing and have posed risks of inadvertent file sharing. BSA fears that the bill would have substantial unintended consequences for legitimate multipurpose products such as the ones BSA members develop and distribute.

For the testimony of all the witnesses, go to: <http://energycommerce.house.gov> .

BORDER SECURITY: HOMELAND SECURITY PANEL ADDRESSES TRAVEL SECURITY INITIATIVE

The House Homeland Security Subcommittee on Border, Maritime, and Global Counterterrorism, chaired by Rep. Loretta Sanchez (Anaheim), held a hearing on Thursday, May 7, 2009, on “Implementing the Western Hemisphere Travel Initiative at Land and Sea Ports: Are We Ready?” The goal of the WHTI is to have an efficient and operable passport card program at U.S. ports of entry to help the United States ensure the legitimacy of those entering the country.

Witnesses were: Dr. Richard Barth, Acting Principal Deputy Assistant Secretary, Office of Policy Development, Department of Homeland Security; Mr. Thomas Winkowski, Assistant Commissioner, Office of Field Operations, Customs and Border Protection; Mr. John Brennan, Senior Policy Advisor, Bureau of Consular Affairs, Department of State; Ms. Maria Luisa O’Connell, President, Border Trade Alliance; and Mr. Angelo Amador, Director of Immigration Policy, U.S. Chamber of Commerce.

In her opening remarks, Chair Sanchez said that she has concerns about whether the outreach to the local communities along the southern and northern borders has been adequate enough to reduce the potential for confusion that citizens may have when the program is implemented on June 1, 2009. She also wanted to know if the agencies are anticipating a large surge in passport or pass card applications before the deadline and what the contingency plans are for a potential application surge. In addition, she wanted to address whether the departments have adequate staff and application centers along the border for continuing increases in applications after the deadline.

The DHS witnesses noted that the January 31, 2008 implementation of regulations requiring travelers entering the U.S. to show government-issued photo identification and proof of citizenship has been successful. Compliance rates have been well over 93 percent for U.S. and Canadian citizens, and no discernable increase in wait time has been experienced at border entry ports. Barth and Winkowski detailed the allowable documents that can be used, in addition to a passport, and the infrastructure and technology that is being used to ensure an efficient and effective program. On the issue of community outreach, they discussed a multi-media communications campaign that Customs and Border Protection launched in 2008, as well as a website dedicated to the program. In addition, over 6 million educational tear sheets have been handed out to border crossers at entry ports. In conclusion, they testified that DHS and CBP are on track to implement the program by June 1, 2009 and with minimal disruption to travelers and ports of entry.

On the other hand, however, Mr. Amador testified that the Chamber is increasingly concerned that the U.S.-Mexico and U.S.-Canada borders are increasingly creating a competitive disadvantage for U.S.

companies. He argued that security concerns are not being balanced fairly against economic interests in the decision making process. He also testified that private sector data shows much longer wait times than the CBP data, because CBP does not include in its calculations time spent on backed up roads leading to the primary inspection lanes, or time spent on secondary inspections. Mr. Amador called for Congress to pass the Travel Promotion Act. The Act would establish a well-funded private-public outreach campaign to disseminate information on required border crossing documentation and regulations. He also supported H.R. 1655 (the PORTS Act) which would increase CBP funding and personnel, as well as provide an additional \$5 billion to the General Services Administration to upgrade border facilities and infrastructure.

For the testimony of all the witnesses, go to: <http://homeland.house.gov> .

HEALTH CARE: FINANCE COMMITTEE ADDRESSES HEALTH CARE IN SERIES OF ROUNDTABLE DISCUSSIONS

On May 5, 2009, the Senate Finance Committee held the second discussion in a series of round table discussions on overhauling the health care system. The witnesses included: Stuart M. Butler, Vice President of Domestic and Economic Policy Studies at the Heritage Foundation; John Castellani, President of the Business Roundtable; Gary Claxton, Vice President and Director of the Health Care Marketplace Project at the Henry J. Kaiser Family Foundation; Donald A. Danner, President and CEO at the National Federation of Independent Business; Jennie Chin Hansen, President of AARP; Karen Ignagni, President and CEO of America's Health Insurance Plan; R. Bruce Josten, Executive Vice President of Government Affairs at the Chamber of Commerce; Len Nichols, Director of the Health Policy Program at the New America Foundation; Ron Pollack, Executive Director of Families USA; Sandy Praeger, Chairwoman of the Health Insurance and Managed Care Committee at the National Association of Insurance Commissioners; Sara Rosenbaum, Chairwoman of the Department of Health Policy at the George Washington School of Medicine and Law; Diane Rowland, the Executive Vice President at the Henry J. Kaiser Family Foundation; Raymond C. Scheppach, Executive Director of the National Governors Association; Scott Serota, President and CEO of the Blue Cross and Blue Shield Association; and Andy Stern, President of the Service Employees International Union.

Policy and industry experts addressed the question of how to extend coverage to the 46 million currently uninsured Americans and to lower health care costs for Americans who are insured today. Stakeholders discussed proposals to strengthen public health care programs like Medicaid and to create subsidies for low income Americans to get health coverage. The discussion examined ways to help small businesses to afford insurance for their employees and to reform the individual and small group health insurance markets. It also explored options that would make it easier for individuals and small businesses to shop for and find affordable coverage. The Committee Chairman, Sen. Max Baucus (MT), said that expanding health care coverage to uninsured Americans will reduce costs for everyone in the system.

Senators also discussed overhauling regulation of the insurance market so health plans would not be able to deny coverage to or discriminate against patients with pre-existing conditions, and about creating an option for Americans to purchase a public health insurance plan and various ways to structure that plan.

Chairman Baucus has said that he intends to mark up health care reform legislation in the Finance Committee in June. The second roundtable will be held on May 12, 2009 and will focus on the challenges and opportunities of financing comprehensive health care reform.

More information and the testimony from each witness can be found at: <http://finance.senate.gov> .

EMPLOYMENT: HOUSE EDUCATION SUBCOMMITTEE HOLDS SERIES OF HEARINGS TO ADDRESS THE WORKFORCE INVESTMENT ACT

The Higher Education, Lifelong Learning, and Competitiveness Subcommittee of House Education and Labor Committee held a hearing on May 5, 2009, titled: "New Innovations and Best Practices under the Workforce Investment Act," to examine best practices for improving adult education and family literacy.

Witnesses included: David Bere, President and Chief Strategy Officer at Dollar General Corp.; Kathy Cooper, Policy Associate for the Office of Adult Basic Education at the Washington State Board for Community and Technical Colleges; Martin Finsterbusch, Executive Director of VALUE (Voice of Adult Learners United to Educate) Inc.; Donna Kinerney, Instructional Dean of Adult ESOL and Literacy Programs; Roberta Lanterman, Program Director at Long Beach Family Literacy; Stephen Reder, Professor and Chairman of the Department of Applied Linguistics; and Gretchen Wilson, Grammy-winning Recording Artist and GED Graduate. This is the fourth hearing the committee has held as it works toward reauthorizing the Workforce Investment Act, which provides job training, education programs, vocational rehabilitation and other services to Americans.

Roberta Lanterman, Program Director of Long Beach Family Literacy in Long Beach, CA raised concerns that "all too often, we compartmentalize education - early childhood education, adolescent education, adult education, workforce training. We take limited aim at our problems by running from issue to issue, program to program, without remaining focused on the systemic issues that are causing our education and workforce problems." She advocated the inclusion of and support for family literacy programs "as an important delivery model in the provision of adult education services."

Witness testimony from this hearing and previous hearings on the subject can be found at <http://edlabor.house.gov/> .

EDUCATION: PPIC REPORT INDICATES CA WILL HAVE ONE MILLION FEWER COLLEGE GRADS THAN NEEDED IN 2025

According to a report released last month by the Public Policy Institute of California, the state is facing a serious shortfall in its supply of college-educated workers. The report, *Closing the Gap: Meeting California's Need for College Graduates*, was authored by Hans Johnson and Ria Sengupta. According to the report, projections of the state's economy show that it is continuing along a trajectory of steadily increasing demand for a highly educated workforce. But the state is unlikely to meet this demand, the authors argue, unless decision makers implement policies that effect substantial changes in college attendance and college graduation among the state's young adults.

In the report, PPIC projects the size of the education skills gap in 2025 and identifies scenarios that could help close the gap. It finds that if current trends persist, California will have one million fewer college graduates than it needs in 2025—only 35 percent of working-age adults will have a college degree in an economy that would otherwise require 41 percent of workers to have a college degree. According to the report, even relatively modest improvements in each of California's three educational pathways would dramatically reduce the education skills gap.

The complete report can be found at: <http://www.ppic.org> .