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## California Capitol Hill Bulletin

### Volume 14, Bulletin 19 – June 8, 2007

*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.*

#### SENATE IMMIGRATION DEADLOCKS; FUTURE IN DOUBT

The Senate failed to invoke cloture to end debate on the comprehensive immigration reform bill, S. 1348, on June 7, 2007, clouding the fate of the bill. Led by Sen. Jeff Sessions (AL), all Republicans voted against cloture, arguing that there were too many important amendments that had not been considered; they were joined by fifteen Democrats and Independent Bernie Sanders (VT). After the 33-63 vote, Senate leaders spent hours during the day trying to come up with a compromise agreement on amendments to consider, but to no avail as of late Thursday evening. Sen. Majority Leader Harry Reid (NV) vowed to keep working to find a solution satisfactory to both sides, but urged President Bush to push for the bill as well. He said that after further negotiations on amendments to be considered another cloture vote would be held, but if that motion also failed he would pull the bill and it would not be considered again this year.

Before deadlocking on further consideration, the Senate passed several amendments to the bill, including one to sunset the temporary guest worker program after five years. That amendment, sponsored by Sen. Byron Dorgan (ND), was adopted 49-48. Some Senators claimed that the sunset provision is a deal breaker. An amendment by Sen. John Cornyn (TX) was approved 57-39 that strips provisions in the bill giving confidentiality to information provided by undocumented immigrants ultimately denied the new Z visa. The Senate also adopted two seemingly contradictory amendments, one of which makes English the national language and another that declares it the “common language” of the United States.

The bill’s supporters did hold off other amendments, however. One would have blocked legalization for immigrants that had previously denied deportation orders, and another would have moved up the cutoff date for clearing backlogged family-based applications from those filed by May 2005 to those filed in January 2007. The amendment, offered by Sens. Robert Menendez (NJ) and Chuck Hagel (NE) would have granted

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833,000 more immigrants family-reunification visas. Although the amendment garnered 53 votes in support (and 44 against) it failed because it was subject to a point of order requiring a 60-vote majority for passage. An amendment to require immigrants to carry private health insurance if it is not provided by their employers was also defeated 43-55.

### **FY2008 ENERGY AND WATER APPROPRIATIONS APPROVED**

The FY2008 Energy and Water Appropriations bill, providing \$31.6 billion in funding, was approved by the House Appropriations Committee on June 6, 2007. The bill provides \$25.243 billion for the Department of Energy, \$1.150 billion above 2007 and \$480 million above the President's request. Of that, the Office of Science will receive \$4.516 billion, \$116.2 million above the President's request and \$716.8 million above 2007 for basic scientific research, supporting 3,500 additional researchers and allowing almost all of the science facilities to operate at maximum capacity. Basic Energy Research is provided \$208 million, \$30 million above the President's request and \$35 million above 2007 for research into improving technology for energy storage and generation.

The bill also provides \$1.9 billion, \$638 million above the President's request and \$400 million above 2007 for energy efficiency and renewable energy programs, including \$22 million for Hydropower research.

The Army Corps of Engineers will receive \$5.584 billion in funding, \$246 million above 2007 and \$713.4 million above the President's request. Rep. Mike Honda's (San Jose) office reported that the CALFED program will be funded at \$40 million. The Corps' Operations and Maintenance account will be funded at \$2.655 billion, \$681.9 million above 2007 and \$184 million above the President's request. The Committee states the money is "to address an over \$1 billion backlog of operations and maintenance needs to sustain the coastal and inland navigation infrastructure critical to the U.S. economy."

For more information, go to: <http://www.appropriations.house.gov> .

### **HOUSE INTERIOR SPENDING BILL APPROVED**

The House Appropriations Committee approved its \$27.5 billion FY2008 Interior and Environment Bill on Thursday, June 7, 2006. The total is \$1.1 billion over the budget request, and provides \$10.1 billion for the Department of Interior (a \$257 million increase over FY2007), \$8 billion for the Environmental Protection Agency (EPA) (\$361 million increase), \$2.6 billion for the U.S. Forest Service (\$102 million increase), and \$3.3 billion for the Indian Health Service (\$204 million increase). The bill also provides \$160 million for the National Endowment for the Arts and \$19 million for the National Endowment for the Humanities.

Included in the Department of Interior programs is funding for the National Park Service at \$2.5 billion. This is an increase of \$223 million from FY2007. \$1.03 billion was allotted for the U.S. geological survey, an increase of \$50 million from FY2007.

Included in the EPA programs is funding for Science and Technology at \$788 million. This is an increase of \$55 million from FY2007. \$50 million was allotted for the Commission on Climate Change Mitigation, a new program introduced this year. State and Tribal Assistance Grants received \$3.3 billion (\$207 million increase) and the Clean Water State Revolving Fund received \$1.1

billion, a \$41 million increase from last year, and \$437 million above the President's request. The program helps state and local entities upgrade wastewater treatment facilities.

The California Institute will produce an analysis of the bill focused on California implications in the near future. Further information on the bill can be obtained from the Committee's website at:

<http://appropriations.house.gov> .

### **HOUSE APPROPRIATIONS LABOR-H PANEL MOVES FY 2008 BILL**

The House Appropriations Subcommittee on Labor, Health and Human Services (HHS), Education, and Related Agencies approved its \$153.7 billion FY2008 Labor, HHS, and Education Appropriations on Thursday, June 7, 2006. The total is \$11.9 billion over the budget request, and provides \$11.8 billion for the Department of Labor (a \$209.2 million increase over FY2007), \$68.1 billion for the Department of Health and Human Services (\$4.1 billion increase), \$61.7 billion for the Department of Education (\$4.2 billion increase), and \$25.6 billion for the No Child Left Behind Act (\$1.9 billion increase). The bill also provides \$9.6 billion for the Social Security Administration and \$843.3 million for the Corporation for National and Community service.

Included in the Department of Labor programs is funding for Migrant and Seasonal Farmworkers at \$83.7 million. This is an increase of \$2.6 million from FY2007. \$60 million was allotted for the YouthBuild program, an increase of \$10.5 million from FY2007.

Included in the Department of HHS programs is funding for Head Start at \$6.9 billion. This is an increase of \$75 million from FY2007. \$2.1 billion was allotted for the Community Health Centers, an increase of \$199.9 million from FY2007. Healthy Start received \$120 million (\$18.4 million increase) and the Child Care & Development Block Grants received \$2.6 billion (\$75 million increase).

Included in No Child Left Behind programs is funding for Reading First at \$400 million (\$629.2 million decrease), Title I improvement grants at \$500 million (\$375 million increase), State Grants for Improving Teacher Quality at \$3.1 billion (\$300 million increase), and GEAR UP at \$323.4 million (\$20 million increase). The Teacher Incentive Fund received \$99 million compared to just \$200,000 in FY2007.

The California Institute will produce an analysis of the bill focused on California implications in the near future. Further information on the bill can be obtained from the Committee's website at:

<http://appropriations.house.gov> .

### **HOUSE PASSES STEM CELL RESEARCH BILL**

On June 7, 2007, the House passed S. 5, the Stem Cell Research Enhancement Act of 2007, by a vote of 247-176 . The bill would lift restrictions on federal funding that President Bush put in place Aug. 9, 2001 and allow federal funding of research using stem cells from surplus embryos discarded by fertility clinics. President Bush is expected to veto the measure, just as he vetoed similar legislation last summer. While it is clear that House backers of the bill do not have the two-thirds majority needed to override the veto, they are determined to keep pushing until the bill becomes law. Republicans offered a motion to recommit with instructions to amend the measure — a tool they have successfully used before in the 110th Congress to change or stall legislation — but it was defeated, 180-242. The Senate, which passed the current bill, 63-34, on April 11, would get the first crack at a veto override vote because the measure originated in that chamber. After accounting for absent members, supporters previously have calculated they are one vote short of an override.

For more information, please visit: <http://www.house.gov> .

### **AGRICULTURE PANELS MARK UP HOUSE FARM BILL TITLES**

On June 6, 2007, the House Agriculture Subcommittee on Specialty Crops, Rural Development, and Foreign Agriculture approved the Peanuts, Sugar, and Rural Development titles of the 2007 Farm Bill. The Peanut Title (subtitle C) extends direct payments, counter-cyclical payments, marketing assistance loans, and planting flexibility provisions from the previous farm bill. This title was passed by a voice vote without amendment. The Sugar title (subtitle D) extends the existing non-recourse loan program and establishes authority for market allotments. Subtitle D was also passed by voice vote without amendment. The Rural Development title reauthorizes many previously existing programs with slight changes including: increasing funding for the

Wastewater Circuit Rider Program, revising Rural Cooperative Development Grants and Technical Infrastructure, and improving quality of rural health care facilities. The Rural Development title was passed by voice vote with three amendments. The first, proposed by Committee Chair McIntyre, addressed the criteria to be applied in considering applications for rural development projects. Rep. Salazar proposed the second amendment concerning strategies and effectiveness of rural broadband programs. And the third, proposed by Rep. Barrow, reorganized programs for technology transfers for rural areas. All three titles were favorably recommended to the Agriculture Committee by voice vote.

On June 7, 2007, the House Agriculture Subcommittee on Horticulture and Organic Agriculture approved the Horticulture and Organic title of the 2007 Farm Bill. The Subcommittee draft expands the specialty crop block grant program, doubles the amount of U.S. Department of Agriculture (USDA) purchases of fruits and vegetables for use in school lunch (Section 32), and extends the honey marketing loan program. It also requires USDA to continue monitoring and searching for a solution to address Colony Collapse Disorder in honey bees, funds USDA's cost-share program for organic producers seeking certification, expands the Farmers' Market Promotion Program, and provides USDA authority to include good handling practices and other measures to ensure food safety in marketing orders for specialty crops. Also, the title establishes new tools and programs to address plant pests and diseases, and establishes uniform maturity requirements for Haas avocados. It also restores to the Department of Agriculture's responsibility for border inspection of imported agricultural products. The Horticulture and Organic title was passed by voice vote with five amendments. The first amendment, proposed by Committee Chair Dennis Cardoza (Atwater), provides an independent evaluation of the USDA commodity purchasing process, particularly considering Section 32 and the importance of increasing purchases of specialty crops. Representative Foxx proposed to redirect funds for USDA to collect organic production and market data. Representative McCarthy's amendment establishes a Fresh Produce Education Initiative to inform industry and the public about food safety handling and practices. The Subcommittee also approved Representative Kuhl's two amendments which establish the National Clean Plant network to fund the distribution of healthy plant stocks in the specialty crops industry and increase the payment limitation cap for payments under the Tree Assistance Program. The title, as amended, was favorably recommended to the Agriculture Committee for addition to the 2007 Farm Bill (HR 2419).

For more information, please visit: <http://agriculture.house.gov> .

## **SENATE COMMITTEE ON TAX IMPACT OF STOCK OPTIONS**

The Senate Homeland Security and Governmental Affairs held a hearing on June 5, 2007 to examine the difference in treatment of stock options between accounting rules and tax laws. A number of witnesses testified, including: Stephen F. Bollenbach, Chairman of the Board of Directors, KB Home, Los Angeles; John S. Chalsty, Chairman, Compensation Committee, Occidental Petroleum Corporation, Los Angeles; William Y. Tauscher, Member & Former Chairman, Compensation Committee, Safeway, Inc., Pleasanton, CA; Kevin M. Brown, Acting Commissioner, Internal Revenue Service; and John W. White, Director, Division of Corporation Finance, Securities and Exchange Commission.

In his opening remarks, Chairman Carl Levin (MI) cited a 2004 IRS study showing about a \$43 billion difference between what companies expensed on their books as a result of granting stock options to employees and the tax deductions they were allowed to claim with the IRS, with the tax deduction being in many cases six to ten times greater than the book charge. This, Levin said, allowed the companies to save up to \$15 billion in taxes. The reason for the difference is that since June 2005 FASB has required companies to expense the value of stock options on the day they are granted. IRS rules, however, allow companies to deduct option expenses on the day the employee exercises them, by which time the options often have increased significantly in value.

The representatives from KB Homes, Occidental Petroleum, and Safeway cited the major growth in their companies as a major reason for the book-tax differential. During questioning, each allowed that his company did not have a position on whether IRS regulations should be changed to treat stock options the same as the FASB accounting rule requires, stating that their companies would follow whatever rule was in effect. Mr. Tauscher, however, cautioned that a close examination of any possible unintended adverse consequences of changing the rule should be undertaken first.

For the testimony of all the witnesses, visit: <http://hsgac.senate.gov> .

### **SCIENCE COMMITTEE REVIEWS TECHNOLOGIES TO LIMIT ILLEGAL FILE SHARING**

The House Science and Technology Committee on June 5, 2007 held a hearing to examine whether new technologies are available to limit illegal file sharing on college campuses. The Committee estimated that, in 2006, some 1.3 billion music and movie tracks were downloaded illegally in the U.S. by college students through peer-to-peer (P2P) filesharing programs, compared with about 500 million legal downloads. Witnesses at the hearing included Dr. Charles Wight, Associate Vice President for Academic Affairs and Undergraduate Studies, University of Utah; Dr. Adrian Sannier, Vice President and University Technology Officer, Arizona State University, on leave from Iowa State University; Mr. Vance Ikezoye, President and CEO of Audible Magic Corporation; Ms. Cheryl Asper Elzy, Dean of University Libraries, Illinois State University; Management Team, ISU's Digital Citizen Project; Dr. Greg Jackson, Vice President and Chief Information Officer, University of Chicago.

The witnesses discussed their universities' experiences with two different types of technological measures to prevent illegal filesharing on their networks: traffic-shaping systems and network-filtering systems. Traffic-shaping systems control the speed of network transmissions based on where in the network they originate and what computer program sends them. This makes filesharing slower and more difficult by reducing the flow of data to and from computers that tend to transmit or receive copyright-infringing transmissions. Network-filtering systems specifically identify and block transmissions that contain copyrighted material. The witnesses discussed the extent to which these technologies were able to reduce illegal filesharing, and also some technological issues surrounding their use – such as privacy and the impact on speed and reliability of campus networks.

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

### **HOUSE JUDICIARY CONTINUES IMMIGRATION HEARINGS**

Led by Rep. Zoe Lofgren (San Jose), the House Judiciary Subcommittee on Immigration, Citizenship, Refugees, Border Security, and International Law held two more hearings in its continued examination of immigration reform. Both took place on June 6, 2007 with the first focusing on the perspectives of the business community at which the witnesses were: Laszlo Bock, Vice President, People Operations Google Inc.; John Gay, Senior Vice President for Government Affairs & Public Policy National Restaurant Association; William Hawkins, Senior Fellow U.S. Business and Industry Council; and Jerry Mixon, Partner Mixon Family Farms. The second hearing on immigration statistics included testimony from: Rep. Dana Rohrabacher (Huntington Beach); Ellen Wasem Ph.D., Specialist in Immigration Policy, Congressional Research Service; Ron Bird Ph.D., Chief Economist and Director of the Office of Economic Policy and Analysis, U.S. Department of Labor; Michael Hofer, Director of the Office of Immigration Statistics (OIS), U.S. Department of Homeland Security; and Charles Oppenheim, Chief, Visa Control and Reporting Division U.S. Department of State.

Mr. Bock, at the first hearing, reiterated the contributions of immigrants to the high technology industry, noting that Google, as well as Intel, eBay, Yahoo!, Sun Microsystems, and many other companies were all founded by immigrants. "In fact," he said, "over the last 15 years, foreign nationals have started 25 percent of U.S. venture-backed public companies, accounting for more than \$500 billion in market capitalization and adding significant value to our economy." Noting the importance of recruiting the most talented workers, regardless of nationality, to help U.S. companies compete globally, Mr. Bock urged the Committee to "significantly increase" the 65,000 cap on H-1B skilled worker visas. He reported that in April 2007, the number of petitions to the U.S. Citizenship and Immigration Services exceeded the current annual cap within the first two days of the Fiscal Year 2008 filing period, with an estimated 133,000 visa applications filed. "This marked the ninth time since 1997 that the cap has been reached before the end of the fiscal year and the fourth year in a row that it has been reached on or before the start of the fiscal year," Mr. Bock said.

In the afternoon hearing Rep. Rohrabacher testified on the adverse impact that illegal immigrants have on the Social Security system. He stated that many undocumented immigrants work for cash under the table and therefore not only do they not pay into Social Security but their employers do not make their contribution either. In addition, he argued, because these are jobs that legal workers otherwise would have, the Social Security contributions from them are not made. The other witnesses provided statistics on the estimated number of undocumented immigrant workers in the United States, as well as on authorized foreign residents and workers. Ms. Wasem's testimony was particularly thorough, showing trends in the U.S. foreign-born population over several years, as well as the immigration-status distribution among this population.

The testimony of all the witnesses can be found at: <http://www.judiciary.house.gov> .

### **SENATE HEARING LOOKS AT WATER ISSUES RELATING TO CLIMATE CHANGE**

On Wednesday, June 6, 2007, the Senate Energy & Natural Resources Subcommittee on Water and Power held a hearing to consider the impacts of climate change on water supply and availability in the United States, looking at climate issues from a water use perspective. Witnesses included Philip W. Mote, of the JISAO/CSES Climate Impacts Group, Bradley Udall with the Cooperative Institute for Research in Environmental Sciences, and Christopher Milly of the United States Geological Survey.

A second panel of witnesses included Timothy Brick, Chairman of the Board of the Metropolitan Water District of Southern California, Patrick O'Toole with the Family Farm Alliance, Jack Williams of Trout Unlimited, Tim Culbertson representing National Hydropower Association, and Terry Fulp of United States Bureau of Reclamation

Mr Brick noted that Metropolitan Water District, the nation's largest provider of imported water to an urban area, today serves more than 18 million, a number projected to rise to 22 million by 2030. He said that Southern California is currently experiencing its driest year on record, receiving only 3.21 inches of rainfall since July 1st 2006 in Los Angeles as compared to the normal of 15 inches per year. He commented that this seems to be a continuation of a critically dry weather trend, and that Los Angeles has averaged only eleven inches of rain per year in the past nine years, 27% below normal.

Mr. Brick expressed concern that most of the western United States is experiencing record low precipitation and runoff -- the first time that there are critical dry weather conditions occurring concurrently in Southern California and in the watersheds for Colorado River and State Water Project water supplies. He commented that MWD's board in 2002 adopted policy principles on global climate change as related to water resource planning.

To respond to the concerns, MWD built a new reservoir in the late 1990's in order to store water when it is plentiful during wet years for use in dry periods, and it is presently completing a large project (called the Inland Feeder) that will also expand its ability to obtain water from the Colorado River and State Water Project when it is available. It is also implementing agreements to store water outside southern California.

Sen. Maria Cantwell expressed concern that the Bureau does not have a strategy for dealing with water impacts. Mr. Fulp acknowledged that the Bureau of Reclamation is assessing the impact of climate change on the water supplies in California's Central Valley and in the Colorado River Basin. He also noted that the Bureau has an active research program, and is developing additional guidelines for the Colorado River (including a shortage strategy that might reduce water deliveries). He noted that there was work underway to allow users to store water in Lake Mead, thereby creating a new supply stability opportunities

Responding to committee questions, Mr. Brink of MWD commented that planning for droughts has prepared MWD well for these kind of risks. He cited a need to deal with hydrologic uncertainty as well as future population growth, and he noted that recent growth rates of 30% in Colorado, 40% in Nevada, and 66% in Arizona have strained already dwindling supplies. However, he pointed out that Southern California is already up to 18 million people, and it is expected to 22 million by 2030.

Mr. Brick also noted that the formula allocation of 16 million acre feet of Colorado River water was actually based on a very wet year, which is a cause of serious concern for future needs. He said that he and his colleagues are united with regarding to building an "intentionally created surplus" -- banking and trading water upstream (in Lake Mead for example) for future use.

For more information, visit <http://energy.senate.gov/public/> .

### **JUDICIARY COMMITTEE ADDRESSES GANG ABATEMENT AND PREVENTION ACT OF 2007**

On June 5, 2007, the Senate Committee on the Judiciary held a hearing entitled "Examining the Federal Role to Work with Communities to Prevent and Respond to Gang Violence: The Gang Abatement and Prevention Act of 2007." The hearing focused on S. 456, the "Gang Abatement and Prevention Act of 2007," which would provide federal aid to communities for gang violence prevention and response. Senator Dianne Feinstein sponsored the bill and testified before the committee on the legislation. The committee also heard testimony from The Honorable Antonio R. Villaraigosa, Mayor of the City of Los Angeles; William J. Bratton, Chief of Police at the Los Angeles Police Department; Boni Gayle Driskill, mother of a gang violence victim from Modesto, California; and James P. Fox, District Attorney of San Mateo County, CA.

According to the FBI, the United States has approximately 30,000 violent street gangs, motorcycle gangs, and prison gangs with approximately 800,000 members. The National Gang Center estimates that there are sixteen notorious street gangs in this country with over 320,000 members. The percentage of gang-related homicides in Los Angeles more than doubled from 1980 to 2000. Of the 1,070 reported homicides in Los Angeles County in 2000, 448 were gang-related. Last year, nearly 60% of all murders committed in Los Angeles were gang related and 70% of all shootings involved gangs. Last year alone, gang violence claimed the lives of 272 residents of Los Angeles and 1,500 were hit by a bullet fired from a gang member's gun.

For more information visit: <http://judiciary.senate.gov> .

### **HOUSE HOMELAND SECURITY EXAMINES SBINET**

Rep. Loretta Sanchez (Lakewood), Chair of the House Homeland Security Border, Maritime, and Global Counterterrorism Subcommittee held a hearing on June 7, 2007 on "Project 28: The Future of SBInet." The witnesses were: Chief David V. Aguilar, Border Patrol, U.S. Customs and Border Protection, U.S. Department of Homeland Security; Mr. Gregory Giddens, Executive Director, Secure Border Initiative, U.S. Department of Homeland Security; and Mr. Jerry W. McElwee, Vice President and Program Manager SBInet, Boeing Advanced Systems.

The witnesses described for the subcommittee the progress being made with Project 28, which is installing and implementing the Secure Border Initiative (SBI) Net on the U.S. southern border. A detailed powerpoint presentation showed the nine towers currently erected outfitted with cameras, radar, infrared lighting, and other technologies to detect unauthorized movement over the border. The witnesses also explained the interlinking technology from the satellite hookups back to the Control Center and to the border patrol vehicles and agents who make the actual apprehensions.

During questioning by Chair Sanchez, Mr. Giddens stated that testing of Project 28 is expected to be completed by next week. Full implementation of SBInet is scheduled for 2013, as a cost of about \$8 billion. He also stated that each mile of physical fencing along the border costs about \$3 while a mile of technology-interdiction costs about \$1, and the time to implement the technology is also less than that to construct a fence.

For more information, go to: <http://www.homeland.house.gov> .

### **SENATE JUDICIARY HOLDS PATENT REFORM HEARING**

On June 6, 2007, the Senate Judiciary Committee held a hearing focused on three aspects of S. 1145, the Patent Reform Act of 2007: post-grant review, venue, and interlocutory appeal. The Committee heard from several witnesses, including: The Honorable Jon W. Dudas, Undersecretary of Commerce for Intellectual Property, Director of the U.S. Patent and Trademark Office, Department of Commerce; and Ms. Mary Doyle, Senior Vice President, General Counsel and Secretary, Palm, Inc., Sunnyvale, CA.

On post-grant review, Mr. Dudas testified that USPTO is concerned that the window of availability in S. 1145, as well as the retroactive effect, would adversely impact its ability to effectively handle claims. Instead, it supports a one-year first window and limiting the second window to a six-month period after receipt of a notice

from the patent holder alleging infringement. Additionally, USPTO supports authorizing the Director to promulgate regulations that would also require a petitioner to show substantial economic harm. On venue and interlocutory appeal, Mr. Dudas demurred to the Justice Department's expertise, as the issues do not directly affect USPTO.

Ms. Doyle testified that Palm and the Coalition for Patent Fairness supported S. 1145, as a fair and balanced approach to much-needed patent reform. She applauded the venue provisions in the bill as an effective deterrent to forum shopping and offered that the post-grant procedure was a fair and reasonable solution to limiting patent litigation. In light of Palm's experience with multi-million dollar litigation to defend against infringement charges, Ms. Doyle welcomed the bill as allowing Palm and other companies to continue to create innovative products and compete globally.

For the testimony of all the witnesses, go to: <http://www.judiciary.senate.gov> .

### **EDUCATION & LABOR EXAMINES GUEST WORKER PLAN**

The House Education and Labor Committee, chaired by Rep. George Miller (Martinez) held a hearing on June 7, 2007 on "Protecting U.S. and Guest Workers: the Recruitment and Employment of Temporary Foreign Labor." Witnesses were: Mary Bauer, Director of the Immigration Justice Program, Southern Poverty Law Center, Montgomery, Alabama; James S. Holt, President and Principal, James S. Holt & Co., LLC, Washington, D.C.; Ray Marshall, Former U.S. Secretary of Labor, President Emeritus, LBJ School of Public Affairs, University of Texas, Austin, Texas; Baldemar Velasquez, Founder and President, Farm Labor Organizing Committee (FLOC).

In his opening remarks Chairman Miller stressed that the basic rights of guest workers must be protected, and the failure to do so is harmful not just to them, but to U.S. workers and the overall U.S. economy. He has introduced H.R. 1763, the Indentured Servitude Abolition Act of 2007, which holds recruiters and employers responsible for the promises they make to workers, and discourages employers from using disreputable guest worker recruiters.

Ms. Bauer and Mr. Velazquez focused on the often substandard conditions that foreign workers employed under the current guest worker program must work, and stressed that this issue has been absent from the current immigration reform debate. Mr. Marshall questioned whether a new guest worker program was necessary, noting that we already have programs that could be improved if needed. Mr. Holt, however, noted that the legal guest worker program "only fills a minuscule 1 percent of the jobs" in agriculture, whereas the illegal employment of workers in agriculture fills at least half and as much as three-fourths of agriculture jobs. He cited the "cascade of failures" that created this situation and called for a legal, workable agricultural guest worker program that would benefit farmers, alien farm workers, domestic farm workers, and the nation.

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

### **BRIEFING OUTLINES CA'S LOW-CARBON FUEL STANDARD**

On Tuesday, June 5, 2007, the Environmental and Energy Study Institute (EESI) and the California Institute hosted a congressional briefing on low carbon fuel standard policies and a draft policy report that was developed by the University of California in response California Executive Order S-1-07.

The briefing sought to examine the increasing desire for future transportation energy policy to simultaneously address the challenges of energy security and of global climate change impacts. The Low Carbon Fuel Standard (LCFS) is a transportation sector-specific policy which seeks to provide industry with the appropriate structure and incentives to reduce greenhouse gas emissions at the lowest cost and fastest pace by harnessing market competition and preserving consumer choice. Since its original introduction in California as the first early action item under AB32, California's landmark legislation (the Global Warming Solutions Act), the LCFS has received significant support from various sectors and opinion leaders.

At the briefing, panelists discussed the draft LCFS policy report, entitled "A Low-Carbon Fuel Standard for California," and the primary motivations, implementation issues, and compliance strategies associated with a Low Carbon Fuel Standard for California and the nation. The panel was moderated by Anthony Eggert, Energy

Policy Advisor, University of California, and session panelists included Rep. Inslee (WA), UC Berkeley Professor Alex Farrell (co-director of the report “A Low-Carbon Fuel Standard for California);” Roland Hwang, Policy Director at the Natural Resources Defense Council; Michael Goo, Majority Counsel for the US Senate Environment and Public Works Committee now chaired by Sen. Barbara Boxer; Eric Swedlund, Deputy Director of the Office of Governor Arnold Schwarzenegger; and Ralph Moran, Director of West Coast Climate Change Issues for BP America.

Streaming video and audio of the briefing is available from the California Institute at <http://www.calinst.org/video/2007-06-05-Briefing.wmv> (video file) and <http://www.calinst.org/audio/2007-06-05-Briefing.mp3> (audio file).

Following the overview briefing, some of the presenters stayed to participate in a technical discussion, led by Alex Farrell, UC Berkeley Professor and Co-Director of “A Low-Carbon Fuel Standard for California.” The discussion allowed more thorough examination of the details and challenges of implementing an LCFS.

The technical discussion session’s streaming video and audio feeds are also available on the web. For video, visit <http://www.calinst.org/video/2007-06-05-TechnicalDiscussion.wmv> , and for audio, see <http://www.calinst.org/audio/2007-06-05-Briefing.mp3> .

The LCFS policy report was funded by the Energy Foundation. Recent drafts of the LCFS policy report and related documents can be found on the website of the California Energy Commission: [http://www.energy.ca.gov/low\\_carbon\\_fuel\\_standard/index.html](http://www.energy.ca.gov/low_carbon_fuel_standard/index.html) .

### **CALIFORNIA LIMITS COAL-PRODUCED ELECTRICITY**

The California Energy Commission approved a set of regulations in early June that effectively forbid local municipal utilities in California from signing new contracts with coal-fired power plants. Nearly identical regulations went into effect in January 2007 preventing private utilities from signing new coal-fire energy contracts. California has largely phased out coal-fueled generators within the state, but about 20% of California’s electricity comes from coal-fueled plants in other states. The Department of Water and Power (DWP) buys about 47% of its power from two coal plants in Arizona and Utah. Dozens of new coal-fired plants are in the planning stages in the Western states. Those plants, once built, cannot sell to California unless they lower their emissions. According to observers of the industries, the new rules are sending those who rely on existing coal-fired plants scrambling for new technology in carbon sequestration.

For more information, please visit: <http://www.energy.ca.gov/> .

### **LT. GOV. GARAMENDI ADDRESSES GOLDEN STATE ROUNDTABLE LUNCHEON WITH SILICON VALLEY LEADERS**

The Silicon Valley Leadership Group (SVLG), California Lieutenant Governor John Garamendi, and staffers of Reps. Anna Eshoo and Mike Honda addressed a California State Society Golden State Roundtable lunch on Wednesday, June 6, 2007. The SVLG discussed the importance of high-skilled immigrants, energy independence, and global competitiveness for their industry and called on the audience to continue to communicate on a bipartisan basis for the good of the technology sector in California.

The Lieutenant Governor discussed the vital environmental track Governor Schwarzenegger had initiated in California to combat the global climate crisis. He also emphasized the federal role in this effort, referencing a need for technology research and development, increased funding for education, and federal assistance for infrastructure projects, specifically the CALFED restoration project.

The luncheon concluded with a question and answer period where Jason Mahler of Eshoo’s office and Eric Werwa of Honda’s office answered policy questions ranging from federal R&D budgeting and the future of California’s water supply to carbon taxation and math and science education in California schools.

For more information, please visit: <http://www.californiastatesociety.org> .

## **RAND ON NCLB STANDARDS-BASED ACCOUNTABILITY**

Recently, Rand reported the results of a study entitled "Standards-Based Accountability (SBA) Under No Child Left Behind: Experiences of Teachers and Administrators in Three States." The report focuses on California, Georgia, and Pennsylvania and will also be one of several NCLB reports featured at an upcoming forum hosted by RAND, the American Institutes for Research (AIR), and the Center on Education Policy (CEP), on June 12, 2007 at the George Washington University Cafritz Center.

In 2002, the RAND Corporation launched a project to understand how educators are responding to the new accountability requirements. The researchers aimed to identify the factors that enhance the implementation of SBA systems, encourage positive changes in teaching practices, and improve student achievement. The report showed that most superintendents considered three improvement strategies most important: using data for decisionmaking, aligning curriculum with state standards, and focusing on low-performing students. Teachers changed their instruction in both desirable and undesirable ways. RAND also reported that most educators felt challenged by insufficient alignment among state standards, curriculum, and tests. The researchers recommend improving alignment among standards, tests, and curriculum; providing educators with professional development assistance; and exploring ways to measure performance more accurately.

For more information, please visit: [www.rand.org](http://www.rand.org) .

## **ENGLISH-LANGUAGE LEARNERS PAPER FROM PEW CENTER**

On June 6, 2007, The Pew Hispanic Center announced the publication of a new report based on the 2005 National Assessment of Educational Progress (NAEP), also known as the "Nation's Report Card." The report, "How Far Behind in Math and Reading are English Language Learners" is authored by Rick Fry. The report illustrates that nearly half (46%) of 4th grade students in the English language learner (ELL) category scored "below basic" in mathematics in 2005 – the lowest level possible. No Child Left Behind is due for congressional reauthorization in 2007 and in its current form the law requires that all students be proficient in math and reading by 2014 according to standards and testing programs developed individually by each state. Specific categories of students, including ELL students, must meet proficiency standards as a group.

A few key findings of the report include:

- 73% of 4<sup>th</sup> grade ELL students scored below basic in reading
- 71% of 8<sup>th</sup> grade ELL students scoring below basic in mathematics
- 71% of 8<sup>th</sup> grade ELL students scored below basic in reading
- 51% of 8<sup>th</sup> grade ELL students are behind whites in reading and math
- 47% of 4<sup>th</sup> grade ELL students are behind whites in math
- 35% of 4<sup>th</sup> grade ELL students are behind whites in reading
- analysis shows that important changes in the composition of the limited English speaking population take place between the 4th and 8th grades, which help explain the decline in achievement from elementary to middle school.

For more information, please visit: [www.pewhispanic.org](http://www.pewhispanic.org) .

## **CHI RELEASES PATENT REFORM REPORT**

The California Healthcare Institute (CHI) issued a white paper entitled "Impact of Patent Law Changes on Biomedical Investment and Innovation," on May 31, 2007. The paper analyzes several recent developments related to patent law that could have serious implications for the biomedical industry in California and nationwide. These include: (1) recent U.S. Supreme Court decisions that weaken patents; (2) patent reform legislation being considered by Congress; and (3) the approach taken by the U.S. Patent and Trademark Office (USPTO) toward making and promulgating new patent rules.

For a copy of the report, go to: <http://www.chi.org> .

## **GOVERNOR RELEASES MAY BUDGET REVISION BY COUNTY**

In May, Governor Arnold Schwarzenegger released his revisions for the California State budget that he initially proposed in January 2007. Subsequently, during the week of June 4, 2007, the Governor's office released 58 Regional Fact Sheets with detailed information about the state budget and expenditures for each county. Reported state contributions to local areas are broken down into statewide budgets, larger segments consisting of multiple counties, (e.g. Southern California) and then individual county budgets. Funding levels for individual program contributions then follow. The fact sheets offer a more granular level of detail regarding the geographic distribution of state spending.

To view the fact sheets, go to: <http://gov.ca.gov/may-revise/in-depth/county.html> .

## **USCAP PARTICIPANTS OUTLINE CLIMATE CHANGE PRINCIPLES & RECOMMENDATIONS**

In the U.S. Capitol Building on Thursday, June 7, 2007, several members of the US Climate Action Partnership (USCAP) gave a briefing regarding the consensus principles they developed to address issues related to global warming. A unique collaborative group of businesses and non-governmental organizations, USCAP represents an expanding alliance of major businesses and leading climate and environmental groups that have come together to pursue federal legislation requiring significant reductions of greenhouse gas emissions.

After a year of dialogue and collaboration, the group produced a set of principles and recommendations to guide the formulation of a regulated economy-wide, market-driven approach to climate protection.

Founding members of USCAP include a number of major corporations: Alcoa, BP America Inc., Caterpillar Inc., Duke Energy, DuPont, FPL Group, Inc., General Electric, PG&E Corporation, and PNM Resources — and four non-governmental organizations including: Environmental Defense, Natural Resources Defense Council, Pew Center on Global Climate Change, and World Resources Institute. New members that recently joined the alliance include Alcan Inc., American International Group, Inc. (AIG), Boston Scientific Corporation, ConocoPhillips, Deere & Company, The Dow Chemical Company, General Motors Corp., Johnson & Johnson, Marsh, Inc., National Wildlife Federation, The Nature Conservancy, PepsiCo, Shell, and Siemens Corp.

The June 7 briefing afforded an opportunity for Congressional staff, public and private sector representatives and others to hear from and interact with some of the key participants in the drafting of the groups principles and recommendations paper, "A Call for Action." The paper is available on the web from the Pew Center for Global Climate Change at <http://www.pewclimate.org/uscap.cfm> .

The June 7 briefing featured remarks by Michael Parr with DuPont, Dr. Mannik (Nikki) Roy with the Pew Center on Global Climate Change, Melissa Lavinson with PG&E Corporation, Eric Haxthausen with the Nature Conservancy, Keith Coles with GM, and Keith Belton with Dow.

Streaming video and audio from the briefing is available from the California Institute website at <http://www.calinst.org/video/2007-06-07.wmv> (video file) and <http://www.calinst.org/audio/2007-06-07.mp3> (audio file).

## **USC-DEVELOPED REMAP GAME DEMOS WEDNESDAY**

On Wednesday, June 13, 2007, a number of voting-oriented nonprofit organizations and political reform groups will hold a Capitol Hill demonstration and unveiling of a new, interactive computer program for remapping legislative boundaries. Titled "The Redistricting Game," the program allows players to experiment with drawing district maps, interacting with key political leaders, and making tactical decisions. It was designed by experts at the University of Southern California, and lead designer Professor Chris Swain will join various members of Congress to demonstrate the video game on Wednesday, June 13, 2007, at 10:00 a.m. in Room B-318 of the Rayburn House Office in Washington DC.