



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 web: <http://www.calinst.org>

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.

BIPARTISAN DELEGATION SENDS HOMELAND SECURITY LETTER ON PSIC FUNDING

In July 2007, a bipartisan group of thirty-nine members of the California Congressional Delegation (75% of the delegation) sent a letter addressed to the Department of Homeland Security Secretary Michael Chertoff and Department of Commerce Secretary Carlos Gutierrez. The letter focuses on the funding methodology for the Public Safety Interoperable Communications Grant Program (PSIC). See, *Bulletin, Vol. 14, No. 22 (6/29/07)*.

The delegation asks that funds be granted to states on the basis of risk and need. California has many high profile targets living in populated urban areas. If terrorist attacks were to occur in these areas, the number of casualties would be high. These areas also frequently suffer from natural disasters such as floods, earthquakes, and wildfires. Due to these factors, the letter argues, California needs an interoperable communications system that will allow speedy responses and recovery efforts in times of crisis. Only with a risk and need-based methodology for allocating PSIC funds will California be able to ensure that first responders are prepared in the event of catastrophes.

The members also urge that there not be an arbitrary state minimum requirement. With the minimum requirement, states with low risks and a low number of first responders would receive more than sufficient funds while high-risk states' funds would be inadequate. Finally, the members request flexibility in the uses of the funds by states and local governments.

HOUSE APPROVES FOOD & DRUG BILL

By a vote of 403-16, the House passed H.R. 2900, the Food and Drug Administration Amendments Act on Wednesday, July 11, 2007. The bill contains nine titles making changes to FDA law and includes reauthorization of

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the Prescription Drug User Fee Act (PDUFA) and the Medical Device User Fee and Modernization Act (MDUFA). See, *Bulletin, Vol. 14, No. 21, (6/22/07)*.

In addition to reauthorizing PDUFA, the bill allows the use of collected PDUFA fees to carry out the bill's new postmarket safety activities under the risk evaluation and mitigation strategies (REMS) authorized by the bill.

In addition to PDUFA and MDUFA, the bill authorizes the Pediatric Medical Device Safety and Improvement Act of 2007, the Pediatric Research Equity Act, and the Best Pharmaceuticals for Children Act.

The Senate's version of the bill, S 1082, was passed in May. A major point of contention in conference may come over how to handle the approval of generic biotech drugs. In addition, the House bill contains fines for violation of the new drug safety provisions of \$10 million to \$50 million, versus the Senate's maximum fine of \$1 million.

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

HOUSE PASSES COLLEGE COST REDUCTION ACT OF 2007

On July 11, 2007, the House passed HR 2669, the College Cost Reduction Act of 2007, 273-149. The bill, sponsored by Committee Chair George Miller (Martinez), would create nine new mandatory spending programs, including grants for students who become public school teachers, loan forgiveness for certain public-sector employees and income-contingent loan repayment. Over five years, it would increase the maximum Pell grant to \$5,200 (assuming funding is available to do so); halve interest rates on subsidized student loans to 3.4 percent; and boost the federally backed loan limit by \$7,500, to \$30,500, over an undergraduate's course of study. It also would effectively countermand a number of changes made to the federal student aid program by the Republican-led Congress in last year's budget reconciliation law (PL 109-171). President Bush has already threatened to veto HR 2669.

SENATE JUDICIARY MOVES FORWARD ON PATENT REFORM BUT DOES NOT FINISH

The Senate Judiciary Committee on Thursday, July 12, 2007, approved a second Manager's Amendment to its patent reform bill, S. 1145, but adjourned after completing consideration of only two other amendments. Chairman Patrick Leahy (VT) had hoped to complete work on the bill at the July 12th session, however, could not find sufficient common ground among the Senators.

In remarks at the markup, Senator Dianne Feinstein stated that she would like to see more time devoted to negotiating the bill before the Committee reported it. Other Senators indicated that more hearings should be held before the bill is marked up. Senator Leahy, however, argued that there would be not be enough time to get the bill to the floor and through conference this year, if the Committee delayed acting on it.

The Manager's Amendment adopted by the Committee by voice vote restricts the ability to bring post-grant review under the bill in order to respond to criticisms from stakeholders that the former provisions would lead

to innumerable challenges. The Amendment also struck provisions giving the Patent and Trademark Office rulemaking authority equaling that of other federal agencies.

In addition to the Manager's Amendment, the Committee also considered an amendment by Sen. Arlen Specter (PA) amendment to give federal appeals courts greater discretion in considering challenges to rulings by trial judges while a trial is ongoing. The amendment was defeated 7-11. The Committee did approve another Specter amendment, by a vote of 12-6, to further restrict the venue provisions in the bill in order to eliminate forum shopping.

SCAAP APPROPRIATIONS RESTORED IN HOUSE BILL

During markup of the FY2008 Commerce-Justice-State Appropriations bill, on Thursday, July 12, 2007, the Appropriations Committee approved an amendment by Rep. Mike Honda (San Jose) to restore \$30 million in funding to SCAAP (the State Criminal Alien Assistance Program). Total SCAAP funding in the House bill is now \$405 million. Governor Arnold Schwarzenegger and the California State Association of Counties strongly supported approval of the amendment.

The Committee approved the CJS appropriations bill by voice vote. The bill's discretionary funding of \$53.6 billion compares to the Senate's \$54.4 billion and the President's request of \$51.2 billion. The bill also provides \$3.2 billion to State and Local Law Enforcement programs, 53 percent above the President's request and 10 percent above the fiscal year 2007 level. Within that funding, \$725 million is provided for the COPS program, with \$100 million available to restart the COPS hiring program. The bill also provides \$21,299,000 for southwest border methamphetamine enforcement.

For more information on the bill, go to: <http://www.appropriations.house.gov> . The Institute will do an analysis of the California implications of the bill, which will be made available in the near future.

HOUSE APPROVES SECTION 8 LOW-INCOME HOUSING BILL

On Thursday, July 12, 2007, by a vote of 333 to 83, the House of Representatives passed H.R. 1851, the Section 8 Voucher Reform Act of 2007 (SEVRA). The bill revamps the nation's housing voucher program, the primary means through which the government helps low-income families afford housing.

The bill seeks to broaden the Section 8 housing voucher program (adding 20,000 vouchers per year for the next 5 years, which could cost about \$2 billion), and it would allow vouchers to be used for first-time home purchases by program participants. The federal government spends \$16 billion a year on Section 8, which helps persons with low incomes, the elderly, and disabled individuals by subsidizing amounts above 30 percent of their incomes that are required to pay for approved rental accommodations.

A dispute has erupted over the formula that uses prior-year lease and cost data to provide current year vouchers, which has allegedly led to a backlog of unused funds in Washington. The bill would change the formula, allowing local housing authorities to retain 5% rather than 2% of funds, a move which has elicited a veto threat from the Bush Administration.

The bill would also eliminate a cap on the number of residents a housing authority has until now been allowed to serve, allow program participants to move to another jurisdiction and retain their benefits, and defines smaller geographic areas for determination of Fair Market Rents to allow better and more efficient targeting of funding. It would permit vouchers to be used for the full cost of purchasing manufactured homes on leased land.

The bill's author, Rep. Maxine Waters (Los Angeles), who chairs of the Subcommittee on Housing, commented, "It is important that we move forward on Section 8 Voucher reform, if for no other reason than to restore our responsibility for the program."

Details of the legislation and a 1-page summary are available from the House Financial Services Committee, at http://www.house.gov/apps/list/press/financialsvcs_dem/press0712072.shtml .

HOUSE APPROPRIATIONS APPROVES TRANSPORTATION-HUD SPENDING BILL

On July 11, 2007, the House Appropriations Committee approved a \$104 billion FY2008 Transportation, Housing and Urban Development spending bill. The bill contains \$50.7 billion in discretionary spending, a 6.7 percent increase over fiscal 2007 spending levels and 5.8 percent more than President Bush requested.

TRANSPORTATION

This funding would provide the Federal Highway Administration with \$40.2 billion, as set by the recently enacted surface transportation authorization legislation, SAFETEA-LU. This is \$631 million above the President's request and 3.2 percent more than the FY2007 enacted level, excluding emergency supplementals. The Federal Aviation Administration (FAA) would receive \$14.6 billion, which is \$140 million more than last year and \$664 million more than Bush requested.

The Federal Transit Administration (FTA) is to be funded at \$9.7 billion, which is \$1.2 billion more than the FY 2007 level. The following programs are funded through the Federal Transit Administration: formula grants, transit planning and research; rural transportation assistance; metropolitan, state, and national planning; capital investment grants; fixed guideway modernization; "new starts" program; buses and bus-related facilities; and job access and reverse commute grants.

HOUSING

The community development fund, which helps localities build housing in low-income areas, would receive \$4.2 billion, \$408 million more than last year and \$1.1 billion more than Bush requested. HOPE VI, which funds revitalization of deteriorating public housing projects, would receive \$120 million, which is \$21 million more than last year; the administration had sought to eliminate the program.

The Appropriations Committee approved the spending bill by voice vote despite making it clear that they will not be addressing projected shortfalls in the Highway Trust Fund.

For further information, visit the Committee's website at: <http://appropriations.house.gov>

The Institute will prepare a more detailed analysis of the California implications of the bill, which will be available in the near future.

HOUSE APPROPRIATIONS PASSES LABOR-HHS-EDUCATION

On July 11, 2007, the House Appropriations Committee approved a \$607 billion FY2008 Labor, Health and Human Services and Education spending bill. The bill contains \$151.5 billion in discretionary spending, about \$7 billion more than fiscal 2007 spending levels and \$10.6 billion more than President Bush requested. Forty-one programs, considered low priority by the Committee, were cut or eliminated, saving \$1.1 billion below 2007 and targeted increases were made above the President's request.

A few key targeted increases in funding follow:

- Pell Grants: increased the maximum Pell award by \$390 to \$4,700, on top of a \$260 increase provided in the 2007 Continuing Appropriations Resolution

- No Child Left Behind (NCLB): the Administration's request fell \$14.7 billion short of the authorized NCLB level for fiscal year 2008; provided a \$2.0 billion or 8.6 percent increase over fiscal year 2007 and \$1 billion over the request

- IDEA Part B grants: The President's budget proposed to cut IDEA Part B grants by \$291 million or 2.7 percent below the fiscal year 2007 level in nominal terms; provided a \$509.5 million or 4.7 percent increase over fiscal year 2007, and a \$800.5 million increase over the Administration's request

- Child Care and Head Start: The Administration's request once again froze funding for the Child Care Block Grant and cut Head Start centers by \$100 million below the fiscal year 2007 level; provided \$75 million or 3.6 percent over fiscal year 2007 for the Child Care Block Grant, amounting to a 1.7 percent increase in real terms; also increased Head Start by \$75 million or 1.4 percent over fiscal year 2007

- National Institutes of Health (NIH): provided a \$750 million increase for fiscal year 2008, which is \$1.0 billion more than the President's request; NIH will be able to support another 545 new and competing research grants over last year's level and 1,262 over the President's request

- HHS/Low-Income Home Energy Assistance: The Administration proposed to cut rural health programs by \$162 million or 53.7 percent in fiscal year 2008; provided \$307 million for rural health programs, area health education centers, and the National Health Service Corps, \$4.9 million or 1.6 percent more than last year

- HHS/Community Services Block Grant: included \$660.4 million for the Community Services Block Grant, \$30 million or 4.8 percent more than fiscal year 2007

For further information, visit the Committee's website at: <http://appropriations.house.gov>

The Institute will prepare a more detailed analysis of the California implications of the bill, which will be available in the near future.

HOUSE COAST GUARD AND MARITIME SUBCOMMITTEE INVESTIGATES DELAYED IMPLEMENTATION OF TWIC

On July 12, 2007, the House Committee on Transportation and Infrastructure Subcommittee on Coast Guard and Maritime Transportation held a hearing entitled "Transportation Workers Identification Card (TWIC) System." The TWIC program has been under development since 2001 and seeks to create a biometric card and identification system for workers in security sensitive transportation areas (specifically, port workers and truck drivers). Under the SAFE Ports Act, the Department of Homeland Security was required to implement TWIC enrollment at the nation's top ten high risk ports by July 1, 2007. TWIC, however, has not been fully implemented and is suffering from severe cost-overruns, contract mismanagement, and excess personnel turnover despite the \$99.4 million in appropriations for the program.

The Committee heard testimony from representatives of the Transportation Security Administration (TSA), the Coast Guard, the Transportation Trades Department, port representatives, port workers' labor unions, and small businesses involved in port security issues. The primary theme of the discussion was implementing and testing card reader technology and getting the program on schedule to provide effective security controls without slowing the flow of commerce in and out of US ports.

The following are a few key points from the hearing:

- An estimated 750,000 workers currently have unescorted access to our ports
- U.S. transportation systems and facilities move over 30 million tons of freight and provide approximately 1.1 billion passenger trips each day
- The Ports of Los Angeles and Long Beach estimate that they alone handle about 43% of the nation's oceangoing cargo, and by other estimates the share climbs to 50%
- When using the full extent of TWIC's authentication ability each person can be identified by: a worker's Personal Identification Number (PIN); the TWIC credential; and a biometric; the prototype study was deployed to 26 locations in the areas of Los Angeles/Long Beach, Wilmington/Philadelphia and Florida's deepwater ports
- Any TWIC program must strike the right balance – it must enhance the security of our transportation system, but must also preserve the legitimate rights of workers and not unduly infringe on the free flow of commerce
- TSA intends to use Administrative Law Judges (ALJs) provided by the Coast Guard and there may be an insufficient number of ALJs within the present Coast Guard system to handle the caseload the program may generate
- 95% of all the cargo entering and leaving the United States is carried aboard foreign flag vessels operated by foreign crews

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

GREEN CHEMISTRY BILL MARKED UP BY HOUSE SCIENCE & TECH COMMITTEE

On Wednesday, July 11, 2007, the Science and Technology Committee marked up H.R. 2850, the "Green Chemistry Research and Development Act of 2004." The bill proposes that research in green chemistry can lead to reduction in wastes and pollution. The Act will provide researchers with grants, promote partnerships between universities and industries, and train students in the science of green chemistry. Chairman Bart Gordon (TN) called the bill "a product of good bi-partisan, [bi-committee] cooperation." He further added that the bill is a good first step in the promotion of this new advancement in science.

Two amendments to H.R. 2850 were added by voice vote. The first amendment added to Section 4 of the bill "increase recycling" as one of the many eligible activities under the Manufacturing Extension Center Green Suppliers Grant Program. The second amendment amended Section 5 (b) (1) of the bill so that minority serving institutions are also able to seek funds.

While H.R. 2850 made progress, markup of H.R. 2337, the Energy Policy Reform and Revitalization Act was delayed until later in the week. Chairman Gordon announced the decision to the dissatisfaction of many Republicans. The Chairman cited the fact the Committee still has no jurisdiction in many parts of the bill and is still awaiting decisions from the parliamentarian as the reason for the delay.

FINANCIAL SERVICES DISCUSSES OUTSOURCING AND THE AMERICAN WORKER

On July 12, 2007, the House Financial Services Committee held a roundtable discussion entitled "*Globalization, Outsourcing and the American Worker- What Should Government Do?*" The discussion included Chair of the Committee Barney Frank (MA), Rep. George Miller (Martinez), Rep. Rosa DeLauro (CT), and Speaker of the House Nancy Pelosi (San Francisco). Other participants were: Alan Blinder, Professor, Princeton University; Matthew Slaughter, Associate Professor, Turk School of Business, Dartmouth; Jeff Faux, founding President, Economic Policy Institute; and Larry Cohen, President, Communications Workers of America.

In recent years the outsourcing of U.S. jobs to offshore locations has had tremendous impact on many developed and developing countries due to a few large historic forces. The ever improving and growing information and communications technologies industries has made services easily tradable across borders. Also China, India, and the former Soviet bloc countries joined the world economy and contributing a large amount of labor. These propellants show no sign of stopping and have created concerns among some Members of Congress and the American public. The main topics emphasized by the participants included:

The negative impacts of the offshoring revolution on the U.S. labor market, including more unemployment as labor is being shipped to countries that can produce services at a lower cost. Also, increasing imports into the US at cheaper prices, which increases the national deficit. Finally, the depressing effect on wages in jobs that are potentially offshorable. With 50% of American owned production overseas and 97% of US wages decreasing, Professor Binder predicted that service offshoring may become the biggest issue in the U.S. economy and politics for the next generation.

Protectionism will not help the situation and will only make things worse. The global economy is growing and the U.S. must craft policies to further integrate, while sustaining, a productive workforce and thriving economy.

Sensible responses to offshoring include improving the safety net for displaced workers, continuing to be innovative, and improving education.

In her remarks, Speaker Pelosi stressed the importance of a positive progressive economic agenda and education that prepares the workforce for the jobs that will be available in the future.

TWO HOUSE COMMITTEES JOINTLY EVALUATE AMERICAN UNIVERSITIES AND INTERNATIONAL STUDENTS

On June 29, 2007, the House Committee on Education, Subcommittee on Higher Education, Lifelong Learning and Competitiveness held a joint committee hearing with the Foreign Affairs Subcommittee on

International Organizations, Human Rights and Oversight. The hearing was entitled “International Students and Visiting Scholars: Trends, Barriers, and Implications for American Universities and U.S. Foreign Policy.” The hearing featured testimony from representatives of the U.S. State Department, the Government Accountability Office, the U.S. Department of Education, several universities and scholars programs and the Center for Immigration Studies. International education is a \$15 billion per year industry that has kept the United States on the cutting edge of research and innovation. The hearing discussed job development, research prospects and government involvement in growing and developing international student education.

A few key points from the hearing included:

- Graduate applications and admissions to U.S. higher education programs grew 12% this past academic year over the previous one, new international student enrollments rose by 8% this year over last, and in FY 2006, the U.S. government issued more student and exchange visitor visas than ever before, 591,050, up 15% over the previous year

- The number of international scholars teaching or conducting research in the United States in 2005-06 was nearly 97,000, an increase of more than eight percent from the previous school year and sixty-two percent over 1993-94

- The cost of obtaining a U.S. degree is among the highest in the world and rising, which may discourage international students

- Visa policies and procedures, tightened after September 11 to protect our national security, contributed to real and perceived barriers for international students

- After five years of stagnant funding for international higher education programs, the version of the Labor-HHS-Education Appropriations bill which was approved earlier this month by the House Appropriations Subcommittee includes a nearly \$10 million increase in funding for the various Title VI programs

- NAFSA estimates that international students and their dependents contributed nearly \$13.5 billion to the nation’s economy during the 2005-2006 academic year, making international education the nation’s fifth largest service sector export, according to the U.S. Department of Commerce.

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

HOUSE SUBCOMMITTEE ON WATER RESOURCES DISCUSSES SEWAGE TREATMENT IN SAN DIEGO

On July 10, 2007, the House Committee on Transportation and Infrastructure Subcommittee on Water Resources and Environment held a hearing entitled “Addressing Sewage Treatment in San Diego.” The purpose of the hearing was to address the implementation of Title VIII of Public Law 106-457 and evaluate sewage treatment in the San Diego - Tijuana border region. The Tijuana River Valley Estuary and Beach Cleanup Act of 2000 (the “Tijuana River Act”) authorized the United States to take actions to address comprehensively the treatment of sewage emanating from the Tijuana River area, Mexico. Sewage flows untreated or partially treated into the United States causing significant adverse public health and environmental impacts. The hearing featured testimony from the Commissioner of the United States Section of the International Boundary and Water Commission (USIBWC), a regional administrator from the Environmental Protection Agency (EPA), and the managing partner for the Bajagua Project, a public-private partnership dedicated to resolve health and pollution problems in the San Diego/Tijuana region. The witnesses discussed current projects, damage, and financial constraints that face the current sewage and pollution problems along the San Diego - Tijuana border.

The following are a few key points from the hearing:

- The Government of Mexico contributed \$16.8 million toward construction of the South Bay plant and currently contributes \$1.1 million toward the annual operation and maintenance costs

- Previous legislation capped funding to EPA for the South Bay facility, the South Bay Ocean Outfall, and related infrastructure at \$239.4 million
 - The Tijuana River Act negotiated a new agreement with Mexico to provide for secondary treatment of that effluent in Mexico, if such treatment is not provided in the United States
 - The State of California filed suit in U.S. District Court for the Southern District of California over the failure of the advanced primary plant to meet the standards of the Clean Water Act and its discharge permit
 - the court eventually ruled that the plant must come into compliance with the Clean Water Act
 - The Bajagua project will double the current volume of sewage treated by the South Bay International Wastewater Treatment Plant - and treat it to the highest standard demanded by law
 - The Bajagua project disagrees with the US IBWC about the cost and functionality of their secondary sewage treatment plant
- For more information, please visit: <http://transportation.house.gov>

NCES DATA SCHOOLS DATA SHOW STATE HAS TITLE I CONCENTRATION AND NATION'S LARGEST CLASS SIZES

The National Center for Education Statistics in its June 2007 report looked at the numbers and types of public elementary and secondary schools using data from the Common Core of Data (CCD).

As befits the nation's largest state, the data show California to have the highest number of operating elementary and secondary schools, nearing 10,000 schools overall. California accounted for 9,650 of the nation's 97,382 total schools, or just under 10 % of the nation's total. However, the state housed a much larger percentage of the number of *students* in those schools: 6.3 million of the nation's 49 million students, or 12.9 percent. The discrepancy between the two statistics reflects the greater concentration of students in larger schools in California.

California also has the greatest number of Title I schools, 5,536 in number or 10.3% of the nation's total 53,820, Title I schools. (Title I schools are those with a high percentage of children from low-income families -- those eligible to participate in the federal Title I program, long titled "Education for the Disadvantaged.") Again, the state's percentage of Title I students is far greater -- California's 2.4 million Title I students account for 14.3% of the nation's total of 15.3 million. Whereas 52.3% of the nation's students are enrolled in Title I programs, 58.0% of California's students are so designated.

California has 28,606 students identified as in special education, 12.86% of the U.S. total. The state houses 19.34% (or 195,876) of the nation's students in charter schools, 29.8% (or 626,697) of the nation's 2.1 million magnet school pupils, and 30.8% (or 158,509) of the nation's students enrolled in alternative education schools.

Class sizes in California are the largest in the nation. California ranks first in the nation in student-teacher ratio, with 21.6 students for every teacher; ahead of 2nd ranking Utah at 20.5 to 1. Ratios in three other western states rank next with Oregon at 19.9, Nevada at 19.8, and Washington at 19.7 to 1.) The average student/teacher ratio for primary schools in CA is 20.1 to 1, for middle schools 23.3, and for high schools 23.7. California's ratios are considerably higher across-the-board than the national ratios of 15.9, 16.0, and 17.0 respectively. California's ratios give the state the largest class sizes for high schools and middle schools, though it ranks 2nd behind Utah for primary schools. (The state worked hard in recent years to reduce elementary school class sizes, which appears to be reflected in these data.)

The data show that the majority of students attend schools in the city and suburban areas. Of the total of students in school in CA, 44.6% of students attend schools in the cities, 47.0% in the suburbs, 1.1% in town, and 7.4% in rural areas.

Of the population of students with membership (students who enrolled on October 1 of the school year), about 50% of the students are eligible for free or reduced-price lunch. The breakdown of this data into jurisdictions shows 54.2% for city, 44.8% for suburban, 45.3% for town, and 41.5% for rural.

Ironically, two key statistics fight against one another. Whereas California's large numbers of poor children in Title I schools helps raise the state's share of federal Title I spending, a large portion of federal Title I funds are based on state per-pupil spending (closely related to the student-teacher ratio, due to the fact that teacher salaries are the largest school expenditure) -- the Title I formula reduces funding to states with below-average per-pupil spending.

For more information from the CCD, go to: <http://nces.ed.gov/ccd> . The report itself is entitled "Numbers and Types of Public Elementary and Secondary Schools From the Common Core of Data: School Year 2005–06" and is available in pdf format at <http://nces.ed.gov/pubsearch/pubsinfo.asp?pubid=2007354> .

PANEL HOLDS HEARING ON WORKFORCE INVESTMENT ACT

On June 28, 2007, the Subcommittee on Higher Education, Lifelong Learning, and Competitiveness held a hearing titled "Workforce Investment Act: Recommendations to Improve the Effectiveness of Job Training". On the panels of witnesses were Dr. Sigurd Nilsen, from the Government Accountability Office, Dr. Rachel Gragg, Federal Policy Director for the Workforce Alliance, and Evelyn Ganzglass, from the Center for Law and Social Policy.

Dr. Nilsen focused his testimony on the progress made by the Workforce Investment Act (WIA) since its reform in 1998 and what challenges the Act still faces today. He discussed the 1-stop system, set up to serve both employers and workers by providing training and services. However, employers hired very few workers who go through the 1-stop system. Despite progress made under WIA, there are still inherent problems, especially with funding. Dr. Nilsen reported that many states will use all of their funding in two years to provide services, although the funding is allocated for a period of three years. He called for funding stability from Congress as well as a data collection system that includes those who use the 1-stop system and its services.

Dr. Cragg also discussed areas of improvement for the Act, reporting that workers still do not have the adequate training needed for their jobs. She called for a change in the way funding is allocated, stating that there should be a required percentage of funding that should specifically go towards training services.

Ms. Ganzglass added further to this desire to focus on quality training. She suggested that a floor should be set, with at least 50% of funding in the Title 1 expenditures going to training services. She also emphasized that training must be targeted at good jobs in the economy and the need for adult education, saying that this is a beginning of an educational pathway that would guarantee opportunities for workers to increase their earnings.

During the Q/A session, Ms. Ganzglass discussed the use of certification. She said that this process not only legitimizes the workers and the training process, it also makes sure that there's no dead end in training. She commented that the types of credentials needed are decided on a local level, though local and statewide industries can provide overlapping credential programs.

To view the testimonies of all witnesses, visit <http://edlabor.house.gov/>.

NATURAL RESOURCES FIELD HEARING EXAMINES BAY-DELTA AND CALIFORNIA WATER MANAGEMENT

On July 2, 2007, the Natural Resources Subcommittee on Water and Power held an Oversight Hearing in Vallejo, CA on "*Extinction is Not a Sustainable Water Policy: The Bay-Delta Crisis and the Implications for California Water Management.*" The hearing included testimony from Steve Thompson, Manager, U.S. Fish and Wildlife Service's California and Nevada Operations Office; L. Ryan Brodrick, Director, California Department of Fish and Game; Dr. Peter Moyle, Associate Director, Department of Wildlife, Fish, and Conservation Biology and Center for Watershed Sciences, UC Davis; and, Phil Larson, Fresno County Supervisor.

Mr. Thompson emphasized the importance of the Delta as California's main collection point for water, as it serves two-thirds of the state's population and provides irrigation water for many farmlands. The wetland habitats of this region, he pointed out, have been greatly altered over the past 150 years due to settlement and development. The dramatic decline in fish populations, such as the Delta smelt, serves as an indicator of the ecosystems declining status. Thompson stressed the recovery of the smelt population as a high priority for the U.S. Fish and Wildlife Service, testifying that it is working hard to gain knowledge of the specie's needs and implement strategies to increase its population.

Mr. Broddrick also raised concern about the decline in smelt, claiming there has been a 90% decrease in production this season. The primary reasons include invasive species, toxins, predation, and water diversions, he said, but it still remains a complex phenomenon. The Department of Fish and Game plans to continue use of the best science and adaptive management to understand the situation and seek solutions while considering the implications of any actions on associated wildlife.

Dr. Peter Moyle focused on structural and ecological changes of the San Francisco Estuary as a result of levee failure caused by earthquakes, land subsidence, sea level rise, and increased high outflow events. These events all contribute to the flooding of islands and estuaries and are predicted to affect California's water supply system and economy. Moyle also made a point that flooding could actually be beneficial to fish populations, especially those on a decline, because it would increase the area of tidal marsh and open water. Also, any actions taken to improve the habitat of the Delta will have uncertain results.

Supervisor Larson testified that while protecting the Delta Smelt is important, it is equally desirable to protect the state's agriculture economy by providing an adequate water supply which does not conflict with the efforts to protect the fish species. Larson suggests moving the agricultural water supply from the southern delta region to a destination further up the Sacramento River. Throughout the hearing there was testimony expressing concern for the state's water supply and the struggling ecosystem of the Bay-Delta. Comments during the hearing indicated that implementing a strategy that will benefit both interests is a high priority to the subcommittee.

For further information on the hearing, go to: <http://www.resources.house.gov> .

PPIC REPORT: BROADBAND AVAILABILITY IN CALIFORNIA

In a recent report for the Public Policy Institute of California (PPIC), Jed Kolko examined broadband availability in California, the gaps in broadband access and adoption along racial, ethnic, and economic lines, as well as the upcoming local and state plans to increase availability and adoption.

The first part of the report examines the "digital divide" in broadband, referring to the gap that separates those who have access to broadband from those who don't. The data shows that 68% of U.S. households have internet connection and nearly half have broadband. The percentage of broadband adoption in CA has increased from 24 to 47 percent in one year's time. However, location, income, ethnicity, and skills have created wide disparities in availability and adoption. In higher income and higher-density areas, broadband availability and adoption rates are higher. Urbanized coastal regions of CA also have easier access and higher rates of adoption than rural inland areas. Another factor that contributes to the gaps has to do with skills and knowledge of information technology. Broadband infrastructure, cost of services, and cost of computer hardware also affect the rate of broadband adoption in certain areas of the state, Kolko finds.

The report also mentions the adoption of two wireless broadband technologies: satellite and Wi-Fi. Wi-Fi, which offers internet connection from a base station to a small surrounding area, is important when it comes to local and state policies on technology. In many locations, Wi-Fi is used by local governments to provide city-wide public access at lower or no cost, thus increasing the rates of access and availability. In CA, 58 places have Wi-Fi initiatives in effect and many more are under negotiations in other areas.

The author recommends that the next step in bridging the gaps in broadband availability should focus on rural areas. The state should consider subsidizing costs for providers serving rural areas. To increase

broadband adoption, the focus should be on racial, ethnic, and lower income groups with documented lower adoption rates.

To read the full report, visit <http://www.ppic.org/> .

GAO REPORTS ON SPOT MARKET FOR CHEESE AND CONCERNS ABOUT PRICE MANIPULATION

The US Government Accountability Office (GAO) released a report in June 2007 on its findings about the Chicago Mercantile Exchange (CME), currently home to the spot cheddar cheese market, and its possible impact on price fluctuations. In the report, GAO examines three items: 1) the structure of the CME spot cheese market in comparison with the National Cheese Exchange (NCE) and the ongoing concerns about price manipulation, 2) how the market is regulated and its plans to address possible price manipulation, and 3) how the market impacts federal milk pricing.

Comparisons between the CME and NCE markets showed similarities in trading rules, products traded, and industry participants. In terms of differences, NCE has once-a-week trading with known participants while the CME market has daily trading with anonymous traders. The majority of trading at the CME market is done by a small group of traders, mostly large companies and cooperatives in the milk and cheese industry. This fact causes great concern because of the group's potential to manipulate market's prices, GAO found.

GAO also reports that although CME spot cheese market is not regulated by the CFTC or USDA, CFTC surveillance staff daily monitors and reviews trends in the CME market for irregular patterns that could suggest possible price manipulations. The report also mentions how the USDA is currently using the National Agricultural Statistical Service survey (NASS) as a major component in its minimum milk pricing formula. However, the fact that NASS survey has a 1 to 2 week lag time between the time the data was collected to the time it is reported is a major concern. The data will not reflect current market changes accurately, thus affecting milk prices on the market. At the end of the report, GAO recommends that if the USDA still continues to use NASS survey data, it should consider creating a program to audit the data.

To access the full report, visit <http://www.gao.gov/> .

EESI HOSTS BRIEFING CONSIDERS A NATIONAL RENEWABLE PORTFOLIO STANDARD

On Wednesday, July 11, 2007 the Environmental and Energy Study Institute held a briefing titled "Can a National Renewable Portfolio Standard Increase Energy Security, Reduce Emissions and Lower Costs?" Speakers on the panel included Leon Lowery, Majority Staff, Senate Committee on Energy and Natural Resources, Chris Namovicz, Operations Research Analyst, Energy Information Administration, Marilyn Brown, Professor of Energy Policy, Georgia Institute of Technology, and Richard Glick, Director, Government Affairs, PPM Energy. The panelists discussed the numerous benefits of a National Renewable Portfolio Standard (RSP).

An RPS will require utilities to gradually increase the amount of electricity produced from reusable resources such as wind, biomass, geothermal, solar energy, incremental hydropower, and marine energy. Currently twenty-three states and the District of Columbia have RPS's and account for 40% of the nations electricity load. The proposed national RPS will require all states to acquire 15% of their energy from renewable resources by 2020. If a state exceeds the requirement they can sell extra renewable energy to other states in the form of credits. Those who fall short of producing the 15% can purchase credits from other generators or from the government.

Benefits of a National RPS, according to panel participants, include an increase in fuel diversity, enhanced economic competitiveness, energy independence, rural economic development, reduction in Carbon Dioxide emissions, and improvement in the overall quality of the environment. A RPS will improve marketplace efficiency by providing a common policy and reduce gas and electricity prices.