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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.

BUSH VETOES SCHIP EXPANSION, PROPONENTS GEAR UP FOR OVERRIDE ATTEMPT

On October 3, 2007, President George Bush, as expected, vetoed H.R. 976, the State Children's Health Insurance (SCHIP) Program authorization. The bill would greatly expand SCHIP -- adding an extra \$35 billion over the next five years and bringing the 5-year total to \$60 billion. The expansion would be financed primarily by tobacco tax increases, including a 61-cent hike in the cigarette tax to \$1 per pack. SCHIP covers about 6 million children who are low-income but not poor enough to qualify for Medicaid. The bill would add to the SCHIP and Medicaid rolls about 5.8 million additional children, of which, according to data from the Congressional Budget Office, two-thirds of them would otherwise be uninsured.

Critics and the President argue that the program would cost too much and that the expansion would encourage some parents to drop their private insurance health coverage, shifting their children instead into SCHIP. Bush says this “crowd-out” of private insurance is unacceptable. The fight over SCHIP next returns to the House, where Democrats are working to round up enough votes to override Bush’s veto. The Senate cleared the bill last week on a 67-29 vote, with two Democrats absent — a margin sufficient to override the veto. But the House vote last week was 265-159 with one “present” vote, a total of 19 votes shy of the two-thirds majority needed to override. House leaders have set October 18 as the date for the override vote, hoping that a grassroots effort in the interim can persuade enough additional members to support the override. (Having cast her "present" vote to protest a bill that she says did not go far enough, Rep. Diane Watson (Los Angeles) states that she will vote in favor of the override attempt.)

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

SMALL BUSINESS COMMITTEE CONSIDERS EFFECTS OF INTERNET TAX MORATORIUM

On October 3, 2007, the House Small Business Committee held a hearing on “The Internet Tax Moratorium: The Potential Negative Impacts on Small Businesses of Allowing Moratorium to Expire.” The current moratorium on Internet access, and multiple and discriminatory e-commerce taxes was first enacted in 1998 and extended in 2001 and 2004. It scheduled to expire in November of this year. The witnesses were: Brian Bieron, Senior Director, Federal Government Relations, eBay Inc.; Brett Dewey, CEO,

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WickedCoolStuff.com, North Hollywood, CA; David P. McClure, President & CEO, U.S. Internet Industry Association; Ross J. Lieberman, Vice President of Government Affairs, American Cable Association; and, Raymond Keating, Chief Economist, Small Business & Entrepreneurship Council.

All of the witnesses supported extending the moratorium and, in fact, making it permanent. Mr. Bieron noted the rapidly growing use of the Internet by small businesses, opening them up to a global consumer base and product sourcing. He stressed that any increase in the costs of using the Internet would undoubtedly lead to a decline in business for small companies. Mr. Dewey, who with his wife owns a small online retail business employing five workers, also emphasized the deleterious effect that expiration of the moratorium would have on his business, especially in the current economic downturn. He provided a detailed description of the costs of running a small business and its narrow profit margin. If the Internet tax moratorium were allowed to expire, he argued, his only options would be to “lay off employees; stop providing the health insurance on which our employees’ families rely; or close our doors.”

For the testimony of all the witnesses, go to:

<http://www.house.gov/smbiz/democrats> .

HOUSE SCIENCE & TECHNOLOGY SUBCOMMITTEE CONSIDERS NANOTECH IN SCHOOLS

The House Science and Technology Subcommittee on Research and Science Education held a hearing on October 2, 2007 on H.R. 2436, the Nanotechnology in Schools Act, to review current nanotechnology education activities supported under the National Nanotechnology Initiative, and to explore issues associated with educating students and the public about nanotechnology. The Subcommittee heard from several witnesses, including: Dr. David Ucko, the National Science Foundation's Deputy Division Director of the Education and Human Resources Division on Research and Learning. Dr. Ucko coordinates education activities in nanoscale science and engineering across NSF. It also heard from Sean Murdock, Executive Director of the NanoBusiness Alliance and Dr. Gerald Wheeler, Executive Director of the National Science Teachers Association.

H.R. 2436 would direct NSF to create a grant program under which eligible institutions could purchase nanotechnology equipment for educational purposes. Qualifying institutions – high schools, two-year colleges, undergraduate serving programs, and informal science education centers – could apply for competitively awarded, merit-based grants of up to \$150,000 used to purchase instrumentation and materials to teach nanoscale science and engineering (NSSE) principles to students and/or the public. In addition to equipment, the funds could be used for relevant software, as well as teacher and faculty professional development, and student educational activities. In making their awards, the bill encourages NSF to select institutions that represent a diverse geographic area and a diverse student body. H.R. 2436 provides a four-year authorization, beginning with \$15 million for FY 2008.

Dr. Ucko detailed NSF’s activities in nanotechnology science and education, particularly with respect to K-16 education. In fiscal year 2006, NSF funded \$26.2 million to teach K-16 students, science teachers, faculty

members, and the general public about nanotechnology. NSF estimates they educate 10,000 students and teachers per year with these funds. NSF also has a Nanotechnology Undergraduate Education Program which funded \$42.7 million since 2003. The grants in this program have gone to develop curriculum and purchase equipment in NSSE for undergraduate students in different science and engineering disciplines.

Mr. Murdoch spoke of the importance of providing future workers educated in nanotechnology science. He noted that U.S. companies are already having trouble recruiting qualified employees and to remain globally competitive the United States must prepare for the next generation of technology.

Dr. Wheeler, although noting the importance of nanotechnology, raised concerns that traditional science education facilities and resources are currently woefully underfunded and emphasis on nanotech grants and funding may inadvertently harm other science education activities.

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

HOUSE SUBCOMMITTEE ON HORTICULTURE DISCUSSES THE PERFORMANCE OF GOVERNMENT ORGANIZATIONS CONTROLLING FOREIGN PESTS

On October 3, 2007, the House Committee on Agriculture Subcommittee on Horticulture and Organic Agriculture held a hearing to examine the joint performance of the Animal and Plant Health Inspection Service (APHIS), the U.S. Department of Agriculture, Customs and Border Protection (CBP), and the U.S. Department of Homeland Security. The hearing addressed these government agencies successes and failures in protecting U.S. agriculture from foreign pests and diseases. The hearing featured testimony from witnesses representing the House Committee on Agriculture, the Government Accountability Office (GAO), the U.S. Department of Homeland Security, and Mr. Joel Nelsen, President of California Citrus Mutual in Exeter, California. Under the agricultural quarantine inspection (AQI) program, passengers and cargo are inspected at U.S. ports of entry to intercept prohibited material and pests.

The following are a few key points from the hearing:

- Overall interceptions - the animal products, plant pathogens, and pests that have been confiscated at ports of entry - have declined since the transfer of function from APHIS to CBP - by 25% in pests, 21% in plant pathogens, and 11% in animal products. Overall violations also dropped off markedly by 43%

- CBP and APHIS have expanded the hours and developed a national standard for agriculture training; given agricultural specialists access to a computer system to better target inspections at ports; and established a joint review process for assessing compliance with the AQI program on a port-by-port basis

- CBP's Agricultural Quarantine Inspection Monitoring (AQIM) sampling did not meet sampling requirements for 13 of 18 pathway activities at the four ports

- CBP had not updated the USDA agriculture specialist staffing model to ensure staffing was sufficient and allocated in the most effective manner

- CBP had not developed comprehensive performance measures to monitor the effectiveness of all its agriculture inspection activities

- The California Citrus Mutual (CCM) organization strongly urges Congress to enact legislation to transfer the AQI program from DHS back to USDA's APHIS (H.R. 2629 and S. 887)

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

SENATE COMMITTEE EVALUATES NATIONAL FLOOD INSURANCE PROGRAM, HOUSE PASSES REFORM PROVISIONS

On October 2, 2007, the Senate Committee on Banking, Housing, and Urban Affairs held a full committee hearing to review the National Flood Insurance Program (NFIP). The NFIP was established in 1968 to make affordable flood insurance available in communities that would adopt and enforce measures to make future construction safer from flooding. From 1968 through 2004, a total of \$15 billion had been paid out to cover more than 1.3 million claims. From 1968

through 2004, the NFIP took in \$20.5 billion in earned premiums. The hearing featured testimony from several U.S. universities, the Federal Emergency Management Agency (FEMA), the Government Accountability Office (GAO), local interests, insurance companies, and consumer rights groups.

The following are a few key points from the hearing:

- Combined claims from 2005 Hurricanes Katrina, Rita, and Wilma total over \$16.5 billion - the total NFIP payout (claims and associated expenses) for the 2005 hurricane events are expected to be approximately \$20 billion

- NFIP does not take in as much in premiums as it pays out in claims and some policyholders with structures that were built before floodplain management regulations were established in their communities pay premiums that represent about 35 to 40 percent of the true risk premium

- Some witnesses called on Congress to support the continuation of the flood map modernization program being conducted by FEMA and its local partners under the National Flood Insurance Program

- The current standard for mandatory insurance under the NFIP is the 100 year floodplain (1% annual chance floodplain). There is a 26% chance that a 100 year or larger flood will occur within the lifetime of a 30 year mortgage on a property in that floodplain

In a related development, last week, Rep. Doris Matsui (Sacramento) secured three amendments to the Flood Insurance Reform and Modernization Act (HR 1682), which passed the House by a vote of 263 to 146. One amendment directs FEMA to utilize emerging weather forecast technology when developing flood maps and proposes a grant program to increase participation in NFIP. The second provision directs GAO to conduct a study on the participation of residents of low-income neighborhoods in the NFIP. Finally, the third incorporates another piece of legislation (HR 921, the Flood Insurance Community Outreach Grant Program Act of 2007) into the bill. HR 921 is sponsored by Rep. Matsui.

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

HOUSE AGRICULTURE STUDIES LABOR NEEDS OF NATION'S AG INDUSTRY SECTORS

The House Agriculture Committee held a hearing on October 4, 2007 to examine the labor needs confronting the agriculture industry. The Committee received testimony from a number of witnesses, including: Mr. Bob Stallman, President, American Farm Bureau Federation; Mr. Bruce Goldstein, Executive Director, Farmworker Justice; and Mr. Randy Mouw, Misty Morning Dairy, Ontario, California, on behalf of Western United Dairymen.

Mr. Stallman testified that the labor shortage is critical in agriculture. A recent Labor Department study found that 53 percent of the hired crop labor force lacked legal work authorization, a number that is considered to be a low estimate. Given that about 3 million workers are required to operate the sector, and approximately 2 million of those are drawn from farm families, that means there are at least 500,000 agricultural workers who lack proper authorization. Because, under the 1986 immigration law, employers are prohibited from committing "document abuse" of their workers and must accept any of a number of documents as official evidence of work authorization, farmers are constrained from weeding out illegal workers, Stallman testified. He urged Congress to take immediate action to enact legislation that "provides an opportunity for current workers in agriculture to legalize their status and provides a framework for a long-term solution, such as a revamped H2A program, that assures we will not have to revisit this issue in the future."

Mr. Goldstein reiterated the need for immediate congressional action, because "the presence of so many undocumented workers in an occupation translates into weak bargaining power for all farmworkers." In making his case for the need for legislation addressing the agriculture labor crisis, Mr. Mouw argued that it was not a question of agriculture paying low wages, and noted that the jobs available at his dairy are relatively high-wage and year-round, and provide health care, bonuses, and opportunities for advancement. Nevertheless, he said, not one American-born individual had applied for work on his dairy in the last five years.

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

INSTITUTE CLIMATE BRIEFINGS FEATURE BOXER, GOVERNOR'S OFFICE, ARB, UC

On Thursday, October 4, 2007, the California Institute hosted two Capitol Hill briefings regarding climate issues - a morning briefing in a Senate building and a noon luncheon in a House Building. Senator Barbara Boxer, Chair of the Senate Environment and Public Works Committee, kicked off the day's program, providing an opening statement that framed the issue, discussed current legislation (her own and others'), and graphically illustrated the significance of the subject by recounting her recent visit to the rapidly melting sea ice fields of Greenland.

Entitled "*California's Climate Program: Lessons for Federal Action*", the briefings were held in conjunction with the University of California, California's Governors office, and Air Resources Board. Both briefings featured comments by Mary Nichols, Chair of the State's Air Resources Board (ARB); Brian Prusnek, Deputy Cabinet Secretary in the office of Governor Arnold Schwarzenegger; Alex Farrell, University of California professor and Co-Director of the "A Low Carbon Fuel Standard for California" report series; and Dallas Burtraw of Resources for the Future and a member of California's Market Advisory Committee, which worked to design so-called "cap-and-trade" alternatives for a carbon credit market. The briefings were moderated by Anthony Eggert, Energy Policy Advisor for the University of California.

In fall of 2006, California enacted the Global Warming Solutions Act (AB32), which established a comprehensive program aimed at reducing California's greenhouse gas emissions. Since then, California has passed several early action policy measures, commissioned several detailed policy reports, and held hundreds of meetings, workshops, and seminars on the subject.

Brian Prusnek of the Governor's office and Mary Nichols of the ARB discussed outlined the California climate program's major elements and legislative and regulatory structure, as well as plans for implementing the rules. For more on California's Climate program see: <http://www.climatechange.ca.gov/index.html> . Mr. Prusnek emphasized that, because the state emits only about 1 percent of the world's greenhouse gases, the state should act in a way that inspires others also to act. He added that any scheme developed should find ways to show economic benefits for both consumers & producers in order to encourage action. Ms. Nichols underscored that California has been a visionary leader in past energy and environmental improvement efforts, and she pointed out that the state has remained prosperous despite its high standards.

Dallas Burtraw of the Market Advisory Committee (MAC) outlined the committee's deliberative process and summarized the findings of the MAC's June 2007 report, which provided specific recommendations on the scope of a cap-and-trade program, the appropriate point of regulation in the energy stream, whether and how to offer allowances, carbon offsets, and mechanisms for controlling costs. Mr. Burtraw noted that transportation is the key producer of GHGs in California; he also noted that the electricity sector's emissions are largely related to out-of-state sources. He noted that the different members of the committee came to different conclusions regarding whether to regulate mid-stream or up-stream sources. For more information and to view the report, see: http://www.climatechange.ca.gov/policies/market_advisory.html .

Alex Farrell described California's efforts to develop a Low Carbon Fuel Standard that seeks to provide industry an appropriate structure and adequate incentives to reduce greenhouse gas emissions from transportation fuels at the lowest cost and fastest pace by harnessing market competition and preserving consumer choice. One of the first early action items under California's Global Warming Solutions Act, the LCFS has received significant national and international attention and support, and a similar programs are being considered by the European Commission, and several U.S. states and Canadian provinces. Mr. Farrell is a lead author of a recently released UC report which recommends LCFS policies relevant to a potential federal program. It is available at http://www.energy.ca.gov/low_carbon_fuel_standard/index.html .

Briefing video is posted on the California Institute video page, <http://www.calinst.org/video.htm> .

SOUTHLAND DESIGNATED "NATIONAL INTEREST" ENERGY TRANSMISSION CORRIDOR

The Department of Energy on October 2, 2007 designated several Southern California counties, including Los Angeles, Orange, San Bernardino, Riverside, Kern and San Diego, as well as the state of

Arizona, as the Southwest Area National Interest Electric Transmission Corridor. It also designated several eastern states as the Mid-Atlantic Area National Corridor. According to DOE's data and analysis, these corridors include areas in two of the nation's most populous regions with growing electricity transmission congestion problems. The designations are effective for twelve years.

The DOE action does not include decisions on whether or where to site new electric transmission facilities. State authorities will continue to have primary responsibility for deciding how to resolve transmission congestion problems, evaluating transmission projects, and the siting of transmission facilities, according to the announcement. However, if, within a year's time, an energy applicant does not receive approval from a State to site a proposed new transmission project within a National Corridor, the Federal Energy Regulatory Commission (FERC) may consider whether to issue a permit and to authorize construction of the project without state approval. In 2006, FERC issued regulations that stipulate that only those transmission projects within a National Corridor that would significantly reduce congestion into or within the congestion area would be eligible for a FERC permit. FERC also does not have the ability to authorize or order construction of transmission lines over State or federal property within the National Corridors without the consent of the relevant land management agency.

In announcing the decision, Secretary of Energy Samuel W. Bodman said, "The goal is simple – to keep reliable supplies of electric energy flowing to all Americans. By designating these National Corridors, we are encouraging stakeholders in these regions to identify solutions and take prompt action."

The designation is expected to help California's utilities, which are facing a state deadline to obtain 20% of their power from renewable sources by 2010, which in many cases will probably require transmitting alternative energy over long distances.

For more information, go to: <http://www.doe.gov/news/5538.htm> .

HOUSE SCIENCE AND TECHNOLOGY COMMITTEE EXAMINES R&D FACILITY LOCATIONS

On October 4, 2007, the House Committee on Science and Technology Subcommittee on Technology and Innovation held a hearing to consider the factors companies use to locate their research & development (R&D) and science, technology, and engineering intensive facilities. The hearing, entitled "How do Companies Choose Where to Build R&D Facilities?" is the third in the series "The Globalization of R&D and Innovation." This hearing explored the trends in, and factors for, site selections for science, technology, and engineering intensive facilities and the policies needed to ensure that the U.S. remains attractive for these investments. The hearing featured testimony from representatives of the Berkeley Roundtable on the International Economy at the University of California, Berkeley, McCallum Sweeney Consulting, the Information Technology and Innovation Foundation, the Open Technology Business Center, and the Junior Chair in Innovation, Entrepreneurship, and Commercialization at Georgia Institute of Technology.

The following are a few key points from the hearing:

- According to Site Selection magazine, 22 of the 25 largest facility investments in semiconductor plants since January 2006, have occurred in Asia, including nine of the top ten
- In the last decade the share of U.S. firms' R&D sites located in the United States declined from 59 percent to 52 percent, while the share in China and India increased from 8 to 18 percent
- One study of California-based technology firms (80 percent of which had less than 500 employees) found that R&D was actually the most common activity offshored, with around 60 percent of firms reporting that they offshore R&D, which is about twice the rate of manufacturing offshoring and three times the rate of back office offshoring
- Some of the more important reasons for offshoring include: government compulsion, localization and access to dynamic markets, proximity to key customers, access to highly qualified personnel, around the clock engineering, and access to a lower-cost labor force.

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

SENATE COMMITTEE EVALUATES PORT SECURITY

The Senate Commerce, Science, and Transportation Committee held a hearing on October 4, 2007 to review the Department of Homeland Security's implementation and administration of several port and cargo security programs authorized in the SAFE Port Act, the Maritime and Transportation Security Act of 2002, and the Coast Guard and Maritime Transportation Act of 2004. Witnesses included: Rear Admiral David P. Pekoske, Assistant Commandant for Operations, United States Coast Guard; Ms. Maurine Shields Fanguy, TWIC Program Director, Transportation Security Administration; The Honorable Thomas Winkowski, Assistant Commissioner, Field Operations, U.S. Customs and Border Protection; and Mr. Stephen L. Caldwell, Director, Homeland Security and Justice Issues, Government Accountability Office.

Adm. Pekoske testified that although the Coast Guard has met many of the requirements under the Safe Act, it has not yet met the timeline requirements related to Notice of Arrival for Foreign Vessels on the Outer Continental Shelf and Enhanced Crewmember Identification. He testified that the Coast Guard is "committed to working closely and diligently with our DHS partners to meet these and other requirements of the SAFE Port Act."

Ms. Fanguy detailed the advances made in implementing the TWIC program over the last year, including: completing test milestones on the enrollment system; adding TWIC enrollment sites based on stakeholder input; reducing the price of a TWIC card; establishing reader technical specifications; and identifying card reader pilot participants and holding kick-off meetings.

Mr. Caldwell outlined for the Committee GAO's recent study, *Maritime Security: The SAFE Port Act and Efforts to Secure Our Nation's Seaports*. He noted that based on the study, GAO has made recommendations to DHS "to develop strategic plans, better plan the use of its human capital, establish performance measures, and otherwise improve program operations. DHS has generally concurred with our recommendations and is making progress implementing them."

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

REPORT FINDS CALIFORNIA POLITICAL CLOUT BOOSTED BY STATE'S LARGE UNDOCUMENTED POPULATION

A recently released report concludes that illegal immigration benefits California's political clout *vis a vis* Northeastern and Midwestern states. The study, *Impact of Undocumented Populations on 2010 Congressional Reapportionment*, was written by Orlando J. Rodriguez, M.A., Manager of the Connecticut State Data Center, which is located within the College of Liberal Arts and Sciences at the University of Connecticut – Storrs.

It is the policy of the U.S. Census Bureau not to distinguish between citizens and non-citizens in its population counts. (One of the very first sentences of the U.S. Constitution requires that House seats be apportioned based on the number of "persons" -- no mention is made of citizenship.) In his study, Mr. Rodriguez opined that the presence of a significant population of undocumented individuals can affect the distribution of representation among the states. He posited two scenarios, one in which the Census Bureau counts all individuals in the 2010 census and another one in which it excludes the undocumented population from its count. Comparing those scenarios, he not surprisingly concludes that some western and southern border states receive more Congressional seats when all individuals are counted regardless of status, with the gain coming at the expense of some northeastern and Midwestern states.

As for California, Rodriguez found that although it, Montana, and New Jersey do not gain seats when undocumented populations are counted, California could stand to lose two seats if the undocumented populations were to not be counted. The report states, "California would keep its current fifty-three seats if undocumented populations are included. However, exclude this population and California loses two seats -- dropping from fifty-three to fifty-one." Rodriguez assumes a counted 2010 population for California of 38 million if undocumented populations are included; if they were to be excluded, the number counted would

fall to 35 million. Hence, the report argues that the presence of California's undocumented population will avert its losing House seats in the reapportionment that follows the 2010 Decennial Census.

The biggest winners coming from the counting of undocumented immigrant population, the report claims, are Arizona (+2), Florida (+3), and Texas (+2). At the other end of the spectrum are New York and Ohio, each of which are predicted to lose a predicted two seats with undocumented populations counted and one seat each if uncounted.

To download the study from the University of Connecticut website, visit http://ceea.uconn.edu/studies/CtSDC_2010Reapportionment_Final_2007sept19.pdf.

Every state has a State Census Data Center, with detailed demographic, economic, and other statistical information. For California, the State Census Data Center is part of the State's Department of Finance, which has an extensive array of demographic, economic, and financial research information available at <http://www.dof.ca.gov/Research/Research.php>.

CALIFORNIA TO BACK MULTI-STATE LAWSUIT SEEKING SCHIP FLEXIBILITY

Several states are joining forces to sue the U.S. Department of Health and Human Services (HHS) seeking to enjoin the agency from implementing new, more restrictive rules on how states can use funds associated with the State Children's Health Insurance Program (SCHIP). Recent HHS rules limit new SCHIP enrollments unless a child has been without health insurance for at least one year, and the states are fighting the change.

A joint suit has recently been filed in federal court by New York, Illinois, Maryland and Washington, and New Jersey has a filed a similar suit. Several states, including Arizona, California, Connecticut, New Hampshire, and New Mexico, are reportedly filing "*friend-of-the-court*" briefs in support of the claims. The claims are being filed in the U.S. District Court for the Southern District of New York.

In addition to the one-year waiting period for enrollments, states would be required to cover 95 percent of families who are at or below the program's designated poverty level before being able to enroll children above the threshold.

In an August 2007 letter to HHS Secretary Michael Levitt, California Governor Arnold Schwarzenegger and New York Governor Eliot Spitzer addressed the topic: "While we are committed to enrolling all eligible children, achieving a standard of 95 percent is virtually impossible. This is not a static population, and there is no valid way to measure this standard." Regarding the one-year waiting period, Governors Schwarzenegger and Spitzer said, "This is an incredibly harsh standard inconsistent with the goal of getting uninsured children health care they need. CMS will allow no exceptions. Thus, even if a parent dies or loses their job, a child must wait twelve months before she can apply for affordable health insurance under SCHIP."

HHS also seeks to end coverage for children living at or above 250 percent of the federal poverty line. It is worth noting that the federal poverty line is a single standard for the entire continental U.S.; only the rates for Alaska and Hawaii are higher than the national level. For many years, advocates for high-cost areas have complained that a static poverty rate set ignores the vast geographic variability of the cost of living. They point out that a dollar buys far less in California than in, say, Iowa and suggest that poverty rates should be adjusted by geography to reflect that fact.

(The federal poverty level in 2007 for a family of four is set at a yearly income \$20,650 for all of the states except Alaska and Hawaii.)

In August, and again in September, Governor Schwarzenegger led a coalition of states in writing to federal officials urging reconsideration of the new SCHIP rules. For more information, visit the Governor's website, at <http://gov.ca.gov/index.php?/press-release/7447/>.