



THE CALIFORNIA INSTITUTE FOR FEDERAL POLICY RESEARCH

1608 Rhode Island Avenue, NW, Suite 213, Washington, D.C. 20036
202-546-3700 fax:202-223-2330 e-mail: randsell@calinst.org web: <http://www.calinst.org>

California Capitol Hill Bulletin

Volume 13, Bulletin 11– April 28, 2006

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 CONTINUES TO WRESTLE WITH IMMIGRATION

The Senate remained at an impasse over the immigration debate this week with no huge breakthroughs found during the two week recess just ended. However, the parties continue to talk and on Tuesday, President Bush met with a bipartisan group of the key participants. At the White House meeting, attended by Majority Leader Bill Frist (TN) and Minority Leader Harry Reid, Judiciary Committee Chairman Arlen Specter (PA), and Senators Ted Kennedy (MA) and Sam Brownback (KS) among others, the President urged the Senate to reach an agreement and pass immigration reform legislation before the Memorial Day recess.

The President also indicated that he supported the concept of earned citizenship, but stopped short of endorsing the Judiciary Committee’s proposal, the Hagel-Martinez proposed compromise, or any other specific proposal. See, *Bulletin, Vol. 13, No. 10 (4/6/06)*. Prior to the recess, it looked as though the Senate was set to pass the Hagel-Martinez compromise, which would establish a new guest-worker program and also allow most of the 11-12 million illegal immigrants now living in the United States to eventually gain citizenship. However, that deal fell apart after Minority Leader Reid, fearing the deal would be gutted by the House in conference, called on Majority Leader Frist to immediately announce the names of the future Senate conferees. Senate head-counters are estimating that about 70 Senators would vote for Hagel-Martinez at this point.

In the meantime, the Senate Judiciary Committee held a hearing on the economic impacts of immigration on Tuesday, April 25. The Committee heard from four economists: Richard B. Freeman, Professor of Economics, Harvard University, and Program Director of Labor Studies, National Bureau of Economic Research; Dan Siciliano, Executive Director, Program in Law, Economics, and Business, Stanford Law School; Barry R. Chiswick, Professor of Economics, University of Illinois at Chicago; and, Harry J. Holzer, Professor of Public Policy, Georgetown University. In general, all of the witnesses agreed that highly educated immigrants benefitted the U.S. economy. They acknowledged, however, that this opinion did not factor in the impact on U.S. workers in competition for the

CONTENTS:

Senate Continues To Wrestle With Immigration	1
House Homeland Security Unanimously Approves Lungren-Harman Port Security Bill.	2
Governors Join Together To Urge SCAAP Increase	3
Examining Attitudes Toward Illegal/Undocumented Immigration in California, PPIC Finds Support for Moderate Policies Among State Residents.. . . .	3
Governor Extends State Emergency Relief Program and Calls for Federal Reimbursement.	4
President Opts Not To Declare Disaster For Levees.	4
Senate Panel Considers Math & Science Education.	4
Senate Judiciary Committee Hearing Addresses the Music Industry in the Digital Radio Revolution.	5
Senate Addresses Methamphetamine Epidemic.	5
PPIC Survey Regarding Attitudes About Education Reveals Conflicting Mindsets Among Californians.	6
Report and Briefing Outline California Commuting and Suburbanization.	7
Digital Millennium Copyright Act Evaluated.	7
Californians Applaud Dairy Bill Passage.	7
Opting Against Replacement for Methyl Bromide, EPA Leaves Some California Specialty Crops Still Lacking Pesticide Alternatives.	8
Bay Area Economic Forum Issues Report on Bay’s Economic Prospects.	8
CBP Provides Snapshot of CA Education Financing.	9
Pew Center Update on Illegal Migrant Population.	9
Berkeley, Stanford To Create Poverty Centers.	9
Friday 4/28/06 Conference on Lobbying at UCDC.	10
GSR Lunch on Tuesday, May 2, To Feature U.C. President Robert Dynes.	10

ADVISORY BOARD SUPPORTERS
OF THE
CALIFORNIA INSTITUTE

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

BENEFACTORS

Public Policy Institute of California
The California State University
Southern California Edison
Lockheed Martin

PATRONS

AT&T
The Boeing Company
Century Housing
General Atomics
Semptra Energy
Verizon Foundation

Hewlett-Packard
PG&E Corporation
University of California
Wine Institute

SPONSORS

Applied Materials
California Business Roundtable
California Chamber of Commerce
California Federation of Teachers
California Institute of Technology
Center for California Studies, CSUS
Chevron
International Brotherhood of Teamsters
National Semiconductor Corporation
Pacific Life
Rockwell Collins
SAIC
Transportation California
University of Southern California

CONTRIBUTORS

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

Bay Area Economic Forum
California Association of Realtors
California Farm Bureau Federation
California Space Authority
Fleishman-Hillard Government Relations
Metropolitan Water District of So. Calif.
Trimble Navigation
Wyle Laboratories
Xilinx

California Institute for Federal Policy Research
1608 Rhode Island Ave, NW, Suite 213
Washington, DC 20036 www.calinst.org

same jobs. As for low wage workers, there were different opinions among the witnesses, with some arguing that overall they contributed to the U.S. economy and others arguing that, especially during a time of deficit spending, they were a burden on the economy. However, all agreed that the lesser educated immigrants themselves were the greatest beneficiaries of the ability to work in the United States, and in general, agreed that a U.S. controlled and regularized guestworker program would be better than the de facto program for illegal immigrants currently operating.

For the testimony of the witnesses, go to the Committee's website at:
<http://www.judiciary.senate.gov> .

Finally, on April 26th, the Senate included nearly \$2 billion in the pending emergency supplemental spending bill to increase border security. Although almost all Senators support increasing border security funding, the vote was 59-39 because many Democrats, including Minority Leader Harry Reid (NV) opposed cutting the defense budget to fund the increase. The amendment includes \$790 million for replacement of helicopters and aircraft to patrol the southern border, \$600 million to upgrade Coast Guard patrol boats and equipment, and \$120 million for new Customs stations and checkpoints.

HOUSE HOMELAND SECURITY UNANIMOUSLY APPROVES LUNGREN-HARMAN PORT SECURITY BILL

The House Homeland Security Committee on April 26 favorably reported H.R. 4954 by a vote of 29-0. The bill, the SAFE Port Act, is authored by Homeland Security Economic Security, Infrastructure Protection, and Cybersecurity Subcommittee Chair Dan Lungren (Folsom) and Rep. Jane Harman (Venice).

The Committee adopted several amendments that boosted the bill's authorization level to about \$7.4 billion over vice years, versus the original bill's \$800 million annually. Included in the new funding is \$1.9 billion for the construction and acquisition of vessels, aircraft, and facilities for the Coast Guard. The amendment may result in the bill's being referred to the Transportation and Infrastructure Committee, which has jurisdiction over the Coast Guard.

The Committee defeated an amendment that would have required the inspection of all containers entering the United States. Opponents, including major retailers and shippers, argued that the amendment would be prohibitively expensive to implement and would bring port traffic to a standstill. The amendment went down 16-18. Instead the Committee adopted, by a vote of 33-0, an alternative amendment that requires the Homeland Security Department to evaluate the radiation detection technology used by foreign ports to inspect U.S.-bound containers and prohibit U.S. ports from accepting containers from port countries that do not cooperate in using the latest detection technology.

Upon the Committee's passage of the bill, Rep. Lungren commented, "SAFE Port is the rarest type of legislation. A bipartisan bill introduced to make a law, rather than a political statement. The unanimous approval of this comprehensive port security legislation today is a result of that bipartisan effort. Legislation that addresses the vulnerabilities of our ports is long overdue, and I'm pleased the Committee acted with a sense of urgency to bring this bill to the floor as soon as possible." He added that the bill "will improve the safety of the American people and the security of our global supply chain by extending our borders out and strategically focusing our resources. Creating multi layered maritime security and dedicating the resources necessary to identify suspect cargo and individuals, SAFE Port ensures our shores are our last line of defense, not our first."

Calling port security “America’s Achilles Heel,” Rep. Harman has noted that the nation’s ports account for \$1 trillion annually and that California’s ports account for nearly half of transshipped cargo.

For more information on the bill, visit the Committee’s website at: <http://www.hsc.house.gov> .

GOVERNORS JOIN TOGETHER TO URGE SCAAP INCREASE

Governor Arnold Schwarzenegger joined with 13 other state Governors to urge Congress to fund the State Criminal Alien Assistance Program (SCAAP) at \$850 million for fiscal year 2007. The program partially reimburses state and local governments for the costs of incarcerating undocumented criminal aliens.

FY2006 funding for SCAAP was \$405 million, \$100 million more than the year before, but still much less than the all time high of \$585 million appropriated in earlier years. While California received about \$121 million in SCAAP funding in FY2005 – over 40 percent of the total, the state estimates that it spends more than \$750 million annually to incarcerate illegal felons.

The Governors’ letter was sent to the key Republican and Democrat appropriators on both the House and Senate Appropriations Committee. It was signed by: Arizona Governor Janet Napolitano, Georgia Governor Sonny Perdue, Texas Governor Rick Perry, Washington Governor Christina Gregoire, Florida Governor Jeb Bush, New York Governor George Pataki, Iowa Governor Thomas Vilsack, Minnesota Tim Pawlenty, Oregon Governor Ted Kulongoski, New Mexico Governor Bill Richardson, Nevada Governor Kenny Guinn, Illinois Governor Rod Blagojevich, and New Jersey Governor Jon Corzine.

The text of the letter and a press release regarding it are available from Governor Schwarzenegger’s website, at http://governor.ca.gov/state/govsite/gov_homepage.jsp .

EXAMINING ATTITUDES TOWARD ILLEGAL/UNDOCUMENTED IMMIGRATION IN CALIFORNIA, PPIC FINDS SUPPORT FOR MODERATE POLICIES AMONG STATE RESIDENTS

The Public Policy Institute of California (PPIC) recently released a report by chief demographer Hans Johnson, discussing the status of illegal immigration in California. It examines the number of immigrants without legal documentation presently residing in California, their population characteristics, the roles they play in the state’s economy, and also the views of California residents about immigration into the state. Johnson briefed the California congressional delegation and staff on his findings in January before the report was published. See, *Bulletin, Vol. 13, No. 2 (1/27/06)*.

The state has approximately 2.4 million illegal immigrants residing in it, more than any other state in the country, according to Johnson. Most immigrants that enter through California’s southern border illegally are from Latin America, and are predominantly from Mexico (56%). However, the report finds that the state of California no longer holds the lead for the highest percentage share of illegal immigrants among the state’s population, that rank is now held by the state of Arizona with nearly 9 percent.

Johnson asserted that about one of every twelve workers in California is illegally living in the state and that demographic characteristics of immigrants entering California illegally defy certain stereotypes. The majority of such immigrants are male, aged 16 to 29, and live in families that have both naturalized U.S. citizens and non-citizens. Johnson went further to say that the largest pull factors that explains illegal immigration growth trends is the state of the California economy. With many low-skill undocumented immigrants taking jobs that most U.S. laborers would not normally accept, according to Johnson, labor participation rates in key industrial sectors like agriculture, construction, and services are exponentially higher than for Americans.

When discussing the opinions of Californians over the topic of illegal immigration, most respondents to a recent PPIC poll did not consider immigration to be the most important policy issue. Differences existed across ethnic populations, with 44 percent of the state’s white population believing that legal and illegal immigration benefits the state, whereas 47 percent believed that it burdens the state’s economy. Likewise, when California’s Latino population was polled, 82 percent felt that immigrants in the state benefitted society, while only 14 percent of Latinos believed that immigration burdened California.

Johnson’s report concluded by using PPIC data estimates to show that the state of California, as a whole, favors moderate approaches to illegal immigration compared to the rest of the U.S., and in general that the people of the state do not see border enforcement as the sole answer to curtailing illegal immigration in California.

For more information regarding this report visit the PPIC website at: <http://www.ppic.org> .

GOVERNOR EXTENDS STATE EMERGENCY RELIEF PROGRAM AND CALLS FOR FEDERAL REIMBURSEMENT

On April 17, 2006 Governor Schwarzenegger sent a letter to the California Congressional Delegation asking for its help in getting the federal government to reimburse the state for its expenses in filling prescriptions under the new Medicare prescription drug program. In the three months since the program started in January, the state has filled 818,504 prescriptions amounting to \$54,329,364.

When the Medicare Part D program began in January 2006, the federal government assumed responsibility for the nearly one million Californians who are eligible for the plan under both Medi-Cal and Medicare – the so-called “dual eligibles.” Problems in the transition from state to federal control, however, caused lapses in prescription coverage for many Californians and prompted the Governor to create a emergency relief program making the state the payer of last resort.

The federal Centers for Medicare and Medicaid Services has now agreed to reimburse the state for its costs through March 31, 2006. However, the Governor has extended the emergency state payment plan through May 15. The Governor’s letter to the Delegation states this extension was necessary “to make sure the federal government had enough time to implement and test all of the corrective actions they intend to make and give California beneficiaries the added protection of our emergency State plan.”

The Governor’s letter praises the delegation for its ongoing commitment to ensure that California is fairly reimbursed for these costs and asks the delegation for its continued help in securing reimbursement for all of the state’s costs.

PRESIDENT OPTS NOT TO DECLARE DISASTER FOR LEVEES

During a recent visit to the state, President Bush declined to declare a state of emergency for California’s stressed levees. Such a declaration would have opened up channels for providing federal aid to the state to repair them. The President did, however, agree to streamline federal procedures to expedite California’s repair of 29 levees. The state hopes to have them repaired by November of this year, but will have to do it with state money.

The Governor had requested the federal declaration of a state of emergency before President Bush’s trip to California on April 21, 2006. The administration explained that an emergency declaration requires an imminent disaster and the levees do not meet that requirement.

The emergency supplemental appropriations bill now before the Senate does have about \$22.3 million in additional funding for the levees. *See, Bulletin, Vol. 13, No. 10 (4/6/06).*

SENATE PANEL CONSIDERS MATH & SCIENCE EDUCATION

The Senate Commerce Subcommittee on Technology, Innovation, and Competitiveness, chaired by Sen. John Ensign (NV), held a hearing April 26th to consider “Fostering Innovation in Math and Science Education.” The Subcommittee heard from a panel of witnesses including: Dr. Mary Ann Rankin, Dean of the College of Natural Sciences at the University of Texas; Mr. Paul Dugan, Superintendent of the Washoe County School District, Nevada; Mr. Thomas N. McCausland, President and CEO, Siemens Medical Solutions; and Dr. Ioannis Miaoulis, President and Director, Museum of Science in Boston.

In his opening statement, Chairman Ensign asserted that the two issues the hearing really needed to address are how to get students interested in math and science initially and then how to make quality instruction in these areas accessible to interested students. Chairman Ensign declared the need for a “4 pronged approach” on the part of the Federal Government with the following components: the creation of math and science curriculum by proven-reliable agencies, the utilization of the multitude of current federal programs, the creation of additional federal programs with narrower focuses, and systematic methods to measure the effectiveness of such programs.

In his comments, Senator John Sununu (NH) emphasized the importance of recognizing the inherently limited role the Federal government can actually play in solving this problem. He conceded that although the Federal government can undertake measures to ensure highly qualified teachers and create and enforce standards, the responsibility of individual teachers, parents, and families, is considerable in encouraging students to explore and achieve in the fields of math and science.

The witness panel expressed the general consensus on the importance of teachers in this effort. Dr. Mary Ann Rankin referred to the program she had implemented at the University of Texas, the “UTeach” program, and the success it has had in encouraging students to consider a career in secondary school science teaching, particularly

through the use of incentive. In response to the program's success, Dr. Rankin informed subcommittee members that California will implement a similar program that will be state-wide and the largest of its kind in the nation. In his testimony, Mr. McCausland described the efforts of the Business Roundtable to address this problem, and encouraged a larger collaboration between the federal government and private sector in this effort. Dr. Ioannis Miaoulis offered another perspective when he asserted that it is the current scientific curriculum that is the problem. Currently, K-12 students are taught about the natural world but nothing about the much more timely and relevant fields of technology and engineering. Dr. Miaoulis made policy recommendations to the subcommittee that included the addition of an engineering course requirement and the inclusion of a standardized assessment of technological knowledge in the No Child Left Behind Act of 2001.

For more information, visit the committee's website at: <http://commerce.senate.gov> .

SENATE JUDICIARY COMMITTEE HEARING ADDRESSES THE MUSIC INDUSTRY IN THE DIGITAL RADIO REVOLUTION

On April 26, 2006, the Senate Judiciary Committee held a hearing regarding "Parity, Platforms, and Protection: The Future of the Music Industry in the Digital Radio Revolution."

A panel of singers and celebrities gathered to share their views on the growing digital radio revolution. Artist Anita Baker and songwriter Victoria Shaw supported recent advancements in the field but also expressed their concern "that the people who create music are fairly compensated and with some logic and sense." Chairman and CEO of Warner Music Group, Edgar Bronfman, Jr., and N. Mark Lam, Chairman, Executive Committee and CEO, Live365 voiced their concerns about creating a level playing field for all digital internet and radio programs to adhere to.

In his testimony, Lam presented three main concerns. First, Lam requested "legislative royalty parity and programming parity among all digital radio services." This consistency would deny the government the ability of "picking winners and losers" once digital industries begin competing for consumers. Next, he expressed Live365's support for protecting "recording artists and copyright owners" from programs that profit from consumers copying their works. The result of such a program is that the radio services would only be required to purchase a performance license while they are actually benefitting from the distribution of the music, he argued. And finally, he urged the committee to establish a complete definition of "interactive service." By doing this "consumers, online radio services and recording artists can maximize the benefits of blending Internet technology and radio programming."

Bronfman also presented a list of interests for the committee to address. Similar to Lam, he desired that all the same rules apply to all programming services across the digital platform. Anything straying from this would only serve to favor certain companies, he argued. Secondly, Bronfman expressed his dislike for compulsory licenses. He explained that "with compulsory licenses, if you later discover some flaw or if the passage of time makes them outmoded, they are far more difficult to fix because they are statutory." If compulsory licenses are absolutely necessary, then the compensation for royalties should be set at market rates, he stated. And lastly, he stressed the need to distinguish performance services from distribution services, because both should be recognized with a separate license. Bronfman also testified that he supported the PERFORM Act proposed by Senators Dianne Feinstein and Lindsey Graham (SC).

Feinstein and Graham introduced the legislation on April 25, 2006 aimed at requiring cable, satellite and Internet music providers to protect music they broadcast while at the same time allowing consumers to continue to record and replay programming. The "Platform Equality and Remedies for Rights Holders in Music Act of 2006" (PERFORM Act) would create "Rate Parity," with all companies subject to the same rates. The legislation also contains provisions to establish content protection. This protection would create a distinction between "the right to perform and the right to distribute," and would prevent companies from supplying consumers with a recording device capable of "recording and reproducing music without paying a reproduction royalty." Feinstein emphasized that the PERFORM Act was not designed to hinder technological advances, nor would it apply to "over the air broadcasting."

For more information on the hearing go to the Committee's website at: <http://www.judiciary.senate.gov> .

SENATE ADDRESSES METHAMPHETAMINE EPIDEMIC

On April 25, 2006, the Senate Committee on Finance, headed by Senator Charles E. Grassley (IA), held a hearing to discuss the social and economic effects of the methamphetamine epidemic on America's child welfare system. The hearing was divided into two parts. The first section featuring individuals giving personal testimonies

on addiction to methamphetamine and the road to recovery. The second panel featured experts discussing and advising proper rehabilitation procedures and funding.

The parents and families in recovery were asked to attend the hearing to give insight on the methods that were effective for them in ending their addiction and starting their lives over. All the panelists detailed their numerous attempts to get clean, but always found that the rehabilitation was short term. Drug rehabilitation programs typically isolate addicts from their family members and loved ones, placing them in an intensive 90 day program. According to these personal testimonies and information from experts, however, 90 days is just enough time to detox the body, but in order to truly recover addicts need to undergo intensive comprehensive family therapy for at least 12 months.

The Rebecca Project for Human Rights is interested in promoting family-treatment as a successful and efficient solution to combating drug addiction. As the name implies, this treatment involves the entire family. Rather than separating the family and isolating the addict from those they care about, the entire family is included in the recovery process. The testimony of those who have been successful with family-based treatment claim that having their family around them was what made the recovery possible. Seeing their family, including children, day after day was a source of motivation, as well as support for them.

Dr. Nancy Young, Director of Children and Family Futures, Inc and the National Center on Substance Abuse and Child Welfare in Irvine, California agreed that programs of these types would be worth investing in. Family-based treatment is smarter “from the dollar stand point,” she said, because instead of putting money towards paying hospital bills and imprisonment fees, such money would be put towards programs with lasting results and less chance of relapse.

For the testimony of the witnesses, go to the Committee’s website at: <http://www.finance.senate.gov> , and for information on family-based treatment programs and the Rebecca Project for Human Rights visit the website at: www.rebeccaproject.org .

PPIC SURVEY REGARDING ATTITUDES ABOUT EDUCATION REVEALS CONFLICTING MINDSETS AMONG CALIFORNIANS

The Public Policy Institute of California (PPIC) recently published the results of a comprehensive education survey it conducted to ascertain how Californians feel about the condition of the state’s education system and what they see as causes and solutions.

The most significant findings of the survey reveal a perplexing inconsistency between how serious a problem Californians view the education system, and what measures they are willing to undertake to solve it. In the highest proportion since the survey’s launch in 1998, 58% of Californians feel the quality of education is a big problem. Furthermore, 44% of Californians feel that schools are ineffective in teaching basic reading, writing, and math skills. Serious concerns regarding quality of education in lower-income areas and education among black Californians were perhaps the most pervasive sentiment of survey respondents.

Where Californians placed blame for the problem in education quality was also relatively consistent, the survey found. Californians expressed dissatisfaction with nearly every level of education leadership. The largest frustration appears to be with the state legislature and representatives, only 12% of Californians said they would trust state government to make spending decisions for local schools. Local authorities, including districts, teachers, and principals, garnered greater responses of satisfaction and trust from survey respondents.

The majority of Californians also agree that additional state funding would likely improve the quality of education. Nevertheless, even while acknowledging the need for more substantial funding, opposition to all three measures proposed to increase state revenues through taxation adjustments was strong. Raising the income tax rate on the wealthiest Californians was the only proposal that garnered majority support, with 60% of Californians responding in favor. Perhaps these responses are more indicative of the 81% of Californians who said that better use of existing funds would result in higher K-12 education quality.

Feelings on what the goals of K-12 education should be and how to measure student achievement did not produce the same kind of consensus. According to the survey, 26% of California adults believe college preparation should be at the core of education, while significant proportions of respondents also believed the goal should be teaching students the basics, and the goal should be teaching them life skills.

For additional information, visit the PPIC website at: <http://www.ppic.org> .

REPORT AND BRIEFING OUTLINE CALIFORNIA COMMUTING AND SUBURBANIZATION

On Thursday, April 20, 2005, the Public Policy Institute of California held a briefing where recent findings on current commuting trends and modes of transportation for California workers were discussed. The PPIC's Elisa Barbour briefed congressional staff and other interested parties on her report, "*Time to Work: Commuting Times and Modes of Transportation of California Workers*." From 1990-2000 commutes going to the suburbs increased by three percent to 48%. Data from 2000 indicate that commutes coming from the suburbs were longer on average. Seventy-two percent of California workers drive to work alone. People driving to work from the suburbs were more likely to travel alone and these solo commutes tended to be shorter than other forms of transportation, according to the data. Additionally, contrary to the rising trends in commuting, the trip made to work by Californians was actually shorter in 2004 than 1990.

Barbour also found that between 1990 and 2004 even though average commute time for Californian workers increased by 10 percent, the actual median commute time dropped by 9 percent, highlighting the great diversity in the types and lengths of commutes in California. Her findings also show that the group of commuters with a trip longer than 45 minutes increased from 15% to 18% over the years. Also, in terms of individual commuters, according to Barbour, men have longer commutes than women, African Americans had longer commutes than other racial groups, and people with higher incomes and newer homes had to travel farther to get to work.

The report also found that California transit commuting increased slightly, indicating a positive response to the newest transit investments. The carpooling and transit use increases were most rapid in suburban counties. This implies that suburban commuters are looking for better alternatives to driving alone when confronting the growing pressure in commuting, according to the author.

To obtain the report, visit PPIC's website at: <http://www.ppic.org>.

DIGITAL MILLENNIUM COPYRIGHT ACT EVALUATED

In March 2006, the CATO Institute released an evaluation of the Digital Millennium Copyright Act of 1998 prepared by Timothy B. Lee, a policy analyst for the Show-Me Institute.

Before DMCA was enacted, the courts played a strong role in adopting remedies that responded to copyright challenges while fostering the growth of new technology. However, in enacting the DMCA, Congress significantly removed the courts' jurisdiction over these issues and banned any devices that "circumvent" digital rights management (DRM) technologies, which control access to copyrighted content. According to Mr. Lee's analysis, this has resulted in jeopardizing new technology development.

Lee argues that, today, "the copyright industry is exerting increasing control over playback devices, cable media offerings, and even Internet streaming. Some firms have used the DMCA to thwart competition by preventing research and reverse engineering. Others have brought the weight of criminal sanctions to bear against critics, competitors, and researchers." Calling the Act anti-competitive, Lee finds that both the copyright holders and the technology companies that distribute their content use the legal power invested in them by the law "to create closed technology platforms and exclude competitors from interoperating with them." In addition, he opines that the lack of clarity and attention to detail in the language in the DMCA only results in frustrating legitimate users and does little to end piracy. As a result of these flaws, Mr. Lee supports repealing the DMCA, arguing that the courts had already begun to develop a body of law to respond to new technology questions and are better equipped to fairly deal with the challenges presented by new technologies.

For a copy of the entire report, go to the CATO website at: <http://www.cato.org>.

CALIFORNIANS APPLAUD DAIRY BILL PASSAGE

On April 11, 2006, President Bush signed the Milk Regulatory Act (S. 2120) into law. The bill has earned bipartisan support from policymakers in California, Nevada, and Arizona as well as numerous coalitions of producer and processor groups. Supporters see the bill as a much needed solution to the loophole that resulted from inconsistencies in federal and state industry regulations. Provisions of the bill will alter current law by mandating that milk producers and processors must abide by federal pricing regulations in transactions between state regulated marketing areas and federally regulated marketing areas or between states with different pricing regulations.

California is the largest producer of dairy products, accounting for one-fifth of the nation's total milk supply according to the California Department of Food and Agriculture. New data released on April 27, 2006, indicated

that California continues to play a larger role in the nation's dairy industry. In 2005, according to USDA, California produced 37.6 billion pounds of milk, more than 21 percent of the nation's 177 billion pound total.

California's federal lawmakers were active in supporting regulatory equity and instrumental in ensuring the bill's success. Among the supporters in the House were the bill's sponsor Rep. Devin Nunes (Tulare), Ways and Means Committee Chairman Bill Thomas (Bakersfield), Agriculture Committee Vice-Chair Richard Pombo (Tracy), and Reps. Jim Costa (Fresno), and Dennis Cardoza (Atwater). In the Senate, Senator Dianne Feinstein spoke on the floor encouraging the bill's passage there last December. Among what was called by the International Dairy Foods Association (IFDA) an "unprecedented" collaboration of all links in the supply chain, the Dairy Institute of California was also active in demonstrating their support.

Nationally, the bill has been hailed as a positive indication of the willingness of Congress, the administration, and industry to cooperate in the reevaluation of federal and state industry and trade policy in light of what IFDA President called "today's ever-changing marketplace."

OPTING AGAINST REPLACEMENT FOR METHYL BROMIDE, EPA LEAVES SOME CALIFORNIA SPECIALTY CROPS STILL LACKING PESTICIDE ALTERNATIVES

On Tuesday, April 25, 2006, the Environmental Protection Agency abandoned efforts to gain approval of a pesticide that some had hoped would replace another chemical whose days are numbered. As initially reported in the *Los Angeles Times*, the EPA decision to postpone until next year its efforts to approve methyl iodide (also called iodomethane) resulted from comments by California officials, farmworker unions, and environmental advocates expressed concern about potential health effects of the proposed fumigant. EPA held a 30-day comment period regarding the proposal in January and February, and it extended the comment period for an additional 15 days.

Under the international agreement known as the Montreal Protocol, the agriculture industry was required to phase out the use of methyl bromide, a highly-effective but toxic fumigant that was widely used for California strawberries, citrus, and other products. Methyl bromide has been criticized for deleterious effects on the ozone layer, although the chemical's defenders argue that its short 2-year half-life makes it less harmful than other chemicals, such as chlorofluorocarbons, whose half-life may exceed 80 years.

Because few viable alternatives have yet been identified, those industries are still permitted to apply for "critical use exemptions" to allow continued use of methyl bromide in circumstances where warranted.

There had been hope that methyl iodide might be able to replace methyl bromide, but this week's action puts that notion in considerable doubt.

BAY AREA ECONOMIC FORUM ISSUES REPORT ON BAY'S ECONOMIC PROSPECTS

The Bay Area Economic Forum, an organization established in 1988 to encourage the economic strength of the area, released its fifth Bay Area Economic Profile of the series earlier this year. The report, *The Innovation Economy: Protecting the Talent Advantage*, highlights the Bay's known strengths (its adaptive economy, broad talent base, and unique culture and geography) and makes suggestions to address the areas needing improvement (education, housing, infrastructure) and compares the status of those facets in the Bay to several other regions.

Among the largest of the Bay Area's economic advantages is its high concentration of knowledge-based jobs and capacity for innovation. These qualities have made the Bay adaptive and resilient and the report notes this in discussing the Bay's successful economic comeback after the recent boom and bust in the tech sector. In an increasingly global economy, the report notes, the consistency with which San Francisco demonstrates a superior level of innovation will lend itself easily to long-term sustainability and continued economic success. Indeed, the number of major U.S. based companies based in the Bay Area has steadily increased over the past ten years and it now receives 35% of all U.S. venture capital.

With less optimism, the report recognized that the emergence of foreign talent from places like India and China could pose a threat to San Francisco's current dominance. In addition to factors like the city's high cost of living, the aging of the baby boomers, and the lack of educational proficiency that California consistently demonstrates, the Economic Forum also noted the failure to emphasize the importance of adapting a K-12 education system that better prepares students for the upcoming reign of knowledge-based jobs in the global economy.

The need for change is urgent, it argued; the Bay's infrastructure is over-stressed and the housing market will become increasingly unaffordable. All major components of urban infrastructure (energy, water, roads, and mechanisms for the travel and the transport of goods) are currently demonstrating significant inefficiency and,

because of their importance to the U.S. economic viability and the sheer volume of activity they support, such components are also especially vulnerable to terrorist and security threats. Housing prices have done little to lure prospective residents either: the Bay Area has recently surpassed New York City as the most expensive place to live (increasing at a rate considerably inconsistent with income growth).

In concluding its report, the Bay Area Economic Forum expresses confidence in the innovative problem-solving ability of Bay Area residents and representatives, and commends the successes of regional initiatives and voter-approved measures in combating the region's structural weaknesses.

The BAEF publication, "*The Innovation Economy: Protecting the Talent Edge*," is available in pdf format from <http://www.bayeconfor.org/keypub.html> .

CBP PROVIDES SNAPSHOT OF CA EDUCATION FINANCING

The California Budget Project released their latest report on school finance in California this month. The report outlined California's education spending and provided an indication of how the state compares nationally.

Unfortunately, little has changed in the condition of California education, the report asserts. While the state is applauded for its high academic standards (second in reading and first in math), California continues to demonstrate a general inability to meet those standards, and ranks among the bottom nationally in nearly every objective measure of student achievement. Many blame inadequate funding for California's poor results, according to the report.

Under the federal Title I law's statutory formula, which was reauthorized by 2001's No Child Left Behind Act, federal funding for education for the disadvantaged is determined primarily according to each state's per pupil spending levels (states that spend more per pupil get more Title I funds) and secondarily according to each state's relative concentration of child poverty. It has been argued that these determinants are mediocre representations of a state's real fiscal need, and are especially disadvantageous for California in particular. Indeed, California significantly lags in the former measure, ranking 35th nationally (2004-05), and requiring an additional \$6.4 billion expenditure on K-12 education to reach the national level of per pupil spending, according to CBP's report. Further, though California's concentration of child poverty is undoubtedly high, California's grant receipts under Title I haven't always reflected this need. Historically, the discrepancy was a result of the use of outdated census information in determining child poverty. This problem has since been remedied and in recent years California has received a more proportional share of Title I funds.

To review or download the report, visit <http://www.cbp.org> .

PEW CENTER UPDATE ON ILLEGAL MIGRANT POPULATION

On April 26, 2006 the Pew Hispanic Center released a fact sheet providing updated "*Estimates of the Unauthorized Migrant Population for States based on the March 2005 CPS*." The fact sheet suggests a range of how many unauthorized individuals inhabit each state. The Current Population Survey (CPS) is prepared by the Census Bureau.

Out of the roughly 11.1 million unauthorized migrants living in the United States, Pew estimates that California is home to the largest number, with the total count ranging from 2.5 million to 2.75 million. After California, Texas and Florida have the next highest number, with up to 1.4 million and 0.8 million, respectively. The size of the illegal immigrant population has steadily increased from the 8.4 million estimated to have been living in the U.S. based on the 2002 data, with the average growth rate being about 500,000 per year. These data estimate California's share at or below 25 percent of the U.S. total -- which would represent a substantial decrease from mid-1990s estimates of between 35 and 40 percent of the nation's undocumented immigrants.

For more information on this topic visit the Pew Hispanic Center website at <http://www.pewhispanic.org> .

BERKELEY, STANFORD TO CREATE POVERTY CENTERS

In recent years, a number of prominent universities around the nation have stepped up their interest in poverty and economic issues. Some universities have elected to create centers dedicated to conducting research regarding poverty and income disparities between states and nations.

Most recently the University of California, Berkeley announced plans for the creation of The Richard C. Blum Center for Developing Economies. Richard C. Blum, a UC Regent and husband of Senator Dianne Feinstein, made a gift of \$15 million to the project. The center at Berkeley will "primarily focus on sending student and faculty into poorer nations to solve problems on the ground." The Center intends to develop solutions for the poverty problem

threatening nearly 3 billion people in the world. Richard Lyons, the finance and executive associate dean of UC Berkeley's Haas School of Business, is also aiding Blum in his efforts. Lyons believes that "if we are putting 1,000, 2,000, 3,000 students abroad with an experience like this... then lives will be transformed."

Stanford University is also making plans to create a center to fight poverty as economic inequalities continue to increase. The Center for the Study of Poverty and Inequality at Stanford has a beginning budget of \$125,000 a year for five years. Stanford intends to address the poverty problem through research. The goal is that research conducted at the university will help in driving both national and international debate on poverty. And from this perhaps continue on to influence policies on the issue. The center is expected to develop into a facility that also provides courses in the field of study and eventually offer certification in the area of Developing Economies.

The new centers will add to and complement research underway at existing institutions, such as the Center for the Study of Urban Poverty at UCLA and the San Francisco-based Public Policy Institute of California.

FRIDAY 4/28/06 CONFERENCE ON LOBBYING AT UCDC

On Friday, April 28, 2006, at the University of California Washington Center (UCDC), a variety of experts will discuss issues related to lobbying law revisions and election law. Entitled "Influencing Congress: Scandals, Rules, Ethics, Politics", the free event will be sponsored by UCDC, Election Law Journal, UCLA and U.C. Berkeley Institute of Governmental Studies. Breakfast and lunch will be provided.

The conference will run from 9:00 a.m. to 4:15 p.m. on Friday, April 28. Following a welcome and introduction by UCDC Director Bruce Cain and UCLA Law Professor Daniel Lowenstein, the event will be kicked off by a 9:15 am keynote address by Congressman David Price (North Carolina), himself an expert regarding advocacy policy.

After Rep. Price's remarks, a panel entitled "*Rules and Reform*" will feature comments by UCLA Professor Barbara Sinclair and presentations by Billy Pitts of the The NTI Group; Don DeArmon of Cavarocchi, Ruscio, Dennis Associates; Anne Joseph, of Boalt Hall; and Andrew Stark of the University of Toronto Law School.

Following lunch will be a 1:00 pm panel on "*Lobbying and Campaign Finance Reform*" chaired by Lowenstein and featuring Ray LaRaja of the University of Massachusetts; Trevor Potter of Caplin and Drysdale; Rick Hasen of Loyola School of Law; and Michael Malbin of the Campaign Finance Institute at George Washington University.

Finally, a 2:45 pm panel chaired by Bruce Cain and entitled "*Interest Groups, Congressional Decision Making & Ethics*," will feature remarks by UCLA's Andy Sabl, *Washington Post* columnist Jeffrey Birnbaum, and Professors Lowenstein and Sinclair.

The widely-attended event will take place at UCDC, 1608 Rhode Island Ave, NW, in Washington, DC. For location and directions, visit <http://www.ucdc.edu/aboutus/location.cfm>.

To attend, send email to elizabeth.victoreen@ucdc.edu or call 202-974-6345. Additional information is available from Brigitte Donner at 202-974-6313.

GSR LUNCH ON TUESDAY, MAY 2, TO FEATURE U.C. PRESIDENT ROBERT DYNES

Californians in Washington are invited to attend a Golden State Roundtable Luncheon to be held on Tuesday, May 2, 2006, featuring remarks by the President of the University of California, Robert Dynes.

The event cost is \$35 for California State Society members and for Congressional/federal staff, \$40 for other non-CSS members, and complimentary for members of the California Congressional Delegation.

The lunch will be held Tuesday, May 2, 2006, from 12:00 noon to 1:30pm at the Capitol Hill Club, in the Capitol Room. The CHC is at 300 First St, SE, in Washington, across the street from the Capitol South Metro.

Seating is limited. To reserve a seat (acceptances only), interested persons may purchase a ticket online at <http://www.californiastatesociety.org> by selecting "Pay Online". Golden State Roundtable lunches, sponsored by the California State Society, provide an opportunity to hear about issues and policies affecting California from prominent business leaders, policymakers, journalists, and academicians.

To subscribe to the California Capitol Hill Bulletin, send an e-mail to randsdell@calinst.org with "subscribe" as the subject. To remove your name from the mailing list, e-mail randsdell@calinst.org with "unsubscribe" as the subject.
