



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

California Capitol Hill Bulletin

Volume 14, Bulletin 8 – March 2, 2007

To expand communications between Washington and California, the California Institute provides periodic news bulletins regarding current activity on Capitol Hill that directly impacts the state. Bulletins are published weekly during sessions of Congress, and occasionally during other periods.

HOUSE PASSES BILL TO REPEAL PELL GRANT "TUITION SENSITIVITY" PROVISIONS

On February 27, 2007 the House of Representatives passed a bill (HR 990) to eliminate the limit on Pell grant funds available to students attending the least expensive schools in the United States, which are most commonly community colleges. The bill, referred to as the Pell Grant Equity Act of 2007, was introduced by Education and Labor Chairman George Miller (Martinez) and ranking Republican Howard P. "Buck" McKeon (Santa Clarita). In a February 3rd statement, Miller stated that "students should not be financially penalized for attending a low-cost school, and colleges and universities should not be punished for reducing their tuition costs." The legislation is of particular importance to Californians because community college tuition fees in the state were reduced from \$26 to \$20 per unit on January 1st.

The passage of the bill effectively increases the maximum Pell grant award available to students at schools where tuition and fees are less than \$675 per year, giving the 90,000 to 100,000 affected students an average of \$108 more per year. Proponents of the bill point to the significant difference this amount can make for the poorest students, the majority of whom attend community colleges. They have also explained that repealing "tuition sensitivity" would not reduce the number or amount of Pell grant awards available to other students.

H.R. 990 passed by voice vote under suspension of the rules. The following day, February 28, Senators Dianne Feinstein and Barbara Boxer introduced identical legislation and vowed to push it through the Senate.

CONGRESSIONAL DELEGATION LEADERS AND GOVERNOR MEET IN WASHINGTON TO DISCUSS BIPARTISAN PRIORITIES

In town for the annual meeting of the National Governors Association, California Governor Arnold Schwarzenegger met with the key members of California Congressional Delegation. Among those involved were Senators Dianne Feinstein and

CONTENTS:

House Passes Bill to Repeal Pell Grant "Tuition Sensitivity" Provisions.	1
Congressional Delegation Leaders and Governor Meet in Washington to Discuss Bipartisan Priorities. . .	1
Boxer Hearing on Climate Change Features State Legislative Leaders Núñez and Perata.	2
Brownfield Site Redevelopment Bill Approved.	3
Natural Resources Takes Up San Joaquin River Settlement Bill.	3
House Committee Weighs in on Energy and Tax Policy	4
Homeland Security Subcommittee Marks Up Rail/Public Transportation Security Act	4
Senate Judiciary Takes Up Immigration Reform.	5
House Subcommittee On Horticulture and Organic Agriculture Discusses USDA Farm Bill Proposals	6
DHS Postpones States' Implementation of Real ID.	6
Western States Address Climate Change.	7
Army Corps Cites 37 California Levees as Unacceptably Maintained.	8
Experts Warn Next Earthquake Could Cripple Los Angeles Area.	8
PPIC Study Finds Immigrant Influx Actually Raises Wages of Native Workers in California.	8
Report Determines California Port Security Insufficient	9
Commerce Department Proposes Rule Changes for Countries It Fears May Divert U.S. Exports.	9
Health Groups Sponsor SCHIP Briefing.	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
California State Legislature
The California State University
Sempra Energy
Southern California Edison
PG&E Corporation

PATRONS

AT&T
The Boeing Company
General Atomics
Safeway Inc.
Verizon Foundation

Hewlett-Packard
University of California

SPONSORS

Applied Materials
California Business Roundtable
California Chamber of Commerce
California Federation of Teachers
California Institute of Technology
Center for California Studies, CSUS
Century Housing
Chevron
Lockheed Martin
Pacific Life
Rockwell Collins
SAIC
Transportation California
University of Southern California
Wine Institute

CONTRIBUTORS

Association of California Water Agencies
California Bankers Association
California School Boards Association
California State Association of Counties
City of Los Angeles
International Brotherhood of Teamsters
Bay Area Economic Forum
California Association of Realtors
California Farm Bureau Federation
California Space Authority
Fleishman-Hillard Government Relations
League of California Cities
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

Barbara Boxer, House Speaker Nancy Pelosi, and Reps. Zoe Lofgren and George Miller.

The participants discussed various issues, such as ensuring California receives its fair share of federal spending, health care needs, reimbursement for costs associated with incarcerating undocumented felons, emergency relief for citrus growers harmed by recent cold weather, and funding for federal formula grants such as education and homeland security first responder programs. In addition, the Governor discussed his proposal for broadened health care coverage and California's leadership on climate change policy.

More generally, all participants discussed opportunities to bridge divides and seek collaborative solutions that transcend partisanship, geographic parochialism, and other fragmenting forces in state and federal politics.

BOXER HEARING ON CLIMATE CHANGE FEATURES STATE LEGISLATIVE LEADERS NÚÑEZ AND PERATA

On Thursday, March 1, 2007, Senator and Chairwoman Barbara Boxer called a hearing of the Senate Environment and Public Works Committee to consider "State, Regional, and Local Perspectives on Global Warming." Witnesses included California Assembly Speaker Fabian Núñez, California State President pro Tempore Don Perata, New Jersey Governor Jon Corzine, Oklahoma State Representative Dennis Adkins, Colorado State Senator Ted Harvey, Seattle Mayor Greg Nickels, Des Moines Mayor Frank Cownie, and Dover (Ohio) Mayor Richard Homrighausen.

Senator Boxer stated that 29 states have put in place some form of global climate change initiative, as have 409 cities, and she noted that California and four other neighboring states this week announced that they have joined together to jointly address the issue. She added that California has also set greenhouse gas emissions standards for vehicles, which 10 other states have adopted so far.

Assembly Speaker Núñez discussed the state's landmark greenhouse gas legislation, AB 32, which he sponsored. He noted that AB 32 AB regulations will phase in a 25 percent reduction in carbon dioxide emissions from the state's five largest emitters by 2020, with the goal of bringing carbon emissions down to 1990 levels. He commented that the state's limit "provides clear market incentives to reduce pollution, unleashing entrepreneurs to pursue clean technologies," and he cited statistical information suggesting that California's actions may will create 83,000 jobs and boost the state's annual Gross State Product. Núñez added that this year, in addition to overseeing the implementation of AB 32, "the Assembly is advancing legislation on green building and alternative fuels; developing R&D opportunities; reducing emissions from landfills, and using bond funds to promote sustainability."

In his remarks, State Senator Perata emphasized three points. First, he underscored that California can serve as a model for federal efforts to address the climate change subject -- he lauded the AB 32 provisions and also cited a law he sponsored last year, SB 1368, to promote clean coal technologies. Second, he commented that what is really needed on this subject is leadership to develop a new-energy economy, thereby promoting a comprehensive solution rather than piecemeal approaches that do not cover all bases. (For example, he urged Congress to enact a 10-year extension of the renewable production and investment tax credit.) Lastly, he noted that reducing greenhouse gas emissions is a net plus for the economy.

For additional information, including witness testimony, visit <http://epw.senate.gov/public/index.cfm?FuseAction=Hearings.Home> .

BROWNFIELD SITE REDEVELOPMENT BILL APPROVED

The House of Representatives on February 27, 2007 passed a bill (HR 644) sponsored by Representative Gary Miller (Diamond Bar) to make it easier for local governments to obtain Housing and Urban Development Department grants to clean up brownfield sites, which are abandoned or underused contaminated properties. Miller argued that the legislation would help create more than 550,000 jobs and generate as much as \$2.4 billion in tax revenue for local governments.

The bill strikes down a requirement for local governments to pledge community development funds as collateral for the grants. Previously, cities and towns eager to redevelop brownfields sites were reluctant to set aside these funds, which are used to improve living conditions in their communities.

Attempting to address liability concerns of developers, President Bush signed the Small Business Liability Relief and Brownfields Revitalization Act in 2002, which authorized \$250 million a year towards brownfields remediation for the next four years. However, Congress has avoided appropriating the full amount. The President's fiscal 2008 budget requests \$162 million for the brownfields program.

NATURAL RESOURCES TAKES UP SAN JOAQUIN RIVER SETTLEMENT BILL

The House Natural Resources Subcommittee on Water and Power held a hearing on H.R. 24, the San Joaquin River Restoration Settlement Act, introduced by Rep. George Radanovich (Mariposa) and co-sponsored by Reps. Grace Napolitano (Norwalk), Joe Baca (Rialto), Dennis Cardoza (Atwater), Jim Costa (Fresno), and George Miller (Martinez). The bill will implement the settlement agreement reached in *National Resources Defense Council v. Rodgers*, an 18-year old lawsuit over water supply and allocation of the San Joaquin River in the Friant Division of the Central Valley Project. Parties to the settlement are the Friant Water Users Authority, Natural Resources Defense Council and U.S. Department of the Interior. Over the life of the lawsuit numerous claims and counterclaims were made, but one of the most important became the contention that the operation of Friant Dam was in violation of the California Fish and Game Code, which requires dam operators to release sufficient water to keep fish in good condition below the dam.

The hearing was chaired by Rep. Napolitano, with several members of the California delegation in attendance, including Reps. Radanovich, Costa, Cardoza, and Devin Nunes (Tulare). The witnesses included: Dan Dooley, Attorney for the Friant Water Users Authority; Hamilton Candee, Attorney, Natural Resources Defense Council; Jason Peltier, Principal Deputy Assistant Secretary for Water and Science, U.S. Department of the Interior; Nancy Saracino, Chief Deputy Director of the Department of Water Resources, State of California; Lois Wolk, Assembly Member and Chair, Committee on Water, Parks, and Wildlife, California State Assembly; Thomas W. Birmingham, General Manager/General Counsel, Westlands Water District; Cannon Michael, Landowner in San Joaquin River Exchange Contractors Water Authority; Kenneth M. Robbins, Attorney, Merced Irrigation District; and Allen R. Ishida, Supervisor, Tulare County Government. The Subcommittee members and witnesses engaged in a long and thorough discussion of the provisions of the settlement and its implementation.

In directing the Secretary of the Interior to implement the settlement agreement in cooperation with the state of California, H.R. 24 directs Interior to, among other things, (1) design and construct channel and structural improvements; (2) modify Friant Dam operations to provide Restoration Flows and Interim Flows; (3) acquire water, water rights, or options to acquire water from willing sellers; (4) implement terms and conditions related to recirculation, recapture, reuse, exchange, or transfer of water released for such flows; and (5) develop and implement the Recovered Water Account.

It also directs the Secretary to identify impacts on adjacent and downstream water users and landowners and measures to mitigate those impacts. It also provides for the reintroduction of Chinook Salmon into the San Joaquin River, but further provides that the settlement and the salmon reintroduction are not to result in the involuntary reduction in contract water allocations to Central Valley Project long-term contractors other than Friant Division contractors.

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

HOUSE COMMITTEE WEIGHS IN ON ENERGY AND TAX POLICY

On February 28, 2007, the House Ways and Means Committee held the first of a series of hearings discussing the effects of global climate change on energy and tax policy. A panel of four witnesses offered testimony on the subject. Witnesses included Ronald Prinn, Professor in the Department of Earth, Atmospheric, and Planetary Sciences at MIT; Stephen Schneider, Professor in the Department of Biological Sciences at Stanford University; Eileen Claussen, President of the Pew Center on Global Climate Change; and David Montgomery, Vice President of Environmental Practice for CRA International.

Chairman Rangel (NY) stated the goal of the hearing as helping the committee gain a full scientific understanding of climate change. He said global warming is a fact, human energy consumption contributes to global warming, and the federal government must use the tax code to provide incentives that encourage increases in renewable energy and energy efficiency. Ranking minority member Jim McCrery (LA) concurred that there are dangers associated with global climate change, and that America needs to improve its energy independence. He stressed the need to consider the direct and indirect effects of climate change legislation on the economy, and he questioned whether or not the U.S. could act unilaterally to slow global warming.

Following the opening statements, each witness offered testimony on the subject. Dr. Prinn agreed that human influence/activity has proven significant to climate change. He emphasized the consequences of not enacting global warming policies versus enacting stringent policies. When considering how much money to spend, he said we should look at the risks of climate change. Dr. Schneider also expressed his concern about risk- management and the future of global warming. He said the growth rate in the economy would cover the costs of litigation, but we need to make sure policy "rules do not create positive incentives to do the wrong thing." Eileen Claussen offered three solutions in her testimony. She advocated a portfolio of policies and technologies that included a national, mandatory market-based emissions trading system, an international climate change framework, and the development of technologies to be diffused globally. Dr. Montgomery concluded by explaining the economic impact of climate change policies. He said legislation limiting emissions would impact the economy, producing losses in G.D.P. In addition, he believed policies to reduce global warming were not economically feasible on a large scale with today's technologies.

After the testimonies, members of the committee questioned the witnesses on topics such as the implementation of a tax incentive system, the existence of conflicting views on global warming, and whether or not unilateral U.S. action would be effective.

To access the hearing testimony, visit <http://waysandmeans.house.gov/Hearings.asp?congress=18> .

HOMELAND SECURITY SUBCOMMITTEE MARKS UP RAIL/PUBLIC TRANSPORTATION SECURITY ACT

On March 1, 2007, the House Homeland Security's Subcommittee on Transportation and Infrastructure Security held marked up H.R. 534, the "Rail and Public Transportation Security Act of 2007." The bill is aimed at fulfilling the recommendations made in *Detour Ahead: Critical Vulnerabilities in America's Rail and Mass Transit Security Programs*, a report issued by Democrats on the Homeland Security Committee in June 2006. It requires a national plan, supplementing the existing National Strategy for Transportation Security, which aims to: clarify roles and responsibilities of federal, state, and local agencies, strengthen intelligence sharing, lay out plans for public outreach and education initiatives, create a framework for resuming operations in the event of an attack, include a strategy and time-line for research and development of new security technologies, and describe lessons learned from past attacks. The bill also requires vulnerability assessments, training and exercise programs, dictates penalties for non-compliance, proposes an intelligence sharing plan, authorizes grant programs, and provides protections for whistle-blowers.

The following are amendments from the session:

- Lungren - the "Safe Truckers Act", agreed to be withdrawn and discussed at another time
- Brown-Waite - limits accessibility of assessments and plant to the public under the Freedom of Information Act to keep sensitive information unavailable for the public, defeated by a 4 - 4 vote

- Jackson-Lee - increase penalty amount for people who do not comply and add inspectors to enforce compliance, passed by verbal agreement
 - Clark En Bloc - authorize grants for security training programs, includes language that does not exclude labor unions, passed by voice vote
 - Brown-Waite - mandating some of the security exercises and training be conducted at the border, passed by voice vote
 - Lungren - strike language dealing with whistle-blower protections and replace with language from other bills dealing with whistle-blowers, defeated by recorded vote 5 - 3
 - Perlmutter - National Domestic Preparedness Consortium authorizes central facilities to be used for training, passed by voice vote
 - Lungren - authorizes current Viper teams to increase modes of transportation to assist with terrorist strikes, but not take over for local authorities, passed by voice vote
 - Perlmutter, co-sponsored by Chairwoman Jackson-Lee - background checks on transportation employees mandated with guidelines for dismissible offenses and chronological limitations; adds a redress process for employees who believe themselves to be terminated wrongly due to Security Threat status, passed by voice vote
- For more information visit: <http://hsc.house.gov> .

SENATE JUDICIARY TAKES UP IMMIGRATION REFORM

The Senate Judiciary Committee held a hearing on February 28, 2007 on comprehensive immigration reform, receiving testimony from Secretary of Commerce, Carlos M. Gutierrez, and Homeland Security Secretary Michael Chertoff.

In their testimony, the witnesses laid out three guiding principles for U.S. immigration policy: first, a secure border; second, effective enforcement of employer sanctions; and third, a "lawful channel for employment through a temporary worker program." Secretary Chertoff laid out the steps being taken by DHS to secure the border, including: deploying 6,000 National Guard to the border; eliminating the "catch and release" program, implementing Operation Jump Start, expanding the use of expedited removal procedures; increasing worksite enforcement and implementing US-VISIT's biometric tracking system.

Secretary Gutierrez pointed out that businesses across the country repeatedly report difficulty filling jobs, and that there were 4.4 million job openings in December, 2006. He stressed that the U.S. economy has added jobs for 41 straight months, with more than 7.4 million jobs created, and that since 2001 productivity has had strong annual average growth of 3.1 percent. He argued that "immigration has been an essential part of this growth: immigrants make up 15 percent of our labor force and account for about half of the labor force growth since 1996. Even with the flux of immigrants, the American labor market remains tight, with the unemployment rate at 4.6 percent."

Secretary Gutierrez also testified that President Bush is against amnesty and has suggested several possible alternatives, which are more fully discussed in his testimony, to bring undocumented workers out of the shadows without granting amnesty. He also stressed that immigrants in the United States must be encouraged and given assistance to learn English, as it is the only way they will become totally assimilated.

During the question and answer period, Senator Dianne Feinstein stated that her initial support for comprehensive immigration reform has changed since last year. She now believes that the expansion included in the failed 2006 bill was "too wide, too deep," and the guestworker program too big and too subject to fraud. She suggested that the best way would be to implement reform in tranches, with border security always being the first priority, but the second tranche incorporating the AgJobs bill and the Dream Act.

She also suggested that a path to citizenship be designed around a point system, with points being assigned for such things as length of time in the United States, work history, family connections, and the like. Secretary Chertoff responded that the idea is interesting in principle, but it might be less than workable because many immigrants may lack the documentation necessary to prove their eligibility for certain points, and the review process to prove eligibility may be unacceptably long and complicated.

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

HOUSE SUBCOMMITTEE ON HORTICULTURE AND ORGANIC AGRICULTURE DISCUSSES USDA FARM BILL PROPOSALS

On February 28 2007, the House Committee on Agriculture, Subcommittee on Horticulture and Organic Agriculture held a hearing entitled "Farm Bill Reauthorization: Specialty Crops, Organic Agriculture." Nationwide, specialty crops account for more than 28% of net farm receipts. More than 90 percent of the crops grown in California are considered specialty crops. California is the nation's sole producer (99% or more) of a large number of specialty crops including: almonds, artichokes, clingstone peaches, dried plums, figs, olives, persimmons, pomegranates, raisins, seed, ladino clover, sweet rice, and walnuts. In total, California produces more than \$27 billion worth of agricultural products annually. The Committee heard testimony from the Honorable Chuck Conner, Deputy Secretary of the USDA.

Some of the main points discussed in the hearing included:

- Accessibility for the new Conservation programs for specialty crop growers, \$7.8 billion over the next 10 years will be added to conservation programs
 - Mandatory funding for the Market Access Program (MAP) will be expanded by \$250 million over 10 years; increased funding will be specifically focused on non-program commodities which has been shown to be effective for specialty crops
 - Mandatory funding for the purchase of additional fruits and vegetables for use in the National School Lunch programs, which will serve both as a price control and a step against obesity; \$2.75 billion will be made available under Section 32
 - \$100 million is proposed for a new, temporary program to support producers of cellulosic ethanol, the program would focus on specialty crop wastes and other biomass rather than exclusively corn
 - Many specialty crop growers were extremely concerned about research funding; the USDA proposes \$1 billion over 10 years to establish a Specialty Crop Research Initiative
 - The requirements to be certified organic are lengthy and can be quite costly, especially for small farmers. The USDA proposes increasing reimbursement up to 75% of certification costs to help producers transition to organic farming
 - Many producers and policy makers are frustrated with the lack of data on organic production and markets. The USDA proposes \$10 million until expended in organic research
- For more information, please visit: <http://agriculture.house.gov> .

DHS POSTPONES STATES' IMPLEMENTATION OF REAL ID

The Department of Homeland Security (DHS) announced on February 28, 2007 that it will give states more time to implement the Real ID Act (P.L. 109-13). The Act requires states to toughen requirements for obtaining driver's licenses and was supposed to go into effect by May 11, 2008. States have complained about the potential \$11 billion cost of implementing the program, as well as the increased workload imposed on them. DHS extended the compliance deadline until December 31, 2009.

The Department's decision to delay implementation will allow states to "seek justifiable extensions," according to Secretary Michael Chertoff. It also heads off a confrontation with the Senate, where Sen. Susan Collins (ME) was prepared to offer an amendment to the 9/11 Commission recommendation bill (S. 4) delaying the Real ID launch date by two years. Some Senators argued that the program was an unfunded federal mandate and that DHS has failed to spell out what requirements the states would have to meet in issuing driver's licenses, even though the bill was passed almost two years ago. DHS did not file a notice of proposed rulemaking spelling out the minimum standards for state-issued driver's licenses and identification cards until March 1, 2007. The standards being proposed include: security features that must be incorporated into each card; verification of information provided by applicants to establish their identity and lawful status in the United States; and physical security standards for locations where licenses and identification cards are issued.

DHS also announced that up to 20 percent of a state's Homeland Security Grant Program funds can be used to help implement REAL ID.

To view the proposed standards go to www.dhs.gov .

WESTERN STATES ADDRESS CLIMATE CHANGE

On February 26, 2007, governors from five Western states, including California, announced an agreement to create a regional effort to lower greenhouse gas emissions. The five governors signed a landmark collective strategy to curtail greenhouse gas emissions from Santa Fe to Seattle. "This agreement shows the power of states to lead our nation addressing climate change," said Gov. Arnold Schwarzenegger. Unveiled at a meeting of the National Governors Association in Washington, D.C., the agreement calls for creating a regional goal to reduce emissions within the next six months and for developing a Western market that could allow companies to buy and sell carbon emission credits, most likely through the use of a cap-and-trade system.

A report released this month by an international panel of scientists predicted that the Western United States would be hit hard by global warming, with temperatures rising by as much as 10 degrees and with an increase in droughts and hurricanes. Last year Gov. Schwarzenegger signed landmark legislation requiring the state to lower greenhouse gas emissions by 25 percent by 2020. In addition, California recently accelerated its Renewable Portfolio Standard (RPS) target, which requires retail sellers of electricity to purchase 20 percent of their electricity from renewable sources by 2010, and 33 percent by 2020. The state's Air Resources Board has just begun the process of determining which industries will be required to lower emissions and by how much.

Although polls in California show widespread support for tackling global warming, the green politics of the state may not translate as easily to other states. Officials from the four additional states that signed the agreement - Arizona, New Mexico, Washington and Oregon - indicated that they were not close to adopting the same kind of strong global-warming law that California has in place. Nevada, the state that has doggedly pursued California companies with promises of lower taxes and fewer regulations, did not sign the pact. Nor did Utah and Wyoming - states that produce significant amounts of energy from dirtier coal-powered plants. Many businesses have been voicing concern, even threatening to move to Nevada or other states, because they believe California's approach would accomplish little while driving businesses and jobs out of state.

The regional agreement may allow Schwarzenegger to respond to critics. V. John White, an environmental advocate from the Center on Energy Efficiency and Renewable Technologies, applauded the regional agreement because he said it might prod other states to learn from California's efforts to require more energy-efficient appliances and other emissions reduction strategies, and because he predicted that federal requirements are still a long way off.

PPIC GIVES CAPITOL HILL BRIEFING ON HOW TO FIX THE SACRAMENTO-SAN JOAQUIN RIVER DELTA

On February 16, 2007 a briefing was given to congressional staff and other interested Californians that covered new analyses of issues surrounding the declining environmental state of California's Sacramento-San Joaquin Delta, a vast, low-lying inland region that forms the eastern portion of the San Francisco estuary. Ellen Hanak, a research fellow and director of the Economy Program at the Public Policy Institute of California (PPIC), and Jay Lund, professor of civil and environmental engineering at the University of California, Davis, presented findings from PPIC's new report, "Envisioning Futures for the Sacramento-San Joaquin Delta."

Five central themes were discussed:

- The current management of the Delta is unsustainable for all stakeholders.
- Improved understanding of the Delta environment allows for more innovative solutions.
- Several promising alternatives do indeed exist to current Delta management.
- Most Delta users have the ability to adapt economically to risk and change.
- Solutions are unlikely to arise from a stakeholder-only process, so political decisions will be needed for major changes to occur.

Hanak pointed to the main concerns in the region of water supply, agriculture, ecosystem, infrastructure, recreation, and housing. She explained how these deserve more attention now because of the increasing risk to levees, a steep decline in fish species in the area, and the severe lack of governing institutions. Lund described the nine long term alternative plans for Delta management presented in the report. Each was screened in a preliminary evaluation of their ecosystem performance, water exports, economic costs, and other Delta services. The interdisciplinary team of experts working on the study determined five of these options to be promising in

each of these issue areas. Lund outlined the report's long and short term suggestions. This included the concept of user finance to pay for change in the Delta, which would free public funds for restoration and mitigation while helping to ensure that investments are cost-effective.

The presentation ended with questions from the audience. It was concluded that numerous institutional imperatives remain to be addressed, but the authors of the report hope their work will make it easier for political leadership to emerge. The speakers expressed that the most promising path to improving the Delta may be a hybrid of multiple alternatives. All agreed that demand for change has increased dramatically over the last five years and that this report is an important step towards a viable solution.

The full report and research brief are available online: <http://www.ppic.org/main/publication.asp?i=671> .

ARMY CORPS CITES 37 CALIFORNIA LEVEES AS UNACCEPTABLY MAINTAINED

The U.S. Army Corps of Engineers recently released the locations of levee units nationwide with unacceptable maintenance inspection ratings. The Corps inspects some 2,000 levee units, or 13,000 miles, on an annual basis, which include projects built and maintained by the Corps, projects built by the Corps and transferred to a local owner to operate and maintain, and nonfederal projects built by a local community. A levee is given an unacceptable maintenance rating when one or more deficient conditions can reasonably be foreseen to prevent the project from functioning as designed. Some examples include animal burrows, erosion, tree growth, movement of floodwalls, and faulty culvert conditions.

Of the 122 levees given an unacceptable maintenance inspection rating in 2006 according to the Corps(February 1, 2007 report, 37 of them were located in California (1 in the Los Angeles area , 1 in San Francisco, and 35 in the Sacramento region).

For more information and to see the 37 levees cited, go to <http://www.usace.army.mil> .

EXPERTS WARN NEXT EARTHQUAKE COULD CRIPPLE LOS ANGELES AREA

On January 9, 2007 a new coalition of seismologists, officials, and community leaders called the Earthquake Country Alliance gathered at the University of Southern California to launch (Dare to Prepare), a new readiness campaign. The consensus is that the next large earthquake on the San Andreas Fault will likely be a horrific natural disaster on the scale of Hurricane Katrina, affecting the Los Angeles region for decades to come. Thomas Jordan, director of the Southern California Earthquake Center, predicts that such an earthquake could be imminent, especially on the southernmost section of the Fault which has not ruptured for over 300 years. He joined other experts in expressing more troubling findings. An incident on the scale of the last big earthquake in 1857 is predicted to cause more than \$150 billion in economic damages, with only \$15 to \$25 billion covered by insurance. Surprisingly, fewer residents today are covered by earthquake insurance than at the time of the 1994 Northridge quake, which covered only 6 percent of residential damage.

The Southern California Earthquake Center is a consortium of 54 institutions headquartered at USC, with core membership among universities like Harvard, Stanford, and MIT, as well as several schools in the University of California system. For more information on the new earthquake readiness campaign, go to <http://www.daretoprepare.org> .

PPIC STUDY FINDS IMMIGRANT INFLUX ACTUALLY RAISES WAGES OF NATIVE WORKERS IN CALIFORNIA

In its February 2007 edition of California Counts, the Public Policy Institute of California (PPIC) released a study of the effects of immigration on job opportunities and earnings of U.S.-born workers in the state, titled (How Immigrants Affect California Employment and Wages(. It determined through comprehensive analysis of statistical data from 1960 to 2004 that new arrivals to California do not displace native workers, tending instead to compete with prior immigrants for jobs and wages.

Key findings include:

In the 40 years studied, immigrants accounted for a 20 percent increase in California's total employment, but average real wages of native Californians increased by 4 percent in the same time frame.

Wage effects differ across education and experience categories, but almost without exception, the effects of immigration are positive.

Prior immigrants are most likely to be hurt by more newcomers to the state, losing out on wage gains of 1.4 percent per year.

There is no apparent correlation between the inflow of immigrants and the outflow, or displacement, of natives to other states.

Ultimately, the PPIC study refutes the assumption that immigrants reduce the demand for native workers by increasing the labor supply. Indeed, the study's author, Giovanni Peri, concludes that these groups complement, rather than compete with each other. Peri, an associate professor of economics at the University of California, Davis, provides some reasoning behind this trend. He finds that as the number of immigrants available for certain jobs and tasks increases, so does the need for complementary jobs normally done by native workers in areas of management, organization, and training.

For more information online, go to www.ppic.org.

REPORT DETERMINES CALIFORNIA PORT SECURITY INSUFFICIENT

The California Senate Office of Research released a report entitled "California's Exposed Container Ports: The Case for More Post 9/11 Protection," in November 2006. The report addressed concerns voiced by critics in the security field, in Congress, and by security directors on the waterfronts that American container ports remain vulnerable to future terrorist attacks.

According to the report, California stands out as a potential target due to its large cargo volume, which brings in the highest amount of imported goods in the country through the ports of Los Angeles, Long Beach, and Oakland. An attack on any of California's big ports could inflict serious harm to the community and the economy. The report examines weak links in port security defenses, focusing in particular on how they are configured to prevent a terrorist attack at the ports listed above.

Current federal protections are deemed to be inadequate and prone to failure. Port authority security directors claim they are still underfunded, and there are too many restrictions imposed on existing federal grants. Federal money is short by tens of millions of dollars and is inconsistent, varying from year to year, according to the report. In addition, local port authorities are required to match funds for 25 percent of the cost of approved projects.

Although new risk-based criteria increased federal funding of California's ports in 2005, federal grants decreased again in 2006. Los Angeles and Long Beach ports received less than half of their 2005 grant amounts, and the Port of Oakland was denied any grant money. Despite the passage of the Safe Port Act in October, 2006, there remains no guarantee that certain ports can be assured of larger grants, the report concludes.

Some support for port security did come from the California State Legislature, which voted to put on the November 2006 ballot a multifaceted state bond package that included a \$100 million provision for port security. The Legislature also sought to pass a measure that would have generated another \$150 million each year for security at the Los Angeles and Long Beach ports, but the measure was vetoed.

The report explains how state money could be put to work to upgrade seaport protection from a terrorist attack including the possibility of using the 2006 bond funds to help satisfy the new 25 percent matching requirement. A general conclusion of the report stated, "as matters stand now, a fundamental unfairness persists . . . as long as financial resources don't match the requirements needed to make security, while never perfect, at least as good as it can be at the state's container ports." Moreover, the experts agree that the Los Angeles, Long Beach, and Oakland ports still present opportunities for terrorists.

The state bond package (Senate Bill 1266) passed the Assembly and Senate, was signed by Governor Schwarzenegger, and became Proposition 1B, which was passed in November 2006.

To access the full report, please visit <http://www.sen.ca.gov/sor/Reports/reports.htm>.

COMMERCE DEPARTMENT PROPOSES RULE CHANGES FOR COUNTRIES IT FEARS MAY DIVERT U.S. EXPORTS

In the February 26, 2007 edition of the Federal Register, the U.S. Department of Commerce's Bureau of Industry and Security (BIS) filed a notice of proposed rulemaking, indicating that it is considering amendments to the Export Administration Regulations (EAR). The proposed rule would create a new designation for certain countries to which U.S. companies export goods but which are suspected of diverting goods to rogue nations or other undesirable recipients. A new Country Group C would be designated for countries that are (Destinations of Diversion Concern), establishing license requirements for exports and re-exports to such countries. Proposed changes are due to concerns that the diversion of items subject to the EAR could augment the capabilities of terrorists and state sponsors of terrorism while undermining international counter-proliferation efforts and compromising the effectiveness of U.S. export control laws.

Public comments to the proposals are due to BIS no later than March 12, 2007. The relevant notice can be found at: <http://a257.g.akamaitech.net/7/257/2422/01jan20071800/edocket.access.gpo.gov/2007/E7-3252.htm> .

HEALTH GROUPS SPONSOR SCHIP BRIEFING

On February 27 2007, the Alliance for Health Reform and the Robert Wood Johnson Foundation (RWJF) held a luncheon briefing entitled (Reaching Out: Enrolling and Keeping Kids in the SCHIP Program.) The State Children's Health Insurance Program (SCHIP) is a federal program of grants to states intended to provide health insurance to uninsured children in low-income families. In California, SCHIP funds are the main support for Healthy Families programs. By some estimates, almost three-fourths of America's nine million uninsured children are eligible for either SCHIP or Medicaid.

Keynote speakers Sen. Edward Kennedy and Sen. Orrin Hatch, two of the (fathers) of the SCHIP program provided opening remarks at the briefing. Other panelists included: Cindy Mann, executive director of the Center for Children and Families at Georgetown University; Linda Nablo, SCHIP director in Virginia; Judith Cash, deputy director of the Virginia Health Care Foundation, an RWJF "Covering Kids and Families" grantee; and Judith Woolridge, senior vice president, Mathematica Policy Research. Ed Howard of the Alliance moderated the session, and a representative of the Foundation offered introductory remarks.

Some of the main points discussed in the briefing included:

Most uninsured children are eligible under Medicaid or SCHIP but are not enrolled

- The programs that are most effective and likely to reach eligible but insured children and enroll them
- The need for data and research concerning SCHIP outreach, enrollment and retention and the effects on Medicaid enrollment

- Financial incentives and their effectiveness on state spending and coverage
- The need to integrate new tools and technology into SCHIP programs and data collection
- Expansion of the Medicaid program up to 200% of the poverty line
- The many barriers that make retention and enrollment in the programs difficult, including a 12 month waiting period since the child was last insured

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