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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.

SENATE PASSES PDUFA REAUTHORIZATION BILL

By a vote of 98-1 on May 9, 2007, the Senate passed S. 1082, the Prescription Drug User Fee Amendments of 2007. The bill authorizes the Food and Drug Administration to charge fees to pharmaceutical manufacturers in order to expedite the federal review of new drugs. The bill would also extend FDA’s authority to charge fees for a similar program for medical devices. The current Prescription Drug User Fee Act (PL 107-188) is set to expire on September 30.

During floor consideration, the Senate defeated an amendment that would have increased the monitoring authority of drug-safety scientists, as well as an amendment concerning conflict-of-interest rules governing the FDA’s advisory committees. The Senate did approve an amendment, 64-30, to increase fines against drug companies that do not comply with FDA drug safety measures.

Among other provisions, S.1082 will allow drug companies voluntarily to pay to have consumer advertisements reviewed by the FDA before they are aired. FDA will be able to fine companies from \$150,000 to \$300,000 for making false or misleading statements in ads that have not been pre-reviewed. S. 1082 also authorizes FDA to establish a program to monitor drugs for public safety after they have gone on the market.

The bill also contains a provision that would allow prescription drug to be imported from Canada and other approved countries, if the drugs are certified as safe and cost effective by the Secretary of Health and Human Services. However, HHS has said it does not have the resources to implement the proviso, so the amendment is not expected to result in drug importation.

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HOUSE SUBCOMMITTEE CONTINUES MARATHON IMMIGRATION HEARING SERIES

The House Judiciary Subcommittee on Immigration, Citizenship, Refugees, Border Security, and International Law continued its marathon of hearings on immigration reform with hearings on May 8 and May 9, 2007. The Subcommittee is chaired by Rep. Zoe Lofgren (San Jose); other Californians taking part

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in the hearings included Reps. Elton Gallegly (Simi Valley), Maxine Waters (Los Angeles), and Dan Lungren (Folsom).

At the first, on the role of family-based immigration in the U.S. immigration system, the Subcommittee heard from Stuart Anderson, Executive Director, National Foundation for American Policy; Harriet Duleep Ph.D., Research Professor of Public Policy, Thomas Jefferson Program in Public Policy, The College of William and Mary; Rep. Phil Gingrey (GA); and Bill Ong Hing, Professor of Law and Asian American Studies, University of California, Davis. Professor Hing testified in support of retaining the current family-based immigration system. He also called for expanding family-based immigration and reducing the long waiting time currently experienced before family members can enter the United States. He cited several arguments in support of his view, including that family reunification promotes strong family values for the United States, and that it contributes to the social welfare of the U.S. because family unity promotes the stability, health and productivity of all family members. He also noted that family immigrants are usually of working age and immediately become productive taxpayers, and that immigrant families often pool their resources to start small businesses that provide new jobs for native workers.

In his questioning of the witnesses, however, Rep. Gallegly expressed concern that continuing the family reunification system would result in making millions more individuals eligible for U.S. entry. He argued that if immigration reform legislation provides a path to citizenship for current undocumented aliens, roughly estimated to be 11 million strong, then each of those immigrants would eventually be eligible to bring in family members, resulting in an exponential growth in legal immigration to the United States.

The May 9th hearing was a continuation of the May 3rd hearing on the impact of immigration reform on the U.S. economy and U.S. workers. It was requested by the Minority who invited the witnesses: Roy Beck, Executive Director, NumbersUSA Education & Research Foundation; Steve Camarota, Director of Research, Center for Immigration Studies; and T. Willard Fair, President, Miami Urban League. Dr. Camarota posited that his and other research found no evidence of a labor shortage, especially in the lower-wage sector of the economy. Instead, he argued, there is a large supply of less-educated native workers available for employment, who are currently not working and not looking for work. He cited 23 million adult natives with a high school degree or less unemployed or not in the labor force; 10 million native-born teenagers (15 to 17) unemployed or not in the labor force; and 4 million college students unemployment or not in the labor force. By comparison, there are an estimated 7 million illegal aliens holding jobs. Dr. Camarota also argued that wages and benefits have generally stagnated or declined for the less-educated and that immigration has contributed to the decline in employment and wages for less-educated U.S. natives.

For the testimony of all the witnesses, go to:

<http://www.judiciary.house.gov> .

HOUSE TRANSPORTATION AND INFRASTRUCTURE SUBCOMMITTEES HOLD HEARING ON NATIONAL LEVEE AND DAM SAFETY PROGRAMS

On May 8, 2007, the Subcommittee on Economic Development, Public Buildings, and Emergency Management and the Subcommittee on Water and Resources of the House Transportation and Infrastructure Committee held a joint hearing on the safety of US dams and levees. In her opening statement, Subcommittee Chair Doris Matsui (Sacramento) noted that Sacramento was the most at risk river city in the country and said that, while California and Sacramento were raising funds to improve local dams and levees, they would need the Federal Emergency Management Agency (FEMA) and the US Army Corp of Engineers to assess the dams and levees and determine how to improve them. Representative Jerry McNerney (Tracy) said that Stockton was similarly at risk

The witnesses on the first panel were Mr. David I. Maurstad, Assistant Administrator of Mitigation for FEMA at the Department of Homeland Security, and Mr. Steven L. Stockton, Deputy Director of Civil Works for the US Army Corps of Engineers. Mr. Maurstad praised the recent re-authorization of the National Dam Safety program which he said performed vital functions including providing dam safety training, collecting data on dams, improving data analysis, facilitating data sharing, helping maintain the safety and security of federally owned dams, and providing grants to states' own dam programs. He said that in the past few years the Program has increased the number and scope of emergency action plans, increased the number of inspections, and established a five-year research plan, but cautioned that major problems remained. He said that over 3,500 of the nation's 795,000 dams are highly susceptible to failure, largely because 85% of them are 50 years or older, and that the government lacks adequate and accurate information on many other dams and levees; as a result the American Society of Civil Engineers' annual report card had given US dams a "D" grade. Mr. Stockton agreed that the National Dam Safety program did important work and recommended a similar National Levee Safety Program. He reported that the Army Corps had completed a survey of 2,000 levee segments that found that 6% were unacceptable and another 38% only minimally acceptable, completed a pilot to determine how much money and time more detailed survey work would take, developed a risk-based methodology for surveying, and helped FEMA prepare information on levees for their Flood Insurance Rate Maps, forthcoming next month.

On the second panel were the Association of State Dam Safety Officials; Mr. Larry Larson, Executive Director of the Association of State Floodplain Managers, Inc.; Mr. Warren D. Williams, General Manager and Chief Engineer of the Riverside County Flood Control & Water Conservation District; and Mr. Larry Roth, the Deputy Executive Director of the American Society of Civil Engineers. The Association of State Dam Safety officials reported that the effort to improve levee safety is "years behind the national effort for dams" and pointed to several recent incidents, including the failure of the Wheeler Island levee in California, as evidence of the need to pass HR 1098 and develop a levee safety program. They cautioned that dam inspection programs were understaffed and that grants to states for dam programs had been steadily decreasing -- California alone has lost \$98,463 to funding cuts in the past two years and is projected to lose \$203,724 over the next four. Mr. Larson said that responsibility for dams and levees should be moved to the states but encouraged the federal government to compile better data on levees, require more stringent inspections, and introduce standards that required levees to protect against a 500-year rather than a 100-year flood. In response to Representative Matsui's questioning, Mr. Stockton confirmed that the 100 year standard was a minimum and that states should be encouraged to establish stricter standards of their own. Mr. Roth agreed that federal inventories and inspections should be combined with new state responsibility and added that both federal and state programs must be given adequate funding to accomplish their goals. Mr. Williams worried that states were being pushed to take responsibility for dams and levees too quickly, without adequate infrastructure and said there was a necessary role for the federal government. He suggested dam and levee maintenance could be facilitated by streamlined permitting procedures and more funding for FEMA's Fund Flood Insurance Rate Maps.

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

CALIFORNIA AGRICULTURE SECRETARY DISCUSSES EXOTIC PEST FINDS IN BAY AREA

The light brown apple moth (LBAM), which causes \$20 million worth of crop damage a year in its native Australia, has recently been found in the Bay Area. On May 7, 2007 California Secretary of Agriculture A.G. Kawamura and Statewide Coordinator of the Disease Control Program, Bob Wynn, briefed the California congressional delegation in Washington. Because the LBAM feeds on a wide variety of ornamental and fruit plants it could have a potentially devastating impact on California agriculture. The State, therefore, imposed a quarantine on the areas where the moth has been found, identified and treated four affected nurseries, ordered 64 nurseries in LBAM affected areas to perform regular inspections, and set 17,204 pheromone-baited traps throughout the state in affected locations. Secretary Kawamura warned that this is not the only problem California has faced with invasive pests and Wynn reiterated the details of the federal order which calls for the inspection of every shipment of plants within 1.5 miles of a confirmed LBAM find in addition to monthly inspections of nurseries in LBAM counties. Wynn also applauded the USDA for releasing emergency funds from the CCC to combat the moth problem.

As of May 7, California's Plant Pest Diagnostics Laboratory and Washington's Systematic Entomology Laboratory have identified 1,904 trapped LBAMs, 83% of them from a small section of southern Santa Clara County. Another 12% are from a contiguous area including Alameda, Contra Costa, Marin, and San Francisco counties and the other 5% are mostly single-trap captures from Monterey, San Mateo, and Santa Clara counties. Because the LBAM's range is currently so limited, authorities are hopeful that it will be eradicated. Although the LBAM has been found in Hawaii since the late 1800s, this is the first time it has reached the mainland U.S. Trace-backward and trace-forward investigations are being performed to determine the source of the LBAMs and the US is keeping Canada and Mexico closely informed about the outbreak.

HOUSE NATURAL RESOURCES COMMITTEE HOLDS HEARING ON POLITICAL INTERFERENCE IN ENDANGERED SPECIES ACT IMPLEMENTATION

On May 9, 2007 the House Natural Resources Committee held an oversight hearing called "Endangered Species Act Implementation: Science or Politics?" In his opening statement, committee chair Representative Nick J. Rahall (WV) criticized the EPA for failing to protect endangered species to the extent required by law and for secretive, unscientific, and politically motivated decision making. Representative George Miller (Martinez) added that the political interference of recently resigned Fish and Wildlife Service deputy assistant director Julie McDonald had hurt critical planning for the health of California waterways. Ranking member Don Young (AK), on the other hand, said that ESA unjustly restricts landowners' control over their own property and criticized environmental groups for needless lawsuits that sapped government resources that could be better used to protect endangered species.

The witnesses on the first panel were the Honorable P. Lynn Scarlett, Deputy Secretary of the US Department of the Interior; Ms. Jamie Rappaport Clark, Executive Vice President of the Defenders of Wildlife; Dr. Francesca T. Grifo, Senior Scientist and Director of the Scientific Integrity Program for the Union of Concerned Scientists; and Mr. Jeff Ruch, Executive Director of Public Employees for Environmental Responsibility. Ms. Scarlett agreed with Representative Young that fighting environmentalists' lawsuits wasted agency money but said that they were nevertheless moving ahead with listing species, making habitat rules, streamlining permitting procedures, and developing cooperative local projects to implement protection of endangered species. She said her agency was committed to scientific integrity and was in the process of creating an accountability board, implementing 80 best practice procedures, and performing a scientist-led rewrite of proposed ESA regulations changes that drew criticism when they were leaked to the media earlier this year. Ms. Clark expressed concern that environmental groups and other stake-holders were not being included in drafting the new regulations and accused the current administration of inadequately funding and staffing the departments responsible for the ESA and of editing scientific reports for political reasons. Dr. Grifo presented the results of a survey of Fish and

Wildlife Services (FWS) scientists, which found that 69% felt that the FWS was not effective in protecting endangered species, 42% feared retaliation for publically expressing concerns about the biological needs of species and habitats, 44% had been directed to refrain from making protective findings for non-scientific reasons, and 19% had been directed to provide misleading information to the public, media, or elected officials. Mr. Ruche said that the administration routinely interfered in scientific procedures and findings for political reasons, punished scientists whose findings were politically inconvenient, and rewarded scientists who committed politically convenient dupery, including those who hid the adverse effects of diverting water from the Sacramento River to Southern California. He said that the lawsuits Mr. Young and Ms. Scarlett criticized were only possible because environmental groups were so often able to prove that the administration had ignored its own scientists. He urged Congress to establish better first amendment and whistle-blower protection for government employees.

On the second panel were Mr. Dominick A. DellaSalla, Chief Scientist and Executive Director of the National Center for Conservation Science and Policy; Ms. Judith Schoyer Rodd, Director of Friends of Blackwater; Mr. John Young, a retired biologist from the US Fish and Wildlife Service; and Mr. William P. Horn, an attorney from Birch, Horton, Bittner, & Cherot. Mr. DellaSalla, Ms. Rodd, and Mr. Young testified that the government had deliberately manipulated scientific results to support reduced protection for the spotted owl, West Virginian northern flying squirrel, and bull trout, respectively. Mr. Horn disagreed, saying that government officials make the best decisions they can based on the limited resources and the often ambiguous or contradictory scientific results available to them.

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

HOUSE SUBCOMMITTEE HEARING CONSIDERS AGRICULTURE RESEARCH PROGRAMS

On May 10, 2007 the Subcommittee on Conservation, Credit, Energy, and Research of the House Committee on Agriculture held a hearing to review agriculture research programs. In his opening remarks, subcommittee chair Representative Tim Holden (PA) said that research is one of the most important and profitable agricultural programs, increasing US farmers' productivity, boosting their international competitiveness, improving nutrition, and providing a 6.8% yearly return. He said that there was a strong demand in the agricultural industry for research in efficiency, conservation, and renewable energy and also encouraged the government to study organics and the effect of global climate change on agriculture. Ranking minority member Representative Frank D. Lucas (OK) agreed that agricultural research is extremely valuable but expressed concern that research agencies focused on obtaining funding for their agency rather than improving the research structure as a whole and cautioned that any restructuring should ensure that farmers and ranchers had access to and benefits from the research results. Full committee chair Representative Collin C. Peterson (MN) and Representative Jim Costa (Fresno) both expressed concern that research funding would be used inefficiently, duplicating programs in multiple states or departments.

The witness on the first panel was Dr. Gale Buchanan, Under Secretary for Research, Education, and Economics for the United States Department of Agriculture. The witnesses on the second panel were Dr. William H. Danforth, Chairman of the Coalition of Plant and Life Sciences and of the Donald Danforth Plant Science Center; Dr. Bruce A. McPheron, on behalf of the National Association of State Universities and Land-Grant Colleges; Dr. George W. Norton, Professor of Agricultural and Applied Economics at Virginia Tech; and Dr. Joe Bouton, Senior Vice President and Director of the Forage Improvement Division of The Samuel Roberts noble Foundation, Inc. Dr. Buchanan presented the administration's proposals for the farm bill which include consolidating and renaming agricultural research agencies, allowing research on highly infectious foreign animal diseases in the mainland U.S., and budgeting \$50 million a year for bio-fuels research, \$100 million a year for speciality crops research, and \$10 million in mandatory funding for organics research. Dr. Danforth and Dr. McPheron both recommended CREATE-21, a proposed addition to the Farm Bill's Research Title that would combine all agricultural research programs into one agency, the National Institute for Food and Agriculture, and increase agricultural research funding, especially for competitive grants. Dr. Norton disagreed, saying that CREATE-21 would decrease stakeholder support,

reduce flexibility, and spend more money on reorganization than it gained in improved efficiency. Dr. Bouton was encouraged by the administration's proposed increase in bio-fuels research funding and recommended more research on soil nutrition, carbon and nutrient sequestration, grower management, and biomass handling, as well as the development of demonstration programs, transitional assistance, and a crop insurance pilot.

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

HOUSE OVERSIGHT AND GOVERNMENT REFORM COMMITTEE HEARING EXAMINES FEDERAL CROP INSURANCE

On May 3, 2007, the House Committee on Oversight and Government Reform held a hearing entitled "Waste and Fraud in the Crop Insurance Program." Since the 1930s, the federal government has been providing farmers and ranchers with insurance to protect against risks and disaster. The modern crop insurance program was created by the Federal Crop Insurance Act of 1980 and aims to eliminate the need for annual federal disaster payments while continuing to provide a safety net against losses and disaster. Recently, allegations of waste, fraud and abuse have been circulated about the federal crop insurance program. This hearing targeted two key issues: the failure of the program to prevent the need for annual disaster payments, and waste and abuse within the program resulting in extreme costs for little result. The Committee heard testimony from representatives of the USDA, Government Accountability Office, Center for Agricultural and Rural Development, Taxpayers for Common Sense, and academic specialists in the area.

Some of the main points discussed at the hearing included:

- The program delivered a net of \$15 billion to farmers, but at a total taxpayer cost of \$26 billion
- The remaining \$11 billion in taxpayer costs — more than 40 cents of every dollar spent on the program — was lost via excess payments to crop insurers, subsidies to cover the cost of the program, and other waste and abuse
- The USDA's Risk Management Agency (RMA) is developing a combination policy, which combines the existing Actual Production History, Crop Revenue Coverage, Income Protection, Indexed Income Protection and Revenue Assurance plans of insurance into one consolidated insurance plan to reduce waste and streamline administrative work
- The USDA has found some payees claiming losses on crops that were never planted or that were intentionally made to fail, some agents and adjustors colluding to manufacture losses, payees creating sham farming entities to illegally obtain crop insurance indemnity payments, concealing actual production of insured crops to receive higher indemnity payments, falsely reporting planting dates to receive crop insurance payments, shifting crops to create loss units, wherein a producer attributes production from one section of insured land to either a non-insured parcel of land or another non-loss unit
- The Government Accountability Office recommends that Congress grant the RMA authority to periodically renegotiate the financial terms of its agreements with companies to provide reasonable cost allowances and underwriting gains

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

HOUSE SUBCOMMITTEE MEETS TO DISCUSS ALTERNATIVE FUEL ISSUES

On May 8, 2007, the House Committee on Energy and Commerce Subcommittee on Energy and Air Quality held a public hearing entitled "Alternative Fuels: Current Status, Proposals for New Standards, and Related Infrastructure Issues." The discussion was held to address the various alternatives to foreign oil including cellulosic ethanol, other biofuels, biodiesel, and coal-to-liquid technology. The Energy Policy Act of 2005 established a mandate for 7.5 billion gallons of renewable fuel in the U.S. gasoline supply by 2012. The hearing featured testimony from representatives of the Environmental Protection Agency (EPA), U.S. Department of Energy, Natural Resources Defense Council, Renewable Fuels Association, private energy

and refinement companies, and General Motors. The witnesses discussed various programs and ideas that would address renewable energy use, specifically renewable fuels standards, low carbon emissions standards, pricing and tax credits.

The following are a few points discussed from the hearing:

- By allowing the sale of credits at \$1 per gallon of ethanol (or about \$0.67 per gallon of gasoline equivalent), the “safety valve” guards against unforeseen increases in the prices of alternative fuels or their feedstocks, protecting other markets from being adversely impacted and minimizing costs to consumers
 - Currently, there are more than six million flexible-fuel vehicles (FFVs) on the road in this country, a significant number, but still a relatively small percentage of the approximately 225 million light duty vehicles in the U.S.
 - A low-carbon fuel mandate would essentially be an alternative fuel mandate; compliance with such a mandate will require the development of alternative vehicles and fuels that are not yet economic, such as cellulosic ethanol, plug-in hybrids, and hydrogen fuel cells
 - If the U.S. powered 11,000,000 light-duty vehicles or 5 percent of the U.S. light-duty fleet with natural gas today, it would only account for 4 percent of the country’s current natural gas fuel usage. Further, with the advancements in pyrolysis to convert coal and biomass to methane, an already abundant national supply of natural gas could be augmented by a source capable of providing extraordinary climate change benefits
 - The approximately 5 billion gallons of ethanol produced in 2006 resulted in the following impacts: added \$41.1 billion to gross output; created 160,231 jobs in all sectors of the economy; increased economic activity and new jobs from ethanol increased household income by \$6.7 billion; contributed \$2.7 billion of tax revenue to the Federal government and \$2.3 billion to State and Local governments; and, reduced oil imports by 170 million barrels of oil, valued at \$11.2 billion
 - The government should continue to purchase flex fuel vehicles, require maximum utilization of E85 in the government flex fuel fleets and use federal fueling to stimulate publicly accessible pumps
- For more information, please visit: <http://energycommerce.house.gov> .

HOUSE SCIENCE ENERGY AND ENVIRONMENT PANEL DISCUSSES CLIMATE CHANGE RESEARCH AND H.R. 906

On May 3, 2007, the House Committee on Science and Technology, Subcommittee on Energy and Environment held a hearing entitled “Reorienting the U.S. Global Change Research Program toward a user-driven research endeavor: H.R. 906” H.R. 906, “The Global Change Research and Data Management Act” would replace the current law that formally established the U.S. Global Change Research Program (USGCRP) in 1990 and reorient the program to produce more user-friendly research and information. The Committee heard testimony from representatives of the Office of Washington State, the International Union of Geodesy and Geophysics, the University Center for Atmospheric Research, Reinsurance Association of America, and the Western Governor’s Association.

Some of the main points discussed at the hearing included:

- The main change that is needed is highly qualified leadership, restoration of the very strong research effort that had been going on, and a significant commitment to openly, forthrightly, and expeditiously provide the best possible information to the American public through a comprehensive decision support and assessment activity
- The major strengths of the USGCRP include: Its primary goal has not changed since its inception -- to provide a sound scientific basis for developing national and international policy on global change issues; It has provided an important interagency mechanism for developing research priorities and budgets and coordinating the program’s implementation; It has periodically been independently reviewed (e.g., the National Academy of Sciences) and been responsive to those reviews; It has tried to tie these interagency research efforts to societal and user needs.

- The major weaknesses of the USGCRP include: The program has been subject to rather substantial political influences over the years; The interagency process has not always had the leadership and clout to really ensure that the highest research priorities are addressed; It has not been as responsive to user needs as it could have been; There has been difficulty in tracking budget categories and progress over time as cited in the 2006 GAO report entitled "Climate Change: Greater Clarity And Consistency Are Needed in Reporting Federal Climate Change Funding"

- The Western Governors stated in their 2006 report, "Water Needs and Strategies for a Sustainable Future," that Congress and the Administration should fund research for improving the predictive capabilities for climate change, and assessment and mitigation of its impacts

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

SENATE COMMITTEE HEARING EVALUATES FARM BILL ENERGY AND RURAL DEVELOPMENT PROPOSALS

On May 9, 2007, the Senate Committee on Agriculture, Nutrition and Forestry held a full committee hearing entitled "Farm Bill Policy Proposals Relating to Farm and Rural Energy Issues and Rural Development." The discussion was held to address the various provisions in the 2002 Farm Bill relating to Farm and Rural Energy issues and addressing proposals to improve upon those provisions given updated knowledge about renewables, biofuels, and other energy advancements. The committee chairmen discussed the necessity of energy improvement and rural development funding. The hearing featured testimony from state and regional associations, farmer cooperatives, university research centers, non-profit interest groups and private industry. The witnesses discussed specific problems and short comings of the current legislation and proposals and improvements that can be made in the 2007 Farm Bill reauthorization.

The following are a few key points made at the hearing:

- Electric cooperatives serve only 12% of the population -- but maintain 42% of the nation's electricity distribution lines covering three quarters of the land mass
- Congress should strengthen current energy title provisions to encourage development, production and use of renewable energy from crops and livestock
- Support an increase in the Renewable Fuels Standard beyond 2012 and the goals of the 25x25 initiative, a movement working towards securing 25 percent of our energy from renewables by the year 2025
- Support more research into the development of cellulosic ethanol, which is produced from a wide variety of cellulosic biomass feedstocks, including agricultural plant wastes, plant wastes from industrial processes, and energy crops grown specifically for fuels production, such as switchgrass;
- Maintain and strengthen federal procurement, loan, grant and research and promotion programs

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

HOME SALES, PRICE APPRECIATION DROP; SHARE OF FIRST-TIME BUYERS SECOND LOWEST ON RECORD, BUT CONDO SALES GROWING

The share of first-time buyers dropped to the second lowest level on record and sales of existing single-family homes decreased 23 percent, according to a report released by the California Association of Realtors in April 2007. The report, "The State of the California Housing Market", is based on C.A.R.'s 26th Annual Housing Market Survey. The report also found that 21.1 percent of buyers purchased homes with zero-down payment in 2006, compared to 4.5 percent in 2000, and that price appreciation slowed considerably from 14 percent in January of 2006 to under 2 percent by the end of the year. C.A.R. attributes these changes to the increase in interest rates and the resulting slowdown in sales. Other key findings from "The State of the Californian Housing Market" include:

-The percentage of buyers purchasing a condo or townhome and the percentage purchasing a single family home both increased.

- Buyers relied more on savings and fixed rate loans and less on adjustable-rate and hybrid loans or the sale of previous homes than in past years.
- The median loan amount for first mortgages increased and the rate of second mortgages reached 43 percent, triple what it was in 2000 and the highest since 1982.
- The median down payment dropped for the first time since 1995, despite the fact that the median home price increased to historically high prices of \$450,000 for first time buyers and \$618,000 for repeat buyers.
- The typical first time buyer had a median age of 35 and earned an annual household income of \$80,000. 50 percent were married, 35 percent were single, and 13.5 percent lived in a household with two or more individuals. The percentage of married and two-person household individuals had decreased from the previous year.
- The typical repeat buyer had a median age of 45 and earned \$120,000 a year. Six in ten were married, one quarter were single, and 12.7 percent were from households with two or more individuals, up from 6.6 percent in 2002.
- The typical home seller was 50 years old, earned \$100,000 a year, and had lived in the home 5 years. 55 percent were married, 27 percent were singles, and 12 percent were from households with two or more individuals. Their median cash gain from the sale dropped to \$202,000, the first decrease since 1997.

For more information, please go to <http://www.car.org> .

CENSUS BUREAU RELEASES NEW DATA ON EDUCATIONAL ATTAINMENT

On March 15, 2007 the US Census Bureau released 14 tables of data from a 2006 survey on educational trends and attainment levels in the US. The tables included national data on the correlation between education and age, sex, race, Hispanic origin, marital status, occupation, industry, nativity and period of entry, metropolitan residence, and earnings. The tables also include limited data by region and state.

The data demonstrated a significant earnings gap between adults with post-high school education and adults without it. Adults over 18 without a high school diploma earned an average of \$19,448 a year, while adults with a master's, professional, or doctoral degree earned more than four times that amount with an average income of \$79,946 a year. Adults with only a high school diploma earned an average of \$29,448 a year, while adults with a bachelor's degree earned nearly twice that amount with an average income of \$54,689.

There were also significant racial and ethnic gaps in educational achievement. 91% of non-Hispanic whites over 25 held a high school diploma compared to 87% of Asians, 81% of blacks, and 59% of Hispanics. Non-Hispanic Californians had higher high school completion rates than the national average with 93.2% of Californian whites, 88.4% of Californian Asians, and 86.8% of Californian blacks holding a high school diploma. However, only 54.7% of Hispanic Californians reported having a high school diploma, lower than the national average.

Gender gaps in education were slight. Nationally, 86% of women over 25 and 85% of men over 25 held high school diplomas while 29% of men and 27% of women held bachelor's degrees. Californian men and women both had lower rates of high school completion than the national average at 81.2% and 80.4% respectively, but higher rates of bachelor's degree completion, at 30.8 and 28.8% respectively.

Overall, 80.8% of Californians over 25 reported completing at least high school (compared to 86% nationally) and 29.8% reported completing at least a bachelor's degree (compared to 28% nationally). Minnesota and Alaska had the highest regional rates of high school completion, at about 93%, while the District of Columbia had the highest rate of bachelor's completion, at 49%.

For additional data and for information on the source and accuracy of these estimates see "Earnings Gap Highlighted by Census Bureau Data on Educational Attainment" published by the US Census Bureau at <http://www.census.gov/Press-Release/www/releases> .

PPIC AND CALIFORNIA INSTITUTE HOST POLICY BRIEFING ON CALIFORNIA'S OUT-OF-SCHOOL IMMIGRANT YOUTH

On May 4, 2007, the California Institute and the Public Policy Institute of California (PPIC) hosted a Congressional briefing on the recent report "California's Out-of-School Immigrant Youth: A Vulnerable Minority" authored by Laura E. Hill and Joseph M. Hayes. The briefing featured co-author Laura E. Hill, research fellow at PPIC. She discussed different aspects of her report, which paint a detailed portrait of this little-noticed immigrant population group. She also examined the workings of the relevant federal education program, the Migrant Education Program (MEP) and its failure to provide assistance to out of school immigrant youth.

A few key points from the report include:

- Out of school immigrant youth have high rates of poverty and incredibly low rates of federal assistance
- The population includes students who are "drop outs" and many who never "dropped in" by attending school since migrating to the United States
- This "invisible" population consists of about 265,000 people between the ages of 13 and 22 in California alone
- Over 50% of this population is working and the majority do not live with their parents
- Over 50% of the women in this population are married and over 1/3 of them have children, most have under a 6th grade education
- Studies have shown that children of families with low education will continue to have low education themselves
- The MEP is part of No Child Left Behind and focuses on "at risk" or "failing" students; this particular population has never been to school at all to become "at risk" or "failing" and so is not serviced by the program

For more information, please visit: www.ppic.org .