



## THE CALIFORNIA INSTITUTE FOR FEDERAL POLICY RESEARCH

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# California Capitol Hill Bulletin

## Volume 13, Bulletin 12– May 5, 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.*

### HOUSE OVERWHELMINGLY APPROVES SAFE PORT ACT -- LUNGREN-HARMAN PORT SECURITY BILL

The House by a vote of 421-2 passed H.R. 4954, the SAFE Port Act, on Thursday, May 4, 2006. The bill authorizes \$5 billion over six years to tighten security at U.S. ports and upgrade cargo security.

Among the many provisions in the bill, the Department of Homeland Security is required to implement an automated container tracking system by April 2007 and complete a timeline for deployment of nuclear and radiological detection systems at all seaports. During floor consideration of the bill, a motion to recommit containing language mandating the screening of all cargo containers entering into the United States was defeated 202-222.

The bill also contains provisions to enhance two international screening programs: the Container Security Initiative (CSI), and the Customs-Trade Partnership Against Terrorism (C-TPAT) program.

H.R. 4954 was introduced by Rep. Dan Lungren (Folsom), Chairman of the Subcommittee on Economic Security, Infrastructure Protection, and Cybersecurity, and Rep. Jane Harman (Venice).

Chairman Lungren said earlier that the SAFE Port Act “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.” With its approval on Thursday, Lungren praised the efforts of both parties to pass legislation that he called “a bipartisan bill introduced to make a law, rather than a political statement.”

When the bill was introduced, Rep. Harman, the top ranking Democrat on the House Intelligence Committee, lauded a strategic approach that “pushes out our borders and prevents bad actors and hazardous materials from reaching American soil.” On Thursday, Harman commented that, “We learned a lesson from Katrina. We didn’t plan before, we didn’t respond, and we are still struggling to recover now. A shut-down of West Coast ports would cost between \$1 billion and \$2 billion per day.” She added, “Today represents the point where Congress starts taking port security seriously and begins addressing threats before they happen.”

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## SENATE PASSES MEGA SUPPLEMENTAL SPENDING BILL WITH LEVEE FUNDING FOR CALIFORNIA; VETO THREATENED

Voting 78-20, the Senate on Thursday passed a \$109 billion emergency supplemental appropriations. In addition to providing further funding for the wars in Iraq and Afghanistan and Hurricane Katrina relief, the bill contains hundreds of millions of dollars in earmarks for other projects.

Included in the bill is \$22.3 million for California levee repairs and flood control along the Sacramento River, \$7.1 million for levee work along streams that feed the Sacramento River in southern Sacramento County, \$5.1 million for levee restoration on the American River, and \$1.5 million for a study of levees in the Sacramento-San Joaquin River Delta area.

The Senate's plus-up of funding survived an effort by Sen. Tom Coburn (OK) to strip \$11 million during floor debate. The Senator, who defended his quest as one of cost-cutting and not intended to deny the importance of levee repair activities *per se*, elected to withdraw the amendment before it was to move to a vote.

President Bush requested only about \$94.5 billion in emergency funding, and has threatened to veto the bill if it comes out of conference with the House with most of the Senate funding increases left intact. The House passed bill contains only about \$91.9 billion. Tough negotiations between the House and Senate are expected before the bill comes out of conference, although House Appropriations Committee Chairman Jerry Lewis (Redlands) and Committee member John Doolittle (Roseville) recently expressed hope that the House and White House would accept the Senate levels for the Sacramento levees.

## STATE AND FEDERAL GOVERNMENT AGREE ON PROVISIONS ALLOWING CALIFORNIA TO FIX CRITICAL LEVEE SITES

This week, Governor Arnold Schwarzenegger and President George Bush agreed to a Memorandum of Understanding that will allow California to fix 29 critical levee sites by next winter. The MOU, signed by federal permitting agencies (National Oceanic and Atmospheric Administration Fisheries Service, the U.S. Fish and Wildlife Service, and the U.S. Army Corps of Engineers) and the California Department of Water Resources allows California to "expedite the permit process" and makes it possible for agencies to "use emergency provisions" in order to meet the tight deadline. Without the approved MOU the repairs on the levees could take up to three years to finish.

At a press conference held May 3, 2006 and attended by Governor Schwarzenegger, Mayor Heather Fargo and Supervisor from Sutter County Dennis Nelson the immediacy of the situation was discussed. Both Senators Dianne Feinstein and Barbara Boxer, as well as the Governor have been diligent in pursuing more money to fund the levee project, as have a number of California Members of Congress. In February, the Governor declared a State of Emergency for California's levee system and ordered that the California Department of Water Resources develop a plan to begin immediate repairs to prevent catastrophic flooding and loss of life. The Governor is also planning to declare a state of emergency for Lake, Madera, Nevada and Napa County. By making an emergency declaration, California can begin immediate work on the levees by "fast tracking environmental permits and utilizing emergency contracting procedures." Part of the agreement requires that the projects prepare and plan to "avoid jeopardizing

threatened or endangered species, maintain water quality and consideration of the relevant environmental effects.”

The “Little Pocket area of Sacramento” contains five of the 29 sites targeted for immediate repair. The water contained in these levees also supplies drinking water to Southern California, another reason for their immediate repair. However, repair can not begin on the levees until the current water level decreases.

Funding is currently expected to come from an agreement reached by federal agencies and the Department of Water Resources, which will supply a credit to the state for advancements already made on the project. In the Senate, Senator Feinstein is pushing for levee funding in the federal emergency supplemental appropriations bill to get the federal government to share in the cost of the repairs.

Governor Schwarzenegger called the Memorandum of Understanding “unprecedented” and said he is eager to begin work immediately on the “29 most critical erosion sites and make sure that when a storm comes next year California is going to be ready.” He commented, “The federal permits were a significant obstacle to beginning repairs. We will continue to press the federal government to provide its share of the cost of repairs. The federal agencies have agreed to work with the Department of Water Resources to achieve appropriate crediting for the funds and work effort being advanced by the state.

Regarding the California Congressional delegation’s efforts to ensure levee repair funding, the Governor said, “I strongly support Senator Feinstein’s effort to include \$23.3 million in the Senate supplemental appropriations bill for the federal government’s share of the cost of fixing critical levee sites. I will be working very closely with Senator Feinstein and our Congressional delegation to ensure the federal government meets its responsibility through direct funding and crediting for future work.” [Since the Governor’s statement, levee funding in the Senate bill has been further increased, to approximately \$37 million.]

A link to the MOU text from Governor Schwarzenegger’s website is available at:

[http://www.governor.ca.gov/govsite/pdf/press\\_release\\_2006/MOU\\_State-Federal\\_Levee\\_Repair\\_5-01-06.pdf](http://www.governor.ca.gov/govsite/pdf/press_release_2006/MOU_State-Federal_Levee_Repair_5-01-06.pdf) .

## **REP. CAMPBELL JOINS CALIFORNIA INSTITUTE’S ADVISORY BOARD SUPPORTERS FOR BREAKFAST DISCUSSION**

On Wednesday morning, the California Institute hosted a breakfast on the Hill with recently-elected Congressman John Campbell (Irvine), who represents California’s 48<sup>th</sup> district . Replacing Christopher Cox, who accepted President Bush’s nomination to chair the Securities and Exchange Commission last year, Rep. Campbell is the newest addition to the California Congressional Delegation. The California Institute’s supporters who attended the breakfast were pleased to have the Congressman share what he perceived were his constituents most pressing issues. His district encompasses an area of Orange County that includes Newport Beach, Irvine, Laguna Beach, Laguna Niguel, Aliso Viejo, Tustin, and portions of Santa Ana.

Of primary concern to Californians and his constituents currently, according to Rep. Campbell, is the issue of immigration. Rep. Campbell remarked that his office received a large volume of calls in response to recent immigration protests, and spoke of the polarizing effect he believes the protests have had. Also of significant importance have been debates over energy and federal spending. Drawing on his personal experience as an accountant (he is still a licensed CPA) and his extensive experience in the automotive industry, Rep. Campbell suggested that it is particularly important that the government not subsidize or endorse just one alternative fuel technology as the sole solution to the fuel problem. Instead, he noted the existence of several energy options and alternative avenues he sees as worth pursuing in efforts to reduce American dependence of foreign oil, including exploration and nuclear.

In response to Californians’ concerns over federal spending, Rep. Campbell discussed plans for legislation aimed at preventing deficits in the federal budget and establishing reserves as a hedge against costs associated with natural disasters and economic recessions. Legislation he plans to propose shortly will achieve this by imposing spending limits in the annual budget, with a provision that the federal budget can only increase annually by an equation measuring the population growth and increased inflation over the previous year.

The California Institute expresses its gratitude for the generous contributions of its Advisory Board supporters, a number of whom were represented at the breakfast. In addition, we offer our thanks to Sempra Energy for hosting the breakfast, as well as to PG&E for hosting a number of other breakfasts in our ongoing

series with members. A list of California Institute supporters, with links to their organizations, is available at <http://www.calinst.org/advisoryboardsupporters.htm> .

For additional information regarding Congressman Campbell, his priorities and background, visit Rep. Campbell's website at <http://campbell.house.gov/> .

### **SENATE COMMERCE EXPLORES NANOTECH COMMERCIALIZATION**

The Senate Commerce Committee's Subcommittee on Trade, Tourism, and Economic Development held a hearing on *Promoting Economic Development Opportunities Through Nano Commercialization* on Thursday, May 4, 2006.

The hearing examined economic development efforts that have a strong nanotech focus; investigated how commercialization of nanotechnology would expedite the application of this technology to more products resulting in more high-paying jobs and better quality products in the domestic and global marketplaces; and examined potential economic impacts that nanoscience commercialization will have on business promotion in communities

Witnesses included: Sean Murdock, Executive Director of the NanoBusiness Alliance; Robert D. Rung, President and Executive Director of the Oregon Nanoscience and Microtechnologies Institute; Philip Boudjouk, Vice President for Research, Creative Activities and Technology Transfer at North Dakota State University; David Rejeski, Director, Project on Emerging Nanotechnologies at the Woodrow Wilson International Center for Scholars; and Jerry Gwaltney, City Manager of the City of Danville, VA.

Mr. Murdock testified that, currently, nanotechnology is found in approximately 80 consumer products, and over 600 raw materials, intermediate components and industrial equipment items that are used by manufacturers. Although acknowledging that the number is small at this point, Murdock said that the diversity of the products and applications – stain resistant clothing, tennis racquets, cosmetics, catalytic converters, fuel cells, solar cells, flat screen displays, molecular diagnostics and cancer therapies – “provide testament to its broad impact which will deepen in the coming decade as more products come to market.” He noted that recently Lux Research has predicted that nanotech will account for 15% of global manufacturing output totaling \$2.6 trillion by 2014.

Nevertheless, the growth of new, venture backed nanotech start-ups in the United States has been relatively stagnant over the past few years, which he called one of the “ most disconcerting indicators for nanotechnology in the U.S.” To rectify this situation, Murdock called for greater federal investment not only in basic research but also in supporting start-up companies commercializing nanotechnology. He also argued that in order to keep Asian nations from becoming the leaders in nanotechnology, the U.S. share of worldwide government investment should be at least on par with the U.S. share of global GDP. He also called for greater opportunities for public-private partnerships through the creation of commercialization centers and for more funding to promote regional economic initiatives.

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

### **HOUSE COMMITTEE HOLDS HEARING ON MATH AND SCIENCE EDUCATION PROGRAMS**

On May 3, 2006, the House Committee on Education and the Workforce held a hearing to discuss the current state of science and mathematics education and creating a more competitive and innovative workforce. The Committee is chaired by Rep. Buck McKeon (Santa Clarita).

As the hearing began, Rep. George Miller (Martinez), the panel's ranking Democrat, made several suggestions for ways to improve America's competitiveness. Currently, only 26% of high school graduates are prepared to study science at the college level, he said, and so in order to improve these numbers the federal government needs to make a “renewed and sustained dedication to education and innovation.” Through this, the government would improve education and establish a competitive workforce and therefore help the United States in maintaining its leadership in the world. Miller recognized that for America to become competitive, California alone would require 80,000 to 100,000 new teachers in the next 2 years qualified to teach intensive science and math courses. Rep. Miller also suggested an increase in resources available to education and the ability to rely on these resources continually as a way to keep America competitive.

However, Chairman McKeon recommended that Congress resist efforts to commit substantial resources without a game plan. “The urge of many in Washington – including some in this hearing room – is to blindly

throw billions of dollars at a variety of new programs in the name of competitiveness – or ‘innovation,’ as some are inclined to say,” McKeon commented. “That, I believe, is not the appropriate course of action. Not when there are more than 200 federal math and science programs on the books. Not when some 13 different federal agencies already have a math or science focus. And not until we have a firm grasp of the federal government’s current degree of success.”

The committee heard from three witnesses. The Honorable Tom Luce, the Assistant Secretary for the Office of Planning, Evaluation and Public Policy of the U.S. Department of Education spoke specifically in regards to educational programs. Luce referred to the American Competitiveness Initiative presented by President Bush when expressing the need to develop a strong math and science background in students because these subjects are now crucial to basic cultural and communication issues. According to Luce, a study found that 500,000 students who took the PSAT and were eligible for advanced calculus courses, were not taking those classes. Luce indicated the importance for advanced classes to be available to all children and not only at some schools. This will, of course, involve hiring teachers qualified to teach these courses. One way to ensure the availability of highly qualified teachers would be to create incentives for them.

Luce also discussed the “Read First, Math Now” program. Basically, this involves introducing math and science to children at an early age, in the same manner in which they are exposed to reading. He also addressed the possibility of introducing engineering courses in high school. This would help in exposing everyone to the field and make the courses less intimidating in college. Luce offered a number of other suggestions for how to improve education in the areas of math and science. But regardless of which particular programs are implemented, he pushed for the basic need for teachers qualified to teach math and science to the future workforce of America.

Mr. Bill Archey, President and Chief Executive Officer of the American Electronics Association, discussed how the decline in the study of science and mathematics has affected the American workforce in the electronics and computer fields. Archey began by disputing the claims of lack of job availability as reasoning for why people were no longer studying in those fields. In 1990, 4 million available jobs increased to 6 million, but there was a 2% decrease in the engineer field of study, he testified. According to Archey, thousands of jobs are not getting filled partly because the “post 911 immigration laws have curtailed the ability to pull qualified people from overseas.” He pointed out that 57% of engineers in America are international students, but that it is harder to hire them because of the lack of high-skilled worker H1-B visas.

Archey believes that the root of the problem stems from the fact that “parents don’t understand the urgency, so they don’t push it.” If parents stressed the importance of education in science and math as much as they stressed other subjects, then these values would rub-off on their kids who would in turn take interest in the subjects. Even if people are not concerned with helping America to remain competitive with the rest of the world, they should be concerned with ensuring “really good jobs for their children and grand children,” Archey said.

Regarding the funding issue, Chairman McKeon noted that “in Fiscal Year 2004 alone, we spent about \$2.8 billion on these programs. Yet, in spite of this substantial taxpayer investment, some wonder whether the number of science, technology, engineering, and math graduates will be sufficient to meet our nation’s future academic and employment needs. Thus, our competitive advantage remains very much an open question.”

For more information on the hearing, and for witness testimony, visit the House Education & the Workforce Committee’s website at: <http://www.edworkforce.house.gov> .

## **STUDY OF NATION’S SMOG LEVELS HAS CALIFORNIA MAINTAINING TOP RANKING**

The American Lung Association recently released a study identifying Bakersfield as the leading city for smog in the nation. Of the top ten cities named, six of them were from California. In addition to Bakersfield, the Los Angeles-Long Beach-Riverside region, Visalia-Porterville, Fresno-Madera, Merced, and Sacramento also made the list. Although California has unmistakably made improvements in its air quality, “most of the improvement nationwide has been on the East Coast,” according to Dr. John Balmes, a pulmonary specialist at UC San Francisco.

California’s geography serves as a partial explanation for its poor air quality. Some of the most smoggy cities are surrounded by mountains that help to trap the smog in. Plus, California’s smog problem is not

localized in one specific area, like it is on the East Coast. In the East, regulators are capable of targeting “coal-fired power plants” to reduce emissions into the air. Seyed Sadredin, executive director of the air district, acknowledged that even if they could get all the businesses to shut their emissions down, they still would not succeed in reducing their air pollution by 60% by 2013. Which is the level necessary to meet the national standard for smog pollution; personal cars and trucks produce emissions that pollute the air.

In the study, the American Lung Association tested for such pollutants as diesel fumes and other tiny particles known as PM 2.5. Fine particles and smog also a trigger asthma and aggravate other lung diseases. Constant exposure to fine particle pollution can kill a person. Although there is no proven connection between the quality of air and lung cancer, exposure to pollutants could only inflame the situation, according to the report.

### **U.C. PRESIDENT DYNES ADDRESSES CALIFORNIA GSR LUNCHEON**

The California State Society, in conjunction with the University of California’s Office of Federal Government Relations, hosted a Golden State Roundtable lunch on May 2, 2006. At the Capitol Hill luncheon, Robert Dynes, President of the University of California, discussed his vision of the future of the University.

Dr. Dynes focused on his goal of keeping the University competitive, and he expressed concern over a possible “brain drain,” where talented mathematicians and scientists pursue jobs overseas because of the available research opportunities. He noted that UC campuses are recruiting the some of the brightest students from around the world, and he underscored his commitment to ensuring that the University remains a leader in not just research and development, but also delivery.

President Dynes also explained the “One thousand teachers, One million minds” program that the University is beginning to implement in collaboration with the California State University system and California’s private universities. The goal of the program is to eventually award teaching credentials in math and science to one thousand teachers, with the goal that they will then educate one million students in the same fields.

He also discussed the University’s “Ten-Plus-Ten” program. Under this initiative, the ten University of California campuses would work in conjunction with ten major universities in China, allowing students to study in math and science fields in either nation, with the hope that UC students would get the most promising education in math and science and then bring that knowledge back to California with them.

### **CALIFORNIA AND OTHER STATES SUE FEDS OVER GAS MILEAGE RULES**

This week, California, in addition to eight other states, filed a law suit against the federal government in order to push the Bush administration to toughen mileage regulations for sport utility vehicles and other trucks. California, the lead plaintiff, was joined by New York, Connecticut, Massachusetts, New Jersey, New Mexico, Oregon, Rhode Island, Vermont, and the District of Columbia.

The states argue that the Administration did not conduct a rigorous enough analysis of the environmental benefits of fuel economy regulations prior to setting updated regulations for SUVs, trucks and minivans in March. The lawsuit also claims that when the government established these updated rules, it did not take into account the impact of gasoline consumption on climate change.

The new rule for SUVs newer than the 2006 model is that they must average 21.6 miles a gallon. Currently, small cars are required to average 27.5 miles a gallon. It is estimated that by 2011 SUVs and other trucks will be averaging 24 miles a gallon. However, automakers feel that the regulations are hard enough to meet as they now stand.

### **DANA POINT DESALINATION PROJECT PASSES HOUSE**

The Dana Point Desalination Project Authorization Act (HR 3929) passed the House on Tuesday, May 2 under suspension of the rules. The bill was sponsored by Rep. Ken Calvert (Corona) and cosponsored by California Representatives Gary Miller (Diamond Bar), Dana Rohrabacher (Huntington Beach), and Ed Royce (Fullerton). With its passage, HR 3929 amends the 1996 Water Desalination Act and yields authority to the Secretary of the Interior to assist in research and development, studies of feasibility and environmental implications, as well as the preliminary engineering for the Dana Point Desalination Project (a component of the Orange County Municipal Water District). The bill stipulates that the federal share of assistance cannot exceed

25% of the total costs involved in these undertakings and places a ten year sunset on the bill, as proposed by Rep. George Radanovich (Mariposa).

The full text of the legislation is available through the House's website: [www.house.gov](http://www.house.gov).

### **STATE REPORTS ON POPULATION GROWTH IN CALIFORNIA**

The California Department of Finance recently released a report detailing the population growth of cities and counties within California.

California's population increased by 1.2% in 2005. The state added 444,000 new residents to make a total population of 37.2 million persons as of January 2006. Of the state's growth, 357 of the 478 cities experienced an increase in population, eight of the cities did not experience any fluctuation in population, and 113 cities actually lost residents. In two earlier reports done by the Department, it found that in 2005 more cities actually lost people and fewer cities gained people. All this indicates that California's population growth is slowing down, at least from previous years, according to the Department.

This year's report found that Lincoln in Placer County was the fastest growing city of the year. The city increased by a rate of 22.6%, with a total population of 33,589 persons. The majority of this growth was attributed to the 2,927 housing units that Lincoln gained due to new construction developments.

Some of the other fastest growing cities of the state for 2005 experienced an increase in population due to the building of new housing units or the annexing of already existing housing units, as well. Cities like Beaumont of Riverside County increased by 21.1% and Patterson of Stanislaus County grew by 19%.

Los Angeles came out on top with the largest increase in numbers of persons – 41,357. It also added 12,680 housing units and now has a total population of 3,976,071 people.

The report also focused on county populations. California's fifty-eight counties range in population from 1,241 in Alpine to over 10.2 million in Los Angeles. Los Angeles leads the list of the ten-most-populated counties in California. Bakersfield and San Diego follow right after with populations of over 3 million people. Nine of California's most populated counties have populations over 1 million. Los Angeles County houses 27% of the states total population, and over half of the rest of the state's population lives in Orange, San Diego or San Bernadino Counties.

According to the Department of Finance, the information collected in these reports assists in deciding how much of the annual appropriations should be allotted to each county and city. The numbers also help in determining transportation funds, allocations for liquor licenses, and are used by state agencies for evaluations and planning.

### **CENSUS REPORTS ON DOMESTIC NET MIGRATION IN THE UNITED STATES; CALIFORNIA OUTFLOW CONTINUES, BUT AT A SLOWER PACE THAN IN 1990s**

The Census Bureau recently released data describing the Domestic Net Migration in the United States for the 2000-2004 period. The report shows substantial movement from California to other states during both periods in terms of total numbers -- not wholly surprising given that California is the nation's most populous state.

Net migration is determined by the difference between *in* migration and *out* migration during a specified period of time. Positive net *in* migration is considered the movement into a specific area during a given time period, and *out* migration is determined by the amount of movement out of an area.

Current discussion has surrounded how migration to California has created an *out* migration result, affecting neighboring states. The 2000-2004 report found that out of the nine population regions it defines in the United States, the West Pacific region experienced a decline in net *out* migration from 173,000 to 75,558.

Of all states, California recorded the second largest annualized net *out* migration during the period, averaging 99,000. (New York ranked first, shedding nearly 183,000 persons annually in the first four years of this decade.) California also experienced the largest numerical change in average annual net migration between the 1990s and 2000-2004 period. The recent 99,000 per year statistic was far less than the average of 221,000 persons California lost annually during the 1990s.

California's net *out* migration during the 1990s led to population gains for several other western states, a trend that continues in the latest period examined. Over the last two report periods California's continued *out*

migration was largely responsible for posting the second and third largest domestic migration for the states of Arizona (+66,344) and Nevada (+50,830). As a percentage of total population, Nevada and Arizona ranked first and second, respectively, for highest annualized migration rate. (On average, Nevada added 2.3 percent per year to its population per year from interstate movement alone.) Interestingly, whereas Utah gained population from other states during the 1990s, that state saw a net outflow of nearly 10,000 residents per year during the 2000-2004 period.

As a county, Riverside, California recorded the greatest average annual number of net domestic *in* migration nationwide. Los Angeles County held the highest average annual number of net domestic *out* migration, also nationwide.

Importantly, domestic migration data shows only movement of U.S. residents into and out of states. It does not in any way consider the flow of international migration into and out of a state, and the arrival of immigrants from other countries has exerted considerable influence on California's recent demographic trend lines. (The third component of total population change is the "natural increase" statistic -- in essence the number of births minus the number of deaths.)

The report and the updated statistics are available at <http://www.census.gov> .

### **MAY 9 CAPITOL BRIEFING TO OUTLINE UNIQUE LOW-EMISSION ENERGY FACILITY UNDER DEVELOPMENT IN SOUTHERN CALIFORNIA**

On Tuesday, May 9, 2006, from 12:30 to 2:00 p.m. in Room HC-8 of the U.S. Capitol Building, the California Institute will host a luncheon to discuss the joint BP-Edison International petroleum coke gasification project planned for California.

The first-of-a-kind project would convert refinery residues and recycled water into hydrogen for both transportation fuels and electricity, carbon dioxide to boost domestic oil production, steam for improved refinery capacity and availability, and sulfur for fertilizer and other markets.

According to the companies developing the project, "This innovative, multi-faceted project will eliminate four million tons of CO<sub>2</sub> per year from the atmosphere by sequestering it underground, thereby creatively addressing the challenge of global climate change. By pioneering this low-carbon emission technology, California can have a clean environment, and be a pioneer in advancing technology necessary to produce clean low cost electricity, increase petroleum supplies, create jobs and address climate change all at once."

Representatives of the two entities developing the facility will present an overview of the project at a luncheon briefing on Tuesday, May 9, 2006, at 12:30 p.m. in Room HC-8 of the U.S. Capitol Building. Building in Washington, D.C. Please enter the Capitol via the South entrance -- facing Independence Avenue -- and arrive early to allow time to pass through security. To attend the lunch briefing, please reply (acceptances only, thank you) to 202-546-3700, or send email to [randsdell@calinst.org](mailto:randsdell@calinst.org) .

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