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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.

HOUSE PASSES BILL BASED ON SEPTEMBER 11 PANEL RECOMMENDATIONS; SENDS TO SENATE

In a 299-128 vote on Tuesday, January 9, 2007, the House passed H.R.1, a bill covering many of the recommendations from the 9/11 commission. Aspects of the bill of particular importance to California include the redistribution of homeland security funds and grants, the inspection of air cargo and sea cargo containers, and increased funding for first-time responders. The bill also authorizes new grants for emergency communications systems in order to make it easier for local police, fire, and paramedics to communicate in emergencies, and establishes a House intelligence appropriations oversight panel.

H.R. 1 would change the formula for awarding first-responder grants, cutting the minimums for every state and establishing minimum per-state grant allotments of 0.25 percent of the total funding available. Remaining funds would be distributed according to risk-based criteria and credible threat information -- an allocation approach that would likely benefit large metropolitan areas and states and areas where population is more concentrated than dispersed.

The 9/11 Commission’s report urged that homeland security formula grants should be entirely based on risk and threat, and that they “should not remain a program for general revenue sharing.”

California ports would be placed in the high-risk category and would receive more of the billions of dollars awarded annually. Port areas could join forces to compete for grant funding. For example, ports in San Francisco, Oakland, Stockton, and Richmond could join together in the application process, which would put the group into a higher security risk category and thereby increase the chances for concentrated funding.

H.R. 1 also requires a 100 percent inspection of air cargo and requires all sea cargo containers to be screened for radiation before reaching U.S. shores. A system for scanning all cargo on passenger planes

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and sea cargo is to be completed within five years. The Office of Management and Budget, some members of Congress, and the cargo industry, however, are critical of the container screening requirements, believing they are impractical, too costly, and may cause delays in shipping.

The bill now moves to the Senate for further consideration by the Committee on Homeland Security and Governmental Affairs, and swift action has been promised. However, in part owing to the enhanced influence of small states in that chamber, the Senate's bill is unlikely to make as significant changes to the existing first responder formula, which disproportionately advantages sparsely-populated states over more densely populated states. Established first by the 2001 Patriot Act, a 0.75 percent minimum guarantee for small states has governed first responder grant funding and has provided as many as 7 times more per person to rural states (such as Wyoming) as compared to more densely-populated states such as California.

For additional information regarding homeland security grants from a California perspective, see "Federal Formula Grants and California: Homeland Security," jointly published by the Public Policy Institute of California (PPIC) and the California Institute for Federal Policy Research, available at <http://www.ppic.org/main/publication.asp?i=481>.

HOUSE APPROVES STEM CELL RESEARCH BILL

On Thursday, January 11, the House passed H.R. 3, expanding federal funding for embryonic stem cell research, by a bipartisan vote of 253-174.

The bill lifts restrictions imposed by President Bush under an Aug. 9, 2001 Executive Order. That order limited funding to stem cell lines created before that date. H.R. 3, sponsored by Reps. Mike Castle (DE) and Diana DeGette (CO) allows federal funds to support for research on any embryos donated by fertilization clinics, as long as they weren't created for scientific purposes and would otherwise be discarded. The bill also requires the consent of the parties who created the embryos. In addition, the bill would institute ethical guidelines to govern stem cell research.

The Senate is also expected to re-pass the bill. However, President Bush issued the only veto of his presidency against a similar bill in 2006. The House attempt at that time to override the veto fell 51 votes short of the two-thirds majority needed.

In November 2004, California's voters approved Proposition 7 authorizing \$3 billion in state tax-exempt bonds to be allocated incrementally over 10 years for California-based stem cell research at leading universities and research institutions and created the California Institute for Regenerative Medicine to fund and oversee all research.

HOUSE MOVES NEW RULES AS FIRST ORDER OF BUSINESS

As the first order of business after the 110th Congress was sworn in on January 4, 2007, the House of Representatives unanimously passed changes to its ethics rules intended to delink the relationship between lobbyists and

lawmakers. The rules changes are Title II of H. Res. 6, which also contains changes reinstating the pay-go rules governing spending and tax measures and requiring full disclosure of the sponsor and beneficiaries of legislative earmarks. The House passed this section of the Rules on Friday by a vote of 280-152.

The tougher ethics rules, effective March 1, 2007, will prohibit House members from accepting gifts or meals from lobbyists or from private organizations that have lobbyists. The rule, however, continues to incorporate the previous exceptions under the House rules, which include gifts or meals from relatives or personal friends, or made to campaign committees, as well as meals associated with a “widely attended” event.

Members generally will no longer be able to accept travel financed, planned, or arranged by lobbyists or organizations that employ lobbyists. Travel financed by colleges and universities is excluded, however, and the House Ethics committee will write guidelines governing Members’ ability to travel on one-day/one-night trips to specific locations or to attend certain functions. All permitted travel would require pre-approval by the Ethics committee, and disclosure reports would be required after the travel ended.

In addition, Members would be forbidden from traveling on private corporate jets. They are also prohibited from using their influence to coerce a private organization to make employment decisions based on political affiliations. Finally, House employees would be required to attend annual ethics training classes.

H. Res. 6 also changes the name of five committees of the House: the International Relations Committee will be renamed the Foreign Affairs Committee; the Education and the Workforce Committee will become the Education and Labor Committee; the Resources Committee will now be called the Natural Resources Committee; the Government Reform becomes Oversight and Government Reform; and Science will become Science and Technology. In each case, the new name is the name the Committee was formerly known by when the Democrats were last in control of Congress.

The rules package does not eliminate the six-year term limit on Committee chairmanships, which have been in place since the 104th Congress, but there is some speculation that later in the year the leadership may move to drop the term limits rule.

APPROPRIATIONS SUBCOMMITTEE ALIGNMENTS/EXPANSIONS ANNOUNCED

On January 4, 2007, the new chairmen of the House and Senate Appropriations Committees, Rep. David R. Obey (WI) and Sen. Robert C. Byrd (WV), announced that they would adjust their subcommittees to once again align subject-matter jurisdiction between the chambers. To accomplish the realignment, the House will expand from 10 to 12 subcommittees — the same number held by the Senate in the 109th Congress.

The misalignment of the two chambers’s subcommittees occurred because of a reorganization of the Appropriations panels done in 2005. During the 108th Congress, there had been 13 subcommittees in each body. When the 109th Congress convened, Rep. Jerry Lewis (Redlands), who had become the new Chairman (he is now the Ranking Republican) of the House Appropriations Committee, sought to streamline and rationalize authority over federal spending, and he did so by reducing the number of subcommittees to 10. But the Senate in the 109th Congress was unwilling to match all of the House subcommittee changes, only reducing the number of its subcommittees to 12.

The changes announced on January 4 will create a new subcommittee – Financial Services and General Government -- in both the House and Senate. That panel will oversee the Treasury Department, the federal judiciary, the Federal Deposit Insurance Corporation and the District of Columbia. The Transportation-Treasury-Housing subcommittee will be renamed Transportation-Housing. Meanwhile,

the House Subcommittee now titled State-Science-Justice-Commerce will be renamed Commerce-Justice-Science, to correspond with the Senate subcommittee's moniker.

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

EXTRA FUNDING SOUGHT FOR BASE REALIGNMENTS AND CLOSURES

In order to complete the scheduled military base realignments and closures called for under the Base Realignment and Closure (BRAC) recommendations, senior military officials are asking Congress for increased funding for fiscal year 2007. Leaders of the House and Senate and key members of the Armed Services and Appropriations committees received letters in late December 2006 from Army, Navy, and Marine senior officials requesting billions of additional dollars to complete realignments and closures by September 2011. President Bush had requested funding BRAC at a \$5.8 billion level. Because Congress is not expected to pass most of the fiscal 2007 spending bills and will instead hold funding at fiscal 2006 levels under the current continuing resolution, the Department of Defense and military officials believe a \$4 billion shortfall will occur.

In the past, California has endured twenty-four closures since the implementation of BRAC in 1988. The Pentagon's 2005 report reduced personnel in California by 2,018 jobs (785 military, 1,200 civilian, and 33 "mission contractors"), demonstrating an improvement for the state compared to previous reductions incurred in the four BRAC rounds resulting in more than half of the nation's net personnel reductions. Senators Dianne Feinstein and Barbara Boxer along with the support of Governor Schwarzenegger have sought to prevent further closures which affect California's employment and military security. Sixty-two military bases are still located in California, providing the state with numerous employment opportunities and strategic defense.

Some observers note that the Defense Department could reprogram or add money to base closure accounts in the fiscal 2007 supplemental spending bill due to Capitol Hill in the next few weeks, essentially bypassing Congress if it blocks an increase in funding.

GOVERNOR RELEASES INITIATIVE TO BOLSTER CALIFORNIA INNOVATION

On December 26, 2006, Governor Schwarzenegger released his Strategic Research and Innovation Initiative. The initiative budgets \$95 million in funds for projects in key innovation sectors in hopes of attracting students, researchers, and business to California. California, the nation's leader in innovation, is home to more scientists, engineers and researchers than any other state. California receives almost half of all venture capital funding in the nation and almost a third of all venture capital funding in the world. In addition, the state accounts for nearly half of the nation's biotechnology research and development funding and generates more than half of the nation's revenues.

The Governor's Strategic Research and Innovation Initiative will support major projects in key innovation sectors: "clean" technology, biotechnology, and nanotechnology. Specifically, the initiative funds: the Helios Project, the Energy Biosciences Institute, the California Centers for Science and Innovation, and the Petascale Supercomputer.

For more information please visit: <http://gov.ca.gov/index.php?/fact-sheet/5002/>

GOVERNOR SCHWARZENEGGER DELIVERS ANNUAL STATE OF THE STATE ADDRESS, OUTLINES INITIATIVES FOR ADDRESSING CALIFORNIA'S CHALLENGES

On January 9, 2007, Governor Arnold Schwarzenegger delivered his annual State of the State address where he outlined an ambitious agenda including seven major policy areas: healthcare, prison reform, research & innovation, environment & energy, education, political reform, and infrastructure.

For each area, Governor Schwarzenegger also revealed broad proposals and specific guidelines. The following are summaries of each of the Governor's proposals:

Low Carbon Fuel Standard (LCFS) & Implementing the Global Warming Solutions Act

- Implemented LCFS by Executive order, the world's first global warming standard for transportation fuels
- Will reduce the carbon intensity of California's passenger vehicle fuel by 10%
- University of California estimates that the Governor's emissions goals can create 20,000 new jobs and increase Gross State Product by \$60 billion
- LCFS will use market-based mechanisms to reduce emissions while responding to consumer demand
- Asked the Legislature to fund to the Global Warming Solutions Act of 2006 (AB 32)
- AB 32 requires a cap on greenhouse gas emissions by 2020, mandatory emissions reporting, and a market-based compliance program.

Health Care Reform

- 6.5 million Californians are uninsured, 85% are employed
- Every insured Californian pays a "hidden tax" from higher premiums which pays for health care for the uninsured, individuals pay \$455 and families \$1,186 annually
- Under the governor's proposal, all Californians will have a minimum level of insurance regardless of immigration status and be rewarded for healthy lifestyles
- The government will increase reimbursement for Medi-Cal, provide subsidies for low-income families to buy health coverage, and expand Medi-Cal and Healthy Families program to all children in families earning less than \$60,000 annually
- Employers will contribute 4% of payroll towards the cost of employees' health coverage if they do not offer health coverage and have more than 10 employees
- Health plans and Insurers must guarantee individuals access to coverage (regardless of health status) and spend 85% of every premium dollar on patient care, in addition to offering "Healthy Actions" benefits to promote healthy lifestyles
- Physicians will contribute 2% and hospitals 4% of revenues to support total coverage
- The Governor hopes to reduce the hidden tax by containing health-care costs and ensuring that the insured no longer pay for the uninsured and restore emergency care
- Lower costs by compensating hospitals and making health coverage available for every Californian while fighting chronic illness and encouraging healthy lifestyle choices

Strategic Growth Plan

- Approved by California voters in November, the Strategic Growth plan (SGP) seeks to rebuild California infrastructure to meet the demands of expected population growth
- Education: \$11.6 billion for K-12 educational facilities; \$11.6 billion for Higher Education facilities; Constructs 15,046 new classrooms and establishes 1,219 new charter classrooms to serve more than 31,500 students and renovates 815 charter classrooms
- Higher Education: University of California receives \$2.85 billion (general obligation bonds), \$70 million (lease revenue bonds) California State University receives \$2.75 billion (general obligation bonds) California Community Colleges: \$6 billion (general obligation bonds)
- Resources: \$6 billion for flood control, water supply and conveyance; Water Storage is allotted \$4.5 billion, Delta Sustainability \$1 billion, Water Resources Stewardship: \$0.25 billion
- Judiciary: \$2 billion for the state's courthouses
- Other: \$2.6 billion for other public service infrastructure
- Transportation: New legislation to use public/private partnerships and design-build for transportation projects.

Education Reform & Strategic Research and Innovation Initiative

- The Governor's proposal includes \$52 million to build and improve Career Technical Education (CTE) programs (formerly known as vocational education)
- \$20 million will reform high school CTE course work through partnerships with community colleges; broadening curricula to include technical programs
- \$32 million in new funding (part of the Prop 98 settlement) will expand student exposure to career options, design courses for growth industries, and build academic relevance
- Governor Schwarzenegger will hold a CTE summit in March 2007 to bring government, industry and educators together to maximize the CTE program
- The Governor will also propose legislation that streamlines CTE credentialing
- The Administration is pursuing a public/private partnership to launch an easy-to-use website that will provide parents with online School Accountability Report Cards
- The Strategic Research and Innovation Initiative will provide \$95 million to major projects in three key sectors: "clean" technology, biotechnology and nanotechnology

Disaster Preparedness

- In his speech, Governor Schwarzenegger reiterated the need to coordinate between the state agencies with specific emergency preparedness and response roles
- The newly created Department of Public Health will play a key role in emergency preparedness, communicable disease control, chronic disease and injury prevention, laboratory sciences, food and water safety, environmental
- There will also be a new standard of occupational health and health facility licensure and certification

Political Reform

- The Governor reiterated his proposal to change the way that legislative districts' geographic boundaries are drawn
- The proposal creates an 11-member independent, politically balanced and diverse Citizens Redistricting Commission and a panel of ten county clerks who establish a candidate pool
- Legislative leaders can each strike two candidates from the pool before the Fair Political Practices Commission conducts a random drawing of 11 names
- The proposal calls for transparency and public accountability when redrawing map lines court review and funding requirements

Prison Reform & State Employee Retirement Benefits Commission

- The Governor proposes \$10.9 billion to expand California's prison and jail capacity. This funding will add 78,000 additional beds
- Local jails and juvenile facilities: \$5.5 billion (\$4.4 billion lease revenue bonds, \$1.1 billion in local matching funds)
- State prisons: \$4.4 billion (\$3.3 billion lease revenue bonds, \$800 million contract authority, \$300 million General Fund)
- Medical Facilities: \$1 billion (lease revenue bonds)
- The 2007 budget almost doubles funding for anti-recidivism programs—like drug treatment, job training and housing assistance—from \$52.8 million in 2006 to \$93.9 million

For more information, please visit www.gov.ca.gov

REPORT ARGUES SCIENTIFIC COMPETITION REQUIRES POLICY RESPONSE

Information Technology and Innovation Foundation President Robert D. Atkinson contends that current proposals to stimulate U.S. competitiveness are necessary but not sufficient to meet challenges

posed by a rapidly evolving global economy and the aggressive policies of other nations. His argument, along with specific policy proposals, appears in the January 2007 edition of the National Academy of Sciences' *Issues in Science and Technology*.

Developing countries that focus on science and research pose a threat, Atkinson argues, because of their ability to attract the production of innovation-based multinational companies with the lure of low wages, without growing their own strong domestic companies from the ground up. The United States has survived such threats in the past working closely with states to stress technology-led development, realizing that state economies prosper when the commercialization of technology is supported closely by a healthy research base. However, from 1992 to 2002, investments in research and development as a share of gross domestic product actually decreased in the United States, while comparative investment increased in most other nations. In the early 1980s the United States offered the most generous R&D tax credit at 20% but by 2004 the United States had been surpassed, ranking 17th among all OECD nations. The author found that, as a result, U.S. majority-owned affiliates have been investing twice as fast in foreign countries over the past decade.

Atkinson's detailed policy proposals are organized into four suggestions: 1) work to create a global trade regime based on markets, not mercantilism; 2) overhaul the corporate tax code to spur innovation; 3) create new research partnerships; and 4) make digital transformation of the economy within 10 years a national goal.

To read the entire article, please go to <http://www.itif.org/files/Deep-Competitiveness.pdf>

REPORT ARGUES SCHIP REAUTHORIZATION VITAL FOR CALIFORNIA HEALTH INSURANCE PROGRAMS

Congress established the State Children's Health Insurance Program (SCHIP) in 1997 to support state efforts to expand health coverage to uninsured children whose income did not otherwise qualify them for Medicaid (the California equivalent of which is called Medi-Cal. California uses its federal SCHIP dollars primarily to support coverage for children enrolled in Healthy Families. According to the Congressional Research Service's Report for Congress titled "SCHIP Original Allotments: Description and Analysis," California was allotted \$790,789,213 for FY 2007. In December 2006, the California Budget Project published its Budget Brief entitled "SCHIP Reauthorization: Healthy Families Needs Sufficient Federal Funding" describing the current needs and status of SCHIP. The report was prepared by David Carroll.

According to the report, California needs an additional \$2 billion to \$3 billion over the next five years in order to support the current Healthy Families Program. Even more funds would be needed if eligibility is expanded to cover additional children. While California has used federal funds from prior years to support Healthy Families, the report predicts that these funds will soon run out.

A few key facts from this report include:

- 78.1% of SCHIP funding spent in FY 2007 will support children enrolled in Healthy Families and related Medi-Cal changes.
- California will spend approximately \$2 million to provide health coverage for children with incomes between 250 and 300% of the poverty level.
- Approximately 14.5% of SCHIP dollars will support prenatal services

Another report by Matt Broaddus and Edwin Park of the Center on Budget and Policy Priorities released in November 2006 and entitled "Freezing SCHIP Funding in Coming Years Would Reverse Recent Gains In Children's Health Coverage" also makes many of the same predictions for programs across the nation, demonstrating California is not the only state facing funding problems for insuring children.

Key facts included in this report are:

- SCHIP has reduced the number of uninsured low-income children significantly, but a substantial share of this progress will be undone if SCHIP funding is frozen (by being held to the SCHIP “budget baseline”) when the program is reauthorized next year.
- The baseline assumes that SCHIP funding will be frozen for the next ten years at the 2007 funding level of \$5 billion, with no adjustment for rising health care costs or for expected increases in the number of children due to normal population growth.
- If SCHIP funding is frozen at its 2007 level when the program is reauthorized, states will face a shortfall of \$12.7 billion to \$14.6 billion for 2008-2012.
- If SCHIP funding is frozen, in 2008, some 24 states will face a shortfall equivalent to the cost of covering up to 1 million children. In 2012, some 36 states will face a shortfall equivalent to the cost of covering up to 2.1 million children.

For more information on these reports, please visit: www.cbp.org and www.cbpp.org .

AMERICAN ENTERPRISE INSTITUTE HOSTS PANEL ON “ILLEGAL MIGRATION FROM MEXICO TO THE UNITED STATES”

On January 8, 2007, the American Enterprise Institute welcomed Steven J. Davis, Gordon H. Hanson, and L. Alan Winters to the Wohlstetter Conference Center for a panel discussion entitled “Illegal Migration from Mexico to the United States.” Davis, a visiting scholar at AEI from the University of Chicago Graduate School of Business, acted as moderator for the panel discussion. Hanson, director of the Center on Pacific Economies and professor of economics at the University of California San Diego, presented his findings. Hanson’s paper, also titled “Illegal Migration From Mexico to the United States,” addresses the economic and social factors that influence the flow of illegal migrants from Mexico. Winters is the director of the Development Research Group of the World Bank and he offered his opinions and comments on the findings and assertions of Hanson’s presentation.

Some of the facts presented during the panel discussion include:

- The illegal population in the United States is approximately 11 million individuals, of whom 6-8 million work
- Mexican immigrants are 31% of the US foreign-born population
- Between 1993 and 2004 the number of employers fined for hiring illegal immigrants fell from 799 to 14; the number of fines in excess of \$50,000 fell from 30 to 0 .

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

REPORT EXAMINES CALIFORNIA CHILDREN’S WELL BEING

Children Now in January 2007 released its 2006-2007 California Report Card, which presents key indicators of how California's children are faring and policy recommendations in the areas of health, education and family well-being. California's children represent 27% of all Californians and 13% of the nation's kids.

The nonpartisan report assigns letter grades to several individual issues, such as a "C-" in early care and education, a "C-" in K-12 education but a B+ in after school. The report card also awards the State "B-" in both health insurance and infant and young children’s health.

Key facts in the report include:

- 760,000 California children, ages 0-18, don't have health insurance.
- One in three of California's 6- to 17-year-olds is obese or overweight.
- About 58% of California's 3- and 4-year-olds do not attend preschool.

- About 60% of California's 2nd- to 11th-graders did not meet state goals for math and reading proficiency in 2006.
 - As many as 30% of the state's children live in an economically-struggling family, able to pay for only the most basic needs.
- To view the report, visit the website at: <http://www.childrennow.org> .

CALIFORNIA IS MOVING DOWNHILL RE SMOKING PREVENTION, ARGUES AMERICAN LUNG ASSOCIATION

The American Lung Association of California's fifth annual State of Tobacco Control Report released on January 9, 2007, revealed statistics indicating that California is slipping as the anti-smoking leader. Paul Knepprath, vice president of government relations for the Lung Association, expressed concern over California's tobacco tax rate and youth access to tobacco products. California's tobacco tax dropped in the national rankings from 23rd in the country to 26th. The current tax remains at 87-cents-per-pack. In addition, the report shows California's youth smoking has increased according to the California Student Tobacco Survey. Highschool smoking has increased from 13.2 percent in 2004 to 15.4 percent in 2006. Smoking among middle school students has increased from 3.9 percent in 2004 to 6.1 percent in 2006. Increases in youth smoking dropped California's Youth Access to Tobacco Products grade from an "A" to a "B." California's spending in tobacco prevention and smoking cessation is also far below the minimum recommended by the Center for Disease Control. Current spending levels are \$84 million, but the CDC recommends a spending level between \$165 and \$442 million. California received an "F" for the Tobacco Prevention and Control Spending grade.

The American Lung Association of California has made increasing the state's tobacco tax a priority for the 2007 legislative session. Tobacco use affects California's healthcare costs and economy. Their agenda consists of working to eliminate second-hand smoke exposure in multi-unit housing, outdoor public places, restaurants, and parks and recreation facilities. Efforts will also be aimed at passing local youth access laws and tobacco retail licensing ordinances.

California has one of the nation's lowest rates of smoking, second only to Utah.

CATO PANEL EXAMINES EXTENT OF U.S. INCOME INEQUALITY

On January 11, 2007, the Cato Institute sponsored an event to discuss the apparent rates of increasing income inequality and the flaws in how data on incomes is used to track such trends over time. Alan Reynolds, a senior fellow at the Institute, argues that there is little evidence showing that U.S. income inequality has increased, at least since the 1980s. He found that large changes in U.S. tax rules encouraged corporate executives to switch to stock options taxed as salaries rather than capital gains, effectively boosting perceived incomes at the top. Meanwhile, growing income amounts at the bottom are diminished by studies of inequality based on tax return data which ignore increasing transfer payments to tax-favored savings plans, such as 401(k)s. This is precisely why Reynolds finds issue with tax based statistical methods, like those of Piketty-Saez, which he argues seem to provide misleading comparisons of changes to the U.S. income distribution when no sustained increase in inequality actually exists.

Reynolds was joined on the panel by two of the nation's leading scholars on income trends and inequality. Gary Burtless of the Brookings Institution countered Reynolds on many points. He believes that recent trends indicate that income inequality has not increased continually, but on the whole this has occurred in different stages after 1980, with the percentage gap growing between upper, middle, and lower classes. Burtless finds that tax records of a very large sample base show relative incomes and wages increasing much faster at the top. He also points out that income tax is not the main source for

comprehensive studies done by the Census Bureau which still illustrate a general rise in inequality.

Diana Furchtgott-Roth, a senior fellow at the Hudson Institute and former chief economist at the U.S. Department of Labor, warned that a perception of inequality may indeed be deceptive and undeserving of so much attention. She pointed out that factors such as the number of people and earners per household, frequent movement between economic quintiles, and the capacity to borrow money all make income inequality very difficult to measure in the first place. Instead, she encourages policy makers to maintain job mobility while investing in additional education and training opportunities with aims to provide incentive for workers to gain entry level jobs and remain employed.

For more information on Reynolds' position, visit the Cato website at:

http://www.cato.org/pub_display.php?pub_id=6880 . For a differing opinion, there is information regarding a report on income inequality by the Center on Budget and Policy Priorities at http://www.calinst.org/bul2/b1304.htm#TOC1_16 .

CALIFORNIA INSTITUTE HOLDS CONGRESSIONAL SWEARING-IN RECEPTION

On January 4, 2007, the California Institute for Federal Policy Research held a reception honoring California's Congressional Delegation and celebrating the swearing-in of the 110th Congress. Held in the Rayburn building's Gold Room, the event was hosted by Sempra Energy, with substantial added support from PG&E, and with additional in-kind support from Wine Institute. Almost two hundred guests attended the event, including a large bipartisan cross-section of the California Delegation members and staff.