



THE CALIFORNIA INSTITUTE FOR FEDERAL POLICY RESEARCH

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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.

FINANCE: SENATE EXPANDS BAILOUT MEASURE IN RESPONSE TO HOUSE DEFEAT; NEW VOTE FRIDAY

With a new Senate version in hand, the House of Representatives is slated to vote Friday, October 3, on a sweeping financial relief bill that is similar but not identical to the one it rejected several days before. A vote was expected late morning or early afternoon on Friday.

On Monday, September 29, the House failed to approve the \$700 billion measure by a vote of 205 to 228, with 95 Democrats joining 133 Republicans in the no column. Since then, several additional items have been added to encourage more Republican conservative Democrat skeptics to sign on to the measure, whose primary focus is increasing the government’s authority and ability to purchase troubled mortgage assets. The additional sweeteners added by the Senate included temporarily broadening FDIC insurance coverage for deposit accounts from \$100,000 to \$250,000. The Senate approved its version of H.R. 1424 on Wednesday, October 3, 2008, by a vote of 74-25.

However, the Senate also hitched the bailout bill to a previously-stalled package of extensions for tax provisions, adding even more to the measure’s already enormous price tag. That move angered some members, who threatened to vote against the bill unless the tax package was addressed separately. Adding insult to injury in their minds was the Senate’s unwillingness to offset much of the increased tax spending against other programs. Momentum quickly developed for an effort to remove the tax language, but the bifurcation efforts have failed so far. The House Rules Committee approved a rule on Thursday night that does not allow for amendments to the unified bill.

The Rules Committee also provided a special rule allowing the Committee to take the unusual step of issuing a new same-day rule on the fly, in the event that the financial bailout passage meets the same end on Friday that it did on Monday. The special

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rule signals that the House plans to stay in session until something is passed, whether the original bill or a further tweaked alternative.

TAXATION: TAX EXTENDERS PACKAGE LEAVES THE SENATE ATTACHED TO BAILOUT

On October 1, 2008, the Senate passed the tax extenders package as part of the bailout bill, HR 1424. Lawmakers have been debating the tax extenders for most of the 110th Congress, starting first with HR 3996, which would have fully offset the costs of the tax breaks with revenue increases. The House then attempted to split the tax extenders package into four separate bills- a mental health parity bill (HR 6983), a disaster relief bill (HR 7006), an AMT patch (HR 7005), and an extender bill (HR 7060). The House's four bill strategy ultimately stalled, and the Senate once again combined the tax bills into one package (HR 6049). HR 6049 contains four main tax related components.

Significantly for California- which pays 22% of Alternative Minimum Tax (AMT) payments, the package contains a one year AMT patch which would increase the exemption amounts from \$44,350 for individuals and \$66,250 for jointly-filed couples to \$46,200 and \$69,950 respectively. Second, the package contains a series of extenders, including extensions of the tax credits for the production of and investment in energy projects, energy efficiency projects and the development of new green and carbon reducing technologies. Specifically, this bill provides extensions of the tax credit for qualified wind facilities through 2009, extensions of the tax credits for closed/open loop biomass, geothermal, solar, small irrigation, municipal solid waste, trash combustion, and qualified hydropower through 2011, and extends through 2014 the investment tax credits for solar property, fuel cell property and micro- turbine property. This bill would also allow a new tax credit for investment in qualified new clean renewable energy bonds, increases the rates for tax credits for biodiesel and renewable diesel, and creates a new tax credit for the production of plug-in electric vehicles. Third, the bill contains provisions aimed at providing extra help to victims of natural disasters, such as mid-west flood victims, and Gulf Coast hurricane victims.

Finally, the package contains provisions which extend and expand the research and development tax credit, and also creates special expensing provisions for some film and television productions. In other language, it creates similar expensing provisions for brown-field remediation costs, and reinstates various personal and business tax credits and deductions that are set to expire this year, including a qualified tuition deduction, a teacher expense deduction, IRA roll-over provisions, and state and local government general sales tax deductions.

The package, which is estimated to contain approximately \$150.6 billion in tax breaks and \$43.5 billion in offsets, is partially offset by revenue increases that are aimed at the oil and gas industry, and hedge-fund managers. HR 6049, which passed 93-2 on September 23, 2009 and seemed to be gaining momentum, came to a screeching halt by September 27, 2008, when it appeared that Congress would adjourn without moving the tax bill to the President. The decision to combine the tax extenders package with the bailout (HR 1424) appears to be a last attempt to move the combined bill this year.

APPROPRIATIONS: SENATE APPROVES FIVE-MONTH FEDERAL FUNDS EXTENSION WITH CONTINUING RESOLUTION

On Saturday, September 27, 2008, the Senate passed H.R. 2638, funding most government agencies for fiscal year 2009 at fiscal year 2008 levels through March 6, 2009. Previously, the House had passed the bill, 370-58, on September 24. Whereas most agencies receive no new funding under the measure, it does include higher FY09 funding levels for military construction and for programs under the Departments of Defense, Homeland Security and Veterans Affairs.

In order to garner votes for the bill and avoid a veto, it does not include a continuation of the moratorium on exploration for offshore oil; the moratorium will expire at the end of this month. Opponents of offshore drilling expect that the next Administration and Congress will deal with the issue.

Senate passage cleared the measure for transmittal to the White House. President Bush signed the bill on Tuesday, September 30 -- the last day of FY 2008. It is now Public Law 110-329.

RESOURCES: BILL PUTS RIVERSIDE AND SAN DIEGO COUNTY LAND INTO TRUST

By a unanimous consent, the House on September 29, 2008 sent H.R. 2963 to the President. This legislation, introduced by Rep Darrell Issa (Vista) and co-sponsored by Rep Joe Baca (Rialto), transfers land in Riverside County and San Diego County from the Bureau of Land Management to the United States, to be held in trust for the Pechanga Band of Luiseno Mission Indians. The legislation requires that land associated with the existing San Diego Gas & Electric Company's 230kV transmission line be sold to SDG&E at a fair market value, and prohibits the transferred land from being used for purposes other than the protection, preservation, and maintenance of archeological, cultural, and wildlife resources.

HOUSING: HUD ALLOCATES \$4 BILLION UNDER NEW MORTGAGE FORECLOSURE FORMULA GRANT

On Friday, September 26, 2008, the U.S. Department of Housing and Urban Development announced its scheme for distributing nearly \$4 billion in funding for the new Neighborhood Stabilization Program (NSP), which is intended to provide targeted emergency assistance to state and local governments to acquire and redevelop foreclosed properties that "might otherwise become sources of abandonment and blight within their communities."

Jurisdictions throughout California will receive a total of \$530 million of the \$3.92 billion distributed, or 13.5% of U.S. funds allocated via the program. The direct allocation to the California State government is to be \$145,071,506, and 46 other jurisdictions within the state will receive \$384,530,267, yielding a combined California total of \$529,601,773. Allocations were determined based on what jurisdictions had the highest numbers and rates of foreclosed loans, subprime mortgages, and delinquent notes. Any jurisdiction that would have received a grant of less than \$2 million do not receive funds directly, so many cities and counties do not receive a direct allocation of funding.

Unfortunately, the statute also included a small-state minimum of 1/2 of 1 percent of total funding, meaning that the smallest states -- and those with relatively little need for foreclosure aid -- ended up receiving nearly \$20 million each.

For example, Wyoming, North and South Dakota, Vermont, Alaska, and Montana each receive \$19.6 million, for a total of \$119 million for the six states of barely 3 million people combined. On the other hand, Los Angeles County (with its 10-million-plus population exceeding that of all but seven states) received \$16.8 million, and six cities within the County received another \$58 million, yielding a Los Angeles area total of about \$75 million.

Further, whereas the six small states mentioned had foreclosure rates between 1.5% and 2.5%, the foreclosure rate in California was 6.7% -- the third highest in the nation. Moreover, none of these numbers reflect the discrepancy with California's higher property values and greater mortgage delinquency losses.

The grant program was approved by Congress earlier this year as part of a bill addressing the problems associated with mortgage reinsurance giants Fannie Mae and Freddie Mac.

The California Institute has extracted portions of the HUD data and has published them on its website, at <http://www.calinst.org/datapages/HUD-NSP-2008.htm> .

For more information about the Department's allocations, including a five-page explanation of their distributional methodology, visit HUD's Neighborhood Stabilization Program pages at <http://www.hud.gov/offices/cpd/communitydevelopment/programs/neighborhoodspg/> .

ENVIRONMENT: SCHWARZENEGGER SIGNS TWO GREEN CHEMISTRY BILLS

California Governor Arnold Schwarzenegger signed two sweeping 'green chemistry' bills designed to help regulate the use of 80,000 chemical currently in circulation, despite opposition from automakers and electronics manufacturers. In February 2008, the California Institute hosted a Capitol Hill briefing regarding Green Chemistry featuring presenters from the University of California, Berkeley.

The first of the two bills, AB 1879, authored by Asm. Mike Feuer (Los Angeles) establishes a framework to track and regulate toxics over the course of their life cycle and requires the state to promote safer alternatives by encouraging "green chemistry" initiatives in industry and academia. The second bill, SB 509, authored by Senator Joe Simitian (Palo Alto), creates a scientific clearinghouse for information on the effects of thousands of chemicals commonly in use. Neither piece of legislation specifically names substances or chemicals, and neither requires full disclosure of all chemical ingredients used to manufacture their products, but supporters and advocates of the green chemistry legislation believe that the new laws will give California the ability to take action against unsafe chemicals. These new laws are considered by many to be the most wide-reaching of their kind in the nation.

For more information on "green chemistry" and the new laws visit <http://coeh.berkeley.edu/greenchemistry/briefing/> and the California Institute's February 29, 2008 Bulletin article (Volume 15, Bulletin 6) at http://www.calinst.org/bul2/b1506.shtml#TOC1_10 .

TRANSPORTATION: BOOSTED BOOSTED BORDER-CROSSING CAPACITY AT OTAY MESA

The U.S. Department of Transportation announced that one of nation's three approved projects under the new Border Congestion Relief Program would be located south of San Diego. The Otay Mesa East Port of Entry project will create a new port of entry and a 2.7-mile, four-lane highway that links to the existing California highway system to provide more capacity for traffic through the region. A request for funding for the project had been proposed by Caltrans.

In a July 2008 letter to the Federal Highway Administration, urging approval of the Otay Mesa East project, Rep. Bob Filner (San Diego) said, "The State of California has been wrestling with the negative impacts of border congestion for many years." He cited a recent statistics showing that delays for both personal travel and freight movement across the California/Mexico border cost California's economy \$8.63 billion in lost output and nearly 74,000 jobs in 2007 alone. Rep. Filner, whose district encompasses the entire California/Mexico border region, added, "Most of the freight crossing the border is destined for places far beyond the region, making this a national problem that requires federal funding to solve."

When Governor Arnold Schwarzenegger participated in a border governors conference in August, one of the primary recommendations was reducing border wait times substantially by the year 2013, and completing Binational State-to-State Regional Border Master Plans within three years.

Along with Otay Mesa, DOT selected two other projects: the Laredo, Texas East Loop Bypass and the Blaine, Washington Cascade Gateway Expanded Cross-border Advanced Traveler Information System.

A DOT notice is available at <http://www.dot.gov/affairs/fhwa2108.htm> .

ENVIRONMENT: GOVERNOR SCHWARZENEGGER AND TEN OTHERS FURTHER DEVELOP PROPOSALS FOR A REGIONAL CRACKDOWN ON EMISSIONS

Governor Schwarzenegger and ten other Governors and provincial premiers, who in 2005 launched the Western Climate Initiative (WCI), released a comprehensive plan to cut carbon emissions by 15-percent below 2005 levels within the next twelve years. The plan includes a regional cap and trade system, the details of which were released on September 23, 2008. On September 30, 2008 WCI released a second draft of the reporting requirements for the states and provinces participating in the initiative. The plan covers about 20% of the U.S. economy and more than 70% of the Canadian economy and will impact power plants, industrial facilities, transportation and other sectors of each state's economy.

For more information on WCI and the newly released reporting requirements go to <http://www.westernclimateinitiative.org/>.

HEALTH CARE: CHCF QUESTIONS WHETHER CALIFORNIA IS PREPARED FOR ITS POPULATION TO AGE

California, like the rest of the nation, is anticipating unprecedented growth in its population age 65 and above as the Baby Boom generation ages and life expectancy continues to increase. This will have a significant impact on the state's acute care hospitals, since older patients use inpatient hospital care at a much higher rate than younger people. A September 2008 report from the California HealthCare Foundation (CHCF), "*Beds for Boomers: Will Hospitals Have Enough?*", examines the potential impact of these demographic shifts.

As California hospitals plan upgrades to meet earthquake safety requirements, they will need to consider the impact that the growth of the older population in their region will have on the need for acute care beds. Efficiency of hospital care will be a crucial factor in meeting demand without unnecessarily increasing supply. Key findings of the report include:

- * California's 65+ population is projected to more than double from 2000 to 2030, growing to 8.8 million.
- * Due to seniors' high rate of hospitalization, use of acute care hospital days is projected to increase by 76 percent from 2000 to 2030. By 2030, the 65+ group is projected to use more than half of the state's acute care days, despite representing only 18 percent of the population.
- * California's regions differ widely in senior population growth, use of acute care days, and licensed bed capacity. By 2030, the current (2006) licensed bed supply is projected to satisfy bed needs in only three of the regions studied — the Greater Bay Area, Los Angeles, and Orange County.
- * Unless efficiency or capacity is increased, there may not be sufficient beds in the Sacramento Area, San Joaquin Valley, and Inland Empire by 2020.

The report is available from the CHCF website at <http://www.chcf.org/topics/view.cfm?itemid=133749>.

ECONOMY: UCLA ECONOMISTS DECLINES IN HOME PRICES, JOBS, CONSUMER SPENDING AND TAX REVENUE

In the recently released UCLA Anderson Forecast, experts determined that over the next 18 to 24 months, California will face continued increases in unemployment, a decline in consumer spending, falling tax revenue and loss of government jobs, and a continued decline in housing prices. Experts believe that the proposed federal bailout of the financial system will have little effect on these longer-term trends, but may help halt the downturn in housing. The Forecast also indicated that government jobs declined by 6,000 in the period from July to August, and predicts that increased government intervention in the economy will spur inflation and result in higher taxes regardless of which candidate is elected in November.

Information about the Forecast, which was released on September 24, 2008, can be found at <http://www.uclaforecast.com/>.

IMMIGRATION: CIS DESCRIBES SAFETY PROBLEMS POSED BY IMMIGRANT GANGS

A report released by the Center for Immigration Studies found that transnational gangs have been spreading rapidly and that a large share of immigrant gang members are unlawfully in the U.S. The study, funded by the Department of Justice, also found that about 80-percent of immigrant gangsters arrested had committed serious crimes, and that 40-percent were violent criminals.

Immigration and Customs Enforcement (ICE) offices logging the largest number of immigrant gang arrests were in San Diego, Atlanta, San Francisco and Dallas. Cities with the fewest arrests included Los Angeles, which the report attributes to their sanctuary, or “don’t ask, don’t tell” policies. Nearly 60-percent of immigrant gang members arrested by ICE were Mexican citizens, 17-percent were Salvadoran, and 5-percent were Honduran. In all the report included data from 53-different counties and data from 99 different cities is available upon request.

The full report can be found at <http://www.cis.org/articles/2008/back1208.pdf> .

IMMIGRATION: PEW CENTER FINDS SLOWING GROWTH OF THE UNAUTHORIZED IMMIGRANT POPULATION AND THE DECLINE IN NON-CITIZEN INCOMES

The Pew Hispanic Center, released two reports on October 2, 2008: “Trends in Unauthorized Immigration: Undocumented Inflow Now Trails Legal Inflow”, and “Sharp Decline in Income for Non-Citizen Immigrant Households, 2006-2007”.

The first report highlights several findings including the inflow of immigrants who are undocumented has fallen below the inflow of immigrants who are legal permanent residents, reversing a decade long trend. The report also indicates that undocumented immigrants make up 30% of the nations foreign born population of more than 39 million, than 4 out of every 5 undocumented immigrants come from Latin American, but that the number of undocumented immigrants from Latin America has fallen since 2007. This report can be found at <http://pewhispanic.org/files/reports/94.pdf> .

The second report analyzes recent trends in the incomes of the nation’s 8.2 million non citizen immigrant households and highlights the decline in their economic fortunes. The Center estimates show that household incomes have fallen for most non-citizens who are Hispanic, from Mexico, unmarried and married males, those without a high-school education and those employed in the service, production, and construction industries. This report can be found at <http://pewhispanic.org/files/reports/95.pdf> .

ENVIRONMENT: SAN JOAQUIN VALLEY AIR QUALITY IMPROVES AS FAR AS THE MAP IS CONCERNED

In a move with implications for federal transportation formula allocations as well as for human health, the U.S. Environmental Protection Agency (EPA) on Thursday, September 25, 2008, announced that the San Joaquin Valley has now achieved its official standard for controlling emissions of coarse particulate matter (PM-10). In a press release, EPA said it has redesignated the San Joaquin Valley air basin from nonattainment to attainment status for the national ambient air quality standard (NAAQS) for PM-10.

The ruling is good news for part of the region, but not so much for another part. In a simultaneous ruling, EPA also approved the region’s proposed PM-10 maintenance plan, a key component of which is the division of a single existing area into two separate areas. The former San Joaquin Valley nonattainment area -- all of which was in noncompliance with the air quality standard -- was divided into two separate PM-10 nonattainment areas. The northern and western half of the area has been deemed the San Joaquin Valley air basin PM-10 area, and the southern and eastern portion of the area is now called the East Kern PM-10 area. The East Kern area continues to be a nonattainment area, meaning its air quality is still unhealthy.

While a seemingly odd move, there is logic to the shift. The new, divided areas for PM-10 will now conform to the same geographic boundaries as are used for determining fine particulate matter (PM-2.5) and ozone -- at least so far as the San Joaquin Valley area is concerned.

According to EPA, East Kern will continue to be a PM-10 nonattainment area, but it is approving a commitment from the state to install a PM-10 monitor in East Kern that will address Clean Air Act requirements for the area.

“The EPA remains committed to the emission controls, enforcement and monitoring requirements currently in place in the San Joaquin Valley,” said Deborah Jordan, Air Division director for the U.S. EPA’s Pacific Southwest region. “In addition to the current controls, many additional reductions will be needed to attain the more protective PM 2.5 standard and the ozone standard.” The maintenance plan retains all PM-10 controls and monitoring for the SJV air basin, provides a demonstration that the area will continue to attain until 2020, and provides for contingency measures if the area does not continue to attain.

Particulate matter (PM) pollution includes of extremely small particles and liquid droplets that is made up of a number of components, including acids, organic chemicals, metals, and soil or dust particles. Particles smaller than 10 micrometers in diameter (thus “PM-10”) or smaller generally pass through the throat and nose and enter the lungs, causing heart, lung and other health problems. Also, federal formula grant funding to areas for the federal Congestion Mitigation & Air Quality (CMAQ) program is based in part on air quality designations.

Areas of the country where air pollution levels persistently exceed the NAAQS may be designated “nonattainment.” EPA’s list of such areas are on the web at <http://www.epa.gov/air/oaqps/greenbk/> .

TRANSPORTATION: RAND ADDRESSES TRAFFIC CONGESTION IN LOS ANGELES

Traffic congestion in Los Angeles is arguably the worst in the nation. A study released by RAND on Thursday, October 2, 2008, examines the problem and considers a variety of approaches for addressing it.

Focusing on the densest areas of Los Angeles County, RAND researchers analyzed the problem and identified the key factors that determine the area's transportation policy needs. The researchers provide a set of 13 complementary recommendations that, if implemented together, could reduce congestion substantially within the next five years. Given limited prospects for building more roadways, RAND experts argue that pricing policies must be among the options that could create lasting traffic reduction.

The researchers note that several factors shape the region's transportation policy needs. Fundamentally, they find that congestion results from an imbalance in the supply of and demand for road space, so reducing congestion means either increasing the supply of road space or reducing the demand for peak-hour automotive travel. They also note that the prospects for building the way out of congestion are limited, given the failure to increase state and federal fuel taxes to keep pace with inflation and the lack of new space to build more road capacity.

The RAND authors find that managing the demand for roadways during peak hours offers the greatest prospects for reducing congestion given that, in Los Angeles, the per capita demand for roadways remains high despite high population density. The most realistic way to reduce congestion, they say, is to find ways to manage the demand for driving during the peak hours. However, they note that few congestion-reduction strategies remain effective over time, since travelers may alter their travel patterns and shift from other times, routes, and modes of travel -- a phenomenon they call convergence.

The authors conclude that while many strategies provide short-term relief, only pricing strategies resist this convergence and manage congestion in the long run. Often called congestion pricing, these strategies involve charging drivers more for their use of roadways when travel demand is highest. They include assigning higher tolls for driving during peak hours or collecting higher fees for parking in the most convenient curb spaces at the busiest times. RAND notes that pricing strategies must be complemented by significant alternative transportation improvements, including faster, more reliable, and more convenient public-transportation options throughout the region.

The RAND researchers determined that Los Angeles needs not just one way to reduce congestion, but rather a set of integrated strategies designed to accomplish four goals: manage peak-hour automotive travel, raise transportation revenue, improve alternative transportation options, and use existing roadway capacity

more efficiently. They conclude that these strategies must be implemented as a package and that leadership is needed to build consensus.

For the report and a research brief, visit RAND at http://www.rand.org/pubs/research_briefs/RB9385/ .

APPROPRIATIONS: HOMELAND SECURITY IN THE FY 2009 CONTINUING RESOLUTION

The recently enacted Continuing Resolution (H.R. 2638, now P.L. 110-329) incorporated appropriations for the Department of Homeland Security. Total funds for DHS were increased to about \$40 billion in overall discretionary spending – 6 percent above FY08 levels and the Administration’s request. (H.R. 2638 also includes \$1.2 billion in mandatory funding.) Included is \$4.2 billion for state and local grants, including those for first responders and port and transit security, an amount almost double that in the President’s budget proposal. The amounts include \$950 million for state first responder grants and \$837.5 million for Urban Area Security Initiative (UASI) grants aimed at high-risk urban communities. The Administration had proposed paring back these programs by \$777 million.

Other grant amounts include: \$35 million for Regional Catastrophic Preparedness Grants, \$41 million for the Metropolitan Medical Response System, \$15 million for the Citizen Corps Program, \$400 million for Public Transportation Security Assistance and Railroad Security Assistance (of which not less than \$25,000,000 is to be for Amtrak security), \$400 million for Port Security Grants, \$12 million for Over-the-Road Bus Security Assistance, \$8 million for Trucking Industry Security Grants, \$50 million for Buffer Zone Protection Program Grants, \$8 million for the Commercial Equipment Direct Assistance Program, \$50 million for the Interoperable Emergency Communications Grants, \$35 million for grants for Emergency Operations Centers. For the Firefighter Assistance Grants under the Assistance to Firefighters Grant Program, the CR provides \$775 million, and it provides \$315 million for emergency management performance grants or EMPGs.

Customs and Border Protection funding is increased about four percent to \$9.8 billion. That includes funding for an additional 4,361 new hires, and \$775 million for border security fencing and technology. An additional \$404 million is included for cargo container security.

Immigration and Customs Enforcement funding is set at \$5 billion – about 5 percent over FY08 and the President’s request. Included is new money to add 1,400 more detention beds. The bill also provides \$1 billion to the bureau to identify and deport undocumented criminal aliens. State and local immigration enforcement programs are funded at \$99.7 million, \$2.2 million more than requested. The 287(g) program is funded at \$54 million, \$14 million above 2008 and equal to the President’s request -- the program expands coordination between ICE and local law enforcement and helps ICE to identify deportable criminal aliens.

REAL ID is funded at \$100 million, \$50 million above 2008, to help states comply with the program, which requires state drivers licenses to meet new standards in order to be used for federal identification purposes. It also includes \$50 million for DHS to develop a data “hub” that links state DMVs to other record-keeping agencies to allow State governments to verify applicants' identity documents when they apply for new drivers licenses.

Funding for the US-VISIT program to screen foreigners entering and exiting the United States was cut to \$300 million, 23 percent less than the Administration’s request. Many members of Congress have criticized the Department for problems and delays in implementing the program. The bill includes mandatory reporting requirements for the program. DHS is also required to complete two pilot programs before proceeding with its biometric US-VISIT Air Exit Program.

The “Disaster Relief and Recovery Supplemental Appropriations Act of 2008” section of the CR includes \$135 million for “Wildland Fire Management,” including \$110 million for urgent wildland fire suppression activities and \$25 million is for burned area rehabilitation. A separate portion of the bill that is not under the offset-free disaster heading provides an additional amount for Wildland Fire Management -- \$775 million -- of which \$500 million is to be available for emergency wildfire suppression and related activities, \$175 million is to be for hazardous fuels reduction and hazard mitigation activities in areas at high

risk of catastrophic wildfire due to population density and fuel loads, \$75 million is to be for rehabilitation and restoration of Federal lands, and \$25 million is to be for preparedness for retention initiatives in areas at high risk of catastrophic wildfire that face recurrent staffing shortages.

The CR also included an additional \$2.5 billion over the FY08 level for Pell Grants, in order to prevent cuts to student aid midway through the year.

Included in the Homeland Security Appropriations portion were several items directed toward California, including funding for Customs and Border Protection (CBP) stations in Calexico (\$34 million), Indio (\$18 million), Blythe (\$28.9 million), and Boulevard (\$31 million), \$18 million for a sector headquarters vehicle maintenance facility in California (no location specified), as well as \$2.1 million for a CBP maintenance and administration hangar in El Centro.

Under FEMA, the measure provides funds for emergency operations centers for the Cities of Bell Gardens (\$175,000), Cudahy (\$50,000), Rialto (\$225,000), Rio Vista (\$150,000), and Half Moon Bay (\$750,000), the San Francisco Police Department (\$1 million), the San Diego Unified School District (\$400,000), and the Sacramento-Sierra Chapter of the American Red Cross (\$35,000).

It provides funds for FEMA Predisaster mitigation efforts for the Cities of Chula Vista (\$400,000), Los Angeles (\$500,000), Merced (\$500,000), Mission Viejo (\$850,000), and San Diego (\$1 million), as well as separately for the County of Los Angeles (\$600,000). And from the Homeland Security Science & Technology Directorate's Research, Development, Acquisition and Operations account, the bill specifies \$2 million for the Naval Postgraduate School in Monterey.

For more details on the funding, go to: <http://appropriations.house.gov>.

SCHIP: CHCF LOOKS AT POTENTIAL EFFECTS OF PROPOSED RULE CHANGES

A report by the California Health Care Foundation (CHCF) examines the potential effects of stricter eligibility rules on the State Children's Health Insurance Program (SCHIP), a major source of funding for low-income children's health coverage in California. In 2007, after unsuccessfully attempting to reauthorize and expand the program, Congress and the President agreed to extend SCHIP at its previous funding level until March 2009.

In "*SCHIP at the Crossroads: California's Options in Responding to New Federal Funding Conditions*" (August 2008), CHCF analyzes the new requirements for federal SCHIP funding that were originally scheduled to take effect on August 18, 2008. With the federal government now holding off on enforcing its directive and California declaring that it will not comply, the issue of whether states will be allowed to preserve their existing programs remains unresolved. "Should the directive take effect," the report states, "California faces challenges in attempting to claim federal dollars and will need to resolve important legal questions."

The state receives approximately 16 percent of federal SCHIP funding and uses it to cover 1 million children through Healthy Families and other SCHIP-funded programs.

The report is available from CHCF at <http://www.chcf.org/topics/view.cfm?itemid=133367>.

REPORT: PPIC STATEWIDE SURVEY TRACKS VOTER ALLEGIANCES, ATTITUDES

On Wednesday, September 24, 2008, the Public Policy Institute of California (PPIC) released its latest PPIC Statewide Survey: Californians and their Government. The poll found California's likely voters prefer the Democratic ticket of Barack Obama and Joseph Biden to Republican contenders John McCain and Sarah Palin by a 10 point margin, but noted that voters will closely watch candidates' debate performances before marking their ballots. Eight in 10 say the debates will be very important (38%) or somewhat important (41%) in deciding who gets their votes. As the campaign enters its final weeks, a majority of California's likely voters (65%) say they are more enthusiastic than usual about voting. They are happier with their choices than they were a month ago (64% today, 48% in August), with Republicans registering the sharpest

increase in satisfaction (67% today, 35% in August). Democrats' satisfaction is also higher (74% today, 68% in August).

With Wall Street in turmoil, likely voters across political and demographic groups most frequently name the economy as the issue they most want to hear the candidates debate. Four in 10 (40%) mentioned the economy, followed by the war in Iraq (12%), immigration (7%), and health care (6%). When asked which candidate would do a better job handling key issues, likely voters prefer Obama to McCain on the economy (53% to 37%), health care (57% to 29%), and energy policy (51% to 38%). They prefer McCain to Obama on foreign policy (51% to 43%), and they are more narrowly divided on who would better handle the war in Iraq (49% Obama, 44% McCain) and immigration (42% Obama, 40% McCain).

A record-high 44 percent of adults say that jobs and the economy are the top issues facing the state. This is true across all party and demographic groups, although Democrats (47%) and independents (44%) are more likely than Republicans (36%) to hold this view. Nearly seven in 10 Californians (68%) expect bad times financially in the year ahead. About half say the current housing situation in California will hurt their finances a great deal (31%) or somewhat (21%). The perception that the state is going in the wrong direction is widely held (68%). While this negative view has changed little since last month, it has grown by 18 points in the last year.

PPIC said that Californians are pessimistic about their elected leaders' ability to handle the challenges. The survey found that one in five Californians (21%) approve of the job the State Legislature is doing, a decline of 5 points since August, and constituents give their own legislators unusually low marks. Only one in three residents (34%) approve of the job their own state senator and assembly member are doing, an 8-point drop since March and a 7-point drop from a year ago. Governor Arnold Schwarzenegger's 38 percent approval rating has held steady from last month but is still 12 points lower than a year ago. President Bush's approval among Californians is 23 percent.

Overall, Congress' job approval rating was 29 percent, about the same as last month but 4 points lower than in March. However, individual Congressional representatives rated higher: The state's residents give higher approval ratings to their own Congressional representative (49%) and to Senator Dianne Feinstein (48%), Senator Barbara Boxer (44%), and House Speaker Nancy Pelosi (40%).

For more information and cross-tabs, visit <http://www.ppic.org>.

REPORT: VOTERS VOLATILE, DISCONTENT, AND DIVIDED

On September 17, 2008, the Public Policy Institute of California (PPIC), with funding from the James Irvine Foundation, released a report indicating that California voters are distrustful of government, divided by partisanship, and poised to express their frustration at the ballot box. The report looks at state voters' growing political involvement and their simultaneous disaffection with party politics. It also examines sources of voter discontent, painting a picture of a volatile and divided electorate.

"In the five years since the president launched a war in Iraq and the governor lost his seat in a recall, California voters have changed," says Mark Baldassare, PPIC president and CEO. "They are fed up with government that they cannot trust and leaders who do not lead. But contrary to the conventional wisdom that disgruntled voters stay home on election day, Californians have been registering and voting in record numbers."

The report, entitled "*The State of California Voters*," says that despite their political involvement, voters are unhappy with party politics. It also notes several sources of voter dismay. Fewer than one in four voters believe that the nation is headed in the right direction, marking the lowest point since the PPIC survey began asking the question in 2003. Over the last five years, President George W. Bush's approval ratings have fallen steadily from one in two to one in four voters. Only 23 percent of Californians say that they trust the federal government to do what is right always or most of the time.

Voters are deeply concerned about the economy, Iraq, immigration, health care, and the way their state government is run. According to the survey, they express little faith that their government can rise above

partisan differences to address these issues. At the same time, voters are as polarized as their representatives over how to handle the economy, immigration, and Iraq.

For more on the report's findings and conclusions, visit <http://www.ppic.org> .

POPULATION: SPANISH SPOKEN IN ONE OF FIVE CALIFORNIA HOMES, PER CENSUS

New data released by the Census Bureau on September 23, 2008 show that at least one in five people in California, as well as Arizona, New Mexico, and Texas speak Spanish in the home. Nationwide the number is 12.3 percent, about 35 million people. Additionally, about one-in-five California residents over age 5 spoke English less than "very well."

More than half of the residents over age 5 in the Los Angeles metro area (53.6 percent) spoke a language other than English at home. Miami is second among the 20 largest metro areas, with 49.1 percent of its population age 5 and over in this category.

Considering all foreign languages, about 19.7 percent of the population age 5 and over spoke a language other than English at home in 2007. An increase over the 17.9 percent second-language speakers in 2000 and 13.8 percent in 1990. English is the only language spoken in 80.3 percent of households, the data show.

The report also shows that California had the highest percent of foreign-born residents – 27.4 percent – with New York (21.8), New Jersey (19.9), Nevada (19.4) and Florida (18.9) ranked next. Of the 20 largest metropolitan statistical areas, Miami led Los Angeles with the highest percentage of foreign-born with 37 percent and 34.9 percent, respectively. St. Louis had the lowest at 4.0 percent.

Other data released by the Census Bureau show that the highest median home value among the 20 largest metro areas was in the San Francisco, with \$706,100. The Houston metro area had the lowest (\$135,800). Homeowners with mortgages in California also had the highest median monthly housing costs in the nation at \$2,314. New Jersey was second with \$2,278, and homeowners in West Virginia and Arkansas had the lowest (\$881 and \$920, respectively).

The figures were reported in the new American Community Survey data released by the Census Bureau. As part of its 2010 Census, the data collected will be used by federal officials to help determine where to distribute more than \$300 billion to state and local governments each year.

For more information, go to: <http://www.census.gov> .