



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.

CAPITOL HILL: CONGRESS LEAVES, BUT PLANS TO HIT GROUND RUNNING IN JANUARY

Legislative activity for the 110th Congress ended late in the evening on December 10, 2008, but it sounds like the break will be mighty short -- the 111th Congress will be sworn in on January 6, 2009. Moreover, there are fully four days of votes on the official schedule for that first week of January, three days the week after, two the next week (with the Obama inauguration taking place too), and then three days the week after that.

House Speaker Nancy Pelosi (San Francisco) has predicted that a major economic stimulus package will move quickly in the new year. The busy January schedule allows Congressional leaders to set the stage, at least structurally, to make such a move possible; the political prospects will be determined after the new year.

CAPITOL HILL: SEN. FEINSTEIN TO CHAIR SENATE INTELLIGENCE COMMITTEE

On Tuesday, December 16, 2008, Senate Majority Leader Harry Reid (NV) announced selections of committee chairs for the 111th Congress that will convene in January. The changes will allow Sen. Dianne Feinstein to take the helm of the Senate Intelligence Committee.

Reid recommended that Sen. John Rockefeller (WV) take the chairmanship of the Commerce Committee, opening the door for Sen. Feinstein to replace Rockefeller as chair of the Intelligence panel. Sen. Charles Schumer (NY) in turn will replace Feinstein as chair of the Senate Rules and Administration Committee.

To no one's surprise, Sen. Barbara Boxer will remain Chairwoman of the Senate Committee on Environment and Public Works, which oversees climate change, environment, and transportation matters.

Other changes include John Kerry (MA) moving to replace Joe Biden (DE) as chair of Foreign Affairs, and Daniel Inouye (HI) becoming chair of the Senate Appropriations Committee, replacing stalwart chairman Robert Byrd (WV) who is stepping down at age 91. (To take Appropriations, Inouye vacates the Commerce

CONTENTS:

Capitol Hill: Congress Leaves, But Plans To Hit Ground Running in January	1
Capitol Hill: Sen. Feinstein to Chair Senate Intelligence Committee	1
Capitol Hill: Rep. Xavier Becerra Chooses Congress Over Administration Post	2
Capitol Hill: Rep. Darrell Issa Chosen Ranking Member of House Oversight and Government Reform	2
Resources: Fish & Wildlife Opinion Likely To Further Reduce Delta Water Exports	2
Energy: Select Committee Discusses Energy Independence and Automakers	3
Energy: Senate Energy Committee Explores Economic Stimulus, Job Creation through Clean Energy	3
Environment: Diesel Trucks Subject To New Regulations from the California Air Resources Board	4
Environment: CARB Gives Formal Approval AB 32 Scoping Plan	4
State Funding: CRB Examines How State Distributes Dollars Among Regions	4
Health: UCLA Finds Nearly 6.4 Million Californians Lack Health Insurance	5
Education: The Condition of Latinos in Education, Fact Book Released	5
Workforce: PPIC Releases Report On Future Labor Force	6
Immigration: Pew Finds Share of Immigrant Latino Workers Participating in Labor Force Has Declined	6

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Committee post, which opened space on the ladder rungs for Sens. Rockefeller, Feinstein, and Schumer.)

CAPITOL HILL: REP. XAVIER BECERRA CHOOSES CONGRESS OVER ADMINISTRATION POST

On Tuesday, December 16, 2008, Rep. Xavier Becerra (Los Angeles) opted to withdraw his name from consideration to serve as U.S. Trade Representative in the Administration of President-elect Barack Obama. In doing so, Becerra will remain in Congress and serve the 9th term to which he was recently elected.

“I have invested sixteen rewarding years serving the people of Los Angeles and my country,” he said in a statement. “I am grateful for that privilege and now see a rare opportunity to push across the goal line much of the unfinished business of America: investing in our infrastructure and our workers, universal healthcare, comprehensive immigration reform, and scrubbing a tax code that’s out of shape and behind the times.”

Becerra added, “Working for and with incoming President Barack Obama would be an opportunity of a lifetime. I will get to experience that thrill... by working by his side in the People’s House just down the street from 1600 Pennsylvania Avenue.”

As reported in the last *Bulletin*, Becerra was recently elected Vice Chairman of the House Democratic Caucus. He also serves as a senior member of the House Committee on Ways and Means.

CAPITOL HILL: REP. DARRELL ISSA CHOSEN RANKING MEMBER OF HOUSE OVERSIGHT AND GOVERNMENT REFORM

On Wednesday, December 10, 2008, the House Republican Conference selected Rep. Darrell Issa (Vista) to serve as the Ranking Republican Member for the House Oversight and Government Reform Committee (OGR) for the 111th Congress. Rep. Issa served as the Ranking Member of the Oversight and Government Reform Subcommittee on Domestic Policy. He won broad backing from his Republican OGR colleagues in seeking the post. As full committee Ranking Member, Issa will lead Republicans on the House’s chief investigative committee.

“I look forward to leading committee Republicans and working with my Democratic colleagues in helping the new Administration of President Barack Obama root out waste, fraud, and abuse in the Federal government,” said Rep. Issa. “As Americans across the political spectrum want return on their tax dollars – oversight can and should be bipartisan.”

“While objective and bipartisan hearings are a priority for Republicans, the minority will not tolerate inappropriately partisan hearings or investigations,” added Issa. “We also stand ready to pro-actively probe any critical failures of government neglected by the Committee majority.”

RESOURCES: FISH & WILDLIFE OPINION LIKELY TO FURTHER REDUCE DELTA WATER EXPORTS

An opinion by the U.S. Fish & Wildlife Service released on December 15, 2008 could result in the reduction of state water project deliveries by as much as 50 percent, according to the State Department of Water Resources.

The opinion will continue reductions in State Water Project and federal Central Valley Project water exports in effect since a December 2007 federal court order to protect Delta smelt. The Delta smelt was listed as “threatened” under the Endangered Species Act in 1993, and is currently being considered for listing under the “endangered” status. Actions to protect the fish have already resulted in pumping reductions and a complete 12-day halt in SWP exports during June 2007.

In response to the opinion, DWR stated that “water deliveries to cities, farms and businesses throughout much of the state will be reduced about 20 to 30 percent on average, but cuts could be even greater under certain hydrologic conditions.” Yesterday, DWR Director Lester Snow stated: “I am concerned that this new Biological Opinion fails to apply a comprehensive approach in dealing with at-risk fish species in the Delta. We know there are many stressors causing havoc in the Delta - including toxic pollutants, invasive species, climate impacts, power plant operations, illegal diversions and overall loss of habitat and food. Today's action by the federal government looks only to the water projects rather than having a complete view of all causes for Delta fish decline.”

Association of California Water Agencies (ACWA) Executive Director Timothy Quinn stated in response to the report: “Last month, a group of thoughtful Californians released a Delta Vision Strategic Plan that called for comprehensive water policies based on the co-equal goals of ecosystem health and a reliable water supply. Today's action demonstrates how far we are from achieving those co-equal goals. . . . This decision focuses on a single species when, instead, we need to focus on the entire ecosystem.”

ENERGY: SELECT COMMITTEE DISCUSSES ENERGY INDEPENDENCE AND AUTOMAKERS

On Tuesday, December 9, 2008, the House Select Committee on Energy Independence and Global Warming, led by Chairman Ed Markey (MA), held a hearing on the implications for energy independence of a federal bailout of the big three American auto manufacturers. Congress, which failed to pass a multi-billion dollar loan program for Chrysler, GM and Ford the week of December 7th, had put emphasis on the necessity for the industry to increase efforts to build “greener,” less consumptive vehicles as a potential requirement for the passage of the billion dollar bailout. Witnesses included Joan Claybrook, President of Public Citizen, Reuben Munger, Chairman and Co-founder of Bright Automotive, Dr. Peter Morici, Professor at the Smith School of Business, Geoff Wardle, Director of Advanced Mobility Research at the Art Center College of Design, and Richard Curless, CTO of MAG Industrial Automation Systems.

The committee and witnesses explored a number of issues and questions including the ability of the fuel economy standards signed into law in 2007 to help revitalize the industry; and the ability of the auto manufacturers to meet those standards, given their existing and proposed business models and plans, and taxpayer expectations regarding fuel economy performance in return for federal assistance.

The hearing participants also discussed the Energy Independence and Security Act of 2007 which raised the national fuel economy standards for the first time since 1975, and created Section 136, a Department of Energy \$25 billion direct loan program designed to help promote the development of advanced technology vehicles. Section 136 funds were identified in other hearings on the status of the automotive industry as potentially providing the resources necessary to provide immediate liquidity to the major auto manufactures.

Chairman Markey's opening statement and the testimony of all witnesses can be found at <http://www.globalwarming.house.gov/pubs> .

ENERGY: SENATE ENERGY COMMITTEE EXPLORES ECONOMIC STIMULUS, JOB CREATION THROUGH CLEAN ENERGY

On December 10, 2008, the Senate Energy and Natural Resources Committee discussed economic and social opportunities and benefits that could be created by investment in clean energy and natural resources projects and programs. Witnesses included Steve Hauser, Vice President of GridPoint, Joe Loper, Vice President of Policy and Research at the Alliance to Save Energy, Malcolm Woolf, Director of the Maryland Energy Association, Bracken Hendricks, a Senior Fellow at the Center for American Progress, Kevin Book, Senior Analyst and Senior Vice President of Friedman Billings Ramsey and Co. Inc., Cassandra Moseley,

Director of the Ecosystem Workforce Program at the Institute for Sustainable Environment at the University of Oregon, Mark Limbaugh, former Assistant Secretary of the Interior for Water and Science, and Denis Galvin, former Deputy Director of the National Park Service.

While the hearing focused on the need for national efforts, some discussion of California-specific issues and the need for focus on California-based projects occurred. Specifically mentioned were court-ordered restrictions and extreme pressures on California's water supply and the legal issues surrounding water use in California, as well as potential benefits that would come from focusing stimulus spending on California projects to address those and other issues. *See article in this Bulletin on Delta water supply reductions.*

Full witness testimony and an archived video of the hearing can be found at: <http://energy.senate.gov> .

ENVIRONMENT: DIESEL TRUCKS SUBJECT TO NEW REGULATIONS FROM THE CALIFORNIA AIR RESOURCES BOARD

On Friday, December 12, 2008, the California Air Resources Board unanimously passed two new regulations, despite trucking industry opposition: the Statewide Truck and Bus Rule, and the Heavy Duty Vehicle Greenhouse Gas Emissions Reduction measure, aimed at decreasing emissions and air pollution from diesel trucks and buses.

The new regulations, which target the over one million heavy-duty diesel trucks that operate in California, will require truck owners to install diesel exhaust filters on their rigs by 2014, to replace engines older than the 2010 model year by 2022, and to install fuel efficient tires and aerodynamic devices on trailers. Agricultural, emergency, and military vehicles are exempt, and school buses are only required to comply with certain aspects of the regulations. According to the ARB, heavy-duty diesel rigs are the largest source of unregulated diesel emissions and are responsible for 32 percent of smog-forming emissions and 40 percent of cancer causing emissions. According to ARB Chair Mary Nichols, these requirements, which go into effect in 2010, are the most significant emissions-reductions efforts approved by the ARB in the past decade. ARB is offering over a billion dollars in funding opportunities for truckers and heavy-duty diesel vehicle owners, is working to establish grant and loan programs, and structured the new regulations to allow those affected to meet the requirements through different compliance options, Nichols said.

Critics of both measures argued that the costs of implementing and meeting the deadlines of these new rules would result in the loss of small trucking business operations, and serious financial hardship for truckers throughout the state despite the ARB's proposed funding, grant and loan programs.

More information about the new regulations can be found at: <http://www.arb.ca.gov/homepage.htm> .

ENVIRONMENT: CARB GIVES FORMAL APPROVAL AB 32 SCOPING PLAN

The California Air Resources Board approved the Scoping Plan required by AB 32, the landmark Global Warming Solutions Act, which requires California to decrease its emissions to 1990 levels by 2020 – a decrease of about 30 percent. The ARB vote, which occurred Thursday, December 11, 2008, ended an eighteen-month public development process.

The Plan includes a cap-and-trade program, which will be developed in conjunction with seven states and four Canadian provinces and will ultimately cover over 80 percent of the states emissions, energy efficiency programs, clean car standards, renewable energy requirements, a low carbon fuel standard, full deployment of the high-speed rail, water-related efficiency measures, and port and transportation requirements.

The complete Scoping Plan and more information about the ARB's activities can be found at: <http://www.arb.ca.gov/homepage.htm> .

STATE FUNDING: CRB EXAMINES HOW STATE DISTRIBUTES DOLLARS AMONG REGIONS

A report issued by the California Research Bureau (CRB) on Tuesday, December 16, 2008, examines the geographic distribution of state spending. It seeks answers to the question of whether there are regions of the state that receive more than their "fair share" of state funding. It also works to divine how relative geographic fairness should be defined.

The report, numbered CRB-08-017 and authored by Dr. Martha Jones, examines the geographic distribution of state spending across nine regions: the San Francisco Bay Area, Central Coast, Far North, Inland Empire, San Joaquin Valley, Sacramento Metro, San Diego, Sierras and South Coast. State expenditures are presented for major program areas, such as health, education, public assistance, social services, and transportation. (The same state fiscal year, FY 2002-03, is used wherever possible.) The many detailed tables provide a perspective on state expenditures that has not been previously analyzed.

The report from CRB -- an arm of the California State Library -- is available at <http://www.library.ca.gov/crb/08/08-017.pdf> , and an abbreviated synopsis provides highlights at <http://www.library.ca.gov/crb/08/08-017brief.pdf> .

HEALTH: UCLA FINDS NEARLY 6.4 MILLION CALIFORNIANS LACK HEALTH INSURANCE

The UCLA Center for Health Policy Research issued a policy brief on December 15, 2008 finding that nearly 6.4 million Californians lacked health insurance for some or all of 2007. That translates to almost a fifth of Californians under 65. The report draws on data from the California Health Interview Survey (CHIS),

The percentage of uninsured, 19.5%, is slightly lower than the uninsured rate of 20.2% in 2005, the authors found. However, they conclude that "the gains were small and are now likely to be reversed by the current recession."

E. Richard Brown, lead author of the report stated: "We're looking at the final year of an economic expansion and yet the gains in coverage were small. If the employer-based system can't increase health insurance in good times, how will they do it in bad? The answer is: they can't. Only comprehensive health care reform will change the equation."

The policy brief also found that in 2003, the state's unemployment rate rose to 6.8%, which was a main driver of the decline in employment-based insurance from 56.4% in 2001 to 53.8% in 2003. Today in California the statewide unemployment rate is more than 8% and predicted to grow higher. "It suggests we are now in for an even more severe decline in employment-based insurance than in 2003," said Shana Alex Lavarreda, a co-author of the report.

The policy brief was funded by grants from The California Endowment and The California Wellness Foundation, and draws upon the latest comprehensive data from CHIS, the largest state health survey in the nation. That data was collected from more than 50,000 Californians, including adults, teenagers and children, on a range of health topics.

To obtain the report, go to: <http://www.healthpolicy.ucla.edu> .

EDUCATION: THE CONDITION OF LATINOS IN EDUCATION, FACT BOOK RELEASED

Excelencia in Education released its "Fact Book" on Tuesday, December 16, 2008. The Fact Book synthesizes national data into a series of fact sheets on educational progress, and strengths and weaknesses in America's fast growing Latino population.

The Fact Book contains statistics and information on Hispanic's experiences in all levels of education from early childhood education through graduate school. According to the Fact Book, Hispanics have lower levels of education attainment than other groups – 13-percent of Hispanics had earned a B.A. in 2007 compared with 32 percent of whites, and 19 percent of blacks. Four to 5 year old Hispanic children have lower average mathematics and language test scores than white, black or Asian children, and Latino students are most likely to be enrolled in highly segregated schools; in 2005-2006, 55 percent of Hispanic students attended schools where 75 percent or more of all students in attendance were minority students, compared to 3 percent of white students, 31 percent of API students and 50 percent of black students. And, while Hispanic students represent 20 percent of all public school students in the United States, only 5 percent of public school teachers are Hispanic.

The Fact Book also provides statistics on community colleges, and colleges and universities that enroll and award degrees to Latinos. Of the top 25 community colleges enrolling Latinos, 15 are California community colleges; of the top 25 four-year colleges and universities enrolling Latinos, 6 are California colleges and

universities; of the top 25 institutions awarding associates degrees to Latinos, 9 are California institutions; and of the top 25 institutions awarding bachelors degrees to Latinos, 8 are California institutions.

For more information and to access the full Fact Book, please visit: <http://www.edexcelencia.org/>.

WORKFORCE: PPIC RELEASES REPORT ON FUTURE LABOR FORCE

The Public Policy Institute of California released *California's Future Workforce: Will There Be Enough College Graduates?* on December 7, 2008. The report, authored by economist and senior PPIC fellow Deborah Reed, concludes that California's need for college-educated workers is outpacing the state's ability to produce them, and the gap is expected to widen in the future.

Four in 10 (41%) California workers will need a bachelor's degree to meet the state's projected economic demand in the year 2025 if current trends continue, Reed found, but changes in the workforce make this an unlikely outcome. Although the percentage of college-educated workers has increased significantly in recent years — from 28 percent in 1990 to 34 percent in 2006 — the report predicts that growth will slow for two primary reasons:

- California workers who are now age 50 to 64 have the highest levels of education of any age group in the state and they will reach retirement age by 2025;

- Latinos, a group with low levels of education, make up a growing share of the state's workers. They made up 29 percent of the working-age population in 2006 and will make up 40 percent by 2020. Just 7 percent of Latinos had a bachelor's degree in 1990, a percentage that increased to 10 percent in 2006 and is projected to reach only 12 percent in 2020.

Reed also found that at the same time as the growth in college-educated workers slows, the supply of workers with a high school diploma or less is projected to exceed economic demand. The results, she says: "Lower wages and fewer job opportunities for these workers, and higher wages for college-educated workers as demand for their skills increases. The growing mismatch between the needs of the economy and the education levels of the workforce is likely to put pressure on state social programs, increase economic inequality, and limit the path of the state's economic growth."

For a copy of the report, go to: <http://www.ppic.org>.

IMMIGRATION: PEW FINDS SHARE OF IMMIGRANT LATINO WORKERS PARTICIPATING IN LABOR FORCE HAS DECLINED

According to the Pew Hispanic Center, the share of working-age Latino immigrants participating in the labor force has declined, while the proportion of all non-Hispanics and native-born Hispanics has held steady.

In a report released on December 15, the Pew Hispanic Center found a 1.1 percent decrease in the number of Latino immigrants in the labor force compared to a year ago. The absolute number of immigrant Latinos in the labor force did increase by 150,000 in the same time period, but this represents a smaller increase in absolute numbers than has been seen previously. Latino immigrants make up approximately 8 percent of the total U.S. labor force, but the report reveals that the unemployment rate of Latino immigrants is about 6.4 percent, compared to a 6.1 percent unemployment rate for the total U.S. workforce. The unemployment rate for all native-born Hispanics, however, is 9.6 percent.

The author finds, however, that it is not possible to conclude from these data whether or not some of the foreign-born Latinos who left the labor force have returned to their countries of origin. The growth in the immigrant Latino population has leveled off in recent years, he states, but it is not clear whether this has been due to an increased outflow of migrants.

The full report, *Latino Workers in the Ongoing Recession: 2007 to 2008* by Rakesh Kochhar, and more information can be found at <http://pewhispanic.org/reports/report.php?ReportID=99>.