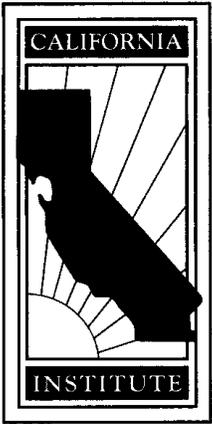


# THE CALIFORNIA INSTITUTE FOR FEDERAL POLICY RESEARCH

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## California Capitol Hill Bulletin

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### PELOSI ADDRESSES GOLDEN STATE ROUNDTABLE

Minority Leader Nancy Pelosi (San Francisco) was the guest speaker at a California State Society Golden State Roundtable lunch on Tuesday, March 4. Ms. Pelosi lauded the State Society for its bipartisan efforts and called on the audience to continue to communicate on a bipartisan basis for the good of California and the nation.

Minority Leader Pelosi also shared her thoughts regarding a recent trip to Turkey and other countries in the Middle East. She stated that she hoped Turkey would allow the United States to use military bases in its country if a war occurred, because it would mitigate the harm to U.S. troops if the United States can also launch a northern assault. She also made clear that although she opposes a war against Iraq, if war comes she will give her full cooperation in order to reduce the harm to our troops.

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### SEN. FEINSTEIN ADDRESSES ACWA CONFERENCE; UNVEILS CALFED BILL

Sen. Dianne Feinstein spoke at a breakfast meeting of the Association of California Water Agencies during its annual Washington convention on Wednesday. At the breakfast, Sen. Feinstein detailed the provisions in the new CALFED bill, which she and Sen. Jon Kyl will introduce.

The bill will authorize \$800 million in federal funding over three years, representing a one-third federal cost-share, and two-thirds state cost share. It provides \$102 million for storage projects, including feasibility studies, \$70 million for conveyance, and \$110 million for water use efficiency. \$95 million will also be available for local grants and projects and integrated regional plans.

The bill also authorizes the Secretary of the Interior and other federal agencies to participate in the CALFED Bay-Delta Authority, and requires Interior to submit an annual report showing that the program is being implemented in a balanced manner. Sen. Feinstein stated that several provisions in the bill were drafted to deal with questions and concerns raised about previous versions of the bill.

The Senator urged the audience to contact their congressional representatives and encourage them to support the bill. She stressed that Californians must present a united front in order to get a reauthorization bill through the House and Senate. She also mentioned that she has spoken with Rep. Ken Calvert (Corona) who sponsored the House CALFED bill last year, and is expected to do so again this year.

## **FUNDING FOR TRANSPORTATION RESEARCH CONSIDERED**

On March 4, 2003, the Highways, Transit, and Pipelines Subcommittee of the House Transportation and Infrastructure Committee held an oversight hearing on reauthorization of the transportation research, development and education programs. Rep. Thomas Petri (WI), chairman of the subcommittee, which includes such California congressional members as Juanita Millender-McDonald (Carson), Ellen O. Tauscher (Alamo), Mike Honda (San Jose), and Mike Thompson (St. Helena), stated during his opening remarks that transportation research saves lives and that every member of the committee is committed to reducing the number of human fatalities on the road, currently estimated at 42,000 per year.

The subcommittee heard testimony from three panels of witnesses, including Mr. Wesley Lum, Chief of the Office of National Liaison, of the California Department of Transportation - Division of Research and Innovation. All panelists emphasized the importance of TEA-21 funding to the states, especially in the area of research and education. The 26 University Transportation Centers (UTCs) received \$33 million under the recent TEA-21 appropriation. Ms. Ellen Engleman, Administrator with the Department of Transportation's Research and Special Programs Administration informed the subcommittee members that UTCs serve as a great source for training future transportation professionals, and 1,000 graduates annually are selected via a competitive selection process, and operate under a varying funding structure.

California has three such centers: University of California Transportation Center (UCTC), headquartered at the University of California, Berkeley, the Mineta Transportation Institute (MTI) at the California State University, San Jose, and the National Center for Metropolitan Transportation Research (METTRANS) at the University of Southern California and California State University, Long Beach. According to Mr. Lum, TEA-21 expanded the UTC Program, thus greatly enhancing the state's ability and progress in addressing transportation issues in a state which is home to three of the ten most congested urban areas in the nation -- Los Angeles, San Francisco, and San Jose. In addition, the research that comes out of California's UTCs has enabled California officials to address numerous policy, multimodal systems and freight issues.

All panelists, including Mr. Lum, stressed the urgent need for an expanded commitment to transportation research, which currently receives 1 ½ % of the total transportation dollars, for solutions for our nation's safety, mobility, quality of life, and economic prosperity. Also, witnesses called on Congress to increase funding for all transportation modes and maintain the core programs of TEA-21 and ISTEA.

Further testimony can be obtained from the Committee's website at:

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

## **TEA-21 REAUTHORIZATION BACKED BY A UNITED CALIFORNIA DELEGATION**

Voicing their support for the reauthorization of the Transportation Equity Act for the 21<sup>st</sup> Century (TEA-21), members of the California Congressional Delegation welcomed members of the California State Association of Counties at the TEA-21 Reauthorization Roundtable discussion held this Wednesday, March, 5, 2003. During introductory remarks, Co-Chairs of the Delegation David Dreier (San Dimas) and Sam Farr (Carmel) asserted that "there is no doubt that transportation is a key component to maintaining and growing a vibrant economy", and emphasized the importance of successful federal, state, local, and tribal government partnerships to accomplish California's transportation goals. Reps. Diane Watson (Los Angeles), Bob Filner (San Diego), Michael Honda (San Jose), Jane Harman (Rolling Hills), and Mike Thompson (St. Helena) were among those attending the Roundtable discussion.

A panel of experts from the U.S. Department of Transportation, Caltrans, the Transportation and Infrastructure Committee, and California transportation leaders led a discussion on reauthorization of the nation's surface transportation programs. Jeff Shane, Under Secretary for Transportation Policy, related that the centerpiece of the administration's agenda this year with respect to transportation will be addressing safety and movement of freight issues using "innovative financing" and private resources, mainly in an effort to reduce the high number of fatalities on the nation's highways.

Similar to the administration's agenda, the Transportation and Infrastructure Committee's focus this year, according to Jim Tymon and Ken House, the Majority and Minority Staff for the Committee, will be preserving guaranteed funding to the states, maintaining "firewalls" established in TEA-21, and retaining the Revenue Aligned Budget Authority (RABA) mechanism, which guarantees that expenditures are linked to receipts. In addition, both Tymon and House indicated that the Congestion Mitigation and Air Quality Improvement Program (CMAQ), which provides flexible federal funds for projects and programs that reduce transportation-related pollutant emissions and boost air quality, and is of a particular interest to California, will most likely be funded and enhanced during the TEA-21 reauthorization process.

California State Association of Counties, County Engineers Association of California, and the California League of Cities also presented members of the California Congressional Delegation with recommendations on reauthorization of TEA-21. These three associations, which jointly represent 58 counties and 477 cities in the state, advocate protection and enhancement of transportation expenditures, including retaining the RABA mechanism and maintaining the funding levels and "firewalls" established in TEA-21. Also, the associations recommend retaining the TEA-21 program structure, protecting the public investment, and streamlining the regulatory and project delivery process. The majority staff commented, however, that committee leadership are questioning the efficiency of the CMAQ program and may make substantive changes to the program. California receives more than 21 percent of CMAQ funding, and it the program is the only one of the major highway formulas for which California is not a donor state.

Others briefing the CSAC representatives during their visit were David Kim, who handles transportation issues for the Washington Office of Governor Gray Davis, as well as Tim Ransdell, Executive Director of the California Institute.

As outlined in last week's Bulletin, the California Institute and the Public Policy Institute of California recently released a major report on California's relationship with federal highway programs and the formulas that govern their funding apportionment among states. For more information, refer to <http://www.pplic.org/main/publication.asp?i=172> .

## **CALIFORNIA SEEKS FURTHER DAMAGES FOR ENERGY CRISIS**

On Monday, March 3, California filed an action with the Federal Energy Regulatory Commission (FERC) seeking over \$9 billion in damages from over 70 electricity generators, traders, and municipal power companies. With the filing, the state submitted what it termed "compelling new evidence" that the companies intentionally created the energy crisis in California and illegally profited from market manipulations. The \$9 billion dollar figure is what the State claims were overcharges by the companies during the 2000-2001 crisis.

The filing remains under seal, but the State says it has compiled over 3,000 pages of evidence to show the illegal manipulations and the amount of damage they caused. California officials claim that the illegal profits were made when the companies engaged in creating a false shortage in the market by closing plants for unnecessary repairs, sending electricity out of state and then selling it back into the state when prices were at a peak, and other activities.

The filing also states that from May 2000 to June 2001, Californians paid over \$44 billion for electricity, as compared to the \$25 billion it cost consumers during 1998, 1999, and 2001 combined.

Previously, FERC awarded the state a rebate of \$1.8 billion, California officials now argue that the new evidence filed on Monday supports an award of \$9 billion.

Documentary evidence showing alleged market manipulation by companies and municipalities will be made public in the next several weeks. On Wednesday, March 5, FERC released a notice of intention to lift a protective order on the evidentiary documents, and the implicated entities have one week to challenge the lifting secrecy.

## **SENATOR BOXER AND REP. DREIER ADDRESS TECHNET**

Senator Barbara Boxer and Rep. David Dreier spoke to a luncheon meeting of high tech representatives during their TechNet Day 2003 conference. TechNet is a national network of senior executives of the nation's leading technology companies with the mission of building bipartisan support for policies that strengthen America's leadership of the New Economy. TechNet offices are located in California, Indiana, Massachusetts, and Texas.

In their individual remarks, Sen. Boxer and Rep. Dreier agreed on several issues of importance to the technology industry. Most especially, they both reiterated their strong commitment to fighting any efforts to require companies to expense stock options. Stock options are of particular importance to technology companies in recruiting and retaining quality employees. The speakers also supported allowing a tax deduction for foreign dividends invested in the United States and improving education to ensure graduates are adequately prepared to work in the technology industry.

## **SUPPORT FOR ADMINISTRATION'S HEAD START PROPOSAL URGED**

The House Subcommittee on Education Reform, chaired by Rep. Mike Castle (DE), heard testimony on Thursday, March 6, on the impact of the Head Start Program in preparing disadvantaged children for school, and in support of the Bush Administration's proposal to improve program results and to promote school readiness in early childhood education. After introducing Rep. Lynn C. Woolsey (Petaluma) as the new ranking member of the subcommittee, Rep. Castle remarked: "research shows that children who participated in Head Start are better prepared to enter school than similar children who do not participate in this program." Echoing this sentiment, Congress included a provision proposed by the Senate that exempts Head Start from an across-the-board reduction in funding for FY 2003 in its Omnibus Appropriations Bill.

The subcommittee heard from two panels of witnesses, among them Dr. Wayne F. Horn, Assistant Secretary, Administration for Children and Families, Gov. John G. Rowland, State of Connecticut, Ms. Nell Carvell, Senior Advisor, Southern Methodist University Learning Therapy Program, Mr. Ron Herndon, Chairman, National Head Start Association, and Mr. Dwayne Crompton, Executive Director, KCMC Child Development Corporation.

Dr. Horn outlined the Administration's proposal to improve the Head Start Program. According to Dr. Horn, "the bottom line for the President is school readiness - improving learning experiences and accountability for outcomes of those experiences." When questioned by Rep. Woolsey about the source of funding for proposed improvements to the program, Dr. Horn responded that there are dollars available for technical assistance to the states in the previous funding appropriated for Head Start.

Connecticut Governor Rowland also testified in support of the President's proposal. According to Gov. Rowland, the proposal will create greater accountability, flexibility, and higher skills, and would encourage a partnership among stakeholders. Under such a proposal, the state can combine federal, state, and local funds and utilize them in the most beneficial way.

Though all panelists emphasized the success of Head Start as a program, they also expressed the view that the program could be improved. Ron Herndon and Nell Carvell suggested that there are several areas where the program could use improvement, like incorporating a language-rich curriculum into Head Start programs, and instituting reforms with respect to early care and education.

For more information on this hearing please visit the subcommittee's homepage at: <http://edworkforce.house.gov>.

### **NEW STUDY ON TEEN BIRTHS IN CALIFORNIA RELEASED**

According to the new report released on February 13, 2003 by the Public Policy Institute of California, teen births in the state have fallen below the national average over the last decade. The report, penned by Hans P. Johnson, found that the numbers for teen births have declined 40 percent between 1991 and 2001 for every racial and ethnic group in California, falling from 72,000 births in 1991 to an approximate historic low of 53,000 teen births in 2001.

The author reports that 68 percent, or two in three babies born to teens in the state, are Latinas, 18 percent are born to non-Hispanic whites, 9 percent to African-Americans, and 4 percent to Asian and Pacific Islanders. While teen births have gradually declined in California, the numbers of teen mothers that are unmarried has been rising, constituting 78 percent in 2000 as compared to 63 percent in 1990 and 29 percent in 1970, according to the report.

Some areas of the state have been shown to have higher number of teen births than others. For instance, San Joaquin Valley has the highest teen birth rates of any other region in the state, while the Bay Area has one of the lowest rates. One explanation for such a variation in teen birth rate distribution can be partially provided by differences in the demographic composition in these areas, since San Joaquin Valley has a relatively high proportion of resident Latinas as compared to Bay Area, Mr. Johnson wrote.

In addition, the study also found that the majority of the fathers of children born to teen mothers are not teenagers themselves, with an average of a four-year difference in age between partners. A substantial share of teen births, according to the study, are a result of statutory rape, which applies in cases where the mother is unmarried and younger than 18 years of age.

The study makes several recommendations in a quest to reduce teen births in California. It recommends that programs to reduce teen pregnancy and childbearing in the state consider cultural contexts, regional differences, and historical patterns, and target interventions accordingly.

For more information on this study, please visit: [www.ppic.org](http://www.ppic.org)