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California Capitol Hill Bulletin

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To expand communications between Washington and California, the California Institute provides periodic faxed bulletins regarding current activity on Capitol Hill which directly impacts our state. Bulletins are published weekly during sessions of Congress, and occasionally during other periods. The e-mail edition is made possible in part by in-kind contributions from Sun Microsystems and IBM Corp.

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REP. ZOE LOFGREN TO CHAIR THE CALIFORNIA DEMOCRATIC CONGRESSIONAL DELEGATION, SUCCEEDING REP. SAM FARR

On Wednesday, June 11, members of the California Democratic Congressional Delegation elected Rep. Zoe Lofgren (San Jose) was elected to succeed Rep. Sam Farr (Carmel) as the delegation's chair.

After serving as Chair for five years, Rep. Farr said that he chose to step down in order to "shift my energies to my work as Co-Chair of the House Oceans Caucus, which is working on major legislation to preserve, protect and revive our nation's oceans." He added that, "It is fitting that the chairmanship will be taken by Rep. Zoe Lofgren, since the California Democratic Congressional delegation is the first majority woman delegation."

Rep. Lofgren thanked Rep. Farr "for his leadership and his continued commitment and dedication to the state of California," Rep. Lofgren said. She looked forward to working with her colleagues, stating, "Together we will fight for issues all Californians care about: affordable healthcare, quality education for our children, a cleaner environment and a growing economy with stable jobs." House Minority Leader Nancy Pelosi (San Francisco) reiterated that Rep. Farr had done an outstanding job and said of Rep. Lofgren, "With her passion, experience and dedication to our state, she will bring forth issues important to all Californians."

NEW APPROPRIATIONS PANEL ON HOMELAND SECURITY MARKS UP FIRST FY2004 SPENDING BILL

The House Appropriations Subcommittee on Homeland Security met in a closed markup on Thursday, June 12, 2003, to approve a $29.4 billion spending bill for fiscal year 2004. As initially drafted, the bill included $4.4 billion for first responders,$5.2 billion for the Transportation Security Agency (TSA), and $9 billion for border protection and related activities.

The bill includes $3.5 billion for FY 2004for the Office of Domestic Preparedness (ODP), which administers grants to state and local governments for homeland security. For the grants, the bill provides $1.9 billion in basic ODP formula grants, plus $200 million for critical infrastructure grants (which were allocated in 2003 according to the same formula as the basic grants) and $500 million for separate discretionary competitive grants to high-threat high-density urban areas. The formula grant and critical infrastructure grant levels are roughly the same as in 2003, and the high-density high-threat urban area grants are down by $200 million from the $700 million level in 2003.

The grants were the subject of considerable controversy in the past few months as the formula for allocating grant dollars included an unusually high "small-state minimum" of three-fourths of one percent (a one-fourth percent or one-half percent minimum is more common) and the new Department of Homeland Security (DHS) staff elected to allocate the funds in an unusual manner, effectively increasing the 0.75% minimum to 0.85% or more. As a result, some small states received far more homeland security grants per capita than did large states. Wyoming, for example, received more than $35 for every person in the state, whereas California received $4.68 per person. According to figures from the California Institute, using capabilities developed pursuant to the Federal Funds and California project -- a joint venture with the Public Policy Institute of California (PPIC) -- California would have received $229.2 million (or $6.53 per capita) if DHS had used a more common allocation method. That level is approximately $65 million more than DHS actually allocated.

Shortly before announcing state allocations of FY2003 in April, Homeland Security Secretary Tom Ridge openly questioned the fairness of the allocation formula that disadvantaged California and other large states. At an April 30 Senate hearing, Secretary Ridge testified in support of changing the formula for FY2004, saying that better targeting of the funds to areas with higher threat levels is "one of the most important things we can do in the 2004 budget." For additional information regarding this issue, see *Bulletin, Vol. 10, No. 11 (4/25/03) and No. 12 (5/2/2003)*.

Other grant funding in the House Homeland Security Appropriations Bill includes $750 million for Firefighter Grants, $168 million for Emergency Management Performance Grants, and $35 million for a new competitive grant program for Centers for Emergency Preparedness.

Within the $9 billion for border protection and related activities is $2 billion for U.S. Coast Guard homeland security activities, $100 million for port security grants (via the Transportation Security Administration or TSA), $129 million for inspection technologies for vehicles and cargo, $61.7 million for a Container Security Initiative, $12.1 million for the Customs-Trade Partnership Against Terrorism, $175 million for Air and Marine Interdiction for border and airspace security, and $530 million for "Deepwater," an acquisition project to replace Coast Guard ships, aircraft, and logistics systems.

The $5.2 billion for TSA includes $1.7 billion for passenger screening, $1.3 billion for baggage screening, $50 million for air cargo security, $10 million for intercity bus security, $22 million for highway and trucking security, and $10 million for transit security and training.

The bill includes $900 million for science and technology, targeted to research, development, and deployment of innovative technologies. Funds include $484 million for development of nuclear, chemical, biological, and high explosives countermeasures, $80 million for the rapid development and prototyping of homeland security technologies, $60 million for research, development, and testing of antimissile devices for commercial aircraft, $40 million to deploy sensors to detect aerosolized bio-threats in large metropolitan areas, and $35 million for university-based centers of excellence.

Other provisions of the bill include funding for various other functions. Included are $918 million for modernization of border, customs and immigration information technology, including $350 million for the US VISIT program and $318 million for the Automated Commercial Environment, $2.6 billion for traditional Coast Guard operating activities, $1.2 billion for the U.S. Secret Service, $1.8 billion for disaster relief, $9.5 million for textile transshipment, and $238 million for immigration services. It also includes $5.6 billion over 10 years ($890 million in 2004) for the Bioshield program, to encourage commercial development and production of medical countermeasures against bioterrorism.

HOUSE APPROPRIATIONS CHAIR PROPOSES SPENDING PARAMETERS

On June 11, 2003, House Appropriations Committee Chairman Bill Young (FL) released his proposal for a broad FY 2004 federal budget outline, and the Committee is likely to consider it in the near future. The annual "302(b) allocation" process sets the discretionary spending amount for each of the 13 subcommittees of the Appropriations Committees. The House is expected to approve the plan next week; the Senate has yet to release its version.

House Chairman Young's plan would allocate $784.7 billion among the subcommittees, with most receiving either flat funding or modest increases over 2003 expenditure levels. Only the fledgling Homeland Security Subcommittee would experience a marked increase, climbing 30% from $21.9 billion to $28.5 billion in FY2004. At the other end of the spectrum, the Subcommittee on Military Construction would see a substantial decrease on a percentage basis, falling 12.4% from $10.5 billion to $9.2 billion. The Military Construction panel met on Wednesday, June 12, to mark up and pass its 2004 spending bill.

The Defense Appropriations subcommittee, chaired by Rep. Jerry Lewis (Redlands) would be allocated $368.7 billion under the plan, a $4.4 billion (1.2%) increase from the 2003 level, and $3 billion below the level recommended in President Bush's 2004 Budget Proposal, released in February. (For an analysis of the President's Budget proposal from a California perspective, visit the California Institute's website at http://www.calinst.org/pubs/prbdg04.htm .) The relatively small increase is reportedly attributable to a lessened relative need for military spending in the aftermath of the Iraq war. The White House supports the $3 billion shift from defense programs to domestic discretionary spending.

The subcommittee distributing funds for the Departments of Labor, HHS and Education would increase by $3.6 billion (2.7%) to $138 billion. Funding for programs handled by the VA,HUD, and Independent Agencies Subcommittee would increase by $3 billion (3.3%) to a total of $90 billion.

Funding for the Subcommittee on Commerce, Justice, and State would rise by $1.6 billion to $37.9 billion, and funds under the panel on Energy and Water Development would rise $1.3 billion to $27.1 billion.

A slight reduction is proposed for the Subcommittees on Agriculture (down $393 million to $17 billion), Interior (down $130 million to $19.6 billion), and Transportation-Treasury (down $275 million to $27.5 billion).

The number of Appropriations subcommittees remains at 13 this year, but the jurisdictions of the panels has changed somewhat. The creation of a new Homeland Security panel involved some new funding areas (such as the newly formed Department of Homeland Security) and some consolidation of functions from other agencies and Appropriations subcommittees, such as Defense, VA-HUD, Treasury-Postal, Transportation, and Commerce-Justice-State. Further, the Committee has combined the Treasury-Postal and General Government Subcommittee and the Transportation Subcommittee into a new Treasury-Transportation panel. The dollar levels listed above are adjusted for these changes.

The $784.7 billion spending level was set by the FY 2004 budget resolution, passed earlier this year. It represents a 2.5% increase from the FY2003 discretionary spending total of $765 billion. It is important to note that these totals represent less than half of total federal expenditures. Most federal spending is flows through entitlement programs, direct payments (Social Security, medicare), and other mandatory spending categories that are not subject the discretion of the Congressional Appropriations Committees.

A table outlining spending shares is available on the Appropriations Committee website at http://www.house.gov/appropriations/news/108_1/04302bchart.pdf .

House 302(b) Allocation: Chairman's Mark, FY 2004

	Actual Appropriation FY 2003	House 302b Allocation Mark 2004	Change from 2003 ($)	Change from 2003 (%)
Agriculture	17.4	17.0	-0.4	-2.3%
Commerce, Justice, State	36.3	37.9	1.6	4.4%
Defense	364.3	368.7	4.4	1.2%
District of Columbia	0.5	0.5	0.0	0.0%
Energy and Water Development	25.8	27.1	1.3	5.0%
Foreign Operations	16.2	17.1	0.9	5.6%
Homeland Security	21.9	28.5	6.6	30.1%
Interior	19.7	19.6	-0.1	-0.5%
Labor, HHS, Education	134.4	138.0	3.6	2.7%
Legislative	3.3	3.5	0.2	6.1%
Military Construction	10.5	9.2	-1.3	-12.4%
Transportation,Treasury	27.8	27.5	-0.3	-1.1%
VA,HUD, Independent Agencies	87.1	90.0	2.9	3.3%
Total	765.2	784.7	19.5	2.5%

FEDERAL GOVERNMENT WILL STORE SOUTHERN CALIFORNIA WATER

One day after the State of California denied permission to store water destined for Southern California in a state reservoir, the Bush Administration granted permission to store the water in a federal reservoir instead.

The Metropolitan Water District of Southern California (MWD) had asked permission from the state to store water it purchased in state-owned Lake Oroville in Northern California, saving it there until such time as water shortages boosted needs in Southern California. The water was purchased previously, but high Sierra snowpack thicknesses and full reservoirs mean that the water will not be needed this year. On Tuesday, June 10, the State rejected MWD's storage request, stating that the reservoir was near capacity.

On Wednesday, June 11, the U.S. Department of the Interior said that it will store nearly 100,000 acre feet of water for up to one year in federally-owned Lake Shasta, rather than let the MWD's unused water flow into the San Francisco Bay Delta and out to sea. One acre foot is roughly adequate to serve the needs of two people for one year.

HOUSE SUBCOMMITTEE PUSHES THROUGH HEAD START REAUTHORIZATION BILL

On June 12, 2003, the House Subcommittee on Education Reform marked up and approved a leadership substitute to HR 2210, otherwise known as the School Readiness Act. The bill, introduced by Subcommittee Chair Michael Castle (DE), would reauthorize the Head Start program: a comprehensive early education and social services program for economically disadvantaged children from 0 to 5 and their families.

According to Chairman Castle, the bill improves the Head Start program by providing improved teacher quality, greater accountability, increased resources and a strengthening of Head Start's academic focus without compromising the health and nutrition benefits included in the program.

One of the most controversial aspects of the bill, the Title II section aimed at granting states a greater role in the administration of federally funded Head Start programs operated by local providers, was debated at length during the mark up. Rather than transforming Head Start into a block grant program as proposed by President Bush earlier in the year, the substitute HR 2210 proposal creates a five-year demonstration program authorizing a maximum of eight qualifying states to take over the allocation of Head Start funds to their providers, thereby relieving the U.S. Department of Health and Human Services (HHS) from administrative duties within those states. Rep. Castle advocated the changes, touting gains from giving states greater authority to coordinate their own programs and reduce duplication of early education services. HR2210 also outlined criteria to ensure the existence of adequate investment in early education programs and a preestablished infrastructure among states wishing to participate in the program, according to Castle.

Subcommittee Ranking Democrat Lynn Woolsey (Petaluma) voiced dissatisfaction at what she called a rushed mark-up of a bill submitted to her less than 12 hours before the Subcommittee was called to order. Rep. Woolsey opposed the move to shift Head Start responsibilities to the states expressing concerns about what she termed a potential diminution of quality services from such action. She warned the current fiscal crises in most states would destabilize Head Start programs should the states be granted authority over federal funds. Rep. Woolsey's amendment attempting to eliminate the block grant demonstration program in favor of increased overall funds to states for improved programmatic collaboration failed by a vote of 8 to 10. A series of Democratic amendments aimed at increasing funds for the Head Start program suffered the same fate, including an effort by Dennis Kucinich (OH) to expand eligibility for Head Start programs to extend services to an additional 1.5 million children.

The legislation requires states to match one dollar for every two federal Head Start dollars the state receives. The bill is now expected to move to the full committee for additional debate and amendments. For more information on this markup and other related hearings visit the House Committee on Education and Workforce Website at: http://edworkforce.house.gov .

House Approves Temporary TANF Extension Through September 30

On Wednesday, June 11, 2003, U.S. House of Representatives voted 406-6 to temporarily extend the Temporary Assistance to Needy Families (TANF), until September 30, 2003. Federal welfare programs were authorized by the 1997 welfare reform law, which expired at the end of Fiscal Year 2002. Several temporary measures had extended the authorization past that date, with the most recent until now scheduled to expire on June 30.

The House passed a 6-year reauthorization of the welfare reform law on February 13, 2003, when it passed H.R. 4, the Personal Responsibility, Work and Family Promotion Act of 2003. That bill, essentially identical to a bill the House approved during the previous Congress, is currently awaiting action in the Senate.

Among other provisions, the extension will continue TANF authorization for Grants for the states, territories and Indian tribes; supplemental grants to certain states, and funding for child care. California receives $3.7 billion or 22.6 percent of the annual $16.4 billion in total TANF expenditures nationwide. The House bill does not make significant changes to the funding allocation scheme.

For a detailed examination of federal welfare and TANF programs from a California perspective, refer to a paper entitled *TANF and Welfare Programs*, which is available at http://www.ppic.org/content/other/1202TANFandWelfare.pdf . The report is part of a series entitled *Explaining Funding Formulas: California's Share of Federal Programs*, a joint venture between the California Institute and the Public Policy Institute of California (PPIC). For other products in the series, visit http://www.ppic.org/main/publication.asp?i=172 .

Senate Committee Hears Testimony On SAFETEA's Transit Provisions

The Senate Banking, Housing and Urban Affairs Committee reviewed the transit component of the President's surface transportation reauthorization proposal: the Safe Accountable, Flexible and

Efficient Transportation Equity Act or SAFETEA, on Tuesday, June 11th 2003. Committee Chair Dick Shelby (AL) and most of his committee members reiterated concerns of inadequate funding for public transportation raised in the House of Representatives in its preceding review of SAFETEA.

In addition to concerns over insufficient funds, members of the committee also expressed misgivings over the elimination of the Bus Discretionary program, the weakening of general fund budgetary firewalls for transit programs, a 30 percent reduction in the federal share of New Starts transit projects and the lack of substantial guaranteed resources included in SAFETEA. Senators Johnson (SD) and Enzi (WY) disapproved of the formula in current law used to determine the distribution of transit funds arguing that the formula is inequitable and discriminating against rural states. The formula established under TEA-21 appropriated the lion's share of transit funds to states such as California; on the other hand, California's ridership and investment in transit programs is among the highest in the nation.

The first panel to address the committee was led by Department of Transportation Secretary, the Hon. Norman Y. Mineta and Federal Transit Administration Chief, Jennifer Dorn. In his testimony Sec. Mineta reminded the committee that SAFETEA's $46 billion over 6 years funding proposal for transit would represent the largest public transportation investment in history an increase of 28 percent over the levels authorized under the Transportation Equity Act of the 21st Century or TEA-21. Responding to criticism of the Administration's proposed federal New Starts transit projects matching share reduction from 80 percent of project costs to 50 percent, Sec. Mineta noted that the current level of federal contribution for New Starts projects is below 50 percent. He went on to urge the committee to facilitate full comprehensive reauthorization of current transportation law before it expires at the end of the current fiscal year.

Witnesses on the second panel also spoke about the need for increased transit funding, and offered their perspectives on transit portion of Administration's SAFETEA proposal. Those panelists included Mr. William Millar, President, American Public Transportation Association; Mr. Jeff Morales, Director, California Department of Transportation on behalf of the American Association of State Highway and Transportation Officials (AASHTO) in his capacity as chair of AASHTO's Committee on Public Transportation, Mr. Robert Molofsky, General Counsel, Amalgamated Transit Union; Mr. Woody Blunt, American Bus Association; Mr. Jim Seal, Consultant, Federal Transit Administration.

Advocating higher levels of funding for transit, Mr. Millar testified: "Growing demand nationwide for transit service shows the effectiveness of increased federal investment under TEA-21 and the need to continue that trend." With respect to SAFETEA, both Mr. Millar and Mr. Morales said that $45.7 billion authorized for a six-year life of the proposal for transit fails to adequately address transit needs, and fall short of the documented need for investment in transit. Mr. Morales said that AASHTO's reauthorization policies call for a total program level of $300 billion over six years, including $245 for highways and $55 billion for transit. In addition, Mr. Miller and Mr. Morales expressed reservations about the fact that the proposal limits guaranteed funding for the transit program to resources from the Mass Transit Account of the Highway Trust Fund, and recommended that the guarantee include the General Fund portion of the program. Speaking about SAFETEA's proposed major changes to the federal transit program structure, Mr. Miller argued that changes should be done from the growth of the program in order to avoid shortcutting the success achieved thus far. He joined Mr. Morales in opposing the reduction of the federal match for New Starts projects from 80 percent to 50 percent, and asserted that the 50-50 match would result in skewed local decision-making process tilted towards projects with higher federal match.

Echoing the latter sentiment, Mr. Morales offered California as an example of a state that overmatches its funding for transit and highway projects, but he emphasized that the state administrators do it on a case-by-case basis and that the state does not overmatch funds across the board. Mr. Morales also addressed the transit bonding concept being considered in the Senate Finance Committee to have most funding under the Mass Transit Account and further fund transit through a bonding program. He offered support for the existing structure and argued that it is working well and should be retained to maintain a stable source of funding for transit projects. In addition, Mr. Morales testified that AASHTO supports the provision in SAFETEA that eliminates Buy America certification requirements and the provision that gives standing in NEPA to studies developed as part of the planning process. With respect to the Transportation Infrastructure Finance and Innovation Act (TIFIA), Mr. Morales said that AASHTO supports Administration's proposal to reduce the threshold for requesting credit support down to $50 million and recommended that such threshold be reduced to $25 million. Mr. Morales also supported the continuation of the State Infrastructure Bank (SIB) pilot program and suggested that the SIB program be expanded to all 50 states.

Mr. Morales joined other panelist in commending the Administration for increased formula funding for rural transportation, which is proposed to be funded at $229 million in FY 2004. Besides saying that the proposal is incredibly underfunded, Mr. Molofsky testified that the proposal serves as a suitable platform from which to launch the discussion of which programs should be retained and what other new initiatives should be created. He criticized the proposal for curtailing some crucial program requirements, including certain labor requirements, without any justification, and emphasized the need for partnership among the transportation, labor, and community stakeholders.

For more information about this hearing or to obtain testimony of the witnesses, please visit: http://banking.senate.gov .

HOUSE COMMITTEE HEARS TESTIMONY ON U.S.-CHILE TRADE AGREEMENT

On Thursday, June 12, 2003, the Subcommittee on Tax, Finance, and Exports of the House Small Business Committee heard testimony on the Chilean Free Trade Agreement (FTA), and in particular the effect it is anticipated to have on small businesses.

The first panel consisted of Honorable Manuel Rosales, Assistant Administrator, Office of International Trade, Small Business Administration and Mr. Christopher Padilla, Assistant U.S. Trade Representative for Intergovernmental Affairs and Public Liaison, Office of the United States Trade Representative. The second panel of witnesses included: Mr. Willard (Wally) Workman, Senior Vice President for International Affairs, U.S. Chamber of Commerce; Mr. James Morrison, President, Small Business Exporters Association; Mr. Arland Schantz, Farm Owner, Zionsville, PA; and Mr. Larry Wesson, President and CEO, Aurora Instruments.

All panelists voiced their strong support for the U.S.-Chile Bilateral Free Trade Agreement, which President Bush signed on June 6, 2003, and which now awaits congressional ratification. The National Association of Manufacturers claims the absence of a U.S.-Chile Free Trade Agreement causes U.S. companies to lose at least $1 billion in exports and 20,000 annually. In 1997, there were 209,000 small business exporters in the U.S., those with 500 workers or less, and it has been estimated that their number will grow to 400,000 in 2002. All witnesses argued that though Chile already offered strong market opportunities for U.S. small businesses, which compromise 79 percent of all U.S. exporters to Chile with close to $950 million in annual merchandise export sales, U.S.-Chile Trade Agreement would further improve the ability of U.S. small business to compete in the global market.

Mr. Padilla joined Hon. Rosales, Mr. Wesson, and other panelists in pointing to disadvantages American companies experienced because of the lack of sound trade agreement with Chile, including competition roadblocks, tariff barriers, and inadequate protections for U.S. investments. In addition to eliminating both tariff and non-tariff barriers to trade, Mr. Padilla praised the agreement for comprehensiveness, transparency, modernity, and support and endorsement of environmental protection and worker rights. When questioned by Rep. Bob Beauprez (CO) about small business' enhanced ability to compete in Chilean market, Mr. Rosales commented that opportunities in Chile will particularly improve for exporters in California due to the state's ever-growing Hispanic population and vibrant light manufacturing and high tech industries. He further commented that the Chilean FTA provides momentum to other hemispheric and global trade liberalization efforts by breaking ground on new issues.

Mr. Workman also praised agreement and added that the U.S.-Chile FTA eliminate tariffs, which currently is at 6 percent for most sectors and substantially higher for others, on more than 90 percent of all U.S. goods immediately, with the remainder to be phased out in fairly rapid fashion. Mr. Morrison testified about the non-tariff barriers that have been eliminated under the Chilean FTA, including the requirement that American companies maintain physical presence in Chile to trade there, service sector quota, and others. He praised the agreement for transparency of rules, custom simplification, and opening up the Chilean market for e-commerce marketers. Offering the perspective of an agricultural sector, Mr.Schantz testified that the Chilean FTA will also have an immediate positive effect on agricultural exporters that trade with Chile since it resolves several barriers used by Chile to block U.S. agricultural exports. Primarily the agreement eliminates Chilean price band on imports of wheat, oilseeds, edible vegetable oils, and sugar. Mr. Schantz also said that the agreement represents a significant breakthrough for the agricultural community because Chile agreed to recognize American beef grading standards and federal inspection system for U.S. dairy, pork, beef and lamb, thus effectively eliminating Chilean sanitary and phytosanitary barriers on U.S. agricultural imports. Responding to the question posed by the Ranking Member Juanita Millender-McDonald (Carson) about the improved opportunities for agricultural export, which she identified as a problem in California, Mr. Schantz said that the Chilean agreement will help improve agricultural exports, though it will benefit some products more than others. He added that the Chilean agreement should be used as an example of future trade agreements.

The agreement includes some environmental and labor provisions. No witnesses appeared in opposition to the agreement.

PPIC CONDUCTS STATEWIDE SURVEY ON THE STATE BUDGET

On Thursday, July 12, the Public Policy Institute of California (PPIC) released a survey of 2000 Californians assessing state opinions regarding the state's budget crisis.

The survey found uniform recognition (94%) that the state's budget deficit is a problem, but most respondents were unwilling to support some of the major changes proposed to deal with it. For example, respondents were unwilling to cut K-12 education (82%), health and human services (71%), colleges and universities (69%), and transportation projects (61%). Only cuts prisons and corrections funding were acceptable to a majority of Californians.

The survey, supported in party by the James Irvine Foundation, found majority support for only one tax law change, with 71% favoring a cigarette tax increase. An income tax increase was supported by only 45% of respondents, down from 52% supporting when the last survey was conducted in February. A sales tax increase was favored by 46%, and a hike in the vehicle license fee by just 38%. A narrow majority of residents supports a proposed $10.7 billion bond issuance, with some reservations.

On federal issues, state residents preferred greater expenditures on domestic programs to a tax reduction (62% to 29%), and they prefer federal deficit reduction to tax cuts (58% to 34%).

For more information, or for a copy of the survey and accompanying report, visit the PPIC website at http://www.ppic.org .

HOUSE TRANSPORTATION FISCAL PROPOSAL BOOSTS U.S. AND CALIFORNIA ECONOMY ACCORDING TO REPORT

A report sponsored by the Transportation Construction Coalition in conjunction with the American Public Transportation Association compares the fiscal impacts of different funding proposals for surface transportation programs promoted by President Bush and the House Committee on Transportation and Infrastructure. The report released last month and conducted by Global Insight finds many more financial benefits included in the House proposal not surprisingly due to its significantly higher funding levels.

The bipartisan leadership House proposal recommends $40 billion per year in federal aid highway program funds increasing to an annual authorization of $60 billion by 2009. The President's budget proposal recommends a baseline $29.3 billion for 2004 increasing to $33.1 billion by 2008.

The report examines impacts on economic indicators such as nominal and real potential GDP, disposable income, consumer spending, equipment investment, and state, local and federal tax receipts. According to its findings the House proposal's spending increases would bring $129 billion in extra disposable income than the baseline alternative while the average household would receive over $1,100 in extra disposable income– a net gain of $800 when factoring the cost fuel tax increases to consumers between 2004 and 2009. The house proposal would add $102 billion in federal tax receipts while generating $140 billion in tax receipts to state and local operations.

The greatest economic gains would be found among the states of California, Texas, New York, Pennsylvania and Florida according to the report. The Golden State's GSP increase per household stands to increase by $2,117 while disposable income per household will grow by $946 between 2004 and 2009.

For more information, visit the Global Insight website at: http://www.globalinsight.com .

CALIFORNIA STATE SOCIETY'S ANNUAL PICNIC ON SATURDAY, JUNE 21, THEMED "MALIBU ON THE MALL"

The California State Society of Washington DC will hold its annual summer picnic on Saturday, June 21, from 11:00 a.m. to 4:00 p.m. on the Mall. The picnic grounds are at 15th Street and Constitution Avenue, NW (between 14th and 15th Streets), near the base of the Washington Monument. The nearest metro stops to the site are Federal Triangle and Smithsonian.

The picnic will feature food and refreshments, including the "Taste of California," plus kid and young adult games, face painting, a moonbounce, live music, and charitable raffle.

The picnic is free to members of the California State Society, and a membership may be purchased for $10 at the door. To RSVP (acceptances only, thank you) for the "Malibu on the Mall" picnic, send e-mail to castatesociety@yahoo.com or call 202-997-0274.

To sign up a team for the annual volleyball tournament, leave a message for Nicole Brownlee at 202-997-0274.