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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.

CONTENTS:

DELEGATION LETTER CIRCULATING ON R&D TAX CREDIT EXTENSION

Reps. Wally Herger (Marysville) and Bob Matsui (Sacramento) are circulating a Dear Colleague letter to members of the California congressional delegation asking them to sign a letter supporting the extension and improvement of the Research and Development (R&D) tax credit. The letter will be sent to Speaker Dennis Hastert (IL), Minority Leader Nancy Pelosi (San Francisco), Ways and Means Chairman Bill Thomas (Bakersfield) and Ranking Member Charles Rangel (NY).

Noting that the tax credit is set to expire on June 30 of this year, the letter states that "it is imperative for the Congress to extend and strengthen this important tax credit for as long a period as possible." The letter points out that almost one-quarter of all the money spent on industry-performed R&D is spent in California, and that the majority of the expenses claimed are for wages to U.S. employees.

The Dear Colleague letter points out that $45.8 billion of the total $199.5 spent on R&D in 2000 was performed in California, and in that year companies located in the state accounted for 23 percent of the R&D credit dollars claimed.

At this writing, 20 members of the Delegation have signed the letter. Other members wishing to sign should contact either Paul Poteet (Herger) at x5-3076 or Julie Eckert (Matsui) at x5-7163. The deadline for signatures is the close of business, Tuesday, March 30.

HOUSE COMMITTEE APPROVES REDUCED TEA-21 REAUTHORIZATION MEASURE

On Wednesday, March 24, 2004, the House Transportation and Infrastructure Committee marked up and passed a bill to reauthorize for six years the nation's surface transportation laws. Dubbed the Transportation Equity Act - A Legacy for Users (TEA-LU), the bill (H.R. 3550) would provide $275 billion for highway and transit programs, an increase from the $217 billion 6-year figure of its 1998 predecessor, the Transportation Equity Act for the 21st Century (TEA-21).

The total is $100 billion less than many Committee members had hoped for, but the $375 billion plan sponsored by Chairman Don Young (AK) and a bipartisan cross-section of colleagues has elicited vocal criticism and the threat of a Presidential veto. Nevertheless, the Committee also reported that pricier bill (H.R. 3994) during the same markup. (The Senate version of the bill would spend $318 billion; the President had proposed an alternative at $256 billion.)

During the markup, a variety of amendments were raised and then withdrawn. In most cases, members offering amendments sought to make the case that their policy perspective should be considered as the bill moves to the House floor and to conference.

Before the markup, California Governor Arnold Schwarzenegger was among 12 governors who wrote to Speaker Hastert to express support for increasing the highway programs' minimum guarantee provision above the level in current law. A number of states have expressed concern that they have been and will continue to be donor states – sending more gas tax payments into the Highway Trust Fund then are received back in transportation spending. The earlier draft of the TEA-LU bill would have raised the MG from 90.5 percent to 95 percent; the current version does not. (See below article for exception.)

Spreadsheets showing national totals for highway and transit component programs from the transportation bills, as well as a general side-by-side comparing transit provisions from the House, Senate, and Administration bills with current law, are available on the California Institute website, at http://www.calinst.org .

HIGHWAY PROGRAM PROVISIONS OF HOUSE TRANSPORTATION BILL

The TEA-LU bill approved by the Transportation Committee on March 24 would provide $217.4 billion for federal highway programs, an increase from $171.1 billion under TEA-21, but less than than the approximately $255 billion provided by the Senate's bill, S.1072.

Although funds for the bill are believed insufficient to raise the minimum guarantee on highway programs from 90.5 percent to 95 percent, the bill incorporates an "equity hammer," to pressure Congress to address this issue by next year. The bill's equity requirement would cut off funding for most of the major highway grants by the end of FY 2005 unless a law has been enacted guaranteeing an increase to specified levels – 92 percent in 2006, 93 percent in 2007, 94 percent in 2008, and 95 percent in 2009. The bill also calls for an inflation-adjusted hold harmless provision in such subsequent legislation, whereby a state would be guaranteed the prior year's funding level plus an increase geared to the consumer price index.

The bill requires each state to spend a portion its NHS, CMAQ, STP and IM funding for intelligent transportation systems deployment. The bill requires national spending of $500 million per year for the six year period, and state's required set-aside share would be determined by multiplying that amount by the state's share of the nation's funding for those four programs.
The funds are shifted from within state accounts; no separate funding is provided.

Among the new programs proposed by the bill are a National Corridor Infrastructure Improvement program - a $600 million discretionary program with a focus on international trade that DOT would distribute considering intermodalism, truck traffic increases, and both cargo and passenger vehicle mobility.

A proposed "coordinated border infrastructure program" would be a new $200 million per year formula grant, apportioning funds among border states according to each state's share of incoming commercial trucks (20%), incoming cars and buses (30%), and weight of incoming cargo (25%), and the number of land border ports (25%).

A new Freight Intermodal Connectors formula program would seek to improve productivity and efficiency of freight transportation. Funding of $250 million per year) would be allocated based on each state's share of three equally-weighted factors: number of freight intermodal connectors (33.3%), annual contributions to the Highway Trust Fund (33.3%), and the NHS formula (33.4%).

The TEA-LU bill would create a major new program entitled "projects of national and regional significance." This discretionary grant program would be funded at between $1.1 billion and $1.3 billion per year nationwide (a total of $6.6 billion over the bill's 6-year life). Projects funded would be expected to create jobs and expand business opportunities, improve safety, as well as leverage federal investments, and employs new technologies (including intelligent transportation systems). Grants would be financed via so-called Full Funding Grant Agreements (FFGAs), a tool used to fund transit New Starts capital projects, for example.

A Dedicated Truck Lanes program would provide $25 million per year to help separate commercial truck traffic from other traffic. A truck parking facility program would be authorized to receive $5 million per year.

As approved by the Committee, TEA-LU creates a new formula for apportioning $210 million per year (beginning in 2005) to install protective devices at railway-highway grade crossings. Funds would be based on the number of public crossings (50%) and the STP apportionment factor (50%). Although the total will depend on what data is used to calculate apportionments, FRA data indicates that California houses 4.2 percent of rail grade crossings, and the mixed formula would provide the state $14.5 million (6.9 percent) of the nation's funds.

The House bill lists nearly 3,000 earmarks, termed "High Priority Projects," and provides $11.1 billion (up from $9.4 billion under TEA-21) to fund them. The California Institute is currently analyzing these projects and will post a list at http://www.calinst.org later on Friday, March 26.

For a detailed discussion of federal highway formula grant programs and California's share of them, see Federal Formula Grants and California: Federal Highway Programs, a joint report by the Public Policy Institute of California (PPIC) and the California Institute from February 2003, available through a link at http://www.calinst.org/formulas.htm or directly from PPIC at http://www.ppic.org/main/publication.asp?i=467 .

TRANSIT PROVISIONS IN THE TEA-LU BILL

As passed by the House Transportation & Infrastructure Committee, TEALU would set 6-year total transit funding at $51.6 billion, beginning with $7.3 billion in 2004 and rising to $10 billion in 2009.

TEALU would alter the mixture of transit formula grants by providing slightly more funds for the Nonurbanized Area Formula Program. (As one of the most urbanized states, California receives less funding from the Nonurbanized formula than from the larger Urbanized Area Formula (UAF) program.) The new split would read 89.5 percent for UZAs, 8 percent for the Nonurbanized areas and 2.5 percent for Elderly and Persons with Disabilities grants. This represents a change from current law, which provides 91.23 percent of total formula distributions for the UAF, 6.37 percent for Rural areas, and 2.4 percent for the Elderly and Disabled formula grant assistance program.

TEALU authorizes $636 million in Elderly and Persons with Disabilities transit formula funds, and it would alter the formula by including a low density adjustment feature. The proposed formula change - analogous to a change in the Senate-passed bill - would multiply by two the number of elderly or disabled individuals in states with a population of 10 or fewer persons per sq. mile and would multiply the number of elderly or disabled people by 1.25 for states holding between 11 and 30 persons per sq. mile. The change would reduce funds to California and other states with densely settled populations. (The same low density adjustment would also be applied to the Nonurbanized Area Formula grant program, but California's already-low share of funding would not change substantially.)

The bill proposes a new formula - reprogramming funds from the existing transit formula programs - to provide grants to aid smaller urbanized areas that have high transit ridership. TEALU's intensive grants program, funded at $255 million over 6 years, divides funds based on a number of transit related performance categories, including passenger miles traveled per vehicle revenue mile; passenger miles traveled per vehicle revenue hour; vehicle revenue miles per capita; vehicle revenue hours per capita; passenger miles traveled per capita and passengers per capita.

For the Capital Investment Program, the second largest transit account after formula grants, TEALU funds New Starts at $8.5 billion over 6 years. The bill would aside $935 million for a new category called "Small Starts" projects - those costing between $25-$75 million in federal funds.

In recent years, California has received between 15 and 17 percent of transit formula funding. The state's share of capital grant projects has been less consistent.

The TEA-LU bill includes funding for the New Starts program's Full Funding Grant Agreements (FFGAs), and three California projects are on that list. The San Diego Mission Valley East Light Rail Extension is slated to receive $64 million in 2004, $81.7 million in 2005, and $7.7 million in 2006 (as the project nears completion). The San Diego-Oceanside Escondido Rail Corridor is to receive $47.2 million in 2004, $55 million in 2005, and $12.2 million in 2006. And the SFO Airport - BART subway extension is to receive $98.4 million in 2004, $100 million in 2005, and $81.9 million in 2006. California's earmarked funding thus amounts to $196 million over the three years, which is 20.5 percent of the $959 million total earmarked by the bill for those years.

In addition to New Starts FFGAs, the bill specifies funding levels for five New Starts projects at the "Final Design and Construction phase." Total funding for the five projects is $2.4 billion (to be spent over several years), and California's one project (the LA-North Hollywood MOS3) accounts for $663 million, or 27.4 percent of next-stage New Starts. Total funding under TEALU for New Starts is $8.5 billion, so more than half of funds would remain to be allocated.

The Bus- and Bus-Related Capital Improvement Projects Program include nearly 300 earmarks, and California accounted for 78 of them. The state's $548 million in earmarked bus project funds accounted for 16.1 percent of the $3.4 billion national total. The state's share of total bus earmarks is largest in early years - the state would receive $210 million or 22.4 percent of the nation's $933 million earmarks in 2004. The high share is in contrast to the state's typically low share of bus funding that is earmarked in a more traditional fashion.

A full list of California's transit earmarks, spreadsheets showing national totals for highway and transit component programs from the transportation bills, as well as a general side-by-side comparing transit provisions from the House, Senate, and Administration bills with current law, are available on the California Institute website, at http://www.calinst.org .

JUDICIARY SUBC. EXAMINES IMPACT OF GUESTWORKERS ON U.S. WORKERS

The House Judiciary Subcommittee on Immigration, Border Security and Claims held an oversight hearing on Wednesday, March 24 entitled *"How Would Millions of Guestworkers Impact Working Americans and Americans Seeking Employment?"*. The subcommittee heard testimony from the following witnesses: Mark Krikorian, Executive Director, Center for Immigration Studies; Dr. Frank Morris, Chairman, Diversity Alliance for a Sustainable America; Roy Beck, Executive Director, NumbersUSA Education and Research Foundation; and Muzaffar Chisti, Director, Migration Policy Institute, New York University School of Law.

During the subcommittee's opening remarks, Rep. Howard Berman (Valley Village) commented that he was "no fan" of guestworker programs. He also commented that he found it ironic that some individuals oppose measures to improve American workers' positions through minimum wage increases and additional worker benefits, while at the same time supporting guestworker programs on the basis that Americans will not take the lowest wage and benefit jobs.

Rep. Linda Sanchez (Lakewood) stated that she believed it was possible to develop a guestworker program that would protect American workers' jobs while at the same time allow law-abiding immigrants a path to legalization and keep immigrant families together.

Mr. Krikorian criticized three assumptions behind support for a guestworker program. First, he argued that immigration is not an unstoppable force that must be accommodated one way or another. He stated that the flow of immigration has been created by government policies, including prior guestworker and amnesty programs that created enclaves of immigrants in the U.S., which in turn become networks of relatives and fellow countrymen drawing in more immigrants. Second, he debunked the notion that a guestworker program is necessary because American workers will not take these low wage jobs, arguing that if there were a tighter labor market, employers would increase wages and benefits, and find ways to make their workforce more productive. Third, he argued that the federal government does not have the capacity or resources to effectively manage a guestworker program, noting the enormous workload and backlog under which U.S. immigration bureaus are currently operating.

Mr. Beck also took exception to the notion that American workers will not take the jobs that immigrants take. He argued that there are millions of unemployed, lower-educated Americans, especially teenagers, and if market forces – absent a massive influx of immigrants – were allowed to operate, employers would be forced to raise wages to a level sufficient to sustain American workers. He testified that the current system promotes "Occupation Collapse," the process of wages plummeting, benefits disappearing and working conditions deteriorating in whole occupations, because of the downward pressure created by immigrants willing to accept lower wages and benefits.

Testimony of all the witnesses can be accessed through the Committee's website at: http://www.house.gov/judiciary .

House Armed Services Probes 2005 Base Closure Round Prospects

The Readiness Subcommittee of the House Armed Services Committee held a hearing on Thursday, March 25 to consider the Pentagon's recent determination to move forward with a 2005 Base Realignment and Closure (BRAC) round. As required by law, the Secretary of Defense certified to Congress earlier this week that excess capacity exists justifying a new round and that the base closures and realignments will result in net savings for each military service.

The subcommittee heard from Raymond F. Dubois, Jr., Deputy Under Secretary of Defense, Installations and Environment, Dept. of Defense; Lt. General James E. Cartwright, Director of Force Structure, Resources and Assessment (J8), The Joint Staff, U. S. Marine Corps; and Mr. Barry W. Holman, Director, Defense Capabilities and Management, U.S. General Accounting Office.

Secretary Dubois testified that "an additional base realignment and closure (BRAC) round is essential to the Department's efforts to transform the Armed Forces to meet the threats to our national security and to execute our national strategy" in light of today's changed world. The mission of the BRAC round will be to: further transformation by rationalizing infrastructure to force structure; enhance joint capabilities by improving joint utilization; and convert waste to war fighting by eliminating excess capacity. The Secretary detailed the process followed by DOD in reaching its conclusion that approximately 24 percent of its infrastructure may be excess. He emphasized, however, that a capacity reduction target had not been set by DOD and was not used in deciding on a new round. He also noted that even if a base or facility is only used marginally it would be retained as long as it had military value.

General Cartwright noted that DOD's new process differed from previous rounds in that from the start joint service groups were established to consider the functional capacity of facilities across all military services, rather than focusing only on the particular service branch that controlled the property. This better complements the military's new focus on joint operations, the General noted.

During questioning, several subcommittee members raised concerns over the impending BRAC round. The concerns focused on the timing of the round, given the current military's operations abroad and the surge in troops and training being undertaken. Also, the members stressed that local communities, whose budgets are already stressed because of the downturn in the economy, will have to spend considerable taxpayer dollars to protect local bases and facilities. In conjunction with that, some Subcommittee members urged DOD to ensure that the round allowed for input from local communities. Also, the impact on retirees of closing military hospitals was raised several times. After previous rounds where medical facilities were closed, military retirees who moved to places close to a military hospital felt DOD had betrayed its commitment to provide them with lifetime health care.

Mr. Holman testified that GAO, at Congress' direction, has been observing the DOD base closure process since it was undertaken. He stated that GAO found that the preliminary methodology DOD used to calculate excess capacity and net savings was "appropriate," although it did not factor in some costs, such as environmental cleanup because of the inability to quantify the amount. He also noted that the actual BRAC Commission will not use the same methodology. He testified that GAO has recommended to DOD that the final methodology include calculation of the total cost to the federal government, not just to DOD, of a specific closure, noting that during the 1995 Round there was an instance where a closure resulted in collateral costs to another agency. GAO also recommended that the final methodology include treatment of the costs of environmental cleanup. He said that DOD has told GAO it will deal with those two issues, and GAO will continue to follow the process to ensure it does.

California shouldered a disproportionate 60 percent share of the nation's net cuts in military personnel during base closure rounds conducted in 1988, 1991, 1993 and 1995, despite housing just 15 percent of military personnel before the closures began.

Testimony is available on the Committee's website at: http://www.armedservices.house.gov .

SENATE COMMITTEE EXAMINES MARITIME SECURITY ISSUES

On Wednesday, March 24, 2004, the Senate Commerce, Science, and Transportation Committee held a hearing on vessel, port and cargo security, and on security issues related to individuals with access to vessels and cargo at maritime facilities.

During their opening statements, several members of the Committee, including Senator Barbara Boxer, questioned the funding levels for port security measures requested in the President's Budget, and pointed out that the Administration request of $46 million for port security grants represents a 63 percent decrease from last year's appropriated level. Senator Boxer noted in her opening remarks that California's ports handle 40 percent of all goods that come to the United States, and that the state is home to 12 major commercial ports, including Los Angeles-Long Beach, which is the largest port in the nation.

The Committee members heard from two panels consisting of the following witnesses: Admiral Thomas H. Collins, Commandant, U.S. Coast Guard; Robert C. Bonner, Commissioner, U.S. Customs and Border Protection, Department of Homeland Security (DHS); Admiral David M. Stone, Acting Administrator, Transportation Security Administration (TSA), DHS; Christopher Koch, President and CEO, World Shipping Council; Gary P. LaGrange, Executive Director and CEO, Port of New Orleans, Dr. James Carafano, Senior Research Fellow, Defense and Homeland Security, Heritage Foundation; and Mike Mitre, Director of Coast Port Security, Longshore Division of the International Longshore and Warehouse Union (ILWU).

Admiral Collins testified that over 95 percent of overseas trade enters through U.S. seaports, and that America's seaports account for 2 billion tons ($800 billion) of domestic and international trade each year. He noted that approximately 9 million seaborne containers enter the U.S. via ports, and added that domestic and international trade is expected to double in the next 20 years. As part of his testimony, Admiral Collins presented the Committee with the Coast Guard's maritime strategy for homeland security, which consists of the following elements and objectives: 1) increasing Maritime Domain Awareness, 2) building effective domestic and international collaborative efforts, 3) increasing operational presence in ports and coastal areas, and 4) improving the Coast Guard's overall response capabilities. He explained that the Coast Guard is also pursuing a layered-defense strategy to deal with global security threats.

Echoing the Admiral's testimony, Mr. Bonner offered Committee members an update on security measures that have been taking place along the borders. He said that 38 foreign seaports, which account for at least 80 percent of all shipments into the US, have thus far agreed to implement the Cargo Security Initiative (CSI), with 18 having had screening systems installed already. Under CSI, U.S. Customs and Border Protection can collect cargo information necessary to identify high-risk shipments 24 hours prior to the time such cargo is scheduled to be loaded on a carrier, and require foreign ports to examine such high-risk containers prior to their shipment into the United States. Mr. Bonner noted that US importers have also agreed to participate in CSI.

Admiral Stone also spoke about the improvements that TSA has undertaken in order to reach homeland security objectives. He said that TSA has recently developed a web-based screening system, and will soon begin to develop the Transportation Worker Identification Credential (TWIC) program, aimed at mitigating the threat of attack on the national transportation infrastructure. Admiral Stone added that TSA is currently coordinating with the Coast Guard and cruiseline operators to identify technology solutions for screening passengers and their belongings for potential threats. He said that TSA has already implemented the Synergy Project designed to create a functional and efficient system to screen and transfer passenger baggage from a seaport to an airport.

While the above mentioned witnesses testified about the government's efforts to ensure homeland security, those on the second panel offered carrier and port employee perspectives on the issues at hand. Mr. Koch testified that his organization's membership will be International Ship & Port Facility Security (IPSP) Code compliant by July 1, 2004, though he did note that he expects the shippers will run into difficulties at foreign ports, some of which might not be compliant by that deadline.

Mr. Mitre, on the other hand, expressed some concerns of port employees. He argued that container seal checks and empty container inspections, which have recently been discontinued, are easy to institute again and would be helpful to avert a certain degree of danger from workers at ports. He testified that currently, ports on the West Coast, including Los Angeles-Long Beach, Oakland, and San Diego, have no alternative facilities available to move cargo to in case of an incident. He noted that a recent lockdown of the western ports, which cost the nation approximately $1 billion in lost business everyday, illustrates the need for development of alternative means of dealing with unforseen incidents. He urged Congress to make funding available to explore alternatives for cargo movement and cargo flow.

For copies of the witnesses testimony, please visit the Senate Commerce, Science and Transportation Committee's website at: http://commerce.senate.gov .

SENATE JUDICIARY ADDRESSES INTELLECTUAL PROPERTY THEFT

On Tuesday, March 23, the Senate Judiciary Committee held a hearing entitled "Counterfeiting and Theft of Tangible Intellectual Property: Challenges and Solutions." The panel heard from a number of witnesses, including: Jon W. Dudas, Acting Under Secretary of Commerce for Intellectual Property and

Director of the Patent and Trademark Office; Christopher Wray, Asst. Attorney General, Criminal Division, U.S. Department of Justice; James Mendenhall, Asst. U.S. Trade Rep. for Intellectual Property, USTR; Earl Anthony Wayne, Asst. Secretary of State for Economic and Business Affairs, U. S. Dept. of State; Thomas J. Donohue; Pres. and CEO, U.S. Chamber of Commerce; and Brad Buckles, Exec. Vice President for Anti-Piracy, Recording Industry Association of America.

The Administration witnesses detailed the steps they are taking to protect U.S. intellectual property both abroad and in the U.S. With regard to China, where a great deal of piracy occurs, Secretary Dudas emphasized that the Administration continues to push China to enforce its laws to stop piracy and that its efforts to convince all countries to do more have grown substantially in recent years. On the United States side, General Wray detailed the recent successes the Justice Department has had prosecuting IP pirates and stated that the severity of the sentences and restitution imposed has also increased. In response to questioning from Sen. Arlen Spector, the witnesses, however, opposed revoking China's most-favored nation ("normal trade relations") status as punishment for its inaction. Instead, Trade Rep. Wayne stated that Administration would consider filing complaints with the World Trade Organization and, if necessary, trade sanctions under Section 301 of U.S. trade laws.

Mr. Donohue and Mr. Buckles detailed the injury that U.S. companies suffer because of piracy. Mr. Buckles stated that annual world-wide pirate sales in the recording industry approach 2 billion units; worth an estimated $4 - $5 billion. Globally, 2 in 5 recordings are pirate copies.
Mr. Donohue pointed out that the problem is not just felt by the high-tech and entertainment industry, because knock-offs of everything from auto parts to snowboards to purses are being made every day. He also emphasized the danger to the public from some piracy, such as fake Duracell batteries that explode, drugs that do not contain the right ingredients, and several other examples. Nevertheless, in response to a question, he stated that it would not be good for U.S. business to use Section 301 sanctions against China, unless absolutely necessary.

The testimony of all the witnesses can be obtained through the Committee's website at: http://www.judiciary.senate.gov .

OAK DISEASE CONTINUES TO THREATEN CALIFORNIA'S NURSERIES

Six states thus far have banned some or all shipments of California-grown plants and several other states are expected to follow suit. The ban was imposed as a result of a discovery earlier this month of a fatal oak disease on camellias at two Southern California commercial nurseries located in Monrovia and San Marcos. The pathogen was discovered during a statewide survey launched by the California Department of Food and Agriculture, which is also studying potential contagions at 11 other nurseries in the state.

States that banned plants associated with the disease, which include more than 40 species, are Georgia, Delaware, Mississippi, Utah, Tennessee, and Florida. Those also expected to ban California-grown plants are Louisiana, West Virginia and Washington. Some industry experts estimate that the ban could cost wholesale gardeners $100 million in lost sales this season, even though almost 80 percent of the plants grown in California are sold in-state.

Nursery plant cultivation is a $2.35-billion business in California, with commodity value trailing only diary products and grapes. The state is the nation's largest provider of nursery crops and one of the few sources of mature spring bedding plants for the Midwest and Northeast. Sudden oak death mainly affects forests, though it can cause leaf spotting and twig infections in plants as well, but it is not fatal to the latter. It has previously killed tens of thousands of wild-growing oaks and tanoaks in 12 central and northern California counties.

HOUSE RESOURCES HOLDS HEARING ON LAND BILLS

On Thursday, March 25, 2004, the House Resources Subcommittee on National Parks, Forests, and Recreation heard testimony regarding land bills H.R. 1517, H.R. 2663, and H.R. 3874. Rep. Mary Bono (Palm Springs) testified in support of H.R. 3874, which she introduced. The bill would convey for public purposes 44 acres of federal land in Riverside County that has been identified for disposal. The bill, co-sponsored by Rep. Susan Davis (San Diego), would aid in furthering the expansion of long-term homeless shelters in the Palm Springs area. Father Joe Carroll also testified in support of the bill, attesting to the benefits it would bring to California's impoverished.

Rep. Sam Graves (MO) testified on H.R. 1517, a bill he initiated to amend the Land and Water Conservation Fund (LWCF) to allocate funds to use for maintenance. Graves called for the elimination of expansive land acquisition because of the "maintenance backlog" it has produced. Robert Lamb, Senior Advisor to the Assistant Secretary of Policy, Management and Budget, Department of Interior, supported the amendment to the LWCF and added that H.R. 1517 would limit authorizations of the Secretary of Interior related to lands, such as boundary changes. Executive Director of the QuadState County Government Coalition, Gerald E. Hillier, gave support to H.R. 1517 stating it was a "sound business-like approach" by maintaining government investments instead of spending for more acquisitions. Subcommittee Chairman George Radanovich (Mariposa) ended the hearing after listening to Alan Front, Senior VP of the Trust for Public Land who also agreed that amending the LWCF brought "win-win benefits."

REPORTS ANALYZE CALIFORNIA'S ECONOMIC ENVIRONMENT

California received positive news from newly released findings about its economic profile. Two reports entitled, "Downturn and Recovery: Restoring Prosperity," released by the Bay Area Council and Bay Area Economic Council January 2004, and the Los Angeles Economic Development Corporation (LAEDC) 2004-2005 Economic Report on Five County Forecast (LA, Orange, Riverside, San Bernardino, and Ventura) reveal both strengths and weaknesses of California's economic environment. The Bay Area report addressed recommendations for implementing initiatives to curb potential downswings and create a more attractive region, while the LAEDC offered a favorable prognosis for specific industries in Southern California.

The Bay Area Economic Profile previously released three other reports related to the economy of the Bay area, with their most current report focusing on the region's emergence from its recent downturn. The report discusses that, although the Bay area's economy flourishes, there are several challenges that will significantly impede its growth.

The strengths driving its economy were attributed to its knowledge-based workers, innovation (with many companies R&D located in its domain), entrepreneurship, quality of life, and the business environment, to name a few. The Bay area has been a leader in productivity with its output per capita two times the U.S. average, largely due to high-skilled workers and worker productivity. The region is also much diversified, with not only high-tech industries, but financial and business services and retail adding to its multi-faceted economy. Venture capital activities also add to the Bay area's strong position, sustaining a 30% share of the nation's VC investments. Its global presence, credited to its substantial exports primarily in software and tourism, has made the area unequaled by any other.

The challenges reported were expected from the area's vulnerability to volatile business cycles, high cost of living, high cost of doing business, and inadequate infrastructure. The late 1990s tech and dot com rise and fall exemplifies how easily susceptible and injured the area was to the cycle. The impact on the technology industry led to the downward spiral of over 340,000 jobs lost and an outflow of 20,000 people. Another result of the fall in the 1990s was the increase in the cost of living. The upsurge of prices began with the technology boom, but has continued to rise, with the median income being 16% of the median price of a home. The report offered that better matching of supply and demand of homes through improving the planning process of new developments is key to preserving the area's leadership. This also correlates to transportation, which rates as cost ineffective, with 68% of workers commuting and less than 10% utilizing public transportation. The report proposed integrating different modes of transportation more efficiently to improve the situation.

The LAEDC Five County Forecast reported that Southern California's economy is on a "growth track" but the state's poor business environment will prevent job growth. Jack Kyser, Chief Economist and Senior VP of LAEDC, identified some industries with the best prospects, such as aerospace (Boeing's 7E7 deal), tourism, international trade, and technology. Some of the industries facing difficulties are health services (due to rising health care costs, etc.), motion picture/TV production (attributed to piracy), and the apparel industry. Other issues analyzed were the housing deficit that the area faces, owing to the high demand brought by population growth. However, job growth in all counties was forecasted, which implies higher levels of business formations, and the five counties were recognized as having a diverse economic base with Southern California's counties providing 953,000 manufacturing jobs in 2003, "second in the nation if it were a separate state."

New Census Population Data Track Age Trends

According to population data released recently by the Census Bureau, California leads the nation not only as the most populous state in 2003, but also as the state that added the most people between 2000 and 2003. The estimates were published by the Census Bureau on March 8, 2004.

California continues to rank first in population size, with the highest population count (35.5 million), followed by Texas (22.1 million), New York (19.2 million), Florida (17 million), and Illinois (12.7 million). California also placed first with respect to population growth as it added 1.6 million people from 2000 to 2003; it was trailed by Texas, which added 1.3 million within the same period, and Florida with 1 million added. The Census statistics also identified the following findings:

– California housed the highest number of adult residents (26.1 million) in 2003, followed by Texas (15.9 million), New York (14.7 million), Florida (13.1 million), and Pennsylvania (9.5 million).

– California added the highest number of adult residents (those 18 years of age or older) since 2000 (1.4 million). Texas followed in second place with the addition of 913,000 residents, while Florida took third place (759,000), and was followed by Georgia and New York (371,000 each). Nationally, 8.6 million adult residents were added, and California thus accounted for 16.3 percent of U.S. growth.

– California had the highest number of people 65 and over (3.8 million) in 2003, followed by Florida (2.9 million), New York (2.5 million), Texas (2.2 million) and Pennsylvania (1.9 million). In 2003, California represented 10.5 percent of the nation's 35.9 million persons over the age of 65.

– California added the largest highest number of people age 65 and over (169,000) between 2000 and 2003, followed by Texas (103,000), Florida (90,000), and North Carolina and Arizona (47,000 each). Nationally, this age group showed an increase of 927,000 people, so California's increase represented more than 18 percent of the nation's total rise.

– California had the highest total of elementary school-age children (4.8 million) in 2003, followed by Texas (3.1 million), New York (2.3 million), Florida (2 million) and Illinois (1.6 million). Nationally, there were 36.8 million children in this age group, so California accounted for more than 13 percent of the U.S. total.

– More than half of states experienced an increase in their high school-age population between 2000 and 2003, led by California (97,000), Florida (81,000), Texas (46,000), North Carolina (37,000), and

New Jersey (34,000). Nationally, the increase was 429,000, and California thus represented 22.6 percent of the nation's total growth.

– California housed the highest number of high school-age children (2.1 million) in 2003, followed by Texas (1.3 million), New York (1 million), Florida (900,000), and Illinois (714,000). The total nationally was 16.5 million, and California thus represented 12.7 percent of the total.

To obtain more information about these statistics, please visit the U.S. Census Bureau website at: http://www.census.gov .