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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.*

### CONGRESS APPROVES TEMPORARY WELFARE EXTENSION THROUGH FISCAL YEAR'S END

The House and Senate on Tuesday, June 22, 2004 voted by voice to extend federal welfare programs for three months, through September 30. The 1996 welfare reform law expired in September 2002, and this extension will bring the full length of temporary extensions to two years.

The House narrowly approved a comprehensive six-year welfare reauthorization bill (H.R. 4) in February 2003. That measure would maintain the Temporary Assistance for Needy Families (TANF) block grant at \$16.5 billion, increase work participation requirements for cash assistance beneficiaries from 30 hours to 40 hours per week, and require states to move 70 percent of enrollees to work by 2009.

HR 4589 sponsor and key drafter of HR 4, Rep. Wally Herger (Marysville), Chair of the Ways and Means Subcommittee on Human Resources, expressed dismay at the failed attempt by Congress to approve a complete rewrite of the 1996 federal welfare law known as the Personal Responsibility, Work, Opportunity, and Reconciliation Act (PRWORA), but considers the extension better than nothing. "It's a tragedy that we are back here today with another short-term extension that doesn't give states the certainty they need to best plan for the future," said Chairman Herger, who added, "We passed this welfare extension because we had to – it buys us another three months in the hopes the other body will act on a broader welfare reform bill."

Compared to the House measure, the Senate welfare bill contains less sweeping mandates and a larger (\$6 billion) increase in child care assistance, the measure was shelved by Senate leaders when a floor disagreement arose as Democrats attempted to attach a minimum wage increase to the welfare bill. Sen. Barbara Boxer's amendment to raise the national minimum wage from \$5.15 to \$7 per hour over two years was denounced by Republicans as a legislative stalling tactic not germane to the welfare issue, whereas Sen. Boxer and other supporters contended that a "living wage" is central to helping transitional welfare families move out of poverty and stay off government assistance.

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## **CONGRESS COMPLETES REAUTHORIZATION OF CHILD NUTRITION PROGRAMS**

Culminating extensive conference discussions, the House on Thursday, June 24, 2004, approved and forwarded for President Bush's signature a bill to reauthorize the National School Lunch Program, the School Breakfast Program, and the Supplemental Nutrition Program for Women, Infants and Children (WIC). The bill, S. 2507, was initially approved by both the House and Senate on Wednesday, June 23, and will renew the programs through fiscal year 2008. The programs had been operating on temporary extensions since the prior authorization expired in October 2003.

The final bill makes relatively few changes to these popular programs, although it will establish a five-state pilot project to test expansion of free school lunch to a population of relatively low-income children that presently receive discounted meals. At present, state agencies and school districts receive school lunch funds based on their share of eligible children from families below 185 percent of the poverty line. Children from families with incomes below 130 percent of the poverty line are granted free lunches (subsidized by federal and state resources) and breakfasts under current law, while families with income between 130 and 185 percent of the poverty threshold receive reduced-price meals. Five states will be eligible to offer free (instead of reduced-price) lunches to children from families living between 130 and 185 percent of poverty.

For more information, see [Bulletin, Vol. 11, No. 17 \(6/20/2004\)](#) or visit <http://edworkforce.house.gov>.

## **PPIC BRIEFING IN WASHINGTON OUTLINES CALIFORNIA'S "PARTISAN DIVIDE"**

At a lunch briefing in the U.S. Capitol Building on Wednesday, June 23, 2004, Mark Baldassare, Senior Fellow and Director of Research at the San Francisco-based Public Policy Institute of California (PPIC) briefed approximately 60 Congressional staff, business representatives, news reporters, and others attendees regarding California's large and widening "partisan divide."

Baldassare, who conducts statewide survey research on a monthly basis for PPIC, noted that California is mirroring national political trends with a widening gap between areas that typically vote for Democrats and those that typically vote for Republicans. He said that trust in government is higher among Republican voters than Democratic voters. PPIC has found that Californians' strong confidence in the federal government following the September 11th terrorist attacks has faded with time. However, Republicans' attitudes toward the federal government have remained virtually unchanged over the long run, while Democrats are much less likely to say they trust the federal government today than two years ago. At present, Republicans are more likely to trust the government to do what is right.

Approval ratings of federal officials differ starkly across political parties, according to PPIC data. The steep drop in approval ratings for President Bush in the past two years is largely a result of changing opinions among the state's Democratic voters. Republicans remain overwhelmingly supportive of the job the president is doing.

While approval ratings for the U.S. Congress are technically unchanged today from six years ago, this trend masks the emergence of another partisan split. In 1998, the voters from the major parties shared similar opinions about the U.S. Congress. Today, PPIC's results find, Democrats are more negative than Republicans when rating the performance of Congress. The partisan gap widens on fiscal and economic issues. Most Californians remain committed to making environmental protection a policy priority. However, they continue to be divided in their opinions about the poor and government poverty programs, immigrants, and California's economic conditions. While opinions on these three fiscal and economic issues have changed very little overall in the past four years, the difference in attitudes between Republicans and Democrats has widened substantially.

Californians have become more polarized in their opinions about the war on terrorism, according to PPIC. The public remains evenly divided on whether or not they believe the government will enact

terrorism laws that will excessively restrict the average person's civil liberties, and on whether or not U.S. policy for the war on terrorism should be based mostly on our national interests. Underlying this division are starkly different views between Democrats and Republicans and increasing partisan differences today compared to two years ago.

A summary table of the data is available at [http://www.ppic.org/content/pubs/JTF\\_CaDivideJTF.pdf](http://www.ppic.org/content/pubs/JTF_CaDivideJTF.pdf) , and complete Statewide Surveys are available at <http://www.ppic.org/main/series.asp?i=12> .

## **TRANSPORTATION PROGRAMS EXTENDED BY ONE MONTH, SENATE CONFEREES REITERATE SUPPORT FOR \$318 BILLION REAUTHORIZATION**

On Wednesday, June 23, 2004, the House and Senate voted in favor of extending highway programs temporarily through the end of July 2004. Meanwhile leaders of the transportation reauthorization conference committee convened and moved closer to establishing a concrete grand total amount for the multiyear transportation rewrite that is being negotiated, and the Bush Administration outlined its Conference priorities in a letter from Transportation Secretary Norman Mineta to head conferees Sen. James Inhofe (OK) and Rep. Don Young (AK).

With federal transportation programs set to expire at the end of this month, the new temporary extension measure (HR4635) passed by the House 418 to 0 and by voice vote in the Senate, maintains federal highway, transit and safety programs at 2003 levels for an additional thirty days.

The effort to renew the expired "Transportation Equity Act for the 21st Century" (TEA-21), with a 6-year reauthorization proposal has been delayed primarily due to disagreement over the overall cost of the rewrite. The House and Senate approved reauthorization bill totals -- \$283 billion and \$318 billion respectively -- have been deemed too high by Bush Administration officials, who have promoted a \$256 billion renewal alternative and object to any added fiscal squeezes to an already shaky federal budget. Ignoring the objections of the White House, transportation leaders in Congress maintain that higher investments are critical to improving safety and reducing congestion on roads and highways.

At the outset of the conference debate, Senate conferees led by Chair Inhofe reaffirmed their commitment to the \$318 billion amount by passing an amendment to formally endorse and invite their House counterparts to respond to the Senate-passed figure. Other members joined Inhofe in stressing the importance of establishing an appropriate base figure for conferees to work with. Sen. Kit Bond (MO) said \$318 billion would provide enough to meaningfully address the nation's transportation problems, while Sen. George Voinovich (OH) justified his support for the \$318 billion offer by reporting that overall House and Administration bill figures would not do enough to keep pace with inflation. Sen. Barbara Boxer expressed her support for the amendment and commented on the need to mitigate the growing challenge of poor road conditions and congestion in California. Sen. Boxer noted that California roads and bridges are among the poorest in the country, and that delays cost Californians 136 hours per year in lost productivity.

Though many House conference leaders speaking in response to the Senate approach viewed it as an attractive gesture, Rep. Bill Thomas (Bakersfield) said the effort was not useful. He argued that more of a serious effort was needed to diffuse \$49 billion in offsets duplicated in both the pending American JOBS Act and the Transportation Reauthorization bill, "These offsets cannot be spent more than once" said Rep. Thomas suggesting that conferees should focus on how much funding is truly available. Rep. Thomas Petri (WI) questioned Mr. Thomas' assessment noting that the process of making advances and necessary compromises to achieve a final bill begins with an agreed-to number.

Conference negotiators met once before (on June 9) to approve a number of minor items. After House conferees pledged to provide a formal response to Senators by July 7th, the committee approved another list of uncontroversial staff recommendations to be included in the conference agreement. Some of the noncontroversial items approved by voice vote include: agreement on transfer of highways and transit

funds, elimination of capital investment grants loan authority; state and local revenue shares of urbanized area formula grant funds; and language concerning Canadian and Mexican vehicle operators.

Secretary Mineta weighed in on the conference negotiations on behalf of the Bush Administration by outlining a number of concerns with House and Senate provisions on June 22, 2004, chief among them being the cost of each bill. Secretary Mineta removed any doubt over Administration opposition to both bills' funding levels by stating, "The veto recommendations of the President's senior advisors on these issues still stand." However, Mr. Mineta expressed optimism that a final bill can be reached and offered to assist conferees as they work through the process of producing legislation. Some of the points highlighted in the Mineta letter include concern over: the omitting of safety incentives inducing states to reduce highway fatalities, the proliferation of special projects in bill language; limits to tolling liberalizations and other private financing of highways techniques; any broadening of Congestion Mitigation and Air Quality (CMAQ) beyond activities that provide emissions reductions; limits to New Starts criteria evaluations for projects below \$25 million and non-fixed guideway eligibility for New Starts funds; limits to open and free competition for University Transportation Center selection; the inclusion of Mag-Lev technology funds; and opposition to a financing move that would shift funds from the Airport and Airway Trust Fund to the Highway Trust Fund (HTF).

For various details regarding transportation reauthorization, visit <http://www.calinst.org/transpo.htm> .

## **DHS ANNOUNCES NEW SECURITY RULES FOR U.S. PORTS**

Department of Homeland Security Secretary Tom Ridge announced on Monday, June 21, 2004 the implementation of new Maritime Transportation Security Act (MTSA) rules for port across the nation, including new technology to detect radiation in cargo containers.

Under the new measures required by MTSA, to be in place by July 1, 2004, a ship bound for the U.S. port is required, among other things, to report its manifest to U.S. authorities 24 hours prior to its departure. The ship may also undergo inspection from U.S. Customs and Border Patrol officials working in the foreign ports. Once the ship sets sail, it is required to give U.S. authorities a 96-hour advance notice of arrival.

In terms of long-term goals, eventually all shipping containers will be scanned by a radiation scanner - either mobile one mounted on a vehicle, or a fixed device that cargo trucks must drive through. Long-term planning also includes equipping cargo containers with "smart box" technology, which will let authorities know if the containers have been tampered with while at sea. Currently, mobile radiation scanners are being used in the port of Los Angeles and Long Beach, the largest port complex in the nation and one of the largest in the world. The ports of Los Angeles and Long Beach are often the testing grounds for much of the technology that will soon be dispersed to other ports.

California is home to 12 major commercial ports. Forty percent of all goods that come to the U.S. come through the state's ports. In 2002, approximately 7-9 million containers arrived at U.S. seaports, which accounted for more than 95 percent of the nation's non-North American trade by weight and 75 percent by value. According to the GAO report, in a 2002 simulation of a terrorist attack involving cargo containers, every seaport in the nation was shut down, resulting in a simulated loss of \$58 billion in revenue to the U.S. economy, including spoilage, loss of sales, and manufacturing slowdowns and halts in production. During a brief and recent lockdown of the western port facilities, the nation experienced approximately \$1 billion daily in lost business.

## **HOUSE PANEL ENDORSES U.S.-AUSTRALIA TRADE PACT; SENATE PANEL BALKS**

On Wednesday, June 23, 2004, the House Ways and Means Committee and the Senate Finance Committee conducted informal markups of legislation to implement the proposed US-Australia free-trade agreement. The procedure allows Congress to make informal recommendations to the Administration

regarding agreement implementation by marking up draft legislation. The U.S.-Australia FTA was signed on May 18, 2004. Under Trade Promotion Authority procedures, once the Administration formally submits to Congress implementing legislation and an accompanying document, they may not be amended.

The Ways and Means Committee, chaired by Rep. Bill Thomas (Bakersfield), approved the draft legislation without amendment on June 23. Chairman Thomas stated, "I look forward to formally moving this bill through Committee after the Independence Day district work period and to the floor shortly thereafter."

The Senate Finance Committee, however, was unable to complete action on an unchanged draft bill, prompting Chairman Charles Grassley (IA) to postpone further action. During markup, the committee adopted (11-10) an amendment by Kent Conrad (ND) to protect U.S. beef producers from import competition. Complying with the amendment would force the Administration to go back to the drawing board on the agreement, so Grassley elected to end the mock markup.

The agreement removes duties on nearly all industrial goods, and it sets high standards for e-commerce and intellectual property rights.

For more information, visit the Committees' websites at: <http://finance.senate.gov> and <http://waysandmeans.house.gov>.

## **HEARINGS HELD ON U.S.-AUSTRALIA TRADE AGREEMENT**

Committees in both the Senate and House last week held hearings on the recently completed U.S.-Australia Free Trade Agreement.

Josette Sheeran Shiner, the Deputy U.S. Trade Representative presented testimony on June 15, 2004, before the Senate Finance Committee and on June 16<sup>th</sup> before the House Ways and Means Committee. She detailed the provisions of the Agreement for the Committee, noting that it "is a landmark agreement and one that is befitting the special partnership between our two countries and our shared commitment to free trade principles." Immediately after implementation, the Agreement will eliminate more than 99 percent of the tariffs on U.S. manufactured goods exported to Australia. In addition, duties on all U.S. farm exports to Australia – nearly \$700 million in 2003 – will be eliminated immediately. Ambassador Sheeran Shiner noted that among the products benefitted by that provision will be processed foods, fruits and vegetables, corn oil, and soybean oil. She also stated that the Agreement will create a special committee to address sanitary and phytosanitary (SPS) issues. She testified that Australia has made progress on these issues and cited the entry of U.S. table grapes into the Australian market in 2002 as an example.

The Senate Committee also heard from a number of witnesses, including John Schulman, Corporate Executive Vice President and General Counsel, Warner Brothers Entertainment, Burbank, CA, on behalf of Time Warner and the Entertainment Industry Coalition for Free Trade. Mr. Schulman testified in strong support of the U.S.-Australia Agreement, as well as the U.S.-Morocco Free Trade Agreement, which was also a subject of the Committee's hearing. He detailed the importance of the entertainment industry, noting that "the copyright industries comprise more than 5% of the nation's GDP. We bring in more international revenues from exports than aircraft, agriculture, automobiles and auto parts. And we are creating new jobs at three times the rate of the rest of the economy. The movie industry alone has a surplus balance of trade with every single country in the world that exhibits our films. No other American enterprise can make that statement." He stated that growing piracy of copyright works, as well as market access barriers to the industry in some nations, make the negotiation of free trade agreements very important. He lauded the strong intellectual property provisions in the Australia and Morocco Agreements, as well as the important market access provisions contained in them.

On the House side, the Ways and Means Committee heard from Hugh Stephens, Sr. Vice President, Public Policy, Asia, Time Warner, Inc. on behalf of the American-Australian Free Trade Agreement

Coalition (AAFTAC). Mr. Stephens testified that projections are that an FTA with Australia could yield up to a \$2.1 billion increase in the U.S. Gross Domestic Product by 2006. He applauded the elimination of tariffs contained in the Agreement, stating that U.S. exporters face much higher tariffs in Australia than Australian exporters face in the U.S. He said these tariffs “result in Americans paying 10 times as much in total annual import tariffs to Australia as the U.S. collects from Australian importers.” He also noted the important agriculture and SPS provisions in the Agreement. In addition, he strongly supported the provisions relating to services, noting that “especially important to my company, the agreement has first time ever commitments by Australia in the area of audiovisual services.”

For more information regarding the hearings, visit the Committees’ websites at: <http://finance.senate.gov> and <http://waysandmeans.house.gov>.

### **CALIFORNIA INSTITUTE ADVISORY BOARD HEARS FROM REP. DENNIS CARDOZA**

On Wednesday, June 23, 2004, the California Institute for Federal Policy Research hosted a breakfast meeting for its supporters featuring comments by Rep. Dennis Cardoza (Atwater). With the generous underwriting of the Public Policy Institute of California (PPIC), the event represented the third in this year’s series of California Institute delegation breakfasts, which feature remarks by California Members of Congress and serve as an opportunity for Institute supporters to learn the views of and engage in a dialogue with California Congressional delegation members.

Rep. Cardoza outlined several of his legislative priorities in his remarks to the attendees, noting that the Central Valley region continues to receive less than its fair share of federal dollars, despite the major, unique, and growing challenges it faces. Rep. Cardoza commended the bipartisan support for the CAL-FED reauthorization bill. A foster parent himself, Rep Cardoza spoke at some length on the issue of foster care in California, noting that California is home to 100,000 of the nation’s 500,000 foster children, and that 40 percent of those reside in the Los Angeles region. He urged an examination of the foster care system in the state, and said that foster care issues are particularly acute in the Central Valley due to the region’s widespread manufacture and use of methamphetamines, which strains the foster care system.

In addition, Congressman Cardoza urged support for his bill that amends the Endangered Species Act (ESA) and aims to reinvigorate the endangered species and allow for land acquisition at the same time. Another issue addressed at the breakfast was the completion of the University of California, Merced campus. Rep. Cardoza said that though the outreach money has been cut back at the state Legislature level, the campus nevertheless is slated to be opened soon.

In recent weeks, the Institute has hosted breakfasts featuring remarks by the California delegation’s three newest members, Reps. Cardoza, Linda Sanchez (Lakewood), and Devin Nunes (Pixley).

### **HOUSE COMMITTEE REVIEWS NCLB’S IMPACT ON STUDENT ACHIEVEMENT**

On June 23, 2004, the House Committee on Education and the Workforce held a hearing entitled, “*No Child Left Behind (NCLB): Raising Student Achievement in America’s Big City Schools.*” Committee members and witnesses drew differing conclusions from the two-plus years of NCLB implementation and operation.

Committee Chairman John Boehner (OH) lauded NCLB for requiring detailed and disaggregated testing data, commenting, “Now, achievement gaps between disadvantaged students and their peers, once hidden from view, are public knowledge for all to see.” He also said, “As a result of NCLB, our nation is spending far more than ever before on education - but we’re also expecting more.”

In a statement, the committee’s ranking Democrat, George Miller (Martinez), commented that “reform without resources” does not sustain long-term educational achievement in schools. “We’re turning our backs on our children by not fully funding NCLB,” he said. Since its enactment, Miller charged No Child Left Behind had been underfunded by \$27 billion. Panelist Dr. Marcus J. Newsome, Superintendent of

Newport News County Public Schools supported Mr. Miller's assertion. Dr. Newsome said that NCLB "speaks to equal opportunity for children and accountability for educators" but that in order to make the act work, it "must be fully funded."

Rep. Miller also expressed concern that some standards set for schools may be overly prescriptive and inappropriate. "Misidentifying successful schools as needing improvement will dilute – rather than increase – the amount of assistance available to schools that do need to improve," he said. And, in reference to criteria used to evaluate schools progress from year to year, he asked, "How can we possibly tell if schools are making progress if they are held to different standards every year?"

Panelist Eric J. Smith, Superintendent of Anne Arundel County Public Schools expressed support for the accountability programs and managed instructional systems in NCLB describing them as some key developments contributing to increased levels of student achievement. Dr. Smith suggests that uniform standards, intensive development, and increases in classroom hours have strengthened schools.

Dr. Smith and Dr. Newsome agreed that increased guidance and support materials for teachers have helped schools reach goals by providing greater clarity of purpose in the classroom. Newsome further suggested in his testimony that along with parent and family involvement, teacher quality is one of the most challenging issues facing schools.

According to a report authored by another panelist, Dr. Michael Casserly, Executive Director of the Council of Great City Schools NCLB is helping to drive student achievement in many difficult to manage urban areas, though student achievement was improving before the Act's passage. "Beating the Odds IV" shows increases in reading and math proficiency among 4<sup>th</sup> and 8<sup>th</sup> graders from urban school district (between 2002 and 2003), while nearly 28 percent of urban school districts recorded reading gains across all grades tested during the same time.

Dr. Margaret Raymond, Director of the Center for Research on Education Outcomes at Stanford's Hoover Institution, presented research findings from her study, *Does School Accountability Lead to Improved Student Performance?* Her work indicated that accountability programs initiated in the 1990s, predating No Child Left Behind (NCLB), had a positive impact on student achievement. It also suggested that the earlier an accountability system is enacted the greater the impact is on student performance, and for accountability to work there must be attached consequences.

Dr. Raymond's study found students are better off with accountability programs, though student achievement is not attributable to accountability alone, and that varying effects were recorded among the subgroups she studied. Her study results showed that Hispanic students made the highest achievement gains than any other race. However, black student achievement improved by a much smaller margin – lower than Hispanics or white students. Thus Raymond explains, "the racial achievement gap with blacks actually widens."

To view testimony from this hearing visit the House Education and Workforce website at: <http://edworkforce.house.gov/>

## **TRANSIT SECURITY ACCOMPLISHMENTS AND NEEDS REVIEWED BY HOUSE PANEL**

On Tuesday, June 22, 2004 the House Committee on Transportation and Infrastructure Subcommittee on Highways, Transit and Pipelines received comments from administration security officials and transit advocates on public transportation security. Top officials from the Federal Transit Administration (FTA) and the Transportation Security Administration (TSA) discussed security enhancements and needs, funding priorities, and cooperative efforts between federal transit and security agencies with overlapping roles and responsibilities, at the hearing. A second panel of transit industry leaders followed, outlining the specific concerns and needs of rail and bus operators for the committee's consideration.

In his remarks to the subcommittee, Chet Lunner, Assistant Administrator at TSA's Office of Maritime and Security, emphasized the need for shared responsibility of federal, state, local, and private

agencies, noting that the private sector accounts for 85% of transit services. His testimony echoed the sentiments of Homeland Security Secretary Tom Ridge on Monday at a press conference held at the Ports of Los Angeles and Long Beach, where Secretary Ridge praised industry, local, state, and federal government cooperation efforts. Secretary Ridge announced that the United States has met a July 1<sup>st</sup> deadline for compliance with new international requirements of the International Ship and Port Facility Security Code in addition to implementing security measures of the domestic Maritime Transportation and Security Act (MTSA).

Despite concerns regarding efficiency expressed during the transportation hearing Tuesday, various committee members raised concerns over criteria used to determine allocation of limited security resources. Rep. Howard Coble (NC) was displeased by the disparity in the funding of aviation security compared to that of public transit security receipts, noting that federal security expenditures-- representing \$9.16 per aviation passenger-- contrasted to a half cent spent on each transit passenger. Put another way, Congress had appropriated \$11 billion in Homeland Security funds tagged for aviation security since 9/11, serving 1.8 million people per day, whereas only \$111 million had been designated for public transit, which serves 14 million people per day – a number that nearly doubles when considering return trips for working commuters, according to William Millar, President of the American Public Transportation Association (APTA). Mr. Miller supports a federal authorization of \$5.2 billion to assist transit agencies with security upgrades and investments though he said an additional \$800 million per year to sustain operational expenses and training was also necessary, according to a report his organization released earlier this year.

Robert Jamison, FTA Deputy Administrator, said that his agency had coordinated with TSA to complete a national needs and threat assessment before requesting further security grants to better determine where funds should be invested. He stated that FTA had already completed a vulnerability assessment of 37 of the nation's largest transit operators and developed chemical and biological protocols since 9/11. Mr. Lunner framed transit security as a shared responsibility, and he reminded subcommittee members of additional funds available for transit security enhancements from federal sources including an Amtrak award of \$100 million, \$4 billion dollars in transit formula grants and a proposed Urban Area Security Initiative (UASI) grant FY 05 Budget level of \$1.45 billion.

In his testimony, Jamison explained three security priorities being pursued by FTA including employee training, public awareness campaigns, and emergency readiness. He underscored the importance of employee training for detection of suspicious passengers, noting that the FTA has established counterterrorism programs and offered free employee awareness training programs. Both agency representatives outlined the gains of importing assistance from experts in other countries noting that Europe and Israel had been consulted to help develop transit security strategies.

Suggestions of raising passenger fares to meet transit budget needs were dismissed by Millar who reported that 30-35% of APTA's operating costs are funded by passenger fares, and he drew attention to the fact that most individuals utilizing transportation have low incomes, so further increases in already rising fares would be a hardship. Echoing the impact of what Mr. Millar called a "woefully small" federal investment in transit security, Richard White, General Manager and Chief Executive Officer of the Washington Metropolitan Area Transportation Authority (WMATA), explained that passenger fares fund 55% of his budget. He agreed that rising customer fares have reached a "breaking point," and reaffirmed the need for federal assistance to transit systems to offset the added burdens of security costs.

Before the hearing concluded, Subcommittee Chair Thomas Petri (WI) announced that the information collected from witnesses would be used as the basis for possible legislation this year.

S. 2453, the Senate Banking, Housing and Urban Affairs Committee acted in May to approve the "Public Transportation Terrorism Prevention Act," a bill supported by APTA that would authorize \$5.2 billion to enhance security on transit systems.

To view a copy of committee testimony, please visit the House Transportation and Infrastructure Committee website at: <http://www.house.gov/transportation/>.

## **BIPARTISAN WESTERN GOVERNORS UNANIMOUSLY BACK ENERGY DIVERSITY PLAN**

On Tuesday, June 22, 2004, a bipartisan group of 18 western state governors and three territories unanimously adopted the Clean and Diversified Energy Initiative, proposed jointly by California Governor Arnold Schwarzenegger and New Mexico Governor Bill Richardson. The proposal was endorsed by the Western Governor's Association, which includes 18 state governors (12 Republicans and 6 Democrats) and three territorial governors representing the Pacific coast to the plains states and Texas.

Building on findings from an energy summit held in April 2004, the initiative seeks wider use of solar, wind and renewable energy sources in the region, which has plentiful supplies of many clean fuel sources. The resolution agrees to examine the feasibility of and actions required to reach 30,000 megawatts of clean energy by 2015 and a 20 percent improvement in energy efficiency by 2020.

A statement from Gov. Schwarzenegger pointed out that "California has historically been very aggressive in promoting renewable energy and the highest efficiency energy standards. We have proven that cost-effective efficiency programs can help reduce overall energy use, protect our environment and save consumers in the long run." Press reports indicated that tax incentives and federal and state subsidies might be recommended in a report to be developed by a working group over an initial two-year examination. In addition, some governors pointed out that clean energy sources were not likely to replace but rather to augment more traditional fuel sources such as oil and gas.

The resolution and other information is available on the Web at <http://www.westgov.org>, and additional information about California's renewable energy and conservation activities is available from the state's Flex Your Power site, [http://www.ca.gov/state/fyp/fyp\\_homepage.jsp](http://www.ca.gov/state/fyp/fyp_homepage.jsp).

## **CALIFORNIA HEALTHCARE REFORMS REVIEWED BY SPHERE REPORT**

According to a report released in April 2004 by the SPHERE Institute in its *California Policy Review*, recent legislative changes in the foster care system have had a positive impact on the Medi-Cal experiences of the target population. Titled "*Medi-Cal Utilization Among Foster Children: Evaluating Recent California Policy Initiative*," the report examined the effects of several recent reforms on the circumstance of foster children. The report specifically focused on the use of Medi-Cal services by the foster children to meet their physical and mental health needs.

The Medi-Cal program is California's equivalent of the federal Medicaid program, and it is supported by federal Medicaid resources. Medicaid reimburses states for healthcare services provided to persons with limited resources or disability, and Medicaid reimbursement rates vary by state. California's relatively high per capita income means that the state's matching or FMAP (Federal Medicaid Assistance Percentage) rate is low -- 50 cents for each dollar spent -- relative to states with lower per capita incomes.

California's foster care system is structurally linked to Medi-Cal. Current foster children and those who have recently exited the system due to age or via the Kin-GAP program are automatically eligible for Medi-Cal benefits, including physician services, inpatient and outpatient hospital services, laboratory and x-ray services, and early and periodic screening diagnostic & treatment (EPSDT) services. Foster care beneficiaries are also eligible for medically necessary mental health services.

The reforms include the following: 1) the Health Care Program for Children in Foster Care (HCPCFC), to increase use of public health nurses to promote comprehensive preventive and specialty health services for children in foster care; 2) the Kinship Guardianship Assistance Payment Program (Kin-GAP), to promote permanency of living arrangements by providing financial aid to relatives who become the legal guardians of children in the foster care system; and 3) Medi-Cal reform, under which healthcare benefits were automatically extended to former foster children 18 to 20 years of age.

The report found that both HCPCFC and Kin-GAP seem to have increased the prevalence of preventive care in the form of well-being visits. The report also found that former foster children, those that are 18 to 20 years of age, were less likely to use emergency services after the Medi-Cal age extension than they were before the reform.

In particular, when examining results of the HCPCFC implementation the report found that Medi-Cal utilization rates increased when more public health nurses were provided. The authors argue that these nurses may have encouraged children to receive preventive care in the form of well-being visits, and, in the case of foster children with chronic illness episodes, to seek care when necessary through visits to the emergency department. With respect to Kin-GAP, the study found that Kin-GAP children had higher rates of overall Medi-Cal utilization than foster children and were more likely to receive preventive medical care, which suggests that guardians who are also relatives may play a larger role than unrelated foster parents in securing a regular source of medical care for the children who live with them. The Kin-GAP children were also less likely to experience a mental health episode than foster children, a result, the study suggests, that may follow from the emotional stability of placements with relatives.

The study cautions, however, that because it addressed only the first year of reforms' implementation, the findings may not represent the full picture of the effects. The authors concluded that further long-term studies may reveal further improvements in healthcare delivery for foster children.

For more information, visit the SPHERE Institute website at: <http://www.sphereinstitute.org> .

### **GOVERNOR'S WASHINGTON OFFICE DIRECTOR ADDRESSES ROUNDTABLE LUNCH**

On Tuesday, June 22, 2003, a Golden State Roundtable luncheon featured remarks by Ms. Stacy Carlson, Director of Governor Arnold Schwarzenegger's Washington DC Office.

After being introduced by Rep. Ed Royce (Fullerton), Ms. Carlson outlined several of Governor Schwarzenegger's priorities and accomplishments, noting that fiscal and regulatory relief for the state remains to be a chief objective of the Governor and his Washington, DC staff. She said that one of the foremost priorities of the Schwarzenegger administration has been to deliver more federal money to the state, and noted research by the California Institute showing that California receives approximately 77 cents in federal spending for every dollar the state's residents send to Washington in taxes. Ms. Carlson commented that small-state minimums, sometimes inserted into federal formula grant funding calculations, has proved problematic for California, particularly in the areas of transportation and homeland security. She pointed out that there have been a number of areas where there has been considerable bipartisan progress, such as support for the State Criminal Alien Assistance Program (SCAAP). She also said that Schwarzenegger administration plans to work on issues of R&D tax credit, runaway production, as well as toward obtaining an oxygenate waiver for the state.

Ms. Carlson commended the Governor for delivering approximately \$450 million in federal waivers to California in recent months. The total included the suspension this year of the child support enforcement penalties, which the state was paying for the lack of an automated system mandated by a congressional decree. Ms. Carlson added that Governor's other accomplishments since taking office include passage of workers' compensation reform and passage of Propositions 57 and 58, which the administration considers steps toward achieving a balanced budget, and she assured the attendees that the Governor is working hard with the California Legislature to complete a state budget by July 1.

### **RAND BRIEFING CONSIDERS RACIAL PROFILING ISSUE WITH OAKLAND STUDY**

On Monday, June 14, 2004, the RAND Corporation held a briefing focused on the state of racial profiling analysis in the nation and the development of new methods of assessing race bias in vehicle stops. In particular, the briefing addressed new data from Oakland, drawn from 7,607 recorded vehicle stops between June and December of 2003, that relates to the issue of racial profiling in that region.

Presenter and author Greg Ridgeway, outlined previous efforts to map out racial profiling by using census data, traffic surveys, and data on traffic-stop outcomes. He noted that RAND's new study on the issue used a more credible method when assessing racial bias in the decision to stop, as well as during the post-stop activities in Oakland. The study found that black drivers composed 54 percent of stops at night and 50 percent of stops during the day, indicating that there is no evidence of racial profiling in officer's decisions to stop the vehicle. The study found similar rates for the percentage of citations issued - the citation rate for black drivers is 4 percent less than that for comparable non-black drivers. The latter finding suggests that disparity may exist in citation rates, though the study is careful to note that it is unclear whether police are slightly more hesitant to cite black drivers or that some stops involving black drivers were not severe enough to warrant a citation.

The study's findings were different with respect to pat searches and the length of the traffic stops. Dr. Ridgeway reported that although rates for low-discretion searches are similar for blacks and non-blacks, the rates for pat searches tend to be higher for black drivers, while the rate of pat searches for white drivers is 0.4 percent. The study also found that a race bias may be present during the extent of the stop. Having adjusted for factors such as location and time of the stop and other stop outcomes, the study found that 47 percent of black drivers had stops that lasted less than ten minutes, whereas 53 percent of non-black drivers with similar characteristics experienced the same duration of the stop.

The study concludes that Oakland police are not involved in bias-based stop decisions as a department-wide practice, though it further finds that there are indications that racial disparities occur during post-stop activities. Dr. Ridgeway also emphasized the need for a streamlined, accurate and complete process to collect data in order to conclusively determine whether racial profiling is problematic in all areas of vehicle stops in the Oakland area.

For more information about this study, please visit RAND's website at: <http://www.rand.org>.

## **CALIFORNIA EMPLOYMENT GROWS FOR THIRD CONSECUTIVE MONTH**

The State Employment Development Department (EDD) reported this month in their Labor Market Review that despite job losses in government, information, and manufacturing non-farm sectors saw a net gain of 23,600 jobs in May -- 9.5% of 248,000 jobs added throughout the country. The increase marks a third straight month of growth. There were 14,501,200 jobs in total non-farm industries in May, up 23,600 jobs from last month, following a 15,700-job gain in April and a 21,500-job gain in March. Compared with May 2003, non-farm employment in the state grew by 110,200 jobs, a 0.8% rise. This places the California job growth rate nearly on par with that of the nation.

EDD reports that almost all fields experienced growth in May with the exception of the natural resources and government sectors, which experienced decreases of 0.9% and 0.4% respectively for the month. Information industry jobs grew by 7,400 jobs, the largest gain in May, and construction rose by 3,100 jobs, continuing to maintain the highest year-over growth rate. Manufacturing added 400 jobs but the industry is still down 21,800 jobs for the year, a decrease of 1.4%, according to the report while trade, transportation, and utilities grew by 4,550 jobs and in financial activities 1,700 new jobs were created. Professional and business services increased by 6,600, educational and health services by 3,300, leisure and hospitality by 3,800 and other services by 2,800.

Another report published by Chapman University's A. Gary Anderson Center for Economic Research predicts job creation will continue to accelerate into next year. The report based on national, state and county data estimates an increased growth rate from 0.4% in the state's first quarter this year to a peak of 1.8% in the second quarter next year. Further, the study asserted that the state will add 172,000 payroll jobs in 2004, a 1.2% increase, and 238,000 in the next year, a growth of 1.6%, according to the report.

In a press report, Howard Roth, chief economist for the state's Department of Finance urged caution when looking at the positive employment trends. Staffing agencies accounted for more than 6,000 new

jobs in May, meaning that many new jobs are temporary and not indicative of long-term growth. Mr. Roth said that although temporary hiring was predicted to be a positive sign for future employment, a shift away from that trend to one of long-term hiring is taking a long time.

The EDD's review is available at: <http://www.calmis.ca.gov/file/1fmonth/CaLMR.pdf> , and Chapman's publication may be ordered at: <http://www.chapman.edu/argyros/asbecenters/acer/default.asp> .