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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.*

### HOUSE TO CONSIDER CALFED BILL ON JULY 9

Late on July 8, 2004, House leadership indicated that the House would, on Friday, July 9, move to floor consideration of H.R. 2828, the CALFED bill.

Sponsored by Rep. Ken Calvert (Corona), the bill re-authorizes federal participation in the CALFED Bay-Delta Program at a \$389 million authorization cost over four years, establishes a centralized office aimed at providing coordinated regulatory approaches on federal permitting activities, and includes numerous plans for new water conveyance and levee reconstruction projects and measures to increase storage. The bill was reported out of the House Resources Committee on May 5. See [Bulletin, Vol. 11, No. 15 \(5/6/2004\)](#).

Most provisions in the bill have enjoyed widespread bipartisan support from the California delegation, however some members continue to question a provision in the bill that would automatically authorize some proposed water projects approved by the Administration unless Congress takes specific action to prohibit them.

For details regarding a Senate-passed measure authored by Sen. Dianne Feinstein, which does not contain the automatic authorization language, see, [Bulletin, Vol. 11, No. 14 \(4/30/04\)](#).

### HOUSE PASSES COMMERCE, JUSTICE, STATE APPROPRIATIONS MEASURE

By a vote of 397-18, the House on Thursday, July 8 passed H.R. 4754 funding the Departments of Commerce, Justice, State and Related Agencies for Fiscal Year 2005. The \$39.8 billion bill is just slightly more than the President's budget request of \$39.6 billion and \$2.2 billion more than FY04 funding of \$37.6 billion.

The Appropriations Committee bill funded the Justice Department at \$20.6 billion, \$1.0 billion more than FY04 and \$901.7 million above the President's request. During floor consideration, however, DOJ's funding was cut \$60 million to partially offset the cost of an amendment that was approved to provide \$79 million for the Small Business Administration Section 7(a) loan program. Included in the DOJ funding is \$3 billion for assistance to State and local law enforcement for crime fighting initiatives, \$886 million above the President's request and \$103 million

#### CONTENTS:

House To Consider CALFED Bill on July 9 .....	1
House Passes Commerce, Justice, State Appropriations Measure .....	1
Ways and Means Approves Australia FTA ..	2
House Passes Bill to Advance U.S. High-Performance Computing .....	2
House Panel Approves Labor-HHS-Education Spending Bill .....	3
House Committee Marks Up Water Bills ...	3
Transportation Conferees Still Split Over Total Funding Proposals .....	4
Judiciary Subcommittee Approves Movie Filtering Bill .....	5
Senate Commerce Considers Reauthorization of Fire Grant Program .....	5
Ways and Means Considers U.S.-Morocco Free Trade Agreement .....	6
Latest Medicaid Rankings Show California Still At Bottom for Funding .....	7
USDA Forest Service Releases Proposal On Off-Road Vehicle Use In National Forest Lands .....	7
Software Piracy Losses Rise To \$29 Billion, Study Finds .....	8
Report Warns Population Flooding From "Tidal Wave II" Growing More Perilous for California Community Colleges ...	8
Census Figures Show U.S. Demographic Shifts, Ethnic Differences .....	9
Pew Hispanic Center Explains Degree Attainment Gap .....	9
RAND Report Reveals California Health Emergency Challenges .....	10

below FY04. Of that, \$325 million is provided for the State Criminal Alien Assistance Program (SCAAP) to partially reimburse States for criminal alien detention costs. Funding in FY04 was \$300 million. California receives about 40 percent of SCAAP funding. In FY2003, the last year for which figures are available, the state and counties received \$95 million of the \$265 million total for the program.

In other funding for state and local law enforcement assistance programs, the bill provides \$634 million for the Edward Byrne Justice Assistance Grants program; \$349 million for juvenile delinquency prevention and accountability programs; \$384 million for violence against women prevention and prosecution programs, \$176 million to eliminate DNA analysis backlogs, \$113 million for COPS enhancement grants; and \$130 million for law enforcement technologies.

The Institute will prepare a more detailed analysis of the bill's effect on California in the near future.

## **WAYS AND MEANS APPROVES AUSTRALIA FTA**

The House Ways and Means Committee favorably reported H.R. 4759, the implementing legislation for the recently completed U.S.-Australia Free Trade Agreement. Under fast-track procedures, the bill was not subject to amendment. It passed with bipartisan support by voice vote, and House passage with bipartisan support is expected before Congress recesses at the end of this month. Action on the Senate side, however, has been slowed because of opposition by beef and dairy interests, who are concerned that the Agreement will allow Australian imports to undercut American beef and dairy sales.

The Agreement will immediately cut tariffs on U.S. manufactured exports to Australia. It will also eliminate tariffs on movies, music, and other entertainment and consumer products, and provide protections against piracy of copyrighted works. *See, Bulletin, Vol. 11, Nos. 16 (5/14/04) & 21 (6/25/04).*

California was the second largest state exporter to Australia in 2003, after Washington, with almost \$1.9 billion in trade.

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

## **HOUSE PASSES BILL TO ADVANCE U.S. HIGH-PERFORMANCE COMPUTING**

On Wednesday, July 7, 2004, the House of Representatives approved by voice vote a bill to create a new Department of Energy program to increase the performance and capacity of the nation's high-performance computers. The House Science Committee had approved the measure, H.R. 4516, on June 14. The bill seeks to return the U.S. to a dominant position in high-end computing, by establishing federal facilities for use by academics and federal researchers.

The bill responds to Congressional concerns that Japan now houses and runs the world's fastest computer, NEC's Earth Simulator. H.R. 4516 would authorize \$165 million over three years (\$50 million in 2005, \$55 million in 2006, and \$60 million in 2007) to support the development of computer laboratories via the DOE Office of Science. The House version of the Energy & Water appropriations bill proposes a \$30 million increase in supercomputing-related spending, to a total of \$234 million.

The fastest computer in the U.S. and second fastest in the world is known as Thunder, built by Intel, and is located at the University of California-managed Lawrence Livermore National Laboratory. The third and fourth fastest, respectively, are ASCI Q, built by Hewlett Packard, at the Los Alamos National Laboratory and "Blue Gene," now located at IBM's Thomas Watson Research Center in New Jersey and Massachusetts. (For Lawrence Livermore Lab, IBM is building a faster though physically more compact supercomputer version, dubbed "Blue Gene/L," which may contend for the top slot when completed in 2005.)

The House also approved a second bill, H.R. 4218, to give the White House Office of Science and Technology Policy (OSTP) authority over long-range federal planning for high-performance computing needs.

## **HOUSE PANEL APPROVES LABOR-HHS-EDUCATION SPENDING BILL**

The House Labor, Health and Human Services (HHS), and Education Appropriations Subcommittee unanimously (18 to 0) approved a \$142.5 billion spending bill on July 8, 2004, although, prior to reporting the bill to the full committee, Republicans had to stave off a Democratic amendment that would have boosted education funds by \$5.6 billion.

FY 2005 spending for health, education and social service programs would grow by roughly \$3.1 billion or 2 percent under the House Subcommittee's proposal, that's \$200 million more than President Bush's Budget request. Department of Education authorizations total \$57.7 billion, of which \$13.4 billion would be used for Title I grants to states to assist low income and low achieving students. Noting that Title I programs had been authorized at a much higher \$22.8 billion level under the No Child Left Behind act, the committee's Ranking Member David Obey (WI) submitted an amendment that would have added \$7.4 billion to the bill's overall authorization level, with offsets coming from a 30 percent curbing of tax cuts approved in 2001 and 2003. The amendment failed on a 7 to 11 party line vote.

Under the House bill, Pell Grant awards would be maintained at a maximum \$4,050 per student, however, the program would see a growth of \$823 million over last year's levels to accommodate growing student demands. Head Start, the federal government's preschool support program for financially disadvantaged children and their families would be increased by \$123 million, to a total FY05 figure of \$6.9 billion, under the reported version.

National Institute of Health allocations would experience a hike of \$727 million and Community Health Centers would grow by \$219 million in FY05, under the Subcommittee's bill, while the Centers for Disease Control's budget would be cut by \$101 million to \$4.48 billion.

The Department of Labor's dislocated worker assistance program would receive \$25 million more than FY 2004 under the Subcommittee proposal.

To view detailed tables on the bill published by the Subcommittee go to the House Appropriations Committee website at: [http://appropriations.house.gov/files/2005LHHSTable\\_Sub.pdf](http://appropriations.house.gov/files/2005LHHSTable_Sub.pdf).

## **HOUSE COMMITTEE MARKS UP WATER BILLS**

On Thursday, July 8, 2004, the Subcommittee on Water and Power of the House Committee on Resources met to consider and mark up pending water legislation, including two California-related bills, H.R. 4459 and H.R. 4606.

Introduced by Rep. Richard Pombo (Tracy), H.R. 4459 authorizes up to \$25 million in federal matching funds for groundwater remediation initiatives aimed at reducing perchlorate and other groundwater contaminants in the Lagas Groundwater Subbasin in Santa Clara County. The bill requires a local cost share of 35 percent. The Subcommittee previously held a hearing on this bill on June 23, 2004, during which the attendees heard testimony from Mr. William Rinne (Deputy Commissioner and Director of Operations of the U.S. Department of Interior), Ms. Rosemary Kamei (member of the Board of Directors of the Santa Clara Valley Water District), and Sylvia Hamilton (Chair of the Perchlorate Community Advisory Group, located in San Martin). To obtain copies of their testimony, please visit the Subcommittee website, listed below.

H.R. 4606 also addresses perchlorate contamination, in particular the Santa Ana watershed in Southern California. The bill's co-authors are Reps. Joe Baca (Rialto), Grace Napolitano (Norwalk) and Ken Calvert (Corona). H.R. 4606 authorizes the Secretary of the Interior to participate in the funding and implementation of a balanced, long-term groundwater remediation program in California. The bill establishes the "Southern California Basins Groundwater Remediation Fund" to remediate groundwater supplies in the San Gabriel and Santa Ana watersheds, and requires a local cost share of 35 percent. The Subcommittee also held a hearing on this bill on June 23, 2004. During that hearing the Subcommittee heard testimony from the following: Mr. William Rinne, Deputy Commissioner and Director of Operations, U.S. Department of Interior (DOI); Ms. Josie Gonzalez, Councilmember, City of Fontana; and Mr. Robert DeLoach, General Manager/CEO, Cucamonga Valley Water District.

For further information on the bill and the hearing, please visit the Subcommittee on Water and Power's website at: <http://resourcescommittee.house.gov/subcommittees/wp.htm> .

## **TRANSPORTATION CONFEREES STILL SPLIT OVER TOTAL FUNDING PROPOSALS**

House and Senate transportation conferees convened on July 7, 2004 to approve a third set of minor items to a slowly developing conference bill. Committee members have yet to tackle the bill's more contentious provisions, nor could they agree on an overall funding figure.

Senate conferees two weeks ago formally offered to their House colleagues \$318 billion over six years (the same amount as in the Senate Bill, S.1072) as the official authorization level for a final conference bill. The effort spearheaded by Conference Chair Sen. James Inhofe (OK) and approved by 17 of the 21 members of the Senate delegation was espoused as a starting point for conferees to move ahead and iron out the rest of the bill. In response to the proposal, House Conference members led by Conference Vice Chair Don Young (AK) said more time was needed to come to a consensus. "I would love to give a response, but am unable to," said Rep. Young.

At issue is a disagreement between House transportation authorizers who appear to prefer more robust growth in highways and transit spending and Republican leaders-- supported by fiscal conservatives-- who back House-passed legislation totaling \$283 billion in authorizations. House conferees are also holding back on approval of a total number in hope that an agreement might be reached with the White House. Both chambers would like the White House's support, but Administration officials have threatened a Presidential veto of any amount exceeding \$256 billion. In a year of budgetary constraints, top advisors to the president have threatened to veto any transportation legislation that adds to the federal deficit, including bonding or other provisions that would add fiscal pressure to the General fund. Conferee and House Ways and Means Committee Chairman Bill Thomas (Bakersfield) said that financing methods in the Senate bill violate these principles in a number of ways, adding, "It's not just the number, it's the structure." Rep. Thomas warned that a "\$318 billion or nothing" approach would lead to no final product, reflecting Congress' failure to meet White House principles.

Chair Inhofe, in response, commented that the Senate bill restores funds to the Highway Trust Fund (HTF) and that its financing practices would add no more to the deficit than the House bill, although both measures would add a greater fiscal burden than the White House's proposal. Senate conferee Barbara Boxer urged House members to make more progress and come to a consensus on the Senate proposal, commenting that 800,000 quality jobs were at stake-- 89,000 of which are in California. She told conferees not to be fearful of exercising Congressional checks-and-balances powers, implying that veto overrides have been successful in the past. Sen. Kent Conrad (ND) called upon conferees to consider lowering the cost of the bill to \$265 billion while shortening the duration of the bill to five years. He thought a leaner and shorter bill would serve as the best compromise between Congressional needs and White House principles.

At the outset of the meeting, the Conference Committee continued its practice of approving uncontroversial staff recommendations. This time, they approved 31 minor items, including definition clarifications, and added language that would extend the Richard M. Nixon highway designation on Imperial Highway to the Nixon Library.

While Conferees work on the comprehensive authorization bill, transportation programs are kept in effect through passage of temporary law extension measures. With time running out before the current extension's expiration at the end of the month, Chair Inhofe granted another week to House negotiators to come up with a counterproposal, setting the next conference committee date for Tuesday, July 13. Observers expect a future measure will further extend the programs through September 30.

A video archive version of this highways and transit conference committee meeting may be viewed at the CSPAN website at: <http://www.cspan.org> .

## **JUDICIARY SUBCOMMITTEE APPROVES MOVIE FILTERING BILL**

The House Judiciary Subcommittee on Courts, the Internet, and Intellectual Property reported H.R. 4856, the Family Movie Act, by a vote of 11-5 on Thursday, July 8. The bill provides that it is not copyright infringement to filter out perceived offensive material or language from a movie being privately viewed. The bill would allow consumers to buy special DVD players made by some companies that filter out objectionable content from films as they are viewed, without permanently changing or editing the actual disc. The aim is to give parents the ability to control the language and content watched by their children, without keeping them from seeing the entire movie.

During the markup, the Subcommittee defeated two amendments offered by Ranking Member Howard Berman (Valley Village). One would have limited the exclusion from copyright violation to altered movies viewed by children only; the other would have limited the content that can be filtered out to sex, profanity, and violence.

In a hearing on the bill held June 17<sup>th</sup>, Marybeth Peters, U.S. Registrar of Copyrights, and Jack Valenti, President and Chief Executive Officer, Motion Picture Association of America, both opposed the bill. Ms. Peters argued it was premature to deal with the issue legislatively as litigation addressing whether the manufacture and distribution of such software violates copyright laws is currently pending in the U. S. District Court for the District of Colorado. Mr. Valenti argued the bill would have unforeseen consequences, such as allowing the sale of abridged versions of movies based on a third party's opinion on what was appropriate or interesting in a film. He also argued that the legislation was premature because of the pending litigation, as well as ongoing negotiations between movie studios and the manufacturers of movie filtering products.

For further information, go to the Committee's website at: <http://www.house.gov/judiciary> .

## **SENATE COMMERCE CONSIDERS REAUTHORIZATION OF FIRE GRANT PROGRAM**

On Thursday, July 8, 2004, the Senate Committee on Commerce, Science and Transportation met to receive testimony regarding the Assistance to Firefighters Act of 2004, S. 2411, which would reauthorize the Assistance to Firefighters Grant Program under the FIRE Act. Committee Chair John McCain (AZ) presided over the hearing.

Initial witnesses included Suzanne Mencer, Director of the Office of State and Local Government Coordination and Preparedness (formerly ODP) at the U.S. Department of Homeland Security (DHS), and David Paulison, DHS' Director of the Preparedness Division and U.S. Fire Administrator. A second panel of witnesses included Chief Ernest Mitchell, President of the International Association of Fire Chiefs; James E. Monihan, Legislative Committee Chairman of the National Volunteer Fire Council; James M. Shannon, President and Chief Executive Officer of the National Fire Protection Association; and Billy E. Shields of the International Association of Fire Fighters, AFL-CIO-CLC.

Witnesses and committee members alike widely lauded the fire grant program, which provides grants directly from the federal government to local fire departments. As is the case with many homeland security programs, fire grant funds have increased sharply in recent years. The program primarily benefits rural fire departments. As one of the least rural states in the nation according to the Census Bureau (with nearly all of its population living in urban areas), California received 4 percent of fire grants in 2003, despite housing 12 percent of the nation's population.

The maximum award under the fire grant program is \$750,000, a limit applied to large and small fire departments alike. (California's fire departments tend to be larger than average. Los Angeles County, for example, operates the nation's largest fire department.)

The Senate bill would increase the maximum fire grant from \$750,000 to \$2.25 million, with departments that serve larger populations eligible for larger grants. Mr. Shields of the IAFF testified in support the proposal to increase the cap, but added that a House bill provision to raise the cap even further - to \$3 million - would be even better. (However, Shields noted that his union reluctantly opposes the House version of the bill



because it bars grants to fire departments that prohibit paid union firefighters from serving as volunteer firefighters in other departments.)

Noting that the original FIRE Act protected small and volunteer fire departments because it was feared they could not compete with larger departments, Shields said, “we now know that those initial fears were unwarranted, and the protections added to the legislation have had a detrimental impact on larger municipalities. Fire departments that are composed of professional firefighters protect roughly half of the US population, yet they received only 17% of funding.”

Shields commented that a 30 percent matching requirement limits the ability of some cities to apply for and obtain a grant. Chairman McCain acknowledged his point, and said smaller entities may have greater difficulty coming up with matching money. However McCain said, although he is not prepared to eliminate the matching requirement, because matching helps guard against mismanagement, he is willing to consider “fine tuning” the provision to reduce the percentage. (At present, larger departments must provide a 30 percent match, whereas small communities require only a 10 percent match.)

Chief Mitchell, who recently retired as chief of the Pasadena Fire Department, focused on the importance of local control of funds, particularly emphasizing a desire for all-hazards flexibility of funds, rather than being constrained to specific potential hazards such as chemical, biological, radiological, nuclear and explosive (CBRNE) incidents.

For links to witness testimony, visit <http://commerce.senate.gov/hearings/witnesslist.cfm?id=1257> .

## **WAYS AND MEANS CONSIDERS U.S.-MOROCCO FREE TRADE AGREEMENT**

The Ways and Means Committee, on Wednesday, July 7, held a hearing to consider the recently completed U.S.-Morocco Free Trade Agreement. Speaking in support of the Agreement during his opening statement, Chairman Bill Thomas (Bakersfield) stated: “Many features of the Morocco FTA provide a positive example, particularly the fact that the agreement is comprehensive - meaning all products are covered under the agreement. Further, the agreement includes strong protections for investment dispute settlements, including investment agreements.”

The Committee heard from several witnesses, including: The Honorable Peter F. Allgeier, Deputy United States Trade Representative; and, Melika Carroll, Trade Policy Director, Intel Corporation.

Ambassador Allgeier outlined the details of the Agreement. He pointed out that Morocco currently imports \$11.6 billion in products each year, but U.S. products entering Morocco face average tariffs of more than 20 percent, while Moroccan products are subject to average duties of only 4 percent in the United States. Under the Agreement, more than 95 percent of two-way trade in consumer and industrial products will become duty-free immediately upon the Agreement’s entry into force, with all remaining tariffs on currently traded products to be eliminated within nine years.

On agriculture issues, Ambassador Allgeier testified that negotiators were successful in working out what he considered a balanced agreement between Morocco’s development needs and the free trade principles of the United States. He stated that, under the Agreement, “our beef and poultry producers will get new access to a market that was formerly closed to them. Tariff rate quotas for durum and common wheat could lead to five-fold increases in U.S. exports over recent levels.” Additionally, in the services sector the Agreement contains broad commitments from Morocco to create a wide array of new opportunities including banking, insurance, audio-visual, telecommunications and computer-related services. Ambassador Allgeier also testified that the Agreement provides for a high level of intellectual property protection, including state-of-the-art protections for trademarks and digital copyrights, expanded protection for patents and product approval information and tough penalties for piracy and counterfeiting.

Ms. Carroll testified that both Intel and the U.S.-High Tech Trade Coalition, of which Intel is a member, strongly support the Morocco Agreement. She lauded the fact that Morocco agreed to join the Information Technology Agreement as part of the FTA negotiations, which resulted in most tariffs on U.S. high-tech manufactured goods being eliminated in April 2004. Previously, tariffs on most computer components and

products in Morocco ranged between 2.5% and 10%, according to Ms. Carroll. She also noted that Morocco's piracy rate has dropped significantly from 82 percent in 1994 to 58 percent in 2002 and stated that the intellectual property provisions in the FTA will continue this positive trend and serve as a model for the rest of the region. Finally, she praised the Agreement for including full market access and national treatment on services, noting that rapidly evolving new computer services, driven by continual advances in technology, will be covered by commitments contained in the Agreement.

Testimony of all the witnesses can be obtained from the Committee's website at:

<http://waysandmeans.house.gov>.

## **LATEST MEDICAID RANKINGS SHOW CALIFORNIA STILL AT BOTTOM FOR FUNDING**

California continues to rank at the bottom of the list in terms of Medicaid payments per person served, according to newly released data by the Centers for Medicaid and Medicare Services (CMS). Titled "*Program Information on Medicaid and State Children's Health Insurance Program (SCHIP)*" and better known as the Medicaid Chartbook, the report for 2004 consists of charts detailing information on Medicaid benefits, populations served, and expenditures, as well as managed care, prescription drugs, and disabled persons.

In FY 2002, Medicaid financed health care for an estimated 53 million low-income Americans at a total cost of \$244 billion, including federal, state and local funds. As of 2001, Medicaid and SCHIP spending accounted for 16 percent of total national health expenditures, one-fifth of total state spending, and 43 percent of federal funds provided to the states. A reimbursement program, Medicaid's formula determines each state's federal share of health care payments on a continuum between 50 and 76 percent, with a national average of 57 percent in 2002 (called the Federal Medical Assistance Percentage (FMAP) Rate).

Of total federal Medicaid spending, California's share is typically between 10 and 11 percent. California's 2004 FMAP rate is again 50 percent, a level that is artificially low because the formula incorrectly assumes that states with high per capita incomes will have low poverty (an assumption that is valid for most states, but invalid for California). The report shows that California is one of the few states with the lowest payments (\$2,155) per person served; the other five states with per capita expenditures below \$3,000 were Georgia (\$2,774), Hawaii (\$2,626), Mississippi (\$2,987), Tennessee (\$2,223), and Washington (\$2,717).

The report also places SCHIP expenditures at \$3.8 billion in FY 2002, with a population of 5.3 million children served. California's 2004 Enhanced FMAP rate is recorded as between 65 to 70 percent. An "enhanced" FMAP rate is employed for all persons covered through SCHIP such as parents of SCHIP and Medicaid children, pregnant women and other adults. California's share of SCHIP funding is considerably larger, owing largely to the state's large youth population, but the FMAP approach still reduces its SCHIP share.

To obtain a full copy of this report, please visit the Centers for Medicaid and Medicare Services website at:

[http://www.cms.hhs.gov/charts/medicaid/InfoMedicaid\\_schip.pdf](http://www.cms.hhs.gov/charts/medicaid/InfoMedicaid_schip.pdf).

## **USDA FOREST SERVICE RELEASES PROPOSAL ON OFF-ROAD VEHICLE USE IN NATIONAL FOREST LANDS**

This week the U.S. Department of Agriculture's Forest Service released a proposal for managing motorized off-highway vehicle (OHV) use in national forests and grasslands aimed at minimizing damage to the natural setting and enhancing the experience of national park visitors. "We want to improve our management of outdoor recreation by having a system of routes and areas offering the best opportunities for OHV use while still meeting our responsibility to sustain National Forest System lands and resources," Forest Service Chief Dale Bosworth said.

The Forest Service reports that OHV users increased 600 percent, from five million in 1972 to 36 million in 2000, and the Draft Policy cites that growing use as the cause for the proposal. There are 43,000 miles of established roads and 16,000 miles of trails within National forests in California, with 5,000 of the established

trails currently open to motor use. In the state's surveyed, non-wilderness land, which is only about half the total area, the Forest Service says it has identified 7,000 miles of illegal, user-created trails.

The Forest Service proposal would require individual forests to designate trails for OHV use. Areas not specifically designated as such would be restricted, eliminating cross-country travel. According to the Forest Service, snowmobile use would not be affected.

The Off Highway Vehicle Commission has provided \$5.8 million to national forests in California to help with route designation. The Forest Service proposal does not include specific federal funding for the national project and it says it will most likely require funding to be taken from other programs. Matt Mathes, a regional spokesman said, "some other program may suffer to fund this program."

Karen Schambach, California coordinator for Public Employees for Environmental Responsibility, expressed concern with the lack of details or set guidelines to help local forests in carrying out the project because "the forests are so stretched out." The bottom line, she said, is that while it is a start, "It still boils down to an unfunded mandate."

The agency says it is accepting comments for 60 days after the proposal is published in the Federal Register. The full text of the proposal is available at <http://www.fs.fed.us>.

### **SOFTWARE PIRACY LOSSES RISE TO \$29 BILLION, STUDY FINDS**

The Business Software Alliance (BSA) released a study on July 7, 2004, showing that nearly 36 percent of the software installed on computers worldwide was pirated in 2003, representing a loss of nearly \$29 billion for the industry. The global piracy study, conducted for BSA by International Data Corporations, for the first time incorporated major software market segments including operating systems, consumer software and local market software, rather than just business software applications as in previous years. The study found that while \$80 billion in software was installed on computers worldwide last year, only \$51 billion was legally purchased.

Among the study's key findings are:

- The piracy rate in the Asia/Pacific region was 53 percent, with dollar losses of more than \$7.5 billion;
- In Eastern Europe, the piracy rate was 71 percent, with dollar losses at more than \$2.1 billion;
- In Western Europe, the rate was 36 percent, and dollar losses totaled \$9.6 billion;
- The average rate across Latin American countries was 63 percent, with losses totaling nearly \$1.3 billion;
- In the Middle Eastern and African countries, the rate was 56 percent on average, with losses totaling more than \$1 billion; and
- In North America, the piracy rate was 23 percent, and the losses totaled more than \$7.2 billion.

For more information on the Global Software Piracy Study, please visit: [www.bsa.org/globalstudy/](http://www.bsa.org/globalstudy/).

### **REPORT WARNS POPULATION FLOODING FROM "TIDAL WAVE II" GROWING MORE PERILOUS FOR CALIFORNIA COMMUNITY COLLEGES**

A new report published by the National Center for Public Policy and Higher Education concludes that California Community Colleges and the California higher education community in general may be less prepared to manage the next wave of students entering college age (Tidal Wave II) than initially estimated. The report recommends a policymaking focus on facilitating increased access and educational quality improvements as the best way to tackle the looming crisis.

The report, entitled "Ensuring Access with Quality to California's Community Colleges" suggests added pressures from budget cuts and burgeoning enrollment has increasingly limited community college enrollees to "education savvy" students. As a result, the authors say students with weak academic records and students pursuing vocational education goals are under threat of being left behind.

Other factors contributing to California's higher education challenges are a growing body of students driven by the anticipated surge in the number of high school graduates, the qualitative shifts in the ethnic makeup of students as Latinos grow to college-aid, state budget pressures causing a redistribution of 25,000



students normally slated for UC or CSU enrollment, and added costs from the projected 1 million youths without high school diplomas, comprising what the report calls the “Hidden Tidal Wave”.

The report calls for steps to be taken to expand quality and access to California Community Colleges as the most effective way to respond to the challenges in question. The authors contend, however, that California’s strong higher education infrastructure, sufficient resources, and widespread public support for higher education programs may be adequate to weather the coming storm.

To acquire more information about this report or to view a copy visit the National Center’s website at: <http://www.highereducation.org/reports/hewlett/>.

## **CENSUS FIGURES SHOW U.S. DEMOGRAPHIC SHIFTS, ETHNIC DIFFERENCES**

According to newly released data from the U.S. Census Bureau, Hispanic and Asian American groups are increasing at a faster pace than the overall population. The data set released in June 2004 indicates that the population of Hispanics of any group reached 39.9 million on July 1, 2003, or about one-half of the 9.4 million new U.S. residents added since Census 2000. The latter figures translated into the growth rate of 13 percent over the 39-month period, which is close to four times that of the overall population growth rate of 3.3 percent. At the same time, the number of people of Asian descent grew to 13.5 million (12.5 percent) during the same period. Following Asians were native Hawaiians and other Pacific islanders (5.8 percent, to 960,000), blacks (4.4 percent, to 38.7 million), American Indians and Alaska natives (3.3 percent, to 4.4 million) and whites (2.8 percent, to 237.9 million).

The data also includes statistical breakdowns of race and ethnic groups by age, with Hispanics as the most likely to be preschoolers (under the age of 5), with more than 10 percent (4.2 million), native Hawaiians and other Pacific Islanders having the highest number (18 percent) of elementary-school children, and American Indian and Alaskan natives with the highest number of high-school aged children (8 percent).

The data released by Census included the following additional statistics:

- Working-age adults (18- to 64-year-olds) totaled 181.8 million. Two-thirds of Asians fell in this age group, the highest proportion of any race or ethnic group (66 percent).
- There were 35.9 million people age 65 and over. Fifteen percent of non-Hispanic whites reporting only one race belonged to this age group -- That proportion surpassed that of all other race and ethnic groups. Nationally, 12 percent of the total population was 65 years and over.
- A total of 4.7 million people were in the “oldest old” category (age 85 and over). About 2 percent of non-Hispanic whites reporting only one race were in this age group, higher than any other race or ethnic group.
- The U.S. median age continued to rise, from 35.3 years on April 1, 2000, to 35.9 years on July 1, 2003. The median of 39.6 years for non-Hispanic whites reporting only one race was the highest, while that of Hispanics, 26.7 years, was the lowest of all groups except the two-or-more-races population.

To obtain additional information about this data, please visit the U.S. Census Bureau website at:

<http://www.census.gov>.

## **PEW HISPANIC CENTER EXPLAINS DEGREE ATTAINMENT GAP**

The Pew Hispanic Center recently published a study entitled “*Latino Youth Finishing College: The Role of Selective Pathways.*” The study, which aimed to determine why a degree attainment gap exists between white and Latino students, used data from the Department of Education’s National Educational Longitudinal Survey (NELS), which tracked 25,000 students from the time they attended eighth grade in 1988 until most were 26 in 2000. The study compared college outcomes for “equally well-prepared” students within this group, focusing on whites and Latinos. Results indicated that 47 percent of whites who entered college received a bachelor’s degree compared to 23 percent of Latinos - a 24 percent gap. The study assessed some of the contributing factors to the gap in bachelor’s degree completion and identified several key junctures where Latinos fall behind whites with similar qualifications.

Richard Fry, senior research associate at the center and author of the report, found that “inadequate secondary preparation is not to blame.” He said study results indicate that college selection plays a larger role in success than high school instruction. The study showed that Latinos of equal preparation more frequently attend less selective post secondary schools, which are typically associated with a lower graduation rate. Of the best prepared college students, the study indicated close to 60 percent of Latino students attended non-selective colleges and universities compared to 52 percent of white students, which he notes is important because selectivity of a college correlates with degree attainment for all undergraduates.

The report also indicated that even when Latinos do attend the same schools as white students they complete degrees at lesser rates. According to the study, whites attending community college were nearly twice as likely as Latino counterparts to finish a bachelor’s degree, and in non-selective colleges and universities, 81 percent of whites completed a bachelor’s degree compared to 57 percent of Latinos.

The study concludes that Latino students are more often hindered in their efforts to complete a degree by factors such as delayed enrollment in college, greater financial responsibility for family members, and living with family rather than in campus housing while in college.

In an earlier publication, entitled *Race and Educational Attainment in California: Census 2000 Profiles No. 11, October 2002*, the Center for Comparative Studies in Race and Ethnicity at Stanford University evaluated comparative levels of degree attainment specific to the state of California. It reported that in general, Whites and Asians/Pacific Islanders have the highest levels of education (particularly in terms of college and graduate degree attainment) while adults identified as Latino or Some Other Race hold the lowest levels of education. The census data the Center used, which focused on California’s adult population age 25 and older, showed that in 2000 56 percent of whites had a highschool degree compared to 39 percent of Latinos, and 21.2 percent of whites held a bachelors degree compared to 5.1 percent of Latinos.

With regard to rates of bachelor’s and graduate/professional’s degree attainment, the Center found that between 1990 and 2000 Whites experienced the largest growth (33.0 percent and 29.7 percent, respectively), followed by Asians/Pacific Islanders (19.7, 27.4), and Blacks (16.0, 20.5). Latinos (9.1, 8.4), and American Indians (3.0, 1.6) experienced the smallest change in these rates.

To review the study, go to <http://www.pewhispanic.org>. The publication by the Center for Comparative Studies in Race and Ethnicity can be found at [http://www.stanford.edu/dept/csre/reports/report\\_11.pdf](http://www.stanford.edu/dept/csre/reports/report_11.pdf).

## **RAND REPORT REVEALS CALIFORNIA HEALTH EMERGENCY CHALLENGES**

The RAND Center for Domestic and International Health Security recently released findings in a study entitled Public Health Preparedness in California, which indicates the state may not be adequately prepared for a major disease outbreak or other public health emergency. It found that despite a slow start in receipt of funds from the Centers for Disease Control and Prevention (CDC), all health jurisdictions studied have undertaken significant preparedness activities. However, it also found widespread variation among jurisdictions in ability to respond to infectious disease outbreaks and other public health threats.

The study identified similar preparedness gaps in jurisdictions across California. Redundancy and inefficiency were cited as problems stemming from the overlapping and repetitive efforts of individual jurisdictions in formulating their own preparedness activities. A lack of strong, central leadership and coordination was linked to these gaps, and one contributing factor cited was a feeling expressed by participants that they could not rely on the California Department of Health Services to address their common needs.

The study further highlighted problems in establishing roles of public health jurisdictions in relation to other agencies involved in emergency response. They found little agreement about what jurisdictions should do when faced with a public health emergency or how they should do it. Moreover, the report discovered a widespread lack of consensus over the definition of public health and the types of activities public health agencies are responsible for. Lack of involvement of community groups in preparedness efforts, particularly those serving underrepresented minorities, was also named by the study as a significant issue of concern based on the historical vulnerability of poor and minority populations due to inadequate communication.

Based on their study results, RAND makes several recommendations to improve state preparedness. As a first step, they suggest a high-level commission be formed to examine ways of reorganizing public health in California, focusing on how to support leadership at the state level as well as state-local relationships. The authors propose objective performance measures be developed, implemented, and refined as needed, and they call for improvement of the statewide epidemiological information system. On the local level, community involvement in defining issues and planning responses are characterized as the linchpin to successful implementation of any plans.

RAND warns that an increased focus on preparedness activities likely has a “hidden cost.” According to the authors, staff reassignments to accomplish preparedness functions combined with pre-existing workforce shortages and cuts to budgets at the county-level are compromising other public health functions. Because of this, they say additional resources will be necessary to improve public health preparedness and local public health systems in general. The report suggests that the building and maintaining of a highly skilled public health workforce is considered vital and that an investment in training is needed for staff at all levels, and through coordinated planning and shared resources. Estimating that between 72 and 96 million dollars are needed annually in addition to federal grants, the authors conclude that real goal attainment will come with structural changes and dedicated resources.

Findings of the study are accessible on RAND’s website ( <http://www.rand.org> ) and through a report in *Health Affairs* ( <http://www.healthaffairs.org> ).