



## THE CALIFORNIA INSTITUTE FOR FEDERAL POLICY RESEARCH

419 New Jersey Avenue, SE, Washington, D.C. 20003 202-546-3700

fax: 202-546-2390 e-mail: [randsell@calinst.org](mailto:randsell@calinst.org) web: <http://www.calinst.org>

# California Capitol Hill Bulletin

Volume 11, Bulletin 29 – September 23, 2004

*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.*

## TRANSPORTATION-TREASURY SPENDING BILL CLEARS HOUSE FLOOR SANS \$50 BILLION

The House approved its version of the Transportation-Treasury spending bill on September 22, 2004 by a vote of 397 to 20. Although members did not attempt to restore \$50 billion in slashed transportation funds to the appropriations measure (HR 5025), amendments restricting the privatization of federal jobs and easing travel to, and sanctions on, Cuba were tacked onto the bill before it was favorably reported.

Last week, debate on the measure was hampered by disagreements over transportation spending authority between appropriators and transportation authorization leaders, who failed to reach consensus on rules governing debate. The unresolved dispute led to the elimination of funding for highways, transit, Amtrak, and safety programs in the bill during floor consideration. These funds were not restored before the bill's passage; however, staff report that the eliminated funds will likely be reinserted in the conference committee.

Members of the House adopted a controversial amendment, submitted by Rep. Chris Van Hollen (MD), prohibiting the outsourcing of hundreds of thousands of federal jobs to private contractors. Rep. Ernest Istook (OK), Chair of the Transportation-Treasury and Independent Agencies appropriations subcommittee, opposed the amendment, deriding it as a government workers' union ploy that would result in mass inefficiency and wasted taxpayers' dollars. Anti-privatization language has drawn a veto threat from the White House and is expected to be watered down or eliminated when the bill is conferenced.

Another provision added to the bill during floor debate that threatens to draw a veto is that of easing sanctions on Cuba. The House approved an amendment, 225 to 174, eliminating travel impediments for Cuban ex-patriots wishing to visit family. A Rep. Maxine Waters' (Los Angeles) amendment lifting barriers to sales of agricultural and medical products to Cuba also was approved. Another amendment on cross-border truck safety, authored by Rep. John Olver (MA), was added to the bill by a vote of 339 to 70. It would block a proposed rule giving Mexican and Canadian

### CONTENTS:

Transportation-Treasury Spending Bill Clears House Floor Sans \$50 Billion .....	1
Senate Appropriations Committee Passes VA-HUD Bill .....	2
Tax Conferees Include R&D Credit Extension In Family Tax Extension Bill .....	3
House Agriculture Reports Sudden Oak Death Bill .....	3
House Passes Anti-Counterfeiting Bill .....	4
Senate Committee Approves Bill to Overhaul NOAA .....	4
Government Reform Committee Addresses International Piracy .....	5
Senate Passes Port Security Bill .....	5
Senate Committee Marks Up Bill Authorizing R & D for Ultrascale Computing .....	5
Bipartisan Vocational Education Measure Approved by Senate Panel .....	6
Senate Committee Reauthorizes NASA, Endorses Administration's Vision .....	6
CBO Analyzes NASA Funding Estimates for Administration's New Vision For Space .....	7
Southern California Air Pollution Among Most Harmful to Kids with Asthma .....	7
California Secretary of Agriculture Discusses Specialty Crops at Briefing Sponsored by the California Institute and California Grown .....	8
RAND Briefing Addresses States' Efforts to Insure the Uninsured .....	9
Californians See More Hinging on Election Results, PPIC Poll Finds .....	9
Correction Re SCAAP Funding .....	9

companies an additional 2 years to bring their commercial carriers into compliance with US safety regulations. Mr. Olver noted that commercial fleets had already been granted 30 months to make the necessary adjustments to conform to minimal safety guidelines.

The Senate's companion bill, S. 2806, cleared the Appropriations Committee by voice vote on September 14, and is expected to be considered on the Senate floor sometime next week.

In the meantime, the head of the effort to reauthorize transportation programs spoke out against a proposal introduced by Sens. James Jeffords (VT), Harry Reid (NV) and Kit Bond (MO) that would extend transportation program authorizations for six months. Approval of the six month plan introduced on September 21, would render dead virtually any chance of a long term agreement on a comprehensive highways and transit bill before the November elections.

Delivering hope to those who believe a multi-year authorization plan is tenable before the current legislative session concludes, transportation conference committee Chair James Inhofe (OK) is not quitting on his objective. Conferees are still engaged in negotiations to reach a consensus on the cost of a bill and on how to establish a more equitable rate of return in transportation spending to states who invest money in federal highway programs.

House Republican leaders led by Reps. Tom Delay (TX) and Bill Thomas (Bakersfield) are promoting a \$299 billion overall total over six years, a figure the White House has unofficially said it would support (the official White House plan costs \$256 billion). Many Senate conferees, however, say \$299 billion is inadequate compared to the \$318.9 billion approved by the Senate in February.

The most recent temporary extension keeping Highways programs in operation is scheduled to expire on September 24th. Transit and safety programs will lapse on September 30th, unless a new extension is approved by Congress and signed by the president.

## **SENATE APPROPRIATIONS COMMITTEE PASSES VA-HUD BILL**

On September 21, the Senate Appropriations Committee favorably reported the fiscal year 2005 spending bill for the Departments of Veteran Affairs, Housing and Urban Development and Independent Agencies by a unanimous 29-0 vote. The bill's appropriations total \$128 billion of which \$92.9 billion is discretionary spending. The bill also includes \$2 billion in emergency spending earmarked for NASA and veteran's healthcare which does not count toward the discretionary spending cap. The total bill is \$6.6 billion above the FY04 spending levels and \$2.8 billion above the President's budget request for FY05.

The Department of Veterans Affairs accounts for more than half of the bill's total spending, at \$68.1 billion. Of that, \$35 billion are discretionary funds. \$30 billion is earmarked for veterans health benefits, which is nearly \$2 billion over FY04 funding levels and \$1.2 billion over the administration's request. Nearly \$700 million is allocated for major and minor construction projects throughout the country. California stands to receive a number of VA earmarks, mostly for National Cemetery construction and repair in Riverside, San Joaquin Valley, and Fort Rosecrans.

For the Department of Housing and Urban Development, the Committee allocated a budget of \$36.4 billion, which is \$1 billion above FY04 spending levels and \$700 million above the Administration's request. The Section 8 housing program received a large increase of \$1.4 billion over FY04 funding bringing it to \$20.7 billion, nearly \$2.3 billion above the President's budget request. The bill includes about \$5 billion for Community Development Block Grants, which is \$29 million over FY04 levels and \$332 million over the FY05 budget request. California received a number of block grants, totaling \$3.5 million for a senior center in Inglewood (\$1 million), the Eldorado Teen Center in Stockton (\$250,000), the Old Mint Redevelopment Project in San Francisco (\$250,000), a senior center in Davis (\$350,000), the LA Harbor/Watts Economic Development Corporation park and recreational site (\$450,000), and the Sacramento Housing and Development Agency for low income housing (\$500,000). The bill also includes \$1.3 billion for homeless assistance, \$2.0 billion for HOME programs, and \$2.6 billion for the Public Housing Operating Fund.

The National Aeronautics and Space Administration (NASA) is funded at \$16.4 billion, which is \$200 million above FY04 spending levels and \$665 million less than the Administration's request. \$4.3 billion of NASA funding is for Return to Flight efforts, with another \$1.6 billion earmarked for the International Space Station. In addition, a Mikulski/Hutchison Amendment added \$800 million to bill for NASA activities, including funds for the Hubble Servicing Mission (\$300 million) and Space Shuttle Return-to-Flight (\$500 million) – the amendment was designated as providing emergency funding, and thus did not require a fiscal offset.

The Environmental Protection Agency received funding of \$8.6 billion, which is \$135 million above FY04 funding, and \$770 million above the Administration's request. The National Science Foundation is funded at \$5.8 billion, which is \$169 million above FY04 funding and equal to the President's request.

The Senate Committee on Appropriations' report for the bill can be found online at <http://thomas.loc.gov/home/approp/app05.html>. A more detailed analysis of the bill's effects on California produced by The California Institute will be available in the coming weeks.

## **TAX CONFEREES INCLUDE R&D CREDIT EXTENSION IN FAMILY TAX EXTENSION BILL**

House and Senate conferees on the family tax extension package agreed on Wednesday, September 22 to include an extension of the Research and Experimentation tax credit (known as the R&D tax credit) in the bill. The R&D credit, which expired June 30, 2004, was extended for 18 months retroactively. It will run from July 1 of this year to December 31, 2005. The tax relief in the Conference Report on the "Working Families Tax Relief Act of 2004", H.R. 1308, now totals \$146 billion. \$13 billion of that extends about 20 tax breaks for businesses, with the remainder aimed at extending tax provisions for families that were enacted in the 2001 tax bill and are due to expire.

Major provisions in the Conference Report include an extension of the 10-percent income tax bracket and the \$1,000 child tax credit. Also, the \$58,000 Alternative Minimum Tax exemption amount for married couples, and the \$40,250 AMT exemption amount for single individuals are extended for one year (through 2005).

In addition to extending the R&D credit, the conference report also extends several other provisions that have expired, or are scheduled to expire soon including:

- Work Opportunity Tax Credit (WOTC);
- the Welfare-to-Work tax credit;
- the deduction for computer donations;
- the \$250 deduction for teacher classroom expenses; and
- the expensing of "Brownfields" environmental remediation costs.

The House expects to vote on the Conference Report on Thursday, September 23, with the Senate following suit shortly thereafter.

Further information on the bill can be obtained from the Ways and Means Committee at:

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

## **HOUSE AGRICULTURE REPORTS SUDDEN OAK DEATH BILL**

On Thursday, September 23, the House Agriculture Committee favorably reported by voice vote H.R. 4569. The bill requires the Secretary of Agriculture, acting through the Animal Plant and Health Inspection Service (APHIS), to develop a national plan for the control and management of Sudden Oak Death, a fungal disease that has affected acres of forest land in California and has now spread to some Southern California nurseries.

In developing the plan, APHIS must address the extent to which the disease exists in the United States, current and past efforts to understand the risks posed by the disease, and the results of efforts to control and manage it.

The bill was introduced by Rep. Max Burns (GA) and co-sponsored by numerous members of the California delegation. Sen. Barbara Boxer introduced S. 2575, which was co-sponsored by Sen. Dianne Feinstein. It passed the Senate by voice vote on Wednesday, July 11<sup>th</sup>. The Senate bill requires the Department of Agriculture to study the onslaught of SOD syndrome and conduct research and management projects. It also calls on Agriculture to monitor and treat affected trees and establish a Sudden Oak Death Syndrome Advisory Committee. Additionally, it requires the Department to provide fire management in areas swept by the syndrome because the dead trees present major fire hazards.

## **HOUSE PASSES ANTI-COUNTERFEITING BILL**

On Tuesday, September 21, the House passed by voice vote under suspension of the rules, H.R. 3632, the Intellectual Property Protection and Courts Amendments Act of 2004. The bill would amend the criminal statutes to prohibit the theft of, and trafficking in, authentication components. Authentication components, such as Certificates of Authenticity, holograms, and the like, are used by companies to identify their products as company-manufactured and not pirated copies. In recent years, the theft and sale of authentication components for the purpose of counterfeiting copyrighted works has increased, but there is no effective enforcement system because it is not illegal to sell genuine authentication components.

Before floor consideration, three other bills were attached to the underlying measure and passed as part of H.R. 3632. H.R. 3754 increases penalties for knowingly providing false contact information when registering a domain name for a Web site. The provision would double or increase by seven years, whichever is less, the federal sentence for domain name registration fraud. H.R. 112 and H.R. 4646 designate Colorado Springs, CO and Plattsburgh, NY, respectively, as federal court sites, a move supported by the Administrative Office of the U.S. Courts.

## **SENATE COMMITTEE APPROVES BILL TO OVERHAUL NOAA**

On Wednesday, September 22, the Senate Committee on Commerce, Science and Transportation approved a restructuring of the National Oceanic and Atmospheric Administration (NOAA) by voice vote. The bill, S. 2647, sponsored by ranking Democrat Ernest F. Hollings (SC), would give NOAA independent authority over its own budget and operations. The bill stopped short of removing NOAA entirely from the Commerce Department, as originally proposed by Sen. Hollings.

The bill follows the release of the final report of the U.S. Commission on Ocean Policy on September 20. The Commerce, Science and Transportation Committee held a hearing on September 21 to discuss the report's findings, and quickly moved to mark up the related Senate bill. At the report hearing, Rep. Sam Farr (Carmel) testified, describing the "imperiled state of our oceans." The scathing report explains how "our current ocean and coastal management system, created over thirty years ago, is archaic and incompatible with new knowledge about how the oceans and coastal waters function as a whole." Rep. Farr described how, in particular, our increased knowledge of the interrelatedness of ocean ecosystems must alter the way we manage and use America's coastal waters in the future. Also during the hearing, Sen. John McCain (AZ) vented a blistering indictment of the Administration, in the person of Retired Admiral James D Watkins, the Chairman of the Ocean Commission, for failures to curb or regulate pollution of the oceans. The bill reported by the Senate Committee is intended to address some of the institutional and organizational problems that have hindered ocean regulation and policy. At present, more than 15 agencies help administer ocean policy.

According to the California Ocean Resources Management Program, more than half of California's population lives within 50 miles of California's 1,100 miles of coastline. Furthermore, as of 1992, ocean dependent industries contributed more than \$17.3 billion in wages and income to the California economy.

For more information on the bill, visit the Senate Committee on Commerce, Science and Transportation's website at <http://commerce.senate.gov/>.

## **GOVERNMENT REFORM COMMITTEE ADDRESSES INTERNATIONAL PIRACY**

The House Government Reform Committee held a hearing on Thursday, September 23 to address the effectiveness of U.S. government agencies' ability to protect U.S. intellectual property abroad. At the hearing, the General Accounting Office testified regarding a report it has just completed on the issue. The report, prepared at the Committee's request, is entitled *U.S. Efforts Have Contributed to Strengthened Laws Overseas, but Challenges Remain*, GAO-04-912. Mr. Loren Yager, the Director of International Affairs and Trade testified for GAO. In the report and his testimony, Mr. Yager detailed the policy initiatives and law enforcement efforts that various U.S. agencies undertake in an attempt to protect U.S. products from being pirated and sold by foreign entities. He also outlined the various mechanisms that agencies use to coordinate their efforts. The report found that formal interagency meetings, such as the annual "Special 301" review, are perceived by both the agencies and industry sources as thorough and effective. On the other hand, the report states, "the National Intellectual Property Law Enforcement Coordination Council, established to coordinate domestic and international intellectual property law enforcement, has struggled to find a clear mission, has undertaken few activities, and is generally viewed as having little impact." The Report concludes that "future U.S. efforts face significant challenges. For example, competing U.S. policy objectives take precedence over protecting intellectual property in certain regions. Further, other countries' domestic policy objectives can affect their "political will" to address U.S. concerns. Finally, many economic factors, as well as the involvement of organized crime, hinder U.S. and foreign governments' efforts to protect U.S. intellectual property abroad."

The Committee also heard from a panel of witnesses representing industries dependent on intellectual property: Joe Papovich, Sr. Vice Pres. - International, Recording Industry Association of America; John Malcolm, Sr. Vice Pres. for Worldwide Anti-Piracy, Motion Picture Association of America; and Robert Cresanti, Vice Pres. for Public Policy, Business Software Alliance. All three witnesses detailed the harsh economic effects that international piracy has on their industries and briefed the Committee on the educational and enforcement activities that they take to combat the problem. Each of the witnesses also agreed that U.S. agencies are doing what they can to strengthen U.S. intellectual property protections abroad. However, they noted that the problem is so pervasive that the limited financial and personnel resources available to U.S. agencies is inadequate for the job.

For testimony of the witnesses, or to obtain the GAO report, visit: <http://reform.house.gov> or <http://www.gao.gov/new.items/d04912.pdf>.

## **SENATE PASSES PORT SECURITY BILL**

The Senate passed by voice vote S. 2279 on Tuesday, September 21. The bill would impose civil penalties on vessels that violate the port security law and directs the Department of Homeland Security to provide Congress with a status report on the installation of radiation detectors at seaports and the extent and effectiveness of cargo screening efforts at foreign ports.

DHS would also be required to reassess the methods it uses to inspect international cargo containers and the level of security taken on cruise ships.

A companion bill has not been introduced in the House and House action on S. 2279 is uncertain.

## **SENATE COMMITTEE MARKS UP BILL AUTHORIZING R & D FOR ULTRASCALE COMPUTING**

On September 15<sup>th</sup>, the Senate Committee on Energy and Natural Resources marked up a House bill authorizing the Department of Energy to research and build high-end computer labs for academic and government research. The bill, HR 4516, would provide \$165 million over three years to support the development of ultrascale computer labs, the most advanced computer technology in existence. Originally sponsored by Rep. Judy Biggert (IL) in the House, the bill passed the House by voice vote on July 7<sup>th</sup>.

For years, the U.S. dominated the ultrascale computer market, possessing the fastest computers in the world. However, Japan now operates the most advanced computer, the Earth Simulator, which is capable of roughly 36 trillion calculations per second. The proposed legislation aims to reassert American computing supremacy by constructing a computer at the Oak Ridge National Laboratory in Tennessee that would be faster than the Earth Simulator by 2007. Additionally, the Department of Defense is accepting bids from private companies in order to design a computer that would be 25 times faster than the Earth Simulator by 2010. Some of the funds are also earmarked for the National Science Foundation to support research into how computers might be able to mimic human “abilities to learn, reason, and make decisions.”

The current fastest American computer, which can make 20 trillion calculations per second, is housed in Livermore, California at the Lawrence Livermore National Laboratory, and is co-operated by the University of California and the Department of Energy. The Jet Propulsion Laboratory at the California Institute of Technology in Pasadena also houses some of the country’s fastest computers.

Ultrascale computers are used for a variety of purposes, but excel at modeling complex processes, such as environmental changes and weather patterns, that are otherwise difficult to simulate in a laboratory. Additionally, the computers have been used commercially to model virtual prototypes of cars and jet engines, avoiding costly construction costs.

### **BIPARTISAN VOCATIONAL EDUCATION MEASURE APPROVED BY SENATE PANEL**

The Senate Health, Education, Labor, and Pensions (HELP) Committee, on September 22, 2004, approved by voice vote a vocational education program that promotes student training and increases flexibility to states. The bill, S. 2686, sponsored by Sen. Michael Enzi (WY), would renew the Carl D. Perkins state grant program, which provides grants to assist states with educating and training low income highschool and college students. It would also reauthorize Tech-Prep, a federal program geared toward secondary school students in need of specialized math and science training to advance to a vocational school.

The measure, approved with bipartisan support, would maintain the Perkins and Tech- Prep grants through 2010 and institute stronger coordination standards among Tech-prep grantees to prevent duplication of services.

Perkins grants received an FY2004 appropriation of \$1.2 billion, while Tech-Prep received \$108 million in the same year. The House Labor-Health and Human Services FY 2005 Appropriations bill proposes to boost funding for the former by \$20 million and maintain funding levels for the latter. The Administration’s 2005 budget called for eliminating Tech-Prep funding due to criticism over its performance.

The House Education and Workforce Committee approved its own bipartisan vocational education reauthorization plan, HR 4496 in July, though no floor action has occurred as yet. According to Committee documents, that bill would improve educational opportunities for vocational education recipients by merging the two programs into one, bolster course creation and model sequence coordination among institutions, increase accountability, and limit administrative spending to 2 percent of state grants.

The Senate bill would leave the separate vocational programs in tact while giving states authority to more freely interchange funds previously reserved for two separate accounts: the first dedicated to professional development expenses and the other for administrative costs. Prior law reserved 10 percent of a state’s allotted funds for professional development and five percent for administration.

Currently, 2600 higher education institutions offer vocational education and training; sixty six percent of all public high schools offer at least one vocational education program. In California, however, the percentage of high school students enrolled in vocational education courses has declined from 27 percent in 1987 to 15 percent in 2003, according to the Santa Maria Times.

### **SENATE COMMITTEE REAUTHORIZES NASA, ENDORSES ADMINISTRATION’S VISION**

On Wednesday, September 22, the Senate Committee on Commerce, Science and Transportation reported S. 2393, reauthorizing the National Aeronautics and Space Administration (NASA) for five years through

2009. The bill, which passed by voice vote, provides \$86 billion in FY05 funding to proceed with the major components of Bush's ambitious space plan: returning the shuttle to flight; conducting manned exploration of the moon by 2020; completing the International Space Station by the end of the decade; and eventually sending manned vehicles to explore Mars.

At issue during the markup was the projected four-year gap in manned space flight capabilities between the scheduled retirement of the current space shuttle program in 2010 and the launch of a new crew exploration vehicle in 2014. Sen. Kay Bailey Hutchison (TX) offered an amendment, which passed, requiring NASA to submit a report on what it might cost to continue the shuttle program past 2010. Another successful amendment, offered by Sen. Bill Nelson (FL) requires that NASA find jobs for all workers displaced by the retirement of the shuttle program in 2010.

California houses NASA's Jet Propulsion Laboratory in Pasadena at the California Institute of Technology, as well as other NASA facilities and various NASA contractors. As a result, it receives a significant amount of NASA funding annually.

For more information on the bill, visit the Senate Committee on Commerce, Science and Transportation's website at <http://commerce.senate.gov/>.

## **CBO ANALYZES NASA FUNDING ESTIMATES FOR ADMINISTRATION'S NEW VISION FOR SPACE**

In a report released this month, the Congressional Budget Office (CBO) analyzes the fiscal year 2005 funding request submitted by the National Aeronautics and Space Administration (NASA), predicting that NASA's 16 year projections for certain programs underestimate actual costs by as much as 23% and schedules by as much as seven years. At issue are the programs central to the President's new vision for NASA, which primarily include returning manned flights to space, completing the International Space Station (ISS) by the end of the decade, returning Americans to the moon, continuing robotic exploration of the solar system and the universe, and eventually undertaking manned explorations of Mars and beyond.

The CBO conducted an extensive historical analysis of 72 past NASA programs and their performance relative to initial budget scheduling estimates. According to the report, "NASA's final costs for its activities...have historically been greater, on average, than initial estimates anticipated." The study discovered that the "average cost growth risk ..., after removing the effects of inflation, was about 45 percent for NASA's past programs." Using the results from this study, the report concludes that the costs associated with human lunar exploration and robotic exploration of the moon, Mars, and beyond, through 2020 "might be \$32 billion greater than NASA's current projection anticipates." That overrun represents a 33% increase to the \$95 billion that NASA projected for the exploration component of their budget.

For more information on the CBO's report, visit the CBO's website at <http://www.cbo.gov>.

## **SOUTHERN CALIFORNIA AIR POLLUTION AMONG MOST HARMFUL TO KIDS WITH ASTHMA**

A new report released by Environmental Defense finds the Los Angeles and Riverside-San Bernardino metropolitan areas to be the top two US cities with the least healthful air impacting the most children with asthma.

The report entitled "Dangerous Days of Summer" measures the frequency of bad quality air days between Memorial Day and Labor Day multiplied against the number of children with asthma in 50 American cities. Ozone and particulate matter levels are the variables used to calculate dangerous air.

According to the report, one-fifth of Summer days in Los Angeles were dangerous for healthy children, while half of Summer days threatened to worsen the health of 200,000 asthmatic Angeleno children. Though Los Angeles was ranked first as the least healthful city for asthmatic children, Riverside-San Bernardino, with

fewer child asthma cases, recorded worse air quality levels than LA. For Inland Empire urban children with asthma, 70 percent of the Summer threatened to worsen their condition, according to the authors.

Other California cities ranked among the top 50 include Fresno (#11), Sacramento (#12), Bakersfield (#13), Ventura (#40), and San Diego (#50).

The report presents a number of “effective and practical proposals,” that it states would reduce air pollution by 80 percent, if implemented. Measures proposed include expanded efforts by the Environmental Protection Agency (EPA) to step up smokestack pollution reduction initiatives, expanded federal funding to abate diesel pollution, and the crafting of a national transportation policy that promotes market solutions to congestion, sprawl and other contributors to road pollution.

Environmental Defense is a nonprofit organization linking science, economics, law, and innovative private-sector partnerships to create breakthrough solutions to the most serious environmental problems. For more information or to view a copy of the report visit the report’s website at [www.dangerousdays.org](http://www.dangerousdays.org).

### **CALIFORNIA SECRETARY OF AGRICULTURE DISCUSSES SPECIALTY CROPS AT BRIEFING SPONSORED BY THE CALIFORNIA INSTITUTE AND CALIFORNIA GROWN**

In a briefing attended by Rep. Sam Farr (Carmel), congressional staffers, and other interested parties, A.G. Kawamura, California’s Secretary of Food and Agriculture, spoke of the unique nature of California’s agriculture economy. Focusing particularly on California’s specialty crops - which include all crops except for commodity crops like wheat, soybeans, and rice - Kawamura underscored the importance of rethinking the state’s and the country’s approach to agriculture. Kawamura noted the increasingly competitive international agriculture market and stressed that without change, the U.S. might transition from being the preeminent food exporter to a net importer within the next 100 years. To this end, Kawamura expressed his support for H.R. 3242, “The Specialty Crop Competitiveness Act of 2003”, which would allocate \$500 million toward research, promotion, nutrition, food safety and inspection, and other competitiveness-enhancing programs specifically aimed at specialty crops. Looking ahead to 2007, Kawamura asked Congress to carefully consider the importance of specialty crops to the U.S. and California economies when Congress reauthorizes the 2001 farm bill.

California is far and away the largest national and international supplier of specialty crops and represents one of the largest overall agricultural markets in the world. According to Secretary Kawamura, California stands as the 4<sup>th</sup> largest agricultural market in the world. Typically, California provides around 50% of the nation’s fruits, vegetables and nuts, and during certain seasons, is responsible for as much as 80% of production in those agricultural areas. Within the next few years, according to the Secretary, almonds, which nationally are only cultivated in California, may eclipse wheat as the largest value export for the United States. And already, specialty crops generate greater net revenue for the US than all commodity crops (grains and other subsidized crops). In his brief remarks introducing Secretary Kawamura, Rep. Farr explained that the Salinas Valley cultivates 85 different specialty crops and that Monterrey County alone grows more types of crops than any other state. In California, agriculture employs more than 1 million people and generates \$28 billion in economic activity.

With the scope of California’s investment in specialty crops in mind, Kawamura stressed the importance of remaining competitive and building a sustainable, healthy plan for the future, noting the nutrition, water, and resources challenges ahead. He repeatedly thanked Governor Schwarzenegger for his help addressing agriculture issues and, specifically for his personal support of the “California Grown” campaign, a marketing push to increase state- and nation-wide consumption of California agricultural products.

For more information on Secretary Kawamura, agriculture in California, or the California Grown campaign, visit the California Department of Food and Agriculture website at <http://www.cdfa.ca.gov/>.

## **RAND BRIEFING ADDRESSES STATES' EFFORTS TO INSURE THE UNINSURED**

On Monday, September 20, Dr. M. Susan Marquis, a Senior Economist at RAND in Washington, D.C., held a briefing on recent efforts by states to provide health insurance to the uninsured. Using data from health insurance surveys conducted by insurance providers in 1993 and 1997, Marquis examined how four approaches - small group insurance market reforms, small group insurance purchasing alliances, public subsidy programs, and the social safety net - affected the price of insurance premiums and ultimately the number of uninsured. The results of her study led Marquis to a number of conclusions that could be instructive for future attempts to decrease the uninsured population. First, no single solution provided a comprehensive answer to the uninsured problem or even produced much of a measurable effect, although subsidies had the most influence on increasing insurance coverage. Second, Marquis contended that a voluntary system is unlikely to ever lead to universal coverage. And third, the states, because of budget constraints, will be unable to solve the problem on their own. Consequently, Marquis believes that a successful approach "will likely involve multiple strategies," and ultimately, "large reductions in the uninsured will require new federal expenditures or innovative public/private approaches to financing."

As of 2000, California had an uninsured population of 6.3 million people, constituting 18.1% of the state's total population. The national state average for the uninsured as a percentage of population was 14.0%. California had the 7<sup>th</sup> highest percentage of uninsured residents in the United States.

For more information on Dr. Marquis study, visit the RAND website at <http://www.rand.org>.

## **CALIFORNIANS SEE MORE HINGING ON ELECTION RESULTS, PPIC POLL FINDS**

A new poll published by the Public Policy Institute of California (PPIC) shows that Californians are more concerned about the results of the upcoming presidential election than Americans in general. Furthermore, sentiments for a third party appear to be growing in the golden state as California residents are equally split over whether or not the two-party system is adequately representing them.

The PPIC Statewide Survey based on the findings from 2,003 telephone interviews conducted in September 2004, finds that 71 percent of respondents say the winner of the presidential race will make a difference as to how the country will face important issues, compared to 63 percent of all Americans who feel this way. This added concern has translated into heightened political interest among voters; according to the report, 89 percent of those likely to vote are tracking election news.

Another important finding of the survey is the surprising growth in the number of Democrats (43%) and Republicans (37%) who believe the American electoral system is in need of a third party. Meanwhile, of those responding who are registered as Independents, 62 percent are supportive of a third party choice.

Though California respondents are more likely to vote for Sen. John Kerry than President Bush (by 12 percentage points), the survey stipulates that President Bush holds slightly stronger support over John on homeland security, while Kerry is the preferred choice on economic issues.

To view a copy of this survey visit the PPIC website at [www.ppic.org](http://www.ppic.org).

## **CORRECTION RE SCAAP FUNDING**

Last week's Bulletin, (Vol. 11, No. 28 (9/17/04)), incorrectly reported that the Senate Appropriations Committee provided \$250 million in its FY05 Commerce, Justice, State Appropriations bill for the State Criminal Alien Assistance Program. The correct figure is \$220 million, because the Committee carved out \$30 million in funding for the Southwest Border Prosecution program.