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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 PASSES CONTINUING RESOLUTION THROUGH NOVEMBER 20

Publicly acknowledging what has been expected for weeks, Congress passed a continuing resolution (CR) on Wednesday, September 29, to keep the government funded until November 20. The new fiscal year begins Friday, October 1. The vote on the CR in the House was 389-32. The Senate cleared the measure, H.J.Res. 107, by voice vote later in the day.

Congress is expected to come back around November 15 for a lame-duck session after the election. Appropriators are already beginning to amass an omnibus appropriations bill that they hope will be cleared during the lame-duck session. Work on pending appropriations bills will continue, however, until Congress adjourns on October 8. Lawmakers hope to complete action on the Homeland Security bill before the end of next week, which may include the emergency supplemental providing disaster relief funding for the recent hurricanes. They also will try and finish up the appropriations bills on military construction, foreign operations, and the District of Columbia. Only the Defense appropriations bill has been enacted so far.

HOUSE PASSES P2P PIRACY BILL

The House by voice vote on Tuesday, September 28 passed H.R. 4077, the Piracy Deterrence and Education Act of 2004. The bill lessens the standard for proving copyright violations from “willfully” distributing copyrighted works with a retail value of at least \$1,000, to “reckless disregard” in uploading onto the Internet 1,000 or more works with a total value of at least \$10,000. The use of camcorders in a movie theater to make an unauthorized copy of a pre-released film is also banned. H.R. 4077 requires the FBI to develop a system to educate the public about, and warn them against committing, acts of copyright infringement through the Internet, and to facilitate the voluntary sharing of information on copyright infringement acts among law enforcement agencies, Internet service providers, and copyright owners. See, [Bulletin, Vol. 11, No. 27 \(9/09/04\)](#).

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Prior to passage, changes were included in the bill to insulate Internet service providers (ISPs) from liability for storing or transmitting files containing copyright infringing material. ISPs also are not obligated to act on any information obtained regarding copyright violators using their systems.

As passed, H.R. 4077 incorporates H.R. 4586, which is intended to exempt from copyright infringement the home use of filtering technology that blocks out portions of DVD movies that the viewer finds inappropriate or offensive. Although the movie and entertainment industry strongly supports the copyright protections of H.R. 4077, it opposes H.R. 4586. The American Library Association and other groups came out in opposition to H.R. 4077 because of the concern that it would end up criminalizing what is now lawful use of copyrighted works.

HOUSE GRAPPLES WITH INTELLIGENCE REVAMP, INCLUDES CHANGES TO FIRST RESPONDERS FORMULA AND IMMIGRATION PROVISION

A House leadership bill implementing 9/11 Commission recommendations that has been the subject of markups in various committees this week incorporates legislation spearheaded by Rep. Christopher Cox (Newport Beach) to streamline homeland security funding and formulas for first responders. The bill, H.R. 10, the 9/11 Recommendations Implementation Act, would make various changes to the structure and substance of the nation's intelligence operation and create a new post of National Intelligence Director.

Title V of the bill is entitled the "Faster and Smarter Funding for First Responders Act of 2004" and largely mirrors legislation devised by the House Select Committee on Homeland Security, which Rep. Cox chairs. The bill would alter the frequently-criticized formula for allocating federal homeland security funding to state and local first responder agencies and reduce the per-state funding guarantee from the unusually large 0.75 percent minimum in current law. (That formula favors small states over large states -- California received \$5 per capita in 2004, compared to \$38 per capita for Wyoming.) H.R. 10 instead includes a state minimum of 0.25 percent (a common level for programs that include such a guarantee), though it specifies a higher minimum of 0.45 percent for states with a "significant" international border or that are "adjoining a body of water within North America through which an international boundary line extends."

The House Leadership's bill also contains several provisions relating to immigration. The bill would increase the number of border patrol agents by 10,000, and most of the new agents would be stationed along the border with Mexico to prevent undocumented immigrants from crossing into the United States. Another provision would ban the federal government from recognizing consular identification cards issued by another country to its citizens residing in the United States. These "matricula consular" cards are being increasingly recognized as valid identification by banks and federal agencies, as well as many local governments in California. Other immigration provisions in the bill would expand the ability to use expedited deportation procedures without judicial review, make it harder to seek political asylum, and make it easier for the government to investigate and conduct surveillance on foreigners suspected of engaging in terrorism.

During the House Judiciary Committee's markup of the intelligence bill, Democrats unsuccessfully offered amendments to eliminate many of the immigration provisions. In addition, an unsuccessful amendment by Rep. Jerrold Nadler (NY) would have stripped all small-state minimum language from the bill.

On the other side of the Capitol, the Senate spent much of this week debating S. 2845, its intelligence overhaul legislation, and the topic is expected to consume much of the week of October 4 as well. The Senate bill, sponsored by Sen. Susan Collins (ME), includes a complicated formula revamp. It would set Urban Area Security Initiative (UASI) funding at 25 percent of total grants -- comparable to the FY2004 level but below the share in House and Senate FY2005 Homeland Security appropriations bills. It would retain a 0.75 percent small-state minimum, but also add an alternative per capita population-based minimum calculation that would not focus solely on small states. It would also create a "Large High-Threat States" fund that seeks to compensate states hurt by the formula's minimum, and provide for a pro rata reduction of funds to equalize funding somewhat. With more than 150 amendments still pending, Sen. Collins, who chairs the Senate Government Affairs Committee, has suggested invoking cloture on the intelligence reform measure.

For more information on homeland security grant programs and California's share thereof, see "Federal Formula Grants and California: Homeland Security" -- one of a series of joint publications by the Public Policy Institute of California (PPIC) and the California Institute for Federal Policy Research reviewing formula programs and the state's share of federal funds, available on the PPIC website, at: <http://www.ppic.org/main/publication.asp?i=481> .

HOUSE AGRICULTURE COMMITTEE MARKS UP SPECIALTY CROPS BILL

On September 30, the House Agriculture Committee marked up and favorably reported "The Specialty Crops Competitiveness Act of 2003," H.R. 3242. The bill, sponsored by Reps. Doug Ose (Sacramento) and Cal Dooley (Visalia) is designed to "ensure an abundant and affordable supply of highly nutritious fruits, vegetables, and other specialty crops for American consumers and international markets by enhancing the competitiveness of United States-grown specialty crops." For the purposes of the bill, specialty crops are defined as "all agricultural crops except wheat, feed grains, oilseeds, cotton, rice, peanuts, sugar and tobacco."

The bill includes a number of measures aimed at supporting specialty agriculture, including but not limited to providing block grants to specialty crop producers, increasing research into methyl bromide alternatives, specialty crop clean air benefits, produce quality improvement, new crop protection tools and integrated pest management, controlling foreign and invasive pests and diseases, national specialty crop development initiative grants, and establishing the Invasive Pest and Disease Response Fund within the Treasury Department. The measures included in the bill are designed to address the foreign threat to American specialty crop competitiveness. Foreign specialty crop producers generally have lower water and labor costs, face less stringent restrictions and regulations, and receive considerably larger subsidies than American farmers. Unlike the nation's major grain producers, U.S. specialty crop growers -- who are primarily concentrated in California -- receive very little federal financial support.

During the markup, the Committee approved an amendment in the form of a substitute, also offered by Rep. Ose and put forth by the Chairman of the Committee, Rep. Bob Goodlatte (VA), which significantly reduced the amount of funding available to specialty crop producers through the block grants from \$500 million to \$49 million. Much of the Committee's discussion centered on the appropriateness of this cut in light of the large economic impact of specialty crops on the American and international agriculture markets. Both Reps. Cal Dooley (Visalia) and Ose stated that specialty crops generate at least half of US gross agriculture receipts, contribute nearly \$60 billion to the US economy, and provide 60% of America's daily nutritional requirements. With these statistics in mind, the Representatives expressed their dismay at the current, inequitable distribution of agriculture grants in which program crops (those crops that are not specialty crops) receive \$12.8 billion in subsidies while specialty crops receive no funding. California members of the Committee including Reps. Dooley, Dennis Cardoza (Atwater), and Joe Baca (Rialto), all offered amendments, that were later withdrawn, asking the Committee to increase the funding in recognition of the importance of specialty agriculture. In all cases the amendments were "reluctantly" opposed by the other Committee members, who were leery of making any changes that would alter the 2002 Farm Bill. At the same time, the Committee, with almost no exceptions, recognized that the issue of specialty crops would need to be more equitably dealt with when the farm bill comes up for reauthorization in 2007.

The Thursday markup followed by one week a briefing by California's Secretary of Food and Agriculture A.G. Kawamura, who visited Washington and expressed his support for "The Specialty Crops Competitiveness Act." At the briefing, co-sponsored by the California Institute and California Grown, Secretary Kawamura touted the strength and size of California's specialty crop economy, but emphasized the need for federal recognition of the unique concerns and needs of specialty crop producers.

For more information on the markup, visit the House Agriculture Committee website at <http://agriculture.house.gov/index.html> . For additional information regarding Secretary Kawamura's briefing, see [Bulletin, Vol 11, No. 29 \(9/23/04\)](#).

WELFARE PROGRAMS KEPT ALIVE FOR ANOTHER SIX MONTHS

On September 30, 2004, HR 5149, a bill extending welfare programs through March 31 2005, passed both Houses of Congress, maintaining federal assistance programs for low income families and pushing back the deadline for lawmakers to complete work on a long-term reauthorization plan.

The extension's passage marks the two year anniversary of the expiration of the landmark welfare law known as the Personal Responsibility Work and Reconciliation Act (PRWORA). The culmination of the welfare reform efforts during the mid 1990s, PRWORA ended lifetime cash assistance to welfare enrollees and instituted work requirements for families on assistance and set minimum state participation standards.

The House approved a welfare reauthorization bill (HR 4) on a party line vote in February 2003. HR 4 would reauthorize the Temporary Assistance for Needy Families (TANF) block grant at level funding (\$16.6 billion) while also seeking to increase work requirements for beneficiaries from 30 hours to 40 hours per week. The House proposal came under fire from House Democrats for not doing enough to ramp up child care benefits, however.

A Senate reauthorization effort that would have increased work hours to 34 per week and provided \$6 billion in additional mandatory child care assistance was shelved by Republican leaders earlier this year after Democrats, led by Sen. Barbara Boxer, pushed to attach language to the Senate bill that would boost the minimum wage from \$5.15 per hour to \$7 per hour. No further action has been taken on welfare reauthorization.

California receives a large share of the nation's TANF grants, more than 21 percent. For information regarding California's share of federal welfare funds and the mechanics of the TANF program, see *Federal Formula Grants and California: TANF and Welfare Programs*, a December 2002 report in a formula grant study series published jointly by the Public Policy Institute of California (PPIC) and the California Institute. That report is available at <http://www.ppic.org/main/publication.asp?i=466> .

UNABLE TO MOVE ON TRANSPORTATION REAUTHORIZATION, CONGRESS APPROVES EIGHT-MONTH EXTENSION OF TEA-21

On September 30, 2004, one year after the expiration of prior transportation law, Congress approved a sixth temporary extension (HR 5183) to maintain federal transportation programs through May 31, 2005. The extension signals the likely collapse of a multi-year reauthorization effort before adjournment of the 108th Congress. Although the eight month extension is longer in length than previous stop-gaps, transportation authorizers insist that they are not going to quit their attempt to complete a full authorization bill.

Despite the lack of action on the reauthorization package, state executive officers will be pleased with Congress' decision not to go with a short term extension. On September 27, 2004, Gov. Arnold Schwarzenegger and a bipartisan delegation of governors urged transportation leaders to approve a long-term extension of highways, transit, and safety programs. In a letter addressed to top transportation conference committee negotiators, the signatories presented a laundry list of concerns and expressed their preference for passage of a one-year extension measure, if conferees could not come to agreement on a comprehensive six year bill.

Looking to avoid the funding uncertainties associated with short term extensions, the delegation of Governors from California, Nevada, Pennsylvania, New York, Massachusetts and Connecticut suggested that a "one-year extension would give states adequate time to prepare for a complete construction season." The letter goes on to discuss a number of other transportation related concerns that it says can be alleviated by adding appropriate extension language. Among those concerns are: withholding the authority for states to use \$1.8 billion in FY 2004 contract authority for demonstration projects; supplying full FY04 highway obligations with added time for states to program funds; extending FTA authority to enter Full Funding Grant Agreements (FFGAs) to help advance capital intensive transit projects; crediting the Highway Trust Fund (HTF) for ethanol excise tax reimbursements to preserve \$2.4 billion annually; commissioning a study to examine ways

the HTF can keep pace with technological and economic shifts; and preserving and retaining the program structure in current transportation law.

Because of a disagreement between House and Senate leaders, the extension does not include a provision to allow Congress to distribute FY04 demonstration project money. Rather it would permit DOT to distribute the funds to help states meet their minimum guarantee of 90.5 percent. It sets highways obligation limitations at \$35.4 billion and transit levels at \$7.3 billion and would shift the 2.5 cent per gallon ethanol excise tax transfer to the general fund back to HTF.

Congress has kept transportation programs alive through the passage of a series of stop gap measures since the national surface transportation law known as the Transportation Equity Act for the 21st Century (TEA-21), sunset in October, 2003. The extensions have permitted transportation authorizers to continue work on a comprehensive bill. Negotiations on a successor to TEA-21 stalled in Conference just before the Summer recess. Since then, Conference Committee Chair Sen. James Inhofe (OK) has been working to reach consensus among conferees over the overall funding figures for a final bill, and speculation has arisen that he is close to striking a deal on a \$299 billion measure being promoted by House conferees.

Prior to conference deliberations, the \$283 billion House bill (HR 3550) known as the Transportation Equity Act: Legacy for Users or TEA-LU, reported by a vote of 357 to 65, was considerably less expensive than the Senate's \$318 billion companion proposal. Seeking to reach consensus by splitting the difference between the two bills in conference, Sen. Inhofe's submitted a compromise figure of \$301 billion. House Republicans unofficially proposed a \$299 billion total as a counteroffer, however not all Senate Republicans have supported the House proposal.

On top of reconciling disparate funding levels and tackling funding equity concerns in the two bills, Inhofe and other Republican leaders were tasked with winning the White House's favor for the \$299 billion package. Originally, Administration officials had threatened a presidential veto to any transportation measure that adds to the federal deficit; however, informally the \$299 billion bill is reported to have President Bush's support.

Sen. Inhofe is reportedly two Senate votes shy of earning enough votes to advance the proposal that would rescind \$15 billion in unused contract authority from prior bills and raise the state minimum guarantee from 90.5 percent in current law to 92.5 percent.

FORMULA REPORT BY PPIC AND THE CALIFORNIA INSTITUTE PREDICTS LIMITED CALIFORNIA TRANSIT GAINS UNDER TEA-21 RENEWAL PLANS

On September 27, 2004, The California Institute in partnership with the Public Policy Institute of California (PPIC), released their latest report in the federal formula grants and California series. The report explains the structure and function of transit formula grants, examines California's performance under these programs and reviews the impact of House and Senate transit reauthorization proposals on California. It finds that California receives 15 percent of transit formula grants to states, and benefits most from its status as an urbanized state. Both of Congress' pending reauthorization proposals, however, promise to scale back urbanized area formula grants (UAFs)—the single largest transit grant and the one California benefits from the most -- thereby reducing California's share of transit receipts.

The report entitled, "Federal Transit Assistance Programs" suggests that California's high share of transit grants makes up for the state's less than optimal highway formula grant returns (9%). It attributes California's 17.1 percent rate of return under the UAF program to UAF's formula structure which apportions funds to states based on urban population, population density and transit usage data. None of the smaller core formula programs in transportation law are as generous to California. According to the authors, in 2003 California received 11.7 percent of Elderly and Persons with Disabilities grants (EPD), and 4.3 percent of Nonurbanized Area formula grants (NAF); both are derived from a state's share of respective target populations.

Outlining proposed formula related changes in House and Senate transit reauthorization plans, the authors call attention to plans in both bills to expand NAF at the expense of UAF. Detailed charts included in the

report note that the House bill would cut California's share of UAF by 1.4 percent, while the Senate plan would do twice as much damage, costing California \$17 million a year in UAF cuts.

The report explains other provisions in each bill that impact California's transit receipts including: the House's low density formula adjustment feature, the Senate's creation of a high growth and high density UAF tier, the Senate's proposal to limit University Research Centers to one per state, Senate language that eliminates Congestion Mitigation and Air Quality improvement (CMAQ) program differential weighting based on pollution severity, and a House measure that would formulaize the Jobs Access and Reverse Commute (JARC) program.

This report is the eighth in an ongoing Federal Formula Grants and California series. Prior reports have included examination of the formula components of federal welfare, highways, special education, Head Start, and Homeland Security grants.

To view a copy of the report, visit PPIC at: <http://www.ppic.org/main/publication.asp?i=550>.

ANGEL ISLAND IMMIGRATION STATION PRESERVATION PASSES HOUSE

Legislation providing \$15 million in federal funds to restore and preserve the Angel Island Immigration Station passed the House by a unanimous vote on September 29. Sponsored by Rep. Lynn Woolsey (Petaluma), "The Angel Island Immigration Preservation and Restoration Act," H.R. 4469, would provide the Angel Island Immigration Station Foundation with the necessary funds to preserve the "Ellis Island of the West" and get the National Historic Landmark off of "America's 11 Most Endangered Historic Places" list.

Between 1910 and 1940, more than 1 million immigrants passed through Angel Island before they could officially enter San Francisco and the United States. Angel Island has particular historical importance for Chinese-Americans. During its years of operation, 175,000 Chinese immigrants entered through the Station and were detained for as long as two months before they were granted entry into the country or deported back to China. Angel Island is famous for the 140 poems carved into the walls by Chinese detainees. According to Rep. Woolsey, "the Angel Island Immigration Station contributes greatly to our understanding of our nation's rich and complex immigration history, in particular the Station is a significant historical landmark because it teaches visitors about the Chinese-American experience." More than 50,000 people, including 3,000 students, visit Angel Island each year.

Senators Dianne Feinstein and Barbara Boxer introduced a companion bill, S. 2833, in the Senate on September 23, which was referred to Committee on Energy and Natural Resources.

For more information, visit the Angel Island Immigration Station website at <http://www.angelisland.org/immigr02.html> or the Angel Island Immigration Station Foundation at <http://www.aiisf.org/>.

MORE STATES JOIN CALIFORNIA WITH MINORITY-MAJORITY POPULATIONS

A new Census Bureau estimate shows Texas, with a 49.5% minority population, as having nearly joined California, Hawaii, New Mexico, and the District of Columbia as states/districts with more minority residents than single-race, non-Hispanic white residents. The study, which examined the population distribution of five minority categories - Hispanics, Blacks, Asians, American Indians and Alaska natives, and Native Hawaiians and other Pacific Islanders - in 3,141 counties across the nation, shows a gradual but significant shift in the nation's demographics.

As of July 2003, California population was 55 percent minority, constituting 19.5 million of the state's 35.5 million residents. California has the largest populations of Hispanics, Asians, and American Indians/Alaska natives of any state in the country. In addition, Los Angeles County had the largest populations of Hispanics, Asians, and American Indians/Alaska natives of any county in the country.

For more information, visit the Census Bureau at <http://www.census.gov/popest/estimates.php>.

IBM ULTRASCALE COMPUTER SETS PROCESSING SPEED RECORD

Following just two weeks after a Senate Committee markup of a bill aimed at reasserting America's ultrascale computing superiority, IBM Corp. unofficially claimed on September 29 that its Blue Gene/L supercomputer broke the processing speed record previously held by NEC's Earth Simulator in Japan. *See, Bulletin, Vol. 11, No. 29 (9/23/04).* For the first time since 2002, an American computer running American software may be recognized as the fastest computer in the world. The official computer speed rankings will not be released until November.

According to IBM, Blue Gene/L sustained processing speeds of 36.01 trillion calculations per second. The Earth Simulator is capable of 35.86 trillion calculations per second. The extremely fast processing speeds aid in the simulation and modeling of complex events, such as environmental changes, and technologies, like weapons systems, jets, and cars. The IBM computer is notable in that it takes up less than 1/100th of the physical space of the Earth Simulator and uses only 1/28th the energy.

The advance portends well for California, which has historically made extensive use of ultrascale computers at a number of facilities including the Lawrence Livermore National Laboratory in Livermore and the Jet Propulsion Laboratory in Pasadena. In fact, the Livermore Lab already has plans to install an Blue Gene/L computer at its facility in 2005. The Livermore model will be considerably larger than the IBM prototype and will employ 130,000 processors, as opposed to the 16,000 processors used to set the speed record. The lab plans to use the computer to model aging of explosives, astrophysics and other complex scientific occurrences.

UNIFORM COMMUNITY COLLEGE EVALUATION MODELS NOT APPROPRIATE FOR CALIFORNIA, PPIC REPORT FINDS

A new report published by the Public Policy Institute of California (PPIC) examines the accuracy of evaluation systems employed by the federal government to assess California Community College (CCC) operations. The report suggests that a shift from the traditional method of directing grants to community colleges based on student enrollment to one linked exclusively to student performance and credit transferability does not recognize enough the varying missions and specializations of community colleges in California.

The authors of the report entitled, "Evaluating Academic Programs in California's Community Colleges" find that 40 percent of CCCs facilitate program specializations. Specific factors responsible for the existence of program differences across community colleges include: local labor market conditions; proximity to four-year institutions; and, multi-campus membership. The authors also find that most CCC credits are transferable to four-year institutions and are offered by both traditional academic programs as well as vocational education programs. Community college campuses offering non-transferable vocational education credits are more likely to be located in denser communities with larger Latino and other minority populations, according to the report.

The authors present a number of considerations for policy makers based on their findings, including the notion that transfer rates alone do not sufficiently evaluate campus performance, particularly for vocational education programs training students for jobs rather than four-year college placement.

Suggesting the current "one-size-fits-all" approach is inappropriate for evaluating CCCs, the report outlines two new strategies as the best way to observe performance outcomes. The first modeled after the Job Training Partnership Act, would involve adjusting standards to incorporate differences in student populations and local economic conditions. The second technique would focus on recording differences in the missions of community colleges and requiring campuses to report data consistent with those missions.

Congress is expected to take up the reauthorization of the federal Higher Education Act soon after the 109th Congress convenes in January 2005.

To view a copy of this report, visit the PPIC website at: <http://www.ppic.org> .

U.C. PRESIDENT ROBERT DYNES ADDRESSES ROUNDTABLE LUNCHEON

On Tuesday, September 28, Robert Dynes, the President of the University of California (UC) and former Chancellor of the University of California San Diego (UCSD), addressed attendees at a lunch of the California State Society's Golden State Roundtable. He spoke on the current state of the UC system and his vision for the future. Dynes, a trained physicist who has held his position as President for almost a year, spoke extensively about the importance of the University to the State of California and the contributions the school makes to California and America's scientific, intellectual, and technological climates. Despite budget cuts, increased tuition, controversy over admissions criteria, and security concerns at national laboratories operated by UC, Dynes put forth an optimistic vision for the future, including increasing minority presence on campus, retaining existing professors, attracting new intellectuals, opening a new campus (UC Merced, slated to open next year), and continuing the university's tradition of excellence. According to Dynes, maintaining and increasing federal funding, which accounts for 27% of the UC budget (more than the 24% contribution from the State), will be essential for ushering the University into a continued era of prosperity and success. During his trip to Washington, D.C., he visited numerous California lawmakers in an effort to emphasize the importance of federal funding to UC's future growth.

For more information on President Dynes, visit the University of California website at <http://www.universityofcalifornia.edu/president/welcome.html>.

CALIFORNIA EMISSIONS STANDARDS TO BE TOUGHEST IN NATION

On Friday, September 24, 2004, the California Air Resources Board (CARB) unanimously approved new carbon dioxide restrictions on automobiles and small trucks in an attempt to reduce emissions of greenhouse gases said to be responsible for global warming. Despite strong objections of automakers and others, Governor Schwarzenegger has pledged to support the Board's recommendations, which now head to the state legislature for a one-year review. The regulations, which would require as much as a 34% decrease in carbon dioxide emissions on certain vehicle models, could cut the state's overall emissions by as much as 30%. If enacted, the regulations would begin to be put in place starting in 2009 and would gradually increase until 2016. Despite being the largest automobile market in the nation, California's regulations alone would reportedly not have a large effect on the environmental impact of global warming gases. However, 6 states, including New York and states in New England, have announced plans to follow California's lead.

The regulations likely face a stiff court fight from the automobile industry, the federal government, and other opponents, who claims that the regulations, if feasible at all, would force an increase of approximately \$3,000 in the price of the average car, or force vehicles to be smaller. The U.S. Environmental Protection Agency may question the right of a state to label carbon dioxide as a pollutant, a designation process normally the province of EPA, which opted recently against just such a designation. Supporters of the new rules argue that the lifetime savings achieved through increased fuel efficiency will more than make up for extra vehicle costs.

For more information, visit the CARB website at <http://www.arb.ca.gov/homepage.htm>.

LUNCHEON BRIEFING ON FRIDAY, OCTOBER 1, TO REVIEW TRANSIT GRANTS

On Friday, October 1, 2004, from 12:00 to 1:30 p.m., in B-354 of the Rayburn House Office Building, the Public Policy Institute of California (PPIC) and the California Institute will host a luncheon briefing to examine federal transit assistance programs and California's share of transit formula grants.

The briefing will present the findings of a newly-released report entitled *Federal Formula Grants and California: Federal Transit Assistance Programs*, the eighth in an ongoing series from PPIC and the California Institute that reviews California's share of federal formula programs.

Due to its heavily urbanized population, California received a large (15%) share of federal transit formula grant spending over the past seven years. In 2003, the state's transit agencies, local governments, and Caltrans

used \$762 million in federal transit formula grants to support bus, subway, commuter rail, ferry, and other forms of public transportation.

California's large share of transit grants partially compensates for the state's relatively meager portion of federal highway receipts under the TEA-21 transportation bill, which is likely to be renewed in 2005. However, some proposed formula changes in pending House and Senate bills could reduce California's share of transit funding by expanding grants to rural states and reducing the state's now-large share of CMAQ, the Congestion Mitigation and Air Quality Improvement Program.

PPIC is a private, nonprofit organization dedicated to improving public policy in California through independent, objective, nonpartisan research on major economic, social, and political issues. The report and other information is available at <http://www.ppic.org>.

To attend the briefing, please reply (acceptances only, thank you) to michael@calinst.org or contact the California Institute at 202-546-3700.