PPIC Statewide Survey Reports:
California Voters Tune Out

On October 25, 2006, the Public Policy Institute of California (PPIC) released further results from its highly respected ongoing examination of voter attitudes in California, the PPIC Statewide Survey. The new data was presented under the heading, “What Election? Candidates Skirt the Issues, Voters Tune Out”.

The survey, conducted by Mark Baldassare, PPIC Research Director and Director of the PPIC Statewide Survey, found that likely voters cite immigration (21%) and education (19%) as the issues they most want the candidates for governor to discuss. The four infrastructure measures that will appear on the ballot are not overwhelmingly supported and the bonds are not getting an enthusiastic response from voters. Californians continue to show support for the general concept of bonds yet not for the specific measures appearing on the ballot.

Six in 10 state residents say things are going in the wrong direction, according to the latest results, and trust in the federal government reached a new low: only 26% of state residents and 23% of likely voters say they trust the government in Washington to do what is right. It found that most Californians would prefer to see Democrats control Congress, and a significant number of voters believe a third party is needed.

Other key findings from the report:
- Californians are divided about the direction of the state, with 44% saying it is headed in the right direction, and 46% believing it is headed in the wrong direction
- The view of the state economy is brighter: 50% of state residents and 52% of likely voters expect good times in the coming year
- 52% of likely voters approve of the way Governor Schwarzenegger is doing his job
- Only 26% approve of the way the State Legislature is doing its job
- 59% of likely voters favor redistricting reform that would require an independent commission of citizens rather than the governor and state legislature
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The RAND Corporation published a report in Fall 2006 entitled “The Impact of Realized Access to Care on Health-Related Quality of Life: A Two-Year Prospective Cohort Study of Children in the California State Children’s Health Insurance Program.” The report was authored by a research team led by RAND analyst Michael Seid and was published in the September issue of the Journal of Pediatrics. The report examines SCHIP’s effect on children’s access to needed health services and on their quality of life. The analysis focused on a sample of California families who had recently enrolled in the state’s SCHIP. The key findings of this report included:

- Enrollment in a government-sponsored health insurance program improved low-income California children’s access to needed health care services
- Enrollment in the program also reduced disparities in use of needed health care services across ethnic and language groups
- These improvements translated into gains in low-income children’s health-related quality of life

The study drew three implications for policy:

- Given that the SCHIP enrollment reduced ethnic disparities in access to care, the program holds promise as an approach to reducing health disparities across ethnic groups.
- 7% of enrollees experienced foregone care in their second year of enrollment; policies and interventions that help overcome barriers to care among insured children should receive greater attention.
- SCHIP is due for federal reauthorization in 2007; this is the first research to document that SCHIP implementation can change children’s quality of life

For more information, please visit: http://www.rand.org.

RAND EXAMINATION FINDS FEDERAL SCHIP IMPROVES HEALTH CARE ACCESS AND CHILDREN’S QUALITY OF LIFE

On October 27, 2006, the Homeland Security Department announced an expansion of its automated system for tracking freight being transported into the U.S. by truck. Pursuant to rules established for use by the Bureau of Customs and Border Protection, trucking companies will be required to provide cargo manifests in electronic form for every truck entering the U.S. via surface border crossings.
The rules for “automated commercial environment” or ACE will extend to Washington and Arizona in January 2007 and to North Dakota shortly thereafter. CBP had indicated it plans to apply the rules to all trucking industry port crossings within the next year, and then to processing of air, rail and ship cargo in coming years. California truck crossings are expected to be subject to the new ACE rules in the next round of mandates, which CBP will announce with a 90-day notice period.

**GOVERNMENT ACCOUNTABILITY OFFICE FINDS FAULT WITH TWIC PROGRAM THAT IDENTIFIES TRANSPORTATION INDUSTRY EMPLOYEES**

On October 20, 2006, the Government Accountability Office (GAO) released a report called “Department of Homeland Security (DHS) Should Address Key Challenges before Implementing the Transportation Worker Identification Credential Program (TWIC).” The Transportation Security Administration (TSA) is developing the TWIC to ensure that only workers that do not pose a terrorist threat are allowed to enter secure areas of transportation facilities. TSA completed TWIC program testing in June 2005 and is moving forward with implementing the program in the maritime sector by the end of this year. To evaluate the status of the TWIC program, GAO examined: (1) what problems, if any, were identified during TWIC program testing and what key challenges, if any, do the DHS and industry stakeholders face in implementing the program; and (2) to what extent, if at all, did TSA experience problems in planning for and overseeing the contract to test the TWIC program. The GAO identified several problems:

- Enrolling workers and issuing TWIC cards in a timely manner to a large workforce
- Ensuring that the TWIC technology, such as biometric card readers, works effectively in the maritime sector, and
- Balancing the added security components of the TWIC program with the potential impact on the flow of maritime commerce.

As a result, GAO recommends:

- that, before implementing TWIC in the maritime sector, TSA develop and test solutions to problems identified during testing to ensure that key components of the program work effectively
- that the TSA strengthen contract planning and oversight practices before awarding the TWIC implementation contract.

A TWIC prototype program was tested by BearingPoint Inc. at 26 port locations in the Los Angeles-Long Beach area, Philadelphia-Wilmington area and at some of Florida’s deep-water ports. According to TSA, it relied on BearingPoint to perform much of its own oversight for its contract and its own subcontractors. While the GAO recommended that TSA further test the program, the agency has decided to deploy the card anyway. TSA plans to enroll port workers in the program by the end of the year, but will delay a requirement that maritime facilities install card readers.

For more information, please visit: [http://www.gao.gov](http://www.gao.gov)

**EXAMINATION OF US-VISIT PROGRAM**


The United States Visitor and Immigrant Status Indicator Technology (US-VISIT) program was initiated in January 2004 by the Department of Homeland Security to track all foreign visitors at ports of entry into the United States and ensure that an individual is not wanted by a law enforcement agency. The program requires foreign visitors to submit photographic and fingerprint information before entry into the United States; nonimmigrant visa holders must apply for visas in person so that a digital photograph and fingerprints can be collected at that time and incorporated into the US-VISIT system. The program is being implemented in four increments, with the first initiated in January 2004 and the final increment expected to be implemented near the end of the decade. RAND examined the program and identified key policy
questions that it suggests should be discussed as the system is implemented, and expanded throughout the
decade. These questions include the following:

- How can database and communication links be made reliable and available?
- How can the user interface be designed to speed processing and minimize human error?
- How can the design of US-VISIT ensure privacy and incorporate fair information practices, including
  limitations on the government’s ability to collect and disclose data inappropriately, guarantees of security,
  and opportunities for stakeholders—including the foreign visitors themselves—to petition for redress and
  correction of the data?
- How can US-VISIT guarantee proper coordination among the disparate government agencies that
  control data used by US-VISIT to segregate legitimate travelers (such as students, tourists, and business
  visitors) from criminals?
- How can US-VISIT and related processes, such as Department of State consular services, be
  monitored so that the United States can minimize their effects on legitimate travel, trade, and tourism?

The report also recommends several areas of future inquiry:

“1. US-VISIT is a complicated technological and interagency-implemented system that
  will affect all visitors to the United States. An independent analysis of US-VISIT components and
  processes from a systems engineering standpoint would help to set standards for system operation and
  maintenance to ensure seamless coordination among databases and systems.

2. US-VISIT collects personal information from foreign travelers. Many countries, in particular those of
  the European Union, have far more stringent regulations regarding the collection and use of personal data.
  An analysis of the extent to which US-VISIT complies with these laws would aid the United States in
  promoting the system abroad. Additionally, cultural considerations regarding the collection of photographs
  and fingerprints should be addressed.

3. US-VISIT monitors only legal visitors to the United States. It is imperative that DHS quantify the
  costs and benefits of US-VISIT in the broader context of overall border control.

4. Proponents and critics of US-VISIT should be patient in evaluating the system. A lesson from
  France’s immigration policy changes [discussed in the report] is that the initial shock of the policies had
  short-term effects, but tourism and trade recovered over time.”

For more information, go to RAND’s website at:

PPIC FINDS “PAY-OR-PLAY” HEALTH INSURANCE COULD MEAN ECONOMIC HARDSHIP FOR CALIFORNIA

An October 2006 study published by the Public Policy Institute of California (PPIC) indicates that
government-sponsored mandates requiring employer-provided health care could have damaging economic
consequences for Californians. In his report entitled Pay-or-Play Health Insurance Mandates: Lessons
from California, author Aaron S. Yelowitz examines California’s 2003 Health Insurance Act (HIA), a
“pay-or-play” mandate that was repealed by voters less than a year after its introduction.

Health care policy is of particular interest in California, where nearly 20 percent of the population is
uninsured – that is almost 7 million people. This figure is especially astounding when compared to the
national uninsured rate that hovers around 16 percent, the author states. Historically, California has been
home to 40 percent more uninsured residents than the rest of the country, and 20 to 30 percent more than
the other western states. In 2003, 6.5 million Californians were uninsured, placing the Golden State below
Mississippi, Arkansas, West Virginia, and Utah – four of the nation’s poorest states.

“Pay-or-play” mandates require employers to pay a fee to the state to provide health insurance for their
employees (the “pay”), unless employers directly provide sufficient coverage for their workers (the “play”).
Specifically, the HIA set minimum standards regarding who the insurance would cover, what services
would be offered, and how much employees would pay for premiums. Currently, pay-or-play legislation is
being considered in 21 states, and has become law in Maryland and Massachusetts (although overturned in the former by a federal court).

With regard to California’s 2003 HIA, the PPIC study found the following trends:
- Coverage overlap: by law, two-thirds of the money spent on employee health coverage by employers could have gone to individuals who already were insured.
- Hiring disincentives: about 70,000 low-wage workers would have lost their jobs because their employers would have been obligated to pay more than 80 percent of insurance premium costs, thus creating a strong disincentive to hire such workers.
- Lowered wages: if forced to provide more expansive health coverage, it is likely that employers would lower their employees’ wages to compensate for the increased insurance costs.
- More than employer mandates are necessary: nearly 40 percent of California’s uninsured population would have remained uninsured under the HIA due to their “weak attachment to the labor force and other eligibility requirements.”

Under this analysis, California’s venture into pay-or-play healthcare insurance proved to be an economically-unsound and ineffective initiative, the report finds. Ultimately, however, the study concludes unsurprisingly, as the percentage of privately insured Californians increases, the percentage who remain uninsured decreases. “Because private coverage plays such an important role in overall insurance rates, you can understand the logic behind the pay-or-play concept,” states Yelowitz. “States just need to make sure that mandates are structured to avoid unintended and damaging pitfalls,” such as those resulting from the 2003 legislation.

To view the full report, please visit http://www.ppic.org/main/publication.asp?i=717.

RECENT BAEF REPORT HIGHLIGHTS CALIFORNIA’S ROLE IN GLOBAL COMPETITION AND INNOVATION

The Bay Area Economic Forum’s September 2006 report, The Innovation Edge: Meeting the Global Competitive Challenge, contains a series of essays that discuss the economic challenges the nation faces in the era of outsourcing and Third World development. Specifically, the report focuses on the economic growth of China and India in the fields of manufacturing, research, and services. No longer mere markets for United States industry, China and India have emerged as viable competitors in the global economy. Now Americans compete with foreign counterparts not only for manufacturing, but for jobs as well.

In light of this increased global competition, innovation has become a prime factor in advanced economies’ ability to remain competitive and maintain a high standard of living. However, domestic industry leaders first must understand what it means to be innovative. Further, they must act competitively without damaging the cooperative links that exist between domestic and foreign markets.

Some key points highlighted in this report are:
- Regional, statewide, and national success will be determined by our ability to lead in service and technological innovation.
- “Innovation” can refer to either technological advancement or to “the process by which companies create new economic value by using resources more effectively.”
- Innovation involves three steps – invention, adoption, and implementation.
- In order to bolster the domestic supply of scientists and engineers (educated human capital), we must “make the United States the most attractive setting in which to study.”

The economic findings elucidated in this report are of particular interest to California, home to one of the tenth largest global economies. California and its Bay Area both are shaped by, and influence, worldwide trends. The Golden State’s impressive world standing is attributable to its rich base of research institutions, abundant pool of human capital, entrepreneurial assets, and record of innovation, the report asserts. As such, the manner in which we invest and direct said resources will determine how our economy
performs. At a time when the terms of competition are rapidly evolving and morphing, past performance is not necessarily and indicator of future success, the report concludes.

To view the full report, please visit http://www.bayeconfor.org/pdf/InnovationEdgeSept2006.pdf.

CALIFORNIA STILL LEADS IN BIO-TECH INDUSTRY, ACCORDING TO CHI

An October 2006 report released by the California Healthcare Institute finds that California remains the top provider of jobs in the biotech industry. The findings in the report were compiled by PriceWaterhouseCoopers.

The statistics show that the biotech industry generated $62 billion in revenue for the state last year, with 2,700 biotech companies operating in California and employing 260,000 employees, exceeding the numbers found in other states.

California also received almost half of the $5.9 billion in venture capital that was invested in the U.S. biotech industry last year, and biotech scientists in the state also received $3.6 billion in grants from the National Institutes of Health in 2004.

However, biotech has not yet proven to be broadly profitable, according to the report. Despite the billions pumped into the industry it has suffered combined losses of $52 billion over the 30 years since biotech began. Industry analysts, according to the California Healthcare Institute, estimate it will be another five years before the industry breaks even and ten years before it turns a profit.

For more information, go to www.californiahealthline.org.

STUDY FINDS IMMIGRANTS IMPACT JOBS FOR NATIVE-BORN WORKERS

The Center for Immigration Studies released a report in September 2006 finding that the arrival of immigrant workers (documented and undocumented) in a state results in a decline in employment among young native-born workers in that state. The authors, Andrew Sum, Paul Harrington, and Ishwar Khatiwada, are all associated with the Center for Labor Market Studies at Northeastern University. Their study used multivariate statistical analyses to show that the probability of teens and young adults (20-24) being employed was negatively affected by the number of new immigrant workers (whether legal or not) in their state.

Among the other conclusions of the study are that:
   - the negative impacts tended to be larger for younger workers, for in-school youth compared to out-of-school youth, and for native-born black and Hispanic males compared to their white counterparts; and
   - fewer new workers, especially private-sector wage and salary workers, are ending up on the formal payrolls of employers, where they would be covered by unemployment insurance, health insurance, and worker protections.

To obtain the study access the CIS website at: www.cis.org.

PEW HISPANIC CENTER HIGHLIGHTS STRONG GAINS IN LATINO EMPLOYMENT

On September 27, 2006, the PEW Hispanic Center published a report entitled “Latino Labor Report, 2006: Strong Gains in Employment.” The report was authored by Rakesh Kochhar, Associate Director for Research at the Pew Hispanic Center.

The report examines the Hispanic unemployment rate, which reached a historic low of 5.2% in the second quarter of 2006. The gap between seasonally-adjusted unemployment rates for Latinos and non-Latinos was just 0.6 percentage points – the smallest since 1973. Wages for Latino workers also rose at a faster rate than for other workers between the second quarters of 2005 and 2006. The report suggests that the job market for Latinos has been driven by the construction industry, which added nearly 500,000 jobs in the same time frame. Since the job recovery began in 2003, one million Latinos have found jobs in construction, accounting for about 40% of all new jobs gained by Hispanics. Yet the construction sector may be slowing down which would negatively impact Latino employment. According to the report, the
Latino workforce is not the only group that fared well in the growing labor market, but the Hispanic labor force is growing faster than any other group due to immigration. The report notes that wages have not kept pace with the growth of Hispanic workers. Wage growth is inconsistent across groups but tends to favor minority workers, according to the report. Median wages for Latino and black workers started at lower levels and remained lower yet increased in 2005-06, while Asian and white workers’ wages declined slightly. A few key points from this report:

- The Latino labor force added 867,000 workers between the second quarters of 2005 and 2006, more than any other group and accounted for 40% of all workers added to the U.S. labor force.
- Overall employment for Latinos increased by 993,000, rising 5.3%.
- Foreign-born Latinos continued to dominate the Hispanic labor force. About 8 out of every 10 new jobs landed by Latinos went to foreign-born Latinos.
- Unemployment for foreign-born Latinos was 3.9% in the second quarter of 2006, a decrease from 4.6% a year earlier. Among native-born Hispanics, the unemployment rate was 6.2%, down from 7.2%.
- The growth in construction jobs for Latinos is almost entirely in the South and the West. Together these two regions account for more than 90% of all construction jobs filled by Hispanics since 2003.
- After two years of declines, the median weekly earnings for Latino workers rose from $423 in the second quarter of 2005 to $431 in the second quarter of 2006, yet Hispanics still have the lowest median wage of any ethnic or racial group.

This report is based on data from the Bureau of Labor Statistics and the Census Bureau. The Pew Hispanic Center is a nonpartisan research organization supported by The Pew Charitable Trusts.

For more information, please visit: http://pewhispanic.org/.

CRB FINDS AIRPORT EXPANSION AND LAND USE COMPATIBILITY PLANNING PROVE CHALLENGING FOR CALIFORNIA

Released in late September 2006, the California Research Bureau’s (CRB) report entitled *Growing Pains: Airport Expansion and Land Use Compatibility Planning in California* highlights the most pressing land use and expansion issues facing the state’s 13 busiest airports. Sky Harbor International Airport in Phoenix and Portland International Airport also are included. Of particular interest is the development that takes place in the vicinity of major airports, rather than development on airport property itself.

Development within airport boundaries is managed by airport operators. Generally, airport governance structures consist of city or county departments that receive guidance from an appointed board and elected officials from the local jurisdiction’s legislative body. However, it is the development that occurs in the vicinity of airports that is of key importance in this study. Such development is governed primarily by state-mandated airport land use commissions (ALUCs). The primary function of ALUCs is to develop land use compatibility plans that take noise, safety, and zoning issues into consideration. Also, long-term growth projections are incorporated into the plans. ALUCs typically lack regulatory authority, and thus normally occupy an advisory position.

ALUCs must respond to two opposing forces that significantly influence airport operations and expansion. First is the pressure to develop once-open land in surrounding areas. Second is the continuous need to improve and expand airport capacity. Based on these observations, the report emphasizes the following key findings:

- Crucial decisions about airport development and policies are made at the local level by elected officials or their appointees.
- Despite some federal and state regulation and guidance, airport land use compatibility planning and review is largely under local control.
- Despite mitigation measures undertaken by ALUC, conflicts over airport noise and other impacts have had a significant effect on airport development and operations in California.
- Conflict prevention is hampered by the fact that ALUC’s activities are limited to new development compatibility plans are often out-of-date because of planning costs, and local conflicts and litigation impede ALUC policy implementation.

This CRB report was requested by state Senator Christine Kehoe (San Diego), who notes that “it’s necessary to know how other major airports in the western United States operate” in order to determine what improvements California’s major airports need.

Historically, airport expansion and land use issues have been contentious. As Dave Golonski, the former mayor of Burbank, observed, maintaining the quality of life in the areas surrounding airports requires “balancing economic benefits and transportation convenience against the negatives we all know far too well.” Such negatives include increased noise and air pollution and decreasing “buffer zones” between airports and the communities they serve.

Ultimately, Kehoe hopes to use this study in hearings that she will co-chair with Assemblymember George Plescia (San Diego). Specifically, said hearings will investigate the governance of the San Diego County Regional Airport Authority, the public entity created by state law to manage the region’s airport and air transportation needs.

To view the full report please visit [http://www.library.ca.gov/crb/06/10/06-010.pdf](http://www.library.ca.gov/crb/06/10/06-010.pdf).

**CENSUS BUREAU DATA UNDERSCORE IMPORTANCE OF COLLEGE DEGREE**

On October 26, 2006, the U.S. Census Bureau released a series of tables called “Educational Attainment in the United States: 2005.” The tabulations are from the 2005 Current Population Survey's (CPS) Annual Social and Economic Supplement (ASEC). The ASEC is conducted in February, March and April at about 100,000 addresses nationwide.

Fourteen tables of data on educational trends are available, and attainment levels are shown by characteristics such as age, sex, race, Hispanic origin, marital status, occupation, industry, nativity and period of entry, as well as metropolitan and nonmetropolitan residence. The tabulations also include data on earnings and educational attainment. Adults age 18 and older with a bachelor's degree earned an average of $51,554 in 2004, while those with a high school diploma earned $28,645, according to the new tabulations. Those without a high school diploma earned an average of $19,169 while advanced-degree holders made an average of $78,093.

Other highlights from the data:
- In 2005, 85% of all adults 25 years or older reported they had completed at least high school; 28% of adults age 25 years and older had attained at least a bachelor’s degree.
- High school graduation rates for women (ages 25 years and older) continued to exceed those of men, 85.4% and 84.9%, respectively. On the other hand, men are a greater proportion of the population with a bachelor’s degree or higher (28.9% compared with 26.5% of women)
- Non-Hispanic whites were the highest proportion of adults with a high school diploma or higher (90%), followed by Asians (88%), blacks (81%) and Hispanics (59%)
- 80% of adults 18 and over in California have a high school degree or higher
- 27.5% of California adults 18 and over have a Bachelor’s degree or higher.

For more information, please visit: [http://www.census.gov](http://www.census.gov).

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