



## 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

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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. The e-mail edition is made possible in part by in-kind contributions from Sun Microsystems and IBM Corp.*

### HOUSE AND SENATE ACT ON TRANSPORTATION APPROPRIATIONS, AMTRAK FUNDING UNCERTAIN

Transportation appropriations action on both sides of the Hill has supporters hopeful that a final bill may be ready for the President's signature by the end of the month. On September 4, 2003 after a brief mark up session, the Senate Appropriations Committee approved the FY 2004 Transportation, Treasury and related agencies bill and reported it to the Senate floor on a unanimous vote of 29 to 0. On the same day, the House took up its bill (HR 2989) on the floor, and the House is expected to resume consideration on Tuesday, September 9. Once again, the issue of Amtrak funding created the most significant flashpoint for members as House Republicans attempted twice to reduce Amtrak appropriations by \$320 million, while Democrats were unable to win consideration of an amendment that would have boosted funds for the national passenger rail service from \$900 million to \$1.2 billion.

The \$91 billion FY 2004 Senate Transportation-Treasury Appropriations spending plan provides \$33.8 billion for national highway programs, slightly more than the \$33.4 amount provided in the House bill, while retaining the formula language in the TEA-21 authorization law that governs federal aid highway fund disbursements to states. For aviation programs, the Senate bill designates \$13.2 billion for Federal Aviation Administration programs and activities, that's slightly less than the \$14 billion appropriated in the House bill. The Senate bill also provides \$1.35 billion for the troubled National Railroad Passenger Service also known as Amtrak. Although this figure exceeds proposed House and Bush Administration Amtrak appropriation levels by \$400 million, it is still short of the \$1.812 billion requested by Amtrak in order to maintain operations for the coming year.

During House Floor deliberations the issue of Amtrak funding consumed much of the debate, with Committee on Transportation and Infrastructure senior member John Mica (FL) leading the push for deeper cuts in the program. Mica and other members expressed concern that Amtrak was too costly an enterprise that lacked efficiency and satisfactory budget management performance. Amtrak supporter

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Rep. Bob Menendez (NJ) countered that Amtrak was an essential service to millions of Americans and that its demise would adversely impact economic stability, homeland security and environmental quality. A vote on the rules for debate prohibited the submission and debate of a Democratically drafted amendment to the House bill that would have increased Amtrak funds from \$900 million to \$1.4 billion.

On September 3, Governor Gray Davis submitted a letter to members of the California Congressional Delegation urging full funding of Amtrak and calling the issue “critical” to Californians. The letter cites growth in California’s passenger rail ridership over the past few years as an important reason to increase Amtrak funding. It notes that 60 intercity trains and 300 commuter trains operate in California every day, depending on the availability of Amtrak services and operations.

## **SENATE JUDICIARY COMMITTEE EXAMINES FIRST RESPONDER ISSUES**

The Senate Judiciary Subcommittee on Technology, Terrorism and Government Information held a hearing on Wednesday, September 3 to examine issues relating to First Responders and Terrorism. The Subcommittee heard from two panels, including: Rep. Chris Cox (Newport Beach), Chair of the House Homeland Security Committee; former Senator Warren Rudman, Chair of the Independent Task Force on Emergency Responders; Richard Clarke, Senior Adviser to that task force, and Dr. Paul Posner, Managing Director of Strategic Issues for the U.S. General Accounting Office.

During her opening comments, Sen. Dianne Feinstein, a member of the Subcommittee, argued that federal funding for first responders is woefully insufficient. Among other points, she noted that in March 2003 the Conference of Mayors estimated that counties spend \$70 million per week on security measures, far more than is being reimbursed by the federal government. She also cited the recent Council on Foreign Policy Report (see below), that found that “the amount budgeted for first responders for the next five years by federal, state, and local governments is about \$100 billion less than the minimum needed by first responders to respond to a catastrophic terrorist attack.”

In his testimony, Rep. Cox stated that the federal formula needs to be changed. He noted that the present formula is archaic and deficient and reflects the past practice of serving political needs, not security needs. He pointed out that California receives less than \$5 per capita, while Wyoming, with considerably less security concerns, receives \$35 per person. He argued that a sound pre-assessment of security needs must be undertaken to determine where the dollars should be distributed. Rep. Cox also indicated he hopes to hold hearings and a markup in September on legislation to identify security needs and allocate federal dollars accordingly. For further details regarding Chairman Cox’s plans for legislation to address the homeland security formula problem, see [Bulletin, Vol. 10, No. 21 \(7/17/2003\)](#).

Dr. Posner presented a report done by the GAO entitled: *Homeland Security: Reforming Federal Grants to Better Meet Outstanding Needs*. The GAO found that the federal grant system for first responders is highly fragmented “which can complicate coordination and integration of services and planning at state and local levels.” The report does not provide recommendations on action, but provides various options “if Congress chooses to reform the grant system.” Among those options are: “consolidating grant programs through block grants, establishing performance partnerships, and streamlining planning and administrative requirements.” The GAO report may be obtained at <http://www.gao.gov/cgi-bin/getrpt?GAO-03-1146T> .

Mr. Clarke briefed the Committee on the Council on Foreign Relations Report “Emergency Responders: Drastically Underfunded, Dangerously Unprepared,” which was released in June. See, [Bulletin, Vol. 10, No. 20 \(7/11/03\)](#). He recommended that the Department of Homeland Security adopt a program planning and budget process similar to that used by the Defense Department. DOD’s approach requires an annual Threat Assessment that shapes a subsequent Requirements and Capabilities document, in which the military outlines what it considers necessary to meet the threat. The Secretary then issues

Program Guidance on available funding and priorities, which shows how and to what extent the threat requirements will be met over five years.

Additional testimony from the hearing can be obtained through the Committee's website at: <http://www.senate.gov/~judiciary>.

## **GAO REPORT SAYS CALIFORNIA IMPACT OF HOUSE WIA BILL WOULD BE MIXED**

A new report released by the General Accounting Office (GAO) assesses the allocation formulas in the national job training law known as the Workforce Investment Act (WIA) and examines the impact of the formula changes included in the House WIA reauthorization bill, HR 1261. According to the report, California's share of WIA Adult program funds would increase, while its share of Youth funds would decrease under the House bill. The report's authors propose a different set of formula factors they say are derived from more reliable data and better aligned with WIA target populations and program goals than the House proposal or existing law.

WIA employment and training assistance funds are distributed to states via formula grants and are used to help youths and adults gain job skills and find work. Slated for renewal this year, this sizable formula program dispersed about \$3.3 billion in grants to states in fiscal year 2003, with California receiving \$454,432,875 of those funds. WIA is divided into separate youth and adult formula programs with different factors governing each segment. On average, California received 17.7 percent of WIA adult funds since the job training law was last reauthorized by Congress in 1998 and 17.03 percent of Youth funds in the same period, according to the GAO.

The House approved its version of WIA on May 8, 2003. The bill falls in line with a number of provisions submitted by President Bush, including the restructuring of the tripartite WIA Adult segment by consolidating the Adult, Dislocated Worker, and the Wagner-Peyser funding streams into one formula grant. The bill also eliminates dislocated workers as a target population factor, adds the unemployed as a priority group for intensive services, and retains universal eligibility for core services.

After assessing the new formula factors attached to the proposed consolidated adult program, the report affirms that the formula changes suit target recipients better than before, though any significant improvements are constrained by the existence of a phase-in provision and the retention of a factor that may not be direct or accurate enough to serve program goals. The impact on California is mixed, according to the report. Using historical data to compare average allocations between current and proposed formulas over the last five years, the report stipulates an increase in Adult program funds from 17.7 percent to 18.56 percent, if HR 1261's formula would have determined California's share of funds between 1999 and 2003. California's average share of Youth funds, however, is estimated to have dropped from 17.03 percent to 13.67 percent had the updated formula factors in HR 1261 been implemented.

The report suggests that the formula would be more suitable if data from the Census Bureau's Small Area Income and Poverty Estimates (SAIPE) were used to measure factors rather than decennial census data. Furthermore, the report identifies several potential formula factors that would add to the reliability of WIA fund allocations, such as (for the Youth program) jobless out of school youth, high school dropouts, births to teens, and youth in foster care; and (for the Adult program) measures of the civilian labor force, total unemployment, and public assistance recipients.

An as yet unnumbered Senate bill is awaiting action in the Senate Health Education Labor and Pensions Committee, chaired by Sen. Judd Gregg (NH).

For more information on HR 1261 please visit the House Committee on Education and the Workforce website at: <http://edworkforce.house.gov/>. To check the status of the Senate bill, visit the Senate Health Education Labor and Pensions Committee at <http://health.senate.gov>. The GAO report,

entitled *Workforce Investment Act: Potential Effects of Alternative Formulas on State Allocations*, is available at <http://www.gao.gov/new.items/d031043.pdf> .

## **PACIFIC COUNCIL RELEASES TRADE REPORTS**

The Pacific Council on International Policy recently released two reports in its series on “Mapping the Local Implications of Globalization.” The first report, *Enhancing Southern California’s Global Gateways*, was authored by Dr. Steven Erie of the University of California, San Diego. It explores the challenges and opportunities for trade infrastructure development in Southern California. Dr. Erie finds that while Southern California’s infrastructure is substantial, it requires considerable up-grading, especially its airports.

*A Tale of Five Regions: Meeting the Challenge of Globalization in the West* was written by Dr. Gregory Treverton, a Senior Fellow at the Council and a Senior Policy Analyst at RAND. Dr. Treverton’s report examines the progress of and attitudes toward globalization in the American West. He finds a mismatch between regional challenges and the capacity for regional governance, and posits that a more concerted approach to the challenges of globalization is likely to come from the private sector.

The Pacific Council is an independent, nonpartisan membership organization that serves as the Western Partner of the Council on Foreign Relations. It is headquartered on the University of Southern California campus. For further information on these reports, visit the Council’s website at: <http://www.pacificcouncil.org> .

## **LEON PANETTA TO LEAD STATE BUDGET DEFICIT TASK FORCE**

Former Rep. Leon Panetta, currently Director of the Panetta Institute, has been appointed by Gov. Gray Davis to advise California legislators on how best to address California’s ongoing structural budget deficit. Panetta will convene a bi-partisan team of experts on budget, finance and the economy to advise California leaders on the best plan to implement long-term structural reform.

The Panetta Institute is a non-partisan center for the study of public policy aimed at helping communities and the country meet the challenges of the 21<sup>st</sup> Century. Panetta served as Chief of Staff to President Bill Clinton. He also has extensive experience with budget issues, having served first as Chair of the House Budget Committee during his service as a Member of Congress from California, then later as President Clinton’s Director of the Office of Management and Budget.

Information regarding the Leon and Sylvia Panetta Institute for Public Policy, which is located in Seaside on the campus of the California State University Monterey Bay, is available online at <http://www.panettainstitute.org/> .

## **NEW STATISTICS ON IMMIGRANT POPULATION**

On September 3, the Census Bureau released its American Community Survey showing that California again ranked first in the proportion of its population that is foreign-born (26.9 percent. New York state followed with 20.9 percent. In a ranking of large cities (with populations of 250,000 or more), seven of the top 10 cities with the highest percentages of foreign-born were located in California. Miami, with 60.6 percent, ranked first in the nation, followed by Santa Ana (48.4 percent), Los Angeles (41.3 percent), Anaheim, (40.3 percent), and San Francisco (36.7 percent). San Jose with 36.5 percent foreign-born, Long Beach with 30.9 percent, and San Diego with 27.9 percent also made it into the top ten.

The survey found that the total U.S. foreign-born population grew to more than 33 million in 2002, slightly larger than the entire population of Canada. Of the total U.S. population, 11.8 percent were foreign-born and accounted for 44 percent of the nation's population growth last year. A majority of the

foreign-born reside in four states: California (28 percent), New York (11.8 percent), Texas (9.8 percent) and Florida (8.9 percent).

About 52 percent of the nation's foreign-born population is from Latin America, according to the survey, 27 percent from Asia and 15 percent from Europe. California, with 34.9 percent, has the largest share of foreign-born population from Asia. And seventy-five percent of the foreign-born population in the West lived in California.

The ACS, which surveyed more than 742,000 American households in 2002, will expand to 3 million households nationwide next year and is slated to replace the census long form in 2010. Further information can be obtained through the Census Bureau's websites at either: <http://www.census.gov/acs> or <http://factfinder.census.gov>.

### **CALIFORNIA RECEIVES FISCAL YEAR 2003 SCAAP AWARDS**

The Department of Justice announced its 2003 awards under the State Criminal Aliens Assistance Act recently. California and its local governments will receive a total of \$95,304,541. This is substantially less than the \$220,241,046 received in FY 2002, because the FY03 appropriated amount dropped to \$240 million from \$545 million in FY02.

The State will receive the largest share of the funds, \$66,182,010. Los Angeles County will receive the second largest award at \$11,451,278. The remainder of the money is divided among the state's other counties and some cities ranging from \$4,254,330 to Orange County to \$149 to the County of Modoc.

New York received a total of \$43,799,041, while Texas received \$20,950,723.

So far for FY04, the House Commerce, Justice, State Appropriations bill contains \$400 million in funding for SCAAP. On Thursday, September 4, the Senate Appropriations Committee included \$250 million for FY04 SCAAP. In FY03, the Senate had initially zero funded SCAAP.

A complete list of the awards can be obtained through the Department's website at: <http://www.ojp.usdoj.gov/BJA/grant/03SCAAP.pdf>.

### **FERC STAFF URGING SETTLEMENTS IN CALIFORNIA OVERCHARGE CASES**

Staff at the Federal Energy Regulatory Commission (FERC) will reportedly recommend that Commission members settle or dismiss charges against at least 26 energy companies accused of improperly profiting from California's 2001 energy crisis. Proposed settlements are primarily for small amounts -- none is for more than \$1 million.

California officials are expressing frustration at the proposal and calling the reimbursements inadequate. The state continues to claim it is owed \$9 billion in refunds from wholesale energy marketers for costs the state incurred during the crisis. On Thursday, September 4, Senator Dianne Feinstein wrote to FERC Chairman Pat Wood stating, "The market manipulation cost California \$8.9 billion, averaging out to about \$250 per Californian. Yet the settlements reached last week total slightly less than \$2 million, or about three cents per Californian."

In June, FERC requested that 60 companies justify why they should not be penalized. In recent days, FERC staff have sought to dismiss charges against 16 of those companies and settle with 10 others. Among the proposed dismissals are cases against municipal utilities in Anaheim, Azusa, Pasadena, Riverside and Los Angeles.

### **CONCERNS RAISED ABOUT NATION'S TRANSPORTATION, WATER, ENERGY AND EDUCATION INFRASTRUCTURE**

On Thursday, September 4, 2003, members of the House Transportation and Infrastructure Committee's bipartisan leadership, including Reps. Thomas Petri (WI), John Duncan (TN), and James

Oberstar (MN), in conjunction with the American Society of Civil Engineers (ASCE) held a press conference to outline the findings of a new ASCE status report on the nation's road, aviation, water and energy infrastructure.

The report grades twelve infrastructure categories such as roads and bridges, transit, aviation, schools, drinking water, wastewater, dams, solid waste, hazardous waste, navigable waterways, and energy. The highest "C+" grade on the report was given for the solid waste category, and the lowest "D-" given to the schools, while the ASCE gave the nation's overall infrastructure a "D+" grade. The report places the total investment needed to bring conditions to acceptable levels for a five-year period at \$1.6 trillion.

ASCE Executive Director Patrick J. Natale expressed strong support for user fees, which help raise necessary revenue to make future investments in the nation's transportation, water, and energy infrastructure. ASCE is a national engineering association that represents some 13,000 civil engineers worldwide.

For more information about this hearing, please visit the House Transportation and Infrastructure Committee's website at <http://www.house.gov/transportation>.

### **NATIONAL EDUCATIONAL ATTAINMENT DATA RELEASED BY CENSUS BUREAU**

A new U.S. Census Bureau report released on August 18, 2003 indicates that educational levels of the U.S. population are the highest they have ever been. Based on Census 2000 data, the report, which is part of the Census 2000 Briefs series, examines high school and college attendance levels and includes information on the differences in educational attainment among various age, gender, race, and ethnic groups.

According to the report, 80 percent of the 182.2 million people aged 25 and over had a high school diploma or more, and 24 percent of the sample had completed at least a bachelor's degree as of April 1, 2000. At the same time, people with professional and doctoral degrees, as well as people with education below high school, are fairly rare, as none of these groups account for more than 4 percent of the 25 and over population. The study reports that high school and college completion numbers have been steadily rising over the past 60 years, with 4 out of 5 adults currently having graduated from high school in comparison to 24 percent of the 25 and over population in the 1940.

In addition, the report found no significant differences among high school completion rates among men and women (80 and 81 percent respectively), though men have higher completion rates for higher education (26 percent had bachelor's degrees) and in holding advanced degrees (10 percent) than women (23 and 8 percent respectively). The report notes sharper differences between age groups. In 2000, the 45-to-49 year old population was the highest in high school graduation and some college or more, while the 50-to-54 year old group was the highest at bachelor's and advance degree attainment. People 75 years and older had the lowest education levels.

The report also indicates large differences also exist among race groups. The Census report indicates that people who reported they were Asian completed higher levels of education. 44 percent of the Asian group have a bachelor's degree, compared to 26 percent of the white population, 14 percent of both the black and Pacific Islander population, and 11 percent of the American Indian group.

For further information about this report, please visit the Census website at: <http://www.census.gov>

### **LOS ANGELES INTERNATIONAL AIRPORT RECEIVES \$256 MILLION TSA GRANT**

The Transportation Security Administration of the Department of Homeland Security announced on Tuesday, September 3, 2003 that it has signed "Letters of Intent" for three of the nation's largest airports,

including the Los Angeles International Airport (LAX), to help defray the costs of installing permanent explosive detection systems integrated with the airport's checked baggage conveyor systems.

The LAX grant is \$256.4 million and will cover 75 percent of the cost at LAX and Ontario International Airport to install security equipment, which will be completed within two years, according to LAX officials. LAX, Denver International Airport (receiving \$67.5 million), and Las Vegas McCarran International Airport (receiving \$93.75 million) are the latest airports to enter into such arrangements with the TSA, which also signed similar agreements last month with Seattle/Tacoma International Airport, Dallas/Fort Worth International Airport, and Boston Logan International Airport. The total amount of authorized funds allocated is over \$775 million.

According to TSA, "Letters of Intent" provide an intent to reimburse airports, from future appropriations, for the cost of capital improvements required to meet post 9-11 federal security mandates. Under the provisions of the agreement, TSA will pay 75 percent of permitted costs associated with such installations expected to be completed over a three to four year period, which include preliminary site preparations, structural reinforcement to support new equipment, electrical work, heating, and air conditioning, as well as physical enhancements necessary to operate an in-line system. The airports receiving grant money are to pick up the remaining portion of the cost.

For further information about the LAX grant, please visit the TSA website at: <http://www.tsa.gov> .

## **CENSUS BUREAU RELEASES STATISTICS ON UNINSURED CHILDREN**

The number of uninsured children in America fell to 12.1 percent in 2001, according to a new report by the U.S. Census Bureau. This figure represents 9.2 million children under the age of 19. Among states, California's share of children without insurance coverage was above the national average between 1999 and 2001, although California's moving average uninsured proportion decreased between 2000 and 2001, according to the authors.

Using annual updates of Current Population Survey (CPS) data, the report entitled "Children with Health Insurance: 2001" collects and synthesizes child health insurance information from different age, racial identification, and family income groups, and it assesses other factors. The report findings include: older children were more likely to lack insurance coverage than younger ones, Hispanics' children were three times more likely to be uninsured than non-Hispanic whites and, in spite of government assistance programs to low income children in the form of Medicaid and SCHIP, 2.7 million or 22 percent of kids identified as uninsured for health coverage were from poor families.

When figures were broken down state-by-state, the report found that children in states located in the West and South of the nation were more likely to lack health insurance. Texas recorded the highest estimated uninsured child rate at 22.7 percent while Rhode Island had the lowest (4.7 percent). California's three year average percentage of uninsured children was 16.7 percent. However, between 2000 and 2001 the proportion of uninsured children in California dips to 15.6 percent showing some better results in the last couple of years.

For more information on current population reports or to view a copy of this report visit the Census Bureau website at <http://www.census.gov> .

## **GOVERNORS UNITE BEHIND HEALTH CARE FUNDING ISSUE**

All 50 of the nation's governors have written in support of a House prescription drug bill provision that shifts up to \$7 billion in costs from the states to the federal government. The money would cover more than six million people who are "dual eligibles", meaning those people that qualify for prescription coverage under both Medicare and Medicaid. A parallel Senate bill, on the other hand, provides that the

latter costs be shared by federal and state governments, an approach that the governors contend would lead to cuts in other programs included in their state budgets.

The letter, signed by all 50 state governors, was sent to Rep. Bill Thomas (Bakersfield), Chairman of the House Ways and Means Committee several weeks ago. It urges him to consider closely the impact of the bill on those affected by its outcome. Health care costs are growing at as much as 8 percent per year. An analysis by the National Governors Association estimates that without shifting the prescription drug coverage to the federal government for the "dual eligibles" population, states would be forced to spend an additional \$100 billion over the 10 year period.

At a recent press conference, some of the governors said that a new law requiring the states to provide prescription drug coverage for the elderly would further strain their financially strapped budgets. California was \$38 billion in the red several months ago, and its projected deficit is already at \$8 billion.

### **CALIFORNIA'S NEWEST HOUSING DEVELOPMENTS EVALUATED IN PPIC REPORT**

According to a report released by the Public Policy Institute of California (PPIC) on August 20, 2003, California's newest neighborhoods house a wealthier, better educated, whiter population that do older communities across the state. Titled "California's Newest Neighborhoods" and co-authored by Hans P. Johnson and Joseph M. Hayes, the report suggests that these new housing developments also are more exclusive than older neighborhoods when it comes to location and the type of housing they encompass. The authors used data from the 2000 Census to examine these new housing developments, which are defined as those communities in which half of the housing units were built during the last decade.

The report found that far fewer new residential developments in the 1990s were created in the state than in previous decades. In 1980s, there were 1,739 new neighborhoods created, while the 1990s saw the creation of less than half that amount, or 845. Not only are there fewer new developments, but the ones created tend to be disproportionately located in the inland areas of the state. The report states that the Inland Empire, the San Joaquin Valley, and the Sacramento Metro regions together account for almost half of the state's neighborhoods and, together with Orange County, they account for nearly two-thirds of all new neighborhoods but less than one-third of the state's population. The study also reports that most new housing tends to be located near the urban fringe, with 87 percent in 2000 and 85 percent in 1990 located in urbanized areas.

The new housing developments also contain small numbers of multifamily units, while overall they tend to be large single family units housing two-parent families with children. Another interesting attribute new developments share is the fact that their residents tend to have high levels of educational attainment. The report also found that the state's newest neighborhoods have fewer immigrants or foreign-born, and tend to be less racially diverse than other neighborhoods. Accordingly, whites constitute a majority of the population (57 percent) and Asians are also over-represented (13 percent) in such new communities when compared to representation in older communities, while African Americans (5 percent) and especially Hispanics (20 percent) are under-represented.

In addition, the PPIC study found that, in every region surveyed, incomes in the new neighborhoods are higher than in other neighborhoods, with 45 percent of new development households having incomes greater than \$75,000, compared to just 29 percent in the state as a whole. With respect to the employment commute for those living in the new neighborhoods, the study reports not only that residents of such developments are less likely to take public transportation to work than other Californians, but also that they spend more time commuting than residents of other neighborhoods. The study found that in 2000, almost a quarter of new housing commuters spent at least 45 minutes (one way) to get to and from work, compared to one in six commuters elsewhere.

The authors conclude that the characteristics of California's newest neighborhoods - location, economic exclusivity, few multifamily units, and little racial diversity - suggest the reasons why some people oppose them.

For more information about this report, visit the PPIC website at: <http://www.ppic.org> .