



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: randsdell@calinst.org web: <http://www.calinst.org>

California Capitol Hill Bulletin

Volume 10, Bulletin 27 – September 25, 2003

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.

CR WILL KEEP FEDERAL MONEY FLOWING THROUGH HALLOWEEN

On Thursday, September 25, 2003, the House of Representatives passed a one-month extension of all unfinished appropriations bills for Fiscal Year 2004, and the Senate followed suit shortly thereafter. Approved in the House on a 407-8 vote, H.J. Res 69 will maintain federal spending from the September 30 fiscal year end through October 31. Spending rates would depend on fiscal year 2003 appropriations bills, including supplementals. The resolution is expected to apply to 10 funding bills not signed by the September 30 deadline; these are expected to include all except Defense, Homeland Security, and Legislative Branch.

HOUSE AND SENATE PASS HOMELAND SECURITY CONFERENCE REPORT

By a vote of 417-8, on Wednesday, September 24, the House passed the Conference Report to accompany H.R. 2555, the FY04 Appropriations for the Department of Homeland Security (DHS). The Senate cleared the measure by voice vote shortly after that.

The \$30.4 billion provided in the bill is about \$1 billion more than the Administration's budget request. The bill provides \$4.3 billion for customs and border protection, \$3.7 billion for immigration enforcement, \$2.5 billion for the Transportation Security Administration and \$6.7 billion for the Coast Guard. In all, about \$4 billion is provided through different programs for first responder assistance, most of which is funneled through the DHS Office of Domestic Preparedness. The bill, however, does not change the formula that the Department of Homeland Security has been using to allocate the grants, and which has seriously disadvantaged California. For more details, *see, Bulletin, Vol. 10,*

CONTENTS:

CR Will Keep Federal Money Flowing Through Halloween	1
House And Senate Pass Homeland Security Conference Report	1
Congress Extends Welfare and Transportation Programs through Winter	2
Congress Approves 2004 Defense Appropriations	2
Senate Nomination Hearing for DHS Domestic Preparedness Director Focuses on Formula Issue	3
House Approves Water Resources Development Act	4
Senate Passes FY 2004 Interior Appropriations; Includes \$200 Million for Lake Tahoe	5
Senate Transportation Spending Bill Awaiting Action	5
House Resources Subcommittee Reports CALFED Bill	5
United House Committee Acts on Graduate and International Studies Bills	6
Agreement Reportedly Reached to Strip Special Education Funding Boost, Start Appropriations Conference	7
Anderson Forecast Predicts Slow Economic Recovery	7
PPIC Survey finds Waning Faith in State Government, But Also Recall	8
Welfare Reform in California Analyzed in RAND Report	8
September 30 Roundtable Luncheon re California Politics and Recall To Feature Bill Press, Dan Lungren, and Bruce Cain	9

Nos. [26 \(9/18/03\)](#), [22 \(7/25/03\)](#) and [19 \(6/27/03\)](#). Also see below *Bulletin* article regarding the Senate confirmation hearing for the nominee to head ODP.

The California Institute will prepare a detailed analysis of the bill's impact on California, which will be available shortly. Analyses of the House and Senate versions of the Homeland Security spending bill are currently available on the Institute's website at: <http://www.calinst.org> .

CONGRESS EXTENDS WELFARE AND TRANSPORTATION PROGRAMS THROUGH WINTER

On September 24, 2003, the House approved a number of temporary authorization bills to keep expiring federal programs operational through the winter and create time to authorize long term bills not yet enacted by Congress. The measures include a five-month extension of surface transportation programs (through February 29, 2004) and a six-month extension for welfare programs (through March 31, 2004). Both bills were approved by voice vote to maintain program function in anticipation of the start of the new fiscal year on October 1.

The six-year Personal Responsibility, Work and Reconciliation Act of 1996 expired on September 30, 2002. Because of differences over child care funding levels and work requirements for cash recipients, Congress has remained unable to reach agreement on a long-term reauthorization of PRWORA's provisions. Welfare programs have remained operational since then thanks to the passage of a series of temporary stop gap measures. By March 2003, the House had passed two welfare reauthorization bills on party line votes. The House bill calls for a 50 percent to 70 increase in work participation rates among states, while boosting work hours for recipients from 30 to 40 hours per week. It also includes an additional \$1 billion in mandatory child care fund increases over 8 years. Meanwhile, the Senate Finance Committee acted on its version of the bill earlier this month, though the issue of child care funding was sidestepped by Finance Chair Charles Grassley (IA) to avoid a fall out between conservative Republican committee members and more moderate colleagues. Sources say that further action on a Senate welfare bill remains unlikely in the immediate future. The Senate is expected to approve the welfare extension proposal, H.R. 3146, which would expire March 31, 2004.

Proposals to reauthorize surface transportation programs are also at an impasse due to disagreements between the White House and transportation leaders on overall funding levels. In May, the White House floated a \$276 billion multi-year proposal known as SAFETEA to succeed the Transportation Equity Act of the 21st Century (TEA-21), which will expire September 30, 2003. House Transportation and Infrastructure Committee Chair Don Young (AK), however, wants an additional \$100 billion for highways and transit programs attached to a reauthorization bill and is proposing a retroactive indexing of the highway user fee to help pay for the proposal, something Bush Administration officials oppose.

The transportation extension bill authorizes an overall appropriation of \$18.04 billion, providing \$14.73 billion for highways programs, \$3.04 billion for transit, and \$266 million for highways and motor carrier safety activities. HR 3087, the Surface Transportation Extension Act of 2003, continues TEA-21's budgetary firewall protections that match trust fund revenue to transportation related expenditures while temporarily expanding states' authority to transfer funds between categorical programs.

CONGRESS APPROVES 2004 DEFENSE APPROPRIATIONS

By a 95-0 vote on Thursday, September 25, 2003, the Senate approved a \$368 billion fiscal 2004 defense appropriations measure. The House had approved the bill one day before by a 407-15 margin. The bill, HR 2658, was on the House floor only minutes after a House-Senate conference completed work. An examination of the House's earlier version of the bill, passed by a vote of 399 to 19 on July 8, is available on the California Institute website at <http://www.calinst.org/pubs/def04h.htm> .

The conference agreement includes a total of \$9.1 billion for ballistic missile defense, an increase of \$1.4 billion above fiscal year 2003. It provides \$1.4 billion for procurement and continued development of unmanned aerial vehicles, a \$225 million increase, with specific funds for four Global Hawk UAVs, 16 Predator UAVs, 2 Predator B UAVs, 8 Shadow UAVs, and 8 Firescout UAVs. The Committee also provides \$270 million for continued development of Navy and Air Force Unmanned Aerial Combat Vehicles (UCAVs).

Within a total of \$74.7 billion for procurement (an increase of \$3.1 billion from 2003), the conference report provides \$2.9 billion for 42 Navy F/A-18E/F fighter aircraft, \$3.6 billion for 22 F-22 Air Force fighter aircraft, and \$2.1 billion for 11 Air Force C-17 airlift aircraft. It would also provide modification funds for existing inservice aircraft, including \$123 million for B-2A stealth bombers, \$104 million for B-1B bombers, and \$49 million for C-17s.

From within a total of \$65.2 billion for research and development (up \$7 billion from the prior year), the conference report provides \$4.3 billion for the Joint Strike Fighter program, \$364 million for the Air Force's MC2C command and control constellation, \$617 million for the Space-Based Infra-Red System (SBIRS), \$339 million for Advanced Wideband Satellite laser communications, and \$174 million for Space-Based Radar.

The conference report would provide a 4.1 percent pay increase and other benefits for U.S. troops and would undertake force modernization steps. It also includes \$285 million for environmental restoration activities at formerly used defense sites.

SENATE NOMINATION HEARING FOR DHS DOMESTIC PREPAREDNESS DIRECTOR FOCUSES ON FORMULA ISSUE

On Tuesday, September 16, 2003, the Senate Committee on Governmental Affairs held a hearing to consider the nomination of C. Suzanne Mencer to be Director of the Office of Domestic Preparedness (ODP), the office at the Department of Homeland Security that distributes most first responder grants to state and local governments.

Most recently, Mencer served as the Executive Director of Public Safety for the State of Colorado, and she previously served as an agent and administrator at the Federal Bureau of Investigation and as a private consultant regarding domestic terror activities.

Committee members wasted no time in focusing attention on a large-state/small-state battle that has been raging over homeland security formula grants. At issue is the implementation of a provision in the USA Patriot Act -- the federal law that contains the primary state and local grant formula -- that created an unusually large (0.75 percent) minimum grant funding share for every state, regardless of size. In fiscal year 2003, the three ODP grant distributions pursuant to that formula provided California, home to more than 12 percent of the nation's population, with less than 8 percent of homeland security formula grant funds. As a result, California received \$4.68 per capita under the USA Patriot Act formula, whereas Wyoming received \$35.31 per capita.

A small-state Senator herself, Committee Chair Susan Collins (ME) defended the large size of the formula's small-state minimum, commenting that "Every state has homeland security needs," and adding that Members of Congress "need to be careful about distributing funds only on a per capita basis." Saying that "some states receive large amounts from other programs," Collins said that New York and California receive half of high-threat urban area funding. In response to Collins' questioning, Mencer called funding distribution "a complicated issue that deserves a measured response" involving "many factors." She said, "We need to take into account not just population but vulnerability, threat level, and critical infrastructures." Arguing for the small-state minimum, which she said establishes "a baseline level of capacity to prevent and respond to terrorist attacks," she said that "each state must protect its

vulnerabilities including critical infrastructure, borders, and coastlines. Each state must train and equip first responders.”

Committee member and large state Senator Frank Lautenberg (NJ) noted that “for large states, per capita funding is shorted,” and he noted that a bill by Sen. Collins “does not fix the small state minimum problem and does not fix the threat.” He said the system produces “enormous disparities that I cannot justify to my constituents.” He also complained that, “The Bush Administration has failed to develop a comprehensive approach” to providing federal support funding for first responders. In response to Lautenberg’s questioning on the formula grants, Mencer said, “It is a multi-faceted process, and the Department of Homeland Security is in the process of revising the formula to take into account threat assessments.” She also noted that states are required to conduct state-level threat assessments to relay to the federal government.

Sen. Carl Levin (MI) criticized the formula because it bears no relation to need. He said, “If we distribute based on where the threats are, then I’m happy. But when we go beyond that and use arbitrary means, then we have a problem.” Referencing joint work that he has done with Sen. Dianne Feinstein, Levin noted that “Typical small state minimums are somewhere between half of one percent and zero. This program is three-quarters of one percent. That’s where we have a problem.” He referenced an on record statement by DHS Secretary Tom Ridge that he will try to make the formula process “rational,” and said that he is “relying on him to do just that.” He said that he is not suggesting that there should be no small-state minimum, but rather “something in line with what we usually do around here.”

For a copy of the nominee’s testimony, visit the Senate Government Affairs Committee website, at <http://govt-aff.senate.gov/> . For additional information regarding the USA Patriot Act formula and the state-by-state fiscal impact of its small-state minimum, visit the California Institute website at <http://www.calinst.org/datapages/DHS.htm> .

HOUSE APPROVES WATER RESOURCES DEVELOPMENT ACT

By a vote of 412-8, the House on Wednesday, September 24, passed the Water Resources Development Act of 2003 (H.R. 2557). The bill authorizes U.S. Army Corps of Engineers’ projects and studies for river and harbor navigation improvements, flood and storm damage reduction, and environmental restoration. H.R. 2557 provides almost \$4 billion in funding.

Among other things, the bill authorizes, modifies, or provides for the study of nine major projects for navigation, environmental restoration, and flood protection and storm damage reduction, 108 flood protection and storm damage reduction projects, 61 navigation projects, 88 environmental and aquatic ecosystem restoration projects, 28 watershed planning studies, and 27 shoreline and streambank protection projects.

The bill authorizes numerous projects in California, with potential funding levels well into the millions of dollars. Some of the included projects are for the following: the American and Sacramento Rivers; Cache Creek Basin; Grayson Creek/Murderer’s Creek; John F. Baldwin Ship Channel and Stockton Ship Channel; Los Angeles Harbor; Larkspur Ferry Channel; Napa River Salt Marsh Restoration; Pacific Flyway Center; Pinole Creek; Prado Dam; Sacramento Deep Water Ship Channel; Sacramento River, Glenn-Colusa; San Lorenzo River; Upper Guadalupe River; Walnut Creek Channel; and Wildcat/San Pablo Creek Phases I and II.

The last time Congress enacted a WRDA Reauthorization was in 2000. The Senate is not expected to act on its bill until 2004. The Administration has criticized the spending limits contained in the House bill and the Administration has indicated it will only support the bill if the new project spending levels are offset by elimination of projects it does not consider cost-effective projects.

SENATE PASSES FY 2004 INTERIOR APPROPRIATIONS; INCLUDES \$200 MILLION FOR LAKE TAHOE

Late on Wednesday, September 24, 2003, the Senate by voice vote passed its Fiscal Year 2004 Department of Interior Appropriations bill, S. 1391. The bill provides \$20 billion in FY04 spending, including \$200 million for restoration of Lake Tahoe. The money represents the federal share of the clean-up costs for the next eight years. Senator Dianne Feinstein, a strong proponent of the clean-up effort, stated that the federal-state-local-private partnership established by the Lake Tahoe Restoration Act of 2000 has been making a difference. "According to the Tahoe Research Group, the average clarity of the lake for 2002 is 78 feet. This is the clearest the lake has been in 10 years, a 9 foot improvement from just 5 years ago, and a 5 foot improvement from last year," she said.

The Interior Appropriations also includes funding for numerous Bureau of Reclamation, Bureau of Land Management, Fish and Wildlife Service, and National Park Service projects in California, including: California Wilderness - \$1,000,000; Otay Mountain/Kuchamaa Habitat Conservation Plan - \$1,500,000; Santa Rosa and San Jacinto Mountains National Monument - \$1,000,000; San Diego National Wildlife Refuge - \$2,500,000; and San Joaquin River National Wildlife Refuge - \$1,500,000.

A more detailed analysis of the California projects in the bill can be found on the Institute's website at: <http://www.calinst.org/pubs/int04s.htm> .

SENATE TRANSPORTATION SPENDING BILL AWAITING ACTION

On September 4, 2003, the Senate Appropriation Committee unanimously approved its Transportation, Treasury and General Government fiscal year 2004 spending plan. The \$91 billion bill provides a substantially larger appropriation for the national passenger rail corporation, Amtrak, than the House companion measure, and is awaiting floor action.

The Senate appropriations bill provides \$1.35 billion for Amtrak compared to \$900 million contained in the FY 2004 House Transportation appropriations plan. This figure represents \$303 million more than the previous year's appropriation and \$446 million more than the amount requested in the President's budget, though Amtrak officials say it is not enough to keep the system operational. Other highlights of the bill include \$33.8 billion for highway programs, \$13.97 billion for aviation projects, and \$7.3 billion for the Federal Transit Administration. Highways funding in the Senate bill represents an increase of \$2.2 billion compared to FY03 and is \$4.5 billion above the amount recommended by the President.

A California Institute analysis identifying the Senate Transportation bill's California implications will be available on our website in the near future.

HOUSE RESOURCES SUBCOMMITTEE REPORTS CALFED BILL

The House Resources Subcommittee on Water and Power favorably reported H.R. 2828 on Thursday, September 25. The bill is sponsored by Rep. Ken Calvert (Corona), Chair of the Subcommittee, and co-sponsored by several California delegation members, including Water and Power Subcommittee Ranking Member Grace Napolitano and all other California members of the Subcommittee. No amendments were offered to the bill at the markup.

In his opening remarks, Chairman Calvert stated: "We are making progress on a bill that brings balance to the CALFED Program and helps to develop water supplies throughout the nation in the near future and for the next several decades. We all share a common vision of developing and maintaining safe and dependable water supplies for future generations. Complacency is no longer an option as growing and changing demands will continue to out-strip available water supplies if we do not provide the tools water managers can use."

The bill authorizes federal participation in the CALFED Bay-Delta Restoration Program from 2004 through 2007, and provides a total of \$880 million for its projects. It explicitly identifies the program's goals to include water supply and yield. Feasibility studies are required for new water storage, but once feasibility is determined, the projects are automatically authorized absent passage of a Congressional resolution of disapproval within 120 days. H.R. 2828 also includes "beneficiaries pay" provisions that include "the environment" as a beneficiary.

Other titles of the bill establish a competitive grant program within the Department of the Interior for desalination, groundwater recharge, brine removal, water quality, and water reuse projects. The bill authorizes \$100 million annually for the grants, which are open to all 50 states, with the federal share capped at 35 percent of a project's total cost.

The bill also authorizes \$300 million to address environmental and water issues around California's Salton Sea.

Sen. Dianne Feinstein has introduced a companion bill in the Senate, S. 1097, but action in the Senate Energy and Natural Resources Committee is not expected this year. Federal appropriations for the CALFED program have been curtailed because the authorizing legislation has expired.

UNITED HOUSE COMMITTEE ACTS ON GRADUATE AND INTERNATIONAL STUDIES BILLS

On September 25, 2003 the full House Education and Workforce Committee by unanimous consent approved two higher education bills concerning graduate education opportunities and international and foreign language programs. The Committee reported both bills, HR 3076, The Graduate Opportunities in Higher Education Act, and HR 3077, the International Studies in Higher Education Act, to the House floor with bipartisan support after consenting to a number of amendments.

HR 3076 authorizes federal support for three graduate fellowship programs with an emphasis on elementary and high school teacher training. It was earlier unanimously approved by the Subcommittee on Select Education. It also provides assistance to adult student learners and military personnel while promoting diversity. Committee Democrat Member Tim Ryan (OH) praised bill author and Select Education Subcommittee Chair Peter Hoekstra (MI) for working with him on a grant program provision ultimately folded into the reported version of the bill. Ryan supported the expansion of community grants to urban and non-urban institutions of higher learning to facilitate economic development and the delivery of social services in local communities. Another bipartisan provision was approved during the mark up that encouraged the study of traditional American history.

HR 3077 amends Title VI of the Higher Education Act concerning the study of foreign languages, area studies, trade competitiveness and international expertise. The bill forms a new advisory panel of international studies experts to provide curriculum recommendations to Congress in response to the changing national security needs and the international climate in the post 9/11 era. An amendment was approved clarifying the board's scope as advisory by prohibiting it from having the authority to dictate curriculum. Another approved amendment, submitted by Rep. Holt, called for a foreign language study to identify strategically important languages for study in American schools. The bill also facilitates international study programs and includes a provision evaluating the degree to which higher education operations advance American interests.

The Committee will continue to tackle the reauthorization of the Higher Education Act by acting on other higher education related issues, later to be folded with HR 3076 and HR 3077 into one comprehensive reauthorization package.

For more information on these bills, visit the House Education and Workforce Committee website at <http://edworkforce.house.gov> .

AGREEMENT REPORTEDLY REACHED TO STRIP SPECIAL EDUCATION FUNDING BOOST, START APPROPRIATIONS CONFERENCE

According to press reports, the House and Senate have agreed to begin conferencing the mammoth Labor-Health and Human Services-Education (Labor-H) appropriations bill for fiscal year 2004. Initial reports on Thursday indicated that House Ways & Means Committee Chairman Bill Thomas (Bakersfield) and Senate Appropriations Committee Chairman Ted Stevens (AK) have agreed that conferees may begin discussions over resolving differences between two chambers' versions of the Labor-H bill, but that conferees will delete a controversial Senate-added increase in funding for the Special Education - Grants to States program.

With the September 10, 2003 passage of a floor amendment by Sen. Christopher Dodd (CT), the Senate agreed to increase 2004 special education grant funding by \$2.2 billion above the 2003 amount. The increase would have been \$1.2 billion more than the \$1 billion boost that had been approved by the House. To comply with spending limitations, the Dodd amendment intended to use the extension of certain customs fees to offset the extra special education increase. However, House leaders had already intended to use the customs funds for other purposes, and Chairman Thomas objected to consideration of the Senate bill because it then would not comply with budget rules (including that requiring spending measures to originate in the House). The agreement paves the way for conference to begin next week.

For details regarding the Senate bill and floor action, see, [Bulletin, Vol. 10, No. 25 \(9/11/03\)](#). In addition, the California Institute prepared a California-oriented analysis of the Senate Appropriations Committee's version of the bill as it stood prior floor amendments. That report is available on the Institute's website, at <http://www.calinst.org/pubs/lhe04s.htm>.

In addition, the Public Policy Institute of California (PPIC) and the California Institute recently released a study of the formulas that distribute federal disabled education funding. For more information, see, [Bulletin, Vol. 10, No. 26 \(9/18/2003\)](#), or go directly to the report on the PPIC website, at <http://www.ppic.org/content/other/903DisabledEd.pdf>.

ANDERSON FORECAST PREDICTS SLOW ECONOMIC RECOVERY

In addition to lowering earlier economic projections for 2003 and 2004 in their recently released quarterly report, UCLA Anderson Forecast economists also estimate that California's economic growth is likely to remain slow-moving until 2005.

In stark contrast to June's estimate of a 0.4 percent gain in nonfarm payroll jobs in 2003, the state now stands to end the year with 42,000 fewer such jobs, a 0.3 percent decline. Similarly, other employment, taxable sales, and personal income - though not expected to register a decline in numbers - are projected to register smaller gains in 2004 than previously estimated. Employment growth, for example, is anticipated to be around 1 percent, instead of the 1.8 percent that was projected in June, while personal income growth is expected at 3.2 percent. Consumer spending, which accounts for the bulk of taxable sales, has been lowered from 2.1 percent to 1.7 percent in 2003, and from 5 percent down to 4.1 percent in 2004.

Though employment, personal income, and consumer spending numbers are not overly encouraging, the UCLA Anderson Forecast nevertheless contends that the state's worst times are over. The job loss rate has slowed down, the state's trade sector is recovering with six out of California's ten export products showing gains over the first half of the year, the tourism sector is doing better than it is in other markets, and the manufacturing sector's job loss is projected to slow substantially in 2004.

Projections are even more optimistic post-2005, when, according to Forecast analysts, the state's labor market should see considerable growth as employers increase payrolls to meet the demands of a

growing economy. Job growth beginning in 2005 is estimated to average 2.2-2.6 percent annually through 2010. For more information, visit <http://www.uclaforecast.com>.

PPIC SURVEY FINDS WANING FAITH IN STATE GOVERNMENT, BUT ALSO RECALL

A smaller proportion of Californians trust their state government than ever recorded by the statewide survey which began in 1998, reports a new Public Policy Institute of California (PPIC) survey. Fewer residents also view the recall of Governor Gray Davis as a solution to the problem. The survey, "Californians and Their Government," authored by Mark Baldassare, was released September 21, 2003.

According to the study, only 27 percent of those surveyed said they trust the state government to do what is right always or most of the time. This percentage is actually 7 points lower than that recorded in June 2003, when 34 percent of Californians said they trusted their state government. Also, the share of state residents who say that they never trust state government to do what is right grew from 4 percent in June to a current 9 percent. Californians are more optimistic when it comes to national government. While 67 percent say that the state is heading in the wrong direction, only 51 percent say the nation is heading that way. More of those surveyed (47 percent) expect better economic conditions for the nation than they do for the state (32 percent).

The survey also addresses several reasons that underline the decline of trust in state government. The budget crisis, coupled with the perception that state funds are being wasted, are among the more important factors that fuel the decline of trust. 70 percent of Californians think that the state government could spend less money without reducing services. When asked about the most important problems facing the state, Californians selected the economy, jobs, and unemployment as the most pressing issues facing people in the state today. 33 percent of the residents named these as the most important issues, while 13 percent believe it's the state budget and taxes, 11 percent designated education as the most important, and 10 percent think that the recall is the most important issue.

With respect to the recall, the percentage of likely voters who say they would vote to remove Gray Davis as governor has declined from 58 percent in August to 53 percent in September. In particular, support for the recall dropped from 40 percent to 35 percent in the San Francisco Bay Area, and from 57 percent to 48 percent in Los Angeles. Almost half of likely voters (49 percent) say the effort to displace Governor Davis is an appropriate use of the recall, while 45 percent disagree.

PPIC, is a private, nonprofit organization dedicated to improving public policy through objective, nonpartisan research on the economic, social, and political issues that affect Californians.

For a copy of this survey, please visit the PPIC website at: <http://www.ppic.org>.

WELFARE REFORM IN CALIFORNIA ANALYZED IN RAND REPORT

While the California Work Opportunity and Responsibility to Kids (CalWORKs) reforms appear to have been responsible for some of the uniform improvements in administration of welfare, the robust economy and other policy changes were also important, suggests a new RAND study, which is the first of two reports on the impact of CalWORKs in California. The study, prepared for the California Department of Social Services (CDSS) examined the effects of the CalWORKs program on work activity participation rates of welfare recipients, welfare caseloads, and outcomes for welfare leavers, from the time of its implementation through the summer of 2000.

The CalWORKs program was established in 1997, when California enacted the Thompson-Maddy-Ducheny-Ashburn Welfare-to-Work Act in response to federal welfare reform, the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (PRWORA). CalWORKs is a modified "work-first" program that provides services to help welfare recipients move from welfare to work and toward self-sufficiency. The program also imposes lifetime limits on the receipt of cash assistance by

adults to further motivate recipients to make these transitions. When implemented, CalWORKs allowed for increased flexibility and financial accountability in designing county welfare programs in California's 58 counties.

With respect to work activity participation, the study found that significant progress has been made in involving recipients in activities. The authors point out that between FY 1997 and FY 1999, California's work participation rates have increased rapidly, well surpassing national participation rate averages. The latter difference between California's and national work participation can be explained by the higher proportion of two-parent families that reside in the state, who are more likely to participate in work activities, and the structure of benefits that California has in place. The study notes, however, that although the state has a higher work participation average than the rest of the nation, the absolute level of participation in work activities remains low, with numbers for FY 1999 showing only one-third of one-parent families participating.

Similarly, California's welfare caseload has declined about 1 percent per month since the implementation of CalWORKs. The study reports that the smallest decline has occurred among child-only cases, while the largest decline has been observed among two-parent families. Although California experienced a significant caseload decline of 41 percent from the peak in March 1995 to June 2000, the study underscores the fact that the state's reduction of the welfare caseload was not as great as the 56 percent decline in the rest of the nation over the same period. In addition, the study asserts that not all of the caseload decline recorded during this period resulted from CalWORKs reforms, but rather other economic factors might have been significant contributors.

The study also explores the effects of the CalWORKs overhaul on welfare leavers. According to the study, welfare leavers have higher levels of employment and earnings than did those in the pre-CalWORKs period, and they are less likely to return to welfare than they were in the past. Another important effect of the reform is the reportedly sharp decline of poverty levels for all children and single mothers. However, despite the positive trends observed since implementation of CalWORKs with respect to employment and earnings of the welfare leavers, the study reports that one-third of leavers in California appear not to be working at all, and half of those who are working are earning less than the equivalent of full-time work at the minimum wage.

In conclusion, the study reaffirms its initial statement that such factors as the robust economy and a host of other policy changes were equally as important as CalWORKs reforms in changing the welfare implementation landscape in California. The study also concludes that policy choices - namely the benefit structure, sanction policy, and time-limit policy - are most likely the causes of the state's higher participation rate and smaller caseload decline.

To view the study, visit the RAND website at: <http://www.rand.org/publications/MR/MR1358/>.

SEPTEMBER 30 ROUNDTABLE LUNCHEON RE CALIFORNIA POLITICS AND RECALL TO FEATURE BILL PRESS, DAN LUNGREN, AND BRUCE CAIN

The next Golden State Roundtable Luncheon will be held on September 30 and will feature a unique panel of experts -- Bruce Cain, Dan Lungren, and Bill Press -- discussing the Gubernatorial recall effort and the continually changing California political environment. The event will be held Tuesday, September 30, from 12:00 p.m. to 1:30 p.m., at the Eisenhower Lounge at the Capitol Hill Club, 300 First Street, SE, Washington, DC. There is a charge for the event, as detailed below.

Bill Press is co-anchor (with Pat Buchanan) of "Buchanan and Press", a nightly political show on MSNBC. He served as co-host of CNN's Crossfire from 1996-2002, and he is the winner of four Emmy awards. Previously, Press was chair of the California Democratic Party, and he served as a top aide to Governor Jerry Brown. Now a partner with the law firm of Venable LLP in Washington, DC, Dan

Lungren served as a Member of Congress from 1979-1989 and as California's Attorney General from 1991-1999. He was the Republican nominee for Governor in 1998. Early in his career, Lungren served as a U.S. Senate staff member and an attorney in Southern California, after attending both Georgetown and USC Law Schools. Bruce Cain is Robson Professor of Political Science at the University of California Berkeley, serves as Director of Berkeley's Institute of Governmental Studies and is a frequent contributor in the state's political media. After studying as a Rhodes Scholar at Oxford and receiving his Ph.D. from Harvard, Cain taught at Caltech for 13 years.

Lunch cost is \$30 for California State Society members and Congressional/federal staff, \$35 for non-CSS members, and complimentary for members of the California Congressional Delegation. Companies and others are encouraged to buy tables of 8 for \$240.

Seating is limited. To attend, send email to castatesociety@yahoo.com , or call 202-997-0274. Checks, payable to the California State Society, may be mailed in advance to California State Society, 419 New Jersey Ave, SE, Washington, DC 20003. Please note -- anyone who RSVPs for the lunch and is unable to attend will still be billed for the full cost of the lunch. Golden State Roundtable lunches, sponsored by the California State Society, provide an opportunity to hear about issues and policies affecting California from prominent business leaders, policymakers, journalists, and academicians.