



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

California Capitol Hill Bulletin

Volume 11, Bulletin 12 – April 16, 2004

To expand communications between Washington and California, the California Institute provides periodic faxed bulletins regarding current activity on Capitol Hill which directly impacts our state. Bulletins are published weekly during sessions of Congress, and occasionally during other periods. The e-mail edition is made possible in part by in-kind contributions from Sun Microsystems and IBM Corp.

43 CALIFORNIANS CALL FOR R&D TAX CREDIT EXTENSION

Forty-three members of the California Congressional Delegation signed a letter supporting extension and improvement of the Research and Development (R&D) tax credit. The letter, initiated by Reps. Wally Herger (Marysville) and Bob Matsui (Sacramento), was sent to Speaker Dennis Hastert (IL), Minority Leader Nancy Pelosi (San Francisco), Ways and Means Chairman Bill Thomas (Bakersfield) and Ranking Member Charles Rangel (NY).

Noting that the tax credit is set to expire on June 30 of this year, the letter stated that “it is imperative for the Congress to extend and strengthen this important tax credit for as long a period as possible.” The letter points out that almost one-quarter of all the money spent on industry-performed R&D is spent in California, and that the majority of the expenses claimed are for wages to U.S. employees. Of the total \$199.5 billion spent on R&D in 2000 \$45.8 billion was performed in California, and in that year companies located in the state accounted for 23 percent of the R&D credit dollars claimed.

CALIFORNIANS WRITE USDA ON SUDDEN OAK DEATH

A bipartisan cross-section of 30 California Members of Congress and Senators wrote on April 13, 2004, urging U.S. Department of Agriculture (USDA) Secretary Ann Veneman to enforce science-based regulations that permit the shipment of nursery plants that are free of the Sudden Oak Death (SOD) pathogen. The effort was led by Reps. Anna Eshoo (Palo Alto), Elton Gallegly (Simi Valley), Sam Farr (Carmel), and Senator Barbara Boxer and was in response to the USDA announcement on March 26 that it will extend the northern California quarantine to the entire state for plants that may act as a host for SOD. Once the quarantine is extended, all state nurseries would be subject to an inspection in order to clear their products before they can be shipped out of state.

According to the letter, USDA has regulated the movement of plants that could carry SOD from 12 “quarantined” counties in the northern part of the state where the pathogen has been detected previously.

CONTENTS:

43 Californians Call For R&D Tax Credit Extension	1
Californians Write USDA on Sudden Oak Death	1
Briefing Held on Sudden Oak Death and California Nurseries	2
House Approves Six-Year Transportation Bill By Veto-Proof Margin	2
PPIC and California Institute Host Capitol Hill Briefing Regarding Federal Funds, With Focus on Transportation and Homeland Security	3
EPA Designates New, More Stringent Ozone Standard	4
Yosemite Joins List of National Parks With Unhealthy Air; Point Reyes Designation Also Likely	4
FTA Agrees on Plan to Fund \$900 Million Los Angeles Transit Project	4
Senate Subcommittee Considers Proposed Split of the 9 th Circuit	5
Letter Urges Curbing Runaway Production	6
NASA'S FY05 Budget Examined	6
PPIC Releases Trade Report	6
Census Survey Lists Graduate Degree Attainments by Geography	7
Two New Housing Reports Released: CBP on Affordable Housing and NHC on Inclusionary Zoning	7
Study Gives California Strong Marks on High-Tech Criteria	8
Immigration Data Briefing on April 19 ...	8

Under the USDA regulations, nurseries that have been certified by the USDA as “SOD Free” have been free to ship outside the quarantine area. USDA’s scientifically established SOD protocol, once it is implemented, is respected by all states.

Without the force of such a regulation, states continue to blockade nursery shipments from California. As many as six states have banned some or all shipments, and several other states have restricted shipments of California-grown plants after a discovery of the SOD pathogen in early March at two Southern California commercial nurseries. The pathogen was discovered during a statewide survey launched by the California Department of Food and Agriculture, which also investigated potential contagions at 11 other nurseries in the state. All of those 11 nurseries have been shown to be free of the pathogen contamination.

Some industry experts estimate that the ban could cost wholesale gardeners \$100 million in lost sales this season, even though almost 80 percent of the plants grown in California are sold in-state. Nursery plant cultivation is a \$2.35 billion business in California, with commodity value trailing only dairy products and grapes. The state is the nation's largest provider of nursery crops and one of the few sources of mature spring bedding plants for the Midwest and Northeast. Sudden Oak Death mainly affects forests, though it can cause leaf spotting and twig infections in plants as well, but it is not fatal to the latter. It has previously killed tens of thousands of wild-growing oaks and tanoaks in 12 central and northern California counties.

BRIEFING HELD ON SUDDEN OAK DEATH AND CALIFORNIA NURSERIES

On Thursday, April 12, 2004, several associations held a briefing concerning Sudden Oak Death (SOD), the potential threat it creates for the nursery industry in California due to other states’ bans on California shipments, and the potential damage to a \$3 billion industry if, as the presenters argued, USDA support remains inadequate.

Tom O’Brien, a Washington representative for the California Association of Nurseries and Garden Centers, introduced the topic, offering background information on the current regulations and quarantine condition which California nurseries are under. O’Brien discussed the several states that have blockaded California shipments, such as Florida and Louisiana, after a survey discovered two out of 60 California nurseries tested positive for the Sudden Oak Death pathogen. The second speaker was Craig Regelbrugge from the American Nursery and Landscape Association, who identified the need for a stronger USDA leadership position regarding SOD. He pointed to three key points of action: one, a comprehensive National survey of nurseries; two, increased research to certify plants and to better manage the disease; and three, the need for an updated risk assessment of what the industry and USDA now know about SOD. Dr. Dave Fujino, of Hine Horticulture, was last to testify prompting the USDA to provide more adequate protection. He called for the reevaluation of the associated host list regulated by the USDA, which shows that 23 out of 30 hosts found in European plants are being shipped from the country, without the same regulations to which California is subjected. All presenters supported the creation of a Scientific Advisory Panel to investigate SOD and provide a scientific, fact-based approach to the problem.

HOUSE APPROVES SIX-YEAR TRANSPORTATION BILL BY VETO-PROOF MARGIN

The \$275 billion House surface transportation bill known as the Transportation Equity Act: Legacy for Users (TEA LU) passed the House floor on April 2, 2004, by a vote of 357 to 65.

The six-year TEA LU bill (H.R.3550) exceeds the White House limit on authorizations by \$19 billion, although it is significantly less expensive than the Senate’s \$318 billion measure approved in February. House and Senate conferees will meet after Congress’ Spring recess to consider developing a final bill. Bush Administration officials maintain they will recommend a veto of any bill costing more than the President’s \$256 billion Safe Accountable Flexible and Efficient Transportation Equity Act (SAFETEA).

TEALU faced a number of amendments before its passage was complete, adopting 11 of them including a Floor Manager’s amendment offered by bill author and House Transportation and Infrastructure Chair Don Young (AK). The Young amendment, passed by voice vote, made several changes to the bill including:

altering the Revenue Aligned Budget Authority (RABA) trigger to base its adjustments on two year projections rather than one (as is provided in current law); the creation of a \$125 million set aside from the Bridge program to fund seismic retrofit activities; the designation of a High Priority corridor running through Los Angeles, Orange, San Bernardino, and Riverside Counties (though funding totals remain unspecified); an increase in the number of member-requested High Priority projects; funding for a study on transit security and emergency preparedness in the 38 urbanized areas with populations of over 1 million people; and an increase in high speed rail development programs to \$70 million per year from 2005 to 2012.

A series of other amendments were adopted for inclusion in the final bill. One by Rep. Mark Kennedy (MN) to permit highway tolls on new voluntary-use lanes until those lanes had raised enough toll-revenue to pay for themselves, was approved by a vote of 231 to 193. Another amendment giving single-occupancy hybrid vehicle drivers access to high occupancy vehicle lanes (HOV) without requiring states to charge tolls was offered by Rep. Adam Schiff (Burbank) and agreed to by voice vote.

TEALU maintains TEA-21's Minimum Guarantee (MG) formula, which required that each state receive back federal highway spending that totals a minimum of 90.5 percent of the gas and other road taxes attributable to the state. An amendment by Rep. Isakson (GA), which failed 170-254, sought to boost every state's MG funds by expanding the scope of the minimum guaranteed return of highway trust fund dollars to include high priority projects and the newly created projects of regional and national significance. (In the end, most California Members of Congress opposed the amendment.) A number of donor states – states such as California that pay more highway taxes than are received in federal highway funds – had sought to increase the minimum return to 95 percent. The final House bill retains a “reopener provision,” however, requiring Congress to revisit the issue of funding equity to states by the end of 2005 or risk a temporary stoppage of U.S. transportation spending.

TEA-21 expired on September 30, 2003, and stop gap measures have kept transportation programs in operation since then -- the latest version is due to expire at the end of April 2004.

For a detailed discussion of the House surface transportation bill's provisions visit the California Institute website at <http://www.calinst.org/transpo.htm>.

PPIC AND CALIFORNIA INSTITUTE HOST CAPITOL HILL BRIEFING REGARDING FEDERAL FUNDS, WITH FOCUS ON TRANSPORTATION AND HOMELAND SECURITY

On Wednesday, April 7, 2004, the Public Policy Institute of California (PPIC) and the California Institute for Federal Policy Research held a luncheon briefing discussing California's share of federal expenditures with a focus on federal grant formulas such as for transportation and homeland security.

Dr. David Lyon, President and CEO of the PPIC, opened the briefing by outlining the activities of his organization, which seeks to improve public policy in California through independent, objective, nonpartisan research on major economic, social, and political issues. Tim Ransdell, Executive Director of the California Institute, called attention to formula grants and their relevance to California. He noted that federal spending in California as a share of the nation's total has decreased throughout the past two decades, whereas the state's share of federal taxation has remained level or risen. He outlined the impact of current proposals to reauthorize surface transportation programs (TEA-21) through a House bill (TEA LU) and a Senate bill (SAFETEA). He also focused on a formula distributing homeland security funding to state and local governments, noting that a formula factor significantly favors small states and thereby reduces grant funding to first responders in California. Ransdell also spoke about various factors influencing the determination of California's share of federal grant money and explained how the use of particular factors in federal formulas can reduce the state's share of federal spending.

For details regarding California's balance of payments with the federal government, comparing federal taxation of Californians and federal spending within the state, see *California's Balance of Payments with the Federal Treasury, Fiscal Years 1981-2002*, available at <http://www.calinst.org/pubs/balrpt02.htm>.

For details regarding the affect of federal formula grant programs on the state generally, as well as a detailed discussion of several major grant programs (including highways, welfare, special education, Head Start, and homeland security), see *Federal Formula Grants and California*, a report series published by PPIC in collaboration with the California Institute, at <http://www.ppic.org/main/series.asp?i=22> .

EPA DESIGNATES NEW, MORE STRINGENT OZONE STANDARD

The U.S. Environmental Protection Agency (EPA) announced its new Clean Air Rules, which include a new 8-hour ground-level ozone measurement, on Thursday, April 15, 2004. The agency identified areas across the country that it considers exceeding the new 8-hour standard for ozone, the main component of smog. State and local governments will be required to devise plans to clean up the air by specified deadlines varying in length depending on the severity of the pollution problem identified. EPA must approve the plans, and areas that fail to meet deadlines could face severe penalties, including the loss of federal funds. Data is also used in part to allocate certain highway funds.

The designations rated the severity of ozone pollution problems in each area, with longer attainment dates offered areas with bigger problems. As a result, the Los Angeles area will have 17 years (until 2021) to resolve its "severe" problems, the Coachella and San Joaquin Valleys and the Sacramento metro area will have until 2013 to resolve their "serious" problems, Ventura County and the Western Mojave Desert have until 2010 to reduce their "moderate" nonattainment status, and various other California areas (including Amador, Butte, Calaveras, Mariposa, and Tuolumne Counties, as well as western Nevada County and eastern Kern County and portions of Sutter and San Diego County) have until 2009 to resolve "basic" nonattainment issues. The 9-county Bay Area returns to the list as a "marginal" area and is given until 2007 to resolve issues. Imperial County also moves to be a "marginal" area.

If ultimately approved, the new rules would employ an 8-hour standard of 0.08 parts per million daily maximum average, as opposed to the previous 1-hour standard employed by EPA, which was set at 0.12 parts per million daily maximum average.

A table showing California counties to be designated as nonattainment areas by EPA is posted on the California Institute website at <http://www.calinst.org/datapages/ozone-4-15-04.htm> . For additional details, visit EPA's website at <http://www.epa.gov/ozonedesignations/> .

YOSEMITE JOINS LIST OF NATIONAL PARKS WITH UNHEALTHFUL AIR; POINT REYES DESIGNATION ALSO LIKELY

Under the new EPA ozone regulations, Yosemite National Park would join a roster of other national parks, which currently includes Sequoia, Kings Canyon and Joshua Tree in California, listed as having unhealthy air. The air quality in the latter three parks already violates the EPA's old and less stringent smog standard, which was based on a one-hour measurement of air quality.

According to National Park Service data, Sequoia and Kings Canyon national parks have the worst smog of all the country's national parks -- the parks' air monitors measured violations of the smog standard as many as 81 days a year. In addition, the NPS estimates that 112 of its 387 sites are in areas expected to be in violation of the new standard, with Point Reyes National Seashore in northern California likely to be listed as well.

FTA AGREES ON PLAN TO FUND \$900 MILLION LOS ANGELES TRANSIT PROJECT

On April 2, 2004, the Federal Transit Administration (FTA) detailed plans to partner with the Los Angeles County Metropolitan Transit Authority (LACMTA), to construct the East Los Angeles Metro Gold Line Extension light rail project. In a letter to Congressional transportation leaders, FTA Administrator Jennifer Dorn expressed intent to execute a Full Funding Grant Agreement (FFGA) for the New Starts project and thereby begin committing federal funds for construction.

The 6-mile extension, to run from Union Station to the intersection of Pomona and Atlantic Boulevards, seeks to alleviate traffic congestion in the most densely populated corridor of the city. The \$898 million capital investment for the Eastside extension, scheduled for completion in 2009, is projected to reduce commute time by almost half and serve low-income and minority communities. The scope of the project consists of the construction of 8 stations and two park and ride facilities. The federal share of the New Starts project will represent \$490.7 million of the total project cost or 55 percent, with the rest to be raised from state, local and other sources.

In February, Transportation Secretary Norman Mineta described the Eastside Extension as a Bush Administration priority, noting that the President's budget provides \$80 million in FY 2005 funding for the project. Despite the Eastside project's favorable FTA ratings, Congress rejected a 2004 budget request from LACMTA to provide \$70 million in construction funds; the issuance of an FFGA however gives the project added stature and merit. Congress has 60 days from the issuing date of the FTA's letter to review the FFGA's details before the plan goes into effect.

Current law currently authorizes funding for three other California New Starts or major capital investment projects with FFGAs – the Mission Valley East Light Rail Transit Extension in San Diego, the Oceanside to Escondido Rail Corridor in San Diego, and the SFO-BART extension in the Bay Area.

SENATE SUBCOMMITTEE CONSIDERS PROPOSED SPLIT OF THE 9TH CIRCUIT

The Senate Committee on the Judiciary Subcommittee on Administrative Oversight and the Courts held a hearing on Wednesday, April 7, 2004, titled "*Improving the Administration of Justice: A Proposal to Split the Ninth Circuit.*" The hearing focused on S. 2278, which seeks to split the Court of Appeals for the Ninth Circuit.

Subcommittee members heard testimony from the following witnesses: Sen. Lisa Murkowski (Alaska); Hon. Mary M. Schroeder, Chief U.S. Circuit Judge, U.S. Court of Appeals for the Ninth Circuit (Phoenix, AZ); Hon. Diarmuid F. O'Scannlain, U.S. Circuit Judge, U.S. Court of Appeals for the Ninth Circuit (Portland, OR); Hon. Richard C. Tallman, U.S. Circuit Judge, U.S. Court of Appeals for the Ninth Circuit (Seattle, WA); Hon. J. Clifford Wallace, Senior U.S. Circuit Judge, U.S. Court of Appeals for the Ninth Circuit (San Diego, CA); Hon. Gerald B. Tjoflat, U.S. Circuit Judge, U.S. Court of Appeals for the Eleventh Circuit (Jacksonville, FL); and Hon. John C. Coughenour, Chief U.S. District Judge, U.S. District Court for the Western District of Washington (Seattle, WA). Judges O'Scannlain, Tallman, and Tjoflat testified in support of the bill, while Chief Judge Schroeder was joined by Senior Judge Wallace and Chief Judge Coughenour in opposing the proposal to split the Ninth Circuit court.

Those witnesses testifying in support of the bill argued that the court has become unmanageable due to its size. Judge O'Scannlain noted in his testimony that "The sheer magnitude of [the] court and its responsibilities negatively affect all aspects of [the court's] business, including [the court's] celerity, [its] consistency, [its] clarity, and even [its] collegiality. Concurring, Judge Tallman pointed out that a full 80 percent of the Ninth Circuit caseload arises from California and the southwestern states of the circuit. He noted that many judges travel to neighboring states to help hear the cases, which drives travel and administrative costs higher. Judge Tjoflat testified to the overwhelmingly positive experience of the Eleventh Circuit split, and argued that splitting the Ninth Circuit is in the best interest of the nation's justice system due to its high reversal rates and precedent inconsistencies. However he warned that any circuit-split scheme that keeps California entirely within one circuit will invariably be problematic because the circuit containing California will be too large.

Chief Judge Schroeder countered by saying that the Ninth Circuit has managed to administer a rapidly growing caseload with innovative procedures possible only in a court with large judicial resources. She reminded her audience that dividing the entire administrative structure of the Ninth Circuit will create two and possible three duplicative administrative structures, which she submitted would be costly and unnecessary. She agreed with Judge Tjoflat that there is no way to divide the circuit into multiple circuits in proportionate size without dividing California. Judge Wallace also testified that division of the Ninth Circuit is unwarranted.

He asserted that “Circuit restructuring should occur only if compelling empirical evidence demonstrates adjudicative or administrative dysfunction in a court so that it cannot continue to deliver quality justice and coherent, consistent circuit law in the face of increasing workload”, which he argued has not happened with the Ninth Circuit. Judge Coughenour also agreed that the Ninth Circuit is functioning well and that splitting it will not improve, and it may actually deter, the efficient administration of the federal courts. He suggested that many of his fellow judges, and particularly those with administrative responsibilities hold the same opinion on this issue.

For more information about this hearing, or to obtain full copies of the testimony, please visit the Subcommittee on Administrative Oversight and the Courts website at:

<http://judiciary.senate.gov/hearing.cfm?id=1141> .

LETTER URGES CURBING RUNAWAY PRODUCTION

Rep. Diane Watson (Los Angeles) was joined by 27 members of Congress, including ten Californians, on a letter to Jack Valenti, Chairman and CEO of the Motion Picture Association of America. The letter urges the entertainment industry to curb the practice of “runaway production,” which is the term used to describe the practice of making U.S. films in foreign countries, especially Canada. The letter also urges Mr. Valenti to encourage Universal Studios to reconsider its decision to film “Cinderella Man,” about boxing champion James Braddock, in Canada. The letter acknowledges that incentives offered by foreign countries to filmmakers has disadvantaged the United States, and notes that legislation has been introduced in Congress that would offer wage and tax incentives to encourage companies to film in the U.S.

NASA’S FY05 BUDGET EXAMINED

On April 1, 2004 the Senate Commerce, Science, and Transportation Subcommittee held a hearing regarding the Bush Administration’s budget proposal for the National Aeronautics and Space Administration (NASA) for fiscal year 2005. During opening statements, Ernest (Fritz) Hollings (SC) expressed concern over proposed changes in NASA’s long-term plans, such as the construction of a new Crew Exploration Vehicle (Project Constellation), and an overall lack of details in the budget proposal presented.

Sean O’Keefe, Administrator of NASA, testified on the new U.S. space exploration policy of “A Renewed Spirit of Discovery” and how it will be reflected in the FY 2005 budget with the department’s projected plans and changes. O’Keefe outlined some of the vision goals to be implemented, such as completion of assembly of the International Space Station (ISS) with a completion date by the end of the decade, a refocus on human space exploration with Project Constellation, and the return to and subsequent phase out of use of the Space Shuttle upon completion of the ISS.

Later in the hearing Sen. Bill Nelson (FL) questioned the extent to which the U.S. will have rely on other nation’s space vehicles until completion of the newly-proposed Crew Exploration Vehicle. O’Keefe predicted that the construction and testing of the vehicle would occur in about 2008. Sen. Trent Lott (MS) asked about the redirection of Earth Sciences Funds to meet the mission needs of other federal agencies and inquired whether NASA intended to cut technology transfers – to which O’Keefe responded, “I don’t believe so.” Several members questioned the restoration of the Space Shuttle despite the Columbia Accident Investigation Board’s recommendation, but Administrator O’Keefe assured subcommittee members NASA is and will remain in compliance with the accident findings.

PPIC RELEASES TRADE REPORT

The Public Policy Institute of California recently released a trade report entitled “*California’s Global Gateways: Trends and Issues.*” The report’s authors, Jon D. Haveman and David Hummels examine several aspects of the state’s trade traffic and infrastructure. The report focuses on trends and forecasts in international shipping as well as the effects of specific events, including the 2002 West Coast port closure, on those patterns. The authors note that trade flows through the state are expected to triple in weight by the year 2020.

During the same period, the dollar value of exports shipped through California will increase by 148 percent, while the value of imports will increase by 81 percent. The report's findings point to a complex policy question: "Should California seek to increase shipments through its ports and cities or adopt policies that, in effect, encourage international cargo to go elsewhere?" The authors note that any answer to that question will shape California's physical and economic landscape for years to come.

In regard to the 2002 West Coast port closure, the authors note that it is too soon to tell whether it will have long-term effects, but their analysis shows that the share of trade processed by West Coast ports in the months following the shutdown was lower than it was in any of the previous five years.

The report can be obtained through PPIC's website at: <http://www.ppic.org>.

CENSUS SURVEY LISTS GRADUATE DEGREE ATTAINMENTS BY GEOGRAPHY

A new analysis of the American Community Survey (ACS) data, released last month by the U.S. Census Bureau found that 2 million Californians, or 9.5 percent of the population, held graduate degrees in 2000, slightly above the national average rate of 9.4 percent. (Other data show that 26.6 percent of Californians hold at least a bachelors degree, and 76.8 percent have at least a high school diploma.)

San Francisco ranks second among U.S. cities with populations of 250,000 or more in the number of residents that hold graduate degrees. San Francisco had an 18.5 percent rate of graduate degree attainment, and was preceded only by Seattle which registered a graduate degree attainment rate at 19.3 percent. Following San Francisco, other cities with the highest rates of graduate degree holders include: Atlanta (17.2 percent), Albuquerque (16.6 percent), Boston (16.4 percent), and Austin (16.3 percent). Other California cities with relatively high percentage of people with advanced degrees include: San Diego (14.3 percent), Oakland (13.1 percent), San Jose (12.2 percent), Sacramento (9.3 percent), and Los Angeles (9.2 percent). The national average was 9.4 percent. The 2002 ACS survey looked at graduate-degree attainment -- including master's, law, medical, and doctorate degrees -- for the 25-and-over population.

The survey also found that states and counties with some of the highest concentrations of graduate and professional degree holders tend to be located along the East Coast, with District of Columbia leading the rest of the states with the highest level of graduate and professional degrees (23.6 percent). Washington, DC is followed by Massachusetts (14.5 percent), Maryland (14.1 percent), Connecticut (13.7 percent), Virginia (13.9 percent), New York (12.6 percent), Vermont (12.3 percent).

With respect to counties (with populations of 250,000 or more), Montgomery and Howard counties in Maryland had the highest percentage of graduate degree holders (29.2 percent and 24.7 percent respectively), followed by Fairfax County in Virginia (28.1 percent), and New York County in New York (25.7 percent). Among California Counties, San Francisco (which is both a city and a county) had the highest percentage of degrees, at 18.5 percent. Other California counties with high graduate degree attainment percentages include Santa Clara (17.6 percent), Santa Cruz (16.9 percent), San Mateo (16.3 percent), Alameda (15.2 percent), Contra Costa (14 percent), and San Luis Obispo (12.5 percent).

For more information, visit <http://www.census.gov>.

TWO NEW HOUSING REPORTS RELEASED: CBP ON AFFORDABLE HOUSING AND NHC ON INCLUSIONARY ZONING

The housing crisis facing California may be eased with the introduction of the inclusionary zoning trend that will benefit many families throughout the state. The California Budget Project (CBP) published, "*Locked Out 2004: California's Affordable Housing Crisis*," which reports the problems associated with the volatile renting and housing markets in California, along with stagnating household incomes that make acceptable renting and home ownership a diminishing dream.

Separately, inclusionary zoning or inclusionary housing (IH) was discussed in a report entitled, "Inclusionary Zoning: The California Experience," released by the National Housing Conference (NHC). The

NHC report seeks to assist California and other states to develop affordable housing units, and it is the third in a series of publications related to inclusionary zoning.

According to the CBP report, California renters and homeowners are facing increasing costs for shelter in counties throughout the state. It notes that many individuals residing in counties such as Los Angeles, San Diego, Orange, and San Francisco are paying more than the 30% recommended amount of their incomes towards their shelter, whereas a few areas -- such as Riverside, San Bernardino, and Sacramento -- have median incomes that exceed the income necessary to buy a median-priced home. In high cost areas, the authors say, young families and low-income workers find it difficult to afford home ownership or avoid paying high rents for sub-standard or overcrowded houses or apartments. Only 29% of California households could afford a median-priced home, compared to 57% nationwide, according to CBP. The report also commented on the inadequacy of housing production partly due to the decline induced by the 1986 federal tax act and other law changes, which make residential construction less attractive for tax generating purposes. Job growth outpacing construction also results in families seeking more affordable housing in areas distant from their work, because "the state as a whole added 3.0 jobs for each new unit of housing, twice the 1.5-to-1 recommended ratio by housing policy experts."

On the other hand, the NHC report finds that California is following a trend in affordable housing developments by adopting a housing practice called inclusionary zoning. The concept behind inclusionary zoning, or inclusionary housing, is for developers to set aside affordable units ensuring the construction of low- and moderate-income homes. In the NHC report, a 67% increase in inclusionary zoning occurred and is likely to continue within the next five years in California. Some advantages of IH are that it does not require large investments or any at all by local governments, but incentives given to developers are encouraged. Another advantage is IH promotes the integration of more ethnically and financially diverse backgrounds in communities. Although efforts such as Proposition 46, which approved a \$2.1 billion housing bond, will help the situation, the authors argue, IH will not completely solve the housing crisis, especially with expected federal and state budget tightening in funding for affordable housing programs.

The California Budget Project report is available at <http://www.cbp.org> , and the National Housing Conference Report is available at <http://www.nhc.org> .

STUDY GIVES CALIFORNIA STRONG MARKS ON HIGH-TECH CRITERIA

According to the Milken Institute's 2004 State Technology and Science Index, California ranks in the top tier for its high-tech position. Second to Massachusetts as a high-tech hub, the report commends California for its technology clusters, its venture capital environment, and the amount of its spending on higher education. With the strong presence of universities such as UC San Diego, which possesses a \$400 million center for wireless education, California has been dynamic in attaining venture capital, according to the report. The state also ranks high in the number of fast-growing firms and households with internet access. However, in order to sustain its high standing, the report argues that California must develop ways to fight off the state budget cutbacks which are impeding the acquisition of more R&D project dollars. The state's R&D ranking fell to 21st from 12th only five years ago, the report states. In addition, the decrease in freshman enrollment at University of California and California State University campuses, is not helping to improve schooling for the state's youth. Further, the report raises concerns about the percentage drop to 27.9% in residents holding bachelor's degrees, with California falling to 15th place among all the states. Some ascribe the drop to the boom and bust in Silicon Valley with many of the employees moving out of state. Another reason, according to the report, is that other states are becoming more forceful in touting their benefits in order to attract more scientists and engineers to enhance their science and tech infrastructures, which exemplifies the nation's transition into a knowledge-based economy.

The Milken Index is comprised of five categories, including R&D inputs, risk capital and entrepreneurial infrastructure, human capital investment, technology and science workforce, and technology concentration and dynamism. For more information, visit <http://www.MilkenInstitute.org> .

IMMIGRATION DATA BRIEFING ON APRIL 19

On Monday, April 19, 2004, the American Sociological Association & Population Association of America, in collaboration with the California Institute for Federal Policy Research, Council of Professional Associations on Federal Statistics, Congressional Hispanic Caucus, National Council of La Raza, and Population Resource Center, will present a briefing entitled "A Nation of Immigrants: Current Policy Debates Meet New Social Science Research." The briefing will be held at 11:30 a.m. on April 19 (with lunch served until 12 noon) in B-339 of the Rayburn House Office Building.

Presenters will include Dr. Rogelio Saenz of Texas A & M University and author of "Latinos and the Changing Face of America at the Turn of the Century;" Dr. Pierrette Hondagneu-Sotelo of the University of Southern California and author of "Domestica: Immigrant Workers Cleaning and Caring in the Shadows of Affluence," Dr. Douglas S. Massey of Princeton University and co-author of "Beyond Smoke and Mirrors: Mexican Immigration in an Era of Economic Integration," and Dr. Victor Nee of Cornell University and co-author of "Remaking the American Mainstream: Assimilation and the New Immigration." Panelists will discuss significant research on immigrants in America regarding where immigrants settle and why, how immigrant workers benefit and cost the United States, what past and proposed immigration policies portend for the lives of immigrants and their children in this country, and what research has shown about assimilation experiences over the past century. To attend, contact Johanna Ebner at public.affairs@asanet.org or 202-383-9005 ext. 332.