



THE CALIFORNIA INSTITUTE FOR FEDERAL POLICY RESEARCH

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California Capitol Hill Bulletin

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To expand communications between Washington and California, the California Institute provides periodic faxed bulletins regarding current activity on Capitol Hill which directly impacts our state. Bulletins are published weekly during sessions of Congress, and occasionally during other periods.

NEW CALIFORNIA REPRESENTATIVES LUNGREN AND COSTA RECEIVE COMMITTEE ASSIGNMENTS

The two newest members of the California Congressional Delegation, Dan Lungren (Folsom) and Jim Costa (Fresno), received their Congressional committee assignments this past week. Rep. Lungren, who has been credited for his five previous terms in the House, was assigned by the Republican Party leadership to the Budget, Homeland Security and Judiciary Committees. On the Judiciary Committee, Lungren was selected to serve on the Immigration, Border Security, and Claims Subcommittee and the Subcommittee on Crime, Terrorism, and Homeland Security. Rep. Costa was assigned by Democratic Party leadership to serve on the House Committees on Agriculture and Resources.

Once the House Committees and Subcommittees complete their assignments, the California Institute will compile a comprehensive list of the California Delegation’s Committee and Subcommittee assignments.

REPUBLICAN CONGRESSIONAL LEADERS REINTRODUCE WELFARE RENEWAL MEASURES

On January 4 and January 24, 2005, senior House and Senate Republicans introduced comprehensive welfare authorization bills for consideration in the 109th Congress. As they did so, Congressional Republican leaders expressed confidence that a long term authorization bill could successfully be achieved this year in spite of recent failures to enact a successor to the 1996 welfare reform bill (PL 104-193).

Otherwise known as the Personal Responsibility and Work Opportunity Reconciliation Act (PRWORA), the welfare reform legislation that ended open-ended entitlement to states expired in 2002. Since then, federal welfare programs have continued operating thanks to the passage of several temporary extension laws. The most recent stop gap measure (PL 108-308) will expire at the end of March 2005.

The House successfully approved a welfare reauthorization bill (HR 4) last Spring on a largely partisan vote of 230 to 192. That bill would have maintained the Temporary Assistance for Needy

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Families (TANF) block grant at \$16.6 billion, increased work requirements for cash assistance beneficiaries from 30 to 40 hours per week and required states to increase work participation rates among welfare recipients to 70 percent. Counterpart legislation in the Senate also would have increased work requirements and participation rates, but the Senate bill's progress slowed to a halt after Democrats attempted to attach an amendment to the measure that would have hiked the minimum wage. The Senate bill's shelving was the second such legislative time that a welfare renewal effort had failed in the Senate in as many years.

The House bill reintroduced by Rep. Deborah Pryce (OH) and Ways and Means Human Resources Subcommittee Chairman Wally Herger (Walnut) is near identical to the 108th Congress' HR 4. In the Senate, bills have also been introduced by Sens. Rick Santorum (PA), an advocate for marriage promotion grants and responsible fatherhood initiatives, and Jim Talent (MN).

In a statement released this week, Rep. Herger challenged members of the Senate to move ahead with the legislation's passage, suggesting that the livelihood of welfare families seeking to achieve self-sufficiency was at stake. "Because the Senate has been unable to move legislation that promotes more work," said Chairman Herger, "fewer welfare recipients are working today and therefore face a longer path to achieving independence from welfare."

To view a copy of Chair Herger's comments and for more information visit the House Ways and Means Committee website at <http://waysandmeans.house.gov>.

NEWLY RENAMED SENATE COMMITTEE HOLDS HOMELAND SECURITY HEARING

On Wednesday, January 26, 2005, the Senate Homeland Security and Governmental Affairs Committee (formerly the Governmental Affairs Committee) considered the future of federal homeland security activities and the federal agency that oversees them.

A number of witnesses advocated major revisions to the structure and functions of the Department of Homeland Security, which was created by merging more than 20 disparate agencies carved from various other Departments and agencies.

In addition, both witnesses and committee members urged increasing security at the nation's border entry points, particularly the prevention of terrorist weapons from crossing at U.S. borders and tracking the in and out flow of foreign visitors.

Testifying at the hearing, RAND's Michael Wermuth recommended that the Department pay attention to developing broad policy strategies rather than employing piecemeal approaches to handle immediate needs, and a report by the Heritage Foundation came to a similar conclusion. Sen. Susan Collins (ME), Chair of the Committee, signaled support for creation of a new office at DHS that would focus on long-term strategy. Both she and ranking Democrat Joe Lieberman (CT) indicated interest in preparing a reauthorization bill in the 109th Congress.

A number of witnesses and other officials also recommended maximizing the policymaking authority of the Senate Committee and of its House-side counterpart, the Select Committee on Homeland Security, which is chaired by Rep. Christopher Cox (Newport Beach). Former Senate Appropriations Chairman Ted Stephens (AK) countered that neither greater funding nor consolidated policy authority were likely prospects.

DHS Inspector General Richard Skinner outlined a number of proposed and prospective changes to the agency's structure and methods, and he commended DHS employees for adapting to a rapidly changing environment. Although little mention was made of the allocation of federal homeland security dollars by formula or otherwise, Skinner did note that the Inspector General's office is conducting several audits of state and local spending of First Responder Grant funding. Regarding one such effort, he stated, "Our audit will determine whether: state and local first responder agencies are spending their

first responder grant funds according to regulations and grant requirements; controls are adequate to ensure proper spending of grant funds; and program goals are being achieved.”

The Committee is expected to hear next week from President Bush’s nominee for Homeland Security Secretary, Michael Chertoff, who is widely expected to receive Senate approval to succeed outgoing Secretary Tom Ridge in the job.

LATEST FIGURES SHOW CALIFORNIA HIGHWAY RECEIPTS REMAIN STEADY

In October 2004, the Federal Highway Administration (FHWA) released the most recent highway program apportionment figures indicating how much states received in core highway program funding in 2004. The new figures show that California received \$3.041 billion or 9.22 percent of overall highway apportionments.

Federal highway spending grew 50 percent throughout the lifespan of the nation’s last surface transportation law, the Transportation Equity Act for the 21st Century (TEA-21). That bill expired in 2003. Congress has been unable to approve a successor largely because of differences of opinion over overall funding levels and over how much states are entitled in federal highway receipts relative to how much they send to Washington in highway excise taxes. In the meantime highway programs remain in effect due to the passage of temporary extension measures that have kept funding roughly at 2002 TEA-21 levels. According to a recent Federal Funds Information for States (FFIS) estimate, the delay in approving a comprehensive bill compounded by states’ fiscal constraints has led to a drop in highway expenditures from \$30.17 billion in 2003 to \$30.05 billion in 2004. The most recent extension approved by Congress remains in effect through May 2005 while transportation leaders work to complete a highway bill this year.

According to the FHWA’s latest figures, of the major highway formula programs, California received 8.3 percent of Interstate Maintenance (IM) funds, 8.76 percent of National Highway System (NHS) funds, 9.1 percent of Surface Transportation program (STP) distributions, 7.89 percent of Bridge funds, and 21 percent of Congestion Mitigation and Air Quality improvement (CMAQ) program funds. The formula governing CMAQ apportionments is driven by population and the severity of air quality making it California’s highest yielding core program. Of the smaller formula programs, California received 6.98 percent of Recreational Trails program funds, 14.91 percent of Metropolitan Planning resources and 7.56 percent of the Minimum Guarantee (MG). MG uses a complicated formula to return each state a guaranteed minimum 90.5 percent return on their highway investments, although many states enjoy a much higher rate of return. According to FFIS, California’s rate of return in 2004 was exactly 90.5 percent. States such as Alaska, North Dakota, South Dakota, Rhode Island and DC, however, receive double this percentage or more.

California’s share of program dollars in 2004 exceeded \$3 billion for the first time (\$3.04 billion) out of \$32.97 billion. In 2003, the state received a smaller \$2.5 billion in apportionments out of an available \$27.4 billion. California’s share of the overall total remains at a steady 9.2 percent in both years.

For more information on FHWA’s 2004 formula program apportionments, visit the Department of Transportation (DOT) website at: <http://www.fhwa.dot.gov/stea04/index.htm> .

EDUCATION BRIEFING ON FRIDAY, JANUARY 28

Federal K-12 education policy issues will be discussed at a briefing to be held on Friday, January 28, 2005, from 2:00 to 3:00 p.m., in Room 2257 of the Rayburn House Office Building. The briefing will feature comments by representatives of the California School Boards Association, who will present information regarding several topics, including:

- The California State Budget

- Implementation of the No Child Left Behind Act
- Reauthorization of Head Start, the Carl D. Perkins Vocational and Technical Education Act and the Secure Rural Schools and Community Self-Determination Act

For further information, or to contact the presenters in advance, feel free to visit the CSBA website at <http://www.csba.org> or contact either Rick Pratt or Phil Escamilla at 916-325-4020. No reply is necessary to attend the briefing. To contact the California Institute, visit <http://www.calinst.org> or call 202-546-3700.

DORIS MATSUI SEEKS TO REPLACE LATE HUSBAND IN CONGRESS

On January 11, 2005, Governor Arnold Schwarzenegger set March 8 as the date for a special election to fill the unexpired term of the late Rep. Robert T. Matsui, who died unexpectedly on New Years Day of a rare stem cell disorder.

Rep. Matsui was laid to rest on January 8 in Sacramento after memorial services in Washington and Sacramento and after lying in state in the California State Capitol Building. For additional information, see [*Bulletin, Vol. 12, No. 1 \(1/7/2005\)*](#).

Doris Matsui, the Congressman's widow, announced that she would seek to replace her husband in Congress. The filing deadline for candidates passed on Monday, January 24, and none of the most prominent potential candidates elected to enter the race. Democrats outnumber Republicans by two to one in the 5th Congressional District, and Ms. Matsui could avoid a runoff election by garnering 50 percent of the vote on March 8.

Ms. Matsui served as a senior official in the Clinton Administration and was a key figure in the initial presidential transition. Most recently, she has been Senior Advisor and Director of Government Relations for Collier Shannon Scott. A former president of KVIE, a public television in Sacramento, she has been involved in a number of Sacramento nonprofit organizations. In addition, Ms. Matsui has been an active member of the Board of Directors of the California Institute.

CENTRAL VALLEY MEXICAN MIGRATION WILL DROP, STUDY FINDS

A recently released report finds that Mexican migration to the Central Valley will slow by 2010. Professor Philip Martin of the University of California Davis, author of the report, argues that with Mexico's birthrate declining and the possibility for sustained economic growth in their home country, the number of Mexican immigrants coming to the Central Valley for agriculture jobs will fall.

Between 1990 and 2000, Mexico's birthrate fell from 3.4 children per woman to 2.4 per woman. By comparison, in 1970, the Mexican birthrate was about seven to eight children per female. The report estimates that the number of Mexicans turning 15, the age of labor force entry in Mexico, will drop by 50% from about 1 million a year to 500,000 a year. Even though immigration to the U. S. from Mexico increased from 1991 to 2000, Martin argues that future migration will decline because, with the smaller Mexican labor force, more jobs will be available in Mexico and fewer people may feel compelled to leave the country.

PPIC STATEWIDE SURVEY EXAMINES CALIFORNIANS' POLITICAL ATTITUDES

The Public Policy Institute of California, in collaboration with The James Irvine Foundation, released its first Statewide Survey of the new year, identifying a state strongly divided along partisan lines on both state and national political issues. The survey, run by Mark Baldassare, PPIC's Research Director and Survey Director, examines political attitudes in the state concerning the California state budget, state policy issues, and the national political scene. While support remains high for Governor Arnold Schwarzenegger, the survey found that the bipartisan foundation of his support "shows signs of cracking

under the strain of a lingering budget crisis and renewed concern about the quality of public education.” On the national stage, Democrats and Republicans are starkly divided in their opinions of President Bush and his approach to the economy, the war in Iraq and Social Security reform.

For the complete survey results, visit the Public Policy Institute of California’s website at <http://www.ppic.org/main/home.asp> .

CALIFORNIA HYDROGEN MODEL HIGHLIGHTED AT D.C. BRIEFING

On January 11, 2005, a panel of experts representing UC Davis and the California Fuel Cell Partnership conducted a Hill briefing on California’s efforts to develop a hydrogen economy. Policy options and strategies for hydrogen production and delivery were discussed at length. A presentation was also made detailing California’s advancement of hydrogen energy through the state’s Hydrogen Highways Network. The briefing was held for the benefit of the bipartisan Hydrogen and Fuel Cell Caucus chaired by Sens. Lindsey Graham (SC) and Byron Dorgan (ND) and was supported by the American Chemical Society, the US Fuel Cell Council, and the Alliance to Save Energy.

Prof. Joan Ogden of UC Davis’ Institute of Transportation Studies (ITS) discussed the long-term challenges and opportunities presented by the production of and demand for hydrogen energy. Prof. Ogden commented on the various methods of extracting hydrogen and conceded that hydrogen development could incur costs in the billions of dollars; however, the long term costs would not exceed those of maintaining the conventional fuel infrastructure. She disputed claims that hydrogen fuel consumption steps up the release of carbon dioxide or the use of natural gas, estimating that in the near term, growth in hydrogen consumption would reduce greenhouse gas emissions by between 10 and 40 percent compared to advanced gasoline vehicles, and predicting that the development of future technologies, availability, and demand could allow for lower fuel costs and zero greenhouse gas emissions beyond 2025.

Catherine Dunwoody, Executive Director of the California Fuel Cell Partnership provided details about California’s hydrogen/fuel cell commitments and outlined Gov. Schwarzenegger’s Hydrogen Highways program-- an in-progress effort to introduce a fleet of hydrogen run vehicles and pumping stations throughout the state by 2010. She focused her comments on the approach California was taking to introduce fuel cell technologies and implement the Governor’s vision. She went on to discuss the role of her organization and other stakeholders in establishing the hydrogen highways network, touching on facilities placement, promotion of new protocols, community responder training, publishing of resource materials, information sharing, and public outreach strategies.

Ken Kurani, an ITS faculty member discussed the advantages of shifting from a gasoline to a hydrogen economy and identified a number of strategies to spur hydrogen development using lessons from historic failures and successes of other fuel alternatives introduced to the automobile and energy market.

Daniel Sperling, Professor and Director of ITS noted that the US is the world’s largest economy, consumer of energy, and producer of greenhouse gases. He suggested that concrete action and resource allocation in of hydrogen technology development would improve the environment and help reduce America’s dependence on foreign oil. According to Professor Sperling, there are no more compelling options available than hydrogen. He pointed out that alternative fuels have historically failed to provide a viable alternative as a means of efficient energy consumption and pollution abatement. He characterized ethanol as an exception; however, he noted that the ethanol industry has received \$2 billion in subsidies while helping to reduce oil consumption by only 1 percent and having zero impact on the abatement of greenhouse gas emissions.

The 2005 Omnibus Spending Bill dedicated \$21.5 million to hydrogen fuel research. Meanwhile, Hydrogen Highways remains a priority for the State of California this year after the Governor reaffirmed his commitment to the network in his state of the state address earlier this month. ITS-UC Davis currently administers \$6 million in research contracts and is reputed to be the primary university focused on hydrogen fuel development. ITS-Davis has been involved in formulating the California Hydrogen Highways Blueprint Plan, expected to be released by the Governor later this winter.

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

NUMEROUS GROUPS, INCLUDING U.S., FILING AMICUS BRIEFS IN SUPREME COURT PIRACY CASE

This week, the United States joined the list of parties filing *amicus* briefs in the peer-to-peer (P2P) piracy case that will be argued before the U.S. Supreme Court. On March 29, the Court is set to hear oral arguments in *MGM Studios, Inc. v. Grokster Ltd.* The Motion Picture Association of America, the Recording Industry Association of America and the major entertainment industry companies want the Court to overturn a 9th Circuit Court of Appeals ruling that held P2P file-sharing networks like Grokster and Morpheus are not violating copyright laws even though people use the networks to illegally download copyrighted songs and movies. The U.S.'s brief, filed by the Solicitor General's Office, supports the entertainment industry's fight to shut down P2P networks. The brief argues that the groups "have developed vast networks of members whose only common characteristic is apparently their desire to download copyrighted music and movie files without paying for them."

The lower court decisions allowing Grokster and Morpheus to continue operating relied on the Supreme Court's 1984 *Sony Betamax* decision, where the Court found that Sony did not violate copyright law by selling the Betamax video cassette recorder, even though it could be used to illegally copy TV shows. The Government's brief argues the courts erred in their interpretation of that case because the P2P networks do not have "substantial" legitimate uses.

Earlier in the week, several information technology companies and associations also filed friends-of-the-court briefs in the case. Those organizations, which include Microsoft Corp., Yahoo Inc., Google, America Online Inc. and Apple Computer Inc., as well as the Center for Democracy and Technology, support overturning the Grokster decision, but argue that the Sony decision should not be altered. They are concerned that any reinterpretation of the Sony case will result in stymying new technological innovations.

The Supreme Court's decision in the case is expected to be handed down by July.

USC RESEARCHERS PROJECT POSITIVE TRENDS IN IMMIGRATION FOR CALIFORNIA

This week the California Demographic Futures research program at the University of Southern California released its most recent demographic projections, analyzing trends in California's immigrant population through 2030. Three key findings from the study drive most of its optimistic conclusions. First, the researchers found that the growth of California's foreign-born population is slowing markedly. While the state's foreign-born population nearly doubled as a percentage of the state's overall population between 1980 and 2005 (15.1% to 27.0%), the researchers expect only a moderate increase in the percentage of foreign-born residents, to 29.8%, by 2030. Second, the immigrant population is residing in the state for longer periods of time. In 1980 the average length of U.S. residence for Latinos in California was 12.1 years; by 2030, researchers expect that average to increase to 22.5 years. Third, the growth of California's second generation (the children of the immigrant first generation) is accelerating, meaning that the immigrant population will have a significantly larger proportion of people born and raised in the

U.S. In 1980, 14.8% of 5 to 14 year old children were second generation, while today, 36.0% are second generation.

From these three trends, researchers made a variety of demographic and policy conclusions that seem favorable to California's future. They envision a much more stable immigrant population with higher educational attainment in both high school and post-secondary education. They predict higher rates of health care coverage for immigrants and their children, which would reduce the public burden of health care costs for the uninsured. They also see a state future with higher voter participation by eligible immigrants and their children, helping to close the "representation gap" that they argue limits the ability of immigrants to act in the interest of their children. And finally, they predict higher levels of English reliance, resulting in potentially greater social and cultural assimilation for immigrants and their children.

For the complete study, visit <http://www.usc.edu/schools/sppd/futures/cdfindex.htm> .

PPIC EXAMINES WORKERS' COMPENSATION "CRISIS" IN CALIFORNIA

The Public Policy Institute of California's January issue of *California Economic Policy* provides an instructive and perceptive analysis of the causes behind the astronomical increases in Workers' Compensation premiums in California over the past few years.

Written and edited by David Neumark, a senior fellow at PPIC, the article provides a comprehensive overview of the various causes behind the crisis in the Workers' Compensation system and addresses the potential effectiveness that two state bills, SB 228 and SB 899, may have in curbing the growth in premium costs.

To read the article, visit Public Policy Institute of California's website at <http://www.ppic.org/> .

CALIFORNIA DELEGATION ROSTER ON WEBSITE

The California Institute has made available a 109th Congress contact roster of addresses and phone numbers for the California Congressional delegation. To access the California Delegation Roster, which is available in pdf format, visit <http://www.calinst.org/pubs/109th.pdf> .