



# THE CALIFORNIA INSTITUTE FOR FEDERAL POLICY RESEARCH

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## California Capitol Hill Bulletin

### Volume 12, Bulletin 32 – November 18, 2005

*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.*

#### APPROPRIATIONS DEADLINES EXTENDED ONE MONTH

On Thursday, November 17, 2005, the House of Representatives approved H.J.Res.72, a continuing resolution (CR) that will maintain operation of government agencies funded under 2006 appropriations measures that have not yet been enacted. The Senate was expected to follow suit and approve the resolution on Friday, before a previously-enacted funding extension expires at midnight Friday.

The new CR will extend funding through December 17 for a variety of appropriations measures. However, even some of those are likely to be affected little or none by the CR because they will be enacted soon -- the conference reports on the Energy & Water appropriations and Commerce-Justice-Science appropriations have been passed by both houses and now await President Bush's signature. In addition, at approximately midnight Thursday night, House-Senate conferees reached agreement on the Military Construction-VA funding bill.

The extension bill is needed for three incomplete appropriations measures -- those funding Defense, Labor-HHS-Education, and Transportation-Treasury-Housing.

As was the case in the previous CRs, H.J.Res 72 sets temporary funding at the lowest of three spending levels: the 2005 enacted level, the House-passed 2006 level or the Senate-passed 2006 level.

#### HOMELAND SECURITY PASSES BORDER SECURITY

The House Homeland Security Committee favorably reported by voice vote H.R. 4312, The Border Security and Terrorism Prevention Act of 2005, on Thursday, November 17. The bill is aimed at strengthening U.S. borders and eliminating the "catch and release" practice currently used by the Department of Homeland Security.

Among its provisions, the bill would reauthorize the addition of 8,000 new border agents and 32,000 new detention beds over the next four years. It also authorizes 1,000 new, full-time port of entry inspectors over the next four years and the training of 1,500 additional K-9 units over the next five years. The bill would also require DHS and the Defense Department to develop a plan to provide Border Patrol agents with military support and increased use of DOD surveillance.

Currently, thousands of illegal immigrants apprehended at the border must be released almost immediately because of insufficient

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detention space to hold them pending removal proceedings. So far in 2005, according to Committee Chair, and author of the bill, Peter King (NY), 115,000 undocumented aliens have been released. H.R. 4312 requires the mandatory detention of all aliens apprehended at U.S. land borders attempting to cross illegally by Oct. 1, 2006. Prior to that deadline, aliens who are released pending an immigration removal hearing must post bond of at least \$5,000. The bill also requires DHS to use every available detention bed and find new detention space through contracting with state and local jails.

During Committee consideration of the bill, an amendment offered by Rep. Dan Lungren (Folsom) was adopted that will make it easier to deport some illegal aliens, primarily from non-Mexican countries and known as OTMs (“other than Mexicans”), apprehended within 100 miles of the border. The Lungren amendment was adopted by a vote of 18-14.

### **PATRIOT ACT REVISIONS TO OMIT FIRST RESPONDER FORMULA REWRITE**

Prospects dimmed this week for negotiators seeking a House-Senate agreement on a revised formula for distributing Department of Homeland Security grant funding to state and local first responders. House conferees on a bill to reauthorize the USA Patriot Act had pressed to include formula revisions in the compromise version of H.R. 3199. But with time running out on the 2005 legislative session, the matter was removed from the discussions.

The bipartisan leadership of the House Committee on Homeland Security has used a variety of vehicles in an attempt to make a change to the State Homeland Security Grant Program (SHSGP) formula, which distributes funds without regard for risk or threat, and includes an unusually high 0.75 percent small-state minimum. The formula distributes 40 percent equally to each state (large or small), and 60 percent according to state population. In 2003-2005, California received about 8 percent of SHSGP formula funding. The House conferees had sought to lower the minimum to between 0.25 percent and 0.45 percent, as well as change the distributional methodology. The Senate, on the other hand, has more widely embraced the formula that advantages small states. In S. 21, lead Senate conferee and Homeland Security Committee Chair Susan Collins (ME) has sought a formula that would effectively lock in the minimum shares from past years, although risk and threat would become distributional factors. To date, a compromise between the two positions has not been reached.

However, and importantly for California, a first responder funding formula change was included in the FY 2006 Homeland Security Appropriations Conference Report that Congress passed and the President signed in October. For FY 2006 funding at least, the bill gives DHS authority to exercise greater discretion over the 60 percent of funds that remain after the minimum distribution. Doing so could increase California’s share of funding considerably.

For additional information regarding homeland security grants from a California perspective, see “*Federal Formula Grants and California: Homeland Security*” -- part of a joint publication series from the Public Policy Institute of California (PPIC) and the California Institute for Federal Policy Research, available at <http://www.ppic.org/main/publication.asp?i=481> .

(Late in the evening of Thursday, November 17, 2005, even the newly-streamlined version of the bill was hitting obstacles; a small bipartisan group of

Senators was reportedly holding out for changes to H.R. 3199 that would impose limits on the scope and breadth of police powers in the battle against terrorism.)

### **SENATE PANELS APPROVE TRANSIT SECURITY LEGISLATION**

On November 16, 2005, the Senate Banking, Housing and Urban Affairs Committee approved a multiyear, \$3.5 billion public transit security authorization measure by voice vote. The measure's approval marks the revival of a bipartisan effort to increase federal assistance for stronger transit security safeguards among the nation's 6,000 transit agencies in the wake of the London terrorist bombings in July.

The Public Transit Terrorism Prevention Act of 2005, sponsored by Banking committee Chair Richard Shelby (AL) provides \$3.5 billion over three years for transit security improvement activities. Of the funding made available, \$2.4 billion will be assigned to surveillance and communications equipment or capital expenses. Training and public education campaigns will take up most of the remainder, whereas \$130 million is slated for research and development costs.

According to the bill, most funds would be distributed to transit agencies in order of priority based on a homeland security assessment of transit agency vulnerabilities. Research grants would be awarded on a competitive basis.

Critics of homeland security spending contend that transit security deserves more federal support and that prior funding for transportation terror preparedness has been disproportionately allocated to airline security rather than transit security. The \$150 million in FY 2006 transit security spending totals brings per passenger investment to less than a penny compared to \$7.48 spent per passenger in airline security protections (in the last three years), according to Banking Committee staff.

Administration officials have testified that states are free to use federal spending from various other sources on transit security enhancements and that if public transit investments from all funding streams are taken into consideration, transit spending figures would look more balanced.

Sen. Shelby tried in vain to add language that would provide an additional \$1.2 billion in transit security funds to the Homeland Security appropriations bill. A parliamentary Budget point of order maneuver on the Senate floor, supported by Budget hawks, killed the amendment, which won 7 votes less than it needed to succeed. A near identical bill (S. 2884) was reported out of the Senate last year by unanimous consent. Companion legislation in the House was never considered on the Floor.

The Senate Commerce, Science, and Transportation Committee reported an omnibus security measure on the following day to further promote terror preparedness. The Security Omnibus bill (S 1052) authorizes \$1.1 billion in security related funding for maritime/land expenses (this includes rail and over-the-road bus) and \$15.8 billion for aviation security over three years. The Transportation Security Administration would receive \$1.6 billion to cover administrative expenses and \$777 million to provide help to the families of those hurt or killed by a rail accident.

For more information on the Senate Banking mark up or to view a copy of opening remarks, visit the Senate Banking, Housing, and Urban Affairs Committee at:

<http://banking.senate.gov/index.cfm?Fuseaction=Hearings.Detail&HearingID=186> . Further information on the Senate Commerce Committee's actions can be found at: <http://commerce.senate.gov/index.cfm> .

### **TAX BILLS MOVING THROUGH CONGRESS; EXTEND R&D CREDIT**

On November 15, 2005, the Ways and Means Committee approved H.R. 4297, the Tax Relief Extension Reconciliation Act of 2005, by a vote of 24-15. Among the provisions included in the bill is a one-year extension of the research and experimentation tax credit (R&D) until December 31, 2006. The bill also includes an alternative method for calculating the credit.

The bill also extends the Work Opportunity Tax Credit (WOTC) for hiring individuals who face barriers to employment. In addition to the extension, the age limit for eligible food stamp recipients is increased from 25 to 35. The Welfare-to-Work Tax Credit for hiring individuals who have received public assistance for an extended period of time is also extended.

The expensing of brownfield remediation costs is also extended for two years, and the definition of a contaminated site is expanded to include sites contaminated by petroleum products.

Two of the major provisions in the bill continue the lowered tax rates for capital gains and dividends. The House hopes to consider the bill on the floor on Friday, November 18.

The Senate Finance Committee approved its \$60 billion tax cut package on Tuesday, after dropping the provisions extending the lowered capital gains and dividends rates. The Senate bill also extends the R&D tax credit for a year and includes an alternative calculation method. In addition, the WOTC and the Welfare-to-Work tax credits would be extended for a year. It would also extend for one year a provision that helps curtail the effect of the alternative minimum tax (AMT) on the middle class -- California taxpayers pay an above-average share of the nation's taxes captured via AMT rules.

The Senate floor worked late into Thursday evening, in hope of passing it before the Thanksgiving recess. The measure was finally approved after midnight on Friday morning, November 18, by a vote of 64 to 33.

### **COMMERCE, JUSTICE, SCIENCE APPROPRIATIONS PASSES SENATE**

On November 16, by a vote of 94-5, the Senate approved and sent to the President the conference report on a bill providing FY 2006 appropriations for Commerce, Justice, Science, and related agencies (H.R. 2862).

The \$58 billion bill funds the Departments of Justice, State, Commerce, as well as NASA and the National Science Foundation among several other agencies.

Funding for the Justice Department rose to \$21.4 billion, an increase of \$784 million over FY05 funding and \$1.1 billion above the President's request. \$2.7 billion of that will go to state and local law enforcement assistance, a \$287 million decrease from last year's funding but \$1.1 billion over the President's budget. The State Criminal Alien Assistance Program (SCAAP) will receive \$405 million, a \$104 million gain over the FY05 level. California receives about 40 percent of SCAAP funding. Funding for the Edward Byrne Memorial Justice Assistance grants fell from \$626 million last year to \$416 million in this year's conference report. The bill also includes \$64 million to eradicate methamphetamine hot spots.

NASA will be funded at the \$16.5 billion requested in the President's budget, a \$260 million increase over last year. That funding includes \$3.1 billion for space exploration and \$912 million for the aeronautics research program.

### **HOUSE RESOURCES MARKUP INCLUDES CALIFORNIA WATER BILLS; SENATE AND HOUSE BILLS ADDRESS DRINKING WATER NEEDS**

On Wednesday, November 16, 2005, the House Resources Committee, chaired by Rep Richard Pombo (Tracy) marked up and approved 16 bills within its jurisdiction. Among the bills were three that were specifically focused on California water matters, one addressing a Dana Point desalination project and the other two dealing with water storage in San Diego and Madera Counties.

Entitled the Dana Point Desalination Project Authorization Act and authored by Water and Power Subcommittee Chairman Rep. Ken Calvert (Corona), H.R. 3929 authorizes \$2.5 million from the Department of the Interior in order to assist the Municipal Water District of Orange County in preliminary planning efforts for development of a desalination plant in Dana Point. The bill was cosponsored by Reps. Dana Rohrabacher (Huntington Beach) and Gary Miller (Diamond Bar).

In addition, the committee approved H.R. 1190, authored by Rep. Duncan Hunter (Alpine). Entitled the San Diego Water Storage and Efficiency Act of 2005, the bill would direct the Secretary of the Interior to conduct a feasibility study to design and construct a four reservoir intertie system to improve water storage opportunities, water supply reliability, and water yield at reservoirs in the San Diego area, including the San Vicente, El Capitan, Murray, and Loveland Reservoirs.

Also, the Resources Committee approved H.R. 3897, the Madera Water Supply and Groundwater Enhancement Project Act, authored by Rep. George Radanovich (Mariposa) authorizes the Bureau of Reclamation to enter into a cooperative agreement with the Madera Irrigation District for purposes of supporting the Madera Water Supply and Groundwater Enhancement Project, including conducting a feasibility study and preparing a report.

In the Senate on Wednesday, the Energy and Natural Resources Committee considered and approved legislation (S.1860) to authorize U.S. Department of Energy resources to conduct research regarding drinking water and ways to avoid or mitigate shortages. As originally drafted, the bill specified that the \$5 million authorized would be used at federal laboratories in New Mexico, Tennessee and California to conduct clean water research and provide grant funding. During markup, however, the committee amended the bill to allow the Department discretion regarding the venue(s) of the research work.

### **SENATE FOLLOWS HOUSE IN PASSING 2006 ENERGY & WATER FUNDING**

Following House approval of the Conference Report on the FY 2006 Energy and Water Appropriations last week, the Senate approved the measure on Monday, November 14, 2005. The bill provides \$30.5 billion in budget authority, a \$749 million increase from the 2005 level, for the U.S. Army Corps of Engineers-Civil, the Department of Interior including the Bureau of Reclamation, the Department of Energy, and several Independent Agencies.

The CALFED Bay-Delta program receives \$37 million in funding under the bill, over four times the \$9 million provided in last year's appropriations. In addition, it provides \$40 million for Sacramento area flood improvement projects. Funding for the Bureau of Reclamation is set at \$1.1 billion.

The U.S. Department of Energy is funded at \$24.3 billion, which is \$129 million below FY05 funding, and \$787 million below the Senate-passed level. Conferees fund the DOE Office of Science at \$3.6 billion, an increase of \$33 million over last year and \$170 million. The National Ignition Facility at the Lawrence Livermore National Laboratory is funded at \$142 million, which is the same as the budget request and the House level. The report includes an additional \$30 million to continue the efforts to develop a leadership class advanced computer for the scientific community, and it eliminates \$70 million for Flood Control and Coastal Emergencies programs, as well as two nuclear related programs.

### **HOUSE FAILS TO REPORT CONFERENCED LABOR-HHS-EDUCATION SPENDING BILL**

On November 17, 2005, the House of Representatives voted down the Labor-Health and Human Services-Education conference spending measure by a 209 to 222 vote. With no Democrats voting in favor of the bill, the defection of 22 Republican votes led to the measure's defeat.

The \$602 billion bill supports key health and education programs including medicare entitlements and is the largest of all the spending programs. According to House Majority Leader Roy Blunt (MO), there were a number of different objections to the bill that explained the crossover votes, although budget constraints made perhaps the most significant impact. Although the bill contains 21 percent more in spending compared to the current fiscal year, most of those funds support mandatory entitlements. The House measure did not contain discretionary program earmarks.

With time running short, the defeat forces GOP leaders to consider alternative ways of moving the bill, and that may involve Congress passing spending for programs under a continuing resolution. The House may also attach Labor-HHS-Education language to the Defense appropriations bill (HR 2863).

The failed bill would provide \$12.8 billion for Title I education programs, \$2.2 billion for the Low Income Home Energy Assistance Program (LIHEAP), \$10.7 billion in disabled education grants, and would institute \$1.2 billion in spending cuts through the elimination of certain federal programs.

### **HOUSE AGRICULTURE HEARS IMPACT OF RECENT LITIGATION ON FOREST SERVICES**

A public hearing was held by the House Committee on Agriculture focused on reviewing recent litigation concerning Forest Service firefighting and forest health efforts.

The Agriculture Department has promulgated a rule excluding from further review projects where the environmental effects are determined to be insignificant. At the center of the hearing was the impact of recent litigation interpreting this rule. The suit was filed by five non-profits alleging that the Forest Service violated multiple laws by carrying out its Burnt Ridge Restoration Project.

In the initial court ruling, the judge sided with the non-profits, challenging the validity of the appeals regulations that the Forest Service cited as the basis for their decision to approve the Burnt Ridge Restoration

Project in the Sequoia National Forest. Since this first ruling, the court has issued three additional rulings: 1) a ruling that invalidates certain provisions of the project appeal regulations, including the provision of the appeal regulations that exempts categorically excluded projects and activities from notice, comment, and appeal; 2) a ruling that clarified that the previous ruling applies nationally and prospectively from July 7, 2005; and 3) a final ruling that clarified what categorically excluded decisions are not subject to notice, comment, and appeal under the court's order.

Testimony was heard from many participants, including Mark Rey, Undersecretary of Agriculture for Natural Resources and Environment and John Hofmann, Director of Natural Resources for the Regional Council of Rural Counties based in Sacramento.

Rey expressed strong concerns regarding the recent court rulings. He conveyed to the Committee that the new court rulings apply to any new categorical exclusion, and that as a result of clarifying directions from the Court, approximately 800 projects in varying stages of development are now subject to notice, comment, and appeal. In total, over 1.2 million acres of land is impacted by the 800 projects affected by recent court rulings.

Furthermore, Rey declared that the recent court decisions are inconsistent with Congress' intentions for projects and goals for Forest Services. To highlight his point, Rey stated that the delays resulting from recent court decisions will adversely affect the public and Forest Service customers and partners. Not only will the hazardous fuel treatment operations become more complicated and time consuming, he said, but such projects may become ineffective due to procedural delays that affect National Forest System lands that adjoin other federal, state, and private lands to be treated in the same proposal. In addition, Rey mentioned that recent litigation contradicts President Bush's Healthy Forest Initiative (HFI) and Congress' Hazardous Fuels Reduction Act (HFRA) by not allowing the Forest Service to carry out the goals of HFI and HFRA. The Initiative and Act seek to reduce the amount of time and cost associated with forest restoration and hazardous fuels reduction treatment where the scope of effects was well understood and the Forest Service's experience had concluded there was no significant environmental effects.

Hofmann testified on the impacts of recent litigation from a state perspective. According to Hofmann, there are currently 57 Community Wildfire Protection Plans in various stages of implementation within 29 counties in California, and 15 include most, if not all, at-risk communities. He explained the rigorous approval processes for the projects to the Committee. Currently, in accordance with the Implementation Plan for the Comprehensive Strategy for a Collaborative Approach for Reducing Wildland Fire Risks to Communities and the Environment, discussion, debate, science, emotion, and eventually compromise, balance, and acceptance for targeted areas and treatments recommended by the Community Wildfire Protection Plans is required. He concluded that the requirement in accordance with the recent court rulings that these projects must undergo the notice, comment, and appeals process was redundant and costly.

In addition, the Community Wildfire Protection Plans has an established three-tier approval process in which projects must meet four criteria: 1) it must identify and prioritize areas for hazardous fuel reduction treatments with recommendations for the type and method of treatment; 2) it must recommend measures that reduce structural ignitability; 3) it must accomplish those criteria within the context of collaborative agreements; and 4) it must be agreed to by the local government, local fire department, and the state forest management agency in consultation with federal agencies and interested parties. These criteria were born out of Congressional guidance and are the cornerstone to the successful implementation of Community Wildfire Protection Plans, he stated.

For more information on this hearing, visit <http://www.agriculture.house.gov> .

## **ANTI-METH BILL MOVES TO HOUSE FLOOR**

On November 15, 2005, the House Energy and Commerce Committee approved H.R. 3889, a bill that would curb the production, trafficking, and sale of methamphetamine, by voice vote.

The bill, authored by Rep. Mark Souder (IN), would place a limit on the amount of pseudoephedrine – a common ingredient in non-prescriptive cold and decongestant medicine – that can be sold per transaction. In addition, the bill would require retailers to keep and sell medicine containing pseudoephedrine behind counters and keep records of who purchases them. Pseudoephedrine is an ingredient used to produce methamphetamine.

The Committee approved, by voice vote, an amendment offered by Rep. Joe Barton (TX) that would reduce the pseudoephedrine amount sold per transaction from nine grams to 3.6 grams. The new limitation would allow consumers to purchase from 60 to 120 pills containing pseudoephedrine daily. Additionally, the bill includes provisions that would require Internet and mobile retail sellers to limit individual sales to 7.5 grams in any 30 day period.

The bill was expected to be taken up on the House floor on Thursday, November 17, but it had not been by midnight that evening.

### **CONGRESS PRESERVES U.S. ACCESS TO INTERNATIONAL SPACE STATION**

Congress has amended the Iran Nonproliferation Act (S. 1713) to allow U.S. astronauts to continue to fly aboard the Russian spacecraft while limiting the possibility that the United States would lose access to the international space station. The Senate unanimously approved the bill, which the House passed last month, and the President is expected to sign it.

The argument in favor of the amendment derives substantially from the 2003 fatal Columbia mission that grounded the space shuttle fleet, forcing US astronauts to rely heavily on Russian Soyuz spacecraft in order to get to the space station and back. Passed in 2000, the Iran Nonproliferation Act prohibits the US from purchasing a significant amount of Russian space technology, which includes seats aboard the Soyuz spacecraft, unless there is certification from the President that Russia is not exporting nuclear and missile technology to Iran. However, the prohibitions proved ineffective due to a prior agreement that required Russia to provide 11 free Soyuz trips to the US. In upholding this agreement, Russia had expressed its clear intentions to charge future customers, since the last flight that took the new crew to the space station last month was the 11th.

In addition to other provisions, the recently-approved bill would broaden underlying sanctions policy to include nuclear imports by Syria and imports by both Iran and Syria from governments as well as "any foreign governmental entity acting as a business enterprise." Furthermore, the provision strengthens the law to cover nuclear exports from Iran and Syria as well as imports by those countries.

The U.S. space community is working to develop a new vehicle -- the Crew Exploration Vehicle or CEV -- that will replace the space shuttle, ferrying crews of three persons plus cargo to the space station, or carry as many as six persons in other missions. NASA and the U.S. aerospace industry are working to develop the CEV to be operational by 2011, filling the gap created by the retirement of the space shuttle program.

However, as reported previously, NASA has recently estimated that it will face a \$3-5 billion funding shortfall if it is to maintain shuttle operations through 2010. See *Bulletin, Vol. 12, No. 30 (November 4, 2005)*. NASA Administrator Michael Griffin estimated that the budgetary shortfall would first become a serious problem in 2008.

For information regarding the CEV, visit [http://www.nasa.gov/missions/solarsystem/cev\\_faq.html](http://www.nasa.gov/missions/solarsystem/cev_faq.html) . For information regarding the budget for the space shuttle program, visit the House Science Committee website at <http://www.house.gov/science/press/109/109-155.htm> .

### **SENATE AMENDMENT GIVES HOPE FOR LONG BEACH CARGO AIRCRAFT LINE**

Efforts to keep a Long Beach air transport assembly plant open gained momentum on November 10, 2005, after the Senate voted overwhelmingly to continue production of the C-17 military cargo plane known as the Globemaster III. The 89 to 8 vote in support of an amendment to the Defense Authorization bill would keep the Long Beach factory open through 2011, if the military opts to order more planes.

Aircraft manufacturing, although not as robust or as central to the local economy as it once was, is still an important economic focus. The Boeing C-17 factory in Long Beach employs 6,500 workers, approximately 3 percent of the city's workforce. Considered the last of California's major aircraft assembly facilities, the facility was due to close in 2008, after the Department of Defense (DOD) announced that C-17 production contracts would not be renewed. The elimination of the C-17 would cut further into Long Beach's aircraft manufacturing economy. Southern California was hit hardest by the scaling back of aerospace and defense support in the 1990s. An industry that once employed 29 percent of the Long Beach manufacturing labor force currently

accounts for 10 percent of manufacturing employment. California received nearly 25 percent of the nation's defense contract spending in the early- and mid-1980s; today that share is closer to 13 percent.

Original Air Force plans to discontinue the \$175 million C-17 has now hit a snag with passage of the amendment, but the Secretary of Defense still has authority to make a final decision on the plane's future, under the amendment.

Other examples of good news also exist, increasing the chances of the C-17's survival. Support for saving C-17 construction was bolstered last week when a well respected Pentagon advisory panel recommended that the military be authorized to purchase more of the cargo planes.

Governor Arnold Schwarzenegger weighed in on the C-17 topic, authoring a letter to President Bush to request support for more C-17 contracts.

## **EVALUATING THE EFFICIENCY OF CALIFORNIA PROVIDERS IN CARING FOR PATIENTS WITH CHRONIC ILLNESSES**

Results from a recent Dartmouth Medical School Study found that Medicare costs for patients with similar illnesses are more significant at some California hospitals. In addition, increased costs at these hospitals do not equate to better quality of care or patient satisfaction.

Dartmouth researchers studied the performance of individual California hospitals in managing chronically ill patients between 1999-2005.

There was a significant variation of Medicare spending for chronically ill patients in California, researchers concluded. To illustrate, they found that Los Angeles hospitals received nearly 60 percent more money, on average, in the last two years of a Medicare patient's life for inpatient reimbursement compared to Sacramento hospitals. In addition, researchers found evidence that some hospitals in the state received as much as four times more than other hospitals caring for patients with similar conditions.

The cost differences for chronically ill patients had an adverse effect on the patients. The study shows that aside from the lack of improved medical outcomes or patient satisfaction, the differences in medical costs increased the volume of care and decreased patient satisfaction. Researchers concluded that it is possible to achieve savings by improving efficiency without any impacts on quality. For example, researchers suggest that Medicare could have saved \$1.7 billion in the Los Angeles area if medical practice patterns found there (the most expensive region) resembled those of Sacramento (the least expensive region).

The Report offers some solutions to the problem. First, researchers emphasize the need for doctors, hospitals, employers, insurers, and others to better understand resource use in hospital markets; that it is critical for patients to take into consideration more than just the unit cost of services. Second, hospital management must make key decisions that determine capacity in their communities and examine the efficiency of physicians with admitting privileges in their hospitals.

Additional information regarding this study is available at:

<http://www.chcf.org/topics/hospitals/index.cfm?itemID=115921>

## **RAND STUDY FINDS UNDOCUMENTED IMMIGRANTS MOST LIKELY TO BE UNINSURED**

The RAND Corporation released a study recently showing that undocumented immigrants are far less likely than any other group to have health insurance, accounting for up to one-third of the growth in the uninsured population in the United States in the past two decades. The study was published in the November/December edition of the journal *Health Affairs*.

Researchers found that 68 percent of the undocumented immigrant adults they studied had no health insurance. This compared with 17 percent of native-born Americans, 23 percent of immigrants who had become citizens, and 38 percent of immigrants who are permanent legal residents. As a group, four in 10 of those born outside the United States lacked health insurance.

Also, despite their lower incomes, just 8 percent of undocumented immigrants had public insurance such as Medicaid. This compares with 13 percent among native-born Americans, and 10 percent among both immigrant citizens and permanent residents. Most undocumented immigrants who had health insurance were covered through their employers, according to the RAND study.

The report also found that undocumented immigrants are more likely to be chronically uninsured. About 65 percent of undocumented immigrants in the study said they had no insurance in the past two years. This compares with 12 percent of the native-born, 18 percent of citizen immigrants, and 32 percent of permanent residents.

To view the report, go to <http://www.rand.org/news/press.05/11.10.html> .