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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.

HOUSE/SENATE PUSHING TO ADJOURN FOR YEAR; SEVERAL ISSUES STILL UNFINISHED

As the House and Senate push to end the first session of the 109th Congress this weekend, several major issues remain unresolved because of various policy disputes. As of Thursday night, final action on the FY06 budget reconciliation bill, as well as the reconciliation tax cut bill remained incomplete. It is possible that final action on both bills will be pushed off until next year, or at least require Congress's return after the holiday recess. The Defense Appropriations bill also remains to be dealt with, as do other tax packages, including one to extend expiring tax provisions, such as the R&D tax credit which is set to expire on December 31. Negotiations continue on each of these bills and Congress expects to be in session at least into and perhaps through the weekend.

HOUSE BEGINS CONSIDERATION OF BORDER SECURITY/IMMIGRATION BILL

The House began two days of consideration on H.R. 4437, the Border Protection, Antiterrorism, and Illegal Immigration Control Act of 2005, on Thursday, December 15 after behind the scenes negotiations within the Republican ranks to ensure passage of the rule controlling Thursday's debate. In an unusual move, the Rules Committee approved a structured Rule, H.Res. 610, that laid out the amendments allowed during Thursday's consideration, and was expected to approve later on Thursday a second structured Rule to control the amendments made in order for Friday's consideration. H.Res. 610 passed the House on Thursday by a vote of 220-206.

Major provisions of the bill, sponsored by Rep. James Sensenbrenner, Chair of the Judiciary Committee, include:

- establishing a mandatory employment eligibility verification system, expanding the voluntary "Basic Pilot" program that is currently available nationwide and based in part on legislation authored by Rep. Ken Calvert (Corona) to require mandatory verification. The bill also increases civil and criminal penalties for knowingly hiring or employing an illegal worker.

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- authorizing local sheriffs in the 29 counties along the southern border to enforce U.S. immigration laws pursuant to a separate written agreement with the federal government and to transfer illegal aliens to federal custody. It also reimburses those Sheriffs for costs associated with detaining illegal aliens.

- increasing Department of Homeland Security authority for the long-term detention of dangerous illegal immigrants by superseding U.S. Supreme Court decisions that have impeded long-term detention.

- increasing the minimum and maximum mandatory sentences for alien smuggling, and cracking down on alien gang members by rendering them inadmissible into the United States and deportable.

- increasing mandatory minimum and maximum sentences for aliens reentering the United States illegally. These provisions incorporate H.R. 3150, introduced by Rep. Darrell Issa (Vista).

H.R. 4437 also incorporates provisions similar to the border security legislation approved by the Homeland Security Committee last month, H.R. 4312, which among other provisions, eliminates the “catch and release” practice currently used by federal immigration authorities. *See, Bulletin, Vol. 12 No. 32 (11/28/05).*

The Rule controlling Thursday’s debate made in order over a dozen amendments, all of which were aimed at border security issues, rather than the more controversial immigration issues. California’s newest Representative John Campbell (Irvine) offered an amendment that would prohibit any federal grants from being awarded to state or local jurisdictions that prohibit law enforcement agencies from providing information to the Department of Homeland Security on the citizenship or immigration status of an individual. It was approved by voice vote. An amendment offered by Reps. David Dreier (San Dimas) and Duncan Hunter (Alpine), would mandate the construction of security fencing, including lights and cameras, along the Southwest border. Fencing would be concentrated in areas that have the highest number of immigrant deaths, instances of drug smuggling and illegal border crossings. The amendment also requires Homeland Security to conduct a study on the use of physical barriers along the Northern border. It was agreed to by a voice vote of 260-159. Another amendment, offered by Reps. Dan Lungren (Sacramento) and Peter DeFazio (Oregon) would direct Customs and Border Protection (CPB) to conduct a pilot program to evaluate the use of automated systems for immediate prescreening of individual airline passengers bound for the U.S. before they board a plane. CBP would be required to report to Congress no later than 30 days after completion of the pilot and provide a plan to fully deploy the most preferable prescreening system no later than January 1, 2007. The amendment was approved by voice vote. Rep. Bob Filner (San Diego) also offered an amendment that includes “distribution” of fraudulent documents as an offense, making those convicted of distributing illegal documents subject to the same penalties as those who create, alter, or falsify any immigration related document. Another amendment would eliminate the visa diversity program, which awards by lottery about 50,000 permanent-resident

visas a year to people and their families selected randomly from countries under-represented among immigrants to the United States.

Thursday's rule did not allow an amendment in the nature of a substitute proposed by Reps. Loretta Sanchez (Anaheim) and John Conyers (MI), nor an amendment to append a sentence to the bill expressing the sense of Congress that guestworker program to the bill proposed by Reps. Howard Berman (North Hollywood), Jim Kolbe (AZ), Jeff Flake (AZ), and Luis Gutierrez (IL), although efforts continued to make those amendments in order for Friday's consideration. On Friday, several amendments will be debated, including one by Rep. Filner. A manager's amendment is also expected to be offered on Friday.

HOUSE APPROVES LABOR-HHS-EDUCATION SPENDING CONFERENCE REPORT

On December 14, 2005, by a vote of 215 to 213, the House approved a revised Labor, Health and Human Services (HHS) and Education spending plan for FY 2006, after a second conference report (H.Rept 109-337) was considered by the floor. The bill was initially rejected by the House last month on a 209 to 224 vote with 22 GOP members joining all Democrats in opposition to the measure. A new conference plan was brought to the floor after Republican leaders agreed to a number of changes to appease some of those who had defected. The approval of the \$602 billion bill (HR 3010) brings Congress closer to completing work on all FY 2006 appropriations bills, a feat not achieved for several years. The conference report was expected to be passed by the Senate on December 15, 2005.

The approved conference report almost identically resembles the one rejected by the House in November, with the exception of an \$180 million funding shift that gives more money to rural health programs. Cuts to rural health initiatives were protested by many of the Republican members who rejected the initial conference report. Under the revised agreement rural health programs gains \$90 million, at the expense of flu preparedness and prescription drug implementation programs which are cut to offset the increase. Appropriators are expected to more than make up for some of those offsets by attaching \$4 billion in flu preparedness support to the unfinished Defense appropriations bill. Revised conference language also restores government subsidization of certain pharmaceuticals. House Ways & Means Committee Chairman Bill Thomas (Bakersfield) had opposed original bill language prohibiting such drugs from being covered, suggesting that such action could subject the government to contract disputes and legal challenges.

The approved spending plan provides about \$163 million less in discretionary funding compared to the level of funding contained in the FY2005 bill. About \$459 billion or three quarters of the total is directed to support mandatory entitlement programs such as Medicare and Medicaid. The Department of Education is funded at \$56.5 billion under the conference agreement, an increase of \$118 million (less than 1%), the Department of Labor is provided \$14.8 billion, an annual reduction of \$558 million (4%), while HHS receives \$474 billion in total of which \$63.4 billion will be used on discretionary programs (\$375 million less than the prior appropriated amount).

The Title I education for disadvantaged K-12 children program under the conference agreement would receive a total of \$14.6 billion. Title I formula grants to Local Educational Agencies make up the fourth largest formula grant to states, and apportion approximately 12.5 percent of total grant appropriations to California.

The Head Start program, which provides education and health support for young children from poor families is funded at \$6.9 billion, an increase of \$11 million from prior levels. Head Start is a formula grant that awards 13.3 percent of total funds to California.

To support needy families who continue to experience a rise in energy costs, the agreement provides \$2.2 billion for the Low Income Home Energy Assistance Program (LIHEAP), which subsidizes utility

expenses for the poor. LIHEAP, which benefits families with incomes at or below 150 percent of the poverty level, is used most extensively by the disabled and the elderly. An outdated feature of LIHEAP's apportionment formula favors eastern states with colder temperatures rather than southern and western states which struggle with high air conditioning expenses during hot summers. California received 4.5 percent of total program funds in 2005, according to the National Energy Assistance Survey Report. That share would likely begin to increase toward between 6 and 7 percent under the conference agreement because it provides a large enough funding level to trigger an alternative formula distribution system that is arguably somewhat more equitable than under current law. If conference funding levels stand, the legislation will mark the first use of the alternative LIHEAP formula to apportion program funds since 1987. Nevertheless, even the alternative formula contains various "hold harmless" provisions likely to keep the percentage share of LIHEAP funding low in California and other warmer-weather states.

The conference agreement provides an increase to the National Institute of Health budget, lifting appropriations from prior levels by \$253 million to reach \$28.6 billion.

If the Labor-HHS-Education bill is approved by the Senate, as is expected, it would leave the Defense Appropriations bill as the only outstanding FY 2006 spending bill requiring final action.

To view the revised conference report changes, visit the House Appropriations Committee website at: http://appropriations.house.gov/index.cfm?FuseAction=PressReleases.Detail&PressRelease_id=530

CONFERENCE COMMITTEE COMPLETES WORK ON NASA AUTHORIZATION

On Thursday, December 15, 2005, the House-Senate Conference Committee for S. 1281, the National Aeronautics and Space Administration (NASA) Authorization, issued its conference report, clearing the way for final consideration in the House and Senate. Both the House and Senate are expected to pass the measure before the end of the year. The bill will authorize the agency at a total of \$36.6 billion over two years: 2007 and 2008. The conference report is expected to be filed on Friday.

Rep. Ken Calvert (Corona), who chairs the House Science Subcommittee on Space and Aeronautics and authored the House-version of the bill, H.R. 3070, pointed out that the bill's passage marks the first time since 2000 that NASA will operate with formal Congressional authorization, and that it "represents the first time that the President's Vision for Space Exploration has been formally endorsed by both houses of the Congress." Chairman Calvert commented that "Even in this time of budget deficits, the United States cannot abandon NASA's research and technology, and exploration programs – it is not in the American spirit to shy away from this investment in our global leadership." He predicted that "When the President sends to Congress his budget for FY 2007, this endorsement by the Congress can only help to 'grow the support' for our Nation's civil space program and for the Vision for Space Exploration."

The bill provides \$17.9 billion for NASA programs in 2007 and \$18.7 billion for 2008. The totals authorized are greater than either the President's request or recent appropriations totals. It endorses the President's "Vision for Space Exploration," although it also emphasizes the importance of programs other than human space flight (including the requirement that a minimum of 15 percent of spending for the International Space Station be used for microgravity research unrelated to space exploration programs). It also separates budgetary components between human space flight activities and science, aeronautics, and education programs.

The bill endorses a Space Shuttle mission to the Hubble telescope, if it can be accomplished safely, and it provides guidance for the transition from the shuttle to its proposed replacement, the Crew Exploration Vehicle (CEV).

Additional information will likely be available in the near future from the House Science Committee website, <http://www.house.gov/science/>.

BUSH ADMINISTRATION TO DISTRIBUTE A PORTION OF FY 2006 STATE HOMELAND SECURITY GRANTS BASED ON RISK AND THREAT

On December 2, 2005, the Department of Homeland Security (DHS) issued guidance to state and local governments for applying for a variety of homeland security grant funding sources. California stands to benefit significantly from a process recently set in motion by Congressional appropriators. With one small change in the FY 2006 homeland security appropriations bill, Congress gave DHS the option of distributing a portion of grant funding based on risk and threat, a change from past years when the department was required to use only population statistics. Funds in question are under the Homeland Security Grant Program (HSGP), which incorporates several major grant programs including the State Homeland Security Grant Program (SHSGP), the Law Enforcement Terrorism Prevention Program (LETPP), and the Urban Area Security Initiative (UASI).

In its December program guidance document, DHS appears to have accepted Congress's offer to distribute some funding based on risk and threat. The document states that "the Department of Homeland Security is adopting in FY 2006 a risk- and need-based approach to allocating funding for certain programs within HSGP. The aim is to allocate and apply these resources to generate the highest return on investment and, as a result, strengthen national preparedness in the most effective and efficient manner." Later, it specifically states, "DHS has elected to provide a base allocation to States under SHSP and LETPP. The remainder of those funds will be allocated based on risk and need. Under UASI, all funding will be allocated based on risk and need.."

As such, whereas prior years' SHSP and LETPP funding was distributed in a manner that yielded just 8 percent of funds for California, the state is likely to receive considerably more funding for FY 2006. (The guidance did not announce DHS allocation of funding among states.)

The two programs will continue to give an unusually large 0.75 percent base allocation to every state regardless of size, thereby committing 40 percent of total security funding. But unlike in fiscal years 2003 through 2005 -- when the remaining the 60 percent of SHSGP and LETPP funding that remained after the base minimum was allocated solely based on population -- the remaining 60 percent of funds in 2006 will instead be allocated according to risk factors.

DHS states that these risk factors will include three components: (1) consequences of a specified attack to a particular asset, (2) the vulnerability of that asset to that particular threat, and (3) the threat to that asset. In addition, DHS indicates that it will assess threats to these assets relative to the asset itself in a strategic context, as well as relative to its geographic location. DHS states, "(1) Asset-based risk utilizes threat values derived from Intelligence Community assessments of the intent and capability of adversaries to accomplish a set of baseline attack modes. These threats and attack types are mapped against specific infrastructure types (e.g., bridges, dams, and chemical plants). (2) Geographically-based risk takes into account values that are based on the inherent attributes of the geographical candidate (i.e., State or Urban Area). This analysis takes into account such factors as international borders, terrorism-related reporting and investigations, and population density." Need factors will also be addressed and considered, according to the documentation.

For FY 2006, Congress has provided \$3.3 billion for grant programs directed toward state and local first responders, including nearly identical amounts from two pots -- \$1.155 billion for risk- and threat-based grants for urban areas, and another \$1.135 billion for SHSGP, LETPP, and other grants that have historically used a federal funding formula that has been heavily skewed to favor small states over large states (and has provided several-fold more money per capita to numerous small states such as Wyoming, North Dakota and Vermont compared to what it has provided to large states such as California, New York, or Texas).

The \$1.155 billion for “high-density urban areas” includes \$765 million for traditional urban area grants, which DHS distributes according to risk and threat information, plus \$150 million for rail security, \$175 million for port security, and \$65 million for other infrastructure protection activities. California has received between 17 and 20 percent of urban area grant funds.

The \$1.155 billion in formula funding includes \$550 million for basic formula grants, \$400 million for the state and local law enforcement terrorism prevention program (LETPP), and \$185 million for Emergency Management Performance Grants (EMPG). California historically receives about 8 percent of funds from these programs, all of which to date have used the USA PATRIOT Act formula with the unusually large 0.75% state base minimum.

The exact fund allocation is as yet unclear, in large part because the allocation has been changed from a relatively certain formula approach to a less certain discretionary approach. Although by their nature, any discretionary funding allocation cannot be pinpointed, the change is nevertheless likely to yield additional funding for California. The state currently receives 8 percent of state formula funds. Under the new scheme, that proportion may increase to a 10, 11, 12., or 13 percent share -- yielding tens of millions of additional dollars for state and local first responders in California. In practice, past homeland security formula funds have come from two pots -- 40% is distributed equally to each state, and 60% is distributed via other means (to date, according to state population only).

As noted, for 2003-2005, California received about 8 percent of total formula funding. The state received 0.8 percent from the one-size-fits-all minimum guarantee portion (or 40% of the pot of money multiplied by the 2% share that every state received) plus 7.2 percent from the population-based portion (or 60% of the pot of money multiplied by the state’s 12% share of the U.S. population).

Whereas the 2006 conference report’s formula would give California the same 0.8 percent share (40% x 2%) of the “minimum” pot, the state will likely receive a larger share of the remaining funds, as DHS has elected to distribute remaining funds in whole or in part according to a federal determination of each state’s risk of terror attack. Thus, supposing the state were to receive between 15 and 20 percent of the “above-minimum” pot of funds, for example, California’s share of total formula funds could increase to between 9.8 percent (0.8%, plus 15% x 60%) and 12.8 percent (0.8%, plus 20% x 60%).

Assuming a hypothetical “threat share” of 17% for the state would yield an 11% share of total federal formula funding. Applied to \$950 million for SHSGP and LETPP, that additional amount would total approximately \$28.5 million in additional funding for the year. To reiterate, however, DHS has not announced exactly how it assesses risk or how the grant dollars will be distributed geographically, and it may differ considerably from these past practices.

[DHS appears at two junctures to imply that a “base allocation” will also be applied to the UASI program, which has never been subject to such a minimum in past years. It is hoped that this represents isolated errors in the document, since that statement is contradicted elsewhere in the document and would alter past policy, but it is cause for some concern as it would dilute funding for high-risk urban areas, some of which exist in above-average concentrations in California.]

A 200- page pdf version of the DHS documentation is available on the Department’s website and may be viewed at <http://www.ojp.usdoj.gov/odp/docs/fy2006hsgp.pdf> .

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

CCSCE PREDICTS CALIFORNIA ECONOMIC OUTLOOK FOR 2005-2006

A report prepared by the Center for Continuing Study of the California Economy (CCSCE) released this month examines trends and forecasts for California's economy and expresses caution about the national economic outlook. Observing that the two main forces supporting the nation's economy have been consumer spending and the housing market, report author and CCSCE director Steve Levy notes that consumer spending currently accounts for more than 70 percent of gross domestic product (GDP). Because consumer spending growth has outpaced income growth in recent years, the report finds, savings rates have plummeted. At the same time, housing prices have increased substantially in most US market areas, with the result that households have seen large increases in their wealth. However, CCSCE argues that a housing slowdown is probable and could spill over into slower growth for the economy as a whole. In addition, the report argues that the federal policy tools for fighting economic slowdowns are on hold for 2006 and that the Federal Reserve Bank is unlikely to switch gears and lower interest rates in 2006 – both for policy reasons (inflation is still a concern), and for political reasons (the new Chairman will need to establish his credentials as an inflation fighter).

The national economic numbers for 2005, however, will look good, according to CCSCE. GDP growth has been strong, with recent data showing a 4.3 percent growth rate in the third quarter of 2005 – despite Hurricane Katrina, and productivity growth, at an estimated 2.8 percent, is above the long-term average. Job growth has been moderate – after three months of slow job growth, job growth jumped up again in November. The report estimates that the U.S. is on pace to add 2 million jobs in 2005, which is the best showing since 1999 and 2000, when the nation added 3 million jobs in each of those years. The consensus forecasts are for slightly lower GDP growth in 2006; the White House expects 3.4 percent growth. The consensus forecast is also slightly lower for job and income growth in 2006. Instead of the 2 million jobs added in 2005, the consensus expectation is for 1.7 to 1.8 million jobs to be added, according to the report. Nearly all economists also expect interest rates to rise, reports CCSCE. The consensus expectation is for inflation to be near 4 percent in 2005 and then to trend downward as energy costs moderate.

As for California, its economy is finishing a year of growth, the report concludes. The state will have added approximately 200,000 jobs, the largest gain since 2000. In October 2005, California job levels were 188,000 (1.3 percent) above the previous year's total, while the nation posted a 1.4 percent job gain. The Bay Area is experiencing modest job growth (1.0 percent) after having lost 400,000 jobs between March 2001 and late 2004. The other regions of California have been adding jobs since 2003. Their job growth was at 1.4 percent in the first ten months of 2005.

On the other hand, California has lost nearly 350,000 manufacturing jobs in the current downturn – a decline of 17 percent – despite rising sales and profits in many manufacturing sectors. Manufacturing sector productivity, however, is very high, which allows companies to produce more without adding workers.

The report opines that the state economy is likely to also feel the anticipated national economic slowdown in 2006. Two potentially significant forces that will restrain the state's economic growth in 2006 are the expected slowdown in the nation's economic growth and the slowing in California's housing market. California does have some economic positives to look forward to in 2006, CCSCE says. Foreign trade volumes at California ports should continue to grow, and it is possible that exports will grow even faster than in 2005. Tourism also should continue to strengthen. Venture capital formation should increase, as recent stock market activity will encourage investors, and public investment projects may offset some of the expected decline in residential construction.

With regard to long term job growth trends, CCSCE reports that during the past ten years, all major economic regions in California – with the exception of the Bay Area – have outpaced the nation in job

growth. As a result, state job levels have risen by 20 percent, compared to 14.6 percent for the nation. The Bay Area, with a ten year growth rate of 10.6 percent, ranked the lowest of all California's major economic regions even though it led all California regions in 2000. The Los Angeles Basin posted ten year gains of 18.0 percent, despite job growth in Los Angeles County. The San Joaquin Valley had a ten year growth rate of 26.8 percent; San Diego had 31.2 percent, and the Sacramento Region led with 31.9 percent job gain.

Discussing California's business climate, Levy cites research findings that California does in fact lose businesses and jobs because of relocation, but the overall effect on employment is relatively small. In any year from 1993 to 2002, the net job loss from business relocation was never higher than one-tenth of one percent of the total number of jobs. CCSCE does find, however, that the majority of job growth in California does come from the creation of new firms, with more than 62 percent of California job growth from 1993 through 2002 from newly formed firms, and 37 percent from expansions in existing firms. Less than one percent of job gains came from businesses relocating to California, and most job losses were caused by firms going out of business.

California's average wage was 13.4 percent above the national average in 2004. The long-term trend since 1990 has shown a slightly faster wage growth in California than in the nation. The faster relative wage growth has occurred despite a deep aerospace/construction recession in the early 1990's, the substantial Bay Area high-tech job loss since 2000 and the large-scale continuing immigration into California. In addition, poverty rates have fallen more in California than they have in the nation since 1990. Finally, even in the recent period when claims of "business flight" have reemerged in the public debate, according to CCSCE, most regions of California are solidly outperforming the nation in job growth.

For information on obtaining a copy of the full CCSCE's report go to: <http://www.ccsce.com/> .

JAPAN EXPECTED TO RE-OPEN MARKET TO U.S. BEEF

After almost a two-year ban on U.S. beef imports, Japan is expected to re-open its market to imports by the middle of December. The ban was instituted because of fears over mad cow disease after it was found in a Washington state dairy cow in 2003. Recently, however, Japan's Food Safety Commission ruled that U.S. beef is safe. After a required public comment period, U.S. beef imports are expected to resume in about mid-December. In the year before the imposition of the ban, U.S. beef exports to Japan totaled \$1.4 billion.

Commenting on the news, USTR Rob Portman said: "This is a great day for Japanese consumers and also, of course, for American farmers and ranchers. . . . We've provided all the necessary data and assurances to the Japanese government and its citizens to ensure that they know that our U.S. beef is safe."

While lauding Japan's action, Agriculture Secretary Mike Johanns called on Taiwan, South Korea, Hong Kong, China, Singapore and other countries to re-open their markets to U.S. beef.

In 2004, during negotiations over the re-opening of the market, the United States agreed that initially sales would be restricted to beef from cattle 20 months of age or younger. Japan had earlier found that the youngest case of mad cow disease was in a 21-month old animal.

In addition to meeting that potentially stringent standard, U.S. exporters will also have to rebuild their share of the Japanese market that was lost to Australia and other countries when the ban was imposed. It is estimated that between \$3.2 billion and \$4.7 billion in sales have been lost by the U.S. industry since mad cow disease was found in Washington state.

PEW REPORTS ON OCCUPATIONAL STATUS AND MOBILITY OF HISPANICS

The Pew Hispanic Center recently released a report on the occupational status and mobility of Hispanics. In general, the study reports that Hispanics and whites perform different types of work in different labor markets. The work disproportionately represented by Hispanics tends to concentrate in fields with lower wages, less required educational attainment, and other socioeconomic factors. By incorporating existing data from the Census Bureau, National Science Foundation, and the University of Michigan, the study used multiple methods to make comparisons in occupational status between 1990 and 2000 and across groups of workers.

Key findings include: 1) Hispanics are concentrated in non-professional service occupations; 2) Hispanics dominate occupations with low wages and educational requirements; 3) the length of time that foreign-born Latinos have been in the United States helps to narrow the gap in occupational status with respect to whites; and 4) the occupational status of Mexicans and Puerto Ricans lags the furthest in comparison to the status of whites, while Cubans and whites are comparable in occupational status. The report also finds that assimilation proceeds faster for the more educated and estimates that the less educated will never fully assimilate in occupational status.

Additional information regarding this report is available at <http://www.pewhispanic.org>.

APRIL ELECTION, WITH POSSIBLE JUNE RUNOFF, TO DETERMINE 50TH DISTRICT REPRESENTATIVE TO CONGRESS

San Diego area voters will have to wait until April 11, 2006, to consider choices to elect a new representative for California's 50th Congressional District. On December 15, 2005, Governor Arnold Schwarzenegger announced that a special election would be held on that date in April, and, if necessary, a runoff election between the top vote-getter of each party will be held on June 6 (a date that coincides with the California primary election).

On November 28, 2005, Rep. Randy "Duke" Cunningham announced he would resign his seat in Congress, and his resignation became effective December 1. In July, Rep. Cunningham had announced that he would not run for reelection in 2006.

All candidates, regardless of party, are to appear on the ballots of all parties for the Congressional seat. According to current press reports, declared candidates to date include former Rep. Brian Bilbray, educator Francine Busby, former Del Mar mayor Richard Earnest, Edwin L. Folsom, former state legislator Howard Kaloogian, State Sen. Bill Morrow, and Alan Uke. Ms. Busby is a Democrat; the others noted are Republicans.

TRANSPORTATION-TREASURY APPROPRIATIONS ANALYSIS AVAILABLE

The FY 2006, Senate Transportation-Treasury-Housing and Urban Development, the Judiciary, District of Columbia, and Independent Agencies conference report (H. Rept. 109-307) was approved by the House (by a 392 to 31 vote) and Senate (by unanimous consent) on November 18, 2005, and signed by President Bush on November 30.

The California Institute has prepared an analysis of the California aspects of the transportation focused portions of this new appropriations law. It is available for viewing or downloading in html text format at: <http://www.calinst.org/pubs/trap06c.htm> and in printer-friendly pdf format at <http://www.calinst.org/pubs/trap06c.pdf>.