

October
2003

LWV/LAC InterLeague Newsletter

President's Message

The League of Women Voters of Los Angeles County in both its values and practices affirms its belief and commitment to diversity, pluralism and affirmative action.

The League of Women Voters welcomes new members, both men and women, who are citizens of voting age.

Inside this issue:

<i>Natural Resources</i>	2
<i>Social Policy</i>	3
<i>Health Care</i>	3
<i>In Memoriam</i>	6

Hello all!

While many of us are busy with Voter Service activities, the rest of League activities continue.

The County Study on County Government is now before you. Some of us feel detached from County Government, not remembering all of the ways it can touch our lives from the Music Center to County Fire which comes to the rescue not only when the fires hit the hills but in swift water rescues after the rains to caring for the abused and neglected children and facilitating adoptions. You have three questions before you. Should the Board of Supervisors be expanded, should whatever chief executive officer they have be appointed or elected and should the two be linked.

These are not trivial questions. Each supervisor represents more people and, sometimes, more geographical territory that the entire population of some small states; more than our Assembly members or state senators or congressional representatives. I urge you to put together a small committee if you have not already and schedule meetings to inform your members, have a lively discussion and come to consensus.

There are five Issues for Emphasis at the LWVC level. One is State and Local Finance. On November 15th at a...I started to say first-ever but will change that to first-in-my-memory...Joint League Day sponsored by the ILO and the Los Angeles City League these issues will be discussed including "Prop 13, 25 Years Later". This should be a lively discussion and I hope to see many of you there. There is a flyer with more information included in this Newsletter.

Another Issue for Emphasis is Health Care. Elsewhere in the newsletter is an excellent article prepared by LWVC off board health services director Barbara Storey. This has been much in the news as census reports show more and more working folks without insurance, so take the opportunity to share this with your members by reprinting it in your local Voter.

The whole recall process has generated more press coverage and "free media" than we are used to. We can use this new awareness of some of the issues to build on as continue to work on the things we care about. Health care, education, environmental issues,

(Continued on page 2)

(Continued from page 1)

campaign finance, the fiscal health of our state, counties and cities, all of this has been discussed in some way. We can also talk with the media about continuing to pay attention to what is happening in Sacramento and in County Government. Part of our Mission is an informed electorate and, much as we try, we cannot do this alone!

This election has helped raise awareness of the League. Just having our name on KNBC news every evening for the past few weeks reminds people we are there. Use this awareness to work on your membership campaigns. LWVUS has offered a challenge of two net new members per League between September and November. With all that is happening, including many local elections, I think we can meet this challenge.

The least we can do is try. Remember, the only reason some people never join League is because they were never asked! One great opportunity is November 15th. The room is large, so invite a guest. Then bring a membership application and sign them up in the car on the way home! When life hands us lemons, we know how to make lemonade.

Joanne Leavitt
ac997@lafn.org

NATURAL RESOURCES

"A River No More"

In the last newsletter, we discussed in general terms the water situation in California and noted that Southern California is very dependent on distant watersheds for its supply of water. The Owens Valley, the San Francisco Bay Delta (and the mountains that feed it), and the Colorado river all supply water to the semi-arid environment call Southern California. In this article, we will take a brief look at the Colorado River and some of the policy issues that exist today.

We must acknowledge at the outset that the claims on the Colorado are extensive. There are seven

states, a number of Native American tribes and Mexico who all have historic claims to Colorado River water. The title of Philip Fradkin's book, *A River No More*, describes the state of the river at its terminus, the Sea of Cortez: there is very little water left in the river for the Colorado River Delta. Put another way, the Colorado River may be one of the prime examples of an over-appropriated river system in the world.

Because of competing demands on the river, the basin states came together in 1922 to sign the Colorado River Compact. This compact divided the river in two parts, allocating 7.5 million acre feet (MAF) to the upper basin states (Utah, Wyoming, Colorado, and New Mexico) and 7.5 MAF to the lower basin states (Nevada, Arizona, and California). Subsequent legislation and court cases determined that the Secretary of Interior would function as water master for the lower basin in insuring that the lower basin states live up to the compact.

California's share of the lower basin allotment is 4.4 MAF. Since the Secretary of Interior had determined that a surplus existed on the river, California was allowed to abstract additional water--up to 800,000 AF for a total of 5.2 MAF per year--in some recent years. Population and economic growth in Arizona and Nevada in the late 1990s led those states to seek their full shares and led then Secretary Babbitt to declare that California had to establish programs that would allow it to live within its 4.4 MAF or lose access to any surplus water.

Last month, we discussed some of the strategies that California has utilized recently as part of the 4.4 plan: conservation and recycling. There will have to be additional conservation and recycling as population continues to grow. Another response has been to explore the possibility of water transfers from agriculture to urban uses. One such transfer, the transfer of 200,000 AF from the Imperial Irrigation district (IID) to San Diego, has been in the news lately and illustrates some of the difficulties the state faces in meeting the 4.4 plan.

The first difficulty involved the price that San

(Continued on page 3)

(Continued from page 2)

Diego would play to move or "wheel" the water through the aqueduct system of Southern California MWD. In order for IID to provide the water, it will be necessary for farmers in IID to allow land to fallow and this decrease in farming will likely have third party effects on employment in the district. Reducing the amount of water applied to the land in IID will also reduce the amount of water that flows as runoff from IID to the Salton Sea. The Sea is already shrinking and reduced runoff from IID will cause further shrinking.

It appears that solutions have been found for most of these issues. Agreement was reached on the wheeling issue but not without much legal activity and negotiation. As for the Salton Sea, IID has agreed to sell additional water to MWD and some of the proceeds of these sales will be used in restoration efforts for the Salton Sea. It is likely that the Salton Sea of the future will be a smaller sea. It will likely have lower salinity, however, and still hospitable for migratory birds and humans. The extent of third party effects in the Imperial area remain to be seen but will have to be dealt with if they arise. Fallowing of land in IID could also mean smaller amounts of crops being grown there. This could ultimately increase the dependence California and the U. S. on imported food and complicate U. S. foreign policy,

This brief sketch illustrates some simple but very important points: for people living in a near desert, water is crucial. It is also the case that scarce water is very difficult to reallocate. Further, decisions were made long ago to facilitate the movement of water around the arid southwest and these decisions have created interdependencies among those of us living in Southern California and people living as far away as Wyoming. In the next issue, we will look at another one of our dependent relations, the San Francisco Bay Delta.

In closing, let me suggest another implication of this particular case: Southern Californians have for too long taken water for granted. It is time for us to understand the nature of its scarcity and begin to appreciate the need for water planning that is sustainable and environmentally sound. Such water

planning can be as extensive as the whole region or as focused as our homes and gardens. But it must begin now.

John D. Sullivan, LWVC Natural Resources

SOCIAL POLICY

MAKING ENDS MEET

A new California Budget Project (CBP) report finds that many California families do not earn enough each year to pay for the basic cost of living. The study, *Making Ends Meet: How Much Does It Cost To Raise a Family in California?*, finds that even the most basic budgets require incomes much higher than those provided by the minimum wage, and in some parts of the state, families with children require even more than the median income for California households. The analysis finds that to pay for basic needs, families in California need to earn:

- \$58,269 for a two-parent family in which both parents work;
- \$40,848 for a two-parent family in which only one parent works;
- \$48,962 for a single-parent family with two children; and
- \$22,943 for a single adult.

This report updates the findings presented in prior CBP reports of the same title issued in 1999 and 2001. *Making Ends Meet* is available on the web at www.cbp.org. Comprehensive subscribers will receive a hard copy in the near future.

HEALTH CARE

The League of Women Voters of California supported two significant health care reform bills during the 2003 Legislative session. SB 921 (Kuehl), a universal health care bill based on a single payer financing system, was passed by the Senate this year and will be taken up in the Assembly in 2004. Amendments are expected to include tax rates for

(Continued on page 4)

(Continued from page 3)

employers and individuals that are being ascertained by the Franchise Tax Board. The LWV of CA favors a universal health insurance plan financed through general taxes in place of individual insurance premiums and a plan that provides every California resident with access to a basic level of quality care.

SB 2 (Burton), an employer mandate to expand insurance coverage to workers, was passed by the Legislature on September 12. If the governor signs SB 2, it would be implemented in phases by January 2007 and could expand coverage to more than a million uninsured workers and dependents. This expansion of coverage builds on the current multi-payer insurance system of health care financing. The LWV of CA finds this method of progression toward universal health care acceptable. However, this legislation does not address many of the problems that have contributed to the state's health care crisis.

Based on strong position support, the League expects to continue active support of SB 921 next year. If the Health Insurance Act of 2003 (SB 2) becomes law in 2004, the League will keep a watchful eye on its progress. On a positive note, SB 2 calls for stakeholder oversight during the implementation of the act. In the ensuing years, however, the state could face insurance market pressures with unknown impact for both employers and employees who would be regulated under this act.

The first phase of the act would be implemented in 2006 and would require employers with 200 plus employees to provide individual and dependent coverage for their employees. To be eligible for coverage an employee must work for one employer at least 100 hours per month for at least three months. The second phase to be implemented in 2007 requires employers with 50 to 199 employees to provide individual coverage to employees. Employers with 20 to 49 employees would be required to provide individual coverage. If tax credits to offset their cost of providing employee coverage are enacted prior to 2007.

The act would create the State Health Purchasing Program that would be managed by the Managed Risk Medical Insurance Board. The board would administer the program and determine the amount of the annual fees to be assessed for each employer based on the number of their eligible employees and, if applicable, dependents and the cost of coverage. Collected fees would go into a purchasing pool.

The act would require the program to provide a prescription drug benefit and at least the basic level of health care coverage required by the Knox-Keene Health Care Services Plan of 1974. Knox-Keene does not require coverage for mental health, dental or vision care or prescription drug benefits.

Employers who provide proof of existing health care coverage for their employees and, if applicable, dependents would be entitled to a credit and would have their fee waived. Employers who do not provide health care coverage would be required to self-insure, purchase insurance coverage or pay a minimum of 80 percent of the fee assessed by the board to provide coverage. They would be allowed to shift a share of the total fee up to a maximum of 20 percent to their covered employees and would be required to collect the share through payroll deductions.

The board would establish the required deductibles, coinsurance or co-payment levels for specific benefits, including total out-of-pocket cost for eligible employees and dependents. The act would limit cost shifting by employers to a maximum of five percent of annual earnings for families and individuals with earnings of less than 200 percent of the federal poverty level. Contingent on federal financial participation, cost assistance programs would be developed for Medi-Cal and Health Families recipients.

The board would be required to negotiate contracts with health care service plans and health insurers and to cover total program cost through fees and out of pocket expenses. Employees who would not be eligible for relief through a cap on earnings would have little recourse but to pay their required

(Continued on page 5)

(Continued from page 4)

cost share and out of pocket costs as long as they remain with an employer who opted to provide coverage through the program. How would market pressures affect the future of this mandated employer insurance program and what could be called a mandated employee insurance program as well?

The board would be required to develop and utilize appropriate cost containment measures to maximize the cost-effectiveness of health coverage offered through the program. Health care service plans, health insurers, and providers would be encouraged to find ways to deliver cost-effective health care that responsive to the needs of enrollees. AB 1528 (Cohn), a companion bill to SB 2, has been passed by the Legislature and would establish a commission to examine and address specified health care issues. The commission would be required to issue a report to the Legislature and the Governor by January 2005 that would make recommendations for quality improvement and cost containment.

The board would be required to pay the state share of financial participation for the cost of Medi-Cal and Healthy Families enrollees covered under the program. This share would be matched by federal funds and could save the state budget an estimated \$620-900 million. Approximately four million of the state's uninsured would not receive coverage under this act. Ninety-five percent of California businesses are exempt from the act. The largest number of California employers have 19 or less employees. The bill also excludes the growing number of self-employed individuals. With projections of ongoing annual double digit premium increases and state budget deficits, what are the prospects for future legislation to increase employer based coverage for the uninsured not covered by this act?

The trend of double digit increases in health care premiums is an industry wild card. Larger purchasing pools have greater negotiating clout and obtain lower premiums than smaller pools or individuals. CALPERS is one of the top three largest pools in the United States, and they now are reeling from the effects of premium increases that they have had

little choice but to accept. How will increasing premiums affect the much smaller pool created by this act?

Another wild card trend is employer cost shifting. The employee share has jumped from the 15 percent of past years to 25-35 percent and is projected to increase to 50 percent in the near future. How will this affect the employers who already offer coverage to their employees outside of the program? Will they choose to shift more of their costs for health coverage to their employees? Will they decide to opt out of the private market and opt in to pay a fee to the program?

And, how will the act affect the future of SB 921, a bill which could result in universal coverage, richer benefits than most plans now offer including prescription drugs, effective cost controls, lower cost to individuals and employers through health care taxes which many think would be fairer for everyone and less than most are now paying for premiums and out-of-pocket costs, and savings in the billions of dollars for the state?

Some advocates have suggested that if more employers do opt into the program's purchasing pool; they also would be more inclined to support SB 921. This bill calls for all health care dollars to be in one large single payer pool that would pay for everyone's health care at an affordable cost. For certain, the debate on these issues will continue. The League's role will be to do what it does the best: educate, educate and educate.

Barbara Storey, LWVC Program Director, Health Care (off board)

IN MEMORIAM

Dorothy Treakle (1926-2003)

Former president of the East San Gabriel Valley League, past member of the Board of Directors of the League of Women Voters of Los Angeles County, respected educator, and valued friend of many League members throughout Los Angeles County.

Tax Shift Funds State Debt



The irresistible force of California's budget crisis met the immovable object of partisan political differences in Sacramento this summer. One result of the wreckage is an unusual \$10.7 billion debt financing scheme in the 2003-2004 state budget. It has features that have been advocated for both fiscal and land use reform; the state will market bonds it says are not really bonds; and the maneuver has already been challenged in court.

Democratic legislators' distaste for program cuts ran up against their Republican counterparts' refusal to accept tax increases until an increasingly frustrated and angry Legislature agreed that the state would issue \$10.7 billion in deficit retirement bonds. The bonds would be repaid by a three-way shift of existing taxes that some call the "triple flip," and others have called a "shell game."

The state would market the bonds to investors and deposit the money in the General Fund. Wall Street, which would be providing the financing, wanted a reliable source of dedicated funds for repayment. So to repay the bondholders, 1/2 cent of the sales tax now going to local governments would be redefined as a "new" state tax. An equal amount of property tax money would shift from K-14 schools to cities and counties, and finally state General Fund money would shift to reimburse schools.

State law requires bond measures to be approved by the voters and to be used only for a "single object or work," such as a dam or a building. Some state attorneys have concluded that paying off debts for multiple purposes with bonds might not pass judicial scrutiny. The Pacific Legal Foundation has in fact filed a suit challenging this move, and was encouraged by a recent ruling against a \$2 billion bond issue the state hopes to sell to cover state pension funds.

Ordinary bond borrowing is repaid through a continuing appropriation which is not reapproved by the Legislature each year. This measure will need an annual legislative okay, which future Legislatures are expected to give because otherwise the consequences to the state's credit rating would be unacceptable.

A lot of fingers are being crossed in Sacramento about how this will work, because of the novelty and complexity of the legal questions. Even if this Legislature is prepared to stick to the deal, it cannot be guaranteed that future Legislatures will do so. Local government representatives, such as the League of California Cities, are understandably nervous that the promised pea may not continue to be there when they pick up their shell. The two parts of the shift designed to keep local government and school revenues constant are not dedicated funds, and local government has no protection like Proposition 98.

This bond money only covers the funding gap in this year's budget. If the two parties have no better luck next year in agreeing on further spending cuts or new revenues, there will be another very big budget gap next year, and it is unlikely that the state will be able to continue borrowing at the necessary level to fill the gap.

The idea of swapping local sales tax money for property tax money has been a regular feature of various calls for reform. Local property tax money is a more stable source of funding, and tends to increase more over time, than sales tax funds. Moving away from dependence on sales taxes has also been advocated as a departure from the "fiscalization of land use" in which local jurisdictions compete for those projects expected to bring in the most sales tax dollars, whether they make land use sense or not. Some insiders believe this piece of the tax swap might stay in place after the bond holders have been repaid.

Any Governor and future legislators will still have to face the same hard fiscal and political facts that brought us to this strange exercise in budget management and will have to deal with a voting public that apparently believes it can have government services without the inconvenience of paying for them.

DEMOCRACY BEGINS AT HOME

FULLY FUND THE “HELP AMERICA VOTE ACT”

September 29, 2003

Dear Member of Congress,

We, the undersigned organizations, urge you to ensure that full funding for the Help America Vote Act (P.L. 107-252) (“HAVA”) is included in the upcoming supplemental appropriations for reconstruction efforts in Iraq and Afghanistan. As you know, the Bush administration has requested that Congress provide \$21.4 billion for these reconstruction efforts. We ask that Congress provide, at the same time, *a mere fraction* of that amount for the purpose of strengthening our own democracy here at home.

The Help America Vote Act was enacted with overwhelmingly bipartisan support in order to prevent the many problems of the 2000 election from ever happening again. Among its many reforms, it places significant mandates upon states and localities to replace outdated voting equipment, create statewide voter registration lists and provide provisional ballots to ensure that eligible voters are not turned away, and make it easier for people with disabilities to cast private, independent ballots.

To help pay for these reforms, HAVA authorizes a total of \$3.9 billion over three fiscal years, including \$2.16 billion for FY03 and \$1.045 billion for FY04. To date, however, the actual funding of HAVA has been woefully inadequate. So far, only \$1.5 billion of FY03 funding has been appropriated, and \$830 million of that amount has yet to reach the states because the President has not nominated and the Senate has not confirmed the members of the new Election Assistance Commission. Additionally, only \$500 million is currently included in pending FY04 appropriations; once again, this is a sum that falls well below what is needed for successful implementation of HAVA. States and localities were assured by Congress that this new law would not evolve into a set of unfunded federal mandates. It is now time for Congress to honor its commitment to the states and to the American public at large.

Given the difficult fiscal circumstances facing state and local governments, immediate and full funding of HAVA is now needed in order to make essential progress before Election Day in 2004. Without the strong leadership that HAVA promised at the federal level, states and local governments simply do not have the ability to complete implementation of the important reforms that they are now required to make.

No civil right is more fundamental to America’s democracy than the right to vote. As our nation spends billions of dollars helping to promote democracies abroad, Congress simply should not allow doubts about the legitimacy of our electoral processes continue to linger here at home.

We thank you for your support of funding for the “Help America Vote Act,” and we look forward to working with you on this critical issue. Should you have any questions, please feel free to contact any of the organizations listed below.

Sincerely,



Proposition 13:
Twenty Five Years After
Saturday November 15th
9:30 am – 2:30 pm, with Lunch

Regency Room, Pickwick Gardens,
1001 Riverside Drive, Burbank, CA
Registration & Coffee: 9:30 am,
Program begins at 10:00 am.

Morning Panel includes:

David Janssen, Los Angeles County CAO
Susan Rice, former President, LWV California
Fred Silva, Public Policy Institute of California
William T Fujioka, Los Angeles City CAO

Lunch Speakers:

Edmund Edelman, former Supervisor, Los Angeles
County
Joel Fox, former pres., Howard Jarvis Taxpayers Assoc.

Cost: \$30, includes morning coffee, lunch and materials for regis-
trations received by October 31st; after that date, \$35 if space
available.

*For background information on the topic, visit our website at
<http://lacilo.ca.lwvnet.org>.*

RSVP by October 31st to:
Gwen Cochran, 427 East Walnut Ave. Burbank, 91501
Checks payable to LWV/LAC

Name(s) _____

League _____

Phone _____

Check here _____ if you would like vegetarian option.)



October 2003

**League of Women Voters
of Los Angeles County**

Joanne Leavitt, President
Chris Carson, Editor
carsonlwv@earthlink.net

We're on the Web!!
<http://lacilo.ca.lwvnet.org>

Calendar

October 14—LWVLAC
Board Meeting, LA League
Office

October 30—WPC Meeting,
10:00 am, LA League Office

October 30-November 1—
OpenGov03 Conference; see
www.CFAC.org

November 4—Election Day

November 11—LWVLAC
Board Meeting, LA League
Office

November 15—County
League Day: State and Local
Finance (see flyer)

***SUBSCRIBE TO THE
LWV/LAC NEWSLETTER!!!***

Sign Up Today!! For hard copy subscriptions, the subscription is \$10.00 per year. If you receive it by email, it's free!!

Name _____

Address _____

City _____ Zip _____

Local League _____

Email Address _____

For information, contact carsonlwv@earthlink.net