CHAPTER 10

STATE-FEDERAL RELATIONS: CONFLICT, COOPERATION, AND CHAOS

Part of California's uniqueness stems from its position as the nation's most populated state; part also stems from the state's vast resources and size. Problems and achievements occur in proportions here that are unequaled elsewhere. And so it is regarding the state's relationship with the federal government.

Sometimes state and national leaders differ over how California should be managed. Environmental protection and government benefits for immigrants are two such thorny policy areas. On other issues, such as workplace conditions and foreign trade, the two sets of governments have worked well together. Determining the best way to treat problems such as these can be a challenge because, like its forty-nine counterparts, California is both a self-governing state and member of the larger national government.

Matters become even more complicated when attempts are made to determine financial responsibility for new highways, immigration control, or endangered species protection, to name a few. Because the state is so large and complex, federal assistance almost always seems inadequate. Yet, when federal aid or programs are cut, California seems to suffer disproportionately.

Nevertheless, when the state succeeds, its attainment is often the harbinger of similar good fortune destined to reach the rest of the nation.

The right-to-choose movement, environmentalism, political reform, and the tax revolt all had early beginnings—and in some cases, origins—in California.

In this chapter we will review California's impact on national policy-making, especially with respect to the state's leverage in Congress. We will also explore some of the critical policy areas that test California's relationship with the federal government: immigration, the environment, and the distribution of federal resources to the state of California.
Each issue touches on the delicate balance between state autonomy and national objectives—perspectives that are not always shared. These issues are important not only because of their present urgency, but also because of their impacts on California's people, economy, and political values.

CALIFORNIA'S CLOUT IN WASHINGTON

In congressional politics, the majority political party in each house controls the committee chairs, which, in turn, control the flow of legislation. Until 1994, California Democrats held five of the twenty-two top spots in the House of Representatives, including the chairs of prestigious committees such as Armed Services and Public Works and Transportation. But with the ascendance of Republican majorities, Californians lost considerable clout. Only one chair went to a Californian in 1995, and that was of the relatively minor House Oversight Committee. California Republicans chaired two committees in 2000/01, still leaving California without much clout in the House. All this occurred even though California's fifty-two-member delegation dwarfs that of every other state; New York and Texas are second and third, with thirty-one and thirty members, respectively.

Matters are not very different in the U.S. Senate. Although the upper house is a bit less partisan than the lower house, Democrats Dianne Feinstein and Barbara Boxer nevertheless have been part of the Senate's minority since 1994. As a result, California's senators have often been relegated to sideline positions on questions dealing with environmentalism, defense spending, and infrastructure repairs.

INTERNAL COMPOSITION

In many respects California's congressional makeup is as diverse as the rest of the state. As of 2001, the fifty-two-member House delegation includes 7 Latinos, 4 African Americans, and 2 Asians. 16 women are members of the delegation. Both of California's U.S. senators are women as well.

Unlike the overall composition of the House of Representatives, Democrats in California now enjoy a comfortable margin of 32–20 over Republicans, one more than the previous election. The re-election of Democrat Dianne Feinstein to the U.S. Senate in 2000 kept both of the state's senate seats in the Democratic camp, contrary to the national Republican majority.
One other fact must be added to the discussion of Californians in Washington—historically, the state's congressional delegation has been notoriously fractured in its responses to key public policy issues affecting California. Much of the differences in behavior stem from the make up of their districts. North/south, urban/rural, and coastal/valley/mountain divisions separate the state geographically. Other differences exist, too, in terms of wealth, ethnicity, and basic liberal/conservative distinctions. To be sure, no congressional district is completely homogenous, yet, most members of Congress tend to protect their districts' turf more than the state as a whole.

Thus, on votes ranging from desert protection to immigration, representatives often have canceled each other's votes, leaving states such as Texas far more powerful because of their relatively unified stances. Even on foreign trade issues, members from California often have worked at cross-purposes, depending upon industries, interest groups, and demographic characteristics that affect their districts. Only on the question of offshore oil drilling have most members of the state's delegation voted the same way.

The struggle over the proposed Auburn Dam is a current case in point. The massive $2 billion proposal has been considered in Congress since 1960, yet California lawmakers in Washington have remained paralyzed over the issue. Republican John Doolittle, chair of the House Sub-committee on Power and Resources, and Sacramento Democrat Bob Matsui have pushed the project, while Democrats Pete Stark and George Miller have adamantly opposed it. The issue of whether the project is a boondoggle or a necessary flood control program is not as significant as the fact that it has polarized California members of the House of Representatives. As a result, while Californians have fussed among themselves, representatives from other states have worked in bipartisan ways to garner federal dollars.

IMMIGRATION
California has long been a magnet for those in search of opportunity. And they have come—first the Spanish, then the Yankees, the Irish, and the Chinese during the nineteenth century, then Japanese, eastern Europeans, African Americans, and more Hispanics during the first three-fourths of the twentieth century. But over the past two decades, several independent events have converged to influence the moods of the state's residents and would-be residents. Lack of opportunities in other nations have led millions to choose California as an alternative; meanwhile, a burdened and under-funded infrastructure has led many of those already here to oppose further immigration. Much of the antipathy has been directed at Latinos, but anger has also been aimed at Asians.
The numbers involved are substantial. Whereas 15.1 percent of California's population were foreign-born in 1980, 25.1 percent fell within that category in 1996. During the same period the percentage of foreign-born occupants of the United States as a whole edged up from 6.2 to 9.3 (see Figure 10.1). Between 1990 and 1997, California's population grew by between five hundred thousand and six hundred thousand annually, more than 40 percent of whom came from foreign immigration. In 1996 the federal government's Immigration and Naturalization Service (INS) estimated that there were five million illegal immigrants nationwide, with at least two million of them in California.

As these dramatic events began to reshape California, experts argued over whether the immigrants helped or harmed the state's economy. One study claimed that within a three-month period, immigrants—legal and illegal—cost the state $18 billion in services; another study countered that immigrants—legal and illegal—contributed a net increase of $12 billion in taxes to California's economy. These studies underscore the anguish and confusion associated with the immigration issue.

But Californians themselves were not nearly so divided. In a statewide Field Poll taken in June 1994, two-thirds of the respondents agreed with the statement that illegal immigrants were hurting the state. Often unable to distinguish illegal immigrants from legal immigrants and citizens, the anti-immigrant forces moved to stop the entry of illegal aliens.

Opponents of illegal immigration achieved statewide success in November 1994 when they engineered passage of Proposition 187, an initiative that prohibited illegal immigrants from collecting welfare, receiving government-financed medical care, and attending public schools. Adversaries of the measure characterized it as
immigrant-bashing and as little more than a convenient way to avoid discussion of the state's true problems, whereas proponents described it as an overdue response to a critical state problem. Proposition 187 won handily by a margin of 59 percent to 41 percent, but in 1998 a U.S. federal district court judge ruled that most provisions of the act were unconstitutional. Although Governor Wilson vowed to appeal the case, newly installed Governor Gray Davis backed off from the appeal process in 1999, leaving the most controversial elements of the initiative overturned.

Nevertheless, the immigration issue has continued to fester both in California and nationwide. Responding to growing public sentiment and, in part, to Governor Wilson's pressure, Congress acted on illegal immigration through legislation on welfare reform. Signed by President Clinton in 1996, the act cut federal welfare payments by nearly $55 billion over seven years, with about half of the amount cut coming from reduced aid to all immigrants—whether legal or illegal. In California alone, nearly four hundred thousand legal immigrants have lost welfare benefits.

On another front, Congress expanded the H1-B Visa program allowing temporary foreign workers in the U.S. from 65,000 in 1996 to 115,000 in 1998. Congress expanded the program further in 2000. Advocates from California were particularly interested in obtaining the services of skilled computer technicians and engineers. Meanwhile, the immigration issue remained on the minds of Californians. When asked in a 1998 Field Poll to rank the 30 most important state issues, respondents placed immigration sixth on the list, ahead of taxation, gun control, and traffic congestion.4

AFFIRMATIVE ACTION AND DISCRIMINATION

The essence of affirmative action lies in the ability of a government entity to ensure that groups that historically have been victims of discrimination are able to compete for government jobs and public university admissions on a "level playing field" with others who have not suffered such histories. Affirmative action has been part of the national landscape since 1965, when it was established as an executive order of President Lyndon Johnson. In the three decades following its creation, the concept has been molded by the U.S. Congress and clarified in a series of rulings by the federal courts. Typically, affirmative action has been applied most to nonwhites and females.
During the Wilson administration, affirmative action became a contentious issue in California. Arguing that it was unfair, and actually pitting some groups against others, the governor repeatedly demanded without success that the legislature end all state affirmative action programs. In 1995 Wilson used his executive order authority to eliminate any state agencies and boards not designated by the legislature or national government. In 1996, the governor campaigned for Proposition 209, an initiative promising to do away with affirmative action programs based upon race or gender. Passed by a comfortable 54-to-46 percent margin in November 1996, the initiative put the state on a collision course with a spate of recent national laws and court decisions.

With state officials about to implement the new law, affirmative action supporters sued to have Proposition 209 overturned on the grounds that it collided with two previous U.S. Supreme Court decisions. A federal district court judge agreed with the affirmative action advocates, but in 1997, a panel of judges on the U.S. 9th Circuit Court of Appeals reversed the district court finding. Left with only one remaining option, affirmative action proponents appealed the ruling to the U.S. Supreme Court. In November 1997 the U.S. Supreme Court upheld the proposition and the appellate court ruling.

For Governor Wilson, the U.S. Supreme Court decision gave him a rare victory in his many struggles with the federal government. For the University of California, implementation of the initiative has led to substantial reductions of African American and Latino students. Nevertheless, the federal government, a number of local governments, and many private-sector entities have continued to rely upon affirmative action guidelines for employment and contract programs.5

AIR POLLUTION

Some public policies in California result more from federal pressure than from state will. No example is more obvious than the area of environmental protection, particularly as it pertains to clean air. According the 1990 Clean Air Act amendments, five of the seven most polluted areas in the entire country lie in California; nevertheless, considerable opposition to antipollution activity has existed because of the massive costs associated with environmental repair and fears that those costs would lead to economic disaster.6 This dilemma has pitted Californians against Washington and also against each other, especially northern versus southern California interests.

The road to consensus has been bumpy, in part because the state
of California and the federal government each claim jurisdiction over the area's air and water. At times the federal government has deferred to requests from the state of California because of pleas that federal standards would strangle southern California companies as well as their automobile-dependent workforce. At other times the federal government's Environmental Protection Agency has urged, prodded, and threatened the state into compliance with respect to fundamental national objectives.

Nowhere have the choices been more difficult than with air pollution in southern California, the home to much of the state's pollution-emitting industry and dirty air. For years the South Coast Air Quality Management District, California's major environmental agency in the area, has struggled to enforce federal rules without harming the economy. Although emissions have been reduced considerably by the agency, they must be pared by another 60 percent before 2010 to comply with federal standards. Failure to meet this deadline will result in huge federal fines and the possible shutdown of local industries. For twenty-five years, local businesses, the state, and federal government found themselves mired in lawsuits over the environmental cleanup question. Finally, in 1999, the antagonists agreed on 12 rules for businesses to eliminate as much as 48 tons of pollution per day.

Along the winding road to environmentalism, the state has invented necessary compromises, such as a "smog exchange" program that would allow polluters to "buy" sulfur oxides, hydrocarbons, and other emissions from those companies that stay below their allowed pollution levels. Some critics argue that this program is simply away to circumvent federal regulations; others counter that without creative ways to distribute responsibility, California's economy would come to a grinding halt. Either way, the fight over the management of pollution has, in some respects, become as costly and controversial as the issue itself.

WATER

Not all of California's jurisdictional disputes have occurred with the federal government. In several areas, the state has tangled with other states. The storage of nuclear waste and agriculture rules are two such examples of state fights. But no argument has as much significance as California's
struggle for fresh water. Given the state's huge population and pivotal role in agriculture, water is a resource California can ill-afford to do without. The lynchpin of the water struggle dispute between California and other states is the Colorado River, the fresh water source that begins in Colorado and winds through six other states. Under a 1922 multi-state agreement, California is entitled to 4.4 million-acre feet, or 59 percent, of the lower basin river annually. Yet according to some critics, California has exceeded its share by as much as one million acre-feet per year, a condition that has become problematic with dramatic population growth in Arizona and Nevada.

Fearing an all-out water war that would spill into Congress, officials from seven states held talks for 18 months to resolve the problem. In July 2000, they tentatively agreed to a formula that would allow California to gradually reduce consumption of the excess over a 15 year period. During the transition, officials from Arizona have offered to "bank" surplus water for California, should the state require it. And at least for the time being, the seven western states have solved a thorny issue without federal participation.

Meanwhile, the federal government's Department of Interior and the state worked to resolve for a time the ongoing battle between agribusiness, which uses 79% of the state's water, environmentalists seeking to preserve rivers and deltas, and urban areas in need of water to grow. Under the auspices of CalFed, a joint federal and state water agency, the two governments in 2000 developed a plan to expand existing federal reservoirs located in California, improve drinking water quality, and develop a creative water recycling program. Most of the $8.5 billion price tag will be borne by the federal government. Proponents of the arrangement have praised the new plan as a novel way to use federal resources to solve a critical state problem; opponents have condemned it as a clever way to shift state water sources to points south. Either way, the plan illustrates the complexity of the water issue in California politics.

SHARED RESOURCES
The word federalism refers to the multifaceted political relationship that binds the state and national governments. One aspect of that relationship centers on financial assistance that wends its way from federal coffers to state treasuries. The preponderance of this assistance comes in the form of grants-in-aid, amounting to more than $293 billion in 2000 and, on average, amounting to about 22 percent of all state and local government revenues. This assistance is in response to more than five hundred federal programs designed to assist states in areas ranging from agricultural development to high-tech research. For decades California received
more than its fair share of grants-in-aid from the federal government. With defense- and space-related research serving as a huge economic magnet, the Golden State received more money from the federal government than it sent in.

That has changed. In 1981, California had 10 percent of the national population but received 15 percent of the national government's expenditures. By 1985 the federal share had jumped to 22 percent. Then came the slide. With a pared defense budget, cutbacks in infrastructure work, and the push for a balanced budget, federal contributions have shrunk considerably. As of 1998, California had 11.9 percent of the nation's population but received 11.2 percent of the nation's federal funds. The state now ranks 59th on a per capita basis among federal grant-in-aid recipients, down sharply from 20th in 1990.8

There is another way to appreciate the changing relationship between the federal government and California. Because of the state's massive growth and receipt of federal assistance in highway and water projects and environmental protection, California has had a history of getting more dollars from the federal government than it contributes. Beginning in 1986, however, California became a "donor" state, as depicted in Figure 10.2. As a result, for the past decade, California has contributed more money to the national treasury than it has received. Thus, in 1999, for every dollar sent from California to Washington, D.C" the state received 88 cents in federal goods and services.9

The data presented here fly in the face of the political posturing that has emerged from both Congress and the presidency in recent years. They are also a reflection of the fragmentation that has haunted the state's Congressional delegation on virtually every issue except offshore oil drilling. As a result, California's "Golden State" nickname...
has a different meaning in Washington than in California—namely, sizeable economic resources that have landed disproportionately in the federal treasury.

CHANGED RULES, NEW DIRECTIONS

As national leaders have altered the course of U.S. politics and public policies, their efforts have been felt profoundly in California. The state's fragmented congressional delegation and a Republican-led Congress have only exacerbated California's inability to be heard.

Whereas the Congress in recent years has had something of an "arm's length" relationship with California, Democratic President Bill Clinton embraced the state. Keenly aware of the state's growing wealth and the value of California's fifty-four electoral votes (20 percent of the Electoral College votes needed to win the presidency), Clinton was a frequent visitor to California. Much of his time here was dedicated to fund-raising for his own election campaigns as well as those of other Democratic candidates in California and throughout the nation. At the same time, he funneled some discretionary funds to California, particularly in the areas of high-tech research and defense industry projects. None of this was lost on the California electorate, who in 1996 gave the state's electoral votes to Clinton for the second time in his successful reelection bid. With an almost evenly divided national government in 2001, it remains to be seen whether California will benefit or suffer from the new constellation of power.

Elections notwithstanding, California has been weaned from a good deal of its dependence on federal dollars. The process may not have been enjoyable, but the state now is more diversified for the effort.
Notes

1. House Republican committee chairs from California were: William Thomas (House Administration) and David Dreier (Rules).


Learn More on the World Wide Web
California and federal taxes: www.taxfoundation.org
California taxes: www.caltax.org
U.S. Senate: www.senate.gov
Environmental Protection Agency: www.epa.gov
Immigration: www.ccir.net
www.irps.ucsd.edu
Sierra Club: www.sierraclub.org

Learn More at the Library
