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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. The e-mail edition is made possible in part by in-kind contributions from Sun Microsystems and IBM Corp.

SENATE COMMITTEE APPROVES HOMELAND SECURITY BILL THAT ADVANTAGES SMALL STATES OVER CALIFORNIA

By a vote of 17 to 0 on Tuesday, June 17, 2003, the Senate Committee on Government Affairs approved S. 1245, which seeks to coordinate federal homeland security grants but which also retains an unusually large “small-state minimum” provision for funds distribution. The bill, entitled the Homeland Security Grant Enhancement Act of 2003, requires that every state receive at least three-fourths of one percent of total funding (and the four territories would each receive one-quarter of one percent).

In essence, the provision requires that the every state receive an equal share of the first 40% of funds. The remaining 60% would then be allocated according to “(A) population and population density; (B) threat, risk, and vulnerability of critical infrastructure or key national assets ... ; and (C) any other factors identified by the Secretary [of Homeland Security].”

In FY 2003, the Department (DHS) used only state population to allocate the remainder, so the addition of threat and vulnerability factors will change the allocation somewhat. However, in that year the Department added additional formula funds to the small states, despite the fact that many were already to receive far more funding per capita than large states. For 2003, California received 7.95 percent of the nation’s nearly \$2 billion for Homeland Security State Grants, despite the fact that the state houses more than 12 percent of the nation’s population. (Some California advocates also note that the state’s coastal and border location might justify an even greater share of homeland security funds, as compared to states further inland.)

Comparing receipts per capita, California received \$4.68 in total funding for every person in the state, whereas far more per capita went to Wyoming (\$35.31), Vermont (\$29.37), North Dakota (\$28.68), Alaska (\$28.31), Delaware (\$23.43), and Montana (\$21.28). According to figures from the California Institute, using capabilities developed pursuant to the Federal Funds and California project -- a joint venture with the Public Policy Institute of California (PPIC) – the state would have received \$229.2 million (or \$6.53 per capita) if

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DHS had used a more common allocation method. That level is approximately \$65 million more than DHS allocated. For a state-by-state breakout of FY 2003 formula grant spending, comparing actual allocations with a more typical approach, see <http://www.calinst.org/datapages/DHS.htm> .

The Senate bill would also require states to forward at least 80 percent of funding to first responders, require 25% of funds be matched by the state or local government spending the money (effective two years after enactment), and prohibit federal funds from supplanting existing state and local expenditures.

In a related development, the House Appropriations Committee on June 17 approved the Homeland Security funding bill for FY2004. During markup, the committee defeated (25-33) an amendment by ranking Democrat David Obey (WI) to add \$1 billion to upgrade security at ports, airports and borders. The bill is nearly identical to that passed by the Homeland Security Subcommittee on June 12. See [Bulletin, Vol. 10, No 17 \(6/12/2003\)](#).

WAYS & MEANS CONSIDERS BUSH PLAN TO ALTER FOSTER CARE PROGRAM

On Wednesday, June 11, the House Ways & Means Subcommittee on Human Resources, chaired by Rep. Wally Herger (Marysville), held a hearing to consider changes proposed by President Bush to the federal foster care program. Federal support for foster care comes via two sources, a discretionary grant program (Title IV-B) and an open-ended matching-grant entitlement program (Title IV-E).

Approximately \$5 billion of the \$7 billion in federal foster care spending is via the entitlement, which reimburses states for the cost of providing 24-hour substitute care for children who are under the jurisdiction of the administering state agency and need temporary placement and care outside their homes. The Administration's foster care proposal would give states the option of converting their Title IV-E entitlement funds to a 5-year fixed-funding alternative financing scheme, similar to a block grant, which can be used for a more flexible array of activities and which proponents say will provide a state more funds in that period's early years than the current-law approach.

California has been the destination for one-quarter of the nation's foster care entitlement expenditures over the past 11 years, and during the past decade the program grew faster in California (204%) than in the nation as a whole (137%). The federal foster care program is the eighth-largest federal formula grant for the nation as a whole and the fourth-largest for California. Despite the foster care formula's use of the Federal Medicaid Assistance Percentage (FMAP) to cut Title IV-E funds to states (such as California) with above-average incomes, the state received \$1.1 billion, or 25.8% of the nation's grants, in 2001. (This information was developed pursuant to the Federal Grants and California project, a joint venture between the Public Policy Institute of California (PPIC) and the California Institute. For more information, see <http://www.calinst.org/formulas.htm>).

At the Ways & Means hearing, the panel heard testimony from Dr. Wade F. Horn, Assistant Secretary of the Administration for Children and Families at the U.S. Department of Health and Human Services (HHS). In addition, a second panel included Barbara Riley from the Ohio Department of Job and Family Services, Elaine M. Ryan of the American Public Human Services Association, Dianne Edwards from the Sonoma County Human Services Department, and Terry L. Cross from the National Indian Child Welfare Association.

Chairman Herger opened the hearing with the comment that "It's time to begin thinking about how we can help States provide more comprehensive and coordinated services to children and families," adding, "States should have ample flexibility to use the resources we provide to best protect vulnerable children." A number of witnesses expressed dissatisfaction with the entitlement program's focus on out-of-home placements rather than services designed to return children to families or place them in adoptive environments.

Assistant Secretary Horn noted that the Administration proposal would allow the state to choose between the existing entitlement or fixed but flexible funding. The amount of a fixed grant is not delineated in the proposal, but would be worked out by the Department of Health and Human Services (HHS) in consultation with states and would be determined "using historical expenditure information." Horn also noted that the proposal includes a maintenance-of-effort requirement so states would be required to sustain their existing

level of investment. The plan would eliminate the so-called “AFDC look-back,” whereby providers must determine foster care eligibility based on standards in the now-defunct AFDC welfare program. AFDC was replaced by the TANF block grant six years ago, and the need to look back to outdated rules adds administrative burdens. The Administration also proposes to allow states to tap the TANF contingency fund in the event of an unanticipated emergency. In addition, it would create a new Indian tribe set-aside and another set-aside for HHS administration.

The witnesses from outside the Administration supported some aspects of the proposal, but expressed concern that foster care be maintained as an entitlement program. Sonoma County’s Dianne Edwards, a past president of the County Welfare Directors Association of California (CWDA), appeared to provide a local-level perspective on the proposals. (California is among 12 states where counties operate foster care.) She expressed support for efforts to increase “front-end” prevention services to reduce families involvement with child protective services, as well as for increased Title IV-E funding flexibility generally, and changing the AFDC look-back specifically. However, she expressed concerns that the proposal’s financing mechanism will reduce, rather than increase, foster care services over the long run, and questioned whether a state could truly opt back out of the fixed-funding approach if needs changed.

Edwards said that, without assurances of funding growth when necessary, the organizations she represents would be unable to support the proposal. She commented that “a better option would be to increase flexibility in the use of federal Title IV-E funding and eliminate the unnecessary AFDC look-back requirements, while maintaining the entitlement nature of Title IV-E.” She also expressed concern that not all needy areas would benefit from the proposal’s increased access to the TANF contingency fund, such as in counties where unemployment rates rise more sharply than the state as a whole, and she suggested a county or sub-state region be made eligible to tap the fund. She expressed support for many provisions of H.R. 1534, introduced by Rep. Ben Cardin (MD).

Ohio’s Barbara Riley testified in support of greater program flexibility, criticizing the existing segregation of funding streams, but said that “any flexible funding model must occur in the context of preserving a federal entitlement for foster care maintenance funds, while also creating a more rational array of funding incentives.” Elaine Ryan of APHSA supported delinking foster care eligibility from AFDC and efforts to allow Title IV-E funds to fund front-end services, and she noted that cuts in Social Services Block Grant (SSBG) funding have put a strain on child welfare services. She lauded the Administration proposal’s allowing states to cover all children, regardless of income. She noted that the selection of baseline and other financing provisions would be of keen interest to states, as would be adequate time to implement changes, and she urged that states be allowed to opt back out of the flexibility option after the five-year change. She also recommended that any AFDC look-back changes allow for inflation-adjustment.

In addition to the foster care plan, the Administration has proposed changes to the Adoption Incentive Program, including expanding eligibility for children age 9 and older. Sonoma County’s Dianne Edwards suggested that the AFDC look-back rules should be changed in this proposal as well.

For testimony and other information, visit <http://www.waysandmeans.house.gov> .

COMMITTEE APPROVES HEAD START OVERHAUL BILL, SOME STATES GRANTED GREATER AUTHORITY

After a day-and-a-half mark up session, the House Committee on Education and the Workforce approved the Head Start reauthorization bill (H.R. 2210, The School Readiness Act) on a party line vote of 27 to 20 on Thursday, June 19, 2003. The bill reported to the House floor closely resembles the same measure passed by the Subcommittee on Education Reform the preceding week, retaining the controversial state-administered pilot program provision of the bill. See, [Bulletin, Vol. 10, No.17 \(6/12/03\)](#). Current law authorizes the Department of Health and Human Services to administer grants directly to public and private local service providers bypassing the states entirely. Some funds identified as collaboration grants are set aside to help states with coordination of pre-kindergarten programs.

Republicans, led by Committee Chair John Boehner (OH) and bill author Rep. Mike Castle (DE), defended the demonstration program (Title II) stating that it would strengthen coordination and collaboration efforts for up to eight states wishing to benefit from the program. The demonstration program would give these states authority over Head Start funds without sacrificing commitment to high standards, according to proponents. In his opening remarks, Chair Boehner presented the demonstration program as a step forward for Head Start that would assist in improving fragmented delivery systems and preventing duplicitous actions at different levels of government.

Committee Ranking Member George Miller (Martinez) and Rep. Lynn Woolsey (Petaluma) were concerned about the Republican strategy to shift Head Start authority to the states and transform the early education program into what they perceived as a block grant to cash strapped states. Citing a lack of specificity for upholding current federal standards, Rep. Miller described the demonstration program as a "risky experiment" that would provide the "blueprint for dismantling Head Start" while doing little to close the school readiness gap. Mr. Boehner reassured his colleagues, "Any participant (in the pilot program) must meet or exceed federal Head Start standards," he said, "if they won't, they won't qualify." The Miller/Woolsey amendment striking Title II in its entirety and increasing state collaboration grants by \$5 million every year failed by a party-line vote of 21-26.

The School Readiness Act increases teacher education level standards by requiring 50 percent of all Head Start teachers to have earned a BA degree by 2008 (the current rate is 28 percent). A Democratic amendment that would have provided financial assistance in the form of stipends to encourage students to enter the Head Start teaching profession failed on a party-line vote. Democrats also objected to the bill's authorization level of \$6.87 billion, a \$202 million increase from FY 2003 levels, commenting that it would barely cover the cost of inflation and limit the expansion of services.

A number of Democratic proposals failed over the course of the mark up session, including an amendment authored by Reps. Grijalva (AZ) and Hinojosa (TX) to augment set-aside funds for migrant and seasonal workers and Native Americans by 1 percent respectively. Throwing his support behind the amendment, Rep. Miller said it was unacceptable that only 19 percent of all eligible children from migrant and seasonal worker families were being served nationally by existing programs. In California, conditions were less adequate with only 10 percent of those eligible being served, according to Rep. Miller. The committee rejected the Grijalva-Hinojosa amendment 20 to 25, opting for a more modest increase offered by Rep. Ehlers that would authorize \$17 million in supplemental funds for the migrant and seasonal worker community, providing for about 2,700 new slots (an 8% increase) while working within Congressional budgetary confines.

Rep. Woolsey offered an amendment aimed at eliminating a provision enabling some Head Start providers to discriminate on the basis of religion when hiring staff. Woolsey thought such a practice was acceptable with the use of private dollars by faith based organizations offering Head Start services, but rejected such action as a misuse of federal funds and an encouragement of the practice of religious prejudice. Chair Boehner doubted the existence of instances whereby faith based organizations abused hiring practices. He argued that the provision in question would allow faith based organizations to participate in federal programs without forfeiting Title VII exemptions in the Civil Rights Act and that the language in HR 2210 was consistent with that of such bills as Welfare Reform and Community Development Block Grant, all signed by President Clinton. The amendment failed on a party-line vote.

Although the mark up was largely characterized by partisan differences, a number of bipartisan amendments were approved, including expansion of Head Start program to include homeless families and an initiative to strengthen the role of Head Start fathers in the development and education of pre-kindergartners.

California received about \$800 million in Head Start funds in FY 2002 (about 12.7% of the \$6.3 billion allocated to all states). The providers in the state served nearly 100,000 individuals. Funds are allocated by state (although payments are made directly to providers) via formula based on a state's proportion of poor children under 5 years of age, though a hold-harmless provision provides that most funds are first allocated according to a state's funding level in 1998.

For more information on the Committee mark up or the School Readiness Act, please visit the House Education and Workforce Committee website: <http://edworkforce.house.gov> .

SENATE FINANCE CONSIDERS U.S.-CHILE AND U.S.-SINGAPORE AGREEMENTS

The Senate Finance Committee held a hearing on Tuesday, June 17 to consider the trade agreements that the United States has just concluded negotiating with Chile and Singapore. The agreements are the first to undergo Congressional consideration under the provisions of the Trade Promotion Act (TPA) passed in 2002. The United States signed the U.S.-Singapore Free Trade Agreement (FTA) on May 6, 200, and the U.S.-Chile FTA on June 6, 2003.

Witnesses at the hearing included: Hon. Peter Allgeier, Deputy U.S. Trade Representative; James Jarrett, Vice President, Worldwide Government Affairs for Intel Corporation, Santa Clara, on behalf of the Business Software Alliance and the High-Tech Trade Coalition; Sandra Polaski, Senior Associate, Carnegie Endowment for International Peace; David Johnson, Executive Vice President and General Counsel, Warner Music Group, on behalf of the Entertainment Industry Coalition for Free Trade; and Paul Joffe, Senior Director for International Affairs, National Wildlife Federation.

Ambassador Allgeier informed the Committee that in addition to the Chile and Singapore Agreements, the United States is currently negotiating FTAs with Australia, Central America (CAFTA), Morocco, and the South African Customs Union (SACU). It also intends to begin negotiations on an FTA with Bahrain early next year, and has launched the President's Enterprise for ASEAN Initiative and a Middle East trade initiative.

He addressed several important aspects of the Agreements. In the Singapore Agreement these include the provisions on market access for services, such as banking and insurance, the agriculture, e-commerce, and intellectual property protection provisions. In the Chile Agreement, Ambassador Allgeier lauded the provisions on market access for goods, as well as increased access for agricultural products. He also noted that access for services will increase, as will non-discriminatory treatment of e-commerce.

Both Mr. Jarrett and Mr. Johnson expressed unequivocal support for the two Agreements. Both noted the importance of the intellectual property protections included in the Agreements, as well as those provisions that will increase market access for U.S. exports. Ms. Polaski, a former State Department labor issue negotiator of the U.S.-Jordan FTA, noted that both Agreements call for each country to fully enforce their labor laws. She testified that on balance she found that those provisions "constitute an acceptable approach to protecting labor rights in the traded sectors of the economies of these two trading partners." She stated that, although "not perfect," both Chile and Singapore have laws affording basic protections to workers, and both countries enforce those laws "with reasonable vigor." Mr. Joffe testified that the Chile and Singapore Agreements make "modest progress in addressing environmental issues in trade agreements, but they leave significant gaps between rhetoric and results." He urged the Committee to address those gaps, including strengthening the language requiring consultation on Multilateral Environmental Agreements, and the language requiring that environmental standards not be lowered to gain trade and investment advantages.

Congress will consider both Agreements under the new fast-track procedures of the 2002 TPA this summer. Testimony of all the witnesses can be obtained through the Committee's website at: <http://www.senate.gov/~finance> .

HOUSE JUDICIARY SUBCOMMITTEE CONSIDERS STATE SOVEREIGNTY AND INTELLECTUAL PROPERTY PROTECTION

The House Judiciary Subcommittee on Courts, the Internet, and Intellectual Property held a hearing on Tuesday, June 17 to consider H.R. 2344, the Intellectual Property Restoration Act of 2003. The bill, sponsored by Subcommittee Chairman Lamar Smith (TX) and Ranking Member Howard Berman (Valley Village), would legislatively overturn the effect of U.S. Supreme Court decisions (including *Florida Prepaid*) handed down in 1999. Under those decisions, the applicability of States' Eleventh Amendment sovereign immunity

was broadened to claims for intellectual property infringement. As a consequence, although a state can sue infringers of its intellectual property for damages, it can turn around and assert sovereign immunity from claims against it for infringement of another's intellectual property.

Senator Patrick Leahy (VT) has introduced a similar bill, S. 1191, in the Senate.

H.R. 2344 would encourage States to waive their immunity from federal suits seeking monetary damages for infringement of intellectual property by prohibiting states that do not waive immunity from bringing infringement suits for damages against others. The bill also creates an exemption from sovereign immunity in the intellectual property field only to provide a remedy against States that choose not to waive their immunity, and codifies the judicially-created rule that notwithstanding a State's sovereign immunity, the employees of a State may be enjoined by a Federal court from engaging in illegal action.

The Hon. Marybeth Peters, U.S. Register of Copyrights, testified in support of H.R. 2344 as a carefully balance bill that will rectify the imbalance caused by the Supreme Court's decisions. Even though there may be only a few instances where a state does infringe on another's intellectual property, Ms. Peters stated that "even a few acts of infringement by States, if unremedied, ought to be sufficient to justify congressional abrogation of state sovereign immunity."

Other witnesses at the hearing were: Leslie Winner, General Counsel and Vice President, University of North Carolina; Mark Bohannon, General Counsel and Senior Vice President for Public Policy on behalf of Software and Information Industry Association (SIIA); and Paul Bender, Professor of Law, Arizona State University Law School. Ms. Winner testified that H.R. 2344 would have a grave impact on state universities that would not be able to protect their intellectual property rights nor pass that protection onto their private sector partners, if their state chose not to waive its immunity. Mr. Bohannon, on the other hand, stated that SIIA had identified 77 cases of state infringement of intellectual property rights leading up to the 1999 Supreme Court *Florida Prepaid* cases, of which half involved state higher education institutions, and strongly supported H.R. 2344 as an equitable solution to the currently unjust system.

Testimony of all the witnesses can be obtained through the Committee's website at:

<http://www.house.gov/judiciary> .

PPIC UNVEILS TWO TRADE REPORTS; DETAILS AT MONDAY'S LUNCH BRIEFING

The Public Policy Institute of California (PPIC) and the California Institute are hosting a briefing, entitled "The Globalization of California's Economy: Implications for Public Policy and the Private Sector", on Monday, June 23 from 12:30-1:30 PM in Room B-338 of the Rayburn House Office Building. At the lunch, PPIC will discuss two recently-released reports: *Foreign Tariff Reductions and California Exports*, by Jon D. Haveman, and *Business Without Borders? The Globalization of the California Economy*, by Howard J. Shatz.

In his report, Haveman, a PPIC research fellow, looks at each of the trade agreements currently on the world agenda and finds the Asia-Pacific Economic Cooperation Forum (APEC) is most critical for California. His study also estimates that California's export growth would be \$27 billion annually (a 24% increase) if our trading partners eliminated tariffs altogether.

Shatz's report compares California's global economic activity to that of the rest of the nation and finds the state is on the cutting edge of some emerging trends – such as, the state's high level of services trade, its participation in production-sharing ventures (where components are assembled in different locations), and its tendency to ship goods by air (55% compared to 30% in the rest of the U.S.)

Copies of their reports will be available at the lunch. To attend, please reply (acceptances only, thank you) to ransdell@calinst.org , fax to 202-546-2390, or call 202-546-3700.

To view or download the reports, visit <http://www.ppic.org> .

CALIFORNIA BAY-DELTA ACTIONS ANNOUNCED

Gov. Gray Davis and Rep. Ken Calvert (Corona) made announcements this week concerning the California Bay-Delta restoration project.

Gov. Davis appointed Patrick Johnston, James M. Costa, Susan P. Kennedy, Alfred Montna, and Paula A. Daniels as members of the California Bay-Delta Authority. He also announced that Patrick Wright will be the Executive Director. Mr. Wright, 42, of Davis, has been deputy secretary for the California Resources Agency since 1999 and acting director of the California Bay-Delta Authority since 2000. The Executive Director of the California Bay-Delta Authority is responsible for administering the affairs of the Bay-Delta Authority as directed by the Authority, directing the staff of the Authority, and planning, managing, directing, and coordinating the development and implementation of long-term solutions to problems in the Bay-Delta Estuary.

Senators Costa and Johnston are former members of the California State Senate and Assembly. Ms. Kennedy is currently a commissioner with the California Public Utilities Commission. Mr. Montna is the owner and operator of a rice farming and drying business, and a partner in a rice marketing firm. Ms. Daniels is an attorney and is currently of counsel to Litt and Associates.

Rep. Calvert announced that his House Resources Subcommittee on Water and Power will hold three field hearings as a continuation of the subcommittee's analysis and evaluation of the CALFED program. On Saturday, June 28, hearings will be held at 9:00 a.m. and 2:00 pm in Tulare and Sacramento, respectively. On Tuesday, July 1, the Subcommittee will hold a hearing at 11:00 a.m. in San Diego. Locations for the hearings will be announced later. The subcommittee will hear testimony from invited governmental, private, and non-profit interests on potential water supply opportunities and challenges. The hearings will focus on options to develop new water storage, expand existing facilities, improve the movement of water and better utilize water recycling and desalination technologies in order to meet existing and future California water needs. For further information on the hearings, contact the Committee's website at: <http://www.house.gov/resources> or Joshua Johnson at 202-225-8331.

SENATE RETAINS ENERGY BILL'S ETHANOL MANDATE, SAFE HARBOR PROVISIONS DESPITE CALIFORNIA OPPOSITION

Despite fierce opposition by California Senators Dianne Feinstein and Barbara Boxer, the Senate voted 67-29 to retain the ethanol mandate in its comprehensive Energy Bill, S. 14. The bill phases-in an increase in the amount of ethanol used in fuel to 5 billion gallons by 2012, double the production of the additive projected for this year. MTBE, previously the most widely-used fuel additive until it was found to contaminate ground water, is banned under the bill, and the federal two percent minimum oxygenate requirement is also eliminated. The bill, however, contains a "safe harbor" provision exempting producers of ethanol from product liability suits if in the future the additive is found to be harmful.

During consideration of the bill, which is still pending in the Senate, Sens. Feinstein and Boxer offered several amendments to eliminate or water-down the ethanol mandate and safe harbor provisions. All of their attempts failed. Senator Boxer, however, was successful in adding a provision to the bill to encourage the use of agricultural waste in producing ethanol. Boxer argued that the amendment would increase the likelihood that ethanol will be produced in California, rather than having to be shipped in from other, primarily mid-western states, increasing its cost and potentially raising the cost of a gallon of gas. The Boxer amendment (also sponsored by Sen. Richard Lugar (IN), and approved by voice vote) would count each gallon of ethanol made from agricultural waste as 2.5 gallons in calculating compliance with the mandated levels of ethanol use.

Boxer's attempt to strip the bill of the safe harbor provision was defeated 57-33. The House Energy Bill, H.R. 6, also contains ethanol and safe harbor provisions, and its safe harbor provision extends the product liability limitation to MTBE producers, as well as ethanol producers. The House passed its bill in April. Whether the Senate can finalize its bill and a conference committee successfully negotiate a compromise between the two versions this year remains to be seen.

NATIONAL AQUATIC INVASIVE SPECIES ACT OF 2003 CONSIDERED BY SENATE

On Tuesday, June 17, 2003, the Senate Environment and Public Works Subcommittee on Fisheries, Wildlife and Water held a hearing on legislation regarding nonindigenous invasive aquatic species. The hearing centered around S. 525, the National Aquatic Invasive Species Act of 2003, which builds on existing programs, establishes a mandatory national Ballast Water Management Program, minimum requirements for all ships operating in U.S. waters, and addresses the potential introduction of aquatic invasive species by other non-water means, including the pet trade.

Witnesses at the hearing included: Senator Carl Levin (MI); Barry Hill, Director of Interior Issues, Office of Environment and Natural Resources, U.S. General Accounting Office (GAO); Lori Williams, Executive Director, National Invasive Species Council; Joseph J. Angelo, Director of Standards, U.S. Coast Guard; Matthew Hogan, Deputy Director, U.S. Fish and Wildlife Service; Timothy R.E. Keeney, Deputy Assistant Secretary of Commerce for Oceans and Atmosphere; and G. Tracy Mehan, Assistant Administrator for Water, U.S. Environmental Protection Agency.

According to the testimony, aquatic nuisances, comprised of harmful, nonnative microorganisms, pathogens, plants, fish, and animals, have cost our nation billions of dollars in lost revenue and efforts to control them in order to protect commerce and the environment. Recent estimates state that invasive species cost the U.S. at least \$138 billion per year and that 42 percent of the species on the Threatened and Endangered Lists are at risk, primarily due to the threat of invasive species. Invasive species usually have high reproductive rates, disperse easily, and can tolerate a wide range of environmental conditions, making them very difficult to eradicate. They often lack predators in their new environment and out-compete native species for prey and breeding sites. In many instances aquatic nuisance species enter waterways through ship ballast water. In recent years California's waters have also been hurt by some aquatic invasive species, including the European green crab and the Chinese mitten crab, which have become established in the Bay Area. The State is home to the Port of Long Beach, the third busiest container port in the world, and the Port of Los Angeles, the number one busiest container port in the world.

The testimony of witnesses targeted issues such as the presence of invasive species in the Great Lakes, and the need for the U.S. Coast Guard and Environmental Protection Agency to set interim and final ballast water management standards, as proposed by S. 525. Other issues raised ranged from the findings of a 2002 GAO Report and the implementation of the National Management Plan for managing invasive species and ballast water.

For more information about the hearing, or to obtain the testimony of witnesses, visit the Fisheries, Wildlife and Water Subcommittee website at: <http://epw.senate.gov>.

HOUSE SUBCOMMITTEE HEARS TESTIMONY ON SECTION 8 PROGRAM

The House Financial Services' Housing and Community Opportunity Subcommittee heard testimony on Tuesday, June 17, on the Section 8 Program, which provides low-income, elderly, and disabled persons with housing assistance vouchers. Witnesses testified on the Bush Administration's Housing Assistance for Needy Families (HANF) proposal, which would establish Section 8 as a block grant to the states and consolidate administration of the program at the state level. The Administration argues that shifting control of housing assistance for the poor from the federal government to the states would give states more flexibility in using federal housing dollars and remove some federal rules. This hearing was the third in a series of hearings that the Subcommittee has held to examine the Administration's proposal.

Panelists appearing before the Subcommittee included: Conrad Egan, President and CEO, National Housing Conference; Howard Husock, Alfred Taubman Center for State and Local Government, John F. Kennedy School of Government, Harvard University; Bruce J. Katz, Director, Center on Urban and Metropolitan Policy, The Brookings Institution; Jill Khadduri, Principal Associate, Abt Associates Inc., Ed. Olsen, Professor of Economics, University of Virginia; Margery Austin Turner, Director, Metropolitan Housing and Communities Center, The Urban Institute; Sheila Crowley, President, National Low Income

Housing Coalition; Henry Harraffa Jr., Councilmember, Gaithersburg, MD, appearing on behalf of the National League of Cities; Ann O'Hara, Associate Director, Technical Assistance Collaborative, on behalf of the Consortium for Citizens with Disabilities Housing Task Force; and John Sidor, The Helix Group.

The Section 8 program, which provides vouchers to eligible recipients for lease or purchase of affordable privately-owned rental housing, has been the centerpiece of federal housing policy for nearly 30 years. The program allows its participants to pay no more than 30 percent of their income in rent up to a certain limit, while the federal government matches the rest of the cost.

Of \$4.3 billion in nationwide funding for Section 8 housing assistance in FY 2002, Californians received \$158 million, or 3.7 percent of the total funding. Several states received considerably more, including New York (\$1.1 billion), Illinois (\$309 million), Pennsylvania (\$267 million), New Jersey (\$238 million), and Ohio (\$192 million).

Some panelists, including Mr. Husock, Ms. Khadduri, and Dr. Olsen, expressed support for the Administration's proposal to revamp the current administration and funding structure of the Section 8 program. Most of the other panelists, however, argued that although changes need to be made to the program, shifting control of housing vouchers to the states would pose a problem, particularly as the majority of states are facing fiscal deficits.

For more information about this hearing or to obtain the testimony of witnesses, please visit the House Financial Services Committee website at: <http://financialservices.houses.gov>.

HOUSE AGRICULTURE COMMITTEE REVIEWS STATUS OF MULTILATERAL/BILATERAL AGRICULTURAL TRADE NEGOTIATIONS

Members of the House Agriculture Committee heard testimony on Wednesday, June 18, from three panels of stakeholders on the status of multilateral and bilateral agricultural trade negotiations, the most recent of which were concluded on May 6, 2003, when the U.S.-Singapore Free Trade Agreement was signed, and June 6, 2003, when the U.S.-Chilean Free Trade Agreement was signed.

Among the fourteen witnesses that appeared before the Committee, Mr. Joe Zanger presented the California Farm Bureau Federation's perspective on the multilateral and bilateral negotiating process, and in particular on nut, fruit and vegetable (specialty crops) interests in the World Trade Organization (WTO) agricultural negotiations. The California Farm Bureau Federation (CFBF) is the state's largest general farm organization, representing more than 90,000 families. Mr. Zanger testified that CFBF strongly supports the Administration's efforts to secure broad and meaningful agricultural reform in the WTO talks. He urged a more aggressive approach in agricultural trade negotiations to lower tariffs for specialty crop exporters, even beyond what is agreed to in the WTO framework, by means of a formula that would zero out tariffs in equal installments over a five-year period. He argued that: "Significant reform is needed if the agreement is to make a difference in the future prospects for specialty crop growers in California and many other parts of the United States." Currently, tariffs on fruit, nut and vegetable products generally range from 30-50 percent on some commodities, and some exceed 80 percent, with many countries that offer the greatest potential for U.S. specialty crop exporters maintaining the highest tariffs.

Mr. Zanger also urged prohibition of export subsidies by the European Union for its specialty crop producers. He cited the EU's 1998 subsidization of 40 percent for its fruit and vegetable exporters and 28 percent for processed fruit and vegetable exports. This sharply contrasts with the United States' complete lack of such subsidies, and places U.S. exporters at a trading disadvantage when pitted against their European counterparts, particularly in third country markets. In addition, Mr. Zanger advocated the elimination of all amber box domestic supports, and urged capping the *de minimis* exemption to 2.5% of production value. He contrasted the United States' nonexistent amber box internal support payments to the EU's \$11 billion of subsidization of its fruit and vegetable sector in 1999, and reiterated his argument that such a disparity between the levels of subsidization places U.S. specialty crop exporters at a significant disadvantage in the market.

To get more information about this hearing, or to obtain witness testimony, please visit the House Agriculture Committee website at: <http://agriculture.house.gov>.

HISPANICS BECOME LARGEST MINORITY IN U.S.

According to new Census Bureau estimates, the Hispanic/Latino population leaped by almost 10 percent in two years to 38.8 million persons in 2002. This 9.8 percent growth rate outpaces that of the population as a whole (a 2.5 percent growth rate) and makes the Hispanic-origin (ethnicity) population now the largest minority in America. (The federal government treats Hispanic origin and race as separate and distinct concepts, with Hispanic ethnicity encompassing all races.)

The new figures show Hispanics surpassing African Americans for the first time in history as the nation's largest minority group. Each group now represents about 13 percent of the U.S. population. The Census Bureau report identifies international migration as the cause of 53 percent of the latest growth among Hispanics/Latinos, while natural growth (the difference between births and deaths) accounted for the remaining 47 percent.

The report also found that 21 percent of Hispanics/Latinos live below the poverty line and that although children from Hispanic/Latino families represent 18 percent nationally, they constitute 30 percent of all children living in poverty. Demographers are projecting that as many as 60 million Hispanics will populate America by 2020 if current trends continue.

According to 2001 figures Hispanics represent 32 percent of the California population.

To view a copy of this report visit: <http://www.census.gov> .

FRIDAY (JUNE 20) BRIEFING TO FEATURE TRANSPORTATION CALIFORNIA

California delegation staff and other interested parties will be briefed regarding federal transportation issues and the reauthorization of the Transportation Equity Act for the 21st Century (TEA-21) by the director of Transportation California, an organization representing the business, labor and construction community in the state. The group supports a TEA-21 reauthorization proposal set forth by Transportation and Infrastructure Committee Chair Don Young and Ranking Member James Oberstar. The lunch briefing, which will take place at 12:00 noon on Friday, June 20, 2003, in Room 1539 of the Longworth House Office Building, will discuss a number of reauthorization issues, including efforts to achieve six-year funding of \$375 million, reform of the treatment of ethanol and other alternative fuel taxation, commitment to both highway and transit funding, adoption of alternative revenue sources, recognition of the special burdens placed on surface transportation infrastructure in states like California that serve as trade gateways, streamlining of environmental review processes, and funding equity for California. To attend, send email to randsell@calinst.org , fax to 202-546-2390, or call 202-546-3700.

REMINDER: CALIFORNIA STATE SOCIETY PICNIC, SATURDAY ON THE MALL

The California State Society of Washington DC will hold its annual summer picnic on Saturday, June 21, from 11:00 a.m. to 4:00 p.m. on the Mall at 15th Street and Constitution Avenue, NW (between 14th and 15th Streets), near the base of the Washington Monument. The picnic is free to CSS members, and a one-year membership may be purchased for \$10 at the door. For details, see <http://www.cssdc.org> .