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California Capitol Hill Bulletin

Volume 10, Bulletin 20 – July 11, 2003

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.

HOUSE SUBCOMMITTEE REPORTS COMMERCE, JUSTICE APPROPRIATIONS; SCAAP FUNDS SET AT \$400 MILLION

The House Commerce, Justice, State Appropriations Subcommittee reported its FY04 funding bill on Wednesday, July 9. The \$37.9 billion bill includes a total of \$20.3 billion for the Department of Justice, \$527 million more than was appropriated in FY03 and \$1.15 billion above the President's request. The funding includes \$3.49 billion for assistance to State and local law enforcement for crime fighting initiatives, \$1.16 billion above the President's request and \$102 million below FY03 funding. Included in that amount are:

- \$400 million to reimburse States for criminal alien detention costs;
- \$500 million for the Byrne formula program;
- \$400 million for the Local Law Enforcement Block Grant

program;

- \$462 million for juvenile delinquency prevention and accountability programs;

- \$388 million for violence against women prevention and prosecution; and

- \$174 million to eliminate DNA analysis backlogs.

The \$400 million in SCAAP funding is \$150 million above the FY03 funding level (\$250 million), but still \$165 million less than the \$565 million that was appropriated in FY02 and prior years.

Further information on the bill can be obtained from the full Committee's website at: <http://www.house.gov/appropriations>. The Institute will prepare a more detailed analysis of the California implications of the bill, which will be available in the near future.

ENERGY AND WATER APPROPRIATIONS REPORTED BY HOUSE SUBCOMMITTEE

On Tuesday, July 8, the House Energy and Water Appropriations Subcommittee reported its FY04 funding bill. The bill provides \$27.1 billion in new discretionary spending authority for the U.S. Army Corps of Engineers-Civil, the Department of Interior including the Bureau of Reclamation, the Department of Energy, and several Independent Agencies. The bill is \$942 million above fiscal year 2003 and \$134 million above the President's budget request.

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The Interior Department's Bureau of Reclamation receives \$947.95 million under the bill, \$25.7 million more than the Administration's request, but \$24.4 million less than in FY03. No funding is provided for the CALFED Bay-Delta program, because its authorization has lapsed. The President's budget had requested \$15 million for CALFED.

Corps of Engineers funding is set at \$4.48 billion, \$288 million over the President's budget request and \$156 million below fiscal year 2003.

The bill recommends \$22 billion for the Department of Energy, \$147 million under the President's request and \$1.2 billion above fiscal year 2003, and including \$330 million for renewable energy programs, which is \$114 million below the budget request and \$89 million below fiscal year 2003.

The bill includes \$3.48 billion for DOE science programs, an increase of \$169 million over the budget request and \$219 million above fiscal year 2003, with \$268.1 million for fusion energy research, \$10.8 million above the Administration's request. California is a leader in fusion research. High energy physics is funded at \$748 million and nuclear physics at \$399.4 million, in each case \$10 million over the budget request.

The National Nuclear Security Administration (NNSA), which includes the nuclear weapons program, is funded at \$8.5 billion, an increase of \$330.1 million above 2003 and \$326.4 million below the budget request, with \$6.12 billion provided for weapons activities.

Further information on the bill can be obtained from the full Committee's website at: <http://www.house.gov/appropriations>. The Institute will prepare a more detailed analysis of the California implications of the bill, which will be available in the near future.

WELFARE EXTENSION BILL CLEARS SENATE AFTER HOLD DROPPED

On June 27th, the Senate approved the latest welfare stop-gap measure guaranteeing the extension of federal welfare programs until the end of the current legislative session. The action was taken when Sen. Ron Wyden (OR) removed his hold on the pending bill after it was determined that his state would not be penalized for operating outside of federal guidelines.

Prior welfare law known as the Public Responsibility, Work and Reconciliation Act (PRWORA) expired last October after Congress failed to approve a reauthorization measure before adjournment. Since then, welfare funds continued flowing to states supported by a series of Congressional stop gap measures, the last extension in effect (PL 108-7) expired on June 30, 2003. The House acted to extend the 1996 welfare law until the end of the fiscal year on June 11th by a vote of 406 to 6.

Sen. Wyden expressed concern about the latest House welfare extension bill (H.R. 2350), because it did not renew a waiver allowing his state to tailor welfare laws to fit local needs. According to Sen. Wyden the waiver's non-renewal would have cost the state of Oregon \$42 million in additional funds, and it led him to delay the bill's action in the Senate. Upon reassurances from Health and Human Services Secretary Tommy Thompson that the state of Oregon would not be held liable following the waiver's expiration, Sen. Wyden removed his hold enabling approval of the welfare extension on the Senate floor by a voice vote.

The rewriting of the major welfare reauthorization bill is still in the cards this year and the House passed its version, H.R. 4, on February 13th. Action in the Senate has been delayed largely due to Medicare overhaul and tax relief bill priorities, both under the purview of the committee tasked with welfare renewal, Sen. Charles Grassley's (IO) Senate Finance Committee.

A lack of committee consensus on work requirements and the authorization level of child care funds for welfare recipients is also partly responsible for Senate inaction thus far. Sen. Grassley, however, has indicated that he wants to see a welfare bill introduced before the August recess.

Welfare reform in 1996 changed open ended entitlements to states into state-administered formula block grants. The reforms contributed to a 50 percent reduction in the number of California families on welfare assistance and reductions in the cost of operating welfare programs by about \$1.8 billion in California. At present, 22.1 percent of the nation's welfare recipients reside in California. For detailed information regarding federal welfare programs as they relate to California, see *TANF and Welfare Programs*, part of the *Federal Formula Grants and California* series, a joint venture between the California Institute and the Public Policy Institute of California, at <http://www.calinst.org/formulas.htm>

HOUSE PASSES DOD APPROPRIATIONS BILL

By a 399 to 19 vote on Tuesday, July 8, 2003, the House approved a Defense appropriations bill for FY 2004. The bill, H.R. 2658, provides \$369.2 billion for programs at the Department of Defense and other defense-related agencies and is authored by Rep. Jerry Lewis (Redlands), Chairman of the House Appropriations Subcommittee on Defense. The total funding is \$2.6 billion less than proposed in President Bush's 2004 budget request, but the White House endorsed some reductions in part due to lower-than-expected warfighting costs in Iraq.

The House bill includes \$1.3 billion for procurement and development of unmanned aerial vehicles, nearly a \$200 million dollar increase from 2003. Included are funds for procurement of four Global Hawks (\$253 million) and 16 Predators (\$212 million), as well as \$270 million for continued development of Navy and Air Force Unmanned Aerial Combat Vehicles, or UCAVs.

The bill provides total Procurement plus RDTE of \$8.9 billion for Ballistic Missile Defense, an increase of \$1.3 billion over 2003 levels. Initial capabilities are still expected in 2004. For procurement, the House bill provides \$74.7 billion total, an increase of \$2.2 billion from 2003, which includes funds of \$2.9 billion for 42 Navy F/A-18E/F fighter aircraft, \$1.5 billion for 11 V-22 Osprey aircraft, \$485 million for 450 Navy Tactical Tomahawk cruise missiles, \$3.6 billion for 22 F-22 Air Force fighter aircraft, and \$2.1 billion for 11 Air Force C-17 airlift aircraft, plus an additional \$400 million for other C-17 activity. The bill provides \$128 million for B-2A work and \$97 million for B-1B work. (The President's budget had requested \$91 million for modifications to the B-1B bomber fleet; the House bill provides an additional \$20 million to fund modifications for 23 additional aircraft previously designated for retirement, while finding \$15 million in savings elsewhere by halving another modification.)

Aircraft procurement totals at the service level are \$2.2 billion for the Army, \$9.0 billion for the Navy, \$11.9 billion for the Air Force, and \$3.8 billion for Defense-Wide projects.

For research and development, the bill provides a total of \$64.6 Billion (an increase of \$6.4 billion from 2003), which includes \$4.2 billion for the Joint Strike Fighter, \$364 million for the Air Force's MC2C command and control constellation, \$617 million for the Space-Based Infra-Red System (SBIRS), \$289 million for Advanced Wideband Satellite laser communications and \$174 million for Space-Based Radar. The bill would also provide \$609 million for the Enhanced Expendable Launch Vehicle (EELV) program.

Using the President's budget totals for the Office of Economic Adjustment as a base level, the House bill provides an additional \$4 million for ongoing water distribution and other infrastructure improvements at the former George AFB, as well as an additional \$4 million for ongoing hangar repair, electrical supply delivery, tower improvements and contaminated water supply treatment at the former Norton AFB. An additional \$2 billion is provided for the March Joint Powers Authority - Arnold Heights Reuse Project. The bill also provides an increase of \$3.5 million to the Lewis Center for Educational Research in Apple Valley for staffing, curriculum development, research, coordination and logistical support to enhance DoD teacher training. Other funding includes an additional \$1.5 million for I-Safe, based in Carlsbad.

Environmental restoration accounts receive \$1.28 billion in the FY 2004 bill, an increase from the \$1.27 billion budget request and the \$1.31 FY 2003 amount. The House bill adds \$9 million to the budget's \$212 million request for Formerly Used Defense Sites, including an increase of \$250,000 for environmental studies at the former NIKE missile site in California. Environmental restoration accounts for the services include the Army at \$396 million, the Navy program at \$256 million, the Air Force at \$384 million, and Defense-wide projects at \$24 million.

The House also requires a perchlorate groundwater contamination study within 6 months of the bill's enactment to review pollution in the Colorado River, San Bernardino County, Coachella Valley, Santa Clara River and Imperial Valley.

From Army Research, Development, Test and Evaluation (RDT&E) accounts, the House bill provides \$143 million for defense research sciences, \$70 million for university research centers, \$96 million for university and industry research centers, and additions to a number of R&D accounts for fuel cell activities. From Navy accounts, the bill includes \$82 million for university research initiatives and \$379 million for defense research sciences.

At the Air Force, RDT&E funds include \$212 million for defense research sciences, including an increase of \$4 million for the Chabot Space & Science Center in San Francisco, \$141 million for aerospace propulsion (a boost of \$39.5 million above the budget request), \$96 million for space technology, \$120 million for aerospace propulsion

& power, \$84 million for aerospace technology demonstration and development, and \$109 million for university research initiatives. The bill also provides \$186 million for advanced technology B-2 bomber activities, and \$77 million for Spacelift Range System, which includes a plus-up of \$1 million for the California Space Infrastructure Program.

The bill includes \$18.8 billion for Defense-Wide RDT&E, half of which encompasses the ballistic missile defense activities, with other activities including \$170 million for defense research sciences, \$409 million for computing systems and communications, \$609 million for several biological and chemical defense areas, \$483 million for materials and electronic technology, \$194 million for ballistic missile defense, and \$327 million for advanced aerospace systems.

Also from, Defense-Wide RDT&E funds, the bill recommends \$6 million for the California Manufacturing Technology Center to develop a rapid response defense manufacturing supply chain pilot initiative on the west coast to meet urgent defense requirements, reduce costs, eliminate shortages and expand the supplier base for parts and equipment surge requirements.

In language related to the National Guard, the bill increases by \$5 million the funding under the joint training and experimentation program to expand the existing program with the California National Guard, and it adds \$4 million to the request to help Angel Gate Academy to continue, and expand statewide its program with the California National Guard for at-risk youth.. Elsewhere, the bill provides for conveyances of land to the Veterans Home of California-Barstow and to the Inland Valley Development Agency, as well as for a grant to the Silver Valley Unified School District to build a school at Fort Irwin.

On Wednesday, July 9, 2003, the Senate Appropriations Committee approved its version of the Defense Department appropriations bill, S.1382, after the panel's Defense Subcommittee passed the measure one day before. The Senate bill provides \$368.6 billion, slightly less than the House bill, and was expected to pass the Senate floor the following week..

CONSIDERATION OF SINGAPORE & CHILE AGREEMENTS CONTINUES

The House Judiciary Committee met on Thursday, July 10 to make recommendations to the Administration on the recently negotiated U.S.-Chile and U.S. Singapore Free Trade Agreements (FTA). Under the Trade Promotion Authority legislation passed last year once the Administration submits the agreements to Congress, which is expected to happen next week, no changes will be possible. Thus, the Committee held an informal "mock-up" session to recommend changes to the Administration before it submits the formal agreements next week.

The Committee's action was limited to the immigration provisions in the agreements. Under both agreements, a new category (W-9) of non-immigrant professional worker visa would be established; the Singapore FTA would allow 5,000 visas to be granted annually under this category, and the Chile FTA 1,400 visas. Chair James Sensenbrenner (WI), Ranking Member John Conyers (MI) and several other Committee members were very disturbed that the Administration was modifying U.S. immigration policy through foreign trade agreements. Citing the Constitutional delegation of power over immigration to Congress and the legislative jurisdiction of the Judiciary Committee, the Members urged the Administration not to modify immigration laws in future trade agreements and to make the changes to the Chile and Singapore FTAs recommended by the Committee.

Rep. Steve King (IA) offered an amendment that embodied the negotiations the Committee had with the Administration to resolve the problem with the immigration issues in the FTAs. Under the King amendment, the new Chile and Singapore visas would be counted against the cap on H1-B skilled worker visas and subject to the H1-B verification, anti-strike, and lock-out provisions, as well as the \$1,000 application fee.

The King amendment was amended by a Conyers-Howard Berman (Valley Village) amendment that would also require that if five or more one-year extensions of the Chile and Singapore visas were granted, those extensions would also count against the H1-B cap. The amendment was accepted by voice vote and the King amendment was then accepted by voice vote.

According to Chairman Sensenbrenner, the Administration has agreed to make the King amendment modifications to the FTAs before submitting them to Congress. Although that understanding did not extend to the Conyers-Berman amendment, Administration representatives at the Committee meeting agreed that the amendment did not violate the terms of the FTA and would be given serious consideration before they were sent to Congress.

The House Ways and Means Committee, and the Senate Judiciary and Finance Committees also held informal sessions on the FTAs in anticipation of the Administration's formal sending the implementing legislation to Congress next week.

For further information on these meetings, see the respective Committee websites at:

<http://www.house.gov/judiciary>, <http://www.house.gov/waysandmeans>, <http://www.senate.gov/~judiciary>, and <http://www.senate.gov/~finance>.

HOUSE HIGHER EDUCATION PANEL EXPLORES WAYS TO MANAGE TUITION HIKES

On Thursday, July 10th, the House Committee on Education and the Workforce, Subcommittee on 21st Century Competitiveness held a hearing to examine viable ways of controlling the escalating costs of college tuition. Witnesses from the higher education community presented their views on how to control the cost of attending colleges and universities while retaining high quality services for students.

In his opening statement, Subcommittee Chair Howard "Buck" McKeon (Santa Clarita) reiterated his concern over the impact of high tuition costs at colleges and universities on the ability of low income students to attend institutions of higher learning. He noted that 48 percent of qualified highschool graduates are unable to attend college due to cost issues and argued that the federal government's \$90 billion per year investment in higher education (a 38 percent share of the total budget) necessitates more action from Washington and a more thorough examination of ways to keep costs down.

During the hearing several references were made to a possible McKeon proposal that would create a college affordability index to measure increases in tuition and fees and apply punitive sanctions to institutions that raise the cost of tuition too much within a three year period. "The last thing that I want to tell colleges is how to run their businesses," said Rep. McKeon, "but I will not stand idly by as they continue to raise their costs each year." Subcommittee Ranking member Dale Kildee (MI) acknowledged the problem of college affordability, however he opposed punitive responses that he said would have an adverse impact on the quality of college education and prompt institutions of higher learning to direct funds away from low income students.

Panelists discussed various strategies proven successful in tackling cost increases including: the formation of collaborative networks between private universities, the use of information-technology to redesign courses, and tuition-reduction plans at individual universities. Scott Ross of the Florida Student Association represented the position of students bearing the burden of the growing tuition hikes. According to Mr. Ross' sources, the overall cost of college increased by 12.05 percent nationally between 2002 and 2003, well over the cost of inflation. California's 32 percent tuition rate jump for a four-year public institution exceeds the national rate significantly.

The value of needs-based federal Pell grants dipped over the last twenty years from 85 percent of college costs in 1980 to 45 percent today, according to Committee member Rep. Andrews (NJ), who argued that a boost in Pell grant aid levels to deserving students would preclude universities and states from directing needs based aid from their own coffers. Responding to criticism from committee members over the recent House Floor vote to renew Pell grants at the fixed \$4,050 per year, Rep McKeon reminded his colleagues that the Pell grant maximum apportionment for students doubled in the last eight years and that the FY2004 Labor-HHS appropriations bill allocated \$885 million in additional funds to open Pell grant access to more students.

This hearing entitled "Affordability in Higher Education: We Know There is a Problem, What is the Solution?" is the eighth in a series of hearings to prepare lawmakers for the reauthorization of the Higher Education Act, up for renewal this year. To view testimony or other information from this hearing visit the House Committee on Education and the Workforce website at: <http://edworkforce.house.gov/>.

HOUSE APPROPRIATIONS COMMITTEE APPROVES FY04 INTERIOR BILL

On June 25, the House Appropriations Committee approved its FY04 Appropriations for the Department of the Interior. The Committee recommended a budget of \$19.6 billion, slightly lower than the \$19.8 billion budget enacted in FY 2003. Among the bill's highlights are: \$2.9 billion for the Indian Health Service; \$2.5 billion for the National Fire Plan; \$1.9 billion for Bureau of Indian Affairs' operation of Indian programs.; \$1.6 billion for National Park Operations; \$1.4 billion for the National Forest System; \$935 million for the U.S. Geological Survey; \$834 million for Bureau of Land Management operations; \$682 million for National Park backlog

maintenance; and \$225 million for Payment in Lieu of Taxes (which is \$5 million more than the FY03 enacted level and \$25 million more than the FY04 request).

On Wednesday, July 9, the Senate Interior Appropriations Subcommittee approved a \$19.6 billion spending bill, and the full Appropriations Committee approved the measure on Thursday, July 10. During full committee markup, the Senate committee adopted an amendment by Senator Dianne Feinstein to provide \$25 million to remove trees killed by bark beetles. The dead and dying trees pose a major fire hazard in Southern California, and the federal funds will be used to clear evacuation routes, areas near emergency shelter locations and communication sites, buffer zones around densely populated communities.

Upon release of the committees' reports, the California Institute will prepare a detailed analysis of the California implications of the Appropriations bill.

BAY AREA REPRESENTATIVES AIM TO KEEP AIR RESCUE WING AT MOFFETT

In a letter to Air Force Secretary James Roche, Rep. Anna Eshoo (Atherton) and ten other California House members from the Bay Area delegation strongly urged that the 129th Air Rescue Wing not be moved from Moffett Field. Dated July 8, 2003, the letter responded to revelations about a relocation of the 129th Rescue Wing to the former Castle Air Force Base in Merced County. The move is under consideration by the Air Force as a result of cost of living concerns in the Bay Area. The letter stressed the strategic importance of retaining the 129th Rescue Wing at Moffett in the event of a disaster in the Bay Area. It also highlighted that NASA Ames, which manages and operates the facilities at Moffett, has expressed interest in establishing a longer-term relationship with the 129th Rescue Wing. Furthermore, the letter cited the recently built \$16 million hanger at Moffett, in addition to the estimated cost of \$45 million to relocate to Castle, as reasons to abandon the move. The authors stated, "The proposed move could not be made without appropriations of tens of millions of dollars and does not take into consideration the long-term view of what, arguably, is the world's most advanced high technology area in our country."

Joining Rep. Eshoo in signing the letter were Reps. Sam Farr (Carmel), Michael Honda (San Jose), Zoe Lofgren (San Jose), Lynn Woolsey (Petaluma), Tom Lantos (San Mateo), Pete Stark (Fremont), George Miller (Martinez), Nancy Pelosi (San Francisco), Ellen Tauscher (Alamo), and Barbara Lee (Oakland).

HOUSING SUBCOMMITTEE CONSIDERS SECTION 8 PROGRAM

On July 1, 2003, the House Financial Services' Housing and Community Opportunity Subcommittee held a field hearing at the California Science Center in Los Angeles, entitled *Section 8 Housing Assistance Program: Promoting Decent Affordable Housing for Families and Individuals who Rent*. The Subcommittee also held another field hearing examining Community Development Block Grant (CDBG) implementation in the Los Angeles area (see article below). Subcommittee Chairman Bob Ney (OH) joined Ranking Member Maxine Waters (Los Angeles) in welcoming witnesses representing mostly local interests. The hearing focused on the Administration's Housing Assistance for Needy Families Act of 2003 (HANF - H.R. 1841), recent legislative proposals to cap and restrict Section 8 administrative fees, and current implementation of Section 8 Housing Assistance in the Los Angeles area. The Subcommittee also received recommendations from the Los Angeles housing stakeholders with respect to how the Program can be improved.

The Section 8 Housing Assistance Program provides low-income, elderly, and disabled persons with housing assistance vouchers. The Bush Administration recently put forth a HANF proposal that would place Section 8 vouchers in a block grant program for the states and consolidate administration of the program at the state level. The Administration argues that shifting control from the federal government to the states would give states more flexibility in using federal housing dollars and remove some federal rules.

The Subcommittee members heard testimony from the following witnesses: Mr. Matthew O. Franklin, Director, Housing and Community Development, State of California; Mr. Donald J. Smith, Executive Director, Housing Authority of the City of Los Angeles; Mr. Carlos Jackson, Executive Director, Los Angeles County Community Development Commission; Mr. Larry Triesch, Assistant Deputy Director, Long Beach Housing Authority; Mr. Eugene Burger, President, Eugene Burger Management, appearing on behalf of National Leased Housing Association; Mr. Tom Shelton, CPM, Geystar Real Estate Partners and President of the National Apartment

Association, appearing on behalf of the National Multi Housing Council; Mr. Jeff Farber, LA Family Housing Corp.; Mr. Larry Gross, Coalition for Economic Survival; Mr. John Jackson, Head Organizer, ACORN; Ms. Beverly J. Martin, Owner/Landlord, Housing Units, City of Los Angeles; Ms. Chanda C. Peters, Eligibility Interviewer of the Housing Authority, City of Los Angeles; Ms. Ruth Schwartz, Executive Director, Shelter Partnership, Inc.; and Ms. Leona Thompson, Eligibility Interviewer of the Housing Authority of the City of Los Angeles.

All witnesses testified in strong opposition to the HANF proposal, arguing to varying degrees that the current Section 8 Program is functioning efficiently. Mr. Franklin maintained that: "By wiping out the Congressional commitment to fully fund voucher renewals and account for real program costs and rent, HANF would seriously undermine the federal Housing Choice Voucher Program (HCVP). It would eliminate one of the Program's most valuable features-its focus on serving extremely low-income families." He pointed to the statewide utilization rate of 96 percent, which exceeds the U.S. Housing and Urban Development (HUD) requirement of 95 percent utilization, and to the currently very low vacancy rates of below 5 percent, as evidence that the current structure is working well. Mr. Jackson and Mr. Triesch also testified that both Los Angeles County and the City of Long Beach utilization rate was 100 percent. The rest of the participants joined Mr. Franklin in arguing that conversion of the program into a state-administered block grant would result in a lack of local control, loss of input and responsiveness to local market conditions, uncertainty of funding given the state's dire financial situation, and the addition of a new and costly layer of bureaucracy between the federal government and public housing agencies.

Addressing the issue of several administrative fee proposals, which would limit the Section 8 administrative fees to 10 percent and place restrictions on the use of such fees, several participants expressed reservations. Mr. Jackson contended that limiting the administrative fees would result in an approximate 18 percent reduction in the current funding level. Witnesses urged additional flexibility to public housing authorities to set payment standards on Fair Market Rents (FMRs), more regional collaboration of the voucher program to help address administrative barriers, and increased funding to fund the greatest possible number of incremental vouchers while awarding them to localities on the basis of demonstrated need, not just performance.

California has a growing housing crisis. It is a product of both growing population -- 35 million expected to grow by 60,000 a year through the decade -- and the shortage of new housing supply, which some estimates place at 100,000 fewer units per year than is needed to keep up with population growth. The Los Angeles area is particularly vulnerable with respect to increasing housing costs. According to the California Association of Realtors (CAR), only 29 percent of Los Angeles households could afford the lower April 2003 median home price and 61 percent are renters, even though the latter is not necessarily a cheaper alternative since the average monthly rent in Los Angeles County as of December 2002 was \$1299.

To obtain full witness testimonies, please visit the Subcommittee's website at:

<http://financialservices.house.gov>.

ENERGY & COMMERCE HOLDS BIOTECH RESEARCH HEARING

The House Energy and Commerce Health Subcommittee held a hearing on July 10 to examine federal funding for biotechnology and pharmaceutical research and development. The subcommittee heard from a number of witnesses, including: Dr. Donald A.B. Lindberg, Director, National Library of Medicine, National Institutes of Health; Dr. Mark L. Rohrbaugh, Director, Office of Technology Transfer, National Institutes of Health; Dr. Anna D. Barker, Deputy Director for Strategic Scientific Initiatives, National Cancer Institute; Dr. Theresa Mullin, Associate Commissioner, Office of Planning and Evaluation, Food and Drug Administration; Dr. Phyllis Gardner, Senior Associate Dean for Education and Student Affairs, Stanford University, representing the Biotechnology Industry Organization; and Dr. Andrew Neighbour, Associate Vice Chancellor for Research, University of California Los Angeles.

In her testimony, Dr. Gardner praised several federal programs that advance the partnership between the public and private sector in biotechnology and research and development. These include the Small Business Innovation Research (SBIR) program where federal funds are available for the startup and early development stages, but the private sector is expected to take over 100% of funding by the third stage; Cooperative Research and Development Agreements (CRADAs), under which the government shares resources such as personnel, facilities, and equipment

with private entities, but does not make cash outlays to the private sector participant; and the Advanced Technology Program (ATP) which supports enabling technologies that are essential to the development of new products, processes, and services across diverse application areas. Dr. Gardner, nevertheless, pointed out that “while continued federal support is key to the future of the biotechnology industry, federal funding still represents only about 1.6% of the total funds raised for research and development by the industry. Thus, federal R&D programs must be flexible enough not to stifle the private sector investment that is so critical for bringing products from the bench to the bedside.”

Dr. Neighbour detailed the benefits of the federal-university partnership to the advancement of medicine and science in the United States. He cautioned that the technology transfer process is not a simple case of universities “commercializ[ing] their inventions to create wealth for themselves.” He argued that: “Giving Universities the opportunity and the right to manage their inventions assures that they will be transferred diligently and effectively in a manner beyond the capabilities and resources of the agency [NIH] if it were to carry this responsibility alone.”

Testimony of all the witnesses can be obtained from the committee’s website at:

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

HOUSE SUBCOMMITTEE HEARS TESTIMONY ON IMPACT OF COMPETITION FOR ENERGY DEPARTMENT LAB CONTRACTS

On July 10, the Energy Subcommittee of the House Committee on Science held a hearing to evaluate the management and operations (M&O) contracts for the Department of Energy laboratories. The hearing concentrated on whether the use of competition for these contracts promotes accountability within the laboratories from both scientific and managerial perspectives. Most discussion regarding the DOE labs has focused on management roles instead of the national, research-based outcomes. The use of competitive contracts is merely one means of enabling DOE to fulfill its oversight function. However, some argue that unnecessary competition may avert scientists’ attention from their research due to leadership uncertainty and contractor changes.

Witnesses providing testimony at the hearing included: Ms. Robin Nazzaro, Director of Natural Resources and Environment, U.S. General Accounting Office; Hon. Robert Card, Undersecretary for Energy, Science and Environment, U.S. Department of Energy; Dr. Paul Fleury, Dean of Engineering, Yale University; and Dr. John McTague, Professor of Materials, University of California, Santa Barbara. The testimony indicates that the government-owned, contractor-operated (GOCO) governance of the DOE labs has worked well in achieving national goals. But the DOE’s regulatory and micromanagement policies have reportedly muddled the GOCO and M&O structure. Ms. Nazzaro stated that competing a contract does not necessarily ensure improvement in contractor performance. The testimony also noted the bifurcation between evaluating the scientific, research-based efforts toward attaining mission goals and assessing the management performance of the laboratories themselves.

In his testimony, Dr. McTague asserted that successful Federally Funded Research and Development Centers (FFRDCs) maintain long-term strategic partnerships with their sponsoring agencies. He observed that “the core success of the FFRDC concept is that the government sponsor dictates the mission goals (the ‘whats’), while the contractor specifies and implements the methods for achieving the goals (the ‘hows’)”. Noting that DOE has tended to specify the latter, Dr. McTague commented that, “DOE should return to the fold of other sponsors of FFRDCs and specify the ‘whats’ and not the ‘hows’”.

By the end of July, a Blue Ribbon Commission on the Use of Competitive Procedures for Department of Energy Laboratories is set to recommend procedures for M&O contract competition decision-making. As the contractor for three National Laboratories, the University of California has a significant interest in the outcome of these proceedings.

Testimony from this hearing is available at: <http://www.house.gov/science/hearings/energy03/index.htm> .

COUNCIL ON FOREIGN RELATIONS RELEASES FIRST RESPONDERS REPORT

The Council on Foreign Relations’ Independent Task Force on Emergency Responders released a report on June 29 entitled *Emergency Responders: Drastically Underfunded, Dangerously Unprepared*. The report was prepared by a panel of Nobel laureates, U.S. military experts, former high-level government officials, and other

private experts, led by former Senator Warren B. Rudman and advised by former White House terrorism and cyber-security chief Richard A. Clarke.

In order to gather the data for its findings, the Task Force “met with emergency responder organizations across the country and asked them what additional programs they truly need--not a wish list--to establish a minimum effective response to a catastrophic terrorist attack. These presently unbudgeted needs total \$98.4 billion, according to the emergency responder community and budget experts,” the Task Force concluded.

In addition to the insufficiency of funding for first responders, the Task Force also concluded that “the existing systems for determining the distribution of appropriated funds to states [are] badly in need of reform. The federal government currently determines levels for emergency preparedness funding to states primarily on a formula that guarantees minimum funding levels to all states and then determines additional funding based on each state’s population. All citizens of the United States deserve a base level of protection regardless of where they live. Nevertheless, the state and population driven approach has led to highly uneven funding outcomes. Wyoming, for example, receives \$10.00 per capita from DHS for emergency preparedness while New York State receives only \$1.40 per capita. While this approach may have political appeal, it unnecessarily diverts funding from areas of highest priority. In addition, decisions by state officials regarding the allocation of funds in their states have not sufficiently taken into account the multitude of necessary factors.” For details regarding the situation as it relates to California, see Bulletin, Vol. 10, Nos. [11 \(4/25/03\)](#), [12 \(5/2/03\)](#), [17 \(6/12/03\)](#), and [18 \(6/19/03\)](#), or refer to detailed tables on the California Institute website, at <http://www.calinst.org/datapages/DHS.htm> ..

To address the problems it found with the current emergency response system, the Task Force makes several recommendations, including the following:

- “Congress should establish a system for allocating scarce resources based less on dividing the spoils and more on addressing identified threats and vulnerabilities. To do this, the federal government should consider such factors as population, population density, vulnerability assessment, and presence of critical infrastructure within each state. State governments should be required to use the same criteria for distributing funds within each state.”
 - Emergency responder grants should be appropriated on a multi-year basis to facilitate long-term planning and training.
 - Future appropriations bills for emergency responders should include strict timelines for distribution of funds.
- A complete copy of the report can be obtained through the Council’s website at: <http://www.cfr.ogr> .

CALIFORNIANS RANK AIR POLLUTION AS TOP ENVIRONMENTAL CONCERN, ACCORDING TO PPIC SPECIAL SURVEY

According to the most recent *Special Survey on Californians and the Environment* conducted by the Public Policy Institute of California (PPIC), most Californians view air pollution as a serious health hazard. However, state residents’ fondness for and reliance on their automobiles contributes to the separation of Californians’ environmental attitudes and their driving habits.

The statewide survey’s 2,002 respondents identified air pollution (30%) as the most critical environmental matter facing the state, with water pollution (10%), growth and sprawl (7%), water supply (7%), and pollution in general (6%), as other frequently cited environmental concerns. Also, the survey finds that Central Valley residents (39%) are most likely to regard air pollution as California’s top environmental issue. This percentage is higher than those of respondents in Los Angeles County (33%), Other Southern California areas (28%), and the San Francisco Bay Area (26%).

Most respondents (65%) indicated a willingness to support stricter air pollution regulations on new cars, trucks, and SUVs, even if such standards would increase the price of a new vehicle. Furthermore, respondents were moderately willing to commit to lifestyle changes with 52 percent mentioning that they would seriously consider buying or leasing a smaller vehicle to diminish air pollution. But only 45% of respondents expressed a motivation to seriously consider commuting by public transit on a regular basis to cut air pollution.

To view a copy of this report visit the PPIC website at <http://www.ppic.org> .

CALFED FIELD HEARINGS HELD AROUND THE STATE

The House Resources' Water and Power Subcommittee, chaired by Rep. Ken Calvert (Corona), held a series of field hearings in California last week on the CALFED program. The Subcommittee members heard testimony in Tulare and Elk Grove on Saturday, June 28, and in El Cajon on July 1, 2003. Witnesses discussed the challenges facing water officials and users in providing dependable water supplies to their communities, and offered input on CALFED policy, water recycling, desalination and other water supply initiatives.

A field hearing held in Elk Grove focused on water supply issues in Northern California and was attended by Reps. Ken Calvert (Corona), Richard Pombo (Tracy) the Chairman of the full Committee, Grace Napolitano (Norwalk), Ranking Member of the Subcommittee, Wally Herger (Chico), and Dennis Cardoza (Merced). The hearing held in Tulare centered on water issues in Central California, while the El Cajon hearing was convened to examine Southern California water issues. Reps. George Radanovich (Mariposa) and Devin Nunes (Tulare) joined the above-mentioned members (absent Rep. Herger) at the Tulare field hearing. Reps. Mary Bono (Palm Springs), Duncan Hunter (Alpine), and Susan Davis (San Diego) joined Reps. Calvert and Napolitano at the El Cajon hearing.

The members heard testimony from over thirty witnesses, including: State Senator Rico Oller (1st District); Mr. Kirk Rodgers, Regional Director of Mid-Pacific Region, U.S. Department of Interior; Ms. Karen Schwinn, Associate Director, Water Division, Region 9, Environmental Protection Agency; Mr. Mark Charlton, Deputy District Engineer for Project Management, Planning, U.S. Army Corps of Engineers; Mr. Michael E. Aceituno, Area Supervisor, Sacramento Area Office, Southwest Region, National Marine Fisheries Service; Mr. Chris Nota, Regional Forester's Representative, Pacific Southwest Region, U.S. Forest Service, Department of Agriculture; Mr. Gary Bobker, Program Director, The Bay Institute; Mr. John Herrick, South Delta Water Agency; Mr. Tom Glover, Deputy Director, California Department of Water Resources; Mr. Thomas Clark, General Manager, Kern County Water Agency; and Mr. Keith Watkins, 2nd Vice President, Tulare Farm Bureau.

Attendees considered the importance of the CALFED Program Record of Decision (ROD), the need for regulatory streamlining and conveyance, and offered their recommendations on the improvement of the CALFED program. Most witnesses voiced their support for the concepts embedded in the CALFED ROD, particularly the principle of balanced progress across all elements of the Program. They also expressed the need for federal legislation reauthorizing the CALFED Program. A great deal of discussion centered on the water storage issue, and many witnesses were divided on the issue. Some argued that the development of new water storage is absolutely necessary if California is to deal adequately with its water problems, while others pointed to alternative means of developing new water supplies. State Senator Oller joined Reps. Cardoza, Calvert, Pombo and other members of Congress, as well as Mr. Clark, Mr. Watkins and other witnesses in calling for the development of new storage facilities. Those opposed to building new storage included Mr. Bobker who argued that utilization of alternative means of developing additional water supplies are sufficient to satisfy the state's current and future water needs.

To obtain additional information about these field hearings or to obtain the witnesses' statements, please go to the Water and Power Subcommittee's website at: <http://resourcescommittee.house.gov>.

HOUSE PANEL HOLDS FIELD HEARING ON COMMUNITY SERVICES BLOCK GRANTS

On June 30, 2003, the Housing and Community Opportunity Subcommittee of the House Financial Services Committee held a field hearing examining the impact of Community Development Block Grants (CDBG) in the state of California, and in particular the Los Angeles area. The CDBG program is administered by the U.S. Department of Housing and Urban Development (HUD), and serves as one of the main sources of funding for state and local governments to support community and economic development projects that revive troubled neighborhoods and spark urban revitalization. Congress structured the CDBG program in a way that gives local jurisdictions direct oversight responsibility to make program and funding decisions that address local needs and priorities, as they are identified in the Consolidated Plan required to be submitted to HUD to receive funding.

Chairman Bob Ney (OH) and Ranking Member Maxine Waters (Los Angeles) heard testimony from three panels, including such witnesses as: Honorable Nelson R. Bregon, General Deputy Assistant Secretary (acting), U.S. Department of Housing and Urban Development; Honorable Yvonne Braithwaite Burke, Chair, County Board of Supervisors, Los Angeles County; Honorable Eric Garcetti, Member, District 13, Los Angeles City Council, Los Angeles; Mr. Clifford Graves, General Manager, Community Development Department, City of Los Angeles;

Mr. Carlos Jackson, Executive Director, Community Development Commission, Los Angeles County; and Mr. Robert Sausedo, Chairman of the Board, Los Angeles Community Development Bank, Los Angeles.

Witness testimony centered around such issues as the utilization of CDBG funding in the Los Angeles area, the Los Angeles Community Development Bank, as well as the Public Services waiver that the City of Los Angeles received several years back. Assistant Secretary Bregon testified that this year HUD requested nearly \$4.5 billion for the CDBG program to meet local community housing and economic development needs in more than 1,000 eligible cities, counties and states, including more than \$146 million combined for the City of Los Angeles and Los Angeles County (\$89 million and \$37 million respectively). The county's CDBG program is the largest Urban County program in the nation, and the second largest recipient of CDBG program dollars in the nation. Assistant Secretary Bregon informed the Subcommittee members that entitlement communities, such as Los Angeles, receiving a CDBG grant are free to determine what activities to fund as long as certain requirements are met and such activities meet the following national objectives: benefit low-and-moderate-income persons, aid in the prevention or elimination of slums or blight, and meet urgent community needs that the community is unable to finance on its own.

Supervisor Burke commended the federal government for placing CDBG oversight and implementation at the local level, thus allowing local governments more flexibility for swift administration of the program. She noted that county CDBG funds are commonly leveraged with funding from other sources, and that part of the CDBG dollars are used to fund such public service activities as meals for seniors, after school programs for youth, drug intervention, homeless assistance, and domestic violence counseling. Mr. Graves testified that in addition to public service activities, the City of Los Angeles funds neighborhood improvements, economic development, and public facilities improvements. Supervisor Burke also joined Councilmember Garcetti and Mr. Jackson in commending Congress for providing Los Angeles County and the City of Los Angeles with a waiver to increase their respective allocations of public service authority from 15 percent to 25 percent. The waiver is scheduled to expire on July 1, 2004, and they urged continued Congressional approval of the waiver. Councilmember Garcetti testified that if the waiver is not extended, the City will face an \$11.2 million, or 40 percent reduction, in CDBG-funded public services, and Mr. Jackson added that the County's available public service authority will decrease to \$5,696,712 from the \$9,494,520 that the County receives currently at 25 percent.

Witnesses also spoke about the Los Angeles Community Development Bank (LACDB), an independent financial institution created in the mid 1990s to utilize Economic Development Initiative (EDI) grant funds and HUD Section 108 loan guaranteed funds to target substantial investments to create jobs, economic opportunity and financing for economic development projects and to serve as a catalyst to revitalize distressed neighborhoods in the Los Angeles area. Mr. Sausedo testified that LACDB has closed on over 250 loans and investments, totaling over \$130 million in funding, to very small businesses in Los Angeles. LACDB is currently dissolving and will officially close by the end of the calendar year.

To obtain full witness testimonies, please visit Housing and Community Opportunity website at: <http://financialservices.house.gov> .

GOODS MOVEMENT AND PORT SECURITY CONFERENCE HELD IN LONG BEACH

The California Alliance for Advanced Transportation (CAATS), a non-profit public/private transportation partnership, held a conference on goods movement and port security in Long Beach on July 1-2, 2003 at the Hyatt Regency hotel that overlooks an expansive Port of Long Beach, part of the nation's largest port complex.

Distinguished panelists, including Rep. Dana Rohrabacher (Huntington Beach), Secretary of Business Maria Contreras-Sweet from the California Transportation and Housing Agency, Mr. D. O. "Spike" Helmick, Commissioner California Highway Patrol, Mr. Richard Steinke, Executive Director of the Port of Long Beach, and Mr. Jon Haveman, Research Fellow with the Public Policy Institute of California, deliberated about range of solution and implementation options to deal with the state's goods movement and port security issues. One of the panels considered collaborative and legislative efforts that the transportation industry should undertake in the future. Conference concluded with a "Hazardous Materials Safety & Security Operational Test", with the intention to test and showcase the safety and security of various technologies and procedures, and identify the most cost-effective means for protecting different types of hazardous cargo from attacks by terrorists.

For more information, visit <http://www.caats.org> .