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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.

FORMER CALIFORNIA GOVERNOR AND PRESIDENT REAGAN REMEMBERED ON BOTH COASTS

Much of Washington paused this week to memorialize former California Governor and President Ronald W. Reagan following his death on June 5, 2004 due to complications from Alzheimer's disease. President Reagan was 93. His body was flown to Washington on Wednesday to lie in state at the Capitol. After a funeral service at the Washington National Cathedral on Friday, his body will be returned for burial in California at the Reagan Library in Simi Valley.

After a career as an actor and serving two terms as head of the Screen Actors Guild, Reagan was elected governor of California in 1966, serving until 1974. He was elected President in 1980, and again served two terms in that office.

HOUSE APPROPRIATIONS REPORTS 2005 HOMELAND SECURITY FUNDING

The House Appropriations Committee reported its FY2005 funding bill for the Department of Homeland Security on Wednesday, June 9. The bill provides \$32 billion for operations and activities of DHS in fiscal year 2005, an increase of \$2.8 billion (9.4 percent) above the fiscal year 2004 enacted levels, and \$896 million (2.9 percent) above the President's request.

The bill includes \$1.25 billion for basic formula grants for first responders, a reduction from \$2.2 billion in 2004. (California's share of these grants has been very low – less than 8 percent – because of an unusually large small-state minimum applied to the program.) The bill increases, however, funding for the Urban Area Security Initiative (UASI) from \$675 million to \$1 billion. (California's share of UASI in 2004 was approximately 20 percent.)

The bill also includes: \$125 million for port security grants; \$500 million for State and local law enforcement terrorism prevention grants; \$600 million for firefighter grants; \$170 million for Emergency Management Performance Grants; and \$185 million for First Responder training. In total, \$4.1 billion is provided for first responders.

The bill provides \$9.6 billion for border protection and related activities, an increase of \$630 million over fiscal year 2004 enacted levels. Included in that funding is: \$166 million for vehicle and cargo inspection

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technologies; \$20.6 million for increased intelligence and targeting for cargo and passengers; \$126 million for the Container Security Initiative, expanding this program to a total of 47 foreign ports; \$38 million for the Customs-Trade Partnership Against Terrorism; and \$101 million for 791 new Coast Guard personnel to enforce maritime security plans.

The bill also includes \$828 million to modernize border, customs, and immigration information technology, including \$340 million for the US VISIT program and \$322 million for the Automated Commercial Environment and \$2.0 billion for Disaster Relief.

More information on the Homeland Security appropriations can be obtained from the Committee's website at: <http://www.appropriations.house.gov>.

For an analysis of California homeland security grant receipts in 2003 and 2004 and a detailed discussion of the formulas that drive the funding levels, see "*Federal Formula Grants and California: Homeland Security*," a joint publication of the Public Policy Institute of California (PPIC) and the California Institute, available on the PPIC website at <http://www.ppic.org/main/publication.asp?i=481>.

HOUSE COMMITTEE MARKS UP 2005 ENERGY AND WATER APPROPRIATIONS

On Wednesday, June 9, 2004, the House Energy and Water Appropriations Subcommittee marked up its FY 2005 spending bill to provide \$28 billion in funding 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 amount appropriated is \$734.5 million above the FY04 level and \$49.6 million above the President's FY05 budget request.

The appropriated funding level includes \$4.82 billion for the Corps of Engineers, and \$1.1 billion for the Interior and the Bureau of Reclamation (BOR). The BOR figure represents an increase of \$36 million above the amount appropriated in fiscal year 2004 and \$46 million over the budget request. Within the Bureau of Reclamation amount, the bill does not provide any funding for the CALFED-Bay Delta project pending the enactment of authorizing legislation, although it does include funding for several authorized components of the CALFED-Bay Delta project. The total amount also includes \$202.2 million in funding for various Independent Agencies.

For the Department of Energy (DOE), the bill appropriates \$22.5 billion in funding, which is \$669.5 million under the Administration's request and \$510.9 million above the FY04 funding level. The amount appropriated for DOE includes \$343 million for renewable energy programs, \$463.8 million for nuclear energy programs, and \$3.6 billion for the DOE research programs. In addition, the appropriation includes \$234 million for the Advanced Scientific Computing Research initiative and \$7.8 billion for DOE's environmental management cleanup activities. \$276.1 million was appropriated for fusion energy research, a \$12 million increase over the President's request.

Further information on the bill can be obtained from the Committee's website at: <http://www.appropriations.house.gov>.

HOUSE APPROPRIATIONS COMMITTEE MARKS UP 2005 INTERIOR FUNDING BILL

The House Appropriations Committee marked up the FY 2005 Interior spending bill on Wednesday, June 9, 2004. The bill provides \$19.5 billion in funding for the Department of the Interior (DOI) and related agencies, excluding \$500 million for emergency firefighting if needed. The total appropriation is \$300 million less than both the FY04 appropriation and the President's FY05 budget request.

The bill includes \$2.6 billion for wildland firefighting and the National Fire Plan, \$1.7 billion for National Park Operations, and \$1.4 billion for the National Forest System. In addition to the firefighting money, the bill would appropriate an additional \$500 million for both fiscal 2004 and 2005, to be tapped if fires break out. The bill increased the Forest Service's wildlife preparedness funding to \$694 million, which is \$27 million and \$22 million above the President's budget request and the FY04 appropriation, respectively. The bill also

restores \$128 million for the Forest Service forest health program and partially restored cuts to several energy research programs.

The bill includes \$3 billion in funding for the Health Service, and \$4.2 billion in funding for the U.S. Forest Service.

Further information can be obtained from the Committee's website at:

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

TRANSPORTATION CONFERENCE COMMENCES WITHOUT FUNDING AGREEMENT, CONFEREES FIND SOME COMMON GROUND

On June 9th 2004, the transportation bill conference committee completed its first session by considering and approving a number of non-controversial items included in both House and Senate language to be attached to the final conference report. Though no agreement has been made on the overall highways and transit bill funding level, Conference Committee Chair, Sen. James M. Inhofe (OK), expressed his eagerness to move ahead with identifying agreeable provisions proposed in both bills, before taking on more difficult policy questions. The transportation bill has been held up for months over funding, an issue that could lead to a show down between the Executive and Congressional branches of government.

Among the items of agreement reached, Conferees approved: the reserving of 10 percent of highways, transit and research funds for socially disadvantaged entrepreneurs; the continuation of Puerto Rico's highway authorization; permission to use transit funds for security enhancements; inclusion of a "New Freedom" initiative to benefit the elderly and persons with disabilities; and an emphasis on promoting competition on contracts for services.

As expected, no action was taken by the conferees to reconcile the most controversial aspect of the 108th Congress' transportation bill reauthorization effort-- how much it will cost. The President warned that he would veto both the Senate's \$318 billion Safe Accountable Flexible and Efficient Transportation Equity Act (SAFETEA) and the \$284 billion House's Transportation Equity Act Legacy for Users (TEALU), because they would drain too much from the General Fund during a time of fiscal uncertainty. Transportation advocates counter that the President's \$263 billion proposal does not go far enough to address the nation's transportation needs and that House and Senate proposals pay for themselves with a limited impact on general revenue. Republican leaders suggest that the President could give his assent to a bill costing as high as \$275 billion.

In opening statements, members raised a number of policy concerns that Conferees will have to tackle, not the least of which being the issue of equitable returns to donor states. House Conferee John Mica (FL), an outspoken proponent of higher minimum guaranteed returns to states in highway spending for taxes sent to the Highway Trust Fund (HTF) stated, "We will do everything we can to defeat a proposal that is not fair and equitable to donor states." The Senate reported bill increased minimum guarantees to all states from the 90.5 percent in current law to 95 percent in 2009. TEALU sidesteps the issue of the minimum guarantee, though it includes a reopener provision that requires Congress to provide higher guaranteed returns to states for their highway investments by the end of 2005.

Comprehensive transportation law expired in October, 2003 after Congress failed to complete work on a successor to the Transportation Equity Act of the 21st Century (TEA-21). Since then a series of temporary authorization measures have kept federal highways, transit and road safety programs maintained at TEA-21 funding levels.

The House announced the appointment of its 52 member delegation (out of 73 on the entire conference committee) last week, paving the way for conference negotiations to start three weeks before the expiration of the most recent temporary extension at June's end. California members sitting on the Conference committee include: Rep. Gary Miller (Diamond Bar), Rep. Bob Filner (San Diego), Rep. George Miller (Martinez), Rep. Henry Waxman (Los Angeles), Rep. Bill Thomas (Bakersfield) Rep. Richard Pombo (Tracy), and Sen. Barbara Boxer.

SPEAKER EXTENDS JUDICIARY COMMITTEE'S DEADLINE FOR MARKING UP FIRST RESPONDER BILL

After cancelling a June 9, 2004 markup of a homeland security grant program revision bill due to commemorative activities for President Reagan, the House Judiciary Committee was granted an extension of the deadline for it to complete work on its version of the bill. House Speaker Dennis Hastert moved the deadline to June 14, but observers report that the target completion date may move again, perhaps to June 21.

In March, the House Select Committee on Homeland Security unanimously reported H.R. 3266, dubbed Faster and Smarter Funding For First Responders and authored by Committee Chairman Christopher Cox (Newport Beach), but jurisdiction over the bill was asserted by three other House panels. They were: Energy & Commerce, Transportation & Infrastructure, and Judiciary. (The Science Committee discharged the bill without amending it.) Among other things, the Cox bill would eliminate a controversial "small-state minimum" provision in the existing homeland security funding law that funnels unusually large proportions of grant funding to small states at the expense of large states.

On June 3, 2004, the House Energy & Commerce Committee reported a bill very similar to the Cox version. (See [Bulletin, Vol. 11, No. 18 \(6/4/2004\)](#).) On the other hand, the version reported on June 2 by the House Transportation and Infrastructure Committee (chaired by Rep. Don Young of Alaska) diverged sharply from the Cox bill on the subject of formula funding and the small-state minimum. The T&I bill would alter but retain the small-state minimum, reducing its size somewhat (from 0.75 percent to 0.55 percent) and applying the minimum to a wider scope of programs (requiring that every state share in funds intended for high-threat, high-density urban areas). (See [Bulletin, Vol. 11, No. 18 \(6/4/2004\)](#).)

The Judiciary Committee has not yet disclosed bill details, but Chairman James Sensenbrenner (WI) has indicated that he too plans to insert a small-state minimum into his version of the bill, which will likely be considered next week. After all versions have been reported, it will be the job of the House Rules Committee, chaired by Rep. David Dreier (San Dimas), to determine which bill(s) come to the floor, in what form, and what amendments are permitted.

The existing formula for homeland security funding to state and local first responders ensures that every state, regardless of size, receives 0.75 percent of the funds available, thereby allocating 40 percent of funds equally to all states and greatly favoring small states over large states. For example, California received \$5 in grants per capita in 2004, whereas Wyoming received \$38 per capita. Members of Congress from California and other larger and more urban states argue that high-risk areas are inadequately funded, whereas rural areas have received a windfall of federal dollars.

For an analysis of California homeland security grant receipts in 2003 and 2004 and a detailed discussion of the formulas that drive the funding levels, see "*Federal Formula Grants and California: Homeland Security*," a joint publication of the Public Policy Institute of California (PPIC) and the California Institute, available on the PPIC website at <http://www.ppic.org/main/publication.asp?i=481> .

SENATE FOREIGN RELATIONS EXAMINES INTELLECTUAL PROPERTY RIGHTS

On Wednesday, June 9, the Senate Foreign Relations Committee held a hearing entitled "Evaluating International Intellectual Property Piracy." The Committee heard from the following witnesses: Jack Valenti, President & CEO, Motion Picture Association of America; Mitch Bainwol, Chairman & CEO, Recording Industry Association of America; Robert W. Holleyman II, President and CEO, Business Software Alliance; and Douglas Lowenstein, President, Entertainment Software Association.

In his opening remarks, Sen. Richard Lugar (IN), Chair of the Committee, outlined the international agreements that protect intellectual property: the World Trade Organization's Trade Related Aspects of Intellectual Property Rights (TRIPS) agreement, and two United Nations' World Intellectual Property Organization (WIPO) treaties, the WIPO Copyright Treaty and the WIPO Performances and Phonograms Treaty. These treaties require member nations to provide minimum standards of protection for intellectual property rights, and the TRIPS agreement also requires effective enforcement of each nation's domestic

intellectual property regulations. He cited China, Russia, Brazil and Pakistan as major offenders of IP rights, and noted that all of these nations are on the Administration's Special 301 Priority Watch List, which designates what countries are failing to provide intellectual property protection.

Each of the witnesses detailed the significant losses to their industries caused by the international piracy of intellectual property. Mr. Valenti also testified that the most of the piracy is controlled by international criminal organizations and there is growing evidence that substantial revenues garnered by piracy are flowing to terrorist organizations. In speaking about China's offenses, Mr. Valenti pointed out that China has now decided not to give screen time to major U.S. motion picture releases this summer, which will only encourage piracy of these movies for sale to Chinese residents denied the ability to watch them in theaters.

Mr. Holleyman noted that recently completed Free Trade Agreements have been instrumental in establishing a framework for IP enforcement that is critical to further progress in the fight against piracy. He urged Congress to continue to work with the Administration to provide the necessary resources for effective enforcement of intellectual property laws both domestically and abroad.

During the question and answer session, Sen. Barbara Boxer stated that she is committed to making sure that the enforcement of intellectual property laws becomes a higher priority for U.S. foreign relations.

Testimony of all the witnesses can be obtained through the Committee's website at: <http://www.senate.gov/~foreign> .

PORT SECURITY OVERSIGHT HEARING HELD

The Coast Guard and Maritime Transportation Subcommittee of the House Transportation and Infrastructure Committee held an oversight hearing on Wednesday, June 9, 2004 to examine the implementation of the Maritime Transportation Security Act (MTSA) and to review two pending port security bills, both of which were introduced by members of the California Congressional Delegation. H.R. 2193, introduced by Rep. Doug Ose (Sacramento), provides funding for port security enhancements, while Rep. Juanita Millender-McDonald's (Carson) H.R. 3712 creates a new grant program aimed at improving seaport security.

Rep. Bob Filner (San Diego) welcomed witnesses in his opening statement, but expressed concern over MTSA implementation and questioned whether the Coast Guard is prepared to meet the Congressionally-set July 1, 2004 deadline. By that date, every vessel and operating facility is required to have its security measures certified by the Coast Guard. He pointed out that a recent survey by the International Maritime Organization showed that only 9 percent of ships and 5.4 percent of ports have had their security measures certified, and only 57 percent of ships have submitted their plans for approval.

In her opening statement, Rep. Millender-McDonald noted that America's 361 seaports handle 95 percent of the nation's overseas trade by volume and that maritime industries contribute \$742 billion per year to the U.S. Gross National Product. She said that her proposed legislation, "*The United States Seaport Multiyear Security Enhancement Act*" (H.R. 3712), calls for a creation of a grant program to be administered by the Department of Homeland Security and an investment of \$4 billion over five years to address port security needs. Rep. Millender-McDonald also underscored the pivotal economic role that ports play, and reminded the audience that the 2002 West Coast port 10-day lock out cost the nation an estimated \$1 billion per day.

The Subcommittee members heard testimony from the following witnesses: Rear Admiral Larry Hereth, Director of Port Security, U.S. Coast Guard; Mr. Noel Cunningham, Director of Operations and Emergency Management, Port of Los Angeles, also testifying on behalf of The American Association of Port Authorities; and Mr. Michael Mitre, Coast Port Security Director, the International Longshore and Warehouse Union.

Mr. Hereth testified on the Coast Guard's implementation of MTSA. He said that 99 percent of the nation's ports that have submitted their implementation plans to the Coast Guard for approval are now in compliance with MTSA's regulations. He also said that 99 percent of vessels are compliant as well. Mr. Hereth noted that the Coast Guard anticipates that all implementation plans submitted will be approved by the July 1, 2004 deadline. He added that foreign vessels without certification of their compliance will not be

allowed into U.S. ports. He urged congressional support for the FY 2005 proposed funding for the Coast Guard, which includes \$101 million in new resources for MTSA implementation. When questioned by Ranking Member Bob Filner (San Diego) about the Coast Guard's efforts with respect to inspection of empty containers and container seals, Mr. Hereth replied that the Coast Guard is addressing this issue and that tampering with seals and failure to inspect empty containers are being treated as serious concerns by the Coast Guard.

Mr. Cunningham and Mr. Mitre addressed H.R. 2193 and H.R. 3712 and offered recommendations to improve the overall security of the ports, in addition to speaking about MTSA implementation by the ports. Mr. Cunningham emphasized the fact that the Los Angeles/Long Beach Port Complex is the 7th largest container port in the world, the 3rd busiest, the largest in the nation, and handles 42 percent of commerce coming into the United States. With respect to MTSA implementation, Mr. Cunningham said that MTSA's aggressive schedule has posed significant challenges not only for the Coast Guard but for port authorities as well, even though the Los Angeles/Long Beach Port Complex is on track to be in compliance by the July 1, 2004 deadline. Mr. Cunningham also outlined several current port security initiatives: 1) the Transportation Worker Identification Card, a pilot program in its third phase that might prove to be an answer to port security concerns with respect to truck drivers and other transportation workers; 2) the Joint Container Inspection Facility, which is expected to have an array of sophisticated container screening capabilities for use by U.S. Customs and Border Protection and other law enforcement agencies and which will provide the means to efficiently screen a greater number of containers using the most effective technologies available; and 3) Operation Safe Commerce - a program design to track containers to secure the overall supply chain. Mr. Cunningham offered strong support for H.R. 2193 and H.R. 3712. He said that both bills focus on obtaining sufficient federal financial assistance to fund port security infrastructure projects, which is a top priority and the most important challenge currently facing the U.S. port industry.

Mr. Mitre briefed Subcommittee members on a recent incident at the Los Angeles/Long Beach Port Complex, which involved an export container that exploded several minutes before being loaded on a carrier. He testified that several red flags were missed in the process, including the fact that the accompanying paperwork had a general cargo description and did not specify that cargo's contents were hazardous, and that the container had no seal on it and displayed no placards. In his testimony he criticized several current practices in place at the ports and said that such practices need to be reformed. He pointed out that export cargo is not treated the same way as import cargo and argued that an automated system, which replaced human personnel at the ports' entry gates is not as accurate as was initially advertised. He asserted that truck drivers are granted access to the port with almost no verification, that the separation of dangerous containers is not done, and that empty containers go unchecked -- all practices he insisted have to be changed. Upon questioning by Rep. Filner, Mr. Mitre said that Congress needs to pass specific regulations about inspection of empty containers. Without explicit requirements such inspections will not take place as they are costly and slow down production. Mr. Cunningham confirmed Mr. Mitre's assertions and added that shippers responsible for securing containers often have low profit margins and do not consider security of their shipments as priority.

To get more information about this hearing please visit the Coast Guard and Maritime Transportation Subcommittee's website at: <http://www.house.gov/transportation> .

U.S. SUPREME COURT OPENS BORDER TO MEXICAN TRUCKS

In a 9-0 ruling, the U.S. Supreme Court ruled on June 7th that the President had the authority to open up the U.S. border to Mexican trucks without examining the impact on the U.S. environment. The Court threw out a ruling of the U.S. 9th Circuit Court of Appeals from 2003 that blocked the flow of Mexican trucks into the United States because they would add to pollution in California and the Southwest. The court ordered that the U.S. study the environmental impact before opening the border.

Under NAFTA, the United States agreed to allow Mexican and Canadian trucks to operate on U.S. roads, but President Clinton blocked implementation of that provision with regard to Mexico based on safety and environmental concerns. In 2001, President Bush lifted the ban and Congress enacted an inspection program for trucks entering the U.S. Subsequently, environmental organizations and some trucking groups filed to overturn that move.

The Supreme Court held that because the President had the authority to enforce NAFTA and allow the cross-border traffic, he was not required to examine the environmental impact of that decision. Under the compromise reached with Congress, the Department of Transportation will still establish a safety inspection program for the Mexican trucks. The Department expects that it will take a few months before that program can be implemented.

REPORT CALLS \$188 MILLION IN TEALU EARMARKS “WASTEFUL”; CALIFORNIA ACCOUNTS FOR \$3 MILLION

A report sponsored by the non-partisan Taxpayers for Common Sense (TCS) identifies 27 proposed federal-highway projects that it says are inefficient, unnecessary and harmful to communities. The report's conclusions call for a scaling back or elimination of these projects and the institution of reforms in the oversight and review processes associated with highway construction. Following a review of hundreds of projects nationwide, California is reported as one of 21 states housing wasteful highway projects, though only one California project is included on the list, compared to four in Virginia.

The publication entitled “*Road to Ruin*” stipulates that federal highway programs guided by the Transportation Equity Act of the 21st Century (TEA-21) received a disproportionate share of federal transportation dollars and were subject to less oversight than other modes of transportation. By devoting 80 percent of surface transportation authorizations to highways, and providing 80 to 90 percent of road and highway construction costs, the federal system in current law pays for unneeded projects, undermines accountability and creates an unbalanced funding playing field, according to the report.

Road to Ruin details the problems resulting from the federal highways' systemic challenges by highlighting 27 projects it calls a waste of taxpayers money. The authors estimate a \$24 billion direct taxpayer cost of constructing these projects. Meanwhile the secondary effects of these projects include additional maintenance expenses for widened roads, and costs associated with the further onset of urban sprawl. Another secondary consideration relates to the reported exacerbation of air quality concerns, leading to increased health care costs and environmental damage, according to the report.

State Route 710 in Los Angeles is singled out as the only California project to make it on the report's “Most Wasteful Road Projects in America” list. Projected to cost \$1.12 billion, the 4.5 mile SR 710 connector would connect the Interstate 710 Freeway to Pasadena's I-210. Though the California Department of Transportation (Caltrans) blocked the project over environmental concerns in 2004, a tunnel feasibility study is planned to move ahead to examine an alternative approach. The House's reauthorization bill (TEALU) includes a \$3 million earmark to support the study (*Road to Ruin* claims to have identified \$188 million in wasteful earmarks in TEALU). The report recommends funding a number of non-highway transportation enhancements in place of the project's construction, asserting that such action would cost \$135 million and take less time to complete.

Project supporters including labor and business organizations, call attention to studies showing that the extension would reduce congestion, provide environmental and economic benefits, and provide added safety primarily by diverting 100,000 vehicles per day off residential roads.

A 2000 report issued by the State Auditor's Office concluded, however, that work on the project was not as cost effective as it could be, and that Caltrans had not done enough to preserve historic properties at risk from the project's construction.

Road to Ruin recommends a series of federal policy actions to address the problems it raises, including: reducing the federal share of highway costs from 80 percent to 50 percent; establishing a public review system

for highways to match transit project construction standards; demanding a more detailed account of federal expenditures by local jurisdictions; and, revising the federal role in transportation decisionmaking to improve accountability efforts.

To view a copy of this report visit TCS's website at: <http://www.taxpayer.net/road2ruin/> . To view a summary of the California State Auditor's comments on the SR-710 matter visit: <http://www.bsa.ca.gov/bsa-htmls/summaries/2000-127.html>

DOE JOINT GENOME INSTITUTE COMPLETES SOD GENETIC SEQUENCING; HOLDS PUBLIC DISCUSSION ON THE DISCOVERY

On Thursday, June 10, 2004, the U.S. Department of Energy's (DOE) Joint Genome Institute (JGI) announced the completion of the genetic blueprints of the *phytophthora ramorum* and *phytophthora sojae*, organisms responsible for causing Sudden Oak Death (SOD) disease and the soybean disease respectively. In partnership with the California Oak Mortality Task Force, JGI held a panel discussion the same day at the Walnut Creek Production Genomics Facility, which included University of California, Berkeley researcher Matteo Garbelotto, SOD Research Program Manager of the USDA Forest Service Pacific Southwest Research Station Patrick Shea, and private industry representatives to discuss the implications of this work.

SOD disease has spread throughout 13 California counties, hitting Marin, Santa Cruz, Monterey, and Sonoma counties the hardest. It has killed tens of thousands of wild-growing oaks and tan oaks in the state. Most recently, SOD was discovered in March of this year on camellias at two Southern California commercial nurseries located in Monrovia and San Marcos. Nursery plant cultivation is a \$2.35 billion business in California, with commodity value trailing only dairy products and grapes. The state is the nation's largest provider of nursery crops. Sudden Oak Death mainly affects forests and oaks in particular and not adult redwood, though it can cause leaf spotting and twig infections in other plants as well, but it is not fatal to the latter.

For more information about this discovery, please visit the DOE Joint Genome Institute's website at: <http://www.jgi.doe.gov> .

CALIFORNIA'S 2004 SPACE PLAN COMPLETED

The California Space Authority (CSA) announced on Tuesday, June 8, 2004 the completion of the "2004 California Space Enterprise Strategic Plan", which outlines the vision of the state leading in all aspects of space exploration and development.

According to the press release, CSA has identified over 1,500 companies with space activities in the state and major space assets, including three NASA facilities, various space-related military bases and space product manufacturing and operation sites, and a network of universities involved in space research. The plan unveiled by CSA specifies that California has captured \$20 billion, or 24 percent of the current worldwide space market valued at \$83 billion. The plan anticipates a global space market of \$130 billion by 2006, which translates into an increase of more than 50 percent over the next three years.

The five priority strategic initiatives which form the centerpiece of the plan are as follows: 1) space enterprise business development, retention and growth; 2) California space industrial base vitality; 3) space science, research and technology development; 4) space education and workforce development; and 5) public and policymaker awareness.

To obtain a copy of this plan, please visit California Space Authority's website at: <http://www.californiaspaceauthority.org> .

REPORT CRITICIZES PROPOSED REDUCTIONS IN SECTION 8 HOUSING PROGRAM

More than 35,000 low-income families in California could lose their federal housing assistance in 2005 and up to 86,000 by 2009 under the Administration's proposed budget cuts to the Section 8 program, reports the

California Budget Project (CBP) in a recent Budget Brief. Released in April 2004, the brief is based on a recent report by the Center on Budget and Policy Priorities (CBPP) and focuses on the reported impact of federal budget cuts on housing in the state.

The Housing Choice Voucher Program, otherwise known as Section 8, is the principal federal low-income housing assistance program administered by state, local, and regional housing agencies. Currently, Section 8 supports more than 2 million low-income households nationwide. The program requires agencies to ensure that 75 percent of recipients each year have incomes at or below 30 percent of the area median income, which is \$18,750 in California and \$17,250 nationally. Recipients are required to contribute 30 percent of their income toward rent and utilities, with the voucher, up to a specified limit that is set by the housing agency, paying the remaining share of costs.

The President's FY 2005 Budget proposal proposes to decrease funding for Section 8 housing vouchers by more than \$1 billion below the FY04 level and replace the current housing voucher program with a block grant to local housing agencies called Housing Assistance for Needy Families (HANF). The report argues that implementing the Administration's proposal could result in 250,000 low-income families nationwide losing their federal housing assistance in FY05 (of which 35,700 live in California), and a total of more than 600,000 losing their assistance nationwide over the next five years (of which 85,700 live in California).

As a result of the proposed measure, the report asserts, housing agencies would each have to cut the number of families receiving vouchers by about 12 percent by 2005 and by 29 percent by 2009 (California's housing agencies currently administer a total of 294,708 vouchers throughout the state). The report predicts that housing agencies could raise recipients' annual share of rental costs by more than \$1,000 by 2005, and by nearly \$2,700 by 2009, in order to deal with the proposed cuts. CBPP predicts that the change would reduce California's Section 8 voucher funding by \$316 million in 2005 and by \$843 million in 2009.

The CBP report also contains a county-by-county breakdown of its assessment of the impact of the Administration's housing cuts. A larger CBPP report includes a state-by-state list on the predicted impact of the proposed changes as well as the methodology used to determine its expected results.

To view the CBPP report, please visit <http://www.cbpp.org/pubs/housing.htm> , to obtain a copy of the CBP Budget Brief, please visit <http://www.cbp.org> .