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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.*

### HOUSE PASSES CALFED BILL

The House of Representatives, on July 9, 2004, passed H.R. 2828, bipartisan legislation to reauthorize federal participation in the CALFED Bay-Delta Program through 2008. The state-federal water restoration project will implement a multi-year plan for restoration of the Sacramento-San Joaquin Bay Delta ecosystem, as well as improvements in statewide water supply, flood control and water quality. HR 2828 authorizes \$389 million in new federal funding authority for CALFED through 2008. *See, Bulletin, Vol. 11, Nos. [14 \(4/30/04\)](#), [15 \(5/6/04\)](#) & [23 \(7/8/04\)](#).*

When the House Resources Committee considered the bill in May, Rep. Ken Calvert (Corona), sponsor of the bill and Chair of the Resources Subcommittee on Water and Power, said: "As we all know, water isn't -- and shouldn't be -- a partisan issue. That's why Chairman Pombo and I have worked from the first days of this Congress with Senator Dianne Feinstein, my Committee colleagues Grace Napolitano, Cal Dooley and Dennis Cardoza and others in our efforts to craft livable and workable CALFED solutions."

On House passage of the bill, Steve Hall, Executive Director of the Association of California Water Agencies, said: "The House's action today is a milestone in California water, and will help deliver the water we'll need tomorrow. California will have to provide for millions of new residents, and do so without relying on water from outside the state. CALFED provides the framework and the funding that will get us there."

Companion Senate legislation sponsored by Senators Dianne Feinstein and Barbara Boxer, S. 1097, was favorably reported by the Energy and Natural Resources Committee on May 20, 2004, and is currently awaiting Senate floor consideration, which could be scheduled in the weeks ahead.

See: <http://www.resourcescommittee.house.gov> .

### HOUSE HOMELAND SECURITY TO MARK UP AUTHORIZING BILL MONDAY AFTERNOON

On Monday, July 19, 2004, the House Select Committee on Homeland Security is expected to mark up a revised reauthorization bill

#### CONTENTS:

House Passes CALFED Bill . . . . .	1
House Homeland Security To Mark Up Authorizing Bill Monday Afternoon . . .	1
House Floor Vote Pending on Homeland Formula and State Minimum . . . . .	2
House Appropriations Passes Labor-HHS Spending Bill . . . . .	3
Transportation and Treasury Appropriations Bill Approved, Transportation Conferees Remain Stalled . . . . .	3
Subcommittee Approves Vocational and Technical Education Act . . . . .	4
U.S.-Australia Agreement Moves To President's Desk . . . . .	5
House Passes Watson Resolution on China Adherence To IP Rights . . . . .	5
China Agrees To Resolution of Integrated Circuit VAT Issue . . . . .	6
House Subcommittee Considers Several Recreation Land Bills . . . . .	6
Senate Education Panel Examines Pell Grants for K-12 Parents . . . . .	6
Senate Subcommittee Hears Testimony on CA Park Bills . . . . .	7
House Subcommittee Examines Homeless Housing Issues . . . . .	8
House Committee Marks Up Resources Bills . . . . .	9
Human Resources Subcommittee Reviews Child Welfare Reform Proposals . . . . .	10
Education and Workforce Panel Evaluates College Graduation Rates . . . . .	11
Education Briefing To Examine NCLB . . .	12

for the Department of Homeland Security. The bill focuses significantly on improving and enhancing intelligence sharing among federal, state and local first responders, and it would renew homeland security activities for one year, allowing more time to work out required details on a longer term measure. It will also suggest various management changes at DHS.

It is expected that a variety of amendments may be offered, regarding topics such as additional funds for interoperable communications for first responders, electronic background checks of visas, and grant funding for rail security. Many of the amendments are expected to increase the authorized expenditure amounts for security program. Bipartisan agreement reportedly has been reached on most bill provisions, however.

In addition, in floor action on Wednesday, July 14, 2004, the House approved H.R. 4418, entitled the Customs Border Security and Trade Agencies Authorization Act of 2004, which authorizes for two years a portion of DHS (the Bureau of Customs and Border Protection and Customs Enforcement), as well as the U.S. Trade Representative's Office and the U.S. International Trade Commissions.

### **HOUSE FLOOR VOTE PENDING ON HOMELAND FORMULA AND STATE MINIMUM**

House officials continue to work through details and negotiations regarding homeland security formula grants, leaving a precise date for a floor vote uncertain. Reportedly, many issues have been resolved, but one that remains is the percentage and methodology for applying a state-level minimum.

The current law providing for homeland security formula grants contains one of the highest minimum percentages for small states that is found in any formula grant program administered by any federal agency. House Homeland Security Committee Chairman Christopher Cox (Newport Beach) has focused closely on funding inequities caused by the law's state-level minimum. Under current law, every state first receives 0.75 percent of the funds, thus allocating 40 percent of funds equally among states and thereby favoring small over large states. (As a result, California received \$5 in grants per capita in 2004, whereas Wyoming received \$38 per capita.)

The bill that will come to the floor will include components from several measures passed by various House committees this year. The versions that emerged from three of the five committees with jurisdiction recommended no state minimum at all. The initial bill proposed by the House Select Committee included no minimum; that approach was endorsed by the Energy & Commerce Committee and, tacitly, by the Science Committee, which elected not to assert jurisdiction. The House Judiciary Committee approved a bill that included a small-state minimum of 0.25 percent. Previously, a version approved by the Transportation & Infrastructure Committee included a 0.55 percent state minimum.

In addition - and importantly for larger states - four of the five committees supported changing the methodology for applying the state minimum, shifting from the unusual approach used in the current homeland law to a more standard approach that is used in most other federal programs that have minimums. Most formula grants include no small-state minimum, and those that do will typically first allocate funding according to the formula, and then apply the minimum at the end. Current homeland security law, however, breaks from tradition by calculating the small-state minimum at the outset, and then allocating additional funding by formula. As a result, states that receive excess funds to meet the minimum, are now given additional dollars above that excess amount.

The bill will combine state and local first responder grants (funded at more than \$2 billion in 2004) with urban area grants (funded at \$725 million in 2004), and it would distribute all funds according to need -- threat level, population density, infrastructure assets, and other factors chosen by the Department of Homeland Security. The minimum would apply to all funds from the consolidated program, a change from current law, where the minimum does not apply to urban grants. Some larger and target-rich states such as California have been leery of applying a minimum to urban areas. Whereas California's share of formula grants has been less than 8 percent, the state received 20 percent of urban grant funding in 2004.

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 APPROPRIATIONS PASSES LABOR-HHS SPENDING BILL**

On Wednesday, July 14, 2004, the House Appropriations Committee marked up the FY 2005 Labor, Health and Human Services, and Education funding bill. The total amount of \$492.3 billion provided in the bill, of which \$142.526 is for discretionary spending, represents a 2 percent increase from the FY04 appropriation.

Overall, the bill provides a \$2 billion increase for the Department of Education, bringing it to a total of \$57.7 billion. Special Education Grants are funded at \$11.1 billion, the same as the budget request and \$1 billion more than last year. In addition, the Title I program, which provides aid to states and school districts to help educationally disadvantaged children achieve the same academic performance standards as other students, is funded at \$13.4 billion. The total includes a \$2.95 billion for professional development programs designed to improve teacher quality. The latter funding level is \$20 million above the Administration's budget request. The bill also provides \$410 million for state assessments and \$6.9 billion for Head Start. Head Start's allocation in FY05 is \$123 million above last year's appropriation. The bill includes legislative language that caps the maximum for Pell Grant awards at \$4,050, while the program's funding is increased by \$823 million over the amount appropriated in FY 2004.

Within the funding for the Department of Health and Human Services, the bill provides \$4.48 billion for the Centers for Disease Control (CDC), which is \$101 million below last year's appropriation and \$15 million above the amount requested by the Administration. Increasing the funding by \$727 million from FY04, the bill provides \$28.5 billion in funding for the National Institutes of Health (NIH) in FY05, including \$1.694 billion in funding for homeland security programs that focus on biodefense. The CDC amount also includes \$1.638 billion in funding for biodefense activities, and an additional \$543 million is provided to fund hospital preparedness. For the Low-Income Home Energy Assistance Program (LIHEAP), the bill provides \$2.2 billion, an increase of \$111 million over last year.

With respect to the Department of Labor-related programs, the bill restores funding for the core job training and employment assistance programs to the FY 2004 level. The bill includes \$1.479 billion for the Dislocated Worker's Assistance program, an increase of \$95.3 million over the Administration's budget request.

For more information about this bill, please visit the House Appropriations Committee website at: <http://appropriations.house.gov>.

## **TRANSPORTATION AND TREASURY APPROPRIATIONS BILL APPROVED, TRANSPORTATION CONFEREES REMAIN STALLED**

The House Transportation and Treasury Appropriations Subcommittee unanimously approved by voice vote \$89.9 billion in FY05 spending on July 15, 2004, with highways and aviation funds both experiencing increases, while the reported bill would cut funds for transit programs and America's passenger railroad system (Amtrak).

Under the subcommittee bill, highways spending would reach \$34.6 billion, \$800 million more than last year's approved levels and an increase of \$1 billion above the president's FY2005 budget request. Federal Aviation Administration (FAA) programs would grow to \$14 billion, \$169 million above this year's appropriation level and \$53 million more than the administration's budget request.

The Department of Treasury would experience a boost of \$122 million under the reported bill. In committee, Democrats, led by panel member and Minority Whip Steny Hoyer, won support for an amendment that would limit the federal government's authority to outsource jobs to private contractors.

Under language outlining appropriations for the General Services Administration (GSA), California stands to benefit from receiving \$314.4 million to support a new Los Angeles courthouse, \$3 million for design and

site acquisition of a proposed courthouse in San Diego, and \$90.7 million for new border stations throughout the country.

The House bill cuts funding for transit programs by \$16 million, with the most serious cuts found under the New Starts capital investment program for the construction and extension of heavy and light rail projects. New Starts would be funded at \$300 million for a total \$1 billion appropriation under the bill, while a \$60 million line item would be slated for the Los Angeles MTA Gold Line project. The total budget for the Federal Transit Administration (FTA) would stand at \$7.3 billion under the House bill. An Amtrak budget of \$900 million, as proposed in the bill, would comply with the President's request. The Fy05 level, a \$314 million reduction from Fy2004, raises concerns, however, among Amtrak supporters on the Hill. Amtrak President David L. Gunn has publicly claimed that any such appropriation for the rail passenger service would effectively shutdown operations. The House bill would require Amtrak to repay \$100 million in loans immediately and devote a minimum of \$500 million to Northeastern corridor capital costs as conditions to the appropriation.

In other news, transportation authorization conference Chair James Inhofe (OK) cancelled two meetings this week, after House committee members informally announced that a final authorization level deal had not yet been struck among House conferees. Sources suggest that a House \$295 billion over 6-years counterproposal to the Senate's \$318 billion had been privately rejected by Senators. While a \$295 billion figure is too low for some Senate members, it is expected to be too high for the White House. Administration officials have repeatedly threatened a veto recommendation against any authorization level above President Bush's \$256 billion Safe, Accountable, Flexible, and Efficient Transportation Equity Act (SAFETEA).

Surface transportation programs are currently kept alive by a temporary authorization law to give conferees time to devise a comprehensive new law. The likelihood now is that a long term law will not be completed until September 2004 or beyond. If an overhaul bill cannot be submitted to the president over the next two weeks, both chambers will need to approve another extension measure to prevent a shutdown of federal highways, transit and safety programs.

## **SUBCOMMITTEE APPROVES VOCATIONAL AND TECHNICAL EDUCATION ACT**

On Tuesday, the Education Reform Subcommittee convened for markup of H.R. 4496, the Vocational and Technical Education for the Future Act. The bill, introduced by Subcommittee Chairman Michael Castle (DE), would rewrite and reauthorize elements of the 1998 Carl D. Perkins Vocational and Technical Education Act (PL 105-332). Perkins Grants are the main source of aid to those enrolled in state vocational programs, and they go primarily to low-income students.

According to the Department of Education, 12 million students were enrolled in vocational programs during the 2001-02 school year. The Perkins program received \$1.2 billion in FY04. Castle's bill would authorize \$1.3 billion for fiscal 2005 and unspecified sums through fiscal 2010, combining funding for the Perkins state grant with that of the Tech-Prep program, which received \$107 million in FY04. Tech-Prep makes specialized courses available to students planning to transfer to a vocational school or community college.

H.R. 4496 is intended to streamline funding through combining funding for the Perkins state grant with that of Tech-Prep programs, target federal funding by restricting money available for administrative spending, and limit constraints of federal oversight and regulation.

Rep. Lynn Woolsey (Petaluma) said there is still work that needs to be done. But, she added, "This substitute maintains the good parts of current law and makes some important improvements."

Amendments were proposed by Rep. Tom Osbourne (Neb) and Rep. Danny Davis (Ill). Mr. Osbourne's amendment would allow funding authorized by the Act to be used for entrepreneurial training. He said that 70 percent of high school students express interest in starting their own business, but 90 percent said they have no knowledge about how to do so. "It's important to know how to weld," he said, "but it would be more important for them to know how to run a welding shop." The amendment was approved without objection.

The amendment proposed by Mr. Davis received less support and, subsequent to discussion, was withdrawn. The amendment would have changed a cap on programs serving correctional facilities and individuals with disabilities from 1 percent to 3 percent. Davis said that 60 percent of those convicted of a felony re-offend within three years. He underscored the importance of preparing inmates for reintroduction into society to ensure they do not return to illegal behavior, noting that "while there is a great deal of failure in rehabilitation programs, there is also a great deal of success."

Rep. Joe Wilson (SC) urged members of the subcommittee not to pass the amendment, arguing that "it would divert funds from those who are not incarcerated." He emphasized prevention as the priority. Arguing for the amendment Woolsey said, "Yes, we have to prevent, but we've got hundreds of thousands of prisoners who we are preventing from recidivism." Chairman Castle also spoke against the amendment. "I am not rising in opposition to the philosophy but to the mechanics," he said. He argued that the 1 percent held constant from last year is actually a 10 percent increase after taking into consideration the alterations in funding for the merging of the Perkins grant and Tech Prep programs. However, he noted that there would be time to continue discussion over the issue before it goes to full Committee markup.

The Subcommittee approved the draft of the bill with the Osbourne amendment by voice vote. For more information on the bill, visit the Committee's website at: <http://www.house.gov/education>.

## **U.S.-AUSTRALIA AGREEMENT MOVES TO PRESIDENT'S DESK**

The U.S. House of Representatives, on Wednesday, July 14, approved H.R. 4759 to implement the U.S.-Australia free trade agreement (FTA) by a 314-109 vote. Also, on Wednesday, the Senate Finance Committee approved its companion bill, S. 2610, by a vote of 17-4. The full Senate then moved on Thursday, July 15th to approve the legislation and send it to the President by a vote of 80-16. After the House approved the bill, Rep. Bill Thomas (Bakersfield), Chair of the Ways and Means Committee, stated: "It's not surprising that this particular legislation has broad bipartisan support, given the long, cooperative history of the United States and Australia."

The Agreement will immediately cut tariffs on U.S. manufactured exports to Australia. It will also eliminate tariffs on movies, music, and other entertainment and consumer products, and strengthen intellectual property protections. *See, Bulletin, Vol. 11, Nos. 16 (5/14/04), 21 (6/25/04) & 23 (7/8/04).* However, during both the Finance Committee and floor debates, some Members expressed concerns with the Agreement, particularly in the areas of beef and dairy trade.

Australia is the United States' 19th-largest trading partner with \$19.6 billion in two-way trade in 2002, and a U.S. trade surplus of \$6.6 billion. California was the second largest state exporter to Australia in 2003, after Washington, with almost \$1.9 billion in trade.

For more information, visit the Committees' websites at: <http://finance.senate.gov> and <http://waysandmeans.house.gov>.

## **HOUSE PASSES WATSON RESOLUTION ON CHINA ADHERENCE TO IP RIGHTS**

On Wednesday, July 14, under suspension of the rules, the House by a vote of 416-3 passed H.Res. 576 calling on the People's Republic of China to improve its protection of intellectual property rights. The non-binding resolution was sponsored by Rep. Dianne Watson (Los Angeles).

Among its provisions, the resolution urges the Chinese Government to undertake a coordinated nationwide intellectual property rights enforcement campaign and also give greater market access to legitimate films and other audiovisual products in order to reduce demand for, and prevalence of, pirated and counterfeit goods. The Resolution also recommends that China implement: (1) more effective customs and border measures to prevent massive exportation of pirated goods into the United States and other countries; and (2) a legal framework and effective enforcement mechanisms that would protect the IP rights not only of the United States and other foreign business enterprises, but also of Chinese IP rights holders.

## **CHINA AGREES TO RESOLUTION OF INTEGRATED CIRCUIT VAT ISSUE**

The U.S. Trade Representative announced on July 8th that China and the United States had agreed to a resolution of their dispute at the World Trade Organization (WTO) regarding China's tax refund policy for integrated circuits. The resolution will ensure full market access and national treatment for U.S. integrated circuits in China, the world's fastest growing semiconductor market and an export market worth over \$2 billion to American manufacturers.

Under the settlement, effective immediately, China will not certify any new semiconductor products or manufacturers for eligibility for VAT refunds. Additionally, China will no longer offer VAT refunds that favor semiconductors designed in China. And, by April 1 of next year, China will stop providing VAT refunds on Chinese-produced semiconductors to current beneficiaries. Under China's tax policy, U.S. exporters of integrated circuits to China paid up to five times as much tax as local Chinese manufacturers. These policies disadvantaged U.S. manufacturers as well as U.S. firms that design integrated circuits, according to the USTR.

In responding to the settlement, George Scalise, President of the Semiconductor Industry Association (SIA) said: "We are very pleased with China's agreement to eliminate the provisions of its value added tax regime that discriminate against imported semiconductors. . . . Elimination of the discriminatory features of China's VAT regime will assure a level playing field for all competitors."

Before the agreement, China imposed a value added tax of 17 percent on sales of all imported and domestically produced semiconductors but rebated the amount of the VAT burden in excess of 3 percent for semiconductors produced and sold in China. Under the agreement, the VAT rate will be 17 percent on all semiconductors regardless of origin.

## **HOUSE SUBCOMMITTEE CONSIDERS SEVERAL RECREATION LAND BILLS**

The Subcommittee on National Parks, Recreation and Public Lands of the House Resources Committee, held a hearing on Thursday, July 15, 2004 to consider several recreation land bills, including a California-related bill, H.R. 4469.

Introduced by Rep. Lynn Woolsey (Petaluma) and co-sponsored by 45 House members, including 30 members of the California Congressional Delegation, H.R. 4469 authorizes appropriations to the Secretary of the Interior for the restoration of the Angel Island Immigration Station, located in San Francisco. In addition to Rep. Woolsey, the Subcommittee members also heard testimony from the following witnesses: Ms. Sue Masica, Associate Director, Park Planning, Facilities, and Lands, National Park Service (NPS); and Ms. Katherine Toy, Former Executive Director of the Angel Island Immigration Station Foundation.

Rep. Woolsey called the Station the "Ellis Island of the West", and noted that funding for the restoration of the Station need not come out of the NPS budget, but rather can be a line item within the general Department of Interior appropriations. Approximately \$16 million has been raised through grants and private means, while \$15 million is still needed. Ms. Toy noted that the Station is part of the California State Parks system, and was designated as a National Historic Landmark in 1997 and one of "America's 11 Most Endangered Historic Places" in 1999. Ms. Masica, on the other hand, testified that although NPS commends efforts undertaken for restoration of this historic site, the currently tight fiscal situation prevents NPS from supporting H.R. 4469.

For more information about this hearing, please visit the Subcommittee's website at:

<http://resourcescommittee.house.gov/subcommittees/nprpl.htm> .

## **SENATE EDUCATION PANEL EXAMINES PELL GRANTS FOR K-12 PARENTS**

On July 15, 2004, a Senate education panel chaired by Sen. Lamar Alexander (TN) received testimony from witnesses on a new proposal that would provide federal aid to parents of elementary and secondary school students, and greater choice for placement of those children in schools. Sen. Alexander's as yet incomplete plan framed as a "Pell Grant for Kids" initiative, seeks to help broaden education options for

children and their families, though critics deride it as an effort to direct scarce public funds away from public schools.

In his opening statement, Chair Alexander, former Sec. of Education under President George H.W. Bush, expressed concern at the current state of American elementary and secondary schools, noting that 8<sup>th</sup> grade students were ranked 19<sup>th</sup> in math and 18<sup>th</sup> in science among 38 industrialized countries in 1999. On the other hand, he commented that America's higher education system is "the envy of the world". The disparity in quality across the two education spheres is attributed to a lack of choice for K-12 parents, according to Sen. Alexander. "I propose annual \$500 scholarships that would follow every middle-and low-income child in America to the school or other approved academic program of his or her parents' choice," said Sen. Alexander outlining his proposal. The plan would authorize \$2.5 billion in new education funds to help all low and middle income parents without imposing new regulations. He went on to stipulate that his Pell Grants for Kids plan would: provide more federal funding to schools with fewer regulatory burdens; help pay for No Child Left Behind (NCLB) demands; reduce inequities across schools; and, give parents more input in the education of their children.

Several panelists supported Mr. Alexander's assertions, among them Paul Patterson, Department of Government at Harvard University. Professor Patterson affirmed the need for three key reforms at public schools: transparency, accountability and choice. He said a broader number of education choices by directing federal grants to parents, rather than issuing funds to elementary and secondary institutions, would improve the K-12 system and stimulate competition across states and school districts. Dr. Patterson noted that disadvantaged children would especially benefit from such an arrangement, citing studies showing that African American students perform better when receiving vouchers or enrolling in private schools than their peers in the public sector.

Darlene Allen, President of Washington D.C.'s PTA spoke out in opposition to the proposal, drawing attention to some drawbacks with treating America's higher education and K-12 school systems as comparable entities. Ms. Allen noted that elementary and secondary education is compulsory and free, rendering enrollment incentives unnecessary. Colleges are also required to abide by a number of discrimination protection policies, unlike K-12 schools. She challenged the notion that vouchers improve student achievement and stated that the proposal would undermine public accountability without successfully expanding parents' choice. Another of the plan's detractors, Committee Ranking Member Christopher Dodd (CT), stressed the need for the federal government to uphold its commitments to public education first before assisting private schools, noting the underfunding of federal programs such as NCLB and special education as examples of neglect from the federal government.

John Kirtley, Vice Chairman of Florida's Alliance for Choice voucher program, testified that the \$500 dollar proposal would not amount to enough for parents to abandon the public school system, though he supported amending the proposal to consolidate the Pell Grant for Kids with other private scholarship programs. He argued that Sen. Alexander's proposal would empower parents, fueling higher demands for better schools. According to Mr. Kirtley, the resistance from the education community to vouchers is driven by the fear of money and power loss more than a desire to help students.

Sen. Alexander said that the hearing marked the beginning of an effort to learn how to apply the success of colleges and universities to the public elementary and secondary school system. He stressed that his Pell Grants for Kids proposal, to be introduced sometime in January 2005, would not divert money from public to private schools so much as it would enhance options for parents and reduce regulations at schools.

For more information on this hearing or to view testimony, go to the Senate Health, Education, Labor and Pensions Committee website at: [http://health.senate.gov/bills/edu\\_52\\_bill.html](http://health.senate.gov/bills/edu_52_bill.html) .

## **SENATE SUBCOMMITTEE HEARS TESTIMONY ON CA PARK BILLS**

The National Parks Subcommittee of the Senate Energy and Natural Resources Committee held a hearing on July 15, 2004 to receive testimony on pending park legislation, including two California-related bills.

Among other things, the Subcommittee members considered S. 2397, H.R. 3706, and S. 2567, and heard testimony from a panel of witnesses including Mr. A. Durand Jones, Deputy Director of the National Park Service (NPS).

Both S. 2397 (introduced by Sen. Barbara Boxer and co-sponsored by Sen. Dianne Feinstein) and H.R. 3706 (introduced by Rep. George Miller (Martinez)) aim to adjust the boundary of the John Muir National Historic Site to include specified lands and authorizes the Secretary of the Interior to acquire those lands and interests in such lands. S. 2567, introduced by Sen. Dianne Feinstein adjusts the boundary of Redwood National Park.

Mr. Jones testified in support of S. 2397 and H.R.3706, which he noted was submitted to Congress by the Administration as a proposal last year. However, he recommended that the Subcommittee approve H.R. 3706 rather than the Senate version, because he explained that NPS plans to acquire title to land through condemnation, which S. 2397 would not allow.

Mr. Jones also spoke in favor of enacting S. 2567, which he said would enable the NPS and state officials to manage a large swath of state-owned redwood forest land, known as the Mill Creek property, under the same terms that state park lands currently within the boundary of Redwood National Park are managed.

For more information about these bills, please visit the Senate Energy and Natural Resources Committee's website at: <http://energy.senate.gov> .

## **HOUSE SUBCOMMITTEE EXAMINES HOMELESS HOUSING ISSUES**

On Tuesday, June 13, 2004 the Housing and Community Opportunity Subcommittee of the Housing Financial Services Committee held a hearing to examine H.R. 4057, otherwise known as the Samaritan Initiative Act of 2004.

H.R. 4057 establishes a grant program administered under an agreement among the Secretaries of Housing and Urban Development, Health and Human Services, and Veteran Affairs, in consultation with the U.S. Interagency Council on Homelessness, to address the goal of ending chronic homelessness through the coordinated provision of housing, health care, mental health and substance abuse treatment, supportive and other services, including assistance in accessing non-homeless specific benefits and services.

The Subcommittee heard testimony from a panel of witnesses including: Mr. Mitchell Netburn, Executive Director of the Los Angeles Homeless Services Authority and Mr. Mike T. Pucci, Executive Director of the Housing Authority of the City of Alameda.

Mr. Netburn testified in support of the bill. He noted that an estimated 80,000 people are homeless in Los Angeles County on any given night, of whom at least 10 percent are chronically homeless. He said the County has created a Blue Ribbon Panel to develop a strategic plan to end homeless in the county within 10 years. He touted the success of the Collaborative Initiative to Help End Chronic Homelessness, which he described as a precursor of the Samaritan Initiative. Mr. Netburn argued that the model employed in the Collaborative Initiative should be retained in the Samaritan Initiative. He expressed concern, however, about the level of funding authorized in the legislation, saying that it is inadequate to achieve the Administration's objective of ending chronic homelessness in the near future.

Mr. Pucci, on the other hand, took a chance to speak on the recent changes initiated by the Administration to the Section 8 Housing Choice Voucher Program. The President's FY 2005 Budget request 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). Some have estimated that under the proposed cuts, more than 35,000 low-income families in the state face losing their federal housing assistance in 2005, and up to 86,000 may lose it by 2009. (See, *Bulletin*, Vol. 11, [No. 19 \(6/11/04\)](#)) Mr. Pucci testified that in Alameda alone, the Administration's decision has put 108 families at risk of becoming homeless on August 1<sup>st</sup>, and urged Congress to provide immediate relief in the form of increased Housing Assistance Payments funding.

To obtain full copies of the witness testimony, please visit the House Financial Services Committee's website at: <http://financialservices.house.gov/hearings.asp?formmode=All>

## HOUSE COMMITTEE MARKS UP RESOURCES BILLS

On Wednesday, July 14, 2004, the House Resources Committee, chaired by Rep. Richard Pombo (Tracy), convened to mark up several resources bills, including eight California bills. Among the total of 31 bills taken up, the Committee considered and favorably reported, by voice vote, the following California-related bills:

- H.R. 3334, introduced by Rep. Ken Calvert (Corona) and co-sponsored by Reps. Darrell Issa (Vista) and Jerry Lewis (Redlands). The bill authorizes the Secretary of the Interior, in cooperation with the Western Municipal Water District of Riverside, to design and construct the Riverside-Corona Feeder in San Bernardino Valley and western Riverside County. The bill also includes a federal authorization for the Yucaipa Valley Regional Water Supply Renewal Project and the City of Corona Water Recycling and Reuse Project. The Subcommittee on Water and Power held a legislative hearing on this bill on October 30, 2003, and then marked it up on June 16, 2004.
- H.R. 3597, was introduced by Rep. John Doolittle (Rocklin). The bill authorizes the Secretary of the Interior to conduct a feasibility study on constructing a water storage project on Alder Creek in El Dorado County. The legislation authorizes \$3 million to carry out the feasibility study and the report. On May 18, 2004 the Subcommittee on Water and Power held a legislative hearing on the bill, and subsequently marked it up on July 8, 2004.
- H.R. 3954, was introduced by Rep. Duncan Hunter (Alpine). The bill authorizes the Secretary of the Interior to resolve discrepancies in San Diego County over the Rancho El Cajon boundary. The bill was considered by the Subcommittee on National Parks, Recreation and Public Lands on June 15, 2004, and the bill was marked up by the Committee on July 8, 2004.
- H.R. 4045, was introduced by Chairman Richard Pombo (Tracy). The bill authorizes the Secretary of the Interior to prepare a feasibility study on capturing flood flows to develop water storage and conjunctive use programs on or near the Mokelumne River in San Joaquin County. The purpose of the study would be to determine how the federal government could help provide additional water supply through the Mokelumne River Regional Water Storage and Conjunctive Use Project. The feasibility study will examine environmental issues and potential impacts on other users, project costs and cost allocations, and possible alternatives. The bill authorizes a funding level of \$3 million, with the federal government assuming a 50 percent maximum cost share. The Subcommittee on Water and Power held a hearing on this bill on May 18, 2004, and on June 16, 2004 marked it up.
- H.R. 4459, was introduced by Chairman Richard Pombo (Tracy) and co-sponsored by Rep. Joe Baca (Rialto). This legislation authorizes federal matching funds for groundwater remediation initiatives in the Llagas Groundwater Subbasin in Santa Clara County. H.R. 4459 establishes the California Basins Groundwater Remediation Fund, which will provide up to \$25 million in federal funding, subject to annual appropriations, to clean up groundwater in the service area of the Santa Clara Valley Water District. The bill requires a local cost share of 35 percent. The bill was considered by the Water and Power Subcommittee on June 23, 2004, and marked up by the Subcommittee on July 8, 2004. (*See, Bulletin, Vol. 11, No. 23 (7/8/04)*)
- H.R. 4508, was introduced by Rep. Devin Nunes (Pixley). The bill amends the National Parks and Recreation Act of 1978 to require the Secretary to permit continued use and occupancy of certain privately owned cabins in the Mineral King Valley in the Sequoia National Park. The community in question contains approximately 66 privately owned cabins. In 1978, owners who signed an agreement with the National Park Service (NPS) were able to renew their permits annually. The NPS has stopped renewing permits and will soon acquire all cabins upon the death of the owners who held them in 1978. This bill addresses a concern that by removing the current owners, the cabins will eventually fall into disrepair and may even become fire hazards. Several members of the Committee, including Reps. Grace Napolitano

(Norwalk), and George Miller (Martinez), argued that if such leases are extended, the general public will be denied access to public lands funded by federal money, and urged their colleagues to withdraw their support for the bill.

– H.R. 4606, was introduced by Rep. Joe Baca (Rialto) and so-sponsored by Reps. Grace Napolitano (Norwalk), Juanita Millender-McDonald (Carson), Linda Sanchez (Lakewood), Gary Miller (Diamond Bar), and Ken Calvert (Corona). The bill authorizes the Secretary of the Interior to participated in the funding and implementation of a balanced, long-term groundwater remediation program in California. The bill establishes the Southern California Basins Groundwater Remediation Fund, which will use federal funding to remediate groundwater supplies in the San Gabriel and Santa Ana watersheds, subject to annual appropriations. The bill was considered and marked up by the Subcommittee on Water and Power on June 23, 2004 and July 8, 2004 respectively. (See, *Bulletin*, Vol. 11, [No. 23 \(7/8/04\)](#))

– H.R. 4617, was introduced by Rep. John Doolittle (Rocklin). The bill amends the Small Tracts Act to facilitate the exchange of small tracts of land. Specifically, the Secretary of Agriculture would acquire two small tracts of land from two private landowners in the Tahoe National Forest.

For more information about this mark up, please visit the House Resources Committee website at:

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

## **HUMAN RESOURCES SUBCOMMITTEE REVIEWS CHILD WELFARE REFORM PROPOSALS**

On Tuesday, July 13, the House Ways and Means Subcommittee on Human Resources heard testimony in a hearing to examine child welfare reform proposals. The purpose of the hearing was to review proposals for reform of the child welfare system. House Majority Leader Tom DeLay (TX) attended the hearing. His proposed “Orderly and Timely Interstate Placement of Foster Children Act of 2004” was discussed along with draft legislation being developed by Chairman Wally Herger (Marysville).

William Frenzel, Chairman, Pew Commission on Children in Foster Care presented recommendations from a report released by the Commission on May 18<sup>th</sup>, entitled “*Fostering the Future: Safety, Permanence and Well-Being for Children in Foster Care.*” Frenzel said the Commission examined financing and oversight of child welfare cases and made the report as a cohesive whole. Pew’s report recommends preservation of foster care and adoption assistance as an uncapped Federal entitlement, whereas the current draft legislation proposed by Herger caps foster care maintenance payments. Frenzel’s testimony indicated that a contingency fund proposed as a safety net for increases in foster care might not be sufficient if a nationwide surge were to occur. Patricia Wilson, Director, Southern Regional Office, Child Welfare League of America shared similar concerns because the legislation would require a “severe” crisis to occur for states to become eligible to access the fund. “It is entirely possible for the number of children in care to remain static or grow minimally, yet the cost of caring for those children rise significantly,” she said. Robin Arnold-Williams, Ph.D., Executive Director, Utah Department of Human Services, who testified on behalf of the American Public Human Services Association, told the Committee, “Capped federal funding is a step in the wrong direction.”

Frenzel and Wilson were both supportive of the proposed “de-linking” in the draft that would eliminate income requirements imposed by the 1996 AFDC income standards. The Pew report further recommended that subsidized guardianship, increased flexibility in how states can use federal dollars, state ability to reinvest federal dollars, and bonuses to states that increase forms of “safe permanence” be included in the draft. The draft currently includes the Safe Children, Strong Families Grant that promotes flexibility and a provision that would allow states to reinvest unused funds. The provision for reinvestment was criticized by Wilson. In her testimony she said that the likelihood of excess funds being available for transfer seems “remote.” She said they should not be relied upon as a primary source of funding for prevention and other services. “Any opportunity for transfer must be constructed in a way that does not provide a disincentive to provide the care that children in foster care need,” she added.

Frenzel’s testimony highlighted the need for guardianship assistance and he said it would not be competitive with adoption based on results of a trial in Illinois. The report also supported the current draft’s

inclusion of a Court Improvement Program – with a suggested change in funding from \$7 million per year for 10 years to \$10 million in the first year and “such sums as necessary” for future years.

Further information on the hearing can be obtained from the Committee’s website at:

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

## **EDUCATION AND WORKFORCE PANEL EVALUATES COLLEGE GRADUATION RATES**

On Wednesday, July 14, the Committee on Education and the Workforce met for a hearing on H.R. 4283, The College Access & Opportunity Act: Increasing the Focus on Graduation Rates and Student Outcomes. The Committee listened to recommendations for improvement of college graduation rates.

Ross Wiener, Policy Director, Education Trust of Washington, D.C said, “We are successfully getting more young people to college, but not getting proportionally any more of them through college.” One contributing factor, he explained, is college preparation in high school. He cited a U.S. Department of Education transcript analysis that determined high school curriculum to be the “single most significant predictor of college success.” Wiener added that “the relative value of Pell Grants has diminished by 50 percent since the late 1970s. Whereas Pell Grants used to cover 84 percent of the average fixed cost at a public, four-year institution, in 2001-02 they covered only 42 percent,” Weiner explained. He said that financial ability to pay affects many students, and if Pell doesn’t keep pace, graduation for these students becomes less likely. He suggested redirecting new investments to low income students.

Based on a report published by the Education Trust entitled *A Matter of Degrees: Improving Graduation Rates in Four-Year Colleges and Universities*, conducted by Senior Policy Analyst Kevin Carey, Wiener suggested Congress support state efforts to align the standards for high school exit with those for beginning post-secondary study, require states to create accountability systems for 4-year colleges and universities, eliminate excessive subsidies and directly administer a greater portion of federally guaranteed student financial assistance, commit to a five-year trajectory to recoup the buying power of Pell Grants, and work towards more integrated, powerful data systems to aid research. Also, he said, “Both federal grants to individuals as well as federal aid to institutions should be designed to better serve the federal priority of increasing the access and success of low-income students.”

The report indicates that nationally, 63 percent of students who begin full-time at a four-year college get a bachelor’s degree within six years; 66.8 percent of White freshmen in 4-year colleges obtain a degree within six years compared to 45.7 percent of African-Americans and 47.3 percent of Latinos. It shows that 77 percent of students from high-income families graduate compared to 54 percent of students from low-income families, and 7 percent of young people from the poorest one-quarter of American families earn a bachelor’s degree by age 26 compared to 60 percent of those from the top quartile.

Dr. Paul Lingenfelter, Executive Director of the State Higher Education Executive Officers (SHEEO) in Denver, Colorado discussed a recent SHEEO study, entitled *State Higher Education Finance, FY2003*. In his testimony, Lingenfelter listed a variety of suggestions developed by SHEEO to improve graduation rates. Those suggestions included increasing college prep courses in high school, providing good academic counseling and extra support services to non-traditional students, ensuring greater course availability, reducing transfer credit loss, creating more on-campus work opportunities, and providing incentives to students who take on a full load.

In his testimony, Lingenfelter argued that state funding has kept pace with increased enrollment. “Despite contractions during economic downturns, since 1970 state support nationally has kept pace with substantial enrollment growth and inflation as measured by the CPI,” he said. Representatives George Miller (Martinez) and Robert Andrews (NJ) both took issue with this, and Andrews questioned Lingenfelter on the conclusions drawn from the data presented. He specifically pointed to the Pell Grant program’s overall failure to keep pace with increases in tuition. In his testimony Lingenfelter reported that constant dollar net tuition per FTE grew \$617 (28 percent) between 1991 and 1998 and has stayed at that level. He also stated that between 1970 and 2003 full time enrollments in public institutions doubled.

Rep. Miller said that simply getting into college doesn't guarantee success in college. He pointed out that 35 to 40 percent of students entering California institutions are at a remedial level in some areas, and he expressed concern that some of the factors that affect graduation rates are not within the control of institutions. He argued that some of the suggestions to improve graduation rates seemed unlikely to be implemented in California institutions. He specifically pointed to increased faculty contact with students as a goal that would take a large amount of increased funding. "I'm a big fan of accountability, but at the end of the day it is going to take some substantial resources," he said.

The University of California Riverside (UCR) was praised in the study for its high graduation rate. Weiner said UC Riverside does a "statistically and significantly better job" than other similar schools. The report indicates that UCR has an overall graduation rate of 66 percent, which is 15 percentage points higher than a 51 percent median rate at similar institutions. And, the report notes, success is "equally distributed across groups." The student body of 13,000 is 23 percent white, 22 percent Latino, and 41 percent Asian, and the graduation rates are 65 percent, 68 percent, and 67 percent respectively.

Lingenfelter told the Committee, "National generalizations conceal enormous variation among the states." He cited in his testimony that the national average net tuition pays is approximately 32 percent of educational costs. However, he reported that in California that number is about 14 percent. And, he said, although in a state like Vermont a 1 percent decrease in state revenue can be replaced by less than a 1 percent increase in tuition, in California the same decrease in state revenue would require a 6 percent tuition increase to generate equivalent revenue (the national average would be 2 percent).

Rep. Joe Wilson (SC) asked what the potential benefits might be from tying federal money to performance. Lingenfelter cautioned that attempts to employ reward-based models at the state level have generally created problems when done on a formulaic basis, and he said it might be more problematic on the federal level. Weiner suggested that there could be some unintended consequences, and he suggested that the concept could be better applied in some fashion on the state level.

More information on the hearing can be obtained from the Committee's website at: <http://edworkforce.house.gov>.

## **EDUCATION BRIEFING TO EXAMINE NCLB**

On Friday, July 23, 2004, the California School Boards Association, in conjunction with the California Institute for Federal Policy Research, will conduct a briefing regarding federal K-12 education issues. The briefing, entitled "*Strengthening the No Child Left Behind Act*," will take place at 2:00 p.m. in Room 2261 of the Rayburn House Office Building.

The briefing will feature comments by representatives of the California School Boards Association, who will present information regarding, and suggest improvements to, the No Child Left Behind Act (NCLB). Topics to be addressed include adequate yearly progress (AYP) participation rates, school choice provision of NCLB, assessment of special education students, measuring progress with a dual accountability system, and recruitment of highly qualified teachers.

For further information, or to contact the presenters in advance, visit the CSBA website at <http://www.csba.org> or contact either Rick Pratt or Phil Escamilla at 916-325-4020. No reply is necessary to attend the briefing.