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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 APPROPRIATIONS SUBCOMMITTEE REPORTS SCIENCE, STATE, JUSTICE AND COMMERCE BILL; SCAAP GETS \$355 MILLION

The House Appropriations Subcommittee on Science, the Departments of State, Justice, and Commerce and Related Agencies reported its FY06 appropriations bill on May 24. The bill provides \$57.45 billion in funding, versus FY05 funding of \$56.24 and the Administration's request of \$60.5 billion (which assumed the transfer of economic development programs).

The bill appropriates \$21.4 billion for the Department of Justice, of which \$2.6 billion is for state and local law enforcement assistance programs. That funding is \$400 million below the FY05 appropriations level, but \$1 billion over the President's request. Included in the state and local law enforcement funding is:

- \$355 million for the State Criminal Alien Assistance Program – an increase of about \$54 million over the final FY05 level (after across-the-board cuts). The state of California and its counties receive about 40 percent of SCAAP funding, which amounted to \$111.9 million of the \$300 million (excluding across-the-board cuts) appropriated in FY04.

- \$348 million for the Edward Byrne Justice Assistance Grants program. Byrne discretionary grants received \$170 million in funding under the FY05 Omnibus.

- \$60 million is provided for meth hot spots - an increase of about \$8 million over the FY05 level.

The bill also funds the National Aeronautics and Space Administration at \$16.5 billion, which is \$275 million above FY05 and \$15 million above the Administration's request. The bill: funds the President's vision for space exploration at \$3.1 billion; restores the aeronautics research program to the enacted level of \$906 million, and provides \$40 million over the request to partially restore NASA's science programs. The appropriations also provide the Administration's full request for the Space Shuttle program. In coordination with the House Science Committee, the Appropriations Subcommittee also included language directing the President to develop a national aeronautics policy.

The National Science Foundation is increased \$171 million over last year and \$38 million above the budget request. Total funding is \$5.64 billion, which includes \$4.38 billion for research, \$157 million over last year; and \$807 million for education and human resources, \$70 million above the request.

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The California Institute will do a more detailed analysis of the bill's impact on California in the near future, which will be available on its website.

HOUSE PASSES ENERGY AND WATER APPROPRIATIONS

Keeping to Chairman Jerry Lewis's (Redlands) promise to pass all of the Appropriations bills before the Fourth of July Recess, the House passed the FY06 Energy and Water Appropriations bill (H.R. 2419/H.Rpt. 109-86) on May 24. The roughly \$30 billion bill funds 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 vote on final passage was 416-13.

Highlights of the California funding in the bill include \$35 million for CALFED, to be allocated as follows:

- \$4 million for the Shasta Reservoir enlargement study;
- \$2.5 million for San Joaquin River storage studies;
- \$3.2 million for the Los Vaqueros Reservoir enlargement study;
- \$300,000 for the Sites Reservoir study;
- \$10 million for the Environmental Water Account;
- \$3 million for conveyance;
- \$4 million for planning and management;
- \$4 million for water use efficiency; and
- \$4 million for ecosystem restoration.

The bill also includes \$29 million for levee strengthening along the American River and Folsom Dam improvements; \$7 million is provided for a new bridge over the American at the foot of the Dam.

Fusion energy sciences is funded at \$295,155,000, an increase of \$5,605,000 over the budget request. However, the bill includes a redirection of the funds for this account. *See, Bulletin, Vol. 12, No. 14 (5/20/05)*. The bill also recommends \$541,418,000 for the inertial confinement fusion and high yield program, which maintains the program at the current year level and is an increase of \$81,000,000 over the budget request. The Committee's recommendation provides \$141,913,000 for construction of the National Ignition Facility (NIF), the same amount as the budget request.

The bill also includes \$48 million for the federal payment to the Elk Hills School Lands Fund.

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

AT SENATE EDUCATION ROUNDTABLE, CSU'S REED URGES K-12 OUTREACH

Employing an unusual framework for committee inquiry, the Senate Health Education Labor and Pensions Committee on Thursday, May 19, 2005, held a "roundtable" discussion (as opposed to a traditional hearing) that was entitled, "Higher Education and Corporate Leaders: Working Together to Strengthen America's Workforce."

In addition to Senate Committee members, roundtable participants included Dr. Charles B. Reed, Chancellor of the California State University system; Hon. Louis Caldera, President of the University of New Mexico (and formerly Secretary of the Army and a State Legislator from Los Angeles); Mr. Robert Craves, President of the Washington Education Foundation (and founder of Costco Wholesale Corporation); Mr. Edward J. Hoff, Vice President for Learning at IBM; Dr. Edison Jackson, President of Medgar Evers College-CUNY in New York; Ms. Patricia McGuire, President of Trinity University in Washington DC; Mr. James Mullen, President of Biogen Idec in Massachusetts; Dr. Walter Nolte, President of Casper College in Wyoming; Dr. Laura Palmer-Noone, President of the University of Phoenix; and Mr. Patrick J. Sweeney, III, President & CEO of Odin Technologies in Virginia.

Dr. Reed noted that CSU will graduate 88,000 students this spring, approximately 54 percent of them persons of color and 40 percent from homes where a language other than English was primarily spoken. He urged greater focus at all levels of education on "college awareness" -- the understanding that higher education is important and an option in the first place -- a particular challenge among minority populations. To address the issue, he urged a broadened partnership among 4-year institutions, community colleges, and K-12 systems. Reed noted

that CSU accepts 7 of every 10 students from California Community Colleges and that a partnership would help strengthen important relationships.

Asked about public-private collaboration, Secretary Caldera praised the Committee's partnership approach, noting the synergies effected by interaction with Intel and other corporate partners. McGuire noted that Trinity would be unable to serve many of its students (95 percent of whom are low-income) without generous federal financial aid assistance. Mr. Mullen urged maintaining focus on NIH and NSF funding, which he said drives graduate-level education opportunities in scientific and technical fields. Mr. Craves noted that the number of children on free- and reduced-priced lunches is rising sharply, driving his former company's initial interest in the subject.

Committee Chairman Mike Enzi (WY) asked how to encourage more students to go into math, science, and technology, to which Dr. Reed recommended a stronger focus on core mathematics instruction at the K-12 level and efforts to improve the appreciation of prospective and future college applicants and their families of the importance of math and science coursework. In particular, he noted that students that have not been encouraged to have taken Algebra 1 and 2 by their junior year of high school are inadequately prepared for college tracking, and he criticized the widespread lack of useful, relevant college preparatory work offered in 12th grade classrooms. Dr. Reed pointed out that California now tests all 11th grade students to obtain an "early signal" about college readiness in math and English, and he cited the GEAR UP and TRIO programs as essential to preparing disadvantaged students for college.

Other speakers made suggestions regarding math/science instruction, including Caldera's recommendation that Congress develop a graduate program for Hispanic-serving institutions. Underscoring Reed's comments, Trinity College's McGuire commented that disadvantaged students often need extra preparation -- "a 13th or 14th year" of K-12 schooling -- in order to reach levels typical of traditional college "freshmen." She suggested that year-round education might be a positive step, but that funding would be required to achieve it.

For testimony or more information, visit http://help.senate.gov/bills/edu_86_bill.html.

SENATE COMMITTEE COMPLETES ENERGY BILL MARKUP; FEINSTEIN WINS PARTIAL ETHANOL EXEMPTION; GOVERNOR MAKES RECOMMENDATIONS

The Senate Energy and Natural Resources Committee finished its markup of a national energy policy bill this week after adding language that increases the proposed mandates for the use of ethanol or other renewable fuels. As amended by the Committee, the bill would require oil refiners to use up to 8 billion gallons of ethanol, or like biofuels, in gasoline by 2012.

The House-passed Energy Act, H.R. 6, mandates the use of 5 billion gallons of ethanol, and the Senate Environment and Public Works Committee approved a 6 billion gallon mandate in its version of the bill. Currently, only about 3.4 billion gallons of ethanol is produced for use in fuel. Sen. Dianne Feinstein has continuously opposed an ethanol mandate, arguing that it might increase the cost of gas in California by five cents a gallon. During the Energy and Natural Resources markup on Wednesday, May 25, Citing a California study that found air quality deteriorated during the summer when ethanol-blended gas was used, Sen. Feinstein was successful in adding an amendment to exempt California from using ethanol from April to October. The amendment was approved by a vote of 12-10.

In a letter to Committee Chair Pete Domenici and Ranking Member Jeff Bingaman on May 13, Governor Arnold Schwarzenegger provided his recommendations on several issues under consideration in the bill. He specifically opposed inclusion of a waiver of liability for manufacturers of MTBE, and called for the ethanol mandate to be limited to 5 billion gallons, and be limited to non-summer months. He also strongly opposed any new oil and gas leasing off California's coastline and any efforts to weaken the state's right to protect its coastline from drilling on the Outer Continental Shelf.

The Committee reported the bill by a vote of 21-1 on Thursday, May 26, after members withdrew several controversial amendments, including a Feinstein amendment on the siting of offshore liquified natural gas (LNG) terminals, and an amendment on offshore drilling.

HOUSE APPROPRIATORS REPORT AGRICULTURE BILL

After moving out of Subcommittee last week, on Wednesday, the Fiscal Year 2006 Department of Agriculture spending bill was approved by the House Appropriations Committee. The bill provides \$16.83 billion in discretionary funding, which is the same as FY05 funding and \$93 million more than the President's budget request. The total bill appropriates \$82.8 billion in discretionary and mandatory spending, which is \$14.5 billion more than FY05 spending and the same as the President's request.

Highlights of the bill include funding: the Animal and Plant Health Inspection Service activities at \$829 million, \$16 million above last year's funding level and \$32 million below the President's request; the Food and Drug Administration at \$1.480 billion, \$30 million above last year and \$20 million below the President's request; the Special Supplemental Nutrition Program for Women, Infants, and Children (WIC) at \$5.3 billion, \$22 million above last year and \$47 million above the recently revised budget estimate; and the Agricultural Research Service at \$1.124 billion, an increase of \$164 million above last year's level and \$63 million above the President's request.

The California Institute will provide an in depth analysis of the appropriation from a California perspective soon after the House report is posted.

SENATE PASSES FEINSTEIN'S SCAAP REAUTHORIZATION BILL

The Senate passed S. 188, the State Criminal Alien Assistance Program Reauthorization Act of 2005, by voice vote on Monday, May 23. The bill, introduced by Sen. Dianne Feinstein and co-sponsored by Sen. Barbara Boxer, would reauthorize SCAAP through 2011. The authorization level for FY06 is \$750 million, going to \$850 million in FY07, and \$950 million for FY08 through FY11.

After passage, Senator Feinstein said: "I am delighted that the Senate has passed this legislation to reimburse states for the costs they incur to incarcerate undocumented criminal aliens. Illegal immigration is the responsibility of the Federal government. States and localities have shouldered the burden of paying to incarcerate illegal alien criminals for too long. The passage of this legislation will help ensure that the Federal government fulfills its responsibility to pay for incarcerating these individuals."

California's state and local governments receive about 40 percent of total annual SCAAP funding, amounting to about \$112 million of the roughly \$300 million appropriated in FY04, the last year for which figures are available.

HEAD START BILL CLEARS SENATE PANEL, FORMULA CHANGE COULD NEGATIVELY IMPACT CALIFORNIA

By voice vote, the Senate Health, Education, Labor and Pensions (HELP) Committee approved legislation that would reauthorize the \$6.8 billion Head Start program, with higher authorization levels than the House drafted legislation.

Head Start, a federal program that benefits poor children and their families, has been running on temporary legislation since authorization language expired in 2003. Congress has failed to complete work on a long-term renewal due to partisan differences over what Democrats perceived as an effort by Republicans to block grant Head Start. A disputed White House demonstration program that would have given certain states added administration authority over Head Start centers appears to have been rejected this legislative session in favor of less sweeping collaborative enhancements. Both House and now Senate reauthorization proposals have accordingly been given warmer receptions by members from the minority party.

A House education panel unanimously reported its Head Start reauthorization plan (HR 2123) on May 19th and the Senate is equally keen to uphold the bipartisan tenor after this week's successful Senate HELP markup.

The six-year Senate bill (S. 1107) improves setasides for migrant and seasonal workers, indigenous Americans and Early Head Start children (ages 3 and younger) to 5 percent, 4 percent and 18 percent respectively. Senate language would authorize \$7.2 billion in Head Start funds for FY 2006 and approve an incremental \$300 million increase for each of FYs 2007 and 2008. Remaining years would be authorized unspecified sums.

S. 1107 makes some changes to the formula that determines Head Start grant amounts to each state. It updates the base minimum amount awarded each state so that it matches how much the state received in total program grants in 2005 (currently the base year is 1998). Possibly of concern to California is a provision eliminating formula language that awards the balance of Head Start grants to a state based on its share of children below age 5 (Head Start's target population). Senate language would instead award part of a state's allotment based entirely on the Secretary's discretion. Nearly two thirds of funds left over after base allotments are calculated would be awarded discretionarily with priority given to states "serving the smallest percentage of eligible children" while the rest would be distributed on a competitive basis, according to Senate language. It is unclear exactly how this formula modification would affect California's Head Start allotment; however, California, by far, houses the largest number of children in poverty ages 0-4 (13.67%), and has, under the present formula, received a share of Head Start grants that tracks (almost exactly), the state's share of the target population.

The Senate bill would also strengthen collaborative efforts between state pre-K programs and Head Start operators, require that at least half of Head Start teachers have a Bachelors degree by 2011, force low performing Head Start centers to compete for Head Start grants every five years, and raise income eligibility limits for Head Start from 100 percent of federal poverty to 130 percent.

During debate, some Democrat Senators expressed concerns over funding adequacy and the accuracy of test standards promoted in the bill.

HOUSE CRIMINALIZES TRAFFICKING OF COUNTERFEIT LABELS

On Monday, the House passed H.R. 32, which would provide more legal resources to stamp out piracy of U.S. products. The bill criminalizes trafficking in counterfeit labels and also requires U.S. law enforcement to seize and destroy the machinery used to make counterfeit products in the United States. Currently, otherwise counterfeit goods can pass through U.S. Customs because they are slightly different from the legitimate product. Once in the United States, the pirates alter the goods to make them identical to brand name products and affix counterfeit labels to brand them before selling them. If law enforcement raids a counterfeiting operation, it has the power now to seize the goods, but not to seize the machinery. Also, the U.S. 10th Circuit Court of Appeals has held that trafficking in labels that were not attached to pirated products did not violate U.S. law. The bill is also in response to the U.S. Trade Representative's unwillingness to negotiate intellectual property rights with U.S. trading partners that are more stringent than U.S. laws.

WITH NO NEW LAW READY, CONGRESS PUNTS ON TRANSPORTATION AGAIN

With conferees yet unnamed, and little time remaining to complete work on 2,000 pages of legislation, the House approved a month long extension of transportation programs on May 25th, 2005. The Senate is expected to clear similar language this week in time to beat the termination of current extension legislation on May 31st.

The extension (HR 2566), approved by voice vote, is the seventh of its kind and would authorize transportation spending through the end of June, to give the House and Senate time to reconcile multiyear legislation that is awaiting conference action. The House approved a \$284 billion bill (HR 3) on March 10th by a vote of 417 to 9. The Senate-passed version, which was reported by a vote of 89 to 11 on May 17th, exceeds House authorization levels by \$11 billion. The White House has threatened to veto both pending bills; the Senate bill for its cost and the House bill for language that would freeze transportation spending unless equitable minimum returns to donor states are achieved before a certain date.

Some House members had pushed for language in the extension that would have withheld further transportation spending in states until the completion of a comprehensive bill, to help advance conference action; however, objections in the Senate forced drafters to scrap the idea in favor of a clean extension.

The last multiyear transportation measure expired in 2003. Since then, the House and Senate have struggled to find an acceptable authorization level for highway and transit infrastructure and safety programs while balancing the White House's insistence on budgetary discipline.

Demands made by highway donor states (states that send higher amounts of highway user taxes to the Highway Trust Fund (HTF) than they receive in federal highway receipts) to increase the minimum rate of return for their investments from 90.5 percent to 95 percent have also complicated progress on transportation

negotiations. The Senate bill would increase the minimum rate of return to 92 percent by 2009, while the House retains the 90.5 percent threshold. House language however contains an "equity hammer" provision that would force members to revisit the equity issue within a year if an approved bill does not boost minimum guarantees to 95 percent. After returning from the Memorial Day recess, lawmakers will have 19 legislative days to reach a deal on these and other issues in conference committee before HR 2566 expires.

In other news, an analysis of House and Senate passed legislation by Federal Funds Information for States (FFIS) shows that although House and Senate bills would provide California with a relatively unchanged share of highway receipts over the next five years, the state would see only modest growth in transit returns and even receive a lower share of transit grants than is currently awarded the state, under the Senate bill. On one hand, the authors estimate that California would receive \$16.5 billion in highway apportionments under the House bill over the next five years and \$17.1 billion under the Senate, slightly increasing California's share of highway receipts from 9.32 percent in 2003 to 9.33 percent (House) or 9.39 percent (Senate). On the other hand, compared to 2004, California's share of total transit spending would receive a modest 0.2 percent gain from the House bill and a cut of 4.8 percent under the Senate bill (over 5 years). Other states and territories that would experience transit reductions under Senate legislation include: Puerto Rico (-15.8%), Hawaii (-9.4%), the District of Columbia (-7.1%), Illinois (-5.9%), and Georgia (-4.2%).

ANGEL ISLAND BILL PASSES HOUSE

On Monday, April 23, 2005, the House of Representatives passed the Angel Island Immigration Station Restoration and Preservation Act, H.R. 606, by voice vote. The bill, sponsored by Representative Lynn Woolsey (Los Angeles) and cosponsored by 18 other bipartisan California Congressional delegation members, would provide \$15 million in federal funds to restore and preserve the "Ellis Island of the West" and get the National Historic Landmark off of "America's 11 Most Endangered Historic Places" list. The legislation requires that federal funds not exceed 50 percent of the total sum spent on restoration and preservation projects. Senator Barbara Boxer has introduced a companion bill in the Senate, S. 262, that is still in Committee.

Between 1910 and 1940, more than 1 million immigrants passed through Angel Island before they could officially enter San Francisco and the United States. Angel Island has particular historical importance for Chinese-Americans. During its years of operation, 175,000 Chinese immigrants entered through the Station and were detained for as long as two months before they were granted entry into the country or deported to China. Angel Island is especially famous for the 140 poems carved into the walls by Chinese detainees. More than 50,000 people, including 3,000 students, visit Angel Island each year.

For more information, visit the Angel Island Immigration Station website at <http://www.angelisland.org/immigr02.html> or their Foundation at <http://www.aiisf.org/>.

SCIENCE SUBCOMMITTEE EXAMINES NANOTECHNOLOGY INITIATIVE

The House Science Subcommittee on Research held a hearing on Wednesday, May 18 to review the activities of the interagency National Nanotechnology Initiative (NNI). NNI was created by the Science Committee as part of the 21st Century National Nanotechnology Research and Development Act, which became law in 2003. Nanotechnology is science at the nanometer scale – which starts at a size 1/75,000th of the width of a human hair.

The Committee heard from the following witnesses: Mr. Scott Donnelly, Senior Vice President for Global Research, General Electric Company; Dr. John Kennedy, Director of the Center for Advanced Engineering Fibers and Films (CAEFF), Clemson University (CAEFF is a National Science Foundation-supported Engineering Research Center.); Dr. John Cassady, Vice President for Research, Oregon State University (OSU), a leading participant in the Oregon Nanoscience and Microtechnologies Institute; Mr. Michael Fancher, Director of Economic Outreach, Albany NanoTech and Associate Professor of Nanoeconomics, State University of New York at Albany, College of Nanoscale Science and Engineering.

Mr. Donnelly explained to the Subcommittee that GE believes that the novel material properties found at the nano scale can be leveraged to create completely new material performance levels for a wide spectrum of products and applications in the macro world. He outlined several areas where GE believes nanotechnology will

have a significant impact in the future, including: energy, transportation, homeland security, healthcare, and defense applications.

Dr. Cassady addressed nanotechnology from the academic side, as an organic chemist and research administrator. He described the Oregon Nanoscience and Microtechnologies Institute (ONAMI) as the first “signature research center” funded by the State of Oregon for the purpose of expanding research and business development in order to accelerate innovation-based economic development in Oregon and the Pacific Northwest. ONAMI is a collaboration involving Oregon’s three public research universities – Oregon State University, Portland State University, and the University of Oregon; the Pacific Northwest National Laboratory (Richland, WA); the state of Oregon; and what Dr. Cassady called “the emerging ‘Silicon Forest’ high technology industry cluster of Oregon and southwest Washington. He also testified as to the future commercial applications of nanotechnology, citing such examples as compact power supplies for portable electronics; vehicular and auxiliary fuel cell systems; distributed biofuel, hydrogen, and chemical production at point-of-use; automotive cooling systems that operate using exhaust heat; a compact kidney dialysis machine, and a new generation of distributed heating and cooling systems for residences with energy savings of approximately 50%.

During questions and answers from the Subcommittee members, all of the witnesses agreed that the federal government’s role in nanotechnology should include continued and expanded federal funding for basic research. In addition, the witnesses noted the federal government’s crucial role in providing incentives for students to enter math and science study programs, at the high school and college levels, and in assisting students to pursue these career paths.

Testimony of all the witnesses can be accessed through the Committee’s website at:

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

WAYS AND MEANS SUBCOMMITTEE HOLDS HEARING ON FUTURE OF WTO; REJECTS RESOLUTION TO WITHDRAW FROM WTO

On Tuesday, May 17, the Ways and Means Subcommittee on Trade held a hearing on the future of the World Trade Organization. The focus of the hearing was to examine: (1) overall results of U.S. membership in the WTO and the GATT, (2) whether future participation of the United States in the WTO and the multilateral trading system can be expected to benefit Americans, and (3) prospects for increased economic opportunities for U.S. farmers, workers, and consumers in the Doha Round.

Ambassador Peter Allgeier, Deputy U.S. Trade Representative, testified for the Administration. He testified that “The creation of the WTO represented the culmination of a decades-long bipartisan U.S. commitment to lead the world away from economic isolationism and toward the imperative of an open, rules-based global trading system.” The Ambassador went on to say that the WTO “exists as the most important vehicle to advance U.S. trade interests, and is critical to America’s workers, businesses, farmers, and ranchers,” noting that during the first 10 years of the WTO, from 1994 to 2004, U.S. exports of goods and services have risen 63 percent, from \$703 billion to over \$1.1 trillion. He stated that the main focus of the negotiations under the Doha Development Agenda is in the areas of: agriculture; industrial market access; services; trade facilitation; WTO rules (i.e., trade remedies, regional agreements and fish subsidies); and development. He concluded by saying that: “With care and attention, we can use the WTO to make a further substantial contribution to global growth and development. The United States is prepared to lead by example, but we need to ensure that we secure real gains and market opportunities in the decades ahead.”

The testimony of the private sector witnesses can be obtained through the Committee’s website at:

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

Subsequent to the hearing, on Tuesday, May 24, the Ways and Means Committee reported to the House unfavorably a resolution (H.J. Res. 27) calling for the United States to withdraw from the World Trade Organization. Under the law implementing U.S. involvement in the WTO, Congress must address continued U.S. membership in the organization every five years.

Although the committee rejected the resolution of disapproval on a voice vote, several members from both sides of the aisle used the opportunity to criticize the WTO, including Chairman Bill Thomas (Bakersfield). Rep. Thomas faulted the WTO for creating problems, rather than solving them, because its 148 members must

operate by consensus, giving undue influence to some parties. He also argued that the WTO has not acted on such serious obstacles to trade as non-tariff trade barriers.

The House is expected to consider H.J. Res. 27 after the Memorial Day recess, and to reject it, eliminating the need for a Senate vote.

SENATE SUBCOMMITTEE EXAMINES EFFORTS TO RESTART HUMAN SPACEFLIGHT

On Wednesday, May 18, 2005, the Senate Commerce, Science and Transportation Subcommittee on Science and Space conducted a hearing to examine efforts to send manned flights back into space. The extremely brief 35 minute hearing entitled "Human Spaceflight: The Space Shuttle and Beyond," included testimony from Dr. Michael Griffin, Administrator of NASA, as well as others. Among other issues, committee members focused on the potential gap in manned-space flight capabilities that might occur when the space shuttle is retired in 2010 if the new Crew Exploration Vehicle (CEV) is not yet completed. Committee members also worried about the potential loss of highly skilled engineers if the return to space is delayed, as well as potential losses in military and political power if the United States loses its superiority in human space travel.

For the full written testimony of all of the witnesses, visit the Senate Committee on Commerce, Science and Transportation's website at <http://commerce.senate.gov/>.

LOS ALAMOS COMPETITION HEATS UP

Bidding for the contract to run the Department of Energy's Los Alamos National Laboratory has intensified recently, with Lockheed Martin and the University of Texas announcing that they would partner to prepare a lab management proposal. At a May 12, 2005, meeting, the UT Board of Regents authorized official negotiations. That same week, the University of California announced their bid to continue their 60 years of managing the lab, proposing a partnership with Bechtel, a San Francisco-based firm. The UC Board of Regents has now given its approval to go ahead with the partnership and proposal. Previously expected to bid for the contract, Los Angeles-based Northrup Grumman announced on Thursday that it will not compete for management of the lab.

HOUSE SUBCOMMITTEE ON 21ST CENTURY COMPETITIVENESS FOCUSES ON MATH AND SCIENCE IN U.S.

On Thursday, May 19, 2005 the House Subcommittee on 21st Century Competitiveness, chaired by Howard "Buck" McKeon (Santa Clarita) held a hearing to discuss "Challenges to American Competitiveness in Math and Science." The hearing featured testimony from Norm Augustine, the retired Chairman and CEO of Lockheed Martin Corp, Dr. Thomas Magnanti, the Dean of MIT's School of Engineering, June Streckfus, the Executive Director of the Maryland Business Roundtable, and Dr. Nancy Songer, Professor of Science Education and Learning Technologies at the University of Michigan, Ann Arbor. In general, the hearing focused on the relative lack of well educated math and science students in the United States, particularly when compared with math and science students in other industrial nations. All four panelists agreed that math and science education is in "crisis" in the U.S, and the crisis could have dramatic negative impacts on American business, homeland security, and national defense. When asked to give math and science education a "grade," all four panelists gave between C- and D. Of particular concern is the dearth of females and minorities studying math and science at the post-secondary and graduate levels. All four emphasized the need to increase funding for math and science programs, create scholarships to reward dedicated math and science students, and reform the way math and science is taught in K-12 by revising the curriculum and providing teachers with better training.

For the full written testimony of the witnesses, visit the House Committee on Education and the Workforce's website at <http://edworkforce.house.gov/>.

OVERSIGHT HEARING EXAMINES CDBG ACCOUNTABILITY AND PERFORMANCE

On May 24, 2005, an oversight hearing focused on the administration and performance of the Community Development Block Grant (CDBG) program found a consensus among the witnesses that the program needs reforms. However, panelists and members of the committee disagreed as to the nature and extent

of modifications necessary to improve CDBG's performance and to make the program more accountable to taxpayers.

CDBG provides federal grants to low and moderate income households to meet housing and neighborhood and economic development needs of local communities. California's share of CDBG formula grants in FY '05 reached \$537 million out of \$4.1 billion appropriated – 12.8 percent of the national total. The program has been under increased scrutiny since the president's Office of Management and Budget (OMB) gave it low evaluation scores – principally questioning the program's ability to target block grant dollars to the needy – and the Administration planned to cut CDBG's budget by 35 percent and shift it to the Department of Commerce.

The Subcommittee on Federalism and the Census hearing, chaired by Michael Turner (OH), examined how CDBG funds are used, whether funds are targeted in the way intended by authorizers, and how effectiveness of the funding can be better measured.

Roy Bernardi, Deputy Secretary of the Department of Housing and Urban Development (HUD) testified that program rules require 70 percent of funds to be used to benefit low and moderate income persons and that no more than 15 percent of CDBG grants may be used to cover administrative expenses. When challenged to discuss why CDBG had few restrictions on the eligible use of funds, Bernardi testified that fewer CDBG spending requirements afford local authorities added flexibility, and that through the drafting and approval of long and short term plans, grantees are still required to serve low and moderate income individuals through reports, reviews, and audits. Bernardi also stated that he strongly believed HUD's administration of CDBG is effective but that some indicators of success such as quality of life enhancements, crime reduction, and community advancements are not easy to track. An effort to update databases and form a proposed outcome performance and evaluation system is under way at the agency, according to Deputy Secretary Bernardi.

Panelist Sheila Crowley, President of the National Low Income Housing Coalition, framed CDBG as an indispensable program that has been a "force for enormous good". She stated that the program could best be served by adding income targeting provisions in program language and by including a housing cost burden factor in the CDBG formula. Ms. Crowley argued that current housing factors in formula language such as overcrowding and age of stock are less relevant today and can contribute to misdirecting CDBG funds to areas with high numbers of college students from affluent families.

For more information on this hearing, visit the Committee on Government Reform's Website at:

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

SENATE HOMELAND SECURITY LOOKS AT TERRORISM AND COUNTERFEIT GOODS

The Senate Homeland Security and Governmental Affairs Committee held a hearing on Tuesday, May 25 entitled *Counterfeit Goods: Easy Cash for Criminals and Terrorists*. The hearing focused on recent indications that profits from pirated goods were being used to finance terrorist operations.

The Committee heard from several witnesses, including: Lieutenant John Stedman, Sheriff's Department, County of Los Angeles; Kris Buckner, President, Investigative Consultants; and Matthew Levitt, Ph.D., Senior Fellow in Terrorism Studies, The Washington Institute for Near East Policy.

In his testimony, Lt. Stedman, whose work on intellectual property right (IPR) crimes dates to the 1980s, detailed his experiences with raiding counterfeit operations in Los Angeles. Since 2003, the Criminal Investigation Section of the Emergency Operations Bureau "has uncovered significant organized criminal enterprises operating within Los Angeles County. Victims of these organized criminal groups include the tobacco industry, luxury goods manufacturers, clothing companies, and the music and motion picture industries. Information in open sources indicates that across the globe anything that has a decent profit margin is being counterfeited. Items such as motorcycles, auto parts, memory chips, software, consumer electronics, and of most concern, pharmaceuticals, are being manufactured," he testified. Lt. Stedman also said that Russian Organized Crime, Eurasian Organized Crime, Asian Organized Crime and Lebanese Organized Crime groups all profit from IPR crimes. Additionally, the Sheriff's Office now believes that there may be a trend developing for local gang involvement in IPR criminal activity, and there are also indicators that some associates of terrorist groups may be involved in IPR crime. "During the course of our investigations," Lt. Stedman said, "we have encountered suspects who have shown great affinity for Hezbollah and its leadership."

For the testimony of all the witnesses, go to the Committee's website at: <http://www.hsgac.senate.gov> .

SENATE JUDICIARY EXAMINES INTELLECTUAL PROPERTY PIRACY

The Senate Judiciary Committee held a hearing on Wednesday, May 25 focused on intellectual property rights (IPR) piracy, especially in China and Russia. *See, Bulletin, Vol. 12, No. 14 (5/20/05)* regarding a similar hearing held by the House Judiciary Subcommittee on the Courts, the Internet, and Intellectual Property. The Senate Committee heard from a number of witnesses, including: Marybeth Peters, Register of Copyrights, and Associate Librarian for Copyright Services, United States Copyright Office; Stephen M. Pinkos, Deputy Under Secretary of Commerce for Intellectual Property and Deputy Director of the United States Patent and Trademark Office; James E. Mendenhall, Acting General Counsel, Office of the United States Trade Representative; Eric Smith, President, International Intellectual Property Alliance; Taylor Hackford, Board Member, Directors Guild of America, Los Angeles, CA; and Robert W. Holleyman II, President and Chief Executive Officer, Business Software Alliance.

All of the witnesses decried the explosion of IPR piracy in Russia in recent years and the continued disregard for IPR enforcement in China. The government witnesses detailed their agencies' efforts to ensure that both countries take seriously their responsibilities to stem the flood of pirated goods being produced and exported from Russia and China. The industry witnesses cautioned against the United States supporting Russia's accession to the World Trade Organization until it has shown its willingness to get tough on piracy. During his opening remarks, Committee Chairman Orrin Hatch warned the Administration witnesses that many Senators would be reluctant to support Russia's entry into the WTO unless its piracy problems were significantly decreased.

For the testimony, go to the Committee's website at: <http://www.judiciary.senate.gov> .

HOUSE COMMITTEE ON GOVERNMENT REFORM EXAMINES STUDENT LOAN PROGRAMS

On Thursday, May 26, 2005, the House Committee on Government Reform held an oversight hearing examining the management and administration of the two major federal student loan programs: Federal Family Education Loan Program (FFLEP) and the Federal Direct Loan Program (FDLP). FFELPs are administered and distributed by private lenders, while the DLPs are entirely administered and distributed by the federal government. Combined, the two programs distributed \$69 billion in education loans to approximately 10 million post-secondary students in 2004. The hearing featured testimony from Theresa S. Shaw, the Chief Operating Officer for the Federal Student Aid Office in the US Department of Education, Nancy Coolidge, the Coordinator of Federal Student Financial Support for the Office of the President at the University of California, as well as other witnesses.

Both the testimony from witnesses and questions from Committee members focused on the benefits and challenges caused by having two parallel loan programs. Many post-secondary financial aid officers extolled the benefits to students and schools that emanate from market competition for FFELP loans, including loan counseling, training for administrators at schools, and often increased funding for financial aid. Supporters of the FDLPs focused on the program's low cost to American taxpayers. The Committee is awaiting the September release of a Government Accountability Office (GAO) report analyzing and comparing the costs and administration for the FFELP and FDLP.

For the full written testimony from witnesses, visit the Committee on Government Reform's website at <http://reform.house.gov> .

PPIC SPECIAL SURVEY EXAMINES STATE BUDGET

A new special survey conducted by the Public Policy Institute of California (PPIC) examines the state's budget and budget deficit. The study, directed and authored by Mark Baldassare, PPIC's Director of Research, found that more than 70 percent of Californians view "the state's multibillion dollar fiscal gap between revenues and spending as a big problem," while only seven percent of Californians "think the governor and legislature have made a lot of progress in solving the state's budget problems." Furthermore, the study showed that more residents believe "the state is headed in the wrong direction than the right direction (57% to 35%) and say they

expect bad economic times rather than good times in the next 12 months (49% to 39%).” The survey is the fifth in a series of special PPIC Statewide Surveys on the California State Budget and Fiscal System, begun in June 2003 and conducted in collaboration with The James Irvine Foundation.

For the full survey’s results and analysis, visit PPIC’s website at <http://www.ppic.org/main/publication.asp?i=601> .

LAPD BRIEFS CONGRESSIONAL STAFFERS ON TERRORISM IN LOS ANGELES

On Thursday, May 26, 2005, John Miller, the Bureau Chief to the Chief of Police and Commanding Officer of the newly formed Counter-Terrorism Bureau (CTB) for the Los Angeles Police Department, presented a briefing to Congressional staffers outlining terrorist threats to the Los Angeles area and underscoring the need for sufficient anti-terrorist funding for the region. Mr. Miller, who presented on behalf of the City of Los Angeles, reviewed some of the terrorist methods employed by Al-Qaeda and emphasized that most, if not all, could be utilized to attack within the U.S. and Los Angeles. Mr. Miller, who served with LAPD’s Chief of Police William Bratton in New York City and also served as a nine-time Emmy-award winning journalist for ABC News, summarized some of the steps that the LAPD has taken since September 11, 2001 to disrupt terrorist activity.

GOLDEN STATE ROUNDTABLE FEATURES BRAC PANEL

On Tuesday, May 24, after a last minute cancellation by expected speaker Chris Matthews, the California State Society conducted a Base Realignment and Closure (BRAC) discussion panel for its bimonthly Golden State Roundtable luncheon. The discussion was moderated by Bill Lowery, a former member of the California Congressional delegation and a current partner at Copeland, Lowery, Jacquez, Denton & White, and included the following panelists: Representative Ken Calvert (Corona), who serves on the Armed Services, Resources, and Science Committees; Julie Meier Wright, the President of the San Diego Economic Development Corporation (SDEDC), which was the organization responsible for San Diego’s BRAC preparation; David Berteau from Clark & Weinstock, who worked with Governor Schwarzenegger’s office to prepare for BRAC; and Bill Cassidy, a BRAC consultant for San Diego and a former Deputy Assistant Secretary of Defense under the Clinton Administration.

The discussed topics ranged from analysis of California’s preparation for BRAC to the challenges of base reuse for those installations recommended for closure, but focused mainly on the state’s relatively few realignments and closures. However, all of the panelists cautioned that the state’s work is not yet over. Affected bases must prepare for visits by the BRAC Commission in order to argue for their removal from the BRAC list, and the state, in general, must continue to become an even better home for the military so that it is prepared for future BRAC rounds, if and when they occur.

In the current BRAC round, California lost just one major base (Norco) and approximately 2,000 personnel, representing a relatively small share of the nation’s overall cuts. In comparison to past BRAC rounds, in which the state absorbed more than half of the nation’s personnel cuts, California fared well.

For more information on defense and BRAC issues, visit the California Institute’s BRAC page at <http://www.calinst.org/defense.htm> .