

ACCOMPLISHMENT MEMO

To: Joan

From: Tom

Re: Accomplishments in 107th, Contacts for New Staffer

Date: November 1, 2002

The purpose of this memo is provide staff with an outline of what Darlene worked on in the 107th Congress and to provide contact information.

Accounting:

Oversight of the accounting industry and FASB is a new function of the Financial Services Committee. The following are important issues which have come before the committee.

1. Stock Options expensing — Darlene opposed mandatory expensing of stock options during last summer's consideration of the Sarbanes/Oxley bill. As many companies have voluntarily moved toward expensing, the issue is not as prominent. However, IASB will soon announce recommendations for expensing, at which time FASB will put forward a rule. Key Contacts: Jeff Mahoney with FASB; Steve Storch with NASDAQ; Jeff Peck, New Dem consultant; Caroline Graves Hurley with American Electronics Association; Jacque Johnson with CompTIA; Joe Tasker with Information Technology Association of America; Josie Storrs with Securities Industry Association; Joe Pasetti with Information Technology Industry Council; Dan Jarman with Conkling and Fiscum (DC Office).
2. Corporate Governance — Darlene played a leading role among the New Democrats and in the Caucus during consideration of the so-called Sarbanes-Oxley bill. Her amendment to require auditors to retain their working papers was agreed to by the Chairman. She resisted calling for Harvey Pitt's ouster, and was key in securing over 200 Democratic votes for the LaFalce substitute to the Oxley bill. Key contacts: Michael Paese with minority staff; Todd Harper with Paul Kanjorski; Beverly Bell with Price Waterhouse Cooper; Scott McLucas with KPMG; Josie Storrs with SIA; Jay Rosenblum with Ernst and Young; Jane Patterson with SEC Legislative Affairs.
3. Corporate Auditing Practices — In May the Capital Markets Subcommittee held a hearing on auditing practices. While FASB is responsible for setting accounting rules, corporate world has been lobbying for a transition from rules-based accounting standards to principle-based accounting standards. It is my view that GAAP could stand to be improved, but it is not at fault for the wash of accounting scandals that have dragged our capital markets. This may or may not be a continuing topic in the 108th, but Darlene should be prepared for it. Key contacts: Jeff

Mahoney with FASB; Michael Paese with minority staff; Todd Harper with Paul Kanjorski; Beverly Bell with Price Waterhouse Cooper; Scott McLucas with KPMG; Jay Rosenblum with Ernst and Young; Jane Patterson with SEC Legislative Affairs.

Banking and Insurance:

Darlene has been an active member of the Capital Markets and Financial Institutions Subcommittee. Key issues Darlene has worked on in the 107th Congress:

1. Rent-to-Own Legislation — Darlene was a co-sponsor of H.R. 1701, federal legislation to regulate the so-called rent-to-own industry. The bill was successfully steered through subcommittee, full committee, and the House. It was not considered by the Senate. Long a favorite of Dick Armey, I am unsure whether it will be pursued with the same vigor by Republicans in the 108th Congress. I have a substantial file on this legislation. The bottom line is the bill, as drafted, pre-empted the right of states to list RTO transactions as credit sales, which would require merchants to disclose the APR. New Jersey, Wisconsin, and Vermont would be affected. Key contact is Tanya Saunders with the Washington group and Tom Santos with Jim Maloney. If Jim does not win his election, then Darlene may be approached as the lead Democratic co-sponsor.

2. Optional Federal Insurance Charter — the insurance industry is regulated at the state level. In the aftermath of GLB, larger banks (financial services roundtable and aba) and insurers (aia) have pushed for a so-called optional federal charter to allow their companies to operate across state lines without having to worry about state law and regulation. Richard Baker, chair of capital markets subcommittee, convened a series of hearings in the 107th, intends to push legislation which would create the charter. Darlene has not taken a position on this matter yet. Generally speaking, Oregon's small insurers are opposed to the charter, fear it would allow larger companies to gobble them up. Insurance commissioners are opposed as well, worry federal charter wouldn't be as strong as state laws. While I doubt legislation will be enacted in the 108th, Darlene should carefully weigh the benefits before committing herself. In addition, Darlene was active on so-called corporate-owned life insurance, or COLI, after it was revealed that Portland General Electric took out these policies on rank-and-file employees. I have a large file on COLI, keep it in mind as the committee moves forward on the larger question of a federal charter. For Coli, Karl Lundberg with Oregon Insurance Division is a great contact. Other key contacts: Joel Ario, Oregon Insurance Commissioner; Holly Kinnamon with National Association of Insurance Commissioners; Andy Barbour with financial services roundtable; Maria Berthoud with Independent Insurance Agents of America; Floyd Stoner with American Bankers Association; Kim Dorgan with American Council of Life Insurers; Nelson Garcia with Alliance of American Insurers; Melissa Shelk with American Insurance Association.

3. Real Estate Brokerage -- Darlene is a co-sponsor of H.R. 3424, which would amend the Bank Holding Company Act of 1956 and revised statutes to prohibit financial holding companies and national banks from engaging, directly or indirectly, in real estate brokerage or real estate

management activities. This legislation would remove no existing authority from these financial organizations. More specifically, H.R. 3424 would accomplish two things: First, the Federal Reserve Board may not determine that real estate brokerage or real estate management activities are financial in nature, incidental to any financial activity, or complementary to a financial activity. Second, the Secretary of the Treasury may not determine that real estate brokerage or real estate management activities are financial in nature, incidental to any financial activity, or complementary to a financial activity. I have a substantial file on this matter. As it stands, Congress did not enact the legislation, but it has a majority of supporters, and Fed/Treasury have not issued the rule. I suspect that it will be reintroduced in the next Congress. Key contact: Todd Harper with Paul Kanjorski; Jerry Giovanello with the National Association of Realtors; Jana Bader Jarvis with Oregon Association of Realtors; Jane Leo with Portland Metropolitan Association of Realtors. Expect to be lobbied heavily by Floyd Stoner with ABA and Tom Perrick with OBA.

4. Terrorism Insurance — Darlene is a conferee to the terrorism insurance conference. As of this writing, there has not been a formal meeting of conferees, rather Senator Dodd and Senator Schumer have negotiated the bill with the White House. Sticking point is what degree of tort reform is necessary. Republicans have generally insisted on blanket liability protection, while Dems have argued liability bar be raised to point where business owner engaged in willful or criminal behavior, and was found to have done so by a jury (in a federal court). If a conference agreement is not reached, it will once again be considered in the 107th. Two things must happen for Oregon -- definition of terrorism must be comprehensive and include domestic attacks (because of eco-terror threat) and Oregon's unemployment and workers comp insurance fund (SAIF) must be included in the definition of lawful insurers, even though it is not licensed. Key contacts: Andy Barbour with financial services roundtable; Melissa Schulman with Bergner and Bockorny; Joe Rubin with Chamber of Commerce; Catherine Willis with National Association of Independent Insurers; Robert Woody with a firm here in DC who represents SAIF; Joel Ario, Oregon Insurance Administrator; Sheila Greenwood with Citigroup; Nelson Garcia with Alliance of American Insurers.

5. FDIC Reform — Legislation to overhaul the FDIC was approved by the committee and House this year, but did not clear the Senate. It is controversial for several reasons, biggest being (from bankers point of view) who is going to pay for the new system of coverage? Currently, over 90 percent of insured institutions don't have to pay for coverage, since they are judged to be safe and sound and they BIF/SAIF are over a certain level. Legislation to combine BIF/SAIF is non-controversial, however, raising deposit coverage amounts and giving FDIC to set floating DRR and assessment mechanisms are. In general, smaller banks are supportive of FDIC reform, while bigger banks are against. The Oregon Bankers Association never took an official stance on the measure. Tim Johnson introduced companion legislation in the Senate, but it was never considered. I suspect it will arise in the 108th Congress. In general, Darlene supported merging BIF and SAIF, but followed Mr. LaFalce's lead on other issues. Key contacts: Dawn Sears with Independent Community Bankers of America; Floyd Stoner with American Bankers Association; Priya Dayananda with American Community Bankers; Tom Perrick with Oregon Association of

Bankers.

6. Regulatory Relief — The committee considered and passed this legislation, but it was never approved by the House. The bill was largely non-controversial, but was in the end opposed by the ABA because it contained numerous provisions which expanded the powers of credit unions. Nonetheless, it was held up in appearing before the full House because of Rep. Ackerman's amendment to require credit bureaus to notify consumers of a negative credit rating. I suspect that it will be considered again in the 108th Congress. Darlene was supportive of the bill, including the credit union provisions. Key contacts: Debbie Kwon-Moore or Dillon Shea with National Association of Federal Credit Unions; Katy Herberger with Credit Union National Association; Todd Harper with Rep. Kanjorski.

7. Government Sponsored Entities (GSE) — Darlene has been generally supportive of Fannie Mae and Freddie Mac. While Chairman Baker will continue to press for legislation which would essentially get the government out of the secondary housing market, he has not convinced members of his own party to join him, much less Democrats. Mr. Baker has been successful in opening Fannie and Freddie to greater disclosure, they recently agreed to register their common stock with the SEC (like every other publically traded company is required to do). Individuals have approached me about securing Darlene's support for Baker's legislation and other FM-watch type stuff, but they haven't convinced me the private sector would do any better job than the GSEs in creating affordable housing. The key contact for the FM Watch side is Kate Moss, who I believe represents GE Capital, who's lobbyist is Kathryn Fulton. John Hines (DC) and Dick Anderson (OR) are Fannie Mae contacts; Kirsten Johnson-Obey is the Freddie lobbyist. Todd Harper with Rep. Kanjorski is good too.

Consumer Issues:

Darlene has been a strong supporter of legislation to curb and prevent identity theft.

1. H.R. 3053, the Identity Theft Prevention Act. There are massive amounts of filed information regarding this bill. Darlene should introduce it again in the beginning of the 108th Congress, with Steve LaTourette is possible. The contact in his office is Jason Kratovil. In addition, the Fair Credit Reporting Act, which Darlene's bill would amend, expires in January 2004 — meaning at some point Congress will reauthorize it. This is a golden opportunity for Darlene to enact her bill into law, which will only happen through serious staff effort. While the financial services industry is generally opposed to regulation, Darlene's bill does not affect its use of Social Security numbers for identification purposes, so it is a more palatable alternative than the Ron Paul solution (which would ban SSN). Work this bill hard. Feinstein has introduced similar legislation in the Senate, may be more difficult to implement given the switch in leadership. Key Contacts: Todd Harper with Paul Kanjorski and Warren Gunnels with Spencer Bachus; Tom Oshwerwitz with Sen. Feinstein; Barbara Span Obert with Star; Jim Harper with PayPal; Stuart Pratt with Associated Credit Bureaus; Lamar Smith with Visa; Frank Torres with American Consumers Union.

2. H.R. 5284, Secure Identity Protection Act — Darlene introduces this bill after the Oversight and Investigation Subcommittee hearing on terrorism and id theft. As it stands, many state DMVs, including Oregon, don't subscribe to the Social Security Administration's so-called Death Master File, which lists the SSN of all deceased individuals. The bill would require the administration, namely the Secretary of Homeland Security, to study the problem and make recommendations. If the Homeland Security Bill is not passed in the 107th, Darlene should seek to amend the bill in the 108th or work with the administration (directly with the White House) to include the provision in law.

3. H.R. 2077, the ID Theft Loophole Closure Act — Darlene introduced this legislation after a local tragedy. Currently, the IRS cannot share information with any outside agency regarding individual tax filers, even if they are suspected of committing a crime. This is preposterous, especially in the age of terrorism. This bill probably needs to be reworked before being reintroduced, recommend staff work with Treasury Department for language (since changes cannot be accomplished through rule making). Key Contact: Tom Wolfsohn with American Association of Motor Vehicle Administrators.

Foreign Affairs:

While not overactive on international issues, this issue is important to many constituents. First and foremost, make sure Darlene remains a member of the Congressional Caucus on Human Rights (contact is Hans Hogrefe with Tom Lantos). Second, Travis knows almost of these contacts, and he frequently forwards me suggestions or meets with them in the district. Third, Michael Carrigan, the executive director of Oregon Peace works, is a great guy. Make an effort to keep him in the loop, support nuclear non-proliferation, and he'll stave off third party challenges.

1. As a member of the banking committee, Darlene is upset with Republican plans to reauthorize the International Development Association, the lending arm of the World Bank, in the FY 03 Foreign Ops bill (not in a committee-considered authorization bill). Signed a letter to Hastert and Gephardt — contact is Kathleen Sengstock with Maxine Waters and Warren Gunnels with Bernie Sanders.

2. Darlene believes the current U.S. international affairs budget must be increased to help win the war on terrorism. She signed a bipartisan letter (with 103 members) to the President asking him to boost spending in FY 04. This campaign is supported by numerous business groups — contact is Doug Campbell with Howard Berman.

3. Colombia. Juanita Rodriguez is an activist in our district who abhors U.S. policy toward Colombia. Darlene has generally sided with her, and co-sponsored legislation such as HR 1591, which would prevent the U.S. from funding NGO military work and supported Bill Delahunt and Jim McGovern's foreign ops amendments to expand the U.S. military presence. Contact: Juanita Rodriguez (Oregon); Cindy Buhl with Jim McGovern.

4. Falun Gong. Several hundred constituents in and around Corvallis have lobbied Darlene to oppose China's crackdown on the falun gong. Darlene has written letters and co-sponsored H. Con. Res. 447. Contact: Harvey Wong (Corvallis).

5. Nuclear proliferation. Darlene has a 100 percent lifetime rating from Peace Pac and wants to keep it that way. She routinely votes for amendments in the DoD budget which would cut funding for missile defense — Peter DeFazio, John Tierney, and Dennis Kucinich stuff. She is a co-sponsor of H. Res. 313, which urges the Administration to remain in the ABM Treaty; H.R. 2013, which would allow the President to unilaterally reduce our nuclear stockpile. Key Contacts: Michael Carrigan (Oregon); Dr. Andy Harris with Physicians for Social Responsibility (Oregon).

6. Military Assistance. Generally, Darlene has supported efforts — usually in letters — to curb U.S. military assistance to less-than-deserving nations such as Indonesia. There are letters on file. Darlene also supports legislation to close down the School of the Americas — this year H.R. 1810. Contact: Cindy Buhl with Jim McGovern.

Housing:

1. Colombia Villa is a housing project in Portland. City has secured \$30 million in HOPE VI to tear down the project and convert into mixed income, open air housing. Darlene has asked HUD to ensure they don't get bogged down on approving PDX Housing Authority's requests — by law they must be approved each step of the way. However, HUD has a reputation for dragging its feet, therefore resulting in cost overruns and Congressional criticism. Vicky Cram from Ball Janick is the DC contact for PDX Housing Authority.

2. Housing Bill in the 107th started off big and may not make it anywhere. The bill originally included lots of Democratic provisions championed by Barney Frank, and it was marked up in subcommittee and full committee. However, Bernie Sanders' land trust amendment is a non-starter for Republican leadership -- Darlene is a co-sponsor of his underlying bill H.R. 2349 and voted for his amendment. The Homebuilders and Mortgage Bankers would prefer a more limited bill. Darlene has demonstrated she wants a bill moved, regardless of its size — and I worked with lobbyists to keep moderate Democrats from joining Mr. Frank and others in their effort to slam the Republican leadership. If it does not happen in the lame duck, the committee will most assuredly take it up again in the 108th. Key contacts: Scott Olson and Kay Gibbs with minority staff; Kathy Doddridge and Dan Cunningham with the National Association of Homebuilders; Rene Rappaport with National Association of Mortgage Brokers. Cindy Chetti is the relevant majority staffer.

3. HUD's RESPA Rule — HUD recently unveiled a controversial rule to reform RESPA. RESPA, or the real estate settlement and procedures act, was originally designed to protect consumers from abusive lending practices (predatory lending). Unfortunately, abuse still exists. HUD's rule, I believe, is generally beneficial in that it ensures consumers have a clear

understanding of the costs of a loan. However, it's raised concern among mortgage brokers, who see it as an effort to give more business to the mortgage banking industry. Darlene has been generally supportive of mortgage brokers, who, for better or worse, play a substantial role in the real estate industry. Brokers are generally the sole source of lending for individuals with blemished credit, and as a consequence, they are generally the source of consumer complaints with predatory lending. Currently, HUD is reviewing the comments it received regarding the rule, Congress may or may not conduct additional hearings in the 108th. I imagine the brokers may shop for supporters of legislation to block HUD from implementing the rule, and I would advise Darlene to not be the lead Democrat given the appearance she is anti-consumer. Key contact: Chris Barry or Todd Williams, brokers in Oregon. Mildred Brown with ACORN is active on this issue in Washington.

4. HUDs Appraisal Rule — HUD has proposed a rule to identify unscrupulous home appraisers (Appraisal Watch Rule). Unfortunately, the methodology behind the rule is seriously flawed. Not only would it do little to prevent predatory lending, it would punish appraisers (they would be blocked from performing appraisals for FHA mortgages) who have done no wrong. As written, the proposal would rate the scrupulousness of appraisals based on the foreclosure rate of properties they have appraised. It is similar to HUDs Credit Watch program. While Credit Watch works well enough, appraisers can hardly be faulted for divorces, family deaths, or lost jobs — the principal causes of foreclosure. Working with Bill Garber from the Appraisal Institute, I have drafted a letter to HUD, which rumor has it is going to scrap the rule. Key Contact: Bill Garber with Appraisal Institute.

5. Perfecting Amendment to Housing Bill — Darlene has expressed a willingness to require HUD to boost fair market rental voucher payments to operators of assisted living facilities. This issue is important to seniors and homebuilders. I originally tried to get it included in the manager's amendment to the Housing Bill, but it was never considered by the House. Key contact is Sheila Salmon with Cohen and Lyons; Kathy Doddridge with National Association of Homebuilders; Scott Olson with the minority staff is our housing contact.

Jewish Issues:

Darlene is generally pro-Israel, and visited it with Rep. Blumenauer in 1997. She voted for the resolution condemning the Palestinians for their round of terrorist attacks in summer 2002 (H. Res. 392) and spoke on the matter. She co-sponsored the Iran/Libya sanction bill (H.R. 1954) and in February wrote President Bush asking him to expand the list of terrorist organizations outside of the Al-Aqsa brigade. Key contacts: Bob Hornstein with Jewish Federation of Portland -- I call him and let him know anytime there is anything of interest before us; Ester Kurz with AIPAC; Paul Romain, an attorney in Portland who also represents beer and wine distributors.

Law Enforcement:

Darlene is the only member of the Oregon Congressional delegation who is a member of the

Congressional Law Enforcement Caucus.

1. Darlene is a co-sponsor of H.R. 218, which would permit current and former law enforcement officers to carry handguns across state lines. She should co-sponsor again in the 108th Congress.
2. Darlene introduced H.R. 2583, the Eco Terrorism Prevention Act. She testified on her bill before the Resources Committee, but it is actually referred to the Judiciary Committee. Before redrafting the legislation, work with *Special Agent Ross Arends* from the ATF to perfect the language. ATD already maintains a database of all arson attacks in the U.S., and our bill would invent another layer of government.
3. Introduced H.R. 3681, Civil Patrol Homeland Security Benefits Act — would allow survivors of Civil Air Patrol members who are killed in the line of duty to receive federal benefits. Darlene should reintroduce in the 108th. Originally introduced after a constituent wrote and complained about the unfair system which currently stands.

Meth:

Darlene is a leading member of the Meth Caucus. Key Contact is Kate Sinner with Brian Baird. She has also been a leader in the effort to raise awareness regarding the dangers of inhalants.

1. H.R. 790 — amends the Safe and Drug Free Schools and Communities Act to list inhalants among banned substances.
2. Brought DEA Chief Asa Hutchinson to Oregon to view meth epidemic. Worked with Office of Drug Policy Chief John Walters to expand the number of HIDTA communities in Oregon, now includes Clackamas. Procured hundreds of thousands of dollars in federal funds for Marion County law enforcement to fight and clean up meth. Is also a co-sponsor of H.R. 4027, which would expand federal grants to law enforcement officers fighting meth.

Telecom:

1. Darlene voted against Tauzin-Dingell because it failed to guarantee broadband deployment to rural areas. Key contacts: Alice Borelli with AT&T; Allan Thoms with Verizon (based out of Washington state); Ginny Lang with Qwest (Oregon); Jessica Zufolo with National Association of Regulatory Utility Commissioners (she used to work for Rep. DeFazio).
2. Darlene signed a letter in October 2002 (with Jim Thune) to FCC asking for flexible use of radio spectrum by mobile satellite service (MSS) providers. MSS providers (ICO is biggest) want to beef up their assets to broadcast signals via radio towers in urban areas to penetrate urban canyons -- for voice and data transmission. The service already reaches rural areas, but because it doesn't work in urban areas, the costs are too high for rural users. Indeed, 88 percent of U.S. land and half our population do not have broadband. It's an innovative way to increase rural

broadband. Downside is the cellular industry opposes (CITA) want MSS to fail in order to purchase their spectrum. CITA argues that since the spectrum was originally intended for satellite use only, it would be unfair for FCC to allow MSS providers to convert their signals — they value the spectrum at \$10-15 billion. In the Senate, Chairman Hollings and Senator Stevens wrote a similar letter. While I understand CITAs position, someone has to deliver rural broadband, and MSS may be the solution. Contact is Jim Harper, who owns policycounsel.com.

3. So-called Digital Must Carry Rule. Darlene has not taken a position. I have visited KOIN-TV in Portland to view the impact of Must Carry — it has shelled out millions to build and maintain a transmitter that may never be used if the cable providers have their way. Most experts believe consumers won't be in a position to own digital television's in 2006 — the date of the FCC deadline (adopted after the 1996 telecom act) to go digital. This will probably become a significant issue in the 108th Congress, especially as the deadline nears. Key contact: Mike Dewey with Oregon Cable and Telcom Association;

Trade:

1. Pacific Salmon Amendment to FY 02 State Department Authorization Bill. Did not clear Rules. However, amendment was adopted (by voice) during debate of H.R. 1157, the Pacific Salmon Recovery Act. Would require the Commerce Department to report on the impact of Canadian timber harvesting on salmon. Companion legislation was not considered by the Senate. Besides benefitting the environment, the amendment is good for Oregon's timber industry, which must comply with environmental regulations such as leaving buffers along streams, and bad for Canadian timber, where clear cutting can be classified as a subsidy. Copy of the amendment and floor remarks are in the "trade folder." Huck and I stumbled on the idea, however, Susan Casey-Lefkowitz with the National Resources Defense Counsel provided assistance. In addition, Denny Scott with the Oregon carpenters was thrilled with it. Suzanne can provide additional assistance in the 108th.

Veterans:

Darlene is extremely active on veterans issues. As a general rule, I try and put her on every legitimate bill that comes across my desk. A great contact is Jeanie (don't know her last name) — she works for the majority staff but will answer any questions you have. Her phone number is 5-9112.

1. Concurrent receipt — Darlene is an annual supporter of H.R. 303, legislation to eliminate the concurrent receipt penalty affecting military retirees. Make sure it stays that way.

2. She introduced H.R. 4842, which would eliminate the requirement that disabled veterans who accepted a separation payment to leave active duty receive their disability pension from the VA. Reintroduce in the 108 Congress, secure support from veterans service organizations.

COUNTRY of ORIGIN AMENDMENT to the HOUSE FARM BILL(HR 2646)

Along with Rep. Mary Bono of CA, Hooley cosponsored an amendment to the Farm Bill that would require retailers to list the country of origin of perishable ag. commodities. The amendment passed overwhelmingly 296-121.

Retailers (such as a grocer) of perishable agricultural commodities will need to inform consumers, at the final point of sale of the perishable agricultural commodity to consumers, of the commodity's country of origin. This requirement applies to imported and domestically produced perishable agricultural commodities. (Food service establishments such as restaurants, cafes, etc. are exempt from this requirement)

The information required in the legislation can be provided to consumers by means of a label, stamp, mark, placard, or other clear and visible sign on the perishable agricultural commodity or on the package, display, holding unit, or bin containing the commodity at the final point of sale to consumers.

If the commodity is already individually labeled regarding country of origin by a packer (such as a Hood River apple having the "Hood River" sticker on it as long as it also says "USA"), importer, or another person, the retailer is not required to provide any additional information.

PENALTY - If a retailer fails to indicate the country of origin of a perishable agricultural commodity as required the Secretary of Agriculture may assess a civil penalty on the retailer in an amount not to exceed \$1,000 for the first day on which the violation occurs; and \$250 for each day on which the same violation continues. (these funds will just be paid to the US Treasury). Obviously enforcement of this may be a problem.

ENACTMENT - A retailer will have 6 months from the time this becomes law to become fully compliant.

SALMON AMENDMENT to the PACIFIC SALMON RECOVERY ACT (HR 1157)

Hooley Amendment to HR 1157 the Pacific Salmon Recovery Act was agreed to by voice vote.

The Pacific Salmon Recovery Act (H.R. 1157) -- a non-controversial bill that authorizes the Department of Commerce to spend \$600 million over the next three years to Pacific Coast states and Idaho for salmon preservation efforts.

A huge gap in the efforts to save many Pacific salmon runs from extinction is British Columbia and it's failure to enforce existing federal laws that protect salmon habitat from the impacts of industrial logging in critical salmon watersheds. B.C. logging companies are still permitted to log to the banks of smaller salmon streams and drag logs across salmon beds. Monitoring of logging practices and enforcement of forest practices rules and laws is abysmal.

Rep. Hooley will be offering an amendment to the Act which requires the Secretary of Commerce to annually report to Congress on the impact logging practices on public lands in BC have on Pacific salmon stocks.

This will send a strong message to BC's logging companies and federal and provincial governments that they are bound by treaty and ethics to protect dwindling salmon runs from the ravages of logging. Currently more than half the old-growth wood cut in the province is exported to the U.S.

BUDGET COMMITTEE

Darlene prepared 4 amendments during Budget mark-up on Wednesday, she offered 3.

- IDEA funding increase (full 40% federal share by 2007). The IDEA amendment went down 22-19 (party lines).

My biggest priority in the area of education this Congress has been the **Individuals with Disabilities in Education Act (IDEA)**. For the past year, my visits with school administrators, teachers, parents and

others have centered around one issue-- federal funding for children with disabilities. Twenty-six years ago, the federal government made a promise to pay for 40 percent of states' excess costs of educating children with disabilities. For 26 years, the federal government has not kept its promise. Last year we paid 14.9 percent of states' excess costs, which is the biggest investment we have EVER made.

This broken promise has caused our schools to struggle to provide an adequate education to every child. School districts are having to make up for the money we aren't providing by taking funding from other critical programs. Therefore, every child is paying for our broken promise.

I have introduced legislation (H.R. 659) that would appropriate money to bring the federal government's share of IDEA funding up to the full 40 percent by 2006. Although we cannot be sure of the costs of special education five years down the road, we have estimated what it will be and mandated that the federal government pay that amount. I introduced an amendment in the Budget Committee similar to my legislation. Unfortunately, the amendment failed on a party-line vote.

I have testified before two different committees on this issue and tried to amend the Elementary and Secondary Education Act to increase IDEA funding. However, despite bipartisan support for this issue, the President opposes keeping our promise to schools because he views it as too costly.

- Full funding of the new federal Bi-Op regarding Salmon on the Columbia River Power System (\$440 million increase for FY 2002 for a total of \$719 million in federal funding, increased 2.6% annually for inflation until 2011). Withdrawn with an agreement with the Chair that language regarding salmon funding be inserted into the Budget Resolution

SALMON

Darlene offered the Salmon amendment, but withdrew it after speaking to Chairman Nussle and he agreed to put in language naming it a priority for funding. Below is what I hammered out with the R's committee staff:

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"the budget resolution assumes that the Pacific Northwest salmon recovery program, administered by federal agencies on the Federal Columbia River Power System and Pacific Coast, should be made a high-priority item for funding"

- Reinstating funding for Project Impact (\$25 million annually). Withdrawn with an agreement with the Chair that language regarding the importance of Project Impact be inserted into the Budget Resolution.

PROJECT IMPACT

Darlene offered her Project Impact amendment and actually got a couple Republicans to agree that the program was very important etc. Nussle however said that they were including X number billion of dollars for disaster relief and he felt as though it was addressed (forget the fact that if you actually spend the piddly amount of \$25 million for P.I. you may not need billions of dollars in disaster relief) in the funding that they were including. Darlene then said to Nussle that she would withdraw the amendment if the Chair was willing to include report language. Nussle agreed to include language and below is the language that I worked out with his staff:

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"The Committee recognizes the importance of efforts to prevent property damage and loss of life from natural disasters. Project Impact, a program administered by the Federal Emergency Management Administration, has proven valuable at helping communities to prepare for potential disasters, thus savings millions of dollars in recovery costs and limiting the loss of life when disasters have struck. The Committee urges the Committee on Appropriations to consider the successes Project Impact has had in mitigating the effects of natural disasters when it makes funding decisions about FEMA and related programs during the appropriations process."