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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. The e-mail edition is made possible in part by in kind donations from Sun Microsystems and IBM Corp.

VA-HUD APPROPRIATIONS INCLUDES FEMA INSURANCE LANGUAGE

The House VA-HUD Appropriations bill for FY01 contains language strongly questioning the Federal Emergency Management Agency's proposed regulations on public assistance insurance. The Subcommittee favorably reported its bill on May 23. The Subcommittee last year also called on FEMA to delay the rule, which it did, until the General Accounting Office could examine the issue. This year's report language states:

the Committee remains concerned that requiring insurance as a condition of receiving public assistance exceeds FEMA's statutory authority, discourages attempts to mitigate damage before it occurs, assumes a fundamental misunderstanding of the insurance market, and merely shifts the costs of disasters from the federal government to states, municipalities, and private non-profit hospitals and universities. The Committee reminds FEMA that denying disaster assistance to underinsured or uninsured entities that suffer catastrophic losses as a result of a disaster could result in significant consequential losses of public services, medical care, and education. Furthermore, the Committee is concerned that FEMA has not conducted a thorough cost-benefit analysis or conducted extensive outreach with potentially affected entities.

The California Congressional Delegation, led by Appropriations Committee members Rep. Jerry Lewis (Redlands) and Sam Farr (Carmel), as well as many other California public officials and entities, are committed to ensuring that any public assistance rule promulgated by FEMA be economically feasible to implement in California. See, *Bulletin, Vol. 7, Nos. [5 \(2/10/00\)](#), [10 \(3/23/00\)](#), [13 \(4/13/00\)](#), and [14 \(4/20/00\)](#).*

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HOUSE APPROPRIATIONS' SCAAP FUNDING AGAIN SET AT \$585 MILLION

On Tuesday, June 6, the House Commerce, State, Justice Appropriations Subcommittee favorably reported its spending bill with \$585 million in FY01 spending for the State Criminal Alien Assistance Program (SCAAP). The program, which partially reimburses the states for the costs of incarcerating illegal criminal aliens, was also funded last year at \$585 million.

The Senate Commerce, Justice, State Appropriations Subcommittee has not acted on its bill yet, but it is expected to cut funding for the program. Last year, it reduced funding to \$100 million and used that cut as leverage to obtain other increases during the House-Senate Conference on the bill. It is expected that it will again use the SCAAP funding as a bargaining chip this year.

In other SCAAP action, both the Senate Agriculture Appropriations and Foreign Operations Subcommittees have included rescissions of current SCAAP funding. The Agriculture Appropriations recommends a rescission of \$82.4 million from current unobligated funds, and the Foreign Operations bill a rescission of \$7.85 million. The rescissions are included to pay for other programs in the bills. However, it is not expected that either one will survive through conference.

In 1998-99, California received about \$244 million under the SCAAP program, nearly half the national total.

GROWERS AFFECTED BY PIERCE'S DISEASE TO RECEIVE FUNDS

On Thursday, May 25, the conference report to H.R. 2559, the Agriculture Risk Protection Act passed the House and Senate. The proposal would make funds available to those growers who have lost crops as a result of Pierce's Disease.

Specifically, H.R. 2559 would authorize \$7.14 million to the California Department of Food and Agriculture for state and local efforts to contain and control Pierce's Disease which is carried by the Glassy Winged Sharpshooter. \$25 million would also be included to compensate those affected by Pierce's Disease, Plum Pox, and Citrus Canker. The bill further consolidates eleven plant quarantine laws, allowing the U.S. Department of Agriculture to more efficiently monitor and regulate the interstate and foreign transport of plants and plant products. Among the Californians most active in the development of the bill were Senator Dianne Feinstein and Reps. Mike Thompson (St. Helena), Ken Calvert (Corona), Gary Condit (Ceres), Richard Pombo (Tracy), and Cal Dooley (Visalia). Also active in securing agriculture appropriations for fighting the pest was Rep. Sam Farr (Carmel).

The authorizing bill has been sent to the President for signature.

DISNEY CHAIRMAN ADDRESSES INTERNET ISSUES

On Wednesday, June 7, Walt Disney Company Chairman and CEO Michael Eisner spoke to Members of Congress during a Capitol Building luncheon address presented by the Internet Education Foundation.

Mr. Eisner commented that the rapid advances in technology which have led to the creation of crisply pristine animated effects for motion pictures and other entertainment products are also able to make equally pristine copies of these same products. Thus, he urged boosting federal efforts to maximize copyright protection for intellectual property. Moreover, Mr. Eisner noted that the larger bandwidths now and soon to be available for transmitting data over the Internet will make intellectual property piracy even easier.

Searching to mitigate these potential dangers, Mr. Eisner urged that hardware firms and internet service providers should work closely with content providers in the entertainment industry and elsewhere to ensure efficient technical solutions, such as watermarking of products. He argued against requiring compulsory licenses, noted that the entertainment industry needs to educate the public regarding what

constitutes piracy, and expressed hope that market forces -- offering legal material at affordable prices -- may yet resolve some of the industry's concerns with a minimum of external regulation.

Mr. Eisner emphasized the contribution of the entertainment industry to the nation's economy, and particularly its ability to counter trade deficits, noting that US copyright-related revenues generated in foreign countries have nearly doubled in just eight years, from \$36 billion in 1991 to \$66 billion in 1999. He noted that Southern California is the nation's hub for the "dream factories" which drive the industry.

For additional information, contact the Washington office for Disney at 202-222-4700.

DELEGATION LETTER FOR MORE EQUITABLE CARE FUNDS TO FIGHT AIDS

Last month, half of the California Congressional Delegation wrote to Reps. Tom Bliley (VA) and John Dingell (MI), Chairman and Ranking Member respectively of the House Commerce Committee, requesting a more equitable allocation of funds through the Ryan White Comprehensive AIDS Resources Emergency program (CARE), which supports individuals living with HIV or AIDS. According to the letter, the funding would assist more than 25,000 individuals in San Bernardino, Los Angeles, Orange, Riverside and San Diego Counties. CARE maintains an AIDS patient care system, including diagnostic techniques, pharmaceutical therapies and psycho-social support.

Specifically the letter notes that the fifty-one most HIV/AIDS-impacted jurisdictions in the nation share \$528 million -- allocated on a weighted estimate of impacted people and dependent on a "hold harmless provision." The four Southern California areas mentioned in the letter, despite having higher than average care delivery costs, "receive less in funding per living AIDS case than the average allocation for living AIDS cases in all eligible metropolitan areas." The letter, signed by twenty-five Californians, requests that the allocation of these Title I resources be improved to direct funds to the areas with greatest need.

On Thursday, June 8, the Senate passed the reauthorization of the Act.

PPIC EXPLORES CHALLENGES IN PROVIDING SERVICES IN LA COUNTY; DELEGATION LETTER FOR HEALTH CARE WAIVER PROOF OF CHALLENGE

In its latest report, *Risky Business: Providing Local and Public Services in Los Angeles*, the Public Policy Institute of California (PPIC) analyzes the perceived organizational and fiscal ordeals faced by the entities involved in providing services to LA County and recommends ways to meet those challenges.

In its findings, developed via 31 in depth interviews with a variety of state, county and city leaders, PPIC found that county governments feel as if they have little control over their revenues; tensions exist that prevent certainty in funding between state, federal and local governments; health care continues to be the plaguing problem in the County; development favors strip malls over housing; and long term planning is difficult given the strained fiscal situation.

Besides the fiscal constraints mentioned in the report, PPIC points to many organizational stresses. The sheer size of the County and localities makes delivery of service difficult. The report also notes that accountability between state revenues and local expenditures is also complex. The controversy over contract-cities acts as an impediment to their potential benefit, according to the report. Finally, there is a perception that the county government should work with cities, local governments, the private sector, and other entities to provide local services.

PPIC recommends greater fiscal control and responsiveness, an increased regional focus, and expanded ties with cities, local governments and private and non-profit organizations.

For more information, contact the PPIC at (415)281-4400 or their web site <http://www.ppic.org>.

In addition, the County's health care system was the subject of California Congressional delegation activity. On May 17, half of the California Members of Congress (25 members) as well as Sens. Barbara Boxer and Dianne Feinstein sent a letter to Department of Health and Human Services' Secretary Donna Shalala, requesting a five-year extension of the Los Angeles County Medicaid Demonstration Project (section 1115 waiver). The waiver, established in 1995, brought the County's health care system back from near ruin and established a new system based on prevention, rather than hospital care.

The letter requests the extension prior to the June 30, 2000 expiration date of the current waiver. Without an extension, the County would begin losing health funds at the end of this month. On May 24, lawmakers began freezing up to \$30 million in expenditures as a safety precaution.

CALIFORNIA AND NEW YORK USE HALF OF THE NATION'S FLEXIBLE FUND TRANSFERS UNDER ISTEА AND TEА-21 TRANSPORTATION ACTS

In the May, 2000 issue of The Brookings Institution's Survey Series, author Robert Puentes explores *Flexible Funding for Transit: Who Uses It?* Flexible funding refers to the programs within ISTEА and TEА-21 whose "funds may be used for transit or highway projects." The survey studies the major federal highway funds that were used flexibly between FY92 and FY99. Over \$3 billion was made available to California out of a total \$33.8 billion nationally. The report found that California transferred more than a third of its available highway funds for transit use (\$1.2 billion).

While New York and California received 16.3 percent of all federal funds available for transfer, they accounted for nearly half of all funds actually transferred from highway to transit programs. According to the Brookings Institution, the discrepancy may be attributed to those states having the largest transit agencies in the nation, major transit projects underway, and other varying circumstances. For instance, in 1996, the Los Angeles County Metropolitan Transportation Authority utilized a large amount of flexible funds to partially finance Segment 3 of the Authority's Red Line subway project. Moreover, Los Angeles and San Francisco ranked second and third as the top urbanized areas transferring the most funds in that same time period; New York ranked first.

For more information, contact the Brookings Institution at (202)797-6071.

GOVERNOR DAVIS, INTERIOR SECRETARY BABBITT TO RELEASE CALFED PLAN

On Friday, June 9, Governor Gray Davis and U.S. Secretary of the Interior Bruce Babbitt are set to release the latest CalFed plan to clean up the San Francisco Bay-Delta; it is intended to be a summary of the final alternative plan which will be chosen in July. The plan to be released Friday was still being worked on, but is expected to contain several detailed proposals, such as:

- raise the height of Shasta Dam by six feet in order to provide the increased water supply needed for an additional 1.5 million people;
- spend up to \$4 billion for water conservation and restoration programs over seven years;
- consider imposing a "user fee" to fund environmental restoration projects; and
- build small Delta reservoirs to hold excess winter flood waters to be released when needed.

Other proposals in the plan will further address increasing water storage and environmental restoration. Friday's report may also propose further study of a short canal to carry water around the Delta, and a new reservoir in the Sacramento area; however, it is not expected to call for building any new dams.

The cost of restoring the Bay-Delta is estimated at \$10 billion over 30 years.

If released on Friday as expected, the draft documents will be available on the website of the Association of California Water Agencies. Go to <http://www.acwanet.com> and click on CALFED.

GAO TESTIFIES ON HIGH PERFORMANCE COMPUTER EXPORTS

On May 26, the General Accounting Office (GAO) testified before the Senate Governmental Affairs Committee on the Administration's policy concerning the export of high performance computers (HPCs). Harold Johnson, Associate Director, International Relations and Trade Issues, National Security and International Affairs Division testified for GAO. Mr. Johnson testified that the executive branch has not clearly articulated the specific national security interests to be protected in controlling computer exports, nor has it stated how countries of military concern could benefit from using such computers. "Without a clear analysis and explanation of the national security interest in controlling the export of high performance computers, the U.S. government cannot determine (1) what militarily critical computer applications need to be controlled or (2) the most effective way of implementing computer export controls. If such an analysis were made, it might also lead to a conclusion that the current reliance on MTOPS as the sole measure of a computer's sensitivity would no longer be appropriate," according to Mr. Johnson's testimony.

In February, the Administration announced that it planned to change the current export control levels for HPCs from 20,000 MTOPS to 33,000 MTOPS for tier 2 countries, and from 6,500 MTOPS to 12,500 MTOPS for military end-users and from 12,300 MTOPS to 20,000 MTOPS for civilian end-users in tier 3 countries. Those changes are scheduled to go into effect in August of this year, after the mandated six-month congressional review period. See, [Bulletin, Vol. 7, No. 3 \(2/3/00\)](#). A provision has also been included in the House Defense Authorization bill to reduce the congressional review period to 60 days. See, [Bulletin, Vol. 7, No. 17 \(5/18/00\)](#).

BONO-FEINSTEIN BILLS ON RADIO STATION TRANSFER MOVE FORWARD

On Wednesday, June 7, the House Resources Committee passed H.R. 3657 by voice vote. The bill, authored by Rep. Mary Bono (Palm Springs), would designate a parcel of public land in the San Bernardino National Forest to KATY-FM, which serves the towns around Idyllwild and the San Jacinto/Hemet Valley. The radio station previously attempted to sublease the land from GTE for their radio antennae, but ran into FCC law difficulties. Under the bill, KATY-FM will purchase the acre at fair market value: \$16,600.

Rep. Bono testified on the importance of the radio station, and stated in a press release "the 1996 Bee Canyon fires and the 1998 Juniper Flats fire evacuation as instances where KATY was the Local Primary Station transmitting emergency information."

On the Senate side, on Thursday, June 8, former pro-football player and owner of KATY-FM, Willie Davis testified in support of S. 2111, the Senate counterpart authored by Senator Dianne Feinstein. Mr. Davis testified that the 1.06 acre parcel of land "lies on the boundary of the National Forest adjacent to a residential subdivision" and assured the subcommittee that people will not have to cross over national forest land in order to get to the site.

There is no opposition to either bill.

For more information, contact the House Resources Committee at (202) 225-2761 or at its web site: <http://www.house.gov/resources> ; or contact the Senate Energy and Natural Resource's Forests and Public Land Management Subcommittee at (202)224-6170 or at its website: <http://www.senate.gov/~energy> .

STATE'S FIRST QUARTER EXPORTS RISE SHARPLY

California saw a 17.5% increase in exports for the first quarter of 2000 compared to the same period for 1999, bringing the state's total foreign exports to \$29.1 billion. The increase was attributed to improving prospects in the state's top export destinations. According to the Los Angeles Times,

California exports rose to Mexico (36.5%), Japan (14%), Canada (10%), South Korea (46.5%), and Taiwan (28.4%). Strong increases were reported in industrial machinery (including computers), electronic and electrical equipment, and instruments.

In other economic news, the Labor Department on Thursday said that 309,000 Americans filed new claims for jobless benefits for the week ending June 3, up by 20,000 from the previous week. The state with the largest decline for the prior week was California, down 1,330.

THE CALIFORNIA INSTITUTE POSTS 2000 FEDERAL REPORT ON WEB SITE

Last week, the California Institute for Federal Policy Research posted its 2000 Federal Report. The Spring 2000 Federal Report is a summary of key legislative issues on which the Institute has worked so far during the 106th Congress, and it discusses some of the products and services that the Institute provides to its Advisory Board, the California Congressional delegation, and others.

To access the 2000 Federal Report, go to <http://www.calinst.org/pubs/fedrpt-spring2000.htm> or click on the appropriate button on our home page at <http://www.calinst.org>.

BRIEFING ON FRIDAY, JUNE 16: CURRENT IMMIGRATION POLICY'S IMPACT ON DEMOGRAPHICS AND ECONOMICS

On Friday, June 16, the Population Resource Center (PRC) and the California Institute will jointly sponsor a briefing in cooperation with Reps. John Porter (IL) and Thomas Sawyer (OH). The briefing will discuss the effect that current immigration policy has had on the United States. The session will also tackle issues surrounding immigration, such as: how many people should be admitted? how should economic impacts be placed on immigrants with or without a high school education? and, should age be a consideration?

Presenters at the briefing will include George Borjas, Ph.D. from Harvard University and B. Lindsay Lowell, Ph.D. from Georgetown University.

The briefing will be held in 2154 Rayburn Building from 10:30 to Noon, on June 16. To RSVP, please phone (202) 467-5030 or send e-mail to prc@prcdc.org.