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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 contributions from Sun Microsystems and IBM Corp.*

## **CALIFORNIA DELEGATION SEEKS, GETS TWO-WEEK EXTENSION OF EMERGENCY ORDERS ON ENERGY**

On Tuesday, January 23, President George W. Bush responded favorably to a request from the bipartisan California Congressional delegation to extend federal emergency orders to ensure a supply of natural gas and electricity to California. An order imposed in December had been set to expire at midnight on the 23rd. A joint letter on behalf of the bipartisan California Congressional delegation was sent to President Bush and Energy Secretary Spencer Abraham. Other Californians had also urged extension of the orders

Energy Secretary Abraham agreed to extend by two weeks the electricity order, issued pursuant to section 202(c) of the Federal Power Act and the natural gas order pursuant to section 302 of the Natural Gas Policy Act of 1978 and sections 101(a) and (c) of the Defense Production Act of 1950. The orders will now expire on February 7.

After receiving a call from Secretary Abraham announcing the extension of the orders, Senator Dianne Feinstein expressed her gratitude for the action. She added, "I'd also like to reinforce the importance of the State getting a plan in place within this two-week period for power generators and utilities to enter into long-term bilateral contracts, which will assure an adequate power supply and allow the utilities to recover their costs. Also, it is critical, I believe, that the utilities be able to recoup their back debt through securitization or some other means."

Rep. Jerry Lewis, Chair of the California Republican Congressional Delegation, also praised the decision, and commented that "We want the president to understand that the members of our delegation are united in the desire to keep the electricity flowing to our citizens while the state searches for a long-range solution to the power crisis it has faced for the past month." He noted that the emergency orders are necessary because out-of-state suppliers have threatened to shut off electricity and natural gas to the state's utilities unless they are assured of quick payment for the energy supplies. Under the orders, suppliers must provide energy if it is needed to maintain operation of the state's power grid.

On Monday, January 23, President Bush announced the appointment of Curt Hebert, currently a commissioner of the Federal Energy Regulatory Commission (FERC) to head the commission. FERC has

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authority over most federal electricity matters. Hebert has argued recently in opposition to taking an active role in resolving the California electricity crisis, specifically opposing imposition of wholesale price controls, a position shared by President Bush.

## **TWO MORE BUSH NOMINEES HAVE CALIFORNIA TIES**

Two more of President Bush's cabinet nominees, Elaine Chao and Anthony J. Principi, have strong California ties. Elaine Chao the nominee for Secretary of Labor, worked for Bank of America in San Francisco and campaigned for former Governor Pete Wilson and Los Angeles Republicans. Chao left California to become chairman of the Federal Maritime Commission and eventually Deputy Transportation Secretary during the previous Bush administration. If confirmed Chao will become the first Asian American female Cabinet Secretary.

Anthony Principi, Bush designee for Secretary of Veteran Affairs, is a resident of San Diego, California who most recently served as President of QTC Medical Services, Inc.. Prior to that he served as Chief Operating Officer of Lockheed Martin and with a San Diego law firm. Before working in California, Principi served in Washington as the Republican staff director of the Senate Veterans Affairs Committee and as acting Secretary of Veteran Affairs in the previous Bush administration.

Chao and Principi join Transportation Secretary Norman Y. Mineta and Agriculture Secretary Ann Veneman as key Administration Californians.

## **CALIFORNIA MEMBERS OF CONGRESS CONVENE CENTRAL VALLEY METH SUMMIT**

In Fresno on Tuesday, January 9, a bipartisan cross-section of California members of Congress participated in a Central Valley Methamphetamine Summit to discuss problems of meth and meth lab proliferation in the region.

Among the participants were Senators Dianne Feinstein and Barbara Boxer, and Reps. Gary Condit (Ceres), Cal Dooley (Visalia), Doug Ose (Sacramento), and George Radanovich (Mariposa). It may be several weeks before precise responses to the summit are developed.

Among the plans which may be considered are expansion of drug treatment, broadening the number of counties listed as part of the federally designated High Intensity Drug Trafficking Area (HIDTA) in the Central Valley, more federal agents and equipment, and tighter laws and regulations.

## **GAO REPORT FINDS EXPORT CONTROLS ON HIGH PERFORMANCE COMPUTERS INEFFECTIVE**

In a report released in December 2000, the General Accounting Office finds that the current system of controlling exports of high performance computers is ineffective "because it cannot prevent countries of concern from linking or clustering many lower performance uncontrolled computers to collectively perform at higher levels than current export controls allow.

The report, entitled *Export Controls: System for Controlling Exports of High Performance Computing Is Ineffective* (GAO-01-10), was written in response to a letter request received from Senator John Warner (VA), Chairman of the Senate Armed Services Committee.

It finds that although U.S. export controls currently require licenses for exports of computers with performance levels above 28,000 MTOPS for countries of concern, "lower performance uncontrolled computers have been clustered together from readily available components to obtain computing capabilities up to 70,000 MTOPS."

In addition, the report finds that using MTOPS to calculate computer performance and set control thresholds is an outdated and invalid means for determining whether individual high performance computers should be licensed for export. Experts consulted by GAO agreed that the measure does not

account for new designs of individual processors or for clustering computers together to achieve high performance computing levels.

The report concludes by making two recommendations: one, that the Secretary of Commerce, in consultation with the Secretaries of Defense, Energy, and State, convene a panel of experts to conduct a comprehensive assessment and report to the Congress on ways of addressing the shortcomings of computer export controls, and two, that the Secretary of Defense determine what U.S. countermeasures are necessary, if any, to respond to enhancements of the military or proliferation capabilities of countries of concern derived from both licensed and nonlicensed high performance computing.

A full copy of the report can be obtained from the General Accounting Office's website at: <http://www.gao.gov/>.

## **U.C. AND GOVERNOR'S OFFICE BRIEFS DELEGATION AND STAFF ON CALIFORNIA SCIENCE AND INNOVATION INSTITUTES**

On Tuesday, January 23, officials of the University of California's Office of Federal Government Relations and staff of the Washington office of Governor Gray Davis briefed Members and staff of the bipartisan California Congressional delegation regarding the newly-created California Institutes for Science and Innovation.

Last year, the Governor and State Legislature created three world-class research centers to concentrate on complex scientific challenges that demand multi-disciplinary strategies and state-of-the-art equipment and facilities. The centers will be built through partnerships with industry and our institutions of higher education.

Last year, a panel designated three initial institutes. The California NanoSystems Institute will be headquartered at UCLA and operated in collaboration with UC Santa Barbara. Headed by former DOE official Martha Krebs, the Institute will search for breakthroughs in molecular medicine, bio-inspired nanostructures, "cells-on-a-chip" and other cutting-edge biotechnology innovations.

The California Institute for Telecommunications and Information Technology will be centered at UC San Diego in collaboration with UC Irvine. As described by UCSD Division Director Ramesh Rao, Cal-(IT)<sup>2</sup> will focus on gathering of key information points on a wide scale, employing wireless technology and small, low-cost devices to, for example, feed data on bridge and highway structural integrity to a central source to identify maintenance needs on an efficient basis.

The California Institute for Bioengineering, Biotechnology and Quantitative Biomedicine (QB3) will be headquartered at UC San Francisco in collaboration with UC Berkeley and UC Santa Cruz. At the briefing, UCSF's Georgianne Meade described the center's focus on structural and chemical biology, bioinformatics (such as human genome databasing, telemedicine, and 3-D structural biology), and bioengineering/biotechnology. The institute seeks to develop new technologies, train students fluent in biomedical and quantitative sciences, apply quantitative sciences to biomedical issues, forge links to industry, and extend California's leadership in the bioscience fields.

A fourth institute, the Center for Information Technology Research in the Interest of Society (CITRIS), will be based at UC Berkeley in collaboration with UC Davis, UC Merced and UC Santa Cruz. As described by the Institute's Shankar Sastry, it will focus on end-user implementation and societal applications of some of the cutting-edge technologies being developed by California industries. For example, remote sensing health technologies could perhaps sense a heart patient's needs and treatments could be administered remotely, and agricultural monitors could be use to remotely assess pesticide and herbicide application needs.

The discussion on Tuesday also focused on various possible sources for matching funding, including the National Institutes of Health, the National Science Foundation, NASA, and the Departments of Energy, Commerce and Defense.

For further information, go to <http://www.ucop.edu/california-institutes/overview.html> or call the University of California Washington office at 202-588-0002.

## **BRIEFING ON SATELLITE EXPORT CONTROLS**

The California Space and Technology Alliance: The California Spaceport Authority (CSTA) will hold a briefing on Tuesday, February 6, 2001 on the impact of U.S. export controls on U.S. satellite sales abroad and the consequences to the California and U.S. economies. The briefing, which will include breakfast, will begin at 8:30 a.m. in Room B-369 of the Rayburn Building.

Clayton Mowry, the Executive Director of the Satellite Industry Association, will conduct the briefing. He will provide information on the economic impact on California due to current export controls, and quantify their adverse effect on satellite exports.

CSTA is a state-wide non-profit organization, which represents California on space issues. Congressional sponsors of the briefing are: Reps. Christopher Cox, Lucille Roybal-Allard, Dana Rohrabacher, and Ellen Tauscher.

If you plan on attending the breakfast briefing, please RSVP by February 1 to the Alliance at 805-349-2633.

## **USC STUDY CONCLUDES IMMIGRATION TO CALIFORNIA IS SLOWING**

A study released by the University of Southern California's School of Policy, Planning and Development concludes that foreign immigration to California has slowed, and is expected to continue to decline through 2020. According to the report, immigrants accounted for 24.4 percent of California's population in 2000, but that percentage will only grow to 26.4 percent by 2020.

The report also found that the poverty rate among foreign born residents has also declined from 19.8 percent in 1990 to 18.2 percent in 2000. It estimates that the rate will continue to decline to 16.9 percent by 2010. The study attributes this to the growth in a more stable, long-term immigrant population that has resided in the state for over ten years.

That trend will continue with about 73.5 percent of immigrants living in the state for more than ten years in 2010, versus the current 66 percent of immigrants with over 10 years residency. In fact, the report estimates that by 2020, more than half of California's immigrants, 55.3 percent, will have lived in the state for 20 years or more.

By contrast, the report found that immigrants who had resided in the state for less than 10 years made up 8.3 percent of all immigrants in 2000, as opposed to 11.1 percent in 1990.

Additional information is available on USC Today at <http://uscnews.usc.edu/>.

## **STATE TREASURER'S DEBT AFFORDABILITY REPORT**

In October of each year the State Treasurer is required to submit a debt affordability report to the Governor and the legislature. The report for 2000 under Treasurer Phil Angelides, entitled *Smart Investments: Ideas to Action*, provides an analysis of California's debt position and capacity, in an effort to assist decision makers in making capital planning and financing decisions for the State.

The first section of the report gives an update on actions taken over a period of 17 months to further the policies set forth by the Treasurer in his June 1999 Smart Investments report. Section II of the report "A California Market Perspective: Credit Ratings on the Rise", reviews four credit rating upgrades

that the state has received since January 1999 which have brought ratings to their highest levels since the early 1990s.

Section III: "California's Debt Position" indicates the state's debt ratio remains low to moderate relative to the ten most populous states. The state's current debt service is 3.74% of the General Fund compared to 4.42% in FY 1998-99. Section IV - discussing California's unissued debt, points out that nearly half of the State's authorized but unissued debt is represented by bonds for parks, clean water and public libraries. Section V outlines the State's debt capacity. The States' current General Fund debt capacity, which is the amount the State can borrow for infrastructure investment is approximately \$38.95 billion over the next 10 years.

Finally, Section VI examines the States' approach to bond sales. In FY 1999-2000 the State sold \$2.75 billion in general obligation bonds and plans to sell approximately \$3.25 billion in general obligation bonds during this current fiscal year.

The report can be viewed in its entirety at the State Treasurer's website:

<http://www.treasurer.ca.gov/> .

### **BAY AREA ECONOMIC FORUM RELEASES AIR TRANSPORT STUDY**

The Bay Area Economic Forum, a public-private partnership sponsored by the Bay Area Council and the Association of Bay Area Governments recently released *Air Transport and The Bay Area Economy: Phase Two*. Phase one of the study which was released in January 2000 analyzed the contribution of the three major passenger/cargo airports in the San Francisco Bay Area region to the region's economy.

Phase I of the study found that the three airports, San Francisco International, Oakland International and San Jose International generated \$37.7 billion in business revenues in 1998-99, while supporting 470,000 jobs and accounting for \$8.7 billion in federal, state and local taxes. The purpose of Phase I was to provide baseline economic information to decision makers considering regional airport expansion.

The recently released Phase II portion of the study examines several issues. The study first examines how business travelers, air freight shippers and the airlines use the three airports and the economic impact of flight delays and cancellations. The study also examines the broad implications for the Bay Area economy over time if airport capacity is constrained relative to demand. Findings in Phase II indicate failure to provide infrastructure sufficient to meet future demands could potentially result in a significant economic cost for the region.

This report, can be viewed in its entirety at the Bay Area Economic Forum website:

<http://www.bayeconfor.org> .