To expand communications between Washington and California, the California Institute provides periodic news bulletins regarding current activity on Capitol Hill and other information that directly impacts the state. Bulletins are published during sessions of Congress, and occasionally during other periods.

TELECOM: HOUSE HEARS TESTIMONY ON UNIVERSAL SERVICE REFORM ACT

On Tuesday, November 17, 2009, the House Energy and Commerce Subcommittee on Communications, Technology, and the Internet held a hearing on the Universal Service Reform Act of 2009. Witnesses included: Peter B. Davidson, Senior Vice President, Public Affairs, Policy, and Communications, Verizon; Joel Lubin, Vice President of Public Policy, AT&T Services, Inc.; and Gregory Rosston, Deputy Director, Stanford Institute for Economic Policy Research.

The Universal Service Fund (USF) was established to promote access to affordable phone service in rural areas, using contributions from large telecommunications and wireless carriers based on their interstate and long-distance revenues. Today, as more people shift to wireless and Internet phone services, the contribution base of the USF has declined. Among other provisions, the Universal Service Reform Act would expand the base to include Voice over Internet Protocol telephone and broadband services. It would also allow the USF to be used to bring broadband to non-profitable areas.

Mr. Davidson explained that although the fund has grown from $3.5 billion to $4.5 billion in only five years, the revenue base to fund it has declined almost $2 billion between the fourth quarter of 2008 and the fourth quarter of 2009. Therefore, the contribution factor is expected to rise more than 14% next year, increases that are passed on to consumers. He cited the draft act as “a big step forward” and supported its focus on providing an overall budget for the high cost fund; a new contribution methodology; competitive bidding for wireless support; a date certain for related reform of intercarrier compensation; and an end to traffic pumping, where rural telephone carriers artificially pump up call traffic in order to increase access fees paid to them. The bill calls for the FCC to develop an alternative contribution schedule. Verizon supports assessing a flat charge on each working phone number to pay for all or part of the USF contribution base.

Mr. Lubin also stated AT&T’s support for a telephone numbers-based contribution methodology. And, overall, he called the bill a good step toward “the three pillars of fundamental reform: appropriate contributions methodology; intercarrier compensation reform; and explicit coverage of advanced services, including broadband.” He especially stressed AT&T’s support for provisions in the bill that “would create a
statutory framework that would once and for all remove any doubt that it is the policy of the United States that federal high cost funding mechanisms should be used to promote the deployment of broadband, and expanded and improved wireless service, in rural areas.” Lubin, however, did urge the Committee, however, to remain open to setting a specific download speed for broadband. “We are wary of elevating broadband speed above all other service criteria, particularly in the context of encouraging the deployment of broadband to previously unserved or rural areas where a business case for such service could not normally be made. Statutory codification of a specific downlink speed as the determinative factor for defining broadband eligibility may not be optimum from either a policy or a fiscal perspective, because it could eliminate the use of broadband technologies that would otherwise be appropriate.”

During questioning, Rep. Anna Eshoo (Atwater) expressed concern that the bill did not do enough to fast-track high-speed broadband, and she worried that locking the required broadband speed at 1.5 megabytes/second for six years, as the bill does, would not keep up with future technological advances.

Rep. Doris Matsui (Sacramento) called for inclusion of a program in the bill to help low-income individuals to pay for broadband service. She has introduced the Broadband Affordability Act, which would direct the FCC to create a program for universal broadband adoption, similar to the current USF lifeline assistance program, which helps low-income people pay for phone service.

For the testimony of all the witnesses, and further information on the bill, go to: http://energycommerce.house.gov.

TRADE: SUBCOMMITTEE EXAMINES U.S. PREFERENCE PROGRAMS

On Tuesday, November 17, 2009, the House Ways and Means Subcommittee on Trade held a hearing on the “Operation, Impact, and Future of the U.S. Preference Programs.” The subcommittee heard from a number of witnesses including: Rep. Linda Sanchez (-----); Tim Reif, General Counsel, Office of the U.S. Trade Representative; and David Love, Senior Vice President and Chief Supply Chain Officer, Levi Strauss & Co., San Francisco.

Rep. Sanchez called for a new trade model. Noting that in some cases, the current case has successfully helped developing countries, she argued that “our current approach too often fails working families, both here and abroad.” She cited the case of the Philippines, a beneficiary of the General System of Preferences. A petition has now filed with the USTR alleging that the government denies its workers freedom of association and has undermined the ability of workers to form and join unions, both in violation of International Labor Organization rules. She called on the subcommittee while considering trade preferences to consider whether to add environmental standards, reform investor protection provisions, and examine certain criteria, like private lawsuits, that should be avoided.

Mr. Love discussed the critical factors that make a trade preference program workable from a business perspective. In Levi Strauss’s view, these are: 1) the program must be stable and predictable – short term programs and/or the need for serial short-term extensions create uncertainty and instability; 2) the rules of trade under the preference program must be as simple and liberal as possible, giving businesses maximum trade flexibility; and 3) the rules of
trade for the program should be stable – changing the “rules of the road” in midstream can stifle, instead of encourage, business.

For the testimony of all the witnesses, go to: http://waysandmeans.house.gov.

**HOUSING/DEVELOPMENT: ECONOMIC DEVELOPMENT REVITALIZATION ACT, BOXER AMENDMENT APPROVED BY COMMITTEE**

On November 18, 2009, the Senate Environment and Public Works Committee, chaired by Sen. Barbara Boxer, approved the Economic Development Revitalization Act of 2009, legislation that would reauthorize the Economic Development Administration (EDA), which provides development grants to communities with high levels of economic distress. S. 2778, which passed the Committee by a vote of 18 to 0, was introduced by Senators Boxer and James Inhofe (OK).

The Economic Development Administration (EDA) was established in 1965 to help economically distressed communities foster the jobs and businesses necessary to maintain strong, healthy communities. From 2004 to 2008, EDA awarded $976 million in public works, economic adjustment and revolving loan fund projects and created nearly 172,000 jobs at an average cost of $5700 per job over the next nine years, according to the Committee.

In 2009, EDA provided California with over $50 million in investments, which applicants expect to save nearly 1,000 jobs and create over 20,000 jobs, while stimulating private investments of over $1 billion.

The current multi-year authorization for EDA expired on September 30, 2008. S. 2778 would reauthorize EDA through 2013 at $500 million per year. The bill approved by the Committee included a Boxer amendment to promote location of information technology and manufacturing jobs in the United States.

More information can be found at: http://epw.senate.gov/public.

**HOMELAND SECURITY: REAUTHORIZATION OF FIREFIGHTER PROGRAMS PASSES HOUSE**

On November 18, 2009, the House of Representatives voted 395 to 31 to approve H.R. 3791, The Fire Grants Reauthorization Act of 2009. H.R. 3791 reauthorizes the Assistance to Firefighter Grant (AFG) program and the Staffing for Adequate Fire and Emergency Response (SAFER) grant program.

According to the Committee on Science and Technology, the AFG program was created by Congress in 2000 because of concerns that local budgets were unable to handle the mounting responsibilities being assigned to the fire service. It provides funds to local fire departments to purchase equipment, vehicles, and training. Congress created the SAFER program in 2004 to help fire departments hire firefighting personnel and meet voluntary national consensus standards on safe minimum staffing levels. Both the AFG and SAFER programs are administered by the Federal Emergency Management Agency.

H.R. 3791 authorizes $1 billion for the AFG program per fiscal year from FY2010 to FY2014 and apportions the AFG funding between career, volunteer, and combination fire departments according to a formula that authorizes a minimum of 25 percent of each year's total AFG dollars for each type of department; the remaining 25 percent is open to competitive bidding. The bill authorizes an additional $1.2 billion per fiscal year from FY2010 to FY2014 for the SAFER program. Because the bill is weighted to assisting rural and volunteer fire departments, California only receives about 5 percent of the money awarded annually. In 2008, 5267 grants were awarded for a total of $492,527,657; of that California received $26,198,613 for 172 grants.

During floor consideration of H.R. 3791, Rep. Dennis Cardoza (Atwater) was successful in amending the bill to require that FEMA consider area unemployment rates when awarding grants.

The bill makes changes to the program aimed at making it easier for local fire departments to take advantage of AFG and SAFER funding. Specifically, it lowers the matching requirements for the AFG program and modifies the time and matching commitments for the SAFER program.

The bill was reported by the Science and Technology Committee on October 21st. For more information on visit: http://science.house.gov.
**RESOURCES: NATURAL RESOURCES REPORTS CAPPs WATERSHED EDUCATION BILL; SUBCOMMITTEE CONSIDERS FARR BILL**

On November 18, 2009, the House Natural Resources Committee reported out H.R. 3644, introduced by Rep. Lois Capps (Santa Barbara). The "Bay-Watershed Education and Training (B-WET) Regional Program and National Environmental Literacy Grant Program Act" directs the National Oceanic and Atmospheric Administration to establish education and watershed programs which advance environmental literacy, including preparedness and adaptability for the likely impacts of climate change in coastal watershed regions. After agreeing to an amendment in the nature of a substitute by voice vote, the Committee reported the bill by a vote of 22 yeas - 13 nays.

On November 17, 2009, the Committee’s National Parks, Forests And Public Lands Subcommittee held a hearing on H.R. 3444, the "Pinnacles National Park Act", sponsored by Rep. Farr. The Act would elevate America's 11th national monument, the Pinnacles National Monument, to a congressionally mandated National Park. The legislation would also rename the current Pinnacles Wilderness as the Hain Wilderness and allow the Interior Secretary to acquire land within the boundaries of the park as necessary. Congressman Farr testified in support of his legislation. Steve Whitesell, Associate Director, Park Planning, Facilities and Lands, National Park Service, U.S. Department of the Interior, testified for the Administration. The Park Service supported Section 4 of the bill, which would add 2,905 acres to the designated wilderness at the monument and rename the Pinnacles Wilderness as “Hain Wilderness.” However, it opposed designating Pinnacles a National Park, because it “does not include the full range of resources usually found in national parks.”

More information on the bills are available at: http://resources.house.gov.

**TRANSPORTATION: R&D PORTFOLIO AIMS TO SUPPORT DEPARTMENT OF TRANSPORTATION**

On November 19, 2009 the Technology and Innovation Subcommittee of the House Science and Technology Committee held a hearing titled "The Research and Development Portfolio to Support the Priorities of the Department of Transportation." The hearing focused on the components of a surface transportation R&D portfolio to support the U.S. Department of Transportation's goals of safety, economic competitiveness, environmental sustainability, and community livability. In addition, Subcommittee Members discussed the necessary steps for the DOT to implement its R&D agenda and the most effective practices for ensuring that the latest R&D is used in the field.

Witnesses included: Polly Trottenberg, Assistant Secretary of Transportation for Transportation Policy; Peter Appel, Administrator, Research and Innovative Technology Administration, Department of Transportation; Neil J. Pedersen, Administrator, Maryland State Highway Administration, and Vice Chairman, AASHTO Standing Committee on Highways; Robert E. Skinner, Executive Director, Transportation Research Board, The National Academies; and Ann Flemer, Deputy Executive Director, Policy, Metropolitan Transportation, Oakland, California; and Vice Chair, Intelligent Transportation Society of America (ITS America) Board of Directors.

While the DOT has not yet issued an official strategic plan, witnesses testified that they are already reflected in DOT policy. "At USDOT we are currently developing our 2010-2015 Strategic Plans, which will outline our strategic goals and priorities. The Plan is not yet complete, but it will focus on key priorities that Secretary LaHood has publicly articulated - namely, creating a National transportation system that improves safety and public health, fosters livable communities, promotes a state of good repair and long-term economic competitiveness, while achieving environmental sustainability," said Secretary Trottenberg. Examples include the priorities that are reflected in the selection criteria for TIGER Discretionary Grants, a DOT-wide Livability Initiative, and a joint DOT-HUD task force to guide the development of sustainable communities, she said. The annual budget for surface transportation research, development, and technology transfer activities at DOT is over half a billion dollars per year. Chairman David Wu (OR) articulated a desire to better understand the definition of Secretary LaHood's four key
priorities, the main elements of an R&D agenda that will support these priorities, the metrics required to ensure that a difference is being made, and what is necessary to ensure that R&D results are utilized in the field.

Ms. Flemer urged the Committee to ensure that the goal of the federal research program should be to help solve state and local challenges, with a specific focus on supporting national goals and informing policy decisions. Flemer encouraged the Committee to promote a robust research agenda to "advance the deployment of intelligent technologies and system management tools, improve the availability of quality data for performance measurement and investment decisions, and leverage private sector innovation to help state and local agencies solve critical challenges."

According to the Committee, witness testimony from the hearing will contribute to the reauthorization of the surface transportation bill, H.R. 2569, which was introduced by Subcommittee Chairman Wu to reauthorize surface transportation research, development, and technology transfer activities.

More information can be found at: http://science.house.gov/.

**REPORT: CALIFORNIANS GIVE PUBLIC COLLEGES HIGH GRADES, CONCERNED ABOUT BUDGET CUTS, FEE HIKES**

According to a Public Policy Institute of California (PPIC) report, Californians give high grades to their public higher education systems, but they are worried about college costs and the impact of state budget cuts. In a statewide survey released on November 11, 2009, the PPIC found:

- six in 10 Californians give good to excellent marks to the California Community College (13% excellent, 52% good), California State University (9% excellent, 52% good) and University of California (13% excellent, 49% good) systems.
- residents have little confidence in the state elected officials who have authority over California colleges and universities.
- Californians place more importance on a college education than do adults nationwide. Nationally, 55 percent say college is necessary for a person's success; 66 percent of Californians in the PPIC survey view college as necessary, and just 31 percent say there are many other ways to succeed.
- many Californians see a college degree as increasingly difficult to attain: 65 percent say that getting a college education is more difficult than it was 10 years ago
- 68 percent of Californians are unwilling to increase student fees; 56 percent are unwilling to pay higher taxes.
- 53 percent would support a higher education construction bond measure on the 2010 ballot.
- Half (50%) of Californians believe that major changes are needed in the higher education system -- a 10-point increase from last year -- and 39 percent say minor changes are needed.
- a strong majority of Californians (67%) support the idea of a sliding scale for tuition and fees so that students pay according to income levels, with majorities across all parties in favor (74% Democrats, 66% independents, 53% Republicans).
- parents express high expectations for their children's educational futures and their concern about being able to afford a college education for their youngest child is increasing.

More information and key findings can be found at: http://www.ppic.org/.

**REPORT: ITIF COMPARES INVESTMENT IN CLEAN TECHNOLOGIES**

"Rising Tigers, Sleeping Giant," a report released by the Information Technology Innovation Foundation in November 2009, compared public investments by the United States and key Asian competitors in energy technologies including solar, wind and nuclear power, as well as carbon capture and storage, advanced vehicle technology, battery technology, and high speed rail. The report's findings included:

- China, Japan, and South Korea have already passed the United States in the production of virtually all clean energy technologies, and over the next five years, the governments of these nations will out-invest the United States three-to-one in these sectors.
- Large, direct and sustained public investments will solidify the competitive advantage of China, Japan, and South Korea. Government investments in research and development, clean energy manufacturing capacity, the deployment of clean energy technologies, and the establishment of enabling infrastructure, will allow Asian nations to capture economies of scale, learning-by-doing, and innovation advantages before the United States, where public investments are smaller, less direct, and less targeted.

- Should the investment gap persist, the United States will import the overwhelming majority of clean energy technologies it deploys.

- Proposed U.S. climate and energy legislation, as currently formulated, is not yet sufficient to close the clean tech investment gap.

- If the United States hopes to compete for new clean energy industries it must close the widening gap between government investments in the United States and Asia's clean tech and provide more robust support for U.S. clean tech research and innovation, manufacturing, and domestic market demand.

More information can be found at: [http://www.itif.org/](http://www.itif.org/).