**Appropriations: Sixth Continuing Resolution Approved**

On March 16, 2011, the House passed 271-158 the sixth Continuing Resolution (H.J.Res. 48) to keep the government running in FY 2011. The Senate approved the measure on Thursday, March 17th by a vote of 87-13. The bill will last three weeks until April 8, 2011. The bill also cuts another $6 billion in funding.

Of the new cuts, $1.74 billion comes from the Census Bureau, rescinding funds that were not used during the 2010 Census. Other reductions, many of which were either in the President’s budget request and/or in the Senate Democratic CR proposal which was defeated last week, include:

- **Wildland Fire Suppression Rescission (U.S. Forest Service)** = -$200 million. These funds were carried over from last year, and were not needed or used for last year’s fire suppression efforts. This rescission was included Senate Democrats’ most recent CR proposal.

- **Single Family Housing (Department of Agriculture)** = -$144 million. This reduction was requested in the President’s budget request. These funds for this unsubsidized loan guarantee are no longer necessary due to the authorization of a borrower fee. In addition, this reduction was included in the Senate Democrats’ most recent CR proposal.

- **Customs and Border Protection - Construction (Department of Homeland Security)** = -$107 million. This rescission of unneeded construction and planning funding was requested by the agency, and was part of the Senate Democrats’ recent CR proposal.

- **Preserve America (National Park Service)** = -$4.6 million. This grant program – which promotes “heritage tourism” – was not funded in the President’s budget request.

- **Save America’s Treasures grant program (National Park Service)** = -$14.8 million. The program – originally slated as a two year initiative to commemorate the year 2000 Millennium – was not funded in the President’s budget request.
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- Greenhouse Gas Cap and Trade Funding (EPA) = -$5 million. This funding was provided by the last Congress for the EPA to assist Congress in enacting the Cap and Trade legislation. This program was not funded in the President’s budget request.

- Local Government Climate Change Grants (EPA) = -$10 million. This program was not funded in the President’s budget request. In addition, the Administration has indicated that this program lacks focus and effectiveness, and is too broad to allow fair competition for grants.

- Targeted Airshed Grants (EPA) = -$10 million. The program funds diesel retrofits and replacements for pollution reduction. Funding for similar programs is already available, and the program was not funded in the President’s budget request.

- Brownfields Redevelopment (Housing and Urban Development Department) = -$17.5 million. All activities undertaken by this program are also eligible for funding through the Community Development Block Grant. No funds were requested for this program in the President’s budget request.

The CR also eliminates $2.6 billion in earmark account funding that was automatically renewed in the CR approved by the previous Congress in December 2010. In previous years, this funding would have gone to earmarked programs and projects. These earmark cuts include:

- $24 million – Animal and Plant Health Inspection Service – Salaries and Expenses
- $30 million – Natural Resources Conservation Service – Watershed and Flood Prevention Operations
- $3 million – Agricultural Pest Facility
- $115 million – Agriculture Research Service
- $185 million – State and Local Law Enforcement Assistance – Byrne projects
- $91 million – Juvenile Justice Programs
- $169 million – Community Oriented Policing Services – Technology projects
- $25 million – Community Oriented Policing Services – Methamphetamine projects
- $6 million – Environmental Protection Agency (EPA) – Science and Technology
- $172 million – EPA – State and Tribal Assistance Grants

The final vote in the House, with 54 Republicans opposing the CR and 85 Democrats supporting it, signals more a reluctance to continue short-term reprieves for the government than a spirit of bipartisanship or agreement on the final funding level for FY11. There is general agreement that the uncertainty creates inefficiency in running the government, but there is still little indication that the House and Senate are moving closer to a compromise on the long-term agreement.

For more information, go to: [http://appropriations.house.gov](http://appropriations.house.gov).

**HOUSING: HOUSE ELIMINATES NEIGHBORHOOD STABILIZATION PROGRAM**

By a vote of 242-182, the House on March 16, 2011 passed H.R. 861, which would eliminate the last funding round under the Neighborhood Stabilization Program. Rep. Gary Miller (Diamond Bar) sponsored the bill, and managed debate on the floor. Under NSP, state and local governments and non-profit
organizations receive grants to purchase, redevelop, or raze abandoned or foreclosed houses. The program was created in 2008 and has received $7 billion in funds, of which $6 billion has been allocated. The bill would rescind the last billion dollars in grants, which is expected to be allocated by the Department of Housing and Urban Development in the next few weeks. An amendment approved by voice vote on the floor requires that the rescinded funds would go for deficit reduction.

Proponents of the bill argue that the program is a waste of taxpayers money and just allows banks to lay-off their bad mortgages on the taxpayer. Opponents argue, on the other hand, that the funding has helped redevelop abandoned housing that otherwise creates blight and brings down housing prices and stability in neighborhoods.

The House defeated most amendments to the bill, but did approve by voice vote an amendment requiring the bill to list, by state, the grants that would be eliminated if the bill is enacted.

For more information, go to:  http://thomas.loc.gov.

ENVIRONMENT: HOUSE ENERGY COMMITTEE PROHIBITS EPA GHG REGULATION

On March 16, 2011, the Energy and Commerce Committee passed the Energy Tax Prevention Act, H.R. 910, by a vote of 34 to 19. The bill prohibits the Environmental Protection Agency from implementing its rule regulating greenhouse gas (GHG) emissions to address climate change. Some limited exceptions are allowed under the bill.

Proponents of the bill argue that allowing EPA to proceed with the rule would increase gas prices and utility rates, as well as encourage the outsourcing of American jobs. They stress the bill is not intended to hamper EPA’s ability to regulate other air pollutants, but that EPA failed to adequately assess the impact on the economy and jobs in promulgating the rule. Opponents, however, argue that preventing EPA from regulating GHGs is imprudent given the serious pollution problems related to global climate change.

The bill provides that nothing in the Act affects State authority to adopt and enforce State laws and regulations pertaining to GHGs; however, according to Committee documents, it does provide that “any changes States have adopted in their State implementation plans and Title V operating permit programs with respect to GHGs are not federally enforceable and are deemed stricken.”

Senate Minority Leader Mitch McConnell (KY) has indicated he will offer an amendment to the Small Business Innovation bill, S. 493, that blocks EPA from promulgating its rule, and also overturn the agency’s determination that carbon dioxide emissions harm public health.

For more information, go to: http://energycommerce.house.gov.

TELECOM: ENERGY COMMITTEE REPORTS RESOLUTION AGAINST FCC NETWORK NEUTRALITY RULE

The House Energy and Commerce Committee approved H.J.Res. 37 on March 16, 2011. The resolution disapproves of the Net Neutrality rules adopted by the Federal Communications Commission in December 2010. The resolution was agreed to by a vote of 30 to 23.

The rules adopted by the FCC allow it:
- to regulate how fixed and mobile broadband carriers disclose their network management practices, performance characteristics, and terms of service;
- to regulate how fixed and mobile broadband carriers provide access to content, applications, services, and devices;
- to determine whether the way fixed broadband providers carry network traffic is unreasonably discriminatory;
- to regulate how fixed and mobile broadband carriers charge for carriage of traffic; and,
- to determine whether fixed and mobile providers’ network management techniques are reasonable.
Opponents of the rule argue that the FCC does not have the authority to regulate data services, that it has failed to demonstrate a market failure or provide an economic analysis warranting intervention, and that the rule will impede the open and vibrant nature of the Internet.

For more information, go to: http://energycommerce.house.gov.

**Intellectual Property: House Judiciary Examines Online Piracy**

On March 14, 2011, the House Judiciary Subcommittee on Intellectual Property, Competition and the Internet held a hearing on: “Promoting Investment and Protecting Commerce Online: Legitimate Sites v. Parasites, Part I.” The hearing focused on the issues presented by “parasites” and so-called “rogue websites,” that build online businesses by infringing copyright and engaging in related illegal activity.

Witnesses were: Maria A. Pallante, Acting Register of Copyrights, United States Copyright Office; David Sohn, Senior Policy Counsel, Center for Democracy and Technology (CDT); Daniel Castro, Senior Analyst, Information Technology and Innovation Foundation (ITIF); and Frederick Huntsberry, Chief Operating Officer, Paramount Pictures.

In her testimony, Ms. Pallante discussed the complex problem of rogue website operators who exploit copyrighted works with impunity because, in part, there is no expectation of enforcement, as they can set up websites anywhere in the world. Crafting a solution to the problem is complicated, also, because many sites contain some infringing content alongside lawfully distributed materials, while others contain nothing but infringing content. Still other sites – most commonly referred to as “cyberlockers” – allow users to store and share digital files. Although many users employ cyberlockers for entirely lawful purposes, some have used them as a mechanism to distribute infringing content. She testified that “one of the key challenges for policy makers will be to define carefully those bad actors who are the target of additional enforcement measures, so as to avoid inadvertently capturing good faith actors.” Also, she said that enforcing laws against websites based outside the United States is especially problematic, because they lack sufficient ties to the United States to be compelled to appear before U.S. courts and to allow the enforcement of a judgment against them.

In discussing possible solutions, she testified that copyright enforcement against the operators of rogue websites could be enhanced and improved with mechanisms that “follow the money” within the Internet ecosystem. These parasites could be cut off from payment mechanisms and advertising revenues in the United States, she said. But, Pallante also stressed that due process and related concerns must be addressed in legislating a solution to rogue websites, with the domain owner receiving notice as well as an opportunity to be heard.

Mr. Huntsberry of Paramount detailed the losses to the motion picture industry, both financial and creative, caused by the current situation in which stolen copies of virtually every film are available online virtually simultaneously with release. He acknowledged that the motion picture industry and copyright owners will always have to grapple with the latest generation of thieves of their property, but stressed that it is incumbent on Congress to enforce the rule of law and find ways to restrict this “online shadow economy” and again level the commercial playing field. He also stated that search engines, credit providers, ad brokers, and ISPs must stop enabling theft and cooperate more in thwarting it, and that legislation may be needed to get many of them to do that.

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

**Small Business: House Small Business Examines SBIR Program**

On Wednesday, March 16, 2011, the House Small Business Committee held a hearing titled "Spurring Innovation and Job Creation: The Small Business Innovation Research (SBIR) Program." This hearing marks the beginning of the Committee's work to reauthorize the SBIR program, last fully reauthorized in 2000. Witnesses included: Tom Tullie, CEO, EcoATM; David Audretsch, Indiana
The SBIR program requires federal departments with an extramural research budget of $100 million or more to set aside 2.5% of their agency's overall research budget and award technology development contracts to small firms. The purpose of the SBIR program is to increase government funding of small, innovative companies for the performance of research and development with commercial potential. The objectives of the SBIR program include stimulation of technological innovation in the small business sector, increased use of this community to meet the government's diverse R&D needs, additional involvement of minority and disadvantaged individuals in the process, and expansion of commercialization of the results of federally funded R&D.

The SBIR program functions through the 11 federal agencies which administer the program and award around $2.5 billion annually for innovative activity by small business. Qualifying small business is eligible to apply for grants from the participating federal agencies ranging from $150,000 for a Phase I award, to $1,000,000 for a typical Phase II award.

The Small Business Technology Transfer Program (STTR) is a program that expands funding opportunities in the federal innovation research and development arena. Central to the program is expansion of the public/private sector partnership to include the joint venture opportunities for small businesses and the nation's premier nonprofit research institutions. STTR is a highly competitive program that reserves a specific percentage of federal R&D funding for award to small businesses and nonprofit research institution partners.

Mr. Tom Tullie, CEO of ecoATM, San Diego, testified on behalf of CONNECT that the SBIR program is among the critical factors that are contributing to ecoATM's early success, taking his business from a small startup to a full fledged corporation. EcoATM works in the Cleantech industry to reverse the "wasteful lifecycle" of consumer electronics in America. "The SBIR program is a great tool for start-ups to achieve financial support in a currently very difficult fundraising market which can often be the major barrier to commercial success," Tullie testified to the committee. He also argued that the SBIR process should not preclude investments in companies like ecoATM that happen to be successful at raising private venture capital. SBIR funds should not be artificially prohibited or limited in relation to private investments, he said.

The Senate took up debate on their version of the SBIR/STTR reauthorization (S 493) on March 9, 2011 and is expected to complete action later in the month.


**Taxes: House Judiciary Explores Banning Taxes On Wireless**

On Tuesday, March 15, 2011, the House Judiciary Subcommittee on Courts, Commercial and Administrative Law held a hearing on H.R. 1002, the "Wireless Tax Fairness Act of 2011."

The bill, introduced by Rep. Zoe Lofgren (San Jose) and co-sponsored by 144 other Members, would impose a 5 year moratorium on the assessment of any new state or local taxes on mobile services, mobile service providers, or mobile service property.

Witnesses were: Harry Alford. President and CEO, National Black Chamber of Commerce; Bernita Sims, Councilwoman, City Council of High Point, North Carolina; and Scott Mackey, Partner, KSE Partners LLP, Montpelier, VT.

Issues discussed at the hearing, included:
- the extent to which local and state governments already impose taxes on wireless services and the impact of those taxes on the expansion of broadband networks and the development of wireless services;
- whether taxes on wireless providers and services disproportionately affect low income and minority users;
- whether a moratorium would amount to special treatment of wireless providers and services; and
- whether the legislation would adversely pre-empt state and local taxing authority.

The testimony of the witnesses can be found at: http://judiciary.house.gov.

**ENERGY: HEARING HELD ON INVESTMENTS IN CLEAN TECHNOLOGIES**

On Thursday, March 17, 2011, the Senate Energy and Natural Resources Committee held a hearing on current global investment trends in clean energy technologies and the impact of domestic policies on that investment. Witnesses included: Ethan Zindler, Head of Policy Analysis, Bloomberg New Energy Finance; Kelly Sims Gallagher, Director, Energy, Climate, and Innovation Program; Will Coleman, Partner, Mohr Davidow Ventures; Neil Auerbach, Managing Partner, Hudson Clean Energy Partners, L.P.

In his opening statement, Chairman Jeff Bingaman (NM) said, "Today's hearing is to gain insights into the investment environment here in the U.S. as well as abroad for manufacturing and deployment of clean energy technology. Our current energy sources not only endanger our long-term prosperity, but also leave us reliant on unstable regimes, to which we are transferring billions of our wealth every year. It's clear that countries such as Germany, South Korea, and China are devoting substantial resources to securing their place in what promises to be a multi-trillion dollar market, as the developing world increases its appetite for energy in the coming decades."

Mr. Zindler testified on behalf of Bloomberg New Energy Finance, stating:
- Total new investment in the clean energy sector was $243 billion in 2010, up from $186 billion in 2009 and $52 billion in 2004.
- The Europe, Middle East and Africa (EMEA) region was still tops in attracting new clean energy funding with $94.4 billion in 2010. Looking at third-party private capital alone including funding for small projects, China is the undisputed single national leader with $54.4 billion, Germany with $41.2 billion in funding and the United States with $34 billion.
- China is the world's leading exporter of solar modules and top producer of wind turbines though it has exported very few of the latter to date.

Mr. Auerbach testified that increased manufacturing and deployment of clean energy in the United States serves three compelling national interests: (1) energy security; (2) environmental protection; and (3) economic growth. "No other part of the energy industry can lay claim to impacting so many fundamental interests of the United States," Coleman said. According to Auerbach, the two most viable, long term replacements for oil are biofuels and hybrid/electric vehicles. As an example of a private company investing in biofuel technologies, Auerbach cited ExxonMobil, which plans to invest as much as $600 million in algae-based biofuel production, with a significant percentage going to Synthetic Genomics, a California-based firm whose CEO is Craig Venter, one of the human genome decoders.

While federal policy toward clean energy has not kept pace with other countries, the United States has benefitted from a wide range of state and local policy incentives directed at financing the scale-up of clean energy, Auerbach testified. Texas, California and New Jersey represent the top three U.S. states in terms of installed renewable energy capacity, with their combined installed capacity exceeding one-third of the U.S. total. "California leads the country with a 33% Renewable Electricity Standard ("RES") by 2020, an active Renewable Energy Credit ("REC") market, the California Solar Initiative and state feed-in tariffs," Auerbach said.

For more information: http://energy.senate.gov/.
HOMELAND SECURITY: SUBCOMMITTEE EXAMINES CYBERSECURITY THREAT TO INFRASTRUCTURE


Witnesses were: Mr. Philip Reitinger, Deputy Under Secretary, National Protection and Programs Directorate, Department of Homeland Security; Mr. Greg Wilshusen, Director of Information Security Issues, Government Accountability Office; Mr. James Lewis, Director and Senior Fellow, Technology and Public Policy Program, Center for Strategic and International Studies; Ms. Phyllis Schneck, Ph.D, V.P. and Chief Technical Officer, Global Public Sector, McAfee, Inc.; and Ms. Mischel Kwon, President, Mischel Kwon Associates.

Chairman Lungren discussed in his opening remarks the increasing reliance on the Internet of much U.S. infrastructure, such as electric grids, transportation, and financial services, and the need to address the increased vulnerability of those systems because of that reliance.

Issues discussed at the hearing included:
- the dramatic increase in malicious cyber activity targeting U.S. computers and networks, including a more than tripling of the volume of malicious software since 2009
- efforts of the Department of Homeland Security to protect the federal government’s systems from cyber threats
- DHS efforts to provide assistance to the private through onsite analysis, mitigation support, and assessment assistance
- the progress being made in the creation of information-sharing constructs comprising multiple agencies and the private sector to detect and prevent cyber threats
- recommendations to further improve public/private sector information sharing in order to respond to cyber security challenges, including requiring the government to share information, including threat analysis and warning information, with owners and operators regarding risks to their networks.

The testimony of the witnesses can be found at: http://homeland.house.gov.

SCIENCE: HEARING HELD ON INVESTING IN FEDERAL R&D

The Senate Commerce, Science and Transportation Subcommittee on Science and Space held a hearing on investing in federal research and development (R&D) on Thursday, March 17, 2011. Witnesses included: John Holdren, Office of Science and Technology Policy, Office of the President; Patrick Gallagher, National Institute of Standards and Technology, U.S. Department of Commerce; Subra Suresh, National Science Foundation; Waleed Abdalati, Chief Scientist, NASA.

Mr. Holdren from the President's Office of Science and Technology Policy told the committee that targeted investments in the most promising frontiers of science, made in the context of responsible reductions in less productive endeavors, will fuel this trajectory and allow us, in the President's words, to "out-innovate, out-educate, and out-build the rest of the world." The President's 2012 Budget, he said, proposes "to invest intelligently in innovation, education, and infrastructure today to generate the industries, jobs, and environmental and national security benefits of tomorrow."

The President’s budget proposes a record $66.8 billion investment in civilian research and development, an increase of $4.1 billion or 6.5 percent over the 2010 funding level, Holdren said, reflecting the Administration's firm belief that investment in civilian research is a key ingredient for cultivating the innovation that is so important to growing the American economy of the future. The President's total (defense and nondefense) proposed R&D budget would be $147.9 billion, $772 million or 0.5 percent above the 2010 enacted level.
Mr. Holdren also discussed the America COMPETES Reauthorization Act of 2010, which offers a blueprint for innovation infrastructure. It puts science and research investments on a doubling path over 10 years and strengthens science, technology, engineering and mathematics (STEM) education. Three agencies have been identified as especially important to the President's Plan for Science and Innovation, the America COMPETES Act, and the Administration's Innovation Strategy, Holdren said. Those agencies are the National Science Foundation, a primary source of funding for basic academic research; the Department of Energy's (DOE's) Office of Science, which leads fundamental research relevant to energy and also builds and operates the major research infrastructure; and the National Institute of Standards and Technology laboratories, which support a wide range of pursuits from accelerating standards development for health information technology and "smart grid" technologies to conducting measurement science research to enable net-zero energy buildings and advanced manufacturing processes.

Representatives from the National Institute of Standards and Technology, the National Science Foundation, and NASA discussed their 2012 project and priority goals in detail at the hearing.

To view all the witnesses' testimony: http://commerce.senate.gov/.

ENVIRONMENT: SENATE EPW EXAMINES THE CLEAN AIR ACT AND JOBS

The Senate Environment and Public Works Subcommittee on Clean Air and Nuclear Safety held a hearing titled "Clean Air Act and Jobs" on Thursday, March 17, 2011. Witnesses included: Barbara C. Somson, United Auto Workers, Mayor Richard Homrighausen, Ohio; Paul Allen, Constellation Energy; David Montgomery, Vice President, Charles River Associates; and James Yann, Alstom Power.

In March 2011, the Environmental Protection Agency (EPA) issued the Second Prospective Report which looks at the results of the Clean Air Act (CAA) from 1990 to 2020. According to this study, the direct benefits from the 1990 Clean Air Act Amendments are estimated to reach almost $2 trillion for the year 2020 when the direct costs of implementation are $65 billion. According to EPA, the Clean Air Act Amendments will prevent over 230,000 early deaths in 2020.

Dr. Montgomery, who taught environmental economics at the California Institute of Technology and economic theory at Caltech and Stanford University, addressed the EPA's Second Prospective Report in his testimony. According to Montgomery, EPA's study provides no information about the likely costs and benefits of new regulations, such as the Air Toxics rule announced March 16, 2011 or greenhouse gas regulations. He also testified that EPA's study does not support the conclusion that there will be a net increase in employment due to expenditures on pollution controls and replacement power plants. Montgomery stated, "Nothing in the Prospective study implies that environmental regulations will create or enlarge a U.S. industry making and exporting pollution control equipment."


BORDER SECURITY: HOUSE INSPECTS BORDER EFFORTS


SBInet was a program initiated in 2006 for a new integrated system of personnel, infrastructure, technology, and rapid response to secure the northern and southern land borders of the United States. It was a part of Secure Border Initiative (SBI), an overarching program of the United States Department of Homeland Security (DHS) to organize the four operating components of border security: U.S. Customs and Border Protection (CBP), U.S. Immigration and Customs Enforcement, United States Citizenship and
Immigration Services, and the United States Coast Guard. DHS announced the program's cancellation on Jan. 14, 2011.

In January 2011, the Secretary of Homeland Security directed Customs and Border Patrol (CBP) to end the SBInet program as originally conceived because it did not meet cost-effectiveness and viability standards, and to instead focus on developing terrain- and population-based solutions utilizing existing, proven technology, such as camera-based surveillance systems, for each border region. According to DHS, the Secretary's decision on SBInet was informed by (1) an independent analysis of alternatives (AOA) to determine the program's cost-effectiveness; (2) a series of operational tests and evaluations by the U.S. Army's Test and Evaluation Command (ATEC) to determine its operational effectiveness and suitability; and (3) an operational assessment by the Border Patrol to provide user input. The Secretary also stated that while the Alternative (Southwest) Border Technology plan should include elements of the former SBInet program where appropriate, she did not intend for DHS to use the current contract to procure any technology systems under the new plan, but rather would solicit competitive bids.

SBInet's current surveillance capability continues to be used in Arizona. Specifically, there are 15 sensor towers (with cameras and radar) and 10 communication towers (which transmit the sensor signals to computer consoles for monitoring), currently deployed in the Border Patrol's Tucson Sector. In addition, on the basis of user feedback, the Border Patrol considers the current SBInet capability to be useful, including providing continuous surveillance in border areas where none existed before and enhancing agent safety when responding to potential threats. There are certain shortcomings, however, including coverage gaps and radar performance limitations in adverse weather.

The Alternative (Southwest) Border Technology plan is to incorporate a mix of technology, including an Integrated Fixed Tower surveillance system similar to that used in the current SBInet capability, beginning with high-risk areas in Arizona. But, due to a number of reasons, the cost-effectiveness and operational effectiveness and suitability of the Integrated Fixed Tower system is not yet clear. The President's fiscal year 2012 budget request calls for $242 million to fund three of five future deployments of the Integrated Fixed Tower systems in Arizona, although, depending on funding, the earliest DHS expects the deployments to begin is March 2013 with completion anticipated by 2015 or later. Consistent with its intent to solicit competitive bids, CBP has initiated a new acquisition cycle, asking industry for information about the commercial availability of the Integrated Fixed Tower system.


**Education: House Committee Examines Regulation Of Proprietary Colleges**

The House Education and the Workforce Committee held a hearing titled "Education Regulations: Roadblocks to Student Choice in Higher Education" on Thursday, March 17, 2011. This hearing is one of a series of hearings on education regulations being held by different subcommittees within the House Education and the Workforce Committee. Witnesses included: Catherine Barreto, Monroe College; Jeanne Herrmann, Globe University, Minnesota School of Business; Travis Jennings, Orbital Sciences Corporation; and Arnold Mitchem, Council for Opportunity in Education.

The hearing examined federal regulations on proprietary colleges. The gainful employment regulation would levy reporting burdens on proprietary colleges and force administrators to seek federal approval before creating new programs. Ms. Jeanne Herrmann, Chief Operating Officer of the proprietary Globe University, said the regulation would limit Globe's ability to design new programs for high-demand industries and should be abandoned in favor of targeted, common sense solutions that encourage transparency and protect both consumers and taxpayers.

"At its heart, this issue is about student choice," Chairman Kline concluded. "We all support transparency and accountability. We realize there are some bad actors that should be rooted out. But we
should not deny students the opportunity to attend the college of their choice and gain the valuable skills they need to compete in the workforce."

To read testimony and view related documents from the hearing, visit: [www.edworkforce.house.gov](http://www.edworkforce.house.gov)

**TRADE: WAYS AND MEANS BEGINS HEARINGS ON FREE TRADE AGREEMENTS**

The House Ways and Means Trade Subcommittee on March 17, 2011 began a series of three hearings on the pending Free Trade Agreements with Colombia, Panama, and South Korea. The focus of the first hearing was the agreement with Colombia. Witnesses included: Ambassador Miriam Sapiro, Deputy U.S. Trade Representative, Office of the United States Trade Representative; The Honorable Robert D. Hormats, Under Secretary for Economic, Energy & Agricultural Affairs, U.S. Department of State; The Honorable Thomas C. Dorr, President & Chief Executive Officer, U.S. Grains Council, Former Under Secretary for Rural Development, U.S. Department of Agriculture; and William D. Marsh, Vice President Legal, Western Hemisphere, Baker Hughes, Inc., on behalf of the National Association of Manufacturers.

The hearing addressed the economic impact the agreement would have on American businesses and agriculture, and the U.S. economy. In addition, the hearing also examined the national security and geopolitical implications of the agreement and explored developments within Colombia that have occurred since the trade agreement was concluded.

Ambassador Sapiro testified that over the past twelve months U.S. exports grew at an annualized rate of nearly 17%, which puts the country on pace to meet the Administration’s goal under the National Export Initiative of doubling U.S. exports by 2015. She also reported that the Administration is "advancing steadily on the Trans-Pacific Partnership Agreement; we are continuing to press for an ambitious and balanced outcome in the Doha Development Round; and we are continuing our efforts to bring Russia into the World Trade Organization, including working with you to grant Russia Permanent Normal Trade Relations this year."

On the Korea Agreement, she stated that USTR is ready to sit down with the Committee as soon as it wants to begin drafting the implementing legislation, but the Administration has not reached that point with the Panama or Colombia agreements. Panama has agreed to the remaining steps it needs to take on outstanding issues relating to labor laws and tax transparency, and Sapiro hopes they will be taken quickly.

On Colombia, the focus on the hearing, the Ambassador detailed the many benefits that the agreement will bring to the United States in terms of increased exports because of eliminated tariffs, but she said "the President has made it clear that we will not adopt agreements for agreements’ sake. They must be enforceable, reflect high standards, and be in the clear interests of our workers, farmers, ranchers, and businesses. And they must be consistent with our values as Americans." As a result, until the outstanding issues with Colombia are resolved, the Administration is not willing to proceed on the Agreement. Those outstanding concerns, Sapiro said, focus on: (I) the protection of internationally-recognized labor rights; (ii) prevention of violence against labor leaders; and (iii) the prosecution of perpetrators of such violence.

Some members of the House and Senate are insisting that all three agreements be sent to Congress and considered together, fearing that if they are separated the Panama and Colombia agreements will lose momentum once the South Korea FTA is approved.

For more information, and the testimony of all the witnesses, go to: [http://waysandmeans.house.gov](http://waysandmeans.house.gov).

**BRIEFING: EESI HOLDS BRIEFING ON NATURAL GAS**

On March 16, 2011 the Environmental and Energy Study Institute (EESI) hosted a briefing entitled Natural Gas as a Transportation Fuel: Prospects and Challenges. This briefing examined the economic, energy security, and environmental implications of a large-scale shift to natural gas trucks, buses, and cars, and related fueling infrastructure. Speakers included: Danilo Santini, Center for Transportation Research; Mark Smith, Clean Cities Program, U.S. Department of Energy; Dana Aunkst, Pennsylvania Department of
Environmental Protection; Lynn Pittinger, Pittinger Consulting; and Steven Hamburg, Environmental Defense Fund.

According to EESI, natural gas has a current price advantage over diesel fuel and gasoline (per gallon equivalent), emits fewer greenhouse gases when burned (per unit energy), and comes from mostly domestic sources at present. However, increasing and sustaining U.S. gas production will rely heavily on unconventional sources (shale gas, coal-bed methane, and tight gas), which face potentially rising costs, require continuous and intensive drilling, and present significant water supply, water quality, wastewater, air quality, land use, and seismic risk issues, EESI reported. According to the Institute, the deployment of new vehicle technology and fueling facilities would also face cost and environmental challenges of using a gaseous fuel, including climate change implications of leaking methane, a powerful greenhouse gas. Furthermore, other energy and non-energy uses of natural gas compete for this high value resource.

Numerous policies and programs have been proposed at the federal, state, and local levels to encourage development of natural gas resources and promote natural gas vehicles (including, in the 111th Congress, the Natural Gas Act, S.1408, H.R.1835, Promoting Natural Gas and Electric Vehicles Act, S.3815, and Fueling America Act, S.1350). These measures employ a combination of tax credits, financing support, research and development assistance, and other incentives, according to the Institute. In California, a low-carbon fuel standard that is currently being implemented may also encourage more natural gas vehicles, EESI reports. At the same time, many other states are developing regulations to address the impacts of new natural gas operations.

For more information: http://www.eesi.org/.