Appropriations: House Subcommittee Passes Energy and Water FY13 Spending Bill

On Wednesday, April 18, 2012, the House Appropriations Subcommittee on Energy and Water Development, and Related Agencies passed a fiscal 2013 draft spending bill for energy and water development. This is the first spending bill for FY 2013 to move forward in the House Appropriations Committee. The Commerce, Justice, Science Subcommittee followed on Thursday, reporting their FY13 spending proposal.

The bill would include limited funding increases for federal water and energy programs. While the draft appropriation is $88 million above fiscal year 2012 levels, the appropriation remains $965 million below the Administration's FY 2013 request. The entire bill, passed by voice vote, would authorize total spending of $32.1 billion.

The bill would authorize $26.3 billion for the Energy Department, a $358 million reduction from FY2012 and $1.8 billion below the President's request. The bill provides a total of $11.3 billion for nuclear security. This is a $275 million increase from last year. While funding for nuclear security would increase, "green" energy programs related to efficiency and renewables would be cut by $1.5 billion.

According to Chairman Rodney P. Frelinghuysen (NJ), the bill would support research programs focused on the causes and effects of high gas prices. It would provide $1 billion for this purpose, a $36 million increase from FY12 levels. In addition, the bill would fund $554 million for energy research using fossil sources. Part of this funding would go to shale oil programs in the amount of $25 million.

The bill would also fund:
- The ongoing nuclear waste depository project at Yucca Mountain, NV. A total of $35 million would go to license application activities.
- The small modular nuclear reactor (SMR) program at $114 million.
- The Army Corps of Engineers at a level of $4.8 billion, which reflects a $188 million decrease from current levels but is an $83 million increase above the President's request.
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- The Bureau of Reclamation at $967 million.
- The Advanced Research Projects Agency-Energy at $200 million.
- Science research, including the fusion energy program, at $4.8 billion, while $23,500,000 of unobligated balances is rescinded.

The Ranking Member of the full Committee, Rep. Norm Dicks (WA), stated that while the draft bill does fund some programs adequately, he believes that its cuts to green energy programs – especially efficiency – and to the Advanced Research Projects Agency - Energy (ARPA-E) program may cause problems.

The Institute will prepare a more detailed analysis of the bill when further documentation is released in the near future.

For more information:

**Appropriations: House Subcommittee Marks Up FY13 Commerce, Justice, Science Funding**

The House Appropriations Subcommittee on Commerce, Justice, and Science marked up its FY 2013 appropriations bill on April 19, 2013. The Subcommittee’s recommendation contains $51.1 billion in discretionary spending – a reduction of 3 percent below FY12 funding and 1.4 percent below the President’s request. According to Chairman Frank Wolf (VA), the Subcommittee, since the beginning of the 112th Congress, has cut $13.2 billion, reducing the total amount of the CJS bill by 20% over three fiscal years.

For the Department of Commerce, the bill includes $7.7 billion, an increase of $96 million above FY12. Included in that is $128 million for the Manufacturing Extension Partnership (MEP) program, and $21 million for an Advanced Manufacturing competitive research program.

The bill also includes $2.9 billion for the Patent and Trademark Office – the full estimate of fee collections for FY13 – and a 9.5 percent increase above FY12. The bill includes $7.3 billion for the National Science Foundation, an increase of $299 million, or 4.3%, above FY12 for basic research and science education. In addition, more than $1 billion is provided throughout the bill for science education, including $876 million for NSF programs such as professional development initiatives for teachers and research-based curricula to improve the quality of science education.

For NASA, the bill includes $17.6 billion, which provides funding above the aggregate request for America’s next generation exploration system – the Orion crew vehicle and heavy-lift rocket. Commercial Crew development is funded at $500 million. The Chairman stated: “In light of limited budgets and the need to find the fastest, safest and most cost effective means of achieving a U.S. capability for access to the International Space Station, the bill directs NASA to winnow the commercial partners and advance the schedule for moving to traditional government procurement methods.”

For the Department of Justice, the bill includes $27.1 billion, $11 million above the current level. The bill includes $1.85 billion for Justice programs that provide grant support to States, localities and non-profits, which is $378 million below FY12. Wolf said: “In this austere budget climate, we have had to make some tough choices in order to preserve sufficient funding for core Federal law enforcement functions. Despite the reduction, the bill prioritizes proven, high priority programs, including Justice Assistance Grants, SCAAP, missing and exploited children programs, prescription drug monitoring, and DNA grants. Funding
for violence against women and victims of trafficking is increased above the current level and above the President’s request for each program.”

In total, for State and Local Law Enforcement Assistance, the bill provides $962,500,000. SCAAP (the State Criminal Alien Assistance Program) funding of $165 million is included. Edward Byrne Memorial Justice Assistance Grant’s are funded at $370,000,000, and drug courts at $41,000,000. The bill also provides $209,500,000 for juvenile justice programs.

The Institute will prepare a more detailed analysis of the bill when further documentation is released in the near future.


TRANSPORTATION: HOUSE PASSES 90-DAY TRANSPORTATION EXTENSION

On Wednesday, April 19, 2012, the House passed a 90-day extension of federal highway programs, which would extend surface transportation programs' spending authorization until October. The extension passed by a vote of 293-127, and replaces the previous extension (PL 112-102) which was set to end by July of this year.

It is expected that this move will hasten the conference process between both chambers and expedite the possibility of a long-term reauthorization bill this year. For this reason, sixty-nine Democrats voted with their Republican counterparts to pass the short-term extension.

Last month, the Senate passed a two-year reauthorization measure (S. 1813). The bill would authorize about $109 billion for federal transportation programs and was passed by a bipartisan vote of 74-22.

Senate Majority Leader Harry Reid (NV) is expected act quickly under an existing unanimous consent agreement, which originated in March when the Senate passed its reauthorization. Indications show that the Senate will likely take the House's short term extension, replace that language with language from S. 1813, and send the new amended bill back to the House accompanied by a request for a conference.

Chairwoman of the Senate Environment and Public Works Committee, Senator Barbara Boxer authored S. 1813. Sen. Boxer issued a statement on Wednesday stating that the House's action was encouraging, but that a conference must still be brought up quickly to ensure long-term transportation funding.

Included in the House's short-term extension is contentious language related to energy provisions. As passed, the bill includes language meant to compel the Administration to approve the construction of the Keystone XL Pipeline from Canada to Gulf Coast.

An amendment offered by Rep. Reid Ribble (WI) was passed 255-165. It would include provisions from H.R. 7, the House's original $260 billion 5-year reauthorization that lost momentum earlier when it became apparent that there were insufficient votes for passage. Under the H.R. 7 sections included as part of the amendment, environmental permitting rules regarding highways would be eased, and states would have more control over environmental reviews.

For more information: http://thomas.loc.gov/cgi-bin/thomas.

HEALTH: HOUSE COMMITTEE CONTINUES HEARINGS ON FDA USER FEES

The House Energy and Commerce Subcommittee on Health held a legislative hearing on Wednesday, April 18, 2012 titled FDA User Fees 2012: How Innovation Helps Patients and Jobs. The hearing was a continuation of a series of hearings on the issue.

Witnesses were heard on two panels. The first panel included: Janet Woodcock, M.D., Director, Center for Drug Evaluation and Research, U.S. Food and Drug Administration, and, Jeffrey E. Shuren, M.D., J.D., Director, Center for Devices and Radiological Health, U.S. Food and Drug Administration. Panel II included testimony from: David E. Wheadon, M.D., Senior Vice President, Scientific and Regulatory
Affairs, Pharmaceutical Research and Manufacturers of America; Sara Radcliffe, Executive Vice President, Health Biotechnology Industry Organization; David Gaugh, R.Ph., Vice President, Regulatory Sciences, Generic Pharmaceutical Association Majority Memorandum; Joseph A. Levitt, J.D., Partner, Hogan Lovells US LLP, on behalf of Advanced Medical Technology Association; and Allan Coukell, Director of Medical Programs, Pew Health Group, The Pew Charitable Trusts.

The hearing was another in a series focused on the reauthorization of several programs, including the Prescription Drug User Fee Act (PDUFA) and the Medical Device User Fee Act (MDUFA). The proposed legislation also includes an initial authorization for biosimilars, as well as other programs.

Ms. Woodcock spoke of the public health successes of PDUFA, including its marquee achievement of "providing patients faster access to over 1,500 new drugs and biologics" since 1992. She also spoke about the regulatory challenges presented by the passage of the Drug Price Competition and Patent Term Restoration Act of 1984, which encouraged a major boom in the generic prescription industry. Currently the generic industry does not pay a user fee to support FDA activities related to its applications, while the brand name drug industry does pay a fee. The legislative proposal would authorize a user fee for generics.

Mr. Wheadon testified that the reauthorization of PDUFA is necessary to ensure "that biopharmaceutical companies maintain … job creation and economic growth," as they would be able to continually rely on the "greater consistency, transparency and predictability" that PDUFA lends to the FDA's drug review process.

He also discussed the PDUFA-V performance goals letter, the negotiated result of talks between the FDA and the innovative biopharmaceutical industry. This letter will be part of the reauthorization and is "intended to improve the FDA's ability to conduct thorough and efficient reviews of new medicines for patients."


**Technology: House Subcommittee Holds Hearing on Growing the Wireless Economy**

On Wednesday, April 18, 2012, the House Science, Space, and Technology Subcommittee on Technology and Innovation held a hearing titled *Avoiding the Spectrum Crunch: Growing the Wireless Economy through Innovation*.

Witnesses included: Dr. James Olthoff, Deputy Director, Physical Measurement Laboratory, National Institute of Standards and Technology; Mr. Richard Bennett, Senior Research Fellow, Information Technology and Innovation Foundation; Mr. Christopher Guttman-McCabe, Vice President, Regulatory Affairs, CTIA-The Wireless Association; Ms. Mary Brown, Director, Technology and Spectrum Policy, Cisco Systems, Inc.; and, Dr. Rangam Subramanian, Chief Wireless and Technology Strategist, Idaho National Laboratory.

The hearing highlighted specific efforts by both the Federal government and industry to address the spectrum challenges within the Subcommittee's jurisdiction, and to enable the continued growth of the wireless economy through innovation. Specifically, it focused on the growing number of active spectrum frequency authorizations at both the Federal Communications Commission (FCC), and the National Telecommunications and Information Administration (NTIA). It detailed spectrum crowding, including that stemming from increased reliance on data-heavy smartphones.

According to Chairman Ben Quayle (AZ), "advances in technology have always kept ahead of the demand for spectrum - but, now, as demand for spectrum is growing more rapidly, the technical advances needed may be 'pushing the envelope' of practicality, at least in the short term." He stated that research and development must continue, and government policies must enhance the ability for companies to invest in spectrum improvements.
Mr. Bennett highlighted the need for spectrum due to continually growing mobility among Americans who are increasingly relying on mobile technology. He explained "Mobile Augmented Reality," a "new application category that extracts information from massive databases in the Cloud relevant to a user's location, activity, and preferences; it moves video streams between the user and the Cloud." He also noted "all of these applications require spectrum – the more the better" and recommended realigning "spectrum into a smaller number of larger allocations for general-purpose commercial networks because such networks have the proven ability to manage the demands of competing users and applications."

According to Ms. Brown, "US mobile data forecast projects that mobile data traffic will increase 16 times from 2011 to 2016 for a compound annual growth rate of 74 percent." This means that "more spectrum is needed, and needed soon," and "it’s important that the Congress understand ... why public policy is critical to that growth." The tech sector will not "be able to generate efficiencies so great that additional spectrum is not required." Therefore, public policies that encourage increased spectrum as "part of the answer, along with technology improvements" are necessary.

Other topics discussed included:
- The policy conflict between first responders' need for spectrum in an emergency, and customers' desire for the same capacity.
- Whether to commercialize the FirstNet system, which currently gives operational priority to first responders.
- The challenges to striking a balance between government and the commercial sector until mobile network technology advances to the next stage.
- The consequences of the decline of the country's large R&D firms – such as Bell Labs – which has resulted in R&D being highly dependent on the government's contributions.

For more information:

**TAXES: HOUSE VOTES ON SMALL-BUSINESS TAX BREAKS; SENATE DEFEATS BUFFET RULE**

On Thursday, April 19, 2012, the House voted on H.R. 9, the Small Business Tax Cut Act. The measure would lessen taxable income for companies that have no more than 500 employees. Taxable income would be reduced by 20 percent. The measure, authored by Majority Leader Eric Cantor (VA), passed the House by a vote of 235-173. It faces significant opposition in the Senate, and on Tuesday the White House indicated it would veto the bill.

According to supporters, the bill would provide one-time tax relief to small businesses, which would result in increased hiring as those companies would retain more of their profits. Opponents believe it would have no significant effect on jobs, but would instead protect wealthy Americans whose small businesses operate in professions such as medicine or law, which do not have a large impact on the employment market.

The vote in the House came the same week that the Senate rejected S. 2230, a measure supported by the President. Known as the "Buffet rule," the bill would have created a new alternative minimum tax for Americans who make more than $1 million per year.

For more information, see: http://thomas.loc.gov.

**EMPLOYMENT: HOUSE COMMITTEE REVIEWS WORKFORCE INVESTMENT IMPROVEMENT ACT**

On April 17, 2012, the House Education and the Workforce Committee held a hearing to examine H.R. 4297, the Workforce Investment Improvement Act of 2012 (the Act). Witnesses included: Ms. Sandy
Harmsen, Director, San Bernardino County Department of Workforce Development, San Bernardino, CA; Ms. Norma Noble, Deputy Secretary of Commerce for Workforce Development, WorkForce Solutions, Oklahoma City, OK; Ms. Laurie Moran, President, Danville Pittsylvania County Chamber of Commerce, Blairs, VA; and Mr. Andy Van Kleunen, Executive Director, National Skills Coalition, Washington, D.C.

According to Chairman John Kline (MN), "The Workforce Investment Improvement Act of 2012 embodies the smart, responsible reforms that are critical in a modern job training system. The bill consolidates 27 programs into one flexible Workforce Investment Fund. If a governor can present a responsible plan to consolidate additional job training programs, he or she is welcome to do so. This will allow us to move closer toward the president's goal of one program and provide more efficient employment and training services to workers. The legislation also rolls back unnecessary rules and strengthens the role of job creators in workforce training decisions… and ensures accountability without burying state and local officials in reams of paperwork."

Ms. Harmsen expressed her support for improving On-the-Job training, saying that "training for those who need it the most within our communities," is necessary, as is "contracting with community colleges and institutions of higher learning to provide specialized group training that is designed for businesses looking to hire individuals with specific skills." According to her testimony, these initiatives "will ensure that customers are trained in necessary skills to match jobs available with business."

Other highlights of H.R. 4297, as heard at the hearing, include the fact that the Act:
- Ensures two-thirds of workforce investment board members are employers and encourages more proactive engagement with area businesses.
- Streamlines services and strengthens local decision-making by allowing state and local officials the authority to fill the remaining slots of the boards, thereby ensuring the board members reflect the priorities of local communities.
- Requires a regular analysis of the local workforce needs to help identify any skills gaps that may exist between employers and job seekers, and eliminates barriers in existing law that could prevent individuals from receiving immediate job training assistance.
- Outlines a common set of performance measures for all programs and requires the U.S. Department of Labor to conduct an evaluation of its programs every five years.

For more information visit www.edworkforce.house.gov/hearings.

**RESOURCES: HOUSE SUBCOMMITTEE HOLDS HEARING ON DESALINATION BILL**

The House Natural Resources Subcommittee on Water and Power held a hearing on H.R. 2664, the Water Desalination Act of 2011 on April 17, 2012. Witnesses included: Mr. David Murillo, Deputy Commissioner & Director of Operations, U.S. Bureau of Reclamation, Washington, D.C.; Mr. Ian C. Watson, Executive Director, American Membrane Technology Association, Stuart, Florida; and, Mr. Wayne Crews, Vice President for Policy, Director of Technology Studies, Competitive Enterprise Institute, Washington, D.C.

In her opening statement, Subcommittee Ranking Member Grace F. Napolitano (CA), the sponsor of the bill, said, "We cannot afford to let America fall behind in the area of desalination research." As China invests billions of dollars a year on desalination, she said, "our water supply continues to be strained by population growth and climate change, and the ability to convert saltwater into drinking water is fast becoming a critical source of economic growth and international competition."

The Desalination and Water Purification Research & Development (DWPR) Program functions as the federal government's main desalination research program. It was instituted in 1996. In 2011, language authored by Rep. Napolitano reauthorized funding for the program at $3 million per year until September 2013.
H.R. 2664 amends the Desalination Act to extend the appropriations for research and studies through the year 2016, and authorizes additional funding for demonstration and development, allocating a maximum of $2 million per year through 2016. Mr. Murillo called the bill "consistent with the existing DWPR Program" and would continue the program's ability "to support studies and projects across the country to advance the state of the art in desalination technology" and lower its cost.

Also included in the testimony was discussion of the successes of the current federal desalination efforts, desalination technology, and arguments against reauthorization of desalination funds.

Mr. Crews testified that H.R. 2664 would authorize "unneeded spending" to do "redundant research" and "redundant education." He called desalination "an energy-intensive, by-product-laden means of making expensive potable water," and suggested that its energy intensity "would cause … substitutes like conservation, water purchases, and pricing changes to rise in relative importance." He further suggested alternatives, including better pricing of existing supplies, reduction of water waste and improved contracting, infrastructure advances, and respecting and enhancing legitimate market pressures for desalination, among others.

For more information, see:

ECONOMY: REPORT ON INNOVATION AND INVESTMENT IN THE BAY AREA RELEASED

In March 2012, the Bay Area Council Economic Institute in partnership with McKinsey & Company released a report titled Innovation and Investment: Building Tomorrow's Economy in the Bay Area. The report, the eighth in a series of biennial Bay Area Economic Profile reports, examines the evolution of the Bay Area's economy in the wake of the Great Recession that severely impacted region citizens and businesses from 2008 to 2010.

Key findings of the report include:
- The "new technology wave," which is contributing to the Bay Area's strong productivity gains in key knowledge sectors that have fueled economic growth.
- How regulatory complexity and budget shortfalls at all levels of government are straining education, infrastructure, and the business environment. While short-term growth is apparent, these structural issues may hamper long term growth.
- The information technology and high-end manufacturing sectors, which have grown more quickly and productively than in the rest of the nation.
- The strength of the local area's venture capital market, which collectively accounts for roughly one-sixth of the world's total, and 40 percent of the national total (the rest of the United States is losing share to emerging markets such as China and India).
- The composition of the Bay Area's top companies, which is diverse and balanced, spanning energy, networking, communications, consumer products, food, and financial services.
- The disparity of success among the Bay Area's nine counties.
- Unemployment rates, which are higher than the national average at over 9 percent while blue-collar jobs decrease as a percentage of available jobs.
- The effect of California ranking in the bottom 5 states for K-12 educational achievement.
- The effect of the state's nearly 40 percent funding cut of the University of California since 2002.
- The difficulty faced by companies trying to attract foreign talent, due to visa issues.
- California's challenging business climate.
- Calls for effective coordination across the public and private sectors, streamlining regulations for businesses that operate in the region, and cohesive regional economic planning for jobs, infrastructure, and education.

For more information, see: http://www.bayareaeconomy.org/.
**EVENT: DOE FERMI AWARDS TO HONOR STANFORD NOBEL PRIZE WINNER**

The 2011 Enrico Fermi Awards this year will honor two of the U.S. Department of Energy's most distinguished scientists, Dr. Burton Richter from Stanford University and Dr. Mildred S. Dresselhaus from the Massachusetts Institute of Technology.

The public is invited to attend. The ceremony will be held on Monday, May 7th at 4:00 p.m. in the Ronald Reagan International Trade Center (located at 1300 Pennsylvania Avenue N.W., Washington, D.C. 20004).

The Fermi Award is a Presidential award, and is one of the oldest and most prestigious science and technology honors bestowed by the U.S. Government.

Dr. Richter is receiving his for pioneering the development and application of electron-positron colliders, visionary leadership as Director of the Stanford Linear Accelerator Center, and important contributions in science and energy policy nationally and internationally. Dr. Richter's contributions include the development and exploitation of accelerator technologies that have resulted in several Nobel Prize winning discoveries, as well as his own Nobel Prize winning discovery in experimental particle physics in 1976. Dr. Richter also provided visionary leadership at the Stanford Linear Accelerator Center SLAC (now called the SLAC National Accelerator Laboratory) from 1984 to 1999, where he helped lead advances in accelerator science and technology that not only yielded new discoveries in particle physics but also laid the foundation for major new strides in photon science.

Dr. Dresselhaus is receiving her Fermi Award for leadership in condensed matter physics, in energy and scientific policy, in service to the scientific community, and in mentoring women in the sciences. Her extensive portfolio of research accomplishments includes many discoveries leading to fundamental understanding in various condensed matter systems. She has also served in many scientific leadership roles, including Director of the DOE Office of Science and President of the American Physical Society and the American Association for the Advancement of Science. Dr. Dresselhaus has also devoted considerable energy to mentoring students, raising community awareness, and promoting progress on gender equity.

For more information, and to RSVP, go to [http://science.energy.gov/fermi/ceremony/](http://science.energy.gov/fermi/ceremony/). Please note that to attend, you must RSVP by May 1, 2012 and show a picture ID upon arrival.

**EVENT: USC/RABEN GROUP HOSTING SCREENING OF FIRST GENERATION DOCUMENTARY**

The Raben Group and the University of Southern California invite you and a guest to a free screening of *First Generation*, an award-winning, feature-length documentary narrated by Golden Globe nominee Blair Underwood.

*First Generation* tells the story of four California high school students who set out to break the cycle of poverty and bring hope to their families and communities by pursuing a college education. Shot over the course of three years and featuring some of our nation's top educational experts, this 95-minute documentary explores the challenges to college access faced by first generation and low-income students and shows how their success has major implications for the future of the U.S.

The screening will be held on Tuesday, April 24, 2012 at the Naval Heritage Center (701 Pennsylvania Ave, NW, Washington, D.C. 20004). The event will begin with a reception at 5:30 PM, followed by the screening at 6:30 PM and post-film discussion at 8:00 PM.

The discussion will feature Dr. William G. Tierney, Professor, University of Southern California Rossier School of Education, and Zakiya Smith, Senior Policy Advisor for Education, White House Domestic Policy Council. Also in attendance will be the filmmakers and the featured students, as well as Moderator Karen Symms Gallagher, Dean of the USC Rossier School of Education.
Reservations are required and space is limited, so please RSVP immediately if you plan to attend by emailing rmendoza@rabengroup.com or calling 202-587-2870.