IMMIGRATION: HOUSE FAILS TO ACT ON CURRENT BORDER CRISIS; SENATE WORKING THROUGH HOURS OF DEBATE ON BILL

As both bodies worked to complete business before the beginning of the five-week August recess, efforts in the House to respond to the current crisis of thousands of unattended immigrant children arriving at the southern border fell apart as the leadership acknowledged it did not have enough Republican votes to pass its $659 million bill, H.R. 5230. Rep. Kay Granger (TX), head of the Speaker's Working Group on the Border Crisis, said that the bill was a few votes shy of the 218 needed to pass. A conservative bloc of about 20 members opposed the bill. As a result, the leadership pulled the bill from the floor at the completion of debate. It has delayed the start of recess and called a meeting of the entire Republican conference for Friday morning in the hopes of finding some way to pass the bill.

As introduced, the bill would provide a total of $659 million to deal with the crisis. The money is allocated as follows:

- $405 million for the Department of Homeland Security to boost border security and law enforcement activities, including $334 million for the U.S. Immigration and Customs Enforcement (ICE) to boost enforcement, and to increase and upgrade detention space, transportation costs, overtime costs, expedited migrant processing, and additional deportation and enforcement personnel; and $71 million for U.S. Customs and Border Protection (CBP) operations, including increased processing, detention, and transportation activities. Additionally, $22 million is provided to hire additional, temporary immigration judges, and upgrade resources to increase the capacity to process cases.

- $35 million for National Guard border efforts – essentially doubling the funding for the Guard presence on the border.

- $197 million for the Department of Health and Human Services (HHS) to provide temporary housing and humanitarian assistance to unaccompanied minors. The House Appropriations Committee documents state that this funding is sufficient to care for children in U.S. custody already, and will
cover the cost of short-term care while the children await processing and adjudication.
- $40 million in repatriation assistance to Guatemala, Honduras, and El Salvador.

The House funding is fully offset through cuts and rescissions of existing funds within various federal agencies. Many of these offset accounts have been previously used for savings as part of past Appropriations bills.

In addition to the funding provided, H.R. 5230 also includes several policy provisions recommended by Congresswoman Granger’s working group, including:

- A change to the “Trafficking Victims Protection and Reauthorization Act of 2008,” to require that all unaccompanied minors are treated the same as Mexicans for the purpose of removals. This would require unaccompanied children who do not wish to be voluntarily returned to their home country to remain in HHS custody while they await an expedited immigration court hearing that must occur not more than seven days after they are screened by child welfare officials.

- A prohibition on the Secretary of the Interior or the Secretary of Agriculture from denying or restricting CBP activities on federal land under their respective jurisdictions within 100 miles of the US-Mexico border.

- A change to the Immigration and Nationality Act to beef up the law prohibiting criminals with serious drug-related convictions from applying for asylum.

- A provision expressing the “Sense of Congress” that the Secretary of Defense should not house unauthorized aliens at military installations unless certain specific conditions are met.


The Senate did agree to move to consideration of its version, S. 2648, on Wednesday, but as of late Thursday, July 31st, was working through 30 hours of debate, with no agreement on limiting debate and the number of amendments that could be offered to the bill. It’s bill calls for a funding level of $2.7 billion for the border crisis, plus additional money to fight the wildfires in the west and for Israel’s “Iron Dome” defense system, bringing the total supplemental funding to $3.6 billion. In addition to the significant difference in funding, the Senate bill also does not contain the provision in the House bill that would allow unattended children from non-contiguous countries to be treated the same as Mexican children, allowing for faster deportation.


**TRANSPORTATION: HOUSE SENDS ITS HIGHWAY TRUST BILL BACK TO SENATE AGAIN**

After passing the Highway Trust Fund Reauthorization (H.R. 5021) in a 367-55 vote last week, the House voted on Thursday to pass its original version in a 272-150 vote, rejecting the amended
version of the House bill that the Senate passed on Tuesday, July 29, 2014. The day after the Senate passed their version of the bill in a 79-18 vote, a Congressional Budget Office report revealed that the Senate version of the bill had a $2.4 billion revenue shortfall in its estimates for offsetting the $8.1 billion it designated to shore up the Highway Trust Fund.

The House bill would reauthorize the federal-aid highway and transit programs through May 31, 2015, while the Senate version would only extend the authorization through December 19, 2014. The second Senate amendment would provide $8.1 billion instead of the $10.8 billion provided by the House bill for the Highway Trust Fund to cover projected trust fund shortfalls. The House bill would authorize $26.8 billion in highway and highway safety obligations; $293 million in contract authority for administrative expenses of the federal-aid highway program; $454 million for National Highway Traffic Safety Administration programs and $415 million for Federal Motor Carrier Safety Administration; and $5.7 billion for mass transit formula grants, $1.3 billion for capital investment grants and $44 million for bus and bus facilities grants.

Without passage of the legislation, the Trust Fund is set to run out of money within a few months, and transportation projects during the busy summer construction period, will be vulnerable to shutdowns. The cost of the bill was offset primarily by extending customs fees and "pension smoothing" provisions affecting corporations.

“We have an immediate, critical need to address the solvency of the Highway Trust Fund and extend the current surface transportation law. This bill does that in a responsible way with policies that have all previously received strong bipartisan and bicameral support. If Congress fails to act, thousands of transportation projects and hundreds of thousands of jobs across the country will be at risk,” said Transportation and Infrastructure Committee Chairman Bill Shuster.

Whether the Senate and House can reach agreement on how to deal with the issue before the August break is uncertain at this time.

IMMIGRATION: HOUSE JUDICIARY HOLDS HEARING ON USCIS ACTIVITIES

Appearing for the first time in his new role as director of U.S. Citizenship and Immigration Services (USCIS), Leon Rodriguez testified before the House Judiciary Committee in an oversight hearing on Tuesday, July 29, 2014. Members of the Committee questioned him about USCIS implementation of policies such as Deferred Action for Childhood Arrivals (DACA), USCIS processing of credible fear of persecution claims, and the rate of asylum grants by USCIS officers. While U.S. Customs and Border Protection is the DHS agency that has the primary responsibility of responding to the ongoing crisis of unaccompanied minors being apprehended at the southwest border, some argue that policies implemented at USCIS must be examined to determine their contribution to the problem.

Besides claiming that DACA is a major contributor to the current influx of Central American immigrants, Committee members also expressed concern about the recently announced method by which renewal of initial two-year grants of DACA will be processed, USCIS changes to the original DACA guidelines and requirements, the costs of the program, increased wait times for processing of legal immigration petitions directly resulting from DACA processing, and fraud in the program, especially as it relates to the potential for a national security risk. Furthermore, members questioned whether constitutional authority exists for USCIS to implement the program.

“On June 15, 2012, then-Secretary of Homeland Security Janet Napolitano announced that certain individuals who came to the United States as children and met several key guidelines could request consideration of deferred action for a period of two years and, if authorized, could receive work authorization,” Rodriguez explained. As of June 30, 2014, over 580,000 individuals have received deferred action pursuant to DACA; come September, these initial grants will expire. USCIS has revised
Form I-821D to allow for both initial DACA requests and renewal requests. “DACA reflects, on a larger scale, the exercise of the prosecutorial discretion that is inherent in every individual encounter in which DHS engages... [it] does not confer a legal status on the recipient,” Rodriguez said. “Individuals granted deferred action pursuant to DACA are authorized to seek employment authorization. This helps achieve the social benefit of lifting these individuals out of the underground economy and enabling them to participate in the mainstream economy.”

In terms of processing credible fears claims, which ensure that potential refugees or victims of torture are not improperly returned to their home countries in an expedited removal process, Rodriguez noted the sharp uptick in applications from 13,880 in FY12 to a projected 50,000 by the end of FY14. Expedited removals have played a large role in managing the recent influx of Central American immigrants. He outlined the strategies USCIS has employed to keep pace with this caseload, including hiring and training 100 new asylum officers this fiscal year, and testified that USCIS has reduced processing times from an average of fourteen days to eight; however, this has been at the expense of diverting resources from the affirmative asylum caseload, which has grown from 15,526 cases at the end of FY12 to over 50,000 by June 2014. “Our ability to timely process credible fear claims saves valuable detention resources, enables the entire expedited removal process to operate more efficiently, and most importantly, minimizes detention of potential asylees and victims of torture,” Rodriguez said.

While unaccompanied children are not subject to expedited removal and therefore do not enter the credible fear process, USCIS has initial jurisdiction over asylum applications filed by unaccompanied children under the Trafficking Victims Protection Reauthorization Act of 2008. “In FY14 (through the third quarter), USCIS has received over 1,500 asylum applications from unaccompanied children—approximately four percent of asylum applications received overall by USCIS. Of the 167 unaccompanied children asylum cases adjudicated on the merits in FY14 through the third quarter, 64.7% (108) have been granted asylum status. According to our records, most unaccompanied children who are apprehended at the border file for asylum with USCIS more than 300 days after entering the United States. Thus, only 163 of the over 1,500 unaccompanied children who applied for asylum with USCIS this FY (through the third quarter) were apprehended at the Southwest border in FY14. Therefore, of those unaccompanied children who were both apprehended at the border and applied for asylum during FY14, USCIS has only adjudicated two cases, both of which were approved as of July 15. USCIS also adjudicates Special Immigrant Juvenile (SIJ) petitions filed by unaccompanied children. In FY14 (through June), over 3,900 SIJ petitions were filed, though not all by unaccompanied children. USCIS remains strongly committed to supporting the government-wide response to the migration flows on the Southwest border, including ensuring those who have protection claims are provided the opportunity to have those claims heard,” Rodriguez testified.

For more information about the USCIS response to the current immigration crisis, or for Director Rodriguez’s testimony on other USCIS management priorities and implementation strategies of programs such as E-Verify and EB-5, please visit: http://judiciary.house.gov/index.cfm/hearings?ID=5C2B0E35-F20B-4240-A314-7516EC300146

**AGRICULTURE: HOUSE SUBCOMMITTEE REVIEWS IMPACT ON SPECIALTY CROPS OF DOL ENFORCEMENT ACTIONS**

The Horticulture, Research, Biotechnology and Foreign Agriculture Subcommittee of the House Agriculture Committee convened on Wednesday, July 30, 2014 for a hearing to review the impact of Department of Labor enforcement activities on specialty crop growers. There has been considerable response to a 2012 case in which the Department of Labor (DOL) invoked the rarely used “hot goods”
provision within the Fair Labor Standards Act (FLSA) against Oregon blueberry growers; this provision gives the DOL authority to stall the interstate shipment of goods that are alleged to have been produced under subpar labor conditions, thereby limiting unfair competition between these goods and those produced in compliance of FLSA. This enforcement option also provides a mechanism for ensuring that workers are paid their appropriate back wages. The Oregon case proved to be a controversial one, with many citing it as unfair to the growers who had to settle the case quickly in the interest of moving their perishable goods, without time for due process in determining whether they were in fact violating the law.

Witnesses included: Dr. David Weil, Administrator, Wage and Hour Division, U.S. Department of Labor, Washington, D.C.; and Mr. Brad Avakian, Commissioner, Oregon Bureau of Labor and Industries, Portland, Oregon.

While not speaking to the Oregon case specifically, Dr. Weil of the U.S. Department of Labor generally defended the agency’s use of the “hot goods” provision, in addition to other enforcement measures used to ensure that workers are paid fair wages and work under suitable conditions. He testified that in a majority of agriculture cases, the DOL is able to reach a resolution with employers, often working with employers to bring them into compliance. It is only occasionally that enforcement tools like the hot goods provision must be used. “It is important to point out that Congress crafted the hot goods provision to apply expansively to all goods for the purpose of removing those tainted goods from the stream of interstate commerce. There is no statutory exception for agricultural or perishable goods to the hot goods provision. In fact, in today’s economy, most goods can be considered perishable if you consider the tremendous pressure upper-tier businesses place on lower-tier suppliers to deliver goods on a precise schedule. Be they blueberries, automobile parts, high fashion clothing items, or consumer digital products, delay in delivery date can be extremely costly to all parties in the supply chain,” he argued.

On behalf of the Oregon Bureau of Labor and Industries, which is charged with enforcing the state’s Wage and Hour laws, Mr. Avakian testified that his agency “continues to have deep concerns about using the ‘hot goods’ provision of the Fair Labor Standards Act with perishable agricultural goods on Oregon farm.” He went on to argue that “the imminent perishable nature of the produce often renders contesting a ‘hot goods’ motion moot, for when the produce spoils, it has no value. With the loss of the goods, the farmer has diminished or no ability to pay employees if wages are truly due. In short, the actions of a farmer facing the choice of having blueberries spoil in a warehouse during a protracted legal process are far from voluntary when he or she signs a hot goods consent judgment.” Agencies must be committed to taking meaningful action against employers failing to pay wages without violating fundamental principles of due process, he concluded.

For more information, please visit:

NATURAL DISASTERS: HOUSE SCIENCE REVIEWS EARTHQUAKE HAZARDS REDUCTION PROGRAM

On Tuesday, July 29, 2014, the Research and Technology Subcommittee of the House Science, Space and Technology Committee held a hearing to review the National Earthquake Hazards Reduction Program (NEHRP), a cross-agency effort to reduce the long-term risks of earthquakes. NEHRP was established by the Earthquake Hazards Reduction Act of 1977, and includes the Federal Emergency Management Agency (FEMA), the National Institute of Standards and Technology (NIST), the National
Science Foundation (NSF), and the U.S. Geological Survey (USGS). The NEHRP has been instrumental in helping earthquake-prone regions prepare for and mitigate the damage from earthquakes. Of course, California has some of the highest concentration of risks for substantial damage resulting from large earthquakes and subsequent tsunamis, landslides, and other disasters. In 2008, the USGS, the Southern California Earthquake Center (SCEC), and the California Geological Survey (CGS), with support from the California Earthquake Authority (CEA), jointly forecast a greater than 99% certainty of California’s experiencing a M6.7 earthquake (equivalent to the 1994 Northridge quake) or greater within the next 30 years.

Witnesses on Panel I: John R. Hayes Jr., Director, National Earthquake Hazards Reduction Program, National Institute of Standards and Technology; Pramod P. Khargonekar, Assistant Director, Directorate of Engineering, National Science Foundation; David Applegate, Associate Director for Natural Hazards, U.S. Geological Survey; and Roy E. Wright, Deputy Associate Administrator for Mitigation, Federal Emergency Management Agency.

Witnesses on Panel II: Julio A. Ramirez, Professor of Civil Engineering, George E. Brown, Jr. Network for Earthquake Engineering Simulation (NEES) Chief Officer and NEEScomm Center Director, Purdue University; William U. Savage, Consulting Seismologist, William Savage Consulting, LLC; Jonathon Monken, Director and Homeland Security Adviser, Illinois Emergency Management Agency; and Andrew S. Whittaker, Professor and Director, Multidisciplinary Center for Earthquake Engineering Research (MCEER), Department of Civil, Structural and Environmental Engineering, University at Buffalo, State University of New York.

“The first significant lesson is that mitigation efforts, through such measures as improved building codes, make a significant difference in life safety, which has long been the primary purpose of earthquake-related provisions in U.S. building codes and standards,” began Dr. Hayes, Director of NEHRP. He went on to list other lessons learned from major earthquakes around the world, including the fact that preparation can lessen the long-term economic impacts of a major quake, and that there is still much research in seismology and earthquake engineering to be done.

With these lessons in mind, Dr. Hayes offered insight regarding the possible reauthorization of NEHRP. First, he noted that federal leadership is critical, as natural disasters happen across state boundaries and coordinated efforts between local, state, and federal authorities are the most viable response. Secondly, he suggested that different bills addressing separate natural hazards should be consolidated into a single bill. He went on to describe a number of operational challenges within the NEHRP, and suggested a few remedies, such as an alternative to the thrice-yearly meeting requirement of the Interagency Coordinating Committee to an annual and as-needed basis. He also suggested a review of the technical requirements for the required Strategic Plan and Annual Report.

For more information on the NEHRP, please visit: http://science.house.gov/hearing/subcommittee-research-and-technology-hearing-review-national-earthquake-hazards-reduction

The USGS offers seismicity maps and historical data that can be viewed by region and state at the following sites: http://earthquake.usgs.gov/earthquakes/states/seismicity/ http://earthquake.usgs.gov/earthquakes/region.php
TECHNOLOGY: HOUSE COMMERCE SUBCOMMITTEE EXAMINES NANOTECHNOLOGY

On Tuesday, July 29, 2014, the Commerce, Manufacturing and Trade Subcommittee of House Energy and Commerce Committee held a hearing titled "Nanotechnology: Understanding How Small Solutions Drive Big Innovation." Nanotechnology refers to the ability to manipulate matter between 1 and 100 billionths of a meter, and is expected to form the underpinning of major transformations in the fields of information technology, medicine, energy, water supply, and manufacturing. Witnesses discussed the research enterprise in universities, industries and their need to recruit top personnel in science and technology, and stemming the tide of the “brain drain,” wherein the some of the best and brightest U.S.-based researchers are moving abroad.

Witnesses included: James M. Tour, Professor of Chemistry, Professor of Computer Science, Materials Science and Nanoengineering, Smalley Institute for Nanoscale Science and Technology, Rice University; Christian Binek, Associate Professor of Physics and Astronomy, University of Nebraska – Lincoln; Milan Mrksich, Professor of Biomedical Engineering, Chemistry and Cell and Molecular Biology, Northwestern University; and Jim Phillips, Chairman and CEO, NanoMech Inc.

Pointing to the example of the Bayh-Dole Act, and its role in spurring more entrepreneurism out of university research endeavors, James Tour proposed that similar legislation could be enacted to spur more investment in nanotechnology research, without increasing federal funding. Before the Bayh-Dole Act, even though the federal government owned the inventions that resulted from federal grants, it had only licensed less than 5% of the 28,000 patents it had accumulated; the legislation gave ownership preference to universities and small businesses, thereby incentivizing more start-up companies to commercialize on breakthrough research. Professor Tour outlined the two main mechanisms by which the private sector can currently fund university research: through a monetary gift to a university or through a sponsored research agreement. The former option offers the incentive of a substantial tax break, but companies may not request a report on the outcome of gift-supported research; with little accountability for gifts, companies do not have as much incentive to choose this route. On the other hand, with a sponsored research agreement, the company can require reports of the work and even request milestones. The intellectual property still resides with the university, but the university can license, even exclusively, to the company sponsoring the work; the major downside with this option is that it does not offer the same tax incentive. Professor Tour suggested that Congress consider legislation that would incentivize industry to fund academic research universities and non-profits by granting companies with a total or significant taxable deduction university research investment. He argued that this would allow companies fill the gaps where the federal government has not been able to maintain the research enterprise in tight fiscal times, and that it would slow the brain drain while providing for the high tech training of students that will be needed to fill jobs in those industrial sectors.

In praising federal efforts, Professor Mrksich testified that the establishment of the National Nanotechnology Initiative (NNI) in 2000 has been crucial to the development and commercialization of nanoscience. By requiring each of the federal agencies to commit a fraction of their budgets to developing the nanosciences, the NNI has brought about the creation of a national infrastructure for nanoscale science and engineering. He argued that the NNI has been successful in advancing fundamental discoveries across the science and engineering disciplines, in training a new generation of skilled scientists in these areas, in translating discoveries to commercial entities and in realizing the first nanotechnology-enabled products. He pointed out that while there are substantial resources directed towards fundamental discovery and also substantial private capital available for companies that are close to having products on the market, “there is comparatively less investment available for bridging
these two activities and in creating small companies that aim to validate a prototype or a manufacturing process.” Policies that support this transition, such as streamlined access to a SBIR contract for those nanotechnology grantees that have filed a patent application, could help maximize the economic benefit of nanotechnology research.

See more at:

**RESOURCES: HOUSE PASSES ENDANGERED SPECIES BILL**

In a 233-190 vote, the House passed H.R. 4315, the Endangered Species Transparency and Reasonableness Act on July 29, 2014. The bill aims to improve Endangered Species Act (ESA) transparency, enhance the role of states, and discourage harmful, frivolous litigation, while balancing the interests of environmental protection and economic growth. Critics say that the bill goes too far in weakening federal authority to protect endangered species, creates burdensome reporting requirements, and misguidedly designates any data submitted by any Native American tribe, any city, county, or state, as the best available science.

Back on April 8, 2014, Michael Bean, Counselor to the Assistant Secretary of the Interior for Fish and Wildlife and Parks, testified before the House Natural Resources Committee about the agency’s concerns with the bill, saying that “the studies, reports, and research publications by state agencies or their employees are often the best studies and analyses available to the Service. A broad-ranging requirement to post on the internet this state data – particularly if that requirement extends to the raw data underlying such studies and analyses – would almost certainly elicit a number of well-considered concerns from the states themselves.” Some state laws prohibit the release of certain wildlife data, and in other instances are reluctant to have certain data widely disseminated via the internet. “To the extent that such data reveals the location of rare or sensitive species, its disclosure would put such species at added risk, both from collectors or vandals as well as from people with entirely innocent motives, such as the desire to get an up-close photo of an eagle and its young in their nest, or of prairie-chickens displaying on their mating grounds. The ability of states, and of scientific researchers generally, to gather wildlife data often depends upon the willingness of private landowners to grant them access to their lands. Many landowners can reasonably be expected to be less likely to grant such access if they know that the data collected on their land would be posted on the internet. Their concerns might include the well-being of the wildlife on their land as well as their own sense of privacy and desire not to have to contend with trespassers, vandals, and simple curiosity seekers. The disclosure requirement that the sponsors of H.R. 4315 intend to produce better scientific data could have the unintended consequence of reducing the amount and quality of such data. While the Service is willing to explore other approaches, it has generally found satisfactory to most states and researchers its current records management process.” Steven Courtney of the National Center further reiterated these
concerns for Ecological Analysis and Synthesis in Santa Barbara, CA, as he outlined situations in which “complete transparency can be detrimental.”

For more information on H.R. 4315, please visit: http://naturalresources.house.gov/legislation/hr4315/

TRADE: SENATE FINANCE EXAMINES IMPACT OF U.S.-KOREA FTA

On Tuesday, July 29, 2014, the International Trade, Customs and Global Competitiveness Subcommittee of the Senate Finance Committee held a hearing titled "The U.S.-Korea Free Trade Agreement: Lessons Learned Two Years Later." Witnesses provided insight about the strengths and challenges presented by the U.S.-Korea Free Trade Agreement (KORUS), especially in terms of how the agreement has either been successful or fallen short in opening up new markets for exports of certain U.S. goods, including U.S. dairy, rice, and mobile technologies.

Witnesses included: Sean Murphy, Vice President and Counsel, Qualcomm, San Diego, CA; Michael Rue, Owner, Rue & Forsman Ranch, Inc., Rio Oso, CA; Shawna Morris, Vice President for Trade Policy, National Milk Producers Federation and U.S. Dairy Export Council, Arlington, VA; and Stephen E. Biegun, Vice President, International Governmental Affairs, Ford Motor Company, Dearborn, MI.

While the National Milk Producers Federation and the U.S. Dairy Export Council generally credit KORUS with successfully navigating the “market sensitivities regarding dairy products” to open up more export opportunities for U.S. companies, they have some concerns about cheese producers who have been effectively shut out. As a result of the EU-Korea FTA, asserted Shawna Morris, certain U.S. cheese companies have been prohibited from selling their products because of overly broad EU claims to common names of cheeses like feta and gorgonzola. She urged action to negotiate with the EU about these trade barriers.

Another trade barrier that was a focus of the hearing was the exemption of rice as part of the FTA; California rice grower Michael Rue decried this missed opportunity for U.S. rice growers to expand their limited export opportunities. “The exclusion of rice in KORUS provides support today for those in the Trans Pacific Partnership (TPP), primarily Japan, who seek to turn back the clock and retreat from a comprehensive trade agreement. Rice and the other so-called sensitive commodities face the real prospect of substandard market access gains if Japan is allowed to prevail in TPP. For the U.S. rice industry, this is the key lesson learned from KORUS – product exclusions have no place in U.S. trade policy. Not only do they deny access improvements for U.S agriculture, they poison the water for future trade agreements as other countries with politically sensitive commodities seek to gain similar exemptions,” he said.

Qualcomm representative Sean Murphy lauded KORUS as a “historic agreement” that “enhanced the basic framework for U.S. free trade agreements, creating an updated model upon which to build the Trans-Pacific Partnership (TPP), Transatlantic Trade and Investment Partnership (TTIP) and Trade in Services Agreement (TISA).” He outlined how the agreement has been generally beneficial to the U.S. economy, citing the fact that in the two years since KORUS was implemented, Korea has become the tenth largest export market for U.S. goods and the U.S.’s sixth largest trading partner; he also noted that U.S-Korean bilateral trade today is about one-third greater than when negotiations first began in 2006. “[KORUS] enhanced protection for intellectual property rights, investment and regulatory transparency. The agreement has also created and sustained U.S. jobs, and done so on a reciprocal basis,” he concluded.
COMMUNICATIONS: HOUSE AGRICULTURE SUBCOMMITTEE ASSesses BROADBAND INVESTMENTS

On Tuesday, July 29, 2014, the Livestock, Rural Development and Credit Subcommittee of House Agriculture Committee held a hearing titled "Coordinating Future Investments in Broadband. Many rural areas lack access to broadband internet; public investment is one way to bridge the gap for access where private providers cite a lack of profitability. Increasing broadband internet access to rural communities can result in economic growth, educational opportunities, telemedicine, and many other benefits. Drawing on parallels from the 1930's, when it took a series of acts and appropriations to establish a public system for financing, designing, and planning rural electrification, some experts argue that it will take the same sustained focus from Congress and the Executive branch in the 21st century to ensure that rural residents have the same access to broadband as their urban and suburban counterparts.

Witnesses included: Mr. John Padalino, Administrator, Rural Utilities Service, U.S. Department of Agriculture, Washington, D.C.; Mr. Lang Zimmerman, Vice President, Yelcot Communications, Mountain Home, Arkansas—on behalf of the National Telecommunications Cooperative Association; Mr. David Cohen, Vice President, Policy, USTelecom, Washington, D.C.; Mr. Robert L. Hance, President and CEO, Midwest Energy Cooperative, Cassopolis, Michigan—on behalf of the National Rural Electric Cooperative Association; and Mr. Christopher Guttman-McCabe, Executive Vice President, CTIA – The Wireless Association, Washington, D.C.

The Rural Utilities Service (RUS) under the U.S. Department of Agriculture provides broadband loan and grant programs, which are intended to accelerate the deployment of broadband services in rural America. “Broadband” refers to high-speed Internet access and advanced telecommunications services for private homes, commercial establishments, schools, and public institutions. “Today, RUS is focused on funding and providing broadband to rural America through the traditional telecommunications program, the broadband program and the Broadband Initiatives Program (BIP) funded through the American Recovery and Reinvestment Act of 2009 (Recovery Act). Through Recovery Act investments alone, RUS awarded over $3.4 billion in funding for broadband projects and has helped extend broadband access in rural areas. As a result of the Recovery Act BIP program, over 59,566 miles of fiber and 1,281 wireless access points have been deployed to serve over 168,703 households, 12,539 businesses, and 1,786 critical community facilities across rural America,” testified Mr. Padalino. He pointed to the comparatively lower population density of rural areas, generally lower income of residents, and the higher cost to wire the market area across greater geographical distances among customers as the main reasons that public investment must help bridge the gap where private companies do not provide an internet option. The terrain of rural areas can also be a hindrance, he noted, in that it is more expensive to deploy broadband technologies in mountainous or heavily forested areas. An additional cost factor for remote areas can be the expense of “backhaul” (e.g., the “middle mile”), which refers to the installation of a dedicated line that transmits a signal to and from an Internet backbone, which is typically located in or near an urban area.

The California Emerging Technology Fund (CETF) is a non-profit corporation established in 2008 pursuant to requirements from the California Public Utilities Commission in approving the mergers of SBC-AT&T and Verizon-MCI. The merged companies committed a total of $60 million to advance broadband, especially in rural California communities. CETF provides leadership in California to close the "Digital Divide" by accelerating the deployment and adoption of broadband to unserved and
underserved communities and populations. For more information on CETF, please visit: http://www.cetfund.org/progress/annualreports

For the entire testimony of witnesses, please visit: http://agriculture.house.gov/hearing/coordinating-future-investments-broadband

TRANSPORTATION: SENATE AVIATION SUBCOMMITTEE REVIEWS MANUFACTURING ISSUES

The Senate Committee on Commerce, Science, and Transportation’s Subcommittee on Aviation Operations, Safety, and Security held a hearing on Thursday, July 31, 2014 titled, “Domestic Challenges and Global Competition in Aviation Manufacturing.” Witnesses discussed the competitive landscape with respect to commercial aviation, the U.S. Export-Import Bank (Ex-Im), and the aviation manufacturing industry’s international competition.

Witnesses included: Dr. Gerald Dillingham, Director of Civil Aviation Issues, Government Accountability Office (GAO); Mr. Marc Allen, President, Boeing Capital Corporation; and Dr. Keith Crane, Director, RAND Corporation Environment, Energy, and Economic Development Program.

As a major U.S.-based manufacturer that primarily exports its goods, Boeing provided testimony about the importance of the Ex-Im in maintaining a functioning and fair market for commercial airplanes. Mr. Allen discussed critics of the use of Ex-Im for “cheap export credit,” and refuted these claims saying that the Aircraft Sector Understanding (ASU), established by the Organization for Economic Cooperation and Development (OECD), requires quarterly resets to ensure the rates stay at or above the liquid market. He used the examples of the aftermath of both the 2008 financial crisis and after 9/11 to illustrate the importance of liquidity to the stability of the aviation industry. After the 2008 crisis, the Ex-Im stepped in to provide loan guarantees that were eventually profitable to the taxpayer; however, after 9/11, despite billions of federal dollars in assistance, airlines faced operational challenges and without liquid financing options to see them through, had to walk away from airplane deliveries they had previously agreed to take. Boeing in turn had to reduce production and more than 30,000 Boeing employees lost their jobs in the resulting layoffs, as did more in the supply chain, Mr. Allen testified.

To date, China has primarily relied on foreign manufacturers for commercial aircraft. RAND Corporation representative Dr. Crane discussed China's 2008 consolidation of efforts to develop a commercial aircraft manufacturing industry by setting up a new state-owned commercial aircraft manufacturing company. He addressed the effectiveness of the policies and mechanisms the Chinese government has used to create “national champions” in this industry, as well as policy options for the U.S. and the European Union to effectively respond to Chinese industrial policies. More details can be found in the full RAND report, “The Effectiveness of China’s Industrial Policies in Commercial Aviation Manufacturing” available at http://www.rand.org/pubs/research_reports/RR245.html

On behalf of the Government Accountability Office (GAO), Dr. Dillingham testified on the status of the Federal Aviation Administration's efforts to improve certification and regulatory consistency in the aviation manufacturing sector. He acknowledged that most FAA initiatives to achieve these goals are on track, but that most certification process improvement initiatives lack measures of effectiveness, and that the details about reducing regulatory uncertainty remain unclear. “Studies published since 1980, our prior work, industry stakeholders, and experts have long raised questions about the efficiency of FAA’s certification and approval processes and varying interpretations and applications of its regulations in making certification and approval decisions. More recently, several aviation industry groups have asserted that these issues persist, resulting in delays and higher costs for
their members...With greater industry demand and the introduction of new aircraft, equipment, and technology into the national aviation system, FAA's workload has increased and is expected to grow further over the next decade. We previously concluded that it will be critical for FAA to follow through with reforms to its certification and approval processes to meet industry's future needs.”

For the full testimony of witnesses, please visit:
http://www.commerce.senate.gov/public/index.cfm?p=Hearings&ContentRecord_id=59379017-0eff-4451-b163-e11fcd36d489&ContentType_id=14f995b9-dfa5-407a-9d35-56cc7152a7ed&Group_id=b06c39af-e033-4eba-9221-de668ca1978a