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

APPROPRIATIONS: SHORT-TERM CR APPROVED

The House on Wednesday, September 18, 2014, passed a short term Continuing Resolution (CR) (H.J.Res. 124) to prevent a government shutdown at the end of the fiscal year on September 30, 2014. The vote was 319-108.

The Senate passed the bill, sending it to the President for signature, on September 18th. The vote was 78-22.

The legislation continues funding for government programs and services at the current annual cap rate of $1.012 trillion until December 11, 2014. This rate of funding will remain in place for the length of the CR, or until Congress approves annual Appropriations legislation for fiscal year 2015.

The CR provides Customs and Border Protection and Immigration and Customs Enforcement with budget flexibility to maintain staffing levels, border security operations, detention space, and immigration enforcement activities. It also includes $88 million for government efforts to fight the Ebola virus, and extends the Export-Import Bank's operating authority through June 30, 2015. Another provision extends the Internet Tax Freedom Act through December 11th.

In addition, the bill includes an amendment offered by House Armed Services Committee Chairman Buck McKeon (Tujunga) to authorize the training and equipping of Syrian rebels to fight the Islamic State of Iraq and the Levant (ISIL), as requested by the President. The amendment was adopted by a vote of 273-156 in the House. As it was incorporated in the House-passed bill, the Senate did not vote separately on the amendment. The authorization expires on the same day, December 11th, as the underlying CR.

Other provisions in the bill include:
- allowing the continuation of current funding for the Temporary Assistance to Needy Families (TANF) program.
- allowing additional funds to offset food price increases in the Commodity Supplemental Food Program to ensure that no current recipients are removed from the program.
- several changes to ensure appropriate treatment of veterans and continued oversight of the Department of Veterans Affairs, such as additional funds for disability claims processing, and funds for
investigations into potential improper conduct including “waitlist” and “whistleblower” allegations.

- extending expiring Department of Defense activities, including counter-drug operations, support to the Office of Security Cooperation in Iraq, and rewards for assistance in combating terrorism.
- continuing a surge in funding for State Department programs to counter regional aggression toward Ukraine and other former Soviet Union countries.
- allowing funding flexibility to maintain weather satellite programs, ensuring the continuation of data for weather warnings and forecasts, including forecasts of severe weather events.

For more information, go to:

CONGRESS: HOUSE AND SENATE ADJOURN UNTIL AFTER ELECTIONS

Majority Leader Kevin McCarthy (Bakersfield) announced on September 18, 2014 that the House has moved up its adjournment for the November elections and will be out of session from now until the beginning of a lameduck session in the middle of November begins.

The Senate is expected to follow suit shortly now that it has passed the Continuing Resolution on appropriations that the House sent over on September 17th. Senate Majority Leader has set November 12, 2014 as the beginning day of the lameduck session.

On its return, Congress will once again be faced with funding the government through FY 2015, whether that will be accomplished through passage of individual appropriations bills, an omnibus bill, or a longer term continuing resolution is as yet unknown.

During the long recess, the California Institute Capitol Hill Bulletin, and other reports, will be published on an occasional basis.

INFORMATION TECHNOLOGY: HOUSE ENERGY & COMMERCE EXPLORES IMPACT OF INTERNATIONAL DATA FLOW

The Subcommittee on Commerce, Manufacturing and Trade of the House Energy and Commerce Committee convened on Wednesday, September 17, 2014 for a hearing to determine the impact of international data flow restrictions on the US economy. Technological innovation spearheaded by U.S. companies has led the United States to dominate the digital space. However, privacy concerns surrounding high-profile security breaches and revelations concerning the National Security Agency (NSA) have negatively affected U.S. trade. Countries including Brazil, China, and India, have recently proposed or implemented localization policies under the guise of national security concerns that either prohibit the transfer of data outside of the country or require that data be stored locally. Localization policies, dubbed “digital protectionism,” have the ability to stifle emerging technologies and erect barriers to participation in the global marketplace, costing the United States billions of dollars in exports.

Witnesses included Brian Bieron, Senior Director, eBay, Inc. Public Policy Lab; Linda Dempsey, Vice President, International Economic Affairs, National Association of Manufacturers;
Laura K. Donahue, Professor of Law, Georgetown University Law Center, Director, Center on National Security and the Law; and Sean Heather, Vice President, Center for Global Regulatory Cooperation, Executive Director, International Policy & Antitrust Policy, U.S. Chamber of Commerce.

"The issue of cross-border data flows impacts an even wider swath of American businesses, because it is not just important to big, global businesses that have operations in multiple countries … Cross border data and the Internet lie at the heart of new trade phenomena driven by small and micro-businesses that are engaging in trade," testified Brian Bieron in reference to research conducted by eBay Inc. Bieron concluded that it would be nearly impossible for small and medium sized businesses to participate in the global marketplace if localization policies are pursued. Additionally, the witnesses agreed that the affects of data restrictions across borders would ripple across the U.S. economy to sectors such as agriculture, manufacturing, and financial services.

As a result of decreasing confidence in U.S. privacy protections, global competition increased as countries sought technological alternatives. Ms. Dempsey proposed that the U.S. enter into more international trade agreements in order to capture a larger share of the market. Additionally, Professor Donahue recommended that Congress take action to curb the NSA as well as revisit the forty year old Privacy Act in order to recognize consumer rights to privacy in this technological age.

For more information, please visit:

INFORMATION TECHNOLOGY: SENATE JUDICIARY EXAMINES NET NEUTRALITY ISSUE

On Wednesday, September 18, 2014, the Senate Judiciary Committee held a hearing entitled: “Why Net Neutrality Matters: Protecting Consumers and Competition Through Meaningful Open Internet Rules.” Witnesses were: Brad Burnham, Managing Partner, Union Square Ventures, New York, NY; Ruth Livier, Writer, Independent Producer, and Actress, Pacific Palisades, CA; The Honorable Robert M. McDowell, Former Commissioner, Federal Communications Commission, Partner, Wiley Rein LLP, Washington, DC; Dr. Jeffrey A. Eisenach, Visiting Scholar, American Enterprise Institute Center for Internet, Communications and Technology Policy, Washington, DC; and Nuala O’Connor, President and CEO, Center for Democracy & Technology, Washington, DC.

In his opening remarks, Chairman Patrick Leahy (VT) explained that on September 15th, the Federal Communications Commission (FCC) closed the public comment period on its proposed rules on open Internet. He stated: “An astounding 3.7 million Americans made their voices heard on an issue that is of critical importance to consumers and businesses. An overwhelming number of comments called on the FCC to enact meaningful rules that will protect consumers and preserve competition online. I agree, and the FCC should heed their call.” He further expounded that “meaningful rules would stop ‘paid prioritization’ deals that would allow large corporations to drown out smaller competitors.” He and Rep. Doris Matsui (Sacramento) have introduced legislation would require the FCC to develop rules to stop these deals.

In his testimony, Mr. Burnham explained how internet access providers have now developed “deep packet inspection” technology that allows them to see what services individuals are using, and potentially charge for faster delivery of some packets, or slow the delivery of what they determine to be of less priority. Under the DC Circuit Court’s decision in the Verizon case, he explained, the FCC would need to classify internet access providers as “telecommunications services” rather than “information services,” in order to fully pursue open Internet rules. Instead of pursuing reclassification,
however, he said the FCC is proposing rules that would “explicitly allow cable and telephone companies to treat internet applications differently for a variety of business and network management reasons.” He argued that this will result in higher costs for creating and distributing internet applications.

Ms. Livier explained how she, as an independent, Latina, author and artist, was able to utilize the Internet to develop her award-winning website, and her concern that weak FCC rules would allow a few powerful companies to become gatekeepers who could decide what content is available online, as well as on what terms.

Dr. Eisenach strongly argued against the need for net neutrality regulation, making three points: “First, net neutrality regulation cannot be justified on grounds of enhancing consumer welfare or protecting the public interest. Rather, it is best understood as an effort by one set of private interests to enrich itself by using the power of the state to obtain free services from another – a classic example of what economists term “rent seeking.” Second, the potential costs of net neutrality regulation are both sweeping and severe, and extend far beyond a simple transfer of wealth from one group to another. Third, legitimate policy concerns about the potential use of market power to disadvantage rivals or harm consumers can best be addressed through existing antitrust and consumer protection laws and regulations.”


HEALTH: SENATE FINANCE HOLDS HEARING ON REAUTHORIZING CHIP

On September 16, 2014, in his last hearing as chair of the Senate Finance Committee's Health Subcommittee, Senator John D. Rockefeller IV (WVA) urged Congressional action to reauthorize funding for the Children's Health Insurance Program (CHIP) through 2019. CHIP provides health coverage to nearly eight million children of families near poverty, including over 1.7 children in California during fiscal year 2010. The program is celebrated for its success in cutting the rate of uninsured children in half and is supported by both sides of the aisle. Funding for CHIP expires in September of 2015, although the program is authorized through 2019.

Witnesses included Mr. Bruce D. Lesley, President, First Focus, Washington, DC; Dr. James M. Perrin, President, American Academy of Pediatrics, Elk Grove Village, IL; Ms. Cathy Caldwell, Director, Bureau of Children's Health Insurance, Alabama Department of Public Health, Montgomery, AL; and Dr. Douglas Holtz-Eakin, President, American Action Forum, Washington, DC.

"If CHIP funding were allowed to expire either purposely or due to congressional inaction, it is estimated that up to 2 million children who currently rely on CHIP's coverage for their asthma, vision, dental, or cancer treatment would become uninsured unless they are able to obtain alternative coverage," emphasized Mr. Lesley. Additionally, congressional inaction during the lame duck session would cause uncertainty for states in their budget allocations for CHIP beginning October 15, 2015. State contracts with private health plans and their health care providers would also be in question.

The Affordable Care Act (ACA) will provide some CHIP participants a seamless transition of health insurance coverage. However, the ACA only requires employers to provide affordable healthcare to their employees, not inclusive of family members, and precludes the entire family from receiving subsidized insurance through the government exchange with such an offer. The family glitch could cause as many as 2.28 million children to lose health care coverage, according to the witnesses.

For more information, visit http://www.finance.senate.gov/hearings/hearing/?id=9b08df31-5056-a032-5244-10d120336181.
SOCIAL SERVICES: HOUSE AGRICULTURE REVIEWS SNAP PILOT PROJECTS

On Wednesday, September 17, the House Agriculture Committee convened for a hearing titled, "To review the implementation of Section 4022 of the Agriculture Act of 2014: Pilot projects to reduce dependency and increase work requirements and work effort under the Supplemental Nutrition Assistance Program." The Supplemental Nutrition Program, formerly known as the federal Food Stamp Program, offers nutrition assistance to millions of eligible, low-income individuals and families. The SNAP program currently provides benefits to 46.2 million, one million less than fifteen months ago. All SNAP recipients are subject to work requirements with the exception of exempted populations, such as children and the elderly.

The Secretary of the U.S. Department of Agriculture (USDA), Tom Vilsack, testified that the goal of the USDA SNAP program is to provide a safety net for those in need while "help[ing] people move towards self-sufficiency the right way - by helping them to secure and maintain jobs that pay well." On August 25, 2014, Secretary Vilsack announced the allocation of $200 million as authorized and funded under the new Farm Bill for up to ten, three-year SNAP employment and training pilot projects. In their applications, states will outline strategies to help SNAP participants find better jobs and increase their earnings. The pilot programs intend to test results in rural and urban settings and across diverse population groups. Targeting individuals with low-skills, participants working low-wage or part-time jobs, and able-bodied adults with dependents is particularly important. Additionally, the USDA expects to see proposals that include better integration and alignment of governmental programs and services.

Data collected from the pilot projects will determine the best practices to connect SNAP participants with jobs and to get those who already work into higher paying jobs. Proven strategies will be incorporated into the implementation of the SNAP program nation-wide.

For more information, visit:

INTELLECTUAL PROPERTY: HOUSE JUDICIARY ASSESSES COPYRIGHT PROTECTION

In another in a series of hearings reviewing copyright law, the House Judiciary Subcommittee on Courts, Intellectual Property, and the Internet held a hearing on September 17, 2014 focused on Chapter 12 of Title 17 that addresses technological protection measures, or TPMs, which are intended to enable copyright owners to engage in self-help to protect their works from theft.

Witnesses were: Mr. Mark Richert, Director of Public Policy, American Foundation for the Blind; Mr. Jonathan Zuck, President, ACT | The App Association; Mr. Christian Genetski, Senior Vice-President and General Counsel, Entertainment Software Association; and Ms. Corynne McSherry, Intellectual Property Director, Electronic Frontier Foundation.

Mr. Genetski pointed out that the Digital Millennium Copyright Act had twin goals of preventing piracy and promoting greater dissemination of copyrighted works. He summarized how TPMs have played a critical role in achieving both of these objectives in the video game industry, as evidenced by the dynamic growth of online game distribution models. He cautioned that in considering reforming the DMCA to address perceived abuses or unintended consequences, Congress should be mindful not to undermine the wave of innovation benefiting both consumers and content creators that TPMs have enabled.
Mr. Zuck testified how essential securing digital content is to the app industry. He allowed that Section 1201 of the DMCA may not be perfect, but it has proven effective and flexible enough to provide for and deal with continued innovation in the tech sector. He urged Congress not to dismantle the complex negotiations and compromises that have resulted in innovation and creativity over the years.

For more information, go to:

**EDUCATION: SENATE HELP COMMITTEE REPORTS EDUCATION RESEARCH BILL**

The Senate Health, Education, Labor, and Pensions Committee approved H.R. 4366, the Strengthening Education through Research Act, a bill that would reauthorize the Education Sciences Reform Act (ESRA). The legislation authorizes funding for the research activities of the U.S. Department of Education, including the Institute for Education Sciences (IES), and will help to improve the quality of education research in the United States and make research more relevant and usable for teachers, school leaders, and school administrators.

H.R. 4366, the Strengthening Education through Research Act (SETRA), would amend and reauthorize the Education Sciences Reform Act of 2002 through fiscal year 2020. This legislation makes a number of positive changes to the Institute for Education Sciences, an independent institute within the Department of Education that conducts and oversees education research as well as changes to the State Longitudinal Data Systems program and the National Assessment of Educational Progress (NAEP). The legislation:
- Requires IES to identify research topics focused on ensuring that all students have the ability to obtain a high-quality education, improving access to and the quality of early childhood education, strengthening elementary and secondary schools, and increasing access to and completion of postsecondary education.
- Makes education research more relevant at the state and local levels.
- Directs the Department of Education’s comprehensive centers, which provide technical assistance to states, to prioritize serving the needs of school districts and schools with higher numbers of low-income students and schools identified for improvement.
- Requires collaboration between entities responsible for providing research analysis and technical assistance to states and school districts to ensure these efforts are more aligned and responsive to the needs of school districts and states.
- Makes it easier for states and school districts to access useful data that can help raise student achievement levels in the classroom.
- Increases the federal investment in research and technical assistance, including a substantial increase in funding for special education research.
- Strengthens the independence of the National Assessment Governing Board and its responsibility for the National Assessment of Educational Progress, also known as the “Nation’s Report Card,” which provides important information to state and local educational leaders on the academic achievement and progress of elementary and secondary school students.
- Improves accountability and protects the taxpayers’ investment by requiring regular evaluations of research and education programs by independent entities.
- Streamlines and reduces duplication within the federal education research system, by authorizing the consolidation or elimination of federal research laboratories and centers that are not effective, reducing the number of Comprehensive Centers from 22 to 17, and increasing coordination between laboratories and centers.
- Strengthens privacy provisions to ensure personally identifiable information collected by IES is secure and protected.

The bill passed the House of Representatives by voice vote on May 8, 2014. The Senate substitute to H.R. 4366 makes a number of changes to the House bill in order to ensure the National Center for Education Statistics’ (NCES) authority to develop its own plans for NCES, ensure the public has access to NCES public use data sets, require IES and the Department to make outcome-based decisions about RELs and comprehensive centers, and require comprehensive centers to prioritize serving schools and school districts with the highest number of children living in poverty.

For more information, go to: http://www.help.senate.gov/newsroom/press/release/?id=589b3b62-34af-4b6a-ae3c-ee5ad3d128de&groups=Chair