

WASHINGTON UPDATE

LEGISLATIVE AND PUBLIC POLICY DEVELOPMENTS

APRIL 17 - 23, 2010

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ECONOMIC REGULATION AND OVERSIGHT

Senate Agriculture Committee Approves Derivatives Legislation

On Wednesday, a derivatives bill proposed by Senate Agriculture Chairman Blanche Lincoln (D-AR) passed out of her committee, 13-8. Senator Charles E. Grassley (R-IA) was the only Republican to vote in favor of the legislation. The bill has more expansive restrictions on derivatives than bank reform legislation approved by the House in December. It would be more restrictive on derivatives than a Senate Banking Committee bill, as Lincoln's proposal requires banks to spin off their derivatives divisions.

The bill generally requires traders to execute derivatives contracts on trading platforms and through clearinghouses. The approved language exempts many commercial end users of derivatives from some of the new rules. However, Republicans believe that the exemptions are too narrow and unintentionally catch some commercial companies. Ranking Member Saxby Chambliss introduced an alternative end user proposal. His proposal was defeated by a 12-9 party-line vote. It is still undecided how Chairman Lincoln's bill will be combined with the broader bill under consideration by the Senate Banking Committee, which also contains a derivatives provision. However, Chairman Lincoln expects her language to be included in the Senate banking bill.

[The Wall Street Journal/MarketWatch](#), April 21; [Reuters](#), April 21; [USA Today](#), April 21; [The Wall Street Journal](#), April 22; [The Bond Buyer](#), April 22.

Obama Takes Manhattan

On Thursday, President Barack Obama addressed his desire for financial regulatory reform to a Manhattan audience of bankers, elected officials, and labor union representatives. Attendees included J.P Morgan Chase & Co.'s chief risk officer, Barry Zubrow, and Goldman Sachs Group Inc.'s top executives, Lloyd Blankfein and Gary Cohn.

During his speech at Cooper Union College, President Obama told the crowd that another financial collapse is possible unless Congress approves financial reform legislation. President Obama also pushed back on critics' claims that reform will lead to endless government bailouts. Notably, for the first time in recent months, he did not threaten to veto the financial reform bill if it did not meet his high standards. President Obama did make that threat during his State of the Union address and again a few days ago.

[The New York Times](#), April 22; [The Wall Street Journal](#); April 22; [The Hill](#), April 22.

GOP Blocks Start of Debate on Financial Reform Legislation

On Thursday, Senate Republicans prevented Democrats from starting debate on omnibus financial reform legislation. Senate Majority Leader Harry Reid (D-NV) asked to begin debating the measure, but Minority Leader Mitch McConnell (R-KY) objected, saying Democrats were preempting negotiations to reach a deal. Leader Reid now plans to call the first procedural cloture vote around 5 p.m. on Monday. At a press conference, he voiced his opinion that Republicans were merely stalling and expressed doubt that the two sides would reach an agreement over the weekend. However, Leader Reid said compromise talks would continue.

[The New York Times](#), April 22; [CQ Today](#), April 22.

Goldman Sachs Goes to Congress

On Tuesday, April 27, current and former employees of Goldman Sachs Group, Inc. will testify before the Senate Permanent Subcommittee on Investigations. CEO Lloyd Blankfein will testify. David Viniar, the firm's executive vice president and chief financial officer, will also appear, alongside Craig Broderick, Goldman's chief risk officer.

[The Politico](#), April 22.

Legislation Introduced

H.RES.1289: Expressing the sense of the House that Democratic Members of the House should join Republican Members of the House in a total ban on earmarks for one year, that total discretionary spending should be reduced by the amount saved by earmark moratoriums, and that a bipartisan, bicameral committee should be created to review and overhaul the budgetary, spending, and earmark processes.

- **Sponsor:** [Rep Goodlatte, Bob](#) [VA-6] (introduced 4/22/2010)
- **Committees:** House Budget; House Rules
- **Latest Major Action:** 4/22/2010 Referred to House committee. Status: Referred to the Committee on the Budget, and in addition to the Committee on Rules, for a period to be subsequently determined by the Speaker, in each case for consideration of such provisions as fall within the jurisdiction of the committee concerned.

H.R.5072: To improve the financial safety and soundness of the FHA mortgage insurance program.

- **Sponsor:** [Rep Waters, Maxine](#) [CA-35] (introduced 4/20/2010)
- **Committees:** House Financial Services
- **Latest Major Action:** 4/20/2010 Referred to House committee. Status: Referred to the House Committee on Financial Services.

H.R.5075: To amend the Internal Revenue Code of 1986 to modify the dependent care tax credit and to extend and increase the additional standard deduction for state and local real property taxes.

- **Sponsor:** [Rep Adler, John H.](#) [NJ-3] (introduced 4/20/2010)
- **Committees:** House Ways and Means
- **Latest Major Action:** 4/20/2010 Referred to House committee. Status: Referred to the House Committee on Ways and Means.

H.R.5077: To amend the Internal Revenue Code of 1986 to increase the alternative minimum tax exemption amount and index such amount for inflation.

- **Sponsor:** [Rep Hall, John J.](#) [NY-19] (introduced 4/20/2010)
- **Committees:** House Ways and Means
- **Latest Major Action:** 4/20/2010 Referred to House committee. Status: Referred to the House Committee on Ways and Means.

H.R.5080: To amend the Internal Revenue Code of 1986 to provide unemployment benefits during summer vacation for nonprofessional school employees.

- **Sponsor:** [Rep Kennedy, Patrick J.](#) [RI-1] (introduced 4/20/2010)
- **Committees:** House Ways and Means
- **Latest Major Action:** 4/20/2010 Referred to House committee. Status: Referred to the House Committee on Ways and Means.

H.R.5089: To amend the Public Works and Economic Development Act of 1965 to modify the period used to calculate certain unemployment rates, to encourage the development of business incubators, and for other purposes.

- **Sponsor:** [Rep Ryan, Tim](#) [OH-17] (introduced 4/21/2010)
- **Committees:** House Transportation and Infrastructure; House Financial Services
- **Latest Major Action:** 4/21/2010 Referred to House committee. Status: Referred to the Committee on Transportation and Infrastructure, and in addition to the Committee on Financial Services, for a period to be subsequently determined by the Speaker, in each case for consideration of such provisions as fall within the jurisdiction of the committee concerned.

H.R.5109: To establish a tax, regulatory, and legal structure in the United States that encourages small businesses to expand and innovate, and for other purposes.

- **Sponsor:** [Rep Kirk, Mark Steven](#) [IL-10] (introduced 4/22/2010)
- **Committees:** House Ways and Means; House Small Business; House Financial Services; House Rules; House Education and Labor; House Energy and Commerce; House Judiciary; House Oversight and Government Reform; House Appropriations
- **Latest Major Action:** 4/22/2010 Referred to House committee. Status: Referred to the Committee on Ways and Means, and in addition to the Committees on Small Business, Financial Services, Rules, Education and Labor, Energy and Commerce, the Judiciary, Oversight and Government Reform, and Appropriations, for a period to be subsequently determined by the Speaker, in each case for consideration of such provisions as fall within the jurisdiction of the committee concerned.

H.R.5125: To amend the Emergency Economic Stabilization Act of 2008 to establish a fund to be used to make local governments whole for losses incurred from the Lehman Brothers Holding, Inc., bankruptcy.

- **Sponsor:** [Rep Eshoo, Anna G.](#) [CA-14] (introduced 4/22/2010)
- **Committees:** House Financial Services
- **Latest Major Action:** 4/22/2010 Referred to House committee. Status: Referred to the House Committee on Financial Services.

S.3240: A bill to increase transparency regarding debt instruments of the United States held by foreign governments, to assess the risks to the United States of such holdings, and for other purposes.

- **Sponsor:** [Sen Cornyn, John](#) [TX] (introduced 4/21/2010)
- **Committees:** Senate Finance
- **Latest Major Action:** 4/21/2010 Referred to Senate committee. Status: Read twice and referred to the Committee on Finance.

S.3241: A bill to provide for a safe, accountable, fair, and efficient banking system, and for other purposes.

- **Sponsor:** [Sen Brown, Sherrod](#) [OH] (introduced 4/21/2010)
- **Committees:** Senate Banking, Housing, and Urban Affairs
- **Latest Major Action:** 4/21/2010 Referred to Senate committee. Status: Read twice and referred to the Committee on Banking, Housing, and Urban Affairs.

BANKRUPTCY AND CORPORATE LAW MATTERS

IMF: G20 Should Impose Two Taxes On Financial Sector

The International Monetary Fund (IMF) is calling for two types of taxes on financial institutions to prevent and pay for future crises, potentially costing the financial sector as much as \$2 trillion. The IMF recommends the Group of 20 impose a "financial stability contribution" to cover the direct fiscal cost of any future bank failures, according to an IMF staff report. The report was posted on the BBC's Web site Tuesday, and Dow Jones Newswires has confirmed its authenticity.

[The Wall Street Journal](#), April 20.

Debt Collectors Can Face Lawsuits for Mistakes, Court Says

On Wednesday, the Supreme Court made it easier for consumers to sue debt collectors for sending erroneous collection notices. The high court, in a 7-2 opinion by Justice Sonia Sotomayor, ruled that debt collectors cannot shield themselves from such lawsuits by arguing that they made a legal error when sending a collection notice.

[The Wall Street Journal](#), April 21.

Democrats Studying 'S Corporation' Profits

House and Senate Democrats are revisiting the idea of subjecting profits earned by shareholders in closely held private companies to payroll taxes, as they scramble for revenues to renew dozens of expired tax breaks. At issue are firms that operate as "S corporations," named after their place in the tax code. S corporation income is not directly taxed; instead earnings "flow through" to shareholders who are taxed at the individual level as ordinary income. Shareholders pay themselves a salary, on which they pay self-employment taxes that go toward funding Social Security and Medicare like traditional employee payroll taxes. Sources familiar with the House Ways and Means and Senate Finance discussions said applying payroll taxes to certain S corporation profits could raise anywhere from \$10 billion to \$15 billion, depending on how it is structured. Revenues in that ballpark would go a long way toward closing a \$30 billion gap tax-writers need to fill to pay for extensions of numerous expired provisions.

[CongressDaily](#), April 22.

Miller Push On Disclosures Might Hold Up 'Extender' Bill

House Education and Labor Chairman George Miller's push to include new fee disclosure requirements for employee retirement plans could be another hurdle to swift passage of long-sought extensions of business tax breaks, aid to states and unemployment benefits. Expired tax breaks include items like the research and development credit and biodiesel production incentive, whose absence is eating into firms' balance sheets and payrolls. And unemployment benefits, health subsidies for laid-off workers and higher Medicare physician payments, costing about \$10 billion a month, lapse again at the end of May and provide a continuing headache due to Senate GOP procedural hurdles. Passage of the extender bill would absolve Democrats of having to deal with those issues again until after the November elections.

[CongressDaily](#), April 23.

BROADBAND, BROADCAST, AND INTELLECTUAL PROPERTY

Commerce Department Reports Patent Reform Would Strengthen Economy

On April 13, the U.S. Department of Commerce, in conjunction with Patent & Trademark Officer leaders, released a white paper entitled “Patent Reform: Unleashing Innovation, Promoting Economic Growth, & Producing High-Paying Jobs.” The report provides useful statistics and outlines how patent reform legislation would strengthen the economy.

S. 515; [Dept of Commerce White Paper](#), April 13; [IP Law 360](#), April 20; [BNA Patent Trademark & Copyright Journal](#), April 23; [BNA Patent Trademark & Copyright Journal](#), April 23.

Congress to Proceed on National Broadband Plan

The House Subcommittee on Communications intends to hold “a series of hearings on specific proposals” in the National Broadband Plan.

[Broadcasting & Cable](#), April 19; [Fierce Telecom](#), April 20.

Commerce Department to Evaluate Internet Privacy

On April 21, Department of Commerce Secretary Gary Locke announced the creation of the Internet Policy Task Force to collect comments from Internet stakeholders and evaluate online commerce, innovation, and privacy issues. In connection with this initiative, the Commerce Department released a Notice of Inquiry requesting public input on privacy laws and innovation as they relate to the “information economy.”

[Dept of Commerce Press Release](#), April 21; [Notice of Inquiry in Federal Register](#), April 21; [Multichannel News](#), April 21; [Broadcasting & Cable](#), April 21; [PC World](#), April 22.

Economists Doubt Net Neutrality

A number of economists are questioning the Federal Communications Commission’s (FCC) push for net neutrality rules. Instead, they argue, the FCC should pursue the European approach of emphasizing transparency and promoting competition.

[The New York Times](#), April 21; [The Washington Post \(Tech Blog\)](#), April 21.

FCC to Examine Set-Top Market

At its Wednesday meeting, the Federal Communications Commission (FCC) voted to begin looking at ways to open the television set-top box market to more competition so set-top boxes can serve as “gateway” devices that bring broadband into more homes.

[The Washington Post \(Tech Blog\)](#), April 22.

Administration Makes Push on Patent Bill

The White House is putting pressure on Congress to act before the year's end on legislation that would overhaul the patent system. Senator Patrick Leahy (D-VT) and others have been trying to move broad legislation updating the patent system, which would have a significant impact on pharmaceutical manufacturers, technology companies, and labor unions. Two points of contention remain related to provisions on post-grant review of patents and the definition of "willful infringement" of a patent.

[The Hill](#), April 22; [Corporate Counsel](#), April 23.

Legislation Introduced

H.R.5081: To enhance public safety by making more spectrum available to public safety agencies, to facilitate the development of a wireless public safety broadband network, to provide standards for the spectrum needs of public safety agencies, and for other purposes.

- **Sponsor:** [Rep King, Peter T.](#) [NY-3] (introduced 4/20/2010)
- **Committees:** House Energy and Commerce
- **Latest Major Action:** 4/20/2010 Referred to House committee. Status: Referred to the House Committee on Energy and Commerce.

H.R.5108: To require certain Internet websites that contain personal information of individual's to remove such information at the request of such individuals.

- **Sponsor:** [Rep McCotter, Thaddeus G.](#) [MI-11] (introduced 4/22/2010)
- **Committees:** House Energy and Commerce
- **Latest Major Action:** 4/22/2010 Referred to House committee. Status: Referred to the House Committee on Energy and Commerce.

ENERGY AND ENVIRONMENT

Senate Energy Committee Discusses Carbon Capture and Sequestration

On April 20, the Senate Energy and National Resources Committee held a hearing to discuss carbon capture and sequestration (CCS) and legislative proposals on CCS. Legislation considered before the committee included S. 1134, which would authorize \$3.8 billion in spending for carbon capture and storage research and demonstration programs, and S. 1856, which would establish that the subsurface storage space below federal lands belongs to the government and could be leased for sequestration purposes.

On Wednesday, the authors of the bill confirmed plans to limit state and federal climate change programs. Senator Voinovich, however, has made a proposal to fully prohibit states from regulating greenhouse gases based on their effects on climate change and would prohibit public nuisance litigation related to climate change.

S. 1134; S. 1856; [E&E News](#), April 19; [E&E Daily](#), April 20; [E&E Daily](#), April 21; [E&E Daily](#), April 22.

Streamlining Energy to American Indian Tribes

In a Senate Indian Affairs Committee hearing on April 22, Members considered Senator Byron Dorgan's (D-ND) draft bill, The American Indian Energy and Parity Act of 2010, which would streamline energy permitting to the federally recognized tribes. Tribal leaders largely support Sen. Dorgan's draft, but asked that the Senate focus on including additional provision on transmission, funding, and consultation.

[E&E Daily](#), April 19; [E&E Daily](#), April 23.

Climate Change Legislation Update

President Obama stated this week that he would like the Senate to focus on comprehensive energy and climate change legislation after they finish work on the Wall Street Regulatory Reform.

Senators John Kerry (D-MA), Lindsey Graham (R-SC), and Joe Lieberman (I-CT) plan to release new climate legislation, The American Power Act, on Monday. The Senate climate legislation is expected to put a price on carbon dioxide across multiple sectors of the economy, while also expanding domestic oil, gas and nuclear power production. Reports suggest that Senator George Voinovich (R-OH) has been circulating a proposal to limit state and federal authority to limit GHG emissions outside of the climate bill. Leaders are considering such language to the climate bill. Leaders are also expected to grant the electric utility industry additional free allowances than were provided for in the Waxman-Markey climate bill, which passed out of the House last year.

[E&E Daily](#), April 19; [The New York Times](#), April 21; [The New York Times](#), April 21; [E&E Daily](#), April 22; [Business Week](#), April 23.

Senate Trio Tries To Tamp Down Talk Of Gas Tax Hike

Three senators working on a climate and energy deal are still grappling with how to cover oil companies under a carbon control plan, all the while fighting the perception that they would effectively hike gas taxes. Senators John Kerry (D-MA), Lindsey Graham, (R-SC), and Joe Lieberman, (D-CT), had been floating the idea of instituting a "linked fee" on oil and gas companies. Such a fee would be tied to the carbon market price for other industrial sectors instead of lumping oil companies directly into an economy-wide cap-and-trade program. Graham in particular promoted the idea -- which was favored also by ConocoPhillips, BP America and Exxon Mobil Corp.

[CongressDaily](#), April 21.

Brazil Producers Slam Senate Bill To Extend Ethanol Tariff

A bill to extend ethanol tax credits and a tariff on ethanol imports, introduced Tuesday by Senate Budget Chairman Kent Conrad (D-ND) and Senate Finance Ranking Member Chuck Grassley (R-IA), drew praise from U.S. ethanol producers and criticism from the Brazilian Sugarcane Industry Association, which goes by the acronym UNICA. The bill would extend the current 45 cents per gallon volumetric ethanol excise tax credit known as VEETC and the 10 cents per gallon small ethanol producers' tax credit through the end of 2015. Both are set to expire at the end of this year. In addition, the bill extends the \$1.01 per gallon cellulosic biofuel producer tax credit, which is set to expire December 31, 2012, through 2015.

[CongressDaily](#), April 21.

Legislation Introduced

H.R.5070: To assess the potential of smart electronics to reduce home and office electricity demand, to incorporate smart electronics into the Energy Star Program, and for other purposes.

- **Sponsor:** [Rep Honda, Michael M.](#) [CA-15] (introduced 4/20/2010)
- **Committees:** House Energy and Commerce
- **Latest Major Action:** 4/20/2010 Referred to House committee. Status: Referred to the House Committee on Energy and Commerce.

H.R.5082: To amend the Public Utility Regulatory Policies Act of 1978 to establish uniform national standards for the interconnection of certain small power production facilities.

- **Sponsor:** [Rep Lujan, Ben Ray](#) [NM-3] (introduced 4/20/2010)
- **Committees:** House Energy and Commerce
- **Latest Major Action:** 4/20/2010 Referred to House committee. Status: Referred to the House Committee on Energy and Commerce.

H.R.5104: To amend the Internal Revenue Code of 1986 to allow for the deduction for domestic oil related production activities of companies which are not major integrated oil companies.

- **Sponsor:** [Rep Pomeroy, Earl](#) [ND] (introduced 4/21/2010)
- **Committees:** House Ways and Means
- **Latest Major Action:** 4/21/2010 Referred to House committee. Status: Referred to the House Committee on Ways and Means.

H.R.5116: To invest in innovation through research and development, to improve the competitiveness of the United States, and for other purposes.

- **Sponsor:** [Rep Gordon, Bart](#) [TN-6] (introduced 4/22/2010)
- **Committees:** House Science and Technology; House Education and Labor
- **Latest Major Action:** 4/22/2010 Referred to House committee. Status: Referred to the Committee on Science and Technology, and in addition to the Committee on Education and Labor, for a period to be subsequently determined by the Speaker, in each case for consideration of such provisions as fall within the jurisdiction of the committee concerned.

S.3226: A bill to require the Secretary of Energy to take actions to stimulate the emergence of an offshore wind power industry in the United States, and for other purposes.

- **Sponsor:** [Sen Brown, Sherrod](#) [OH] (introduced 4/19/2010)
- **Latest Major Action:** 4/19/2010 Referred to Senate committee. Status: Read twice and referred to the Committee on Energy and Natural Resources.

S.3230: NEPA Certainty Act

- **Sponsor:** [Sen Inhofe, James M.](#) [OK] (introduced 4/20/2010)
- **Latest Major Action:** 4/20/2010 Referred to Senate committee. Status: Read twice and referred to the Committee on Environment and Public Works.

S.3231: GREEN Jobs Act of 2010

- **Sponsor:** [Sen Grassley, Chuck](#) [IA] (introduced 4/20/2010)
- **Latest Major Action:** 4/20/2010 Referred to Senate committee. Status: Read twice and referred to the Committee on Finance.

S.3233: Surplus Uranium Disposition Act of 2010

- **Sponsor:** [Sen Barrasso, John](#) [WY] (introduced 4/20/2010)
- **Latest Major Action:** 4/20/2010 Referred to Senate committee. Status: Read twice and referred to the Committee on Energy and Natural Resources.

S.3251: A bill to improve energy efficiency and the use of renewable energy by Federal agencies, and for other purposes.

- **Sponsor:** [Sen Carper, Thomas R.](#) [DE] (introduced 4/22/2010)
- **Latest Major Action:** 4/22/2010 Referred to Senate committee. Status: Read twice and referred to the Committee on Energy and Natural Resources

IMPLEMENTATION OF HEALTH CARE REFORM

Obama Administration Turns To Carrying Out and Implementing New Law

The Obama administration has assembled a team of high-ranking advisors and officials to oversee the implementation of the new health care law. Pete Rouse will oversee the implementation plan. Nancy-Ann DeParle, who directed the legislative effort, along with Jeanne Lambrew, a Clinton White House official, will manage the effort to expand coverage to the uninsured. Jay Angoff, a longtime consumer advocate, will lead efforts to regulate insurers and insurance markets.

[The New York Times](#), April 17; [The Associated Press](#), April 17; [The New York Times](#), April 18.

GOP Opposition Mounts to Obama's Medicare Nominee

Senate Republican opposition to President Obama's nomination of Harvard Professor Dr. Donald Berwick to head the Centers for Medicare and Medicaid Services (CMS) is growing. The agency will be responsible for implementing much of the recently passed health care overhaul. Republican criticism centers on Berwick's previous work implementing Great Britain's National Institute for Health and Clinical Excellence (NICE). Opponents include Sens. Jon Kyl (R-AZ) and Pat Roberts (R-KS) of the Senate Finance Committee.

[The New York Times](#), April 19; [The Boston Globe](#), April 19.

Senate Bill Sets a Plan to Regulate Premiums

Senator Tom Harkin (D-IA), Chairman of the Senate Health, Education, Labor and Pensions Committee, has indicated that he will introduce legislation this year to "provide an important check on unjustified premiums." A similar proposal was originally part of the White House's proposal, but did not make it into the final package. "Protections must be in place," Harkin said, "to ensure that companies do not take advantage of current market conditions before health reform fundamentally changes the way they do business in 2014."

[The New York Times](#), April 20; [The Los Angeles Times](#), April 21.

Report says Health Care Will Increase Both Coverage and Costs

The United States Department of Health and Human Services (HHS) released a report predicting that while health care reform will achieve its intended purpose of expanding coverage to 34 million more Americans, it will also raise projected spending by 1 percent over 10 years. The report found that the law will increase national health care spending by \$311 billion from 2010 to 2019.

It also described cost saving measures, including the Medicare provider cuts, as potentially unsustainable. Moreover, the report predicts that the projected cuts could make up to 15 percent of hospitals and other providers unprofitable which would "potentially jeopardize access" to care for seniors.

[The Hill](#), April 22; [The Associated Press](#), April 23; [CBS.com](#), April 23.

Legislation Introduced

H.R.5066: To prohibit the hiring of additional employees by the Internal Revenue Service to implement, administer, or enforce health insurance reform.

- **Sponsor:** [Rep Fleming, John](#) [LA-4] (introduced 4/20/2010)
- **Committees:** House Ways and Means
- **Latest Major Action:** 4/20/2010 Referred to House committee. Status: Referred to the House Committee on Ways and Means.

H.R.5073: To repeal the Patient Protection and Affordable Care Act and the Health Care and Education Reconciliation Act of 2010 and enact the OPTION Act of 2009.

- **Sponsor:** [Rep Broun, Paul C.](#) [GA-10] (introduced 4/20/2010)
- **Committees:** House Energy and Commerce; House Ways and Means; House Education and Labor; House Appropriations; House Judiciary; House Natural Resources; House Administration; House Rules
- **Latest Major Action:** 4/20/2010 Referred to House committee. Status: Referred to the Committee on Energy and Commerce, and in addition to the Committees on Ways and Means, Education and Labor, Appropriations, the Judiciary, Natural Resources, House Administration, and Rules, for a period to be subsequently determined by the Speaker, in each case for consideration of such provisions as fall within the jurisdiction of the committee concerned.

H.R.5095: To amend the Internal Revenue Code of 1986 to repeal the excise tax on medical devices.

- **Sponsor:** [Rep Paulsen, Erik](#) [MN-3] (introduced 4/21/2010)
- **Committees:** House Ways and Means
- **Latest Major Action:** 4/21/2010 Referred to House committee. Status: Referred to the House Committee on Ways and Means.

H.R.5111: To amend the Patient Protection and Affordable Care Act to modify special rules relating to coverage of abortion services under such Act.

- **Sponsor:** [Rep Pitts, Joseph R.](#) [PA-16] (introduced 4/22/2010)
- **Committees:** House Energy and Commerce
- **Latest Major Action:** 4/22/2010 Referred to House committee. Status: Referred to the House Committee on Energy and Commerce.

S.3239: A bill to repeal unwarranted provisions from the Patient Protection and Affordable Care Act and to more efficiently use taxpayer dollars in health care spending.

- **Sponsor:** [Sen Feingold, Russell D.](#) [WI] (introduced 4/21/2010)
- **Committees:** Senate Finance
- **Latest Major Action:** 4/21/2010 Referred to Senate committee. Status: Read twice and referred to the Committee on Finance.

HIGHER EDUCATION

Career Colleges Push Back on ED's Gainful Employment Proposal

The Career College Association (CCA) released a report on Thursday that analyzes implications of the Department of Education's proposed regulations on gainful employment. The department wants all for-profit institutions (other than those classified as "liberal arts") to show that they prepare students for gainful employment. Gainful employment regulations would assess vocational programs based on the ratio of their graduates' student loan debt to their incomes. The CCA report examined 600,000 students in more than 10,000 programs at its members institutions and finds that the department's gainful employment proposal could make thousands of for-profit programs ineligible for federal aid. CCA has suggested an alternative to the department's proposal, which would be to have its programs provide prospective students with more detailed information on job placement and loan burdens.

[Inside Higher Ed](#), April 21; [Inside Higher Ed](#), April 22.

Sallie Mae Cuts Jobs, Blames Student Loan Reform

On Thursday, Sallie Mae, the nation's biggest provider of student loans, announced that it would lay off 2,500 employees at its service centers in Killeen, TX, and Panama City, FL. The company blamed the cuts on the student loan reform legislation signed into law last month, which takes the middleman role in student lending away from banks.

[The Chronicle of Higher Education](#), April 22; [The Associated Press/Google](#), April 22.

Dept. of Labor Issues Rules on 'Educational' Internships

On Wednesday, the Labor Department released guidance on unpaid internships. For interns to work for private companies without compensation, the positions must meet six criteria:

- The internship must be similar to training which would be given in an educational environment;
- The internship must be for the benefit of the intern;
- The employer must derive no immediate advantage from and may in fact be impeded by the intern;
- The intern is not necessarily entitled to a job after the internship;
- The employer and the intern understand that the intern is not entitled to wages.

The Labor Department will continue to review the need for additional guidance on internships.

[The Chronicle of Higher Education](#), April 21; [The Huffington Post](#), April 22.

Legislation Introduced

H.R.5078: To amend the Internal Revenue Code of 1986 to expand incentives for education.

- **Sponsor:** [Rep Higgins, Brian](#) [NY-27] (introduced 4/20/2010)
- **Committees:** House Ways and Means
- **Latest Major Action:** 4/20/2010 Referred to House committee. Status: Referred to the House Committee on Ways and Means.

LABOR & EMPLOYMENT

Congress Passes Short-Term COBRA Extension

On April 15, Congress passed and President Obama signed the Continuing Extension Act of 2010, which extended subsidized COBRA health insurance benefits for unemployed workers through June 2, 2010. The legislation also extends payment rates for physicians treating Medicare patients through May 31, 2010.

H.R. 4851; [Life and Health Insurance News](#), April 16; [Medical News Today](#), April 19.

Companies Must Follow Rules Regarding Unpaid Interns, Says Labor Department

The U.S. Department of Labor recently released rules on various criteria for determining whether a company utilizing unpaid interns has created an “employment relationship” requiring the company to pay the intern at least minimum wage.

[FOX News.com](#), April 17; [USA Today](#), April 22.

Legislation Introduced

S.3254: A bill to amend the Fair Labor Standards Act of 1938 to require persons to keep records of non-employees who perform labor or services for remuneration and to provide a special penalty for persons who misclassify employees as non-employees, and for other purposes.

- **Sponsor:** [Sen Brown, Sherrod](#) [OH] (introduced 4/22/2010)
- **Committees:** Senate Health, Education, Labor, and Pensions
- **Latest Major Action:** 4/22/2010 Referred to Senate committee. Status: Read twice and referred to the Committee on Health, Education, Labor, and Pensions.