

# GOVERNMENT HIGHLIGHTS

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**Due to the adjournment of Congress and the celebration of the holidays, the next issue of *Government Highlights* will be published on January 15, 2007.**

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## **Chilean Dictator Dies from Heart Complications**

Former Chilean president General Augusto Pinochet Ugarte, known for his fierce and dictatorial anti-communist stands during his tenure from 1973 to 1990, died on December 10 from complications of a recent heart attack. Legal proceedings against Pinochet had been on hold because of his deteriorating physical and mental condition. Pinochet was 91.

## **North Korean Talks to Resume**

The six-nation talks on stopping the North Korean nuclear program will begin again on December 16.

### *Federal Government Developments*

## **Congress Adjourns Until 2007**

Following the latest one-week, lame duck session (December 3-9), both houses of Congress adjourned on December 9 until the first session of the 110<sup>th</sup> Congress convenes on January 4, 2007. About the only issues that emerged from this session were the confirmation of Robert M. Gates as Secretary of Defense, tax extenders, legislation to stave off cuts to Medicare physician payments, and the passage of a third continuing resolution (CR) to fund operations in government departments and agencies not covered by the two appropriations bills that have already passed: Defense and Homeland Security. The newest CR (H. Jt. Res. 102) expires on February 15, 2007.

Working until nearly 5 a.m. on December 9, Congress approved:

- A broad tax and trade bill including a five-year extension of 20 tax breaks with a price tag of \$38 billion, including a partial college tuition deduction;
- Legislation permitting civilian-nuclear-technology transfers to India;
- Authority to open 8.3 million acres in the Gulf of Mexico for gas and oil drilling;

- The extension of the Ryan White CARE Act for AIDS programs;
- The Reauthorization of the National Institutes of Health;
- The establishment of permanent trade relations with Vietnam; and
- The overhaul of the U.S. Postal Service

Two provisions of interest to higher education include the tuition tax break, which expired at the end of 2005, but can be retroactively applied to 2006 returns to be filed by April 15, 2007, and the research tax provision. The tuition language permits individuals who earn \$65,000 or less a year (\$130,000 for married couples filing joint returns) to deduct up to \$4,000 in higher education expenses from their taxable income. The maximum deduction is \$2,000 for those who earn \$65,000 to \$80,000 (\$130,000 to \$160,000 for married couples). The research tax provision is a 20-percent tax credit that applies to corporate cash expenses, including grants or contributions, which are paid for basic university research. The cost of the tuition deduction is estimated at \$3.3 billion and the research credit cost is \$16.5 billion.

The incoming House Majority Leader Congressman Steny Hoyer (D-MD), responsible for the House schedule in the 110<sup>th</sup> Congress, is cautioning his colleagues that they should expect longer work hours than they have been accustomed to, including almost every day in January. Instead of legislative sessions from late Tuesday through Thursday afternoon, the new calendar calls for votes at 6:30 p.m. on Monday nights until Fridays, about 2 p.m.

The 109<sup>th</sup> Congress will have spent the least time in session of any in at least half a century.

### **Year-Long CR Likely**

The incoming chairmen of the House and Senate Appropriations Committees, Congressman David R. Obey (D-WI) and Senator Robert C. Byrd (D-WV), respectively, said on December 10 that they would not try to finish the remaining multiple spending bills for FY2007 that have not yet been passed. The expectation is that the new Democratic Congress will pass another continuing resolution (CR) with possibly some limited, protected programs that will cover funding for the remainder of FY2007, i.e. through September 30, 2007. According to *New York Times* Carl Hulse, the two legislators in a joint statement said “the urgency of new business and the administration’s next spending request for the war in Iraq gave them little choice but to abandon efforts to pass the overdue bills.” The statement said: “While the results will be far from ideal, this path provides the best way to dispose of the unfinished business quickly and allow governors, state and local officials, and families to finally plan for the coming year with some knowledge of what the federal government is funding.” There will be a Democratic moratorium on earmarks until reforms are put in place.

The funding levels covered by the CR are expected to be the lowest of the House-passed, Senate-passed, or FY2006 amounts.

Only two FY2007 appropriations bills out of 11 have passed: Defense and Homeland Security.

### **President Meets with Iraqi Shiite Leader and Tony Blair**

President Bush on December 4 met with Iraqi Shiite leader Abdul-Aziz al-Hakim, considered by some to be a more powerful political figure than the current Iraqi Prime Minister Nouri al-Maliki. Al-Hakim heads the Supreme Council for the Islamic Revolution in Iraq, the largest Shiite block in the Iraqi Parliament. President Bush reportedly told al-Hakim that the United States is not satisfied with progress in Iraq and asked for his help in stopping sectarian violence. The President also met on December 7 with British Prime Minister Tony Blair for a discussion on the war.

According to Robin Wright and Peter Baker of the *Washington Post*, the Bush Administration is considering three main Iraqi strategies:

- 1) A short-term increase of 15,000 to 30,000 additional troops to secure Baghdad and accelerate the training of Iraqi forces;
- 2) A redirection of U.S. military away from the civil strife to seek out terrorists affiliated with al-Qaeda; and
- 3) A concentration on supporting the majority Shiites and an abandonment of U.S. efforts to reach out to Sunni insurgents.

### **Iraq Study Group Issues Report and Recommendations**

The ten-member, bipartisan Iraq Study Group provided its report and recommendations on the Iraq War to President Bush on December 6. The report criticized the U.S. approach to the war and called the situation in Iraq “grave and deteriorating” and the President’s Iraq policy “not working.” It also suggested new approaches, including the following:

- Withdrawal of approximately 70,000 U.S. combat troops by early 2008;
- Engagement with Syria and Iran to discuss the status of the war and possible options for peace, however Iran’s foreign minister Manouchehr Mottaki said his country would participate in dialogue only if the United States commits to a troop withdrawal from Iraq;
- Increasing U.S. troops for the short term—to 20,000 troops from 4,000--to assist in the training of Iraqi forces and police to facilitate Iraq’s assumption of its own military and policing activities;
- A reduction of support for the Iraqi government if it fails to meet benchmarks, but otherwise an increase in U.S. aid to five billion a year, including an expansion of oil production and foreign investment; and
- Restarting peace talks to address the Israeli-Palestinian conflict.

Other government entities, including the Pentagon, the State Department, and the National Security Council, are also reviewing U.S. policy in Iraq and have been providing input to the President.

The Iraq Study Group report has been posted to the Web sites of four organizations that have been involved in the effort:

- 1) The U.S. Institute of Peace ([www.usip.org](http://www.usip.org))
- 2) The Baker Institute for Public Policy at Rice University ([www.bakerinstitute.org](http://www.bakerinstitute.org))
- 3) The Center for Strategic and International Studies ([www.csis.org](http://www.csis.org))
- 4) The Center for the Study of the Presidency ([www.thepresidency.org](http://www.thepresidency.org))

The report is also available in bookstores, under the title *The Way Forward: A New Approach*.

President Bush has not publicly embraced the recommendations in the report, but indicated there will be a new national strategy for Iraq that may—or may not—include some of them. Iraqi President Jalal Talabani on December 10 strongly rejected the Iraq Study Group’s report and recommendations, according to *Washington Post* reporter Nancy Trejos. Talabani described some of the recommendations as “dangerous” and a threat to his country’s sovereignty: “The report does not respect the will of the Iraqis in dealing with their problems.”

### **Lame Duck Session Approves NIH Reauthorization**

Before Congress adjourned for the year on December 9, both houses approved legislation (“The National Institutes of Health Reform Act of 2006,” H.R. 6164) reauthorizing the National Institutes of Health (NIH) for the next three years. *Chronicle of Higher Education* reporter Jeffrey Brainard described the bill as “a watered-down version of a measure that the House of Representatives approved overwhelmingly in September.” One provision will require NIH to be more accountable to Congress, by providing more-detailed periodic reports about its research plans and progress in studying specific diseases. The bill authorizes an increase of no more than six percent for the 2007 federal fiscal year (\$30,331,309,000) and eight percent for FY2008 (\$32,831,309,000) and no ceiling for FY2009 (“such sums as may be necessary”). These increases would result in “real” money for NIH, as the annual biomedical research inflation rate has been about 3.5 percent per year.

One of the changes in the final version of the bill from the House legislation is that a specific percentage of the NIH budget for the so-called “Common Fund” was not included. The House bill included a five percent set-aside, which is not in the final bill. The primary restriction on money for the Common Fund is that it cannot be less in any fiscal year than the previous year’s amount.

The bill limits the number of Institutes and Centers to 27, authorizes an internal reorganization of Institutes and Centers, approves the establishment of a Scientific Management Review Board for periodic organizational review of the NIH, permits the

NIH Director to transfer not more than one percent of the budget for programs and activities authorized by the bill, and encourages increased interagency collaboration.

The NIH Reauthorization bill describes programs and objectives, but does not provide the actual funding which is included in the Labor/Health and Human Services/Education appropriations bill, which has not yet been passed for FY2007 which began on October 1, 2006.

### **Ryan White CARE Act Passed**

The Ryan White CARE Act (H.R. 6143), which provides two billion dollars for federal HIV and AIDS treatment, training, and education programs, was also reauthorized for three years at the eleventh hour by both houses of Congress before they adjourned.

### **Congress Finally Passes Bioterrorism Bill**

Both houses of Congress approved legislation (S.3678, H. Rpt. 109-319, the Pandemic and All-Hazards Preparedness Act) that will restructure the Bush Administration's \$5.6 billion program to counter bioterrorism threats. One of the new developments is the creation of the Biomedical Advanced Research and Development Authority (BARDA), within the U.S. Department of Health and Human Services (HHS), to manage the government's effort. The bill also provides \$1 billion over three years for research not funded by a Project BioShield contract or the National Institutes of Health. In order to provide more funds to the private sector, the bill approves a faster drug and vaccine development cycle, including having HHS pay companies up to five percent of their contract's value when certain benchmarks are reached.

### **Supreme Court Hears Arguments on School Diversity Programs**

The U.S. Supreme Court heard oral arguments on December 4 on school diversity programs in Seattle, Washington, and Louisville, Kentucky, in a case brought by parents whose children were denied admission to the schools they preferred due to their race.

### **NASA to Set Up "Lunar Outpost"**

The National Aeronautics and Space Administration (NASA) plans to establish an international base camp on one of the moon's poles (probably the South Pole), permanently staffing it by 2024, some four years after astronauts land there. This location, rather than the middle area of the moon, is considered to be better for long-term settlement since it has more sunlight. The settlement will be small and ultimately self-sustaining. The NASA proposal calls for initial stays of a week by four-person crews, followed by increasingly longer stays until the camp can sustain permanent inhabitants.

## **Senate Finance Committee Holds Hearing on Higher Education, Including Costs**

The Senate Finance Committee, under Chairman Senator Charles Grassley (R-IA), held an oversight hearing on higher education issues on December 5 entitled “Report Card on Tax Exemptions and Incentives for Higher Education: Pass, Fail, or Need Improvement?” at which the effectiveness and validity of tax exemptions and other educational incentives were considered. Although a number of issues were presented in the testimony of the witnesses and the questions of the Senators, one primary message that emerged was that federal policy makers should do more to improve access to higher education for students from low-income families. Recommendations from numerous higher education experts as well as Education Secretary Margaret Spellings’ Commission on the Future of Higher Education have indicated that need-based financial aid should be increased and that the financial aid process should be simplified.

One hearing witness, Susan M. Dynarski, an associate professor of public policy at Harvard’s Kennedy School of Government, suggested a merger of the student grant programs, principally the Pell Grants, with the federal tax breaks for college costs into a large tax credit program.

The statements of the witnesses, as well as those of the chairman, are available on the committee Web site at: <http://finance.senate.gov/sitepages/hearing120506.htm>.

## **GAO Releases Export-Control Report**

The Government Accountability Office (GAO) released on December 4 a report on the measures currently in place and steps being taken by federal agencies and the academic community to prevent illegal transfer of export-controlled technologies. The report, *Agencies Should Assess Vulnerabilities and Improve Guidance for Protecting Export-Controlled Information at Universities*, is available at the GAO Web site at: <http://www.gao.gov/new.items/d0770.pdf>.

According to Sang Han of the National Association of State Universities and Land Grant Colleges (NASULGC), the GAO concluded that the Departments of Commerce and State have not analyzed the available data on university research to actually conclude that risks of illegal transfers at universities really exist. The GAO also determined that the two agencies must improve and coordinate their outreach and guidance efforts for the university community with respect to export controls. One possibility raised in the report is that information in the Student and Exchange Visitor Information System (SEVIS) be used by the Commerce Department to focus its compliance and outreach efforts. This idea is not generally supported by the higher education community.

## **President’s S&T Council Releases Report on Emerging Energy Technologies**

The President’s Council of Advisors on Science and Technology (PCAST) on December 2 released a comprehensive report on energy technologies that could help achieve energy security and a “more economically and environmentally sound energy infrastructure”

over the next few decades. Although the primary focus of the report was on the role of private entrepreneurs in these technologies, it also recommended a variety of federal research and policy steps that could accelerate progress in meeting national and global energy challenges. The report also called for increasing federal support for science and technology research and development, including the President's American Competitiveness Initiative (ACI).

The executive summary and the full report can be accessed at the press release for the report: <http://www.ostp.gov/PCAST/PCASTEnergy12-106.pdf>.

### **MLA Releases Report on Tenure and Promotion**

The Modern Language Association (MLA) on December 7 released the long-awaited report of its Task Force on Evaluating Scholarship for Tenure and Promotion, which offers an historical analysis of "the shifting nature of academic work over the past decades." The report includes 20 broad recommendations on how to deal with problems the panel identified in the areas of hiring and promotion. The report calls on administrators to be wary of "the tyranny of the monograph" and "to recognize . . . that valuable and important scholarship can take multiple forms." The report is available on the MLA Web site: [http://www.mla.org/tenure\\_promotion](http://www.mla.org/tenure_promotion).

### **NIH Scientist Faces Criminal Charges for Alleged Conflict of Interest Violations**

An intramural scientist at the National Institutes of Health (NIH), Pearson "Trey" Sunderland III, formerly chief of the Geriatric Psychiatry Branch at the National Institute of Mental Health NIMH, was charged on December 4 with one felony criminal count of violating federal conflict of interest rules. If convicted, Sunderland could face a year in prison and a \$100,000 fine. Prosecutors allege that Sunderland accepted \$285,000 in consulting fees and other payments from Pfizer, Inc. between 1997 and 2004, and did not list the payments on his NIH disclosure form. As part of the NIMH-Pfizer research, Sunderland helped provide hundreds of government-owned tissue samples to the drug company, for the purpose of identifying chemical markers for Alzheimer's disease.

### **Other Federal Developments**

--The French foreign minister said on December 4 that the six nations working on a U.N. resolution to punish Iran for its nuclear program are close to agreement on the terms of the document. High-ranking officials from the U.N. Security Council's five permanent members and Germany are scheduled to meet on December 12 to discuss imposing penalties on Iran for refusing to halt uranium enrichment.

--The National Aeronautics and Space Administration was pleased with the successful night launch of the space shuttle Discovery on December 9. The shuttle will provide new supplies for and rewire the international space station.

--Prior to adjournment, Congress voted down by a vote of 330-70 a bill that would have required the Pentagon to issue an annual report evaluating the merits of earmarks in the Defense Department's appropriations bill for that year.

--Congress, before it adjourned, approved legislation that prevents the scheduled five percent cut in 2007 Medicare physician payment rates by freezing the Medicare conversion factor at its 2006 level. The 2007 freeze is fully funded by using money from the Medicare Stabilization Fund, but physicians potentially face a decrease of more than five percent in payments in 2008.

--The Federal Reserve is not expected to raise the key interest rate when its members meet on December 12, the fourth time in a row that the rate has been left unchanged. The federal funds rate is 5.25 percent, and the banks' prime lending rate is 8.25 percent, the highest level for this benchmark since early 2001.

--The U.S. Supreme Court ruled on December 5 that a foreign national living in this country illegally should not be automatically deported if he is convicted of a low-level drug offense that would be a misdemeanor under federal law.

--An advisory panel to the Food and Drug Administration (FDA) recommended that drug-treated cardiac stents should be accompanied by new warnings to doctors and patients that the devices—used to keep open clogged arteries—may pose an increased risk of blood clots, heart attacks, and death. The panel also concluded that the devices' safety has not been established except for relatively low-risk patients, for whom the stents were originally tested and approved.

--A proposal to provide the right to vote to the 550,000 residents of the District of Columbia was not considered by Congress before it adjourned for the year. The bill would also have given the state of Utah a fourth seat in the House. If the bill is eventually passed, the size of the House of Representatives would increase to 437, with the additional seats for Utah and the District.

--The Department of Homeland Security, under pressure from Congress and the public, extended the comment period on its computerized risk-assessment system for international travelers from December 4 to December 29. Some legislators and privacy advocates are claiming that the development of the computerized program violated a Congressional funding ban. Travelers are not permitted to see their risk assessments and must file Freedom of Information Act (FOIA) requests to view the original records on which the assessment is based.

--The Federal Emergency Management Agency said it would challenge a recent court order requiring it to make housing payments to thousands of families whose homes were damaged by Hurricane Katrina.

--The Pentagon is reportedly invoking emergency authority to expedite funding of a war-crimes court compound at its Guantanamo Bay, Cuba naval base. The cost may be as

much as \$125 million, according to government documents. The outgoing and incoming chairs of the Senate Armed Services Committee—Senator John Warner (R-VA) and Senator Carl Levin (D-MI), respectively—have filed a joint letter of protest against the price of the project.

--The National Advisory Committee on Institutional Quality and Integrity, the panel that advises the Bush Administration on whether higher education accreditation agencies are performing satisfactorily, recommended a hold on the ability of the American Academy for Liberal Education (AALE) to accredit academic programs until its next meeting. The primary reason given was the absence of outcome measures or “acceptable levels of institutional success with respect to student achievement.”

--Tucked away in the lame duck tax extender bill is language that would increase the amount of money that can be contributed tax-free to health savings accounts (HSA's). Regardless of how much a person pays for health-insurance deductibles, the taxpayer can shelter thousands of dollars annually in the HSA. Current law limits HSA contributions to the amount of a person's deductibles. Under the new law, an HSA holder could shelter the maximum amount, which is set to increase next year to \$2,850 for individuals and \$5,650 for families, regardless of a personal expenditure for health-insurance deductibles.

### **Pfizer Halts Trial of New Cholesterol Treatment**

Officials at Pfizer, Inc., the world's largest pharmaceutical manufacturer, called a halt to the clinical trial of its new cholesterol drug, torcetrapib, which had been seen as a means for significant financial growth for the company. Having spent approximately \$800 million on drug development, Pfizer stopped the trial after an independent board monitoring the study recommended that the work end because of an unexpected number of deaths and other complications. The drug was supposed to increase levels of HDL, the so-called “good” cholesterol.

### **People on the Move—Or Not**

--The United States Ambassador to the United Nations John Bolton on December 4 told President Bush he would resign. Although his resignation letter did not specify the reason, one cause is apparently Congressional opposition to extending his recess appointment that expires at the end of this month.

--Robert M. Gates, president of Texas A&M University, was confirmed as the new Secretary of Defense by a Senate vote of 95-2 last week. Senator Rick Santorum (R-PA) was one of the two Senate votes against Gates' confirmation.

--John D. Negroponte, the Director of National Intelligence, indicated that he would stay in his position until the end of the Bush Administration and not go over to the State Department as Deputy Secretary, as had been rumored.

--Dr. Andrew von Eschenbach has been confirmed by the U.S. Senate as administrator of the Food and Drug Administration (FDA). Von Eschenbach is a cancer surgeon whose confirmation had been on hold for eight months due to opposition from three Senators.

--Kansas Gov. Kathleen Sebelius (D) will become chairwoman of the Democratic Governors Association next year, officials who spoke on the condition of anonymity told the Associated Press. Next year, Democrats will hold a majority of the governorships (28) for the first time in 12 years. Republican governors selected Georgia Governor Sonny Perdue to head that organization.

--U.S. Senator Sam Brownback (R-KS) on December 4 said he was forming a presidential exploratory committee. Brownback is considered a supporter of socially conservative issues, many of which are consistent with the beliefs of the religious right. Other Republicans considering a presidential run are: Senator John McCain (R-AZ), former New York mayor Rudy Giuliani, Congressman Duncan Hunter (R-CA), and Massachusetts Governor Mitt Romney. Retiring Senate Majority Leader Dr. Bill Frist (R-TN) announced on November 29 that he would not run for president in 2008 and that he was taking "a sabbatical from public life."

--Retiring Iowa Governor Tom Vilsack (D) kicked off his campaign for the presidency on November 30, promising major attention to energy security. Also announcing the formation of a presidential exploratory committee was Senator Evan Bayh (D-IN). The Senator said on ABC's "This Week": American people "need someone who can deal with the dysfunction here in this city so that our government begins to empower our people to fulfill their potential." Another possible presidential contender is U.S. Senator Barack Obama (D-IL), who traveled to New Hampshire this past weekend for a book-signing for his latest book, *The Audacity of Hope*.

--Presidential Science Advisor John Marburger has announced that he will take a leave of absence from the White House Office of Science and Technology Policy for the next few months due to treatment for illness.

--Keep an eye on the Congressional "30-Something Working Group," an informal group of House Democrats in their 30's and 40's who have taken advantage of the nightly opportunity for Congressional floor speeches during a period known as special orders. The core of the group includes Representatives Kendrick Meek (D-FL), Debbie Wasserman Schultz (D-FL), and Timothy J. Ryan (R-OH).

--Congressman William J. Jefferson (D-LA), under investigation for allegations of possible bribes, nevertheless won re-election to his Congressional seat in a run-off election against state Representative Karen Carter.

## Local and Commonwealth Government Developments

### **The Race Is On**

Pittsburgh Mayor Luke Ravenstahl announced his candidacy for re-election as mayor, rolling out three big endorsements and a Web site last week. Two others who had been considered potential candidates--state Representative Dan Frankel and Allegheny County Council President Rich Fitzgerald--took their hats out of the ring, while former county Commissioner Mike Dawida said he is polling and may disclose plans next week.

It is widely expected that Councilman Bill Peduto will run for the post. Mr. Peduto said his record and the mayor's are like "black and white" on fiscal and reform issues. He said he was the first city official to call for a declaration of fiscal distress for the city and sought more stringent restrictions on council spending than Mr. Ravenstahl did when he was council president.

Mr. Ravenstahl was flanked by Allegheny County Chief Executive Dan Onorato and U.S. Representative Mike Doyle as he made his bid official at the top of the Regional Enterprise Tower, Downtown. The mayor's campaign later distributed a statement of support from Corey O'Connor, son of the late mayor, saying his father's legacy "will be in good hands with Luke."

The number of candidates could affect the course of events, starting with the Pittsburgh Democratic Committee endorsement vote, likely to occur in February. That endorsement translates into financial and logistical support.

### **Task Force Favors Hill Location For Casino**

Less than two weeks before the Pittsburgh casino license is to be awarded, the city's gaming task force is standing by its near endorsement of Isle of Capri, even as a group of ministers works to prevent the Hill District slots parlor.

After a meeting last week, the task force has heard nothing to sway it from its October conclusion that Isle of Capri has the "strongest" of three plans for the casino. The task force has "ongoing serious concerns" about the potential for traffic congestion at Station Square if a casino is built there. The group also raised new concerns about a proposed Station Square parking garage to be built between the casino and the Fort Pitt Bridge, saying it would create a "wall-like" structure on the riverfront.

The task force's biggest concerns had to do with estimates by Forest City Enterprises, the Station Square owner, and its traffic consultant that as many as 30 percent of casino visitors on weekdays and 22.5 percent on weekends would come by means other than cars. Some members of the state Gaming Control Board and its traffic consultant, McCormick Taylor, have raised similar concerns about possible congestion. Albert Federico of McCormick Taylor has said there is little that can be done to ease congestion at Carson Street and the Smithfield Street Bridge, a main access point to Station Square.

Forest City officials have insisted that the traffic concerns are overblown. They believe they can mitigate any congestion with a new pedestrian bridge over Carson Street, more turning lanes at the bridge, a traffic monitoring system, and other improvements.

While the task force has given high marks to the Isle of Capri proposal, it recently urged the casino operator, if awarded the license, to work with Hill residents to address concerns about a temporary casino abutting the neighborhood. That facility would be built in a parking lot just above Mellon Arena and just below Crawford Square.

### **For Lease by Owner**

The Pennsylvania Turnpike is available for lease. Governor Ed Rendell has set December 22 as a deadline for companies that want to give the state bids for a long-term lease of some or the entire 500-mile highway across Pennsylvania, including the Northeast Extension to Scranton.

Governor Rendell said that based on preliminary conversations he has had, the lease could bring the state anywhere from \$3 billion to \$30 billion. Whatever the price is, the money would be invested and the annual interest used to repair roads, bridges and mass transit systems.

If, for example, the turnpike were leased for \$10 billion and the money invested, the Governor said the state should be able to get an annual revenue stream of \$800 million or \$900 million, which is about half of what a transportation study panel recently said was needed to make proper maintenance of roads and bridges and supply operating funds for the Allegheny County Port Authority, SEPTA in the Philadelphia area and other mass transit systems.

Governor Rendell said he will make a recommendation to the General Assembly in late January on how to raise the estimated total of \$1.7 billion a year in additional revenue that the study panel said is needed. Even if the turnpike is sold or leased, it is likely that other additional revenue--from tax increases--will still be needed. Governor Rendell would not specify which ones, but the study report suggested a 12.5 cent a gallon increase in the gasoline tax, or higher sales taxes, personal income taxes or realty transfer taxes as a way to generate the money needed for roads, bridges and mass transit.

If the turnpike is leased, "protections" will be included for the turnpike workers and for motorists to guard against unnecessarily steep increases in tolls. But Governor Rendell did not say how long the existing turnpike workers would keep their jobs if a private company buys the system.

### **Dems Elect Majority Leadership**

Following last week's victory in the 156<sup>th</sup> District in Chester County, the 102 incoming members of the House Democratic Caucus held a reorganization meeting to select their majority leadership team for the 2007-08 legislative session.

Representative Bill DeWeese was chosen as the Democratic nominee for Speaker of the House. He last served as speaker during the 1993-94 session and has been minority leader since 1995. Joining DeWeese on the Democratic leadership team are Majority Leader Keith McCall, Whip Mark Cohen, Caucus Chairman Frank Dermody, Policy Committee Chairman Todd Eachus, Administrator Dan Surra, Secretary Phyllis Mundy and Appropriations Committee Chairman Dwight Evans. Mundy, who joined the House in 1990, is the third woman to serve in the House Democratic Leadership.

In accordance with the state Constitution, DeWeese said swearing-in day for the full 203-member House will be held on the first Tuesday of the year, January 2.

### **Republicans Seek Recount**

Republicans officially filed a petition last week to recount the votes in the 156th Legislative District, where Democrat Barbara McIlvaine Smith leads Republican Shannon Royer by 23 votes. Republicans finished the paperwork December 5, one day before the deadline. A Chester County judge now must decide if a recount should happen.

Republicans want a recount of the paper ballots and a recanvassing of the optical scanning machines. If the judge decides a recount should happen, he or she will have to decide if the recount should be done by hand, by machine or both. About 23,000 votes were cast in the 156th District.

While Republicans were busy filing the paperwork for the recount, the state House Democratic Caucus reorganized ([see previous story](#)). The Democrats are confident McIlvaine Smith will remain the winner after the recount. McIlvaine Smith was in Harrisburg on Monday and Tuesday for an orientation session. She also had dinner with DeWeese and other incoming Democratic state legislators on Monday night.

Royer, meanwhile, has returned to work as a coordinator for the Republican House staff. He said the recount is important because this is the first year the county has used optical scanning machines, and he said there are about 275 under votes, meaning that voters did not make a selection for the 156th District race, but voted in other races.

Royer came away from Election Day having a 19-vote lead over McIlvaine Smith, but she pulled ahead after absentee ballots that were mistakenly not counted on election night were counted last week. The county has become a political focal point, since the race will determine which party controls the state House of Representatives.

### **Senator Supreme**

Senator Jeffrey Piccola is considering a run next year for an open seat on the state Supreme Court. Piccola, who gave up his campaign for governor after it appeared he would not win the state GOP's endorsement this year, said the party's blessing is a prerequisite for him to throw his name in the ring for one of the two open Supreme Court

seats or a Superior Court post. He expects to make up his mind within the next two months, he said. The seats on the state's high court are said to be attracting interest from former Justice Russell Nigro as well as Superior Court judges, among others.

### **Smaller Legislature Discussed**

For three decades now, some Pennsylvania legislator--sometimes several--has sponsored a bill that would downsize the legislative branch. Last year's pay-raise debacle and a new crop of reform-minded lawmakers set to take office make for the best opportunity to reduce the 253-seat legislature - second in size only to New Hampshire's. Governor Rendell supports the idea, and top legislative leaders, while not endorsing it, are willing to consider it.

With its staff of 3,000 and annual operating budget of \$348 million, Pennsylvania's legislature is among the biggest and costliest. New Hampshire has more legislators, 424, but it is a classic citizen legislature, with each member paid \$100 a year. Nebraska, which has only one legislative chamber, gets by with just 49 lawmakers. Depending on the proposals--which have ranged from cuts of 25 percent to 50 percent--estimates put the savings at as much as \$90 million yearly.

Reducing the legislature would require changing the state's constitution, meaning a bill would have to be passed in two sessions and be approved by voters as a statewide ballot question. Then the redistricting would have to wait until reapportionment carved up new districts based on the latest census. At the soonest, it would be 2011 before the legislature could shrink.

### **PA SENATE REPUBLICAN COMMITTEE CHAIRS NAMED**

The Pennsylvania Senate Republican leadership announced the following committee chairs:

Agriculture and Rural Affairs - Senator Mike Brubaker (R-Lancaster)  
Appropriations - Senator Gibson Armstrong (R-Lancaster)  
Banking and Insurance - Senator Don White (R-Indiana)  
Communications and Technology - Senator Robert Wonderling (R-Montgomery)  
Community and Economic Development - Senator Jane Earll (R-Erie)  
Consumer Protection and Professional Licensure - Senator Robert Tomlinson (R-Bucks)  
Education - Senator James Rhoades (R-Schuylkill)  
Environmental Resources and Energy - Senator Mary Jo White (R-Venango)  
Finance - Senator Patrick Browne (R-Lehigh)  
Game and Fisheries - Senator Chuck McIlhinney (R-Bucks)  
Judiciary - Senator Stewart Greenleaf (R-Montgomery)  
Labor and Industry - Senator John Gordner (R-Columbia)  
Law and Justice - Senator John Rafferty (R-Chester)  
Local Government - Senator Robert Regola (R-Westmoreland)  
Public Health and Welfare - Senator Edwin Erickson (R-Delaware)  
Republican Policy - Senator Jake Corman (R-Centre)

Rules and Executive Nominations - Senator Dominic Pileggi (R-Delaware)  
State Government - Senator Jeffrey Piccola (R-Dauphin)  
Transportation - Senator Roger Madigan (R-Bradford)  
Urban Affairs and Housing - Senator John Pippy (R-Allegheny)  
Veterans Affairs and Emergency Preparedness - Senator Elisabeth Baker (R-Luzerne)

The Pennsylvania House is not expected to announce its chairmen until the challenge to the election results in the 156th district is resolved.

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