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Telecom group spends big to raise industry profile

By [Jim Snyder](#)

The lobbying expenditures of the U.S. Telecom Association (USTA) have risen almost as fast as the TVs that soar through roofs in the group's ubiquitous ad campaign.

Five years ago, USTA spent just over \$2 million on lobbying. By last year that figure had risen to nearly \$17 million, making the group the sixth biggest spender on K Street and a major contributor to a revival of telecom and high-tech lobbying.

"What our members have sought to do is to have a trade association whose political influence matches its influence on the economy," said USTA President and CEO Walter McCormick, who was hired in 2001 to restructure the venerable organization, which has origins that date back more than a century.

USTA's open-wallet policy is somewhat typical of the industry. Lobbying expenditures in the telecommunications and high-tech sector, always a substantial revenue source for K Street, are up almost across the board as telecom reform takes center stage on Capitol Hill.

Fights over "network neutrality" — a somewhat subjective term used to describe the debate over whether companies that own the Internet infrastructure, the fiber-optic cables, for example, can charge Web companies for access — have prompted the creation of new coalitions and a hiring boom on K Street.

Ali Amirhooshmand, a former policy adviser to House Minority Whip Roy Blunt (R-Mo.), said the telecom-reform debate has sparked a mini-renaissance among the high-tech lobbying community.

"After the bubble melted, a lot of companies decreased their staffs," said Amirhooshmand, who has benefited from the upturn. He is now a lobbyist at Cassidy & Associates, where his clients include AT&T, Verizon and BellSouth. "Now there is more money being spent."

Search engine Google hired its first lobbyists in the past year. Internet

phone provider Vonage spent more \$1.4 million last year, after spending less than \$300,000 in 2004, according to recent registration records.

Cable giant Comcast, often at odds with policies advocated by USTA, spent nearly \$4 million on lobbying in 2005; in 2001 it spent just over \$800,000.

But no one is spending more than USTA. There are some signs that it's money well-spent.

The House may vote on a telecom-reform package this week that would make it easier for USTA members, in particular the large so-called "baby bells," to provide television service through its phone lines, the subject of the group's "future faster" ad campaign.

A broader Senate reform bill also includes "national franchise" language, which would allow phone companies to provide TV content without having to apply for individual, local franchises, which would take years to accomplish.

With its new office on 14th Street, which includes twin flat-screen TVs and water falling over the group's name, set on a granite façade, some lobbyists of member companies have grumbled that USTA is too loose with its cash.

One Baby Bell, Qwest, dropped out of the group in 2002. Its remaining three largest members, AT&T (the result of a merger between long-distance provider AT&T and Baby Bell SBC), Verizon (which purchased MCI) and BellSouth, spent a total of \$30.6 million lobbying in 2005. With significant numbers of employees in virtually every member district, these companies are generally considered to do the heavy lifting on Capitol Hill.

But Tom Tauke, who directs Verizon's lobbying efforts and helped develop USTA's campaign, said it was needed to "create an atmosphere that encourages changing the laws."

"We wanted to improve the profile of the industry as a rapidly changing industry that is adapting rapidly to the new technology," said Tauke, a former Republican House member from Iowa before joining Verizon.

"We are trying to make the case that the laws also needed to change."

Member companies pay upwards of \$2 million a year in dues. More than 50 members agreed to pitch in extra — in some cases triple or quadruple their dues — to fund the major lobbying and advertising campaign the group embarked on three years ago. The bells have

provided the bulk of the money.

Verizon chipped in around \$7 million annually for the USTA campaign, Tauke said, not including its \$2 million in annual dues.

The money USTA spends goes to local advertising, in addition to its roster of K Street consultants that include Tim Kurth, a former telecom-policy adviser to House Speaker Dennis Hastert (R-Ill.) now at the firm Lundquist, Nethercutt & Griles, and Dan Mattoon of PodestaMattoon.

The group has also paid for grassroots efforts in key districts, in some cases joining with groups like the National Grange, a rural group interested in maintaining the Universal Service Fund, which pays for phone access in remote areas, and the National Black Chamber of Commerce, McCormick said.

“We look for every opportunity we can find to partner with other interest groups,” McCormick said.

USTA stumbled in one effort when it failed to convince telecom manufacturing companies, including Cisco and Motorola, to join its advertising campaign. But McCormick said he has been pleased with the level of participation of outside groups.

The campaign followed a broad reorganization at the group begun by McCormick in 2001, when he joined USTA from the American Trucking Associations, where he also oversaw a reorganization.

Staff levels at USTA were cut 35 percent from a high of 85 people as McCormick said he sought to focus “like a laser beam” on advocacy.

The group brought in John Abel, who had worked at the National Association of Broadcasters, to rebuild its trade show, as he had done at the NAB.

USTA’s trade show, Telecom Next, now has 20 times as much exhibit space as it had in 2002, the year before the reorganization. The last conference attracted 10,000 attendees, which was 10 times the number the 2002 show had registered.

The higher numbers mean higher revenues. McCormick said the trade show generates about \$5 million. It brought in less than \$1 million in 2002.

In total, revenues have grown at USTA from \$16 million in 2002 to more than \$40 million.

Any good lobbying campaign includes targeted contributions, and USTA's has been no different. As it sought to increase its revenues, the group has also increased PAC spending by 40 percent.

In an interview in his office, McCormick, a former top aide to Sen. John Danforth (R-Mo.), predicted the years-long campaign would finally yield results this year: "Congress is not going to adjourn without giving consumers the ability to have video choice."