CONTENTS

CONGRESSIONAL SCHEDULE  NEW
BUDGET AND APPROPRIATIONS
Senate Appropriations Committee Approves FY10 Supplemental Funding Bill  NEW
AAU, APLU Urge FY11 Increases in Federal Research and Higher Education Investments
Associations Urge Tax-Writers to Strengthen American Opportunity Tax Credit

OTHER CONGRESSIONAL ISSUES
House Leaders Pull America COMPETES Act Reauthorization from Floor  NEW
Joint Economic Committee Report Highlights Federal Investment in Basic Research  NEW

EXECUTIVE BRANCH
Associations Respond to White House on University Research Commercialization
IRS Releases Interim Report on College and University Finances and Tax Compliance

OTHER
Presentations on University Technology Transfer Now Available  UPDATED
Science Coalition Publication Describes 100 Companies Based on University Research

CONGRESSIONAL SCHEDULE  NEW

The House and Senate both met today but took no roll call votes.

The House will reconvene on Tuesday, May 18, with votes on suspension bills during the week and possible consideration of a COMPETES Act reauthorization bill and a compromise bill to extend expired tax benefits and social safety net programs (H.R. 4213). (See items below on these bills.)

The Senate will resume consideration of the bill to overhaul financial regulations (S. 3217) on Monday, May 17.

BUDGET AND APPROPRIATIONS

SENATE APPROPRIATIONS COMMITTEE APPROVES FY10 SUPPLEMENTAL BILL  NEW

The Senate Appropriations Committee late yesterday approved a $59 billion FY10 supplemental funding bill (H.R. 4899) to support primarily the wars in Iraq and Afghanistan. The bill also would address other needs, such as funding for current and future disasters, including the oil spill
in the Gulf of Mexico. The measure does not include funding for the Pell Grant shortfall, which was requested by a number of higher education associations and institutions, nor does it include Senator Harkin’s $23 billion education jobs bill (S. 3206). Senator Harkin plans to offer his bill, which the Administration strongly supports, as an amendment on the floor.

AAU, APLU URGE FY11 INCREASES IN FEDERAL RESEARCH AND HIGHER EDUCATION INVESTMENTS

AAU and the Association of Public and Land-grant Universities (APLU) sent a letter to congressional leaders on May 12 urging them to increase federal investments in key research and higher education programs in FY11.

The letter, signed by AAU President Robert M. Berdahl and APLU President Peter McPherson, was sent to the bipartisan congressional leadership as well as to leaders of the House and Senate budget and appropriations committees.

In the letter, the two association leaders pointed to the long-term economic benefits of research and higher education investments.

“Our nation is at a financial crossroads at which we must decide the correct path to restoring the long-term economic growth required to provide prosperity to the American people as well as reduce budget deficits,” they wrote. “History points to a prudent and proven pathway. Since the end of World War II, federal investments in university-based scientific research and higher education programs have paid enormous dividends to our nation in the form of job creation, economic growth, high standards of living, improved health, and national security.”

They specifically mentioned investments in National Institutes of Health; the National Science Foundation; university-based research at the Department of Energy, the Department of Defense, NASA, the National Institute of Standards and Technology, the Department of Agriculture, and the National Endowment for the Humanities; and Pell Grants and other federal student financial programs.

“As you consider FY 2011 budget and spending measures,” they added, “please ensure that the 302(a) and 302(b) budget allocations and forthcoming spending measures will provide for at least the President’s proposed funding levels for the aforementioned agencies and programs. We urge you to choose the path of continued investment in the millions of students, scholars, scientists, and engineers who are working hard on the daunting economic, environmental, energy, health, and security challenges facing our nation.”

ASSOCIATIONS URGE TAX-WRITERS TO STRENGTHEN AMERICAN OPPORTUNITY TAX CREDIT

AAU and five other presidentially based higher education associations are urging Congress to include “an extension and expansion” of the American Opportunity Tax Credit (AOTC) in the tax extenders legislation under consideration in Congress (H.R 4213).
In a May 11 letter to House Ways and Means Committee Chairman Sander M. Levin (D-MI) and Ranking Member Dave Camp (R-MI), American Council on Education President Molly Corbett Broad, writing on behalf of the six organizations, said:

“The AOTC has already made a difference for many students and provides some help to families trying to manage the cost of college in their stressed family budgets. However, the AOTC should also be enhanced to make it more effective for students from low and moderate income families. Due to a provision carried over from the Hope Scholarship Credit, the tax credit contains a grant/scholarship offset that dramatically limits its utility for low-income students attending lower priced colleges, despite the credit’s partial refundability. The offset provision requires that students use any grant/scholarship aid to pay their eligible education expenses before utilizing the tax credit. There are different ways to address this problem and we look forward to working with you as the legislative process unfolds.”

The letter also asks for extension of “other expiring higher education tax provisions, notably Section 127 Employer Provided Educational Assistance, the Student Loan Interest Deduction, and the expanded Coverdell Education Savings Accounts…as soon as possible.”

The AOTC, which was included in the American Recovery and Reinvestment Act; Section 127 benefits; the 2001 improvements to the Student Loan Interest Deduction; and the expanded Coverdell accounts all would expire at the end of 2010 under current law.

OTHER CONGRESSIONAL ISSUES

HOUSE LEADERS PULL AMERICA COMPETES ACT REAUTHORIZATION FROM FLOOR NEW

House Democratic leaders yesterday were stymied in their efforts to pass the reauthorization of the America COMPETES Act (H.R. 5116). They pulled the bill from the floor after the House overwhelmingly approved, by a vote of 292-126, a Republican motion to recommit the bill to Committee. The Republican motion included not only a reduction in program authorization levels, but also a provision to prohibit the use of funds to pay the salaries of government employees disciplined for viewing pornography on their government computers, a provision that prompted many Democrats to vote in favor of the motion.

House Majority Leader Steny Hoyer (D-MD) said the bill would be back on the House floor next year.

As reported from the House S&T Committee, the five-year bill authorized substantial funding increases for the National Science Foundation, the National Institute of Standards and Technology, and science programs at the Department of Energy (DOE). The motion to recommit reduced the authorization to three years, froze agency budgets at their FY10 funding levels, and cut funding for new programs, including DOE’s Advanced Research Projects Agency-Energy.
The academic research community is concerned about the impact on research of an amendment sponsored by Rep. George Miller (D-CA), chairman of the House Education and Labor Committee. The amendment, approved on the House floor by a vote of 250 to 174, would link public universities' compliance with labor union information requests to the reimbursement of facilities and administrative (F&A) costs of their federally funded research grants. The community is working to resolve the issue.

JOINT ECONOMIC COMMITTEE HIGHLIGHTS FEDERAL INVESTMENT IN BASIC RESEARCH  NEW

The Congressional Joint Economic Committee has issued a new report focusing on the importance of the federal investment in basic research. “The Pivotal Role of Government Investment in Basic Research” says, “Increased federal funding for basic research may be warranted. Even though the federal government has stepped in to make up for the private sector’s underinvestment in R&D, overall R&D spending may still be too low. One study estimated that actual R&D expenditures may be less than half of the optimal level. Underinvestment in basic research may be greater than that, since basic research can have a much larger impact than applied research or development…”

The report adds, “As the economy recovers from the worst recession since the Great Depression, the United States needs to look under every stone to identify and support the next generation of innovations that will create new industries, spur job creation, and fuel economic growth. Basic research plays a critical role in sparking innovation. Now, more than ever, basic research is needed to chart the course forward.”

EXECUTIVE BRANCH

ASSOCIATIONS RESPOND TO WHITE HOUSE ON UNIVERSITY RESEARCH COMMERCIALIZATION

A group of five associations, including AAU, submitted detailed comments to the White House on May 10 on ways to address challenges and barriers to the commercialization of university-based research. The associations’ comments responded to a request for information issued March 25 by the Office of Science and Technology Policy and the National Economic Council.

The comment letter—sent by AAU, the Association of Public and Land-grant Universities, the American Council on Education, the Association of American Medical Colleges, and the Council on Governmental Relations—stressed the importance of balancing knowledge creation with increased commercialization and described the ways universities contribute to economic development beyond technology licensing.

The letter focused on the importance of maintaining the Bayh-Dole Act as the legal framework for university technology commercialization. It also suggested that policymakers reconsider government restrictions on reimbursement of university research administrative costs, provide supplemental grants to support the translation of research with a high potential for commercialization, and expand federal tax credits to better promote research commercialization.
The letter also called for university and industry representatives to “engage in a robust dialogue” to identify key factors in successful university-industry collaborations.

IRS RELEASES INTERIM REPORT ON COLLEGE AND UNIVERSITY FINANCES AND TAX COMPLIANCE

The Internal Revenue Service (IRS) last week released the interim report of its Colleges and Universities Compliance Project. The report summarizes responses to the questionnaire the IRS sent out in 2008 on institutional financial practices and identifies issues the agency intends to address in follow-up examinations of more than 30 institutions selected on the basis of their survey responses.

According to a May 7 press release, the follow-up institutional examinations and additional analysis of the survey responses will focus primarily on unrelated business income and executive compensation. The IRS also will look at the use of, and relationships with, controlled entities and related organizations. Findings and related information will be included in the final report.

The interim report summarizes the 344 responses the IRS received from the total of 400 institutions to which it sent questionnaires in October 2008. It provides information on the respondents’ organizational structures, size and demographics, exempt and unrelated business activities, endowments, employee and executive compensation, and governance practices.

Late last year, in anticipation of the interim IRS report, the Association of Governing Boards and the National Association of College and University Business Officers released findings from an Ernst & Young analysis of 146 of the institutional responses provided to the IRS.

AAU will continue to monitor closely the IRS compliance project and its implications for AAU members.

OTHER

PRESENTATIONS ON UNIVERSITY TECHNOLOGY TRANSFER NOW AVAILABLE UPDATED

As part of a CFR session on university technology transfer on May 4, two university experts discussed how the system works and described trends in technology transfer and patent law.

Both presentations are available on the AAU website: “Tech Transfer 101: Technology Commercialization and New Business Creation within Universities,” by Dr. John S. Swartley of the University of Pennsylvania, and an overview of patent law and policy trends by Andrew Cohn of the Wisconsin Alumni Research Foundation.

SCIENCE COALITION PUBLICATION DESCRIBES 100 COMPANIES BASED ON UNIVERSITY RESEARCH
The Science Coalition on May 11 released a report that traces the formation of 100 U.S. companies to federally funded university research. “Sparking Economic Growth: How federally funded university research creates innovation, new companies and jobs” cites Google, Genentech, and Cisco Systems among the companies founded on the basis of breakthroughs resulting from university research supported by federal funding. Collectively, the 100 companies employ more than 100,000 people and have annual revenues approaching $100 billion. Their work addresses such critical issues as medicine, technology, energy, the environment, and national security.

The Science Coalition report, along with a fact sheet on the connection between basic research and the innovation process and quotes from university leaders and company founders, is available on the organization’s website.

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