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CONGRESSIONAL SCHEDULE  NEW

The House met today to continue consideration of a long-term reauthorization of the Federal Aviation Administration (H.R. 658) and of a bill to restate Republican spending priorities (H.R. 1255). The Senate did not meet.

Both chambers will reconvene on Monday, April 4. Given that the current short-term continuing resolution (CR) expires on Friday, April 8, both would need to consider some type of legislation next week to prevent a government shutdown after Friday.

The Senate also is scheduled next week to consider legislation (H.R. 4) to repeal the 1099 tax reporting language approved last year as part of the health care overhaul. Work may also continue on the small business research bill (see item below). At this writing, no legislative program has been announced for the House.

BUDGET & APPROPRIATIONS

FY11 BUDGET NEGOTIATIONS GOING DOWN TO THE WIRE  NEW

With the current FY11 continuing resolution (CR) set to expire next Friday, April 8, Republican and Democratic negotiators appear to be going down to the wire on reaching agreement on a funding package for the six months remaining in FY11 and avoiding a government shutdown.

Politico reports that the two sides have settled on total FY11 discretionary spending of $1.055 trillion, which is $28 billion above the level contained in the House-passed long-term FY11 CR
and $33 billion below FY10 levels. House and Senate appropriations committee staff members are working to craft the six-month compromise legislation. While $10 billion has already been cut from FY11 spending through the current and previous short-term CRs—which cut earmarks and programs the President had already identified for cuts or elimination in his FY12 budget—the remaining cuts will be made over just the remaining six months of FY11, amplifying their impact on affected programs and agencies.

Meanwhile, Members are looking ahead to what are expected to be larger fights over the FY12 budget and raising the debt ceiling. House Budget Committee Chairman Paul Ryan (R-WI) will unveil his own FY12 plan next week, which is expected to include significant savings in Medicare and Medicaid.

**AAU PRESIDENT CALLS FOR SUSTAINED FY11 FUNDING FOR RESEARCH AND STUDENT AID**

AAU President Robert Berdahl sent letters to the President and Vice President and to congressional leaders on March 28 asking them to sustain funding for research and education in the final FY11 budget. His letter to President Obama and Vice President Biden notes the continuing negotiations on a final FY11 spending package and expresses support for their “resolve to sustain strong federal investment in student financial aid and scientific research and innovation.” Similarly, the letter to congressional leaders urges them to sustain the strong federal investment in student financial aid, research, and innovation in FY11. The federal government is currently running on a continuing resolution that expires on April 8.

Both letters acknowledge that the nation must address its growing debt, stating, “As the report of the National Commission on Fiscal Responsibility and Reform makes clear, one of the reasons that deficit reduction is so important is to ensure the nation’s continued ability to make critical investments, particularly in the key areas of education, research, and infrastructure.”

The letters add, “Reducing the federal deficit in FY11 and beyond cannot and should not fall solely on non-security domestic discretionary spending.”

**BUSINESS, SCIENCE, ENGINEERING AND UNIVERSITY LEADERS URGE TOUGH CHOICES ON DEFICIT**

A group of six business, association, and university leaders, including AAU President Robert Berdahl, sent letters to the President and congressional leaders on March 31 urging them to “join together in making the tough choices on all elements of the federal budget in order to reduce deficits, bring the national debt under control, and empower economic growth and job production.”

The signatories to the letters were:

- Norman R. Augustine, retired Chairman and CEO, Lockheed Martin Corporation and former Undersecretary of the Army
- John Engler, President, Business Roundtable and former Governor of Michigan
- Charles M. Vest, President, National Academy of Engineering
Robert M. Berdahl, President, Association of American Universities  
M. Peter McPherson, President, Association of Public and Land-grant Universities  
Deborah L. Wince-Smith, President and CEO, Council on Competitiveness

The letters, which were discussed by the six principals during a media teleconference on March 31, added: “Any serious and sincere deficit reduction plan must include entitlement reform. An effective deficit reduction plan cannot focus entirely on decreasing discretionary expenditures; it must also include tax reform, spending prioritization, and actions to strengthen economic growth.” The letters continued: “Economic growth and job creation require federal investment to prepare our children with world-class educations and to support the scientific and technology research and innovation infrastructure that enable the private sector to create jobs and compete in the global economy.”

Senator Mark Warner (D-VA) issued a statement acknowledging the group’s support, noting that he and Republican Senator Saxby Chambliss (R-GA) and a “growing number of our Senate colleagues” were working “to tackle these tough fiscal challenges in a more comprehensive and responsible way.” The two Senators are part of the so-called Senate “Gang of Six,” who are working to develop bipartisan legislation on deficit reduction.

Rep. Frank Wolf (R-VA) said in his own statement that “the nation is at the edge of a fiscal cliff.” Lawmakers must “put everything on the table for discussion—entitlements, all other spending programs, and tax policy.” He added, “I applaud this effort by the U.S. business, academic and science community to call on the President and Congress to deal with this issue.”

AAU SUBMITS FY12 TESTIMONY ON NEH FUNDING  NEW

AAU has submitted testimony to the House Appropriations Subcommittee on Interior, Environment, and Related Agencies regarding the FY12 budget for the National Endowment for the Humanities (NEH). The testimony requests that Congress continue funding NEH at the FY10 final funding level of $167.5 million, maintaining existing funding levels for the core competitive programs within the Endowment.

OTHER CONGRESSIONAL ISSUES

AAU TESTIFIES ON PATENT REFORM BEFORE HOUSE JUDICIARY SUBCOMMITTEE  UPDATED

AAU Executive Vice President John Vaughn testified on patent reform at a March 30 hearing convened by the House Judiciary Subcommittee on Intellectual Property, Competition and the Internet. His testimony, which was presented on behalf of the six higher education associations that have been working together on patent reform, commends the Judiciary Committee for introducing the America Invents Act (H.R. 1249), which “goes a long way toward reforming the U.S. patent system to more effectively advance U.S. innovative capacity.”

The testimony discusses four provisions in the bill that the higher education associations believe are important reforms: adoption of a first-inventor-to-file system, creation of a new post-grant
review proceeding, increased resources for the U.S. Patent and Trademark Office (USPTO), and expanded opportunity for third parties to submit relevant prior art before a patent is issued.

The testimony also identifies two areas of concern for universities: a broad expansion of prior user rights, which provide a defense against infringement of patented products by competing products developed through trade secret protection; and the bill’s lowering of the threshold the Senate approved in its patent reform bill for instituting an *inter partes* review, a procedure administered by USPTO through which patents may be challenged throughout the life of the patent. A broad expansion of prior user rights would reduce patent certainty and thereby reduce the ability of universities to license their patents. A lowered threshold for instituting *inter partes* reviews would open the procedure for use to mount harassing serial challenges of patents.

The associations have strongly endorsed the Senate version of patent reform (S. 23), which passed the Senate on March 8 by a margin of 95 to 5. The six participating associations are AAU, the Association of Public and Land-grant Universities, the American Council on Education, the Association of American Medical Colleges, the Association of University Technology Managers, and the Council on Governmental Relations.

**CAPITOL HILL CONTINUES WORK ON SMALL BUSINESS RESEARCH BILL**

The Senate continued consideration this week of legislation (S. 493) to reauthorize two small business research programs: the Small Business Innovation Research (SBIR) and the Small Business Technology Transfer (STTR) programs. Debate on the bill, the SBIR/STTR Reauthorization Act of 2011, began on March 15, but it has been extended by Senators using it as an opportunity to highlight a variety of policy and funding issues, most of which have no relation to the underlying bill. CQ.com reports that there is “no immediate endgame in sight.”

In the House, the Science, Space, and Technology Committee’s Subcommittee on Technology and Innovation held a hearing yesterday on reauthorization of the programs. Subcommittee Chair Ben Quayle (R-AZ) and Ranking Member Rep. David Wu (D-OR) indicated their desire to see the legislation come to the floor quickly and be reconciled with the Senate bill. The discussion draft being circulated in the House does not contain the increase in the small-business set-aside for research agencies proposed in the Senate bill. AAU supports reauthorization of the two small business research programs but opposes an increase in the set-aside.

Representing the university community at yesterday’s hearing was Mark Crowell, Executive Director and Associate Vice President for Innovation Partnerships and Commercialization at the University of Virginia. He testified in support of SBIR/STTR generally, in opposition to the set-aside increase, and in favor of providing more flexibility in the SBIR/STTR programs to fund proof-of-concept projects.

Other witnesses included Dr. Sally Rockey, Deputy Director of Extramural Research at the National Institutes of Health (NIH); Dr. Don Siegel of University of Albany, SUNY, who was a member of the National Research Council committee that evaluated the SBIR program; and representatives from the small business community.
Rep. Judy Biggert (R-IL) asked the witnesses about the set-aside increase. Dr. Rockey spoke in opposition and Mr. Crowell described its impact on the science agencies’ basic research portfolio as “eating the seed corn of the innovation pipeline.”

The Science Committee shares jurisdiction over SBIR/STTR with the House Small Business Committee, which held its own hearing on the reauthorization March 16 and plans another hearing on April 7.

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