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CONGRESSIONAL SCHEDULE  NEW

The House met in regular session on Wednesday, but is now out of session for the Republicans’ annual January retreat. The Senate met today in a brief pro forma session.

Both chambers will return on Monday, January 23. The House has not announced a legislative schedule for next week, but the Senate will begin the week with consideration of a judicial appointment on Monday. Senator Majority Leader Harry Reid (D-NV) had planned to hold a cloture vote on Tuesday regarding consideration of the Preventing Real Online Threats to Economic Creativity and Theft of Intellectual Property Act of 2011 (Protect IP Act), but that has been cancelled (see item below).

As discussed previously, Congress in the next several weeks must decide whether and how to continue beyond the end of February the payroll tax holiday, unemployment benefits, and the “doc” fix that prevents a significant cut in Medicare payments to physicians, all of which were extended for two months in late December. Also on the tax agenda are extensions of several popular provisions that expired on December 31, including the R&D tax credit, the above-the-line tuition tax deduction, and the IRA charitable rollover.

At the same time, the Administration is nearing completion of the President’s FY13 budget, which will be released on February 6, with an expected preview at the President’s State of the Union address next Tuesday evening, January 24.

OTHER CONGRESSIONAL ISSUES

CONGRESSIONAL LEADERS DELAY CONSIDERATION OF INTERNET PIRACY BILLS  NEW
As mentioned above, Senate Majority Leader Harry Reid (D-NV) today announced that he would delay floor consideration of the Senate’s Internet anti-piracy bill, the Protect IP Act (S. 968), which had been scheduled for a cloture vote on Tuesday, January 24. Likewise, House Judiciary Committee Chairman Lamar Smith (R-TX) said in a statement that his panel would not take up the House bill, the Stop Online Piracy Act, SOPA (H.R. 3261), until “there is wider agreement on a solution.” Senator Reid’s action “was an undeniable signal that prospects have all but evaporated for the legislation,” says CQ.com.

Last week both bills appeared on track for action by Congress, propelled by the strong support of the music and film industries and other content providers, while the bills’ sponsors continued to meet with critics of the bills to discuss their concerns. But prospects for the bills declined over the past few days as several Internet service providers, such as Wikipedia and Google, shut down their services or otherwise altered their websites on January 18 to protest the legislation as sanctioning government censorship and stifling the Internet. A number of Senators and Representatives then dropped their support.

AAU has been working with the Association of Public and Land-grant Universities, the Association of Research Libraries, and EDUCAUSE to address issues in the bills of concern to the higher education community. These associations will continue to monitor the legislation closely as the bills’ sponsors consider how to proceed.

EXECUTIVE BRANCH

NSF REPORTS ON STATE OF U.S. SCIENCE AND ENGINEERING RESEARCH AND EDUCATION

The National Science Foundation (NSF) on January 18 released the 2012 edition of its biennial publication, “Science and Engineering Indicators.” Among many other findings, the report shows that the U.S. remains the global leader in supporting research and development (R&D), but “only by a slim margin that could soon be overtaken by rapidly increasing Asian investments in knowledge-intensive economies.” NSF Director Subra Suresh said in a prepared statement that “we must take seriously new strategies for education, workforce development and innovation in order for the United States to retain its international leadership position.”

The report, a rich source of data on research funding, higher education (Science, Technology, Engineering, and Mathematics (STEM) education in particular), and the STEM workforce, also finds that between 2002 and 2010, state financing of the top 101 public research universities dropped by 10 percent in constant (inflation-adjusted) dollars. Funding varied widely by state and by institution, but 72 of the top 101 universities experienced an overall constant-dollar reduction in state appropriations. (See Chapter 2, page 2-12.) For example, University of California campuses saw reductions of between 17 percent and 35 percent, while four State University of New York campuses received increases ranging from 71 percent to 171 percent.

The report notes that while the value of overall state funding declined nationally, enrollment was growing consistently, so that state funding per enrolled student fell by 20 percent in constant dollars between 2002 and 2010, dropping from $10,195 to $8,157. Preliminary data by state show state funding continuing to decline between 2009 and 2011, with 35 of 50 states reporting
reductions in state appropriations and other state support, “ranging from less than one percent to more than 28 percent.”

**PRESIDENT’S JOBS COUNCIL ISSUES REPORT ON COMPETITIVENESS**

The President’s Council on Jobs and Competitiveness on January 17 issued its year-end report, which examines the broad factors that influence U.S. prosperity and offers an agenda for sustaining and improving U.S. economic competitiveness in the global age.

The report, *Road Map to Renewal*, makes specific recommendations in five major areas:

- Improving education at all levels to prepare the workforce to participate in the global economy;
- Fostering a climate for innovation to thrive, including increasing federal support of research and development and innovation and targeting it toward next generation challenges, such as education and health care;
- Promoting an “all-in” strategy on energy supply, innovation, and efficiency;
- Revitalizing the manufacturing sector, including by reforming U.S. export controls;
- Instituting “smart” regulatory reforms, such as better aligning U.S. regulations and international regulatory standards; and

- Reforming the tax system to better promote innovation.

Regarding federal support of basic research, the report says:

“Given the federal government’s central role in funding basic research, the prospect of constrained federal budgets in the years to come could put at risk a generation of new ideas. Because the societal benefits of early innovations are far greater than those that accrue to any individual inventor, government has long provided a large share of basic research funding, ranging from 50 to 70% over the years. In the corporate world, where companies are looking for technology that they can develop directly into products, basic research plays a much smaller role, accounting for less than 20 percent of corporate R&D spending even at its peak.

Given this context, reducing federal support for basic research would be a terrible mistake. The Council endorses President Obama’s call for significant new investments in R&D and urges the nation to set an overall R&D investment goal of 3% of GDP or more. We should also consider expanding the role of novel research agencies such as the Department of Energy’s new ARPA-E, modeled after DARPA. These innovative agencies stretch our research budgets further (by using new techniques to spur invention) and help make late-stage innovations more successful by targeting them to the needs of a final customer—our nation’s energy system and our military, respectively.”

Regarding technology transfer, the report calls for “cultivating a supportive environment for entrepreneurs and promoting innovation clusters around our world-class universities,” and for providing “better access to markets for new technologies through more liberal technology transfer policies….” Unlike the interim report, the year-end report does not call for allowing
university researchers to shop their inventions to other campus technology transfer offices, a proposal which AAU and other higher education associations have strongly opposed.

The President created the 27-member panel of leaders from business, labor, and academia to develop ideas on how to accelerate U.S. job growth and improve the nation’s long-term economic position.

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