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CONGRESSIONAL SCHEDULE  NEW

The Senate did not meet today; the House convened briefly in pro forma session.

The Senate will reconvene on Monday, January 30, when it is scheduled to consider bipartisan legislation to ban insider trading by Members of Congress (S. 2038). The House will reconvene on Tuesday, January 31, but no legislative program has been announced.

Meanwhile, House and Senate negotiators continue working on a compromise for extending 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. The three provisions were extended for two months in late December.

President Obama outlined his overall spending and policy priorities for the year in his State of the Union address on January 24. The Administration will provide agency and program details when it releases the President’s FY13 budget on Monday, February 13.

OTHER CONGRESSIONAL ISSUES

HOUSE PANEL TO HOLD HEARING ON PATENT OFFICE REPORT ON PRIOR USER RIGHTS

The patent reform measure signed into law last September, the Leahy-Smith America Invents Act (AIA) (P.L. 112-29), included several major changes to U.S. patent law, including a significant expansion of prior user rights as a defense against patent infringement. Given the far-
reaching nature of those changes, the law directed the U.S. Patent and Trademark Office (USPTO) to conduct a comprehensive review of the new prior user rights provisions.

USPTO has now submitted the report to Congress, and it will be the subject of a hearing next week in the House Judiciary Subcommittee on Intellectual Property, Competition and the Internet. The hearing will take place at 10:00 a.m. on Wednesday, February 1, in 2141 Rayburn House Office Building. Among those testifying at the hearing will be USPTO Director David Kappos and AAU Executive Vice President John Vaughn.

The university community had long opposed an expansion of prior user rights but worked with other sectors toward the end of the patent reform effort to forge a compromise that exempted university patents from the assertion of a prior user rights defense and included a number of other provisions circumscribing the scope of the prior user rights defense.

**GAO REPORT SAYS OSTP SHOULD COORDINATE FEDERAL STEM EDUCATION PROGRAMS**

The Government Accountability Office (GAO) issued a report last week that found 209 programs across 13 federal agencies aimed at encouraging students to study and attain degrees in science, technology, engineering, and mathematics (STEM) fields. The programs frequently overlap, said the report, but fewer than half of the programs coordinate with similar efforts. GAO was careful to note that overlapping programs are not necessarily duplicative. The report recommended that the Office of Science and Technology Policy (OSTP) develop a strategy and plan for federal STEM education programs, including how to share information across agencies and evaluate the programs based on their outcomes.

**EXECUTIVE BRANCH**

**PRESIDENT DISCUSSES BASIC RESEARCH, STUDENT AID, IMMIGRATION IN STATE OF THE UNION ADDRESS UPDATED**

In his State of the Union address, President Obama discussed three issues of particular interest to research universities: college tuition increases and student aid; basic research; and immigration. Additional details of the Administration’s plans for research funding and immigration reform will likely be addressed in future speeches and the President’s FY13 budget, but the President provided more information about his student aid proposals in conjunction with a speech he gave this morning at the University of Michigan (see item below). The White House this week also released a summary document, “Blueprint for an America Built to Last.”

**Tuition Increases and Student Aid.** The President in his speech on Tuesday evening put the nation’s colleges and universities “on notice” that the government could not continue to “subsidize skyrocketing tuition.” He urged state governments to elevate higher education in their budget priorities and called on Congress to double the number of work-study jobs over five years, permanently extend the American Opportunity Task Credit, and prevent interest rates on subsidized federal student loans from rising from 3.4 percent to 6.8 percent on July 1, as scheduled. The President did not spell out how the Administration would propose to pay for these changes.
Basic Research. Without providing specifics, the President reiterated his support for sustaining the federal investment in basic research, saying:

“Innovation also demands basic research. Today, the discoveries taking place in our federally financed labs and universities could lead to new treatments that kill cancer cells but leave healthy ones untouched. New lightweight vests for cops and soldiers that can stop any bullet. Don’t gut these investments in our budget. Don’t let other countries win the race for the future. Support the same kind of research and innovation that led to the computer chip and the Internet; to new American jobs and new American industries.”

Later, in his discussion of natural gas extraction, the President noted that “it was public research dollars, over the course of 30 years that helped develop the technologies to extract all this natural gas out of shale rock – reminding us that government support is critical in helping businesses get new energy ideas off the ground.” He made a similar argument in his discussion of federal investments in renewable energy sources, and he made yet another reference to medical research in talking about taxes.

Immigration. The President said that although comprehensive immigration reform is unlikely in this election year, Congress should approve legislation to allow young people brought to this country illegally at a young age to earn citizenship (the DREAM Act) and to allow foreign students who earn college degrees in business and STEM fields to remain in the U.S. for work.

PRESIDENT WOULD LINK SOME CAMPUS-BASED AID TO IMPROVED AFFORDABILITY, VALUE NEW

In a speech today at the University of Michigan, President Obama followed up on comments in his State of the Union address by laying out a plan to use federal campus-based aid programs—College Work Study, Perkins Loans, and Supplemental Educational Opportunity Grants—and new competitive funding programs to motivate state governments and higher education institutions to improve college affordability and value for students. The plan would not affect Pell Grants.

As described in a White House fact sheet, the plan would:

- Change the formula for campus-based aid to one that “shifts aid from schools with rising tuition to those acting responsibly, focused on setting responsible tuition policy, providing good value in education, and ensuring that higher numbers of low-income students complete their education.” The plan would raise federal Perkins Loan funding from the current $1 billion to $8 billion;

- Create a $1 billion grant competition, “The Race to the Top: College Affordability and Completion,” to “spur systematic state reforms to reduce costs for students and promote success in our higher education system at public colleges.” This would include aligning K-12 education and college standards and maintaining “adequate” levels of higher education funding “in order to address important long-term causes of cost growth at the public institutions that serve two-thirds of four-year college students;”
• Institute a separate $55 million competition, “First in the World,” for individual colleges, universities, and nonprofit organizations to “develop, validate, or scale up innovative and effective strategies for boosting productivity and enhancing quality on campuses.” This would include redesign of courses with greater use of technology, early college preparation activities, and competency-based approaches to earning college credit; and

• Create a “College Scorecard” for each degree-granting institution to give students and families more information in such areas as costs, graduation rates, and potential post-graduation earnings, and make it mandatory, rather than voluntary, for institutions to provide information for a “Financial Aid Shopping Sheet,” aimed at making it easier for families to compare financial aid packages.

DEFENSE DEPARTMENT BUDGET REDUCTION PLAN WOULD PROTECT SCIENCE & TECHNOLOGY  NEW

Secretary of Defense Leon Panetta and Joint Chiefs of Staff Chairman General Martin Dempsey yesterday released a report describing how the Department plans to reduce its spending over the next decade by $487 billion and, as stated by the Secretary, “re-shape the military to be more agile, quick and flexible…” The report, “Defense Budget Priorities and Choices,” describes a number of ways to reduce spending, but it states that the FY13 budget will “largely protect” defense science and technology programs. As stated on page 10 of the report:

“Science and technology. The Department believes that accelerating trends in both technology development and a dynamic threat environment dictate that we must maintain our edge by protecting our investments in development of future capabilities. As such, science and technology programs are largely protected within this budget.”

An accompanying fact sheet on the Defense Department budget is available here. The transcript of the Secretary’s briefing is here.

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