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CONGRESSIONAL SCHEDULE  NEW

The House and Senate met today. Both chambers approved legislation extending the short-term payroll tax reduction (H.R. 3630), before adjourning for the week-long Presidents’ Day recess. (See item below for more information on H.R. 3630.)

BUDGET & APPROPRIATIONS

PAYROLL TAX CUT, UNEMPLOYMENT INSURANCE AND “DOC” FIX EXTENDED THROUGH 2012  NEW

The House and Senate today approved the Middle Class Tax Relief and Job Creation Act of 2012 (H.R. 3630), sending it to the President, who has said he will sign it. The $150 billion package extends through the end of 2012 the two-percent temporary reduction in the Social Security payroll tax, as well as unemployment insurance, and the Medicare “doc” fix, which prevents a scheduled 27-percent cut in Medicare physician reimbursements.

Congress has been struggling with how to extend the measure since last December—when negotiators agreed to extend the three provisions until March 1—but the breakthrough came last week when House Republicans agreed to support extension of the $94-billion payroll tax cut portion of the package without a “pay for.” To cover the $56 billion cost of the remaining two provisions, the agreement would auction off part of the broadband spectrum, require new federal workers to contribute more to their pension plans, and make certain cuts in Medicare.
One consequence of the agreement is that it has eliminated a ready vehicle for extending several tax benefits that expired on December 31, 2011, such as the IRA Charitable Rollover, the above-the-line tuition tax deduction, and the research and development tax credit. Those provisions could be considered at the end of the year as part of the larger debate over extending the Bush tax cuts, which are scheduled to expire at the end of 2012.

**PRESIDENT’S FY13 BUDGET WOULD INCREASE SPENDING ON RESEARCH, STUDENT AID**

The Obama Administration’s FY13 budget, released on February 13, reflects a continuing commitment to increased federal investments in research and education. The budget would increase funding for the National Science Foundation (NSF); the Department of Energy’s (DOE) Office of Science and ARPA-E; and the Agriculture and Food Research Initiative (AFRI) in the Department of Agriculture, which supports competitive research. It also would provide a modest funding increase for the National Endowment for the Humanities (NEH). Similarly, funding for basic research at the Department of Defense (DOD) is essentially level despite significant cuts elsewhere in the agency.

Funding for the National Institutes of Health (NIH) would be essentially frozen at the FY12 level. The science portfolio at NASA would be cut by more than three percent.

For student aid, the Administration would fully fund the maximum Pell Grant level of $5,635 and extend the 3.4 percent interest rate on subsidized Stafford loans, which otherwise would rise to 6.8 percent on July 1. Additionally, the Administration would shift campus-based aid programs, such as Perkins Loans, toward institutions that “keep their tuition and tuition increases low,” enroll relatively high numbers of Pell-eligible students, and provide “good value.”

The FY13 budget also contains several tax proposals of interest to research universities. These include making the American Opportunity Tax Credit permanent and limiting the value of certain tax expenditures, including the deduction for charitable contributions for individual taxpayers, to 28 percent. The budget would also expand the Build America Bonds program by making the program permanent, expanding eligibility to both government entities and nonprofit institutions—including both public and private universities—and expanding the allowed uses of the bonds.

Extensive information about research and higher education in the President’s FY13 budget is available on the AAU website. This includes the association’s budget overview; AAU budget summaries, funding charts, and analyses for the agencies that AAU follows; and the AAU press statement.

**OTHER CONGRESSIONAL ISSUES**

**AAU, APLU SUPPORT GOALS OF FEDERAL RESEARCH PUBLIC ACCESS ACT**

AAU and the Association of Public and Land-grant Universities (APLU) sent a letter to the sponsors of the Federal Research Public Access Act (FRPAA) on February 13, expressing support for the bill’s goals of requiring federal research agencies to provide free public access to articles reporting on research they have funded.
The associations’ letter to Senator John Cornyn (R-TX) and Representative Mike Doyle (D-PA) thanks the lawmakers for introducing FRPAA (S. 2096, H.R. 4004), and notes the positive example of PubMed Central in NIH, which currently provides free public access to more than 2.3 million documents reporting on NIH-funded research.

While describing several valuable features of FRPAA, the letter expresses concern that the bill establishes only a six-month embargo period between the time an article is published in a peer-reviewed journal and when the agency makes the final accepted manuscript of that article publicly available for free. This is half of the 12-month embargo period used by NIH’s PubMed Central, which NIH adopted after extensive discussions with scholarly journal publishers. The associations encourage the sponsors to extend the embargo period in their bill to 12 months or to consider allowing each agency to establish its own embargo period in consultation with its external stakeholders.

CNSF-LED LETTER OPPOSES GRANT ACT

The Coalition for National Science Funding (CNSF) sent a letter to all Members of the House of Representatives on February 15 expressing opposition to the Grant Reform and New Transparency (GRANT) Act of 2011 (H.R. 3433). The letter says that the bill as written “could have unintended adverse effects on the continued development of the scientific and engineering research enterprise and compromise the U.S. innovation system.” Eighty-three associations, universities, and related organizations endorsed the CNSF letter.

The GRANT Act aims to provide greater transparency to federal grant programs as a means of increasing accountability. The CNSF letter specifically opposes, and offers suggestions for changing, provisions in the bill that would require federal funding agencies to post complete copies of funded grant proposals and the names of peer reviewers on a public, government-wide website.

Posting full grant proposals on a public website “would seriously limit the ability of grant recipients to reap benefits from their research,” says the letter. Competitors, including foreign scientists and industries, would be able “to steal cutting-edge American intellectual property.” Similarly, says the letter, posting the names of peer reviewers on a public website would reduce the willingness of reviewers to be candid and critical as needed in their evaluations of proposals. Moreover, without anonymity, “many researchers would not be willing to review proposals.”

Late last year, AAU, APLU, and the Council on Governmental Relations sent a letter expressing similar concerns to the lead House sponsors of the bill: Rep. Darrell Issa (R-CA), chair of the House Oversight and Government Reform Committee, and Rep. James Lankford (R-OK), chair of the panel’s Subcommittee on Technology.

EXECUTIVE BRANCH

DSB FINDS DEFENSE BASIC RESEARCH WELL-SUITED TO DOD NEEDS; SUGGESTS IMPROVEMENTS  UPDATED
The Defense Science Board (DSB), an advisory board to the Defense Department (DOD), has made public an extensive assessment of DOD’s 6.1 basic research programs prepared by its Task Force on Basic Research. The report looks at the human resources involved in the programs, explores the implications of the globalization of basic research, and examines DOD innovation challenges and the need for a technology strategy.

In a memorandum accompanying the report, DSB chairman Paul Kaminski states: “Overall, the task force found the current DOD basic research program to be a very good one, comparable to other basic research programs in the government and well-suited to DOD needs.” The report concludes by saying: “DOD can dominate the world’s military organizations in being able to use basic research results to create new and enhanced military capabilities, by dint of financial resources, infrastructure and national culture—if DOD can overcome the immense burden of its acquisition system, and if DOD pays sufficient attention to worldwide basic research.”

Specifically targeting the burden of the acquisition system on Defense basic research, the report says,

“Unnecessary and unproductive bureaucratic burden on basic researchers funded by DOD equates to reduction of the DOD basic research budget. Reducing that burden is perhaps the most important task to improve the current DOD basic research program.”

Among the report’s many recommendations to the Assistant Secretary of Defense for Research and Engineering ASD(R&E), the Under Secretary of Defense for Acquisition, Technology, and Logistics USD(AT&L), DOD basic research program office directors, DOD laboratory directors, and others are:

- ASD(R&E) should articulate a two-part portfolio strategy for basic research investments. One part should include broad investment in essentially all areas of science that could sensibly yield knowledge and know-how important for military capabilities. A second part should include selected, in-depth investments to provide the potential for major advances that could lead to a competitive advantage.

- ASD(R&E) should increase the percentage of basic research funding that is invested internationally from 2.5 to 3 percent to 5 percent over the next two years. Such an increase would provide a tremendous boost for international collaboration while leaving a substantial increase for the domestic base.

- The Director for Basic Research in ASD(R&E) should be responsible and accountable for additional amended Defense Acquisition Regulations System (DFARS) language as needed to address export controls, deemed exports, or other troublesome publication clauses.

- DOD basic research program office directors should rotate active researchers from academia, industry, and federally funded research and development centers (FFRDCs) using the Intergovernmental Personnel Act (IPA) or the Highly Qualified Experts (HQE) programs as appropriate. A useful goal may be to use these tools to keep the average time away from the laboratory low – less than five years for program managers if possible. Tours should be for nominally four years to best match up with the typical rotation of three-year grants.
- DOD laboratory directors should establish long-term partnerships with leading universities and other research organizations that accommodate meaningful personnel exchanges that may last a few months to a few years.

- USD(AT&L) should direct all DOD basic research funding agencies to initiate summer activities to expose their basic research performers to military operations and critical technical problems relative to their mission. The goal is to ensure each researcher understands the ultimate challenge their research may address without unduly focusing the research or limiting its potential.

- The ASD(R&E) STEM Development Office should expand summer internship programs to place promising young men and women with U.S. citizenship in defense-related S&T activities between their junior and senior year in high school, between high school and college, and for their first few summers during college. These programs should be available for students to work in government R&D laboratories, FFRDCs, and defense contractors.

- The ASD(R&E) STEM Development Office should double the existing doctoral fellowship programs in the National Defense Education Program and the National Defense Science and Engineering Graduate Program, track outcomes, and consider even higher investment in future years.

- The ASD(R&E) STEM Development Office should ensure that fellowship programs for doctoral students: award a stipend with an amount at least 80 percent of the median annual salary for graduating seniors with B.S. degrees; expand locations for summer internships to include FFRDCs, university-affiliated research centers (UARCs), and defense contractors in addition to government R&D laboratories; and give the school the recipient attends an additional benefit per year of approximately $10,000.

- DOD basic research office directors should establish programs for DOD laboratory and U.S. university researchers to spend a visit, term, or sabbatical at a foreign laboratory to interface with leading basic researchers in areas of interest to DOD.

The report is a result of a request made by Deputy Secretary of Defense Ashton Carter in August 2010, when he was the Under Secretary of Defense.

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