May 18, 2012

CONTENTS
CONGRESSIONAL SCHEDULE  NEW
BUDGET & APPROPRIATIONS
Budget Decisions May Be Postponed Beyond Lame Duck Session  NEW
Senate Rejects Several Versions of an FY13 Budget Resolution  NEW
DOD Basic Research Level-funded in House Spending Bill  NEW
Groups Urge Appropriators to Restore NIH Salary Cap  NEW
OTHER CONGRESSIONAL ISSUES
Senators Introduce Green Card Bills for STEM Graduates  UPDATED
AAU Testifies on Implementation of Patent Reform Act
OTHER
Associations Release Report on U.S. Competitiveness in Biomedical Research  NEW

CONGRESSIONAL SCHEDULE  NEW

The House met today and approved H.R. 4310, the National Defense Authorization Act. After it adjourns today, the House will begin its Memorial Day recess. The House is scheduled to meet next on Wednesday, May 30.

The Senate did not meet today, but it will be in session next week. On Monday, May 21, the Senate is expected to consider and possibly vote on a cloture motion to move to debate on S. 3187, a bill on FDA user fees. The Senate is also likely to vote on cloture on a judicial nomination.

BUDGET & APPROPRIATIONS

BUDGET DECISIONS MAY BE POSTPONED BEYOND LAME DUCK SESSION  NEW

It has been widely expected that Congress will wait until the lame-duck session after the November elections to work out a major deal to address the numerous major budget, spending, and tax issues coming to a head around the end of the year. CQ.com confirms that these issues will not be resolved before the elections but also reports that some legislators are predicting that the legislative battle may be postponed to sometime in the first half of 2013.
Issues that need to be resolved include: FY13 appropriations; whether and how to prevent the January 3 budget sequester, which is the massive, across-the-board cuts to discretionary spending required by last year’s Budget Control Act (BCA); extension of certain tax provisions; extension of the “doc fix” to prevent significant cuts in reimbursement of Medicare providers; extension of the Bush tax cuts; and an increase in the debt limit. Secretary of the Treasury Timothy Geithner indicated this week that the debt limit increase probably would not be needed until sometime early next year.

The Administration has stated that the President will not sign any appropriations bill until the House indicates that it will abide by the BCA (the House-passed FY13 budget resolution calls for a cut in nondefense discretionary spending and an increase in defense spending compared to the BCA), House Speaker John Boehner (R-OH) said this week that House Republicans would oppose any debt limit increase that was not accompanied by equivalent or greater spending cuts, and, in general, positions seem to be hardening on all sides. The President said he wanted a “clean” debt ceiling increase and would not sign a measure with the Speaker’s cuts; Senate Majority Leader Harry Reid (D-NV) said he would not consider raising the debt ceiling until Congress resolves the issue of sequestration. The difficulty of addressing all of these issues in a large legislative package, which is thought to be one possibility, has led key policymakers to suggest that Congress likely would postpone the biggest budget fights well into the New Year.

CQ.com quotes Senator Lamar Alexander (R-TN): “We ought to work on it, we ought to try, we ought to make our proposals, but my guess is an extension is almost inevitable.” Likewise, House Budget Committee Chairman Paul Ryan (R-WI) told a fiscal affairs conference on May 15 that he would be open to an extension. “The duration of an extension I think is probably up for negotiation,” he said, “but I think most people are thinking we’ll have some kind of an extension into the 2013 window.” The committee’s ranking member, Rep. Chris Van Hollen (D-MD), also indicated that a lame-duck resolution of these issues is unlikely.

SENATE REJECTS SEVERAL VERSIONS OF AN FY13 BUDGET RESOLUTION

Over strong criticism from their Republican colleagues, Senate Democratic leaders this year have resisted bringing their own FY13 budget resolution to the floor, arguing that last year’s Budget Control Act (BCA) had already set the discretionary spending level for FY13, enabling the Senate Appropriations Committee to move forward on its FY13 bills. But in the absence of an approved budget resolution by the statutory deadline, Senate Republicans were able to request consideration of alternative budgets, which they did to highlight Democrats’ unwillingness to bring up and debate their own. The chamber on May 16 considered motions to proceed on five Republican proposals, all of which were rejected.

The Senate exercise included roll call votes on three budget proposals drafted by Senators Pat Toomey (R-PA), Mike Lee (R-UT), and Rand Paul (R-KY), as well as consideration of the House-passed FY13 budget resolution (H. Con. Res 112), and a plan drafted by Jeff Sessions (R-AL) based, he said, on President Obama’s FY13 budget submission.

DOD BASIC RESEARCH LEVEL-FUNDED IN HOUSE SPENDING BILL
On May 17, the House Appropriations Committee approved its FY13 Defense Appropriations bill, which provides $2.117 billion for DOD 6.1 basic research. This is around the estimated FY12 spending level as well as the Administration's FY13 request.

For the broader Science & Technology (S&T) category, the bill provides $12.21 billion, a slight cut of $53.2 million, or -0.4 percent, from the estimated FY12 level of $12.63 billion. S&T programs include defense-wide and military service funding for 6.1 basic research, 6.2 applied research, and 6.3 advanced technology development.

Within this total, applied research (6.2 programs) receives $4.563 billion, a $176.1 million, or 3.7-percent, cut from the estimated FY12 level of $4.739 billion. Advanced technology development (6.3 programs) receives $5.530 billion, a $118.6 million, or 2.2-percent, increase above the estimated FY12 level of $5.411 billion.

The committee report shows that 6.1 basic research would receive a total of $2.116 billion, or about 0.2 percent above FY12. The report provides the following breakdown:

- Army: $428.5 million, $15.6 million below the Administration’s request and $27.7 million below the FY12 estimate.
- Navy: $625.0 million, $20 million above the Administration’s request and $19.7 million above the FY12 estimate.
- Air Force: $516.0 million, the same as the Administration’s request and $14.9 million below the FY12 estimate.
- Defense Wide: $547.4 million, $4.4 million below the Administration’s request and $27.2 million above the FY12 estimate.

The committee-approved will would provide DARPA with $2.827 billion in FY13, this is $10 million above the Administration’s request and $11.4 million above the FY12 estimate.

At this writing, the amount of funding the Committee approved for the Minerva Initiative is unclear.

AAU’s Defense Department research funding table provides additional details.

GROUPS URGE APPROPRIATORS TO RESTORE NIH SALARY CAP  NEW

AAU joined more than 160 other organizations in sending a letter to House and Senate leaders of the Labor-HHS-Education appropriations subcommittees asking them to restore the salary limit for extramural researchers funded by the National Institutes of Health (NIH) to Executive Level I. The FY12 appropriations bill reduced the salary cap from Executive Level I to Executive Level II, a cut of $20,000.

As described by the organizations’ letter, which was dated May 16, this reduction “comes at a time when research institutions’ discretionary funds from clinical revenues and other sources are increasingly constrained and less available to invest in research." As "institutions and departments divert funds to compensate for the reduction in the salary limit, they will have less funding for critical activities such as providing bridge funding to investigators who may be
between grants, and to provide seed grants and start-up packages for young investigators,” the letter continues. The organizations urge appropriators to restore the higher salary cap in FY13.

OTHER CONGRESSIONAL ISSUES

SENATORS INTRODUCE GREEN CARD BILLS FOR STEM GRADUATES

Two new Senate bills would create a new employment-based green card category for foreign students who have earned masters or doctoral degrees from U.S. institutions in the fields of science, technology, engineering, and mathematics (STEM).

The first bill, the SMART Jobs Act of 2012 (S. 3192), which was introduced on May 16 by Senators Chris Coons (D-DE) and Lamar Alexander (R-TN), would allow such graduates to remain in the U.S. for up to 12 months while they looked for work related to their field of study. Once employed, they would be allowed to change their immigration status and receive a green card. As noted in the Senators’ press release, “These new STEM green cards would not count toward any existing green card caps or limits.”

The second bill, introduced on May 15 by Senator John Cornyn (R-TX), would create a new employment-based green card category (EB-2A) for international students who had earned masters or doctoral degrees in STEM fields at U.S. research universities. The Securing the Talent America Requires for the 21st Century Act of 2012 (STAR Act, S. 3185) also would eliminate the diversity visa program and reallocate its 55,000 visas to the STEM graduate visa program. Senator Cornyn’s office has issued a press release on the bill.

The measure is similar to a bill that House Judiciary Committee Chairman Lamar Smith (R-TX) and Rep. Tim Griffin (R-AR) began developing last year; it remains unclear if the two House members will renew their efforts on the legislation this year.

AAU TESTIFIES ON IMPLEMENTATION OF PATENT REFORM ACT

A witness for AAU participated in a House Judiciary Committee hearing on May 16 to examine the progress of the U.S. Patent and Trademark Office in implementing the patent reform law, the Leahy-Smith America Invents Act. Mr. Richard Brandon, Associate General Counsel for the University of Michigan, gave testimony on behalf of AAU.

OTHER

ASSOCIATIONS RELEASE REPORT ON U.S. COMPETITIVENESS IN BIOMEDICAL RESEARCH

A report released on May 17, at a Capitol Hill event featuring NIH Director Francis Collins, finds that U.S. leadership in the global life sciences industry is under threat. The report points to
a constant-dollar decline in NIH biomedical research funding and intensifying competition from such countries as China, Germany, Singapore, Sweden, and the United Kingdom.

Leadership in Decline: Assessing U.S. International Competitiveness in Biomedical Research says that these countries in recent years have expanded their financial support for biomedical research and enacted policies to enhance their biomedical innovation ecosystems. The report was published jointly by the Information Technology & Innovation Foundation (ITIF) and United for Medical Research, a coalition in which AAU participates.

Joining NIH Director Collins in a discussion of the issues raised in the report were Rep. Kevin Yoder (R-KS); Scott Bruder, Senior Vice President of BD; Landon King, Vice Dean for Research at Johns Hopkins Medicine; and Rob Atkinson, President of ITIF. The speakers discussed the potential for biomedical sciences to improve human health and drive the innovation economy, as well as their concerns about other nations’ strategic investments in an area where the U.S. has held the undisputed lead. (A video of the session can be viewed here.)

The report examines a number of indicators in the life sciences industry. Among the key findings:

- If present trends continue, China’s financial commitment to biomedical research will be twice that of the United States’ in the next five years, and four times greater as a share of gross domestic product (GDP);
- Growth in high-wage, high-skill jobs in the life sciences sector is flat-lining in the U.S., while employment in other countries, such as Germany and France, shows consistent growth;
- The U.S. has accumulated a $136.7 billion trade deficit in pharmaceutical products over the last decade, a period when many competitors have realized increasing trade surpluses;
- The U.S. share of global biopharmaceutical patents and overall industry output is shrinking, while China’s continues to expand; and
- China already has more gene sequencing capacity than the entire United States and about one-third of total global capacity.

The report calls on Congress to prevent fluctuations in NIH funding, which disrupt research progress and lead to uncertainty in capital markets. It also recommends that in order to maintain American leadership in this crucial sector of the global economy, NIH should receive annual funding of no less than 0.25 percent of national GDP.

End of document

Please visit us at www.aau.edu and follow us on Twitter at @AAUniversities.