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CONGRESSIONAL SCHEDULE  NEW

The House met today in regular session and approved H.R. 273, a bill to eliminate the 2013 statutory pay adjustment for Federal employees. The Senate met in pro forma session, with no votes. Both chambers will be out of session next week for the Presidents Day recess and reconvene for legislative business on Monday, February 25.

BUDGET & APPROPRIATIONS

A DEAL TO TURN OFF THE SEQUESTER LIKELY TO WAIT FOR THE FY13 CR  NEW

It appears likely at this point that Congress will allow the budget sequester to go into effect on March 1, though it is possible that its damaging cuts can be addressed through the measure that Congress will need to consider to extend the continuing resolution (CR) that expires on March 27. As reported by CQ.Com, “Even as they blame one another for automatic spending cuts set to take effect March 1, key lawmakers on both sides believe the best chance for a bipartisan deal to restructure the sequester will come by the end of March.”
Republicans and Democrats remain unable to agree on a formula for stopping the sequester, which was intended to be so egregious when it was passed as part of the 2011 Budget Control Act that both sides would do everything possible to prevent its implementation. The sequester would impose $85 billion in across-the-board spending cuts on defense and nondefense programs over the remaining seven months of FY13, including on congressional operations.

Senate Appropriations Committee Chairwoman Barbara Mikulski (D-MD) held a hearing yesterday on the sequester, during which she released letters from several agencies, including the Departments of Education and Health and Human Services, the National Science Foundation (NSF), and NASA, on its damaging impacts. Senator Mikulski said in her opening statement, “A five-percent cut this late into the fiscal year often translates into a double whammy for our agencies because fixed costs like rent and utilities can't be cut. The big cuts will be to salaries, which means furloughs, layoffs, and services not delivered to the American public.”

In the House, Rep. Jim McDermott (D-WA) has introduced a bill to exempt the National Institutes of Health (NIH) from the sequester, citing the particular danger to the city of Seattle, where the economy “uniquely relies on federal funding for biomedical research.” His press statement says the bill would reduce the total amount of the sequester by the amount that would fall on NIH in order “to avoid deeper cuts to other programs.”

The original estimated across-the-board cuts in FY13 under the sequester were 9.4 percent for defense discretionary spending and 8.2 percent for nondefense discretionary spending. The fiscal cliff agreement signed on January 2 lowered those percentages to an estimated 7.3 and 5.1 percent, respectively. However, a memorandum prepared by Senate Budget Committee Chair Patty Murray notes that because the cuts would be absorbed over the remainder of FY13, “the impact of the cuts will generally not be less dramatic.” The Congressional Budget Office estimates that the sequester cuts will cost 750,000 jobs by the end of 2013, and cut 0.6 percent off growth in the gross domestic product, reports The Hill.

SENATE TO VOTE ON DUELING ALTERNATIVE SEQUESTER PLANS NEW

With little chance that Congress will avert the sequester before March 1, the Senate will nevertheless vote on two competing alternative plans when it returns on February 25, reports CQ.Com.

The proposal released yesterday by Senate Democrats is a $110-billion replacement plan, divided equally between spending cuts and tax loophole closings. The $55 billion in savings would come from $27.5 billion in cuts from defense after FY14 and $27.5 billion in cuts to agricultural subsidies. On the revenue side, the package would set a minimum effective tax rate for the wealthy and increase taxes on the oil sands industry.

In addition to the Democratic plan, the chamber will consider a plan being developed by Senate Republicans that “promises to be all spending cuts,” says CQ.Com.

House Speaker John Boehner (R-OH) has said that the Senate should act first on the sequester. He said yesterday that if Senators “are willing to pass a bill, we’ll find some way to work with them to address this problem,” reports Politico.
Meanwhile, House Appropriations Committee Chairman Hal Rogers (R-KY) is developing a continuing resolution (CR) to fund the government after the current CR runs out on March 27. The measure will hold FY13 spending at its current level, but specify that the sequester will take place unless Congress turns it off. The new CR will include full-year appropriations for two of the 12 FY13 appropriations bills—Defense and Military Construction-Veterans Affairs—which have been worked out with Senate appropriators and which Chairman Rogers hopes will give the Pentagon and the VA flexibility to better cope with the sequester. *CQ.com* reports that the committee is canvassing other federal agencies and programs for priority changes they would like to see in the CR beyond simply extending the date of the appropriations law.

**PRESIDENT URGES END TO THE SEQUESTER, MORE R&D, AND IMMIGRATION AND STUDENT AID REFORM**

During President Obama’s annual State of the Union address on February 12, he discussed four issues of particular interest to research universities. He urged Congress to avoid the pending budget sequester, called for significantly increasing federal research and development (R&D) spending, pressed Congress to approve comprehensive immigration reform legislation, and asked lawmakers to include “affordability and value” in determining campus access to certain types of federal student aid (see separate item below).

**The Sequester.** In urging Congress to take action to avert the sequester, President Obama said the automatic, across-the-board discretionary spending cuts would not only jeopardize military readiness but “devastate priorities like education, and energy, and medical research.” He reiterated his support for a “balanced approach to deficit reduction, with spending cuts and revenues.”

**Bolstering R&D.** After discussing the importance of bolstering U.S. manufacturing, the President said that in order to make the best products, the nation must “invest in the best ideas.” He added:

> “Every dollar we invested to map the human genome returned $140 to our economy -- every dollar. Today, our scientists are mapping the human brain to unlock the answers to Alzheimer’s. They’re developing drugs to regenerate damaged organs; devising new material to make batteries 10 times more powerful. Now is not the time to gut these job-creating investments in science and innovation. Now is the time to reach a level of research and development not seen since the height of the Space Race. We need to make those investments.”

The President also called for using some of the federal government’s oil and gas revenues to fund an “Energy Security Trust that will drive new research and technology to shift our cars and trucks off oil for good.”

It is not clear if President Obama’s support of greater R&D spending will be reflected in his FY14 budget submission.
Immigration Reform. In one of the few issue areas where there appears to be meaningful bipartisan support, the President urged the House and Senate to approve comprehensive immigration reform, citing bipartisan groups working in both chambers to develop legislative proposals. He did not specifically mention creating a path to citizenship for students brought to this country illegally as young children, the DREAM Act. But he did specifically call for reforming the legal immigration system “to cut waiting periods and attract the highly-skilled entrepreneurs and engineers that will help create jobs and grow our economy.”

—President Proposes Major Changes to Student Aid

As he did last year, President Obama slammed higher education institutions for rising costs, saying that “skyrocketing costs price too many young people out of a higher education, or saddle them with unsustainable debt.” He went on to say, “taxpayers can’t keep on subsidizing higher and higher and higher costs for higher education. Colleges must do their part to keep costs down, and it’s our job to make sure that they do.” He called on Congress to change the Higher Education Act so that “affordability and value are included in determining which colleges receive certain types of federal aid.”

The President also promised to release a new “College Scorecard” this morning to enable parents and students “to compare schools based on a simple criterion—where you can get the most bang for your educational buck.” The Scorecard can be viewed here.

Page 5 of the supplementary material available on the White House website explicitly mentions the accreditation process, including the possibility of an “alternate system of accreditation”:

“Holding colleges accountable for cost, value and quality: Today, the federal government provides more than $150 billion each year in direct loan and grant aid for America’s students. In an era of limited resources, we must allocate the federal investment in student aid wisely, in order to promote opportunity in higher education and ensure the best return on investment. The President will call on Congress to consider value, affordability, and student outcomes in making determinations about which colleges and universities receive access to federal student aid, either by incorporating measures of value and affordability into the existing accreditation system; or by establishing a new, alternative system of accreditation that would provide pathways for higher education models and colleges to receive federal student aid based on performance and results.”

Republican Response to President’s Speech Includes Call for Immigration, Student Aid Reform

The Republican response to the President’s speech was provided by Senator Marco Rubio (R-FL), who addressed many of the same issues as the President, including expressing support for comprehensive immigration reform and calling for changing federal student aid policies.

On immigration, Senator Rubio said:
“We can also help our economy grow if we have a legal immigration system that allows us to attract and assimilate the world’s best and brightest. We need a responsible, permanent solution to the problem of those who are here illegally. But first, we must follow through on the broken promises of the past to secure our borders and enforce our laws.”

On college costs, the Senator said that tuition costs have grown too fast, so “we need to change the way we pay for higher education.” He added:

“A 21st century workforce should not be forced to accept 20th century education solutions. Today’s students aren’t only 18 year olds. They’re returning veterans. They’re single parents who decide to get the education they need to earn a decent wage. And they’re workers who have lost jobs that are never coming back and need to be retrained.

We need student aid that does not discriminate against programs that non-traditional students rely on – like online courses, or degree programs that give you credit for work experience.”

DEFENSE AND NONDEFENSE ADVOCATES URGE HALT TO SEQUESTER AT PRESS CONFERENCE

AAU President Hunter Rawlings joined representatives from a broad group of defense, healthcare, higher education, infrastructure, and social welfare organizations at a press conference on February 11 to urge policymakers to take immediate action to stop the budget sequester. Participants expressed concern that the spending cuts would send the nation’s economy back into recession, cost more than two million jobs over the short term, and jeopardize our technological and economic future.

President Rawlings spoke at the press conference on behalf of the Task Force on American Innovation (TFAI), an alliance of business, academia, and scientific societies, as did Peter McPherson, president of the Association of Public and Land-grant Universities (APLU). The two released a new TFAI letter to policymakers at the event.

The text of President Rawlings’s remarks is available here; a video of his remarks can be found here. The C-SPAN recording of the entire press conference can be viewed here.

RESEARCH COMMUNITY LETTER DETAILS DANGERS OF FURTHER CUTS TO NIH BUDGET

AAU joined 272 other organizations and institutions in sending a letter to all Members of Congress expressing concern that imposing the budget sequester on the National Institutes of Health (NIH) budget will have “negative consequences for the health of all Americans.” Organized by the Ad Hoc Group for Medical Research, the community sign-on letter says that shrinking the investment in biomedical research supported by NIH would sacrifice real opportunities for innovation and medical advances, jeopardize U.S. leadership in medical research, cost thousands of jobs, reduce economic activity, and harm Americans’ health.
NEW VIDEO EDITORIALS DECRY IMPACT OF SEQUESTER ON SCIENCE AND INNOVATION

Members of America’s research community continue to weigh in against the budget sequester with individual video messages to Congress about the devastating impact of these across-the-board budget cuts on science and innovation. The new set of messages, released on February 13 by ScienceWorksForU.S., feature university chancellors, research officers, faculty, and students discussing the potential effects of the drastic budget cuts on their work. They urge Members of Congress to find alternatives to the sequester.

The video editorials are being released by ScienceWorksForU.S. throughout February. The goal is to impress upon lawmakers the importance of finding deficit reduction solutions that allow the country to continue to invest in basic scientific and medical research and other things that contribute to economic growth, security, and health. The first set of videos was released on February 5.

ScienceWorksForU.S. is a project of AAU, the Association of Public and Land-grant Universities (APLU), and The Science Coalition (TSC).

HOUSE COMMITTEE REVIEWS CHARITABLE DEDUCTION

As part of its work on comprehensive tax reform, the House Ways and Means Committee yesterday held a hearing on the itemized deduction for charitable contributions. The committee heard testimony from 42 witnesses, including tax policy and charitable giving experts, executives from major charitable organizations, representatives from the nonprofit sector, and higher education leaders. University of New Hampshire President Mark Huddleston testified on behalf of 11 higher education associations, including AAU.

Committee Chairman Dave Camp (R-MI) described several proposals that would affect the charitable deduction, including: limiting the tax rate against which contributions may be deducted; capping total itemized deductions; creating a floor under which contributions could not be deducted; and replacing the deduction with a tax credit. Other ideas were also discussed during the hearing, including improvements in determining the value of property donations; enhanced tax enforcement to prevent abuse of the deduction; and expansion of the deduction to allow taxpayers who do not itemize their deductions (“non-itemizers”) to be able to use it.

Ranking Member Sander Levin (D-MI) mentioned that the charitable deduction is among the largest expenditures in the tax code; he asked how further limitations would affect charitable giving.

Witnesses from the charitable community universally espoused the virtue and importance of the charitable deduction and they argued against any changes that would diminish incentives for charitable giving. Dr. Huddleston said that the drop in state support for colleges and universities has made private philanthropy critically important for public institutions. He added that private colleges and universities face a different set of circumstances and have always relied upon charitable gifts to achieve their educational missions. In summing up, he said:
“While there is no replacing the investments made by the federal government in student financial aid and scientific research, private charitable giving plays an increasingly important role in supplementing federal investments. We should continue as a nation to encourage strong charitable giving to support student financial aid, research, and other academic programs. The current charitable deduction does just that.”

Witness testimony from the hearing is available on the Ways and Means Committee site.

OTHER CONGRESSIONAL ISSUES

REINTRODUCED “STARTUP ACT” RETAINS “FREE AGENCY” TECHNOLOGY TRANSFER PROVISIONS NEW

A bipartisan group of four Senators yesterday reintroduced the Startup Act, which aims to improve the nation’s technological competitiveness by encouraging business investment, facilitating visas for foreign-born science and engineering graduates and entrepreneurs, and accelerating commercialization of university research.

The research university community continues to be concerned about “free agency” language in the bill that would encourage faculty to directly commercialize their research results. As with previous versions of the Startup Act, the new bill would use existing federal research and development funds to create a new program at the Department of Commerce that would award grants “to universities pursuing specific initiatives to improve commercialization capacity and to assist universities that want to pursue initiatives that allow faculty to directly commercialize research.”

The bill, dubbed “Startup Act 3.0,” was introduced by Senators Jerry Moran (R-KS), Mark Warner (D-VA), Chris Coons (D-DE), and Roy Blunt (R-MO).

OPEN ACCESS BILL INTRODUCED IN HOUSE AND SENATE NEW

Two Senators and three Representatives on February 14 introduced the Fair Access to Science and Technology Research Act of 2013 (FASTR), legislation to greatly expand public access to the results of federally funded research.

The bill was introduced by Senators John Cornyn (R-TX) and Ron Wyden (D-OR) and by Reps. Mike Doyle (D-PA), Kevin Yoder (R-KS), and Zoe Lofgren (D-CA) in the House. (The measure is S. 350 in the Senate, and H.R. 708 in the House.)

FASTR is similar to the Federal Research Public Access Act introduced in prior years. It would require all federal agencies that provide more than $100 million in annual extramural research funding to establish public access repositories. These repositories would give the public free access to the final accepted manuscripts of articles published in peer-reviewed journals on the results of research those agencies funded.
Like its predecessor, the new bill seeks to accommodate the need for subscription journal publishers to recover their publishing costs. It would do so by providing an embargo period of up to six months between the appearance of the final published version of an article in a peer-reviewed journal and the appearance of the final accepted manuscript in an agency’s public access repository. AAU has argued that the embargo period for such federal agency repositories should be lengthened from six to 12 months because publishers are concerned that a six-month embargo period will jeopardize their journals. Twelve months is the embargo period used by NIH’s PubMed Central.

The new bill adds two helpful new provisions: it requires agencies, to the extent practicable, to follow common procedures for the collection and depositing of research papers, and it requires repository research papers to be made available in formats and under terms that enable reuse.

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