



# FEDERAL UPDATE

## April 2013

The Report on Congressional & Administration Activities

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*For more information on the items in this report or on federal governmental developments in regard to UC and the State of California, please contact the Office of Federal Governmental Relations at (202) 974-6300.*

### WASHINGTON UPDATE

The month of March was busy as the FY 2014 budget process began with both the House and Senate passing their budget proposals. Now that the House and Senate have approved their budget resolutions, the FY 2014 appropriations process is now underway and will gather additional momentum after the President releases his FY 2014 Budget Request on April 10.

March was also very active with several federal advocacy events that the University of California participated – including Humanities Day, Council for Agricultural Research, Extension, and Teaching (CARET) Advocacy Day, and Fusion Day. Details about UC’s active involvement with these events can be found below.

March also brought legislative activity regarding various immigration proposals, graduate medical education, and a new proposal from the administration regarding mapping the human brain. Information about these new policy proposals are below.

### FISCAL YEAR 2014 UPDATE

In March, both the House and Senate introduced and approved their FY 2014 budget resolutions (H.Con.Res 25 and S.Con.Res 8, respectively). The House and Senate budget resolutions have widely different goals and assumptions and there is very little hope that the two plans can be reconciled. However, they are the “blueprints” for the respective bodies to begin their FY 2014 appropriation work.

The House budget resolution includes provisions to lower taxes and make additional cuts to domestic discretionary programs while balancing the budget in a decade. The resolution was passed by the House by a vote of 221 to 207 on March 21. The House’s resolution contains a cap of \$966 billion (as set forth in the Budget Control Act of 2011 and the American Taxpayer Relief Act of 2012), however, assumes that sequestration cuts will come from nondefense spending, and includes changes to the Medicare and Medicaid programs.

The Senate’s budget resolution includes a mix of spending cuts and new revenues, including tax reform, and was passed with a vote of 50 to 49 on March 23. The Senate resolution also includes a discretionary spending cap for FY 2014 of \$966 billion but contains a large number of “deficit-neutral reserve funds” to provide the Senate Budget Committee with flexibility to modify spending allocations. The Senate resolution eliminates the sequester, through additional cuts to defense spending, increases in tax revenue,

and savings created through health care adjustments. Details highlighting the impact the budget proposals would have on health care, if enacted, are included below.

Additionally, after much delay, President Obama will release his FY 2014 Budget Request on April 10th. UC FGR will be actively monitoring the President's request and following the release, will be providing supplemental information about the request and UC's FY 2014 programmatic funding requests.

### **Senate/House Budget Resolutions – Health Care**

The Senate-passed FY 2014 budget resolution reflected an ongoing commitment to preserving the current structures of Medicare, Medicaid, and the Affordable Care Act (ACA). This includes rejecting the proposals of the House to privatize Medicare, convert Medicaid into a block grant program, and repeal provisions of the ACA. The resolution includes mandatory savings of \$265 billion to the Medicare program by continuing reforms in the health care delivery system and reducing fraud, waste, and abuse. It further calls for the permanent repeal of both the Medicare Sustainable Growth Rate (SGR - the formula by which physicians are reimbursed by Medicare) and the cuts to Medicare from sequestration.

The House-passed FY 2014 budget resolution offers more fundamental alterations to the current health care system by converting Medicaid into a block grant program to states; repealing the Medicaid expansion authorized in the ACA; converting Medicare into a premium support model for beneficiaries becoming eligible for the program in 2024; and repealing the Independent Payment Advisory Board required to develop proposals to reduce Medicare's growth rate. Similar to the Senate budget resolution, the House also recommends repealing the SGR but it does not reverse the cuts to Medicare as authorized by sequestration.

For additional information, please contact Shoshana Derrow at [Shoshana.Derrow@ucdc.edu](mailto:Shoshana.Derrow@ucdc.edu) or (202) 974-6309.

### **FISCAL YEAR 2013 CONTINUING RESOLUTION**

Congress gave final approval to the FY 2013 spending package the week of March 18. The President signed it into law on March 26. Adoption of the measure was needed to continue federal funding through the end of this fiscal year and to avoid a government shutdown.

The FY 2013 Consolidated and Further Continuing Appropriations Act did not postpone or repeal the \$85 billion budget sequester that went into effect on March 1, which is carried out through across-the-board cuts in defense and nondefense programs for this fiscal year. These cuts will be allocated over the final six months of FY 2013.

The measure did include full-year bills for five of the 12 appropriations measures—Defense and Military-Construction-Veterans Affairs; Agriculture; Homeland Security; and, Commerce-Justice-Science. The bill provides a number of these federal agencies adjusted funding levels and greater flexibility to manage their sequester cuts. While providing flexibility, it did not negate the sequester for those agencies. As was reported by the higher education associations, below are some of the changes to agencies important to higher education:

- National Science Foundation (NSF): The bill added \$221 million for NSF in FY 2013, raising the agency's budget to \$7.254 billion. With the sequester, however, the agency's budget will be \$6.884 billion. FY 2012 funding was about \$7.033 billion.
- NASA: The measure funded the space agency at \$17.52 billion, which agency officials estimate will be reduced to \$16.65 billion under the sequester. This compares to the FY 2012 budget of \$17.8 billion. Within the NASA post-sequester FY 2013 total, Science received \$4.8 billion, a cut of \$295 million from the FY 2012 level; Aeronautics received \$531 million, a cut of about \$39 million from the FY 2012 level; and Education received \$116.5 million, a cut of \$22 million from the FY 2012 level.
- Agriculture and Food Research Initiative (AFRI): The bill increased USDA AFRI competitive grants funding by \$25 million to \$290 million, before the sequester. The Department indicates that the sequester will reduce the budget to about \$274 million, for an increase of \$10 million over FY 2012 funding. However, other agricultural research and extension programs, including Hatch Act, Smith Lever, McIntire-Stennis, EFNEP and pest management, were cut by an extra 2.5 percent on top of the sequester for a total of 7.6 percent below FY 2012 funding levels.
- The legislation also included language instructing secretaries of the branches of the military to reinstate the tuition assistance programs for members of the armed forces through the end of fiscal year 2013. These programs had been suspended at the start of the sequester.

The measure also included a number of anomalies, which are changes to certain programs and funding levels for agencies not covered by the five full-year bills included in the CR. The anomalies provided some small increase over the FY 2012 levels and did not affect the sequester. The anomalies included:

- NIH was funded through the CR, but an anomaly in the bill increased the agency's budget by \$71 million, before imposition of the \$1.6 billion in sequester cuts. NIH funding in FY 2012 was about \$31 billion.
- The final bill cut \$44 million from the Department of Energy (DOE) including cuts of \$13 million to the DOE Office of Science, \$10 million from ARPA-E, \$11 million from Energy Efficiency and Renewable Energy (EERE), and \$10 million from Nuclear Energy. (In FY 2012, the DOE Office of Science budget was \$4.84 billion, ARPA-E was \$275 million, EERE was \$1.8 billion, and Nuclear Energy was \$765 million.) The sequester will produce further cuts.
- Javits Fellowships. An anomaly allows continuation awards for Javits Fellowship recipients under the Graduate Assistance of Areas of National Need program, which Congress consolidated last year. The language enables 100 Javits recipients to receive their last year of funding.

AAAS released an [analysis](#) of the final FY 2013 appropriation bill for federal R&D funding including the impact of sequestration to the final funding levels.

### **New Restrictions Imposed on NSF Political Science Program Research**

New restrictions on National Science Foundation (NSF) political science research awards were included in the final FY 2013 appropriations legislation, which was signed into law in late March (Public Law 113-6).

The original amendment, sponsored by Senator Tom Coburn (R-OK), would have prohibited funding for the NSF Political Science Program, cut \$10 million from NSF Research and Related Activities, and transferred \$7 million to the NIH National Cancer Institute.

The final negotiated amendment, sponsored by Coburn, accepted by Senate Appropriations Chairman Barbara Mikulski (D-MD) and approved by voice vote by the full Senate, requires the NSF Director to certify that funds awarded under the Political Science Program (Directorate for Social, Behavioral, and Economic Sciences (SBE)) promote “national security or the economic interests of the United States.”

Additional attempts to eliminate funding for or further restrict social, behavioral and economic sciences research can be expected in both FY 2014 appropriations and authorizing legislation. In coordination with the campuses, OP and other stakeholders, FGR will continue to work with the California Congressional delegation to communicate the high value of the social, behavioral and economic sciences research being done at UC.

For additional information, please contact Marjorie Duske at [Marjorie.Duske@ucdc.edu](mailto:Marjorie.Duske@ucdc.edu) or (202) 974-6306.

### **DoD Tuition Assistance Update**

As a result of the recent budget sequester and the need to find savings in Department of Defense (DoD) accounts, the U.S. Army and Marine Corps initially suspended benefits available to active-duty personnel through its Tuition Assistance (TA) program. The other service branches were set to follow suit, but on March 21, Congress approved an amendment sponsored by Senators Jim Inhofe (R-OK) and Kay Hagan (D-NC) to keep the TA program active.

The amendment was approved as part of the 2013 Continuing Resolution, which funds federal agencies through September 20, 2013. In addition to Tuition Assistance, military students can apply for all the same financial aid offered to non-military students, and TA benefits are completely separate from the VA-sponsored Montgomery GI Bill or Post 9/11 GI Bill benefit programs. The VA education programs will not be affected by cuts in FY 2013.

For additional information, please contact Carolyn Henrich at [Carolyn.Henrich@ucdc.edu](mailto:Carolyn.Henrich@ucdc.edu) or at (202) 974-6308.

## **POLICY AND REGULATORY UPDATE**

### **Graduate Medical Education Legislation**

On March 14, legislation was introduced in both the House and Senate to increase the number of Medicare-supported graduate medical education (GME) residency positions by 15,000 over five years. Representatives Aaron Schock (R-IL) and Allyson Schwartz (D-PA) authored the “Training Tomorrow’s Doctors Today Act” while Senators Charles Schumer (D-NY), Bill Nelson (D-FL), and Harry Reid (D-NV) introduced “The Resident Physician Shortage Reduction Act of 2013.” With the number of federally supported residency slots capped 15 years ago, these bills seek to alleviate the projected doctor shortage of 90,000 by the year 2020. Both the House and Senate bills would distribute the new residency positions based on 1) an emphasis on training physicians in outpatient and community settings; 2) states with new medical schools or new branch campuses; and, 3) eligibility for electronic health record incentive payments.

For additional information, please contact Shoshana Derrow at [Shoshana.Derrow@ucdc.edu](mailto:Shoshana.Derrow@ucdc.edu) or (202) 974-6309.

**BRAIN Initiative**

Although the President will be releasing his FY 2014 Budget Request on April 10, the White House announced on April 2 that it will dedicate \$100 million towards a new public/private partnership to research and further understand the human brain. This initiative, the Brain Research Through Advancing Innovative Neurotechnologies (BRAIN), seeks to allow scientists and researchers to discover new ways to prevent, treat, and cure brain disorders such as Alzheimer's disease and epilepsy. Funding will come from the National Institutes of Health, the Defense Advanced Research Projects Agency, and the National Sciences Foundation as well as private partners. Several representatives from the University of California were invited to attend the unveiling of this initiative at the White House including Gene Block, chancellor, UCLA, Susan Desmond-Hellmann, chancellor, UCSF, and Pradeep K. Khosla, chancellor, UCSD.

For additional information, please contact Shoshana Derrow at [Shoshana.Derrow@ucdc.edu](mailto:Shoshana.Derrow@ucdc.edu) or (202) 974-6309.

**Comment Period Extended for Proposed OMB "Supercircular"**

In late March, the Office of Management and Budget (OMB) [issued a one-month extension](#) – to June 2 – for receiving public comments on its new proposed guidance: "Reform of Federal Policies Relating to Grants and Cooperative Agreements: Cost Principles and Administrative Requirements." OMB proposes to consolidate and revise existing circulars that govern these matters.

As with UC's response to OMB's two previous costing policy proposals over the past 18 months, the UCOP Office of Research and Graduate Studies is working with the campuses to coordinate the submission of UC System-wide comments. In the past, some campus offices of research have offered additional comments.

If you have questions or comments about the proposed rules, or the development of comments, please contact Marjorie Duske at [Marjorie.Duske@ucdc.edu](mailto:Marjorie.Duske@ucdc.edu) or (202) 974-6306, or Kamala Lyon at [Kamala.Lyon@ucdc.edu](mailto:Kamala.Lyon@ucdc.edu) or (202) 974-6312.

**Immigration Update**

Since January, there has been growing momentum toward development of comprehensive immigration reform legislation, and two small groups of lawmakers have emerged that are working to develop proposals that they believe could advance toward enactment this summer.

A bipartisan group of eight senators – Charles Schumer (D-NY), Dick Durbin (D-IL), Robert Menendez (D-NJ), Michael Bennet (D-CO), Marco Rubio (R-FL), John McCain (R-AZ), Lindsey Graham (R-SC), and Jeff Flake (R-AZ) – are close to agreement on a Senate legislative proposal and they may unveil legislation the week of April 8.

In the House, another group of eight members – Luis Gutierrez (D-IL), Zoe Lofgren (D-CA), Xavier Becerra (D-CA), John Yarmuth (D-KY), Mario Diaz-Balart (R-FL), Sam Johnson (R-TX), John Carter (R-TX), and Raúl Labrador (R-ID) – have been deliberating behind closed doors for several months and are also expect to release House legislation the week of April 8.

Although the particular approaches and timelines may differ significantly in the House and Senate legislative proposals, both are expected to offer solutions to the critical immigration issues. These issues

include addressing the 11 million undocumented persons present in the United States, individuals brought to the country as young children, enhanced border controls, stricter employment verification and worker safety, agricultural workers, temporary work permits, and visas for high-skilled workers.

Advocates for comprehensive immigration reform would like to see swift action, and opponents are calling for a more deliberative approach. Either way, the process for immigration reform to be signed into law and implemented is just beginning and there is much more work to be done.

The University of California will review legislative proposals and will assess the impact on U.S. and international students and scholars. UC will promote policies that ensure the U.S. remains a global leader in innovation and new technologies, and remains competitive for high-skilled international talent.

For additional information, please contact Carolyn Henrich at [Carolyn.Henrich@ucdc.edu](mailto:Carolyn.Henrich@ucdc.edu) or at (202) 974-6308.

## **ADVOCACY UPDATE**

### **Council for Agricultural Research, Extension and Teaching (CARET) Advocacy Day**

In conjunction with the annual Association of Public and Land-grant Universities (APLU) CARET conference, UC representatives participated in two days of education and advocacy meetings on Capitol Hill to communicate the importance of federal agricultural research programs to UC and the California economy. The UC delegation included UC Agriculture and Natural Resources leaders, the UC Berkeley and UC Riverside agricultural deans and CARET industry representatives. In all, the delegation met with 23 California Congressional offices – including new members of committees with jurisdiction over Farm Bill authorization and agriculture appropriations.

For additional information, please contact Marjorie Duske at [Marjorie.Duske@ucdc.edu](mailto:Marjorie.Duske@ucdc.edu) or (202) 974-6306.

### **Fusion Energy Advocacy Day**

The University of California was one of 20 academic institutions, national laboratories and industrial partners from across the country who took part in Fusion Advocacy Day, an annual event in Washington, D.C., dedicated to advocating for Department of Energy fusion energy sciences programs. UC representatives joined colleagues from UC San Diego, the Lawrence Livermore National Laboratory and General Atomics, to visit 22 members of the California congressional delegation, to discuss California's leading role in fusion energy research (both magnetic and laser), plasma science education, and in producing high-tech components for the International Thermonuclear Experimental Reactor (ITER), now under construction.

For additional information, please contact Chris Carter at [Chris.Carter@ucdc.edu](mailto:Chris.Carter@ucdc.edu) or (202) 974-6310.

### **National Humanities Advocacy Day**

Higher education advocates from UC campuses – Santa Barbara, Los Angeles, and Irvine – participated in Humanities Advocacy Day, an annual event in Washington, D.C. sponsored by the National Humanities Alliance. UC advocates led a group of faculty from Stanford, CSU Fresno, and St. Mary's College during the event to meet with 17 California members' offices to relay to them the value of their humanities work and to raise awareness about the need for increased federal funding for the National Endowment for the

Humanities (NEH). NEH awards competitive grants for humanities research, education, and preservation projects, and supports educational and cultural programs throughout the nation. The federal NEH funding leverages significant state and private money to expand its effectiveness and reach.

Humanities education and research is a critical part of the American educational experience. Broad preparation in the humanities fosters innovation and global engagement, strengthens civic values, increases our understanding of communities’ shared history, and enhances the nation's economic and cultural successes in education, diplomacy, business, and national security.

For additional information, please contact Carolyn Henrich at [Carolyn.Henrich@ucdc.edu](mailto:Carolyn.Henrich@ucdc.edu) or (202) 974-6308.

**Federal Update**

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