



FEDERAL UPDATE

June 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

Congress and the Administration are working on a number of contentious policy issues including immigration reform, the student loan interest rate, and fiscal year 2014 appropriations. Facing Congress this fall will be action on the federal debt ceiling. Reaching the debt ceiling will reignite the debate between raising the debt ceiling and paying for the increase by cutting spending and/or raising taxes. The debt ceiling debate will coincide with the end of this fiscal year and Congressional action needed to fund the federal government for FY 2014.

May and June were busy months as the House and Senate continued work on the fiscal year 2014 appropriations. Currently both Chambers are holding hearings and markups.

Furthermore, Congress has been actively working to adopt a proposal for immigration reform and to address the increase in the student loan interest rate that went into effect on July 1.

May also saw several federal advocacy events including Coalition for National Science Funding (CNSF) Day and UC Day in DC, the University's largest federal advocacy event. Details about UC's active involvement with these events can be found below.

April and May also brought federal policy proposals regarding health care and STEM reorganization. Information about these new policy proposals are also below.

FISCAL YEAR 2014 APPROPRIATIONS UPDATE

The House of Representatives and the Senate continue work on appropriations for fiscal year (FY) 2014. Significant challenges loom for Congress to reach final agreement on the twelve spending bills.

There is a \$91 billion gap between the House and Senate funding caps for FY 2014 appropriations bills. While the President and the Senate assume that an agreement will be reached to cancel FY 2014 sequestration (across-the board cuts to defense and non-defense programs totaling \$85 billion in 2013 and \$109.3 billion a year in each year from 2014 to 2021), the House chose to take the \$91 billion discretionary portion of the FY 2014 sequestration amount "off the top." Furthermore, the House would protect defense programs, so domestic discretionary programs would bear a disproportionate share of cuts. In addition to having \$91

billion more to work with for FY 2014, the Senate is expected to maintain the current defense/non-defense funding split.

House leadership has indicated that it is their intention to pass all twelve appropriations bills and is currently working to achieve this goal. Under current allocations, six bills will have double digit percentage cuts below FY 2013 (including sequestration). The Labor/HHS/Education bill – which funds NIH and Pell Grants – has a cut of nearly 19 percent. The DOE Office of Science, ARPA-E, EERE, and the UC-affiliated national labs are funded by the Energy and Water bill, which the House would cut by more than 11 percent overall – including a proposed 81 percent cut to ARPA-E and a 50 percent cut to renewable energy programs.

Furthermore, unless the Budget Control Act of 2011 is revised, discretionary programs – including research, education and training – are subject to additional funding cuts in each successive year through 2021. It is unclear when the President and Congress may restart negotiations on a new budget framework agreement.

To date, the House has passed the Agriculture and Defense appropriations bills out of their respective committees, and the Homeland Security and Military/Veterans appropriations bill have been approved by the full House. In the Senate, the Agriculture, Energy and Water, Military/Veterans and Transportation/Housing and Urban Development appropriations bills have been approved at the committee level.

FGR has shared with the California congressional delegation a copy of UC's FY 2014 federal priorities (a copy is available [here](#)) and will continue to advocate, in coordination with our campus colleagues, for strong and robust federal funding throughout the appropriations process.

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

CONGRESSIONAL LEGISLATIVE ACTIVITY

Student Loan Interest Rates

On July 1, the interest rate on new subsidized Stafford student loans increased from 3.4 percent to 6.8 percent. The increase was part of legislation that was enacted in 2007 and was initially set to expire in 2012. In 2012, Congress approved a one-year extension. In May, the House passed legislation that set a variable rate on student loans. The Senate has competing proposals, one creating a variable rate similar to the House proposal and one keeping the rate at 3.4 percent for another year until Congress takes up reauthorization of the Higher Education Act. The Senate could not agree prior to the July 1 deadline and now plans to vote on a new agreement when they return from the July 4 recess. While there have been discussions about a final Senate agreement being retroactive to July 1, the House and Senate must still reach agreement on a final proposal or the interest rate will remain at the 6.8 percent.

In late-June, UC President Mark Yudof sent a [letter](#) to the California Congressional delegation urging Congress to reach agreement on keeping the interest rates on subsidized Stafford student loans low.

UC FGR, working in coordination with the campuses, continues to advocate to members of Congress to keep the student loan interest rate low and to include other student protections. In addition, UC is now advocating that Congress make the lower rate retroactive to July 1.

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

Farm Bill Reauthorization

Despite six weeks of steady progress in the House and Senate toward a 5-year authorization, the Farm bill suffered a major setback in late June when the House voted the bill down on final passage. The Senate has passed its own version of a 5-year Farm bill authorization. Mandatory agriculture programs are operating under a temporary extension through September 30. However, next steps toward an authorization remain unclear.

A dairy reform proposal and changes in eligibility requirements for the Supplemental Nutrition and Food Assistance Program (SNAP) were the main controversies at issue in the House debate. However, both the House and Senate bills would reauthorize several mandatory National Institute for Food and Agriculture (NIFA) research and extension programs of importance to UC, as follows:

NIFA Research and Extension Programs with Mandatory Funding (5-year totals)

	<u>Senate</u>	<u>House</u>
Specialty Crop Research Initiative	\$80 million	\$100 million
Organic Agriculture Research and Extension	\$200 million	\$275 million
Beginning Farmer/Rancher Development	\$85 million	\$100 million
Biomass R&D	\$130 million	\$0

The Senate bill would also provide \$200 million for a new 501(c)(3) organization to be known as the "Foundation for Food and Agriculture Research."

FGR staff will continue to engage Congress on the value and importance of agricultural research and extension programs, through both the authorization and appropriations processes.

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

POLICY AND REGULATORY UPDATE

Immigration Update

Congress is actively trying to advance legislation to reform U.S. immigration policy. On June 27, the Senate passed its version of comprehensive immigration reform, S. 744, the Border Security, Economic Opportunity, and Immigration Modernization Act. The Senate bill addresses a number of UC's priorities, including increasing the number of H-1B visas and establishing new visas for high-tech entrepreneurs and individuals who earn advanced degrees in STEM fields at U.S. universities. In addition, the Senate legislation includes an expedited path to citizenship for undocumented students who arrived in the U.S. as children.

UC will continue to monitor the numerous proposals being considered in the House and as legislation moves forward. UC is focusing on the continuing need to attract and recruit the best and the brightest students and faculty; on assuring that the U.S. has the high-skilled workers it needs to innovate and improve America's competitiveness in the global market; and on encouraging open educational and cultural exchanges around the world. UC is also looking at securing the DREAM Act to address the needs of undocumented students who arrived in the U.S. as children.

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

Health Care Policy Environment

With Congressional focus elsewhere, there has been limited legislative action on health care-related bills. However, there have been a number of activities over the past month that are likely to influence the ongoing debate on health care policy in D.C.

On May 31, the trustees of the Social Security and Medicare trust funds issued their annual report which outlines the current and projected financial status of each program. Though Medicare's trust fund has been extended two years, until 2026, this modest improvement is not enough to eliminate it from the conversations and debate over the nation's debt ceiling, proposals to reduce the deficit, and possible entitlement reform. Medicare continues to be a focal point of legislators looking to improve and extend the program, enhance quality of care for beneficiaries, and reduce the federal deficit. Hospital-related policies, including the ongoing discussion over graduate medical education funding, are likely to be included in this ongoing and future conversations. The full report can be found here: (<http://www.ssa.gov/oact/tr/2013/tr2013.pdf>)

The Medicare Payment Advisory Committee (MedPAC), an independent congressional agency tasked with advising Congress on issues affecting the Medicare program, issued its second report and recommendations on June 14. Their report examines several Medicare payment system issues including a possible competitively determined plan contribution program (or voucher program), the variation of Medicare payments across care settings, bundling payments for post-acute care services, and issues with Medicare's hospital readmissions reduction program. MedPAC is used extensively by Congressional members and their staff and often informs legislative priorities and language. Any discussions on Medicare reform or deficit reduction could be informed by the proposals set forth in MedPAC's June report. The full report can be found here: http://www.medpac.gov/documents/Jun13_EntireReport.pdf

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

Administration's STEM Reorganization Proposal

UC continues to engage members of Congress and their staff with concerns about the lack of information available on the Administration's implementation plans for its proposal to restructure

science, technology, engineering, and mathematics education (STEM) programs. Offered as part of the President's FY 2014 budget request, the STEM reorganization proposal would eliminate – or consolidate into the National Science Foundation (NSF), the Department of Education or the Smithsonian Institution – more than 100 programs from those agencies as well as the US Department of Agriculture, Commerce, Department of Energy (DOE), Department of Defense (DOD), Health and Human Services (HHS), NASA, Environmental Protection Agency (EPA) and Transportation and other agencies. UC remains engaged in efforts to ensure that the strengths of existing STEM programs, particularly at the graduate research level, are retained should consolidation plans proceed.

For more information, please contact Marjorie Duske at Marjorie.Duske@ucdc.edu or (202) 974-6306, or Chris Carter at Chris.Carter@ucdc.edu or 202-974-6310.

Scientific Peer Review, SBE Research and the “High Quality Research Act”

UC is a signatory to a statement of guiding principles issued by national academic and business leaders for the COMPETES Act reauthorization legislation governing National Science Foundation (NSF), Department of Energy (DOE) Office of Science and National Institute of Standards and Technology (NIST). The statement articulates support for science and engineering funding as a national priority – with targets for sustained funding growth for federal research, and priorities based on excellence, competitive merit and review guided by scientific peers that are insulated from political pressures.

Among the concerns necessitating the issuance of the statement is the federal budget situation and congressional efforts to restrict funding for certain types of scientific research, particularly in social, behavior and economic (SBE) disciplines. For example, the FY 2013 final appropriations legislation required the NSF Director to certify that funds awarded under the Political Science Program (SBE Directorate) promote “national security or the economic interests of the United States.”

More recently, the House Science Committee has circulated draft legislation known as the “High Quality Research Act” (HQRA) that would require the NSF director – prior to making an award – to certify that each NSF award: “advances national health, prosperity, or welfare...and... national defense;” “solves problems...of utmost importance to society at large;” and “is not duplicative.” Despite the chairman’s intentions to focus resources on high quality science, the bill threatens to undermine NSF’s successful peer review model and to risk restricting the flow of innovative ideas and discoveries into society and the marketplace. UC FGR continues to work with Congressional leaders to enhance understanding of the value of the peer review model and to strengthen research investments.

For more information, please contact Marjorie Duske at Marjorie.Duske@ucdc.edu or (202) 974-6306, or Chris Carter at Chris.Carter@ucdc.edu or 202-974-6310.

UC Comments on OMB “Supercircular”

On May 31, UC submitted comments to the Office of Management and Budget (OMB) on its proposed “supercircular” guidance, “Reform of Federal Policies Relating to Grants and

Cooperative Agreements: Cost Principles and Administrative Requirements.” UC expressed support for a number of OMB’s proposed reforms, including improved OMB oversight and more clear direction for federal agencies to follow administrative policies, efforts to streamline and standardize the single audit process, the ability to direct charge administrative support, clarification of the use of computing devices, expansion of the use of the Utility Cost Allowance, and the addition of an extension of the F&A rate agreement for up to four years.

UC raised some concerns with the proposed circular, including: proposed new burdens associated with subrecipient reporting requirements, the proposed linkage between programmatic success and financial reporting, overly prescriptive procurement requirements and unclear definitions and new concepts associated with reporting salary and compensation charges.

UC also endorsed the comments offered by the Council on Government Relations on behalf of the university community.

For additional information, please contact Marjorie Duske at Marjorie.Duske@ucdc.edu or (202) 974-6306, or Kamala Lyon at Kamala.Lyon@ucdc.edu or (202) 974-6312.

Advanced Manufacturing

Several UC campuses and labs are engaged in preparations to respond to the May announcement of a \$200 million federal commitment for three new advanced manufacturing innovation institutes – two Department of Defense (DOD) institutes and one Department of Energy (DOE) institute:

DOD: [Digital Manufacturing and Design Innovation](#) (DMDI), and [Lightweight and Modern Metals Manufacturing Innovation](#) (LM3I)
The formal DOD solicitations are expected by July 1, and Proposers Day forums have been scheduled for July 9-10.

DOE: [Wide Bandgap Semiconductors for Power Electronics](#)
The letter of intent deadline is July 11, and the full submission deadline is August 29.

Consultations and collaborations are occurring across UC campuses and with other California and out of state academic, industry and non-profit institutions (including the new California Network for Manufacturing Innovation (CNMI)). The Governor’s office has been engaged in the development of the CNMI network. Representatives of UC Irvine, Lawrence Livermore National Laboratory and Lawrence Berkeley National Laboratory serve on the CNMI Board of Directors.

UC FGR is working to facilitate UC engagement in these advanced manufacturing initiatives, including a July 9 Congressional briefing on Capitol Hill featuring the CNMI.

For more information, please contact Marjorie Duske at Marjorie.Duske@ucdc.edu or (202) 974-6306.

ADVOCACY UPDATE

UC Senior Vice President of Health Sciences and Services Jack Stobo, , Visits Washington, D.C.

As part of an ongoing effort to advocate on behalf of UC Health and its academic medical centers, Jack Stobo, Senior Vice President of Health Sciences and Services in the Office of the President, was in D.C. on June 27 to meet with members of Congress and their staff. As Congress continues to consider Medicare policy reforms and deficit reduction, Dr. Stobo made the case for the value and necessity of graduate medical education funding. He met with several members of Congress and their staff including Congresswoman Matsui (CA), Democratic Leader Pelosi's (CA) top health policy advisor, Senator Sherrod Brown (OH), and Speaker Boehner's (OH) health policy advisor. Visits by leadership, faculty and students of the UC Health System assist UC FGR in personalizing and messaging the important work of the UC Health to policymakers in D.C.

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

Coalition for National Science Funding (CNSF) Advocacy Day

On May 7, student and faculty researchers from five UC campuses traveled to D.C. for the annual Coalition for National Science Funding Day. Researchers from UC Irvine, UCLA, UC Merced, UC Riverside and UC San Diego's Scripps Research Institute joined dozens of others representing more than 30 universities and scientific societies, to inform Members of Congress about the important research sponsored by the National Science Foundation (NSF) and the need to continue to provide robust funding. UC research interests highlighted during the day included STEM teacher recruiting and retention, bio-inspired materials, the impact of technology on human environments, and water resource protection in the Sierra Nevada. A full day of meetings with more than half of the California congressional delegation was followed by an evening exhibition. Several members of Congress and NSF program officers attended the exhibition.

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

UC Day in DC

On May 20-22, UC FGR hosted UC Day in DC, the University's largest federal advocacy event. This year, more than 90 delegates, including researchers, staff, faculty and alumni, representing all ten campuses participated in the event to advocate for continued federal support for graduate education and research programs. To assist in communicating our message to Congress, FGR worked in coordination with UCOP Communications to develop a publication, "The Nucleus of New Ideas" which is available [here](#). The three day event included a delegate briefing where delegates were updated on the congressional agenda by Congressman John Garamendi (CA-3), Democratic Caucus Chairman Xavier Becerra (CA-34) and House Majority Whip Kevin McCarthy (CA-23). In addition, delegates received briefings from UC FGR governmental relations staff and national and association leaders on the importance of federal support for graduate research and education. The UC Day in DC delegates met with all 53 California representative offices, as well as the offices of Senators Feinstein and Boxer and a number of key committees. Looking to enhance this year's event, UC FGR developed the UC Day in DC website, to provide key information to delegates, UC colleagues and for members of Congress.

The website is available [here](#). FGR also created a mobile guide for delegates to use for up to date information about the event and to access electronic versions of the publications while participating in their advocacy meetings. The mobile guide used an application called "Guidebook," which was created by two UC alumni.

For additional information, please contact Charles Melton at Charles.Melton@ucdc.edu or (202) 974-6325.

Federal Update

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