

Issue #09-09

**GOVERNMENT RELATIONS UPDATE**

Sept. 29, 2009

**CONGRESSIONAL SCHEDULE**

Congress returned from recess on Sept. 8 and will consider several major issues over the coming months, including health care reform, financial services reorganization, student-aid reform and cap and trade legislation. With work on the various appropriations bill currently lagging, Congress may stay in session well into December.

**FEDERAL APPROPRIATIONS UPDATE**

**Senate Appropriations Committee passes Defense bill.** The Senate Appropriations Committee recently completed work on the Department of Defense (DOD) spending bill. Overall, science and technology-related programs were cut \$1.1 billion from fiscal year 2009 level to \$12.37 billion. The proposed DOD bill also includes \$78.45 billion for defense research, development, test and evaluation, down 2.6 percent from the FY 09 level.

Other aspects of defense research are as follows:

- **Basic research:** The bill provides \$1.83 for basic research, a \$10.4 million cut from FY 09 and \$100 million below the House version.
- **Applied research:** The bill provides \$4.61 billion for applied research, a \$507.4 million cut from FY 09.
- **Advanced technology development:** The bill provides \$5.93 billion for advanced technology development, a \$602.8 million cut from FY 09.

Additional defense research appropriations include:

- **Army 6.1:** \$441.0 million, a slight increase over FY 09;
- **Army 6.2:** \$1.08 billion, a 12.8 percent cut from FY 09;
- **Navy 6.1:** \$544.2 million, a slight reduction in funding from FY 09;
- **Navy 6.2:** \$699.4 million, a 9.9 percent cut from FY 09;
- **Air Force 6.1:** \$480.8 million, a 2.5 percent increase over FY 09;
- **Air Force 6.2:** \$1.17 billion, a 3.9 percent cut from FY 09;
- **Defense-wide 6.1:** \$365.6 million, a 5.4 percent cut from FY 09; and
- **Defense-wide 6.2:** \$1.66 billion, a 12 percent cut from FY 09.

As reported last month, the House version of the DOD spending bill also decreases overall appropriations for applied and advanced research. However, the House does provide a 4.8 percent increase for basic research. In response to the lack of support for basic and DARPA research, the [Association of American Universities](#) (AAU) and the [Association of Public and Land-grant Universities](#) have sent a letter to Congress urging members to reconsider. The letter can be seen [here](#).

**Work on appropriations bills lags and a continuing resolution now expected.** According to Rice's federal government relations firm, [Crowell Moring](#), consideration by the Senate of the various appropriations bills has stalled over disputes involving the Interior-Environment appropriations bill. The full Senate, however, is expected to consider the DOD appropriations bill this week. In addition to funding disagreements, AAU reports that the various conference committees for each of the 12 appropriations bills have been delayed because of a

dispute over earmarks. The House has added provisions that require earmarks to for-profit entities be competitively bid, but the Senate is resisting. A compromise may be worked out which would call for the House "competitive bid" language to be included in appropriations bills after FY 10.

It now appears likely that Democrats will attach a one-month continuing resolution to the legislative branch appropriations conference report, which is the only appropriations bill that will be ready for the president's signature before the start of the FY 2010 fiscal year, which begins on Oct. 1. The House has passed such a measure; the Senate is expected to follow this week.

## FEDERAL ISSUES UPDATE

**House passes student aid legislation.** Last week, the House approved, largely along party lines, the Student Aid and Fiscal Responsibility Act of 2009. Student-aid reform has been identified by the Obama administration as a major policy priority, and House Democratic leadership supported his effort to eliminate private lending in favor of direct student loans. The Senate has yet to consider a similar bill though one may be filed as early as next week. The full story can be viewed [here](#).

Highlights of the House bill include:

- **Pell grants:** Provide \$40 billion over 10 years to increase the maximum award to \$5,550.
- **Student loans:** Interest rates on federal student loans will become variable in 2012. In addition, there will be a massive overhaul of the Perkins Loan program, creating a new Federal Direct Perkins Loan program.
- **College access:** Creation of a new College Access and Completion Innovation Fund to provide grants to states and institutions that are inventive in their approach to improving access to all students and increasing their number of graduates.
- **Community colleges:** \$10 billion will be infused into community colleges with the goal of increasing graduation rates by 5 million by the year 2020.
- **School and college renovation:** \$4.1 billion to modernize and repair schools with a focus on those damaged during Hurricanes Katrina and Rita.

Many Republicans remain skeptical about the proposed changes. [Rep. John Kline, R-Minn.](#), ranking member of the [House Education and Labor Committee](#) and a Rice '69 alumnus, continues to voice his party's opposition to the bill. Likewise, several higher education associations, including AAU, have worked closely with congressional staff to address areas of concern. One involves the College Access and Completion Innovation Fund, which many fear may open the door for increased reporting requirements and expand the reach of state government regulation into higher education. Private institutions are currently exempt from the reporting requirements in the House bill, largely because of lobbying efforts by the [National Association of Independent Colleges and Universities](#).

**Health reform debate continues.** President Barack Obama addressed a joint session of Congress on Sept. 9 to lay out his priorities on health care reform in an attempt to rally public support and regain momentum for his initiative.

In addition, [Sen. Max Baucus](#), D-Mont., chairman of the Senate Finance Committee, last week released his health care reform bill. The Baucus bill is now being considered by the full committee and, despite some early skepticism expressed by [Sen. Jay Rockefeller](#), D-West Va., it is expected to pass out of committee in the next week or two along party lines.

On the House side, Democrats plan to merge the three sections of health care reform legislation into one measure next week. The three sections were approved by the Ways and Means, Energy and Commerce and

Education and Labor committees earlier this year. The Democratic leadership will need to wait for a final score on the bill's costs from the Congressional Budget Office before bringing the merged comprehensive bill to the full House floor.

**Rice delegation attends "State of the Senate" speech by Sen. Cornyn.** Rice University representatives last week attended the "State of the Senate" address sponsored by the Greater Houston Partnership. [Sen. John Cornyn](#), R-Texas, provided the keynote address and discussed his views on the economy, health care reform, cap and trade legislation and immigration reform. The Rice table included Linda Thrane, vice president for Public Affairs; Jim Coleman, vice provost for research; Jack Agee, executive director of CONTACT; Valerie Moore, development coordinator for the Smalley Institute; and Ray Martinez, director of Government Relations.

**NIH stem cell panel.** According to the *Chronicle of Higher Education*, the National Institutes of Health (NIH) has named a review panel to advise the agency on whether human embryonic stem cell lines should be eligible for federal funding. Earlier this year, President Obama established criteria that revoked strict limits imposed by former President George Bush. The NIH panel will be lead by Jeffery Botkin, a medical ethics expert at the Utah School of Medicine. The full story can be seen [here](#).

**Earmarks under increased scrutiny.** A recent story in the *Washington Post* describes the continued unease of including earmarks in the federal budget. Although President Obama campaigned against earmark spending, his administration – while pushing for greater transparency in the process – has eased its criticism. The full story can be found [here](#).

## STATE ISSUES UPDATE

**Gov. Perry demands higher education cost review.** Texas Gov. Rick Perry recently issued an executive order calling for an immediate review of cost-efficiency standards for the state's public higher education institutions. The full story can be found [here](#).

**Perry names two Houstonians to higher education board.** Gov. Perry appointed two new members of the [Texas Higher Education Coordinating Board](#) on Aug. 20. **Durga Argawal**, a prominent Houston businessman and University of Houston alum, has three children who have attended Rice. The other Perry appointee with a Houston connection is **Dennis Golden**, an optometrist who previously served on the Board of Regents for the University of Houston.

## FEDERAL ETHICS PRIMER

**QUESTION:** *"I am a Rice faculty member and I recently submitted a proposal to a federal agency for a research grant. The funding for the grant was made possible by the American Recovery and Reinvestment Act (ARRA), otherwise known as the "stimulus bill." The deadline for the agency's decision is coming up and someone recently suggested that I should seek a letter of support from a member of Congress on behalf of my proposal. Since this is a competitive grant opportunity, is a congressional letter of support directed to the funding agency allowed?"*

**ANSWER:** Seeking a congressional letter of support for a competitive research proposal funded by regular federal agency appropriations can be an effective way to demonstrate strong governmental and community support for a project. Unless an agency announcement explicitly prohibits such demonstrations of support, Rice University Government Relations has in the past – and will continue in the future – assisting faculty in obtaining these letters when requested.

However, last March, shortly after the stimulus bill was passed by Congress, President Obama issued a "Memorandum on Ensuring Responsible Spending of Recovery Act Funds," which prohibited all spoken communications between federal registered lobbyists and executive agency personnel about grant opportunities funded by the stimulus bill. In addition, any written communications between lobbyists and federal agency personnel must be immediately posted to the agency's Web site for public disclosure purposes.

On May 29, the Obama administration revised this memorandum and broadened its applicability. Today the prohibition is as follows: Once an application for funding has been submitted to a federal agency and before the agency announces a decision, all spoken communications from anyone, not just federally registered lobbyists, are prohibited (unless initiated by an agency official). Written communications are still allowed, but even then the agency will have to immediately post those communications on its Web site. The updated memorandum is posted on the White House Web site here.

In sum, once an application for a stimulus-funded project has been submitted, we recommend that Rice faculty refrain from seeking letters of congressional support for the project. Moreover, we strongly suggest that Rice faculty be mindful of the prohibition on spoken communications for stimulus-funded projects.

The Rice Government Relations office welcomes questions on other ethical and regulatory matters from faculty and staff.