

**GOVERNMENT RELATIONS UPDATE**  
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**STATE AND FEDERAL OVERVIEW**

Happy new year and welcome to what will be an exciting year as the 2012 elections dominate the government relations world. Following is a quick update on recent developments at the federal and state level. Before finally finishing work on the fiscal year 2012 (FY12) appropriations bill, the drama and partisanship in D.C. almost shortened Congress's holiday break as lawmakers failed to agree on a temporary extension of the payroll tax cut passed last spring. Without legislative action, the discounted Social Security tax rate of 4.2 percent would have reverted back to the normal 6.2 percent at the start of the new year. Democrats and Republicans found a compromise on Dec. 28 and agreed to extend the payroll tax holiday for another two months, until Feb. 29.

With the end-of-year drama behind us, the focus is now on the Republican presidential primary. In the meantime, the next big event will be the unveiling of the president's FY13 budget in February. The 2013 proposed budget will include guidelines from the Office of Management and Budget (OMB) on sequestration that will determine the impact on future spending.

On the state level, redistricting continues to get more complicated as a quick and simple resolution seems out of reach. The unresolved nature of the state's political districts has resulted in confusion and uncertainty in the political process and upcoming elections. Until the redistricting lines are finalized, it remains difficult to predict Rice's future representation in Austin and Washington, D.C.

**WASHINGTON UPDATE*****Congress approves FY12 Omnibus Appropriations Bill***

Congress reached final agreement in late December on a \$912 billion FY12 omnibus appropriations bill that covers the remaining nine FY12 appropriations bills. While the previous appropriations bill funded NSF, NASA and NIST, this bill funded the National Institute of Health (NIH), Department of Energy (DOE), Department of Defense, National Endowment for the Humanities, and student aid and higher education programs. Despite the funding challenges at the start of the year, all-in-all Rice's priorities fared better than expected, as explained below. To see a comprehensive list of funding by agency, click [here](#).

**Student aid and higher education programs**

Of specific importance to college students, the conference committee agreement maintains the maximum discretionary Pell Grant award at \$5,550. As discussed in previous GR [updates](#), this level was maintained despite a significant and growing shortfall in the Pell grant program. In order to pay for that award level, Congress tightened the restrictions on who can receive the awards and how much they can receive. Specifically, the income threshold for getting the largest Pell award decreased

from \$30,000 to \$23,000, and students can receive the grants for only six years now instead of nine. To read about the additional restrictions, click [here](#).

In other news, the bill provides level funding for the Supplemental Educational Opportunity Grant program at \$735 million, Federal Work-Study at \$978.5 million, GEAR UP at \$302.8 million, and Graduate Assistance in Areas of National Need (GAANN) at \$30.9 million. Title VI International Education programs are cut by \$1.55 million to \$74.2 million (\$66.7 million for domestic programs; \$7.5 million for overseas programs).

#### National Institutes of Health (NIH):

NIH receives \$30.69 billion in FY12, an increase of \$1.7 million over the previous year. In addition, the bill includes language to create the National Center for Advancing Translational Sciences (NCATS) and to eliminate the National Center for Research Resources (NCRR) and transfer various NCCR programs to other institutes and centers. The bill provides NCATS with up to \$10 million for the Cures Acceleration Network. To read more about the new NCATS, click [here](#).

#### National Endowment for the Humanities (NEH):

NEH receives \$146.26 million in funding, a reduction of \$9 million from last year. The bill also urges NEH to provide no less than 40 percent of program funds “to support critical work of state humanities councils,” provides \$3 million for the *We the People* initiative, and encourages NEH to work more closely with Native American communities.

#### Department of Energy (DOE):

The DOE Office of Science receives \$4.89 billion, a \$50 million increase above last year. ARPA-E receives \$275 million, a \$95 million increase.

#### Department of Defense (DOD):

Funding for DOD 6.1 basic research program is significantly increased \$169.4 million to \$2.117 billion. For the broader Science and Technology (S&T) category, the conference agreement provides \$12.428 billion, an increase of \$488.8 million. 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 \$4.748 billion, a \$295.4 million increase. Advanced technology development (6.3 programs) receives \$5.563 billion, a \$24.0 million, or 0.4 percent, increase above the estimated FY11 level of \$5.539 billion.

While these results were favorable for many of the programs vital to Rice research, more difficult funding cuts are inevitable as Congress and the president wrestle over the impact sequestration will have on future budgets.

#### ***Update: Sequestration and what it means to Rice***

The last government relations update, which can be found [here](#), addressed the potential impact the failure of the Super Committee will have on Rice funding opportunities. Following are some specific points, and the full memo can be found [here](#) (**hyperlink**) on the Rice CAN website.

**It is safe to assume that under the current scenario, NIH, NSF and other research grant-making agencies will receive at least a 7.8 percent in funding.** Some in Congress suggest that such a cut at NIH would result in 2,500 to 2,700 fewer research grants

per year. It also would mean an annual cut of \$530 million at NSF, which would translate into a cut of \$430 million for research grants. At that level, NSF would have funding for about 1,500 fewer research and education grants. If sequestration moves forward, a disproportionate amount of cuts will affect DOD research programs. The Pentagon leadership will be extremely reluctant to cut weapons system acquisition, and OMB will likely protect military personnel from cuts as well. **Therefore, it is reasonable to expect that cuts much greater than 10 percent will affect DOD extramural research programs.**

While it is unlikely that these cuts will result in reductions to existing grants, it is highly probable that renewals could be canceled and future awards drastically reduced. In addition, research centers enjoying annual appropriations support could see their funding eliminated as well. **It is our recommendation at this time that Rice prepare for at least proportional cuts of 8 percent in NIH- and NSF-supported research and 10 percent in DOD-supported research in its federal portfolio.**

## TEXAS UPDATE

### *Update: Redistricting*

The uncertainty over redistricting continues to cause havoc across the state. Recently the U.S. Supreme Court intervened and determined that the interim map set by the three-judge federal panel in San Antonio is no longer valid, and is scheduled to hold oral arguments on Jan. 9. Things are expected to continue to change, but everything hinges on the Supreme Court ruling. In the meantime, both parties have agreed to postpone the Texas primaries from March to April 3 in hopes that the situation will be resolved by then. To read a more comprehensive analysis of the process and about what comes next click [here](#) or [here](#) to read an editorial from the Fort Worth Star-Telegram.