

GOVERNMENT RELATIONS UPDATE

December 2011

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STATE AND FEDERAL OVERVIEW

The biggest news since the last update has been the failure of the Deficit Commission. We explore the impact this will have on the overall federal budget and on vital Rice research programs below. The federal government is now running under a continuing resolution (CR) through Dec. 16 and Congress must pass the remaining appropriations bills to fund the government through FY 12. Congress did pass legislation that increased funding for NSF and also funded other agencies of interest to Rice. President Obama has signed the patent reform legislation discussed in previous updates. As the year draws to a close, Congress has much work to complete before lawmakers depart for the holidays.

The Texas Legislature has been relatively quiet since the end of the legislative session. However, with courts now scrutinizing redistricting maps, there is considerable uncertainty going into the 2012 election year. House Speaker Joe Straus has announced the interim committee charges, which sets the agenda for the next several months, and the Senate charges are expected to be announced soon. We will continue to update you on these and other state issues that impact our campus.

WASHINGTON UPDATE***Deficit committee fails to pass a plan: What does that mean for Rice?***

The Budget Control Act of 2011 (BCA) enacted in August after heated negotiations established the Joint Select Committee on Deficit Reduction, known as the Super Committee, and requires a series of automatic spending cuts, or sequestration, in the event the Super Committee fails to produce a bill to reduce the deficit. Just before Thanksgiving, the Super Committee announced it was not able to reach an agreement on deficit reduction. Therefore, as required under the BCA, an automatic sequestration of \$1.2 trillion will be triggered on Jan. 2, 2013. The BCA does not lay out any specific program funding cuts. Instead, it requires cuts among large categories of spending, and the effects of an automatic sequestration are not fully clear

for higher education. Cornerstone, Rice's D.C. advocacy firm, has drafted a memo that describes how this might impact our community. To read the entire memo, click [here](#).

At the request of Congress, the Congressional Budget Office (CBO) has prepared a report that estimates how automatic budget cuts could affect specific areas of federal spending. In addition, the Congressional Research Service (CRS) has published a new report, "The Budget Control Act of 2011: Effects on Spending Levels and the Budget Deficit." To view the CBO report, click [here](#) and the CRS report, click [here](#).

President signs patent reform legislation

President Obama signed the Leahy-Smith America Invents Act ([H.R. 1249](#)) on Sept. 16, which capped a six-year effort to reform the U.S. patent system and the first major reform in nearly 60 years ago. The legislation is intended to update the patent system to encourage innovation, job creation and economic growth. It implements a first-inventor-to-file standard for patent approval, creates a post-grant review system to weed out bad patents, and helps the Patent and Trademark Office (PTO) address the backlog of patent applications.

In heralding the passage of the legislation, House Judiciary Chair Lamar Smith, R- Texas, issued the following statement: "The current patent system is broken. The average wait time for patent approval in the U.S. is three years. The PTO has a backlog of 1.2 million patents pending approval. Unwarranted lawsuits that typically cost \$5 million to defend prevent legitimate inventors and industrious companies from creating products and generating jobs. And according to a recent media report, China is expected to surpass the United States for the first time this year as the world's leading patent publisher. In other words, the system intended to protect and promote new inventions has become a barrier to innovation and job creation."

While not without some concerns, the Association of American Universities (AAU) was strongly in support of this legislation. To read more about the patent reform bill, click [here](#).

Appropriations proceeds slowly

On Nov. 14, Congress finally reached an agreement on the first combined appropriations bill, known as a "minibus," that provides FY12 funding for Agriculture, Transportation-Housing and Commerce-Justice-Science. The measure also included a Continuing Resolution (CR) to extend all other current federal funding through Dec. 16. Congress is expected to continue working on the remaining nine appropriations bills for FY12.

The FY12 "minibus" increased funding for four scientific agencies and directorates included in the Commerce-Justice-Science section of the bill and provided level funding for the competitive Agriculture Food Research Initiative (AFRI) in the Agriculture section of the bill. Most important for Rice, the National Science Foundation (NSF) was provided with \$7 billion, which is an increase of \$173 million over FY11 and also is more than either the House or Senate had provided in their initial FY12 funding bills. This is important because it shows Congress still views basic research as a priority despite the focus on reducing spending. The total includes \$5.7 billion for research and related activities, \$167 million for major research and facilities construction and \$829 million for education and human resources.

The \$17.8 billion approved for NASA is a 3.5 percent decrease from FY11, but the Science Mission Directorate would receive \$5.09 billion, which is \$155 million above the FY11 level. The bill includes \$529 million for the James Webb Space Telescope, a project that had not received funding in the House bill. Aeronautics would receive \$570 million and Space Technology \$575 million.

For other science agencies in Commerce-Justice-Science, the National Institutes of Standards and Technology would get a 12 percent increase over FY11 to \$567 million. The National Oceanic and Atmospheric Administration would receive \$4.9 billion

in FY12 which, according to the minibus summary, is \$306 million, or 7 percent, above the FY11 level. Politico reports that although conferees did not fund the proposed new NOAA Climate Service, they provided “substantial investments in new polar weather satellites.”

The White House Office of Science and Technology Policy (OSTP) is funded at \$4.5 million, which is \$2.1 million below FY11 level of \$6.6 million. The Commerce Department section of the bill also provides \$2.7 billion for the U.S. Patent and Trademark Office (USPTO), which is the full requested level and \$588 million, or 28 percent, above the FY11. The funding bill includes language that allows USPTO to keep excess fees if collections exceed estimates, subject to congressional approval of spending plans – which was a priority to help fund the patent reform legislation discussed above.

AAU has updated two of its funding charts — “[Status of AAU FY12 Funding Priorities](#)” and the “[Defense FY12 Appropriations](#).” To see a chart of the progress of the entire appropriations process, click [here](#).

Student loan debt reform announced by administration

President Obama announced a plan in November to help students manage their college loans by expanding income-based repayment for current students and allowing them to consolidate existing loans into one direct loan. The Department of Education (DOEd) followed up with a notice in the Federal Register stating that it will establish a negotiated rulemaking committee to prepare new regulations to implement the proposed changes.

The “Pay as You Earn” plan will allow borrowers to cap their student loan payments at 10 percent of their discretionary income and forgive outstanding loan balances after 20 years, beginning in 2012. The current 15 percent income-contingent payment cap was scheduled to drop to 10 percent in 2014; this would speed up the change by two years. The White House estimates that only 450,000 out of the 36 million students with federal student loan debt are taking advantage of income-based repayment. The new cap could reduce monthly payments for more than 1.6 million student borrowers. The plan also will provide a discount on consolidation loans. To read more about the announcement, click [here](#) and to view the notice in the Federal Register, click [here](#).

TEXAS UPDATE

Redistricting

As discussed in the July Government Relations Update, the last legislative session redrew Rice’s state legislative and congressional district lines and, as expected, the proposed new maps have been tangled up in the courts. While the state is awaiting a ruling from a federal court in D.C. about whether the maps meet federal guidelines, a panel of federal judges in San Antonio meanwhile has ordered new interim maps that vary greatly from the state-drawn plans. All of the three new maps are in place, although Texas Attorney General Greg Abbott has filed a petition to overturn them and restore the maps that the Legislature passed over the summer. A ruling from the U.S. Supreme Court is expected any day. To further complicate matters, the filing period to run for office started on Nov. 28.

With the continuing uncertainty of which redistricting maps will prevail, it will be unclear over the next few months about who will represent Rice. To learn more about this complicated and fluid process, view this [video](#) from the Texas Tribune which attempts to sum up this complicated situation.

Interim charges

Speaker Joe Straus, R-San Antonio, released the 82nd legislature interim committee charges on Oct. 20. The interim charges direct each committee to study specific issues during the year-long interim when the Legislature is not in session. The speaker

asked each substantive committee to focus on two specific areas: study and make recommendations for significantly improving the state's manufacturing capability; and find ways to increase transparency, accountability and efficiency in state government.

Two committees were given specific instructions that are relevant to Rice's legislative priorities. The House Committee on Economic and Small Business Development was instructed to:

- Identify ways to increase partnership opportunities between private business and research institutions to enhance the commercialization of newly discovered technology.

The House Committee on Higher Education was instructed to:

- Review the various research funding programs available to institutions of higher education.
- Analyze the effectiveness of each program and recommend whether state funding should be continued.
- Consider whether the investments made in these programs are attracting research projects to Texas and whether more emphasis should be placed on policies that attract outside research funding to Texas.
- Consider whether maintaining multiple programs dilutes the state's efforts to increase groundbreaking research in Texas.

We will continue to monitor these committee interim hearings and identify ways Rice faculty and staff can engage to help the committees complete their assignments and to help advance our legislative priorities.

IN CASE YOU MISSED IT

Majority Leader Eric Cantor visits campus

House Majority Leader Eric Cantor, R-Va., presented a speech on "Economic Growth and the American Dream" to Rice University students, faculty, staff and invited guests on Nov. 10. President David Leebron introduced Cantor to the capacity crowd in Doré Commons at Rice's Baker Institute for Public Policy. His speech was followed by a question-and-answer session with students and faculty. Preceding the speech, Cantor held a roundtable discussion with President Leebron, Provost George McLendon, trustees, faculty and student leaders. The discussion focused on ways Congress can help universities like Rice commercialize its research, among other topics. A small group of students staged an Occupy Wallstreet chant before Cantor's presentation and then were escorted out so that the event could continue.

To read the Thresher coverage of about Cantor's visit, click [here](#). To watch his entire speech, click [here](#).

Texas House Speaker Joe Straus comes to Rice for lunch

Texas House Speaker Joe Straus, R-San Antonio, joined Rice faculty, staff and trustees for a lunch on campus on Oct. 28. The speaker came to campus to discuss Rice's legislative priorities and the role of higher education and research in the Texas economy. This was Straus' first visit to the Rice campus. To view a picture, click [here](#).

House Science and Technology Subcommittee on Research and Research Education staff visits campus

Mele Williams and Kirsten Duncan, staffmembers of the House Science and Technology Subcommittee on Research and Science Education, toured Rice on Nov. 17 to learn more about its nanotechnology research. The tour included the BioScience Research Collaborative labs of John McDevitt, Jennifer West and Kurt Casper, and the HiPco lab at the Smalley Institute. They also met with Engineering Dean Ned Thomas, Associate Dean Gary Marfin and Dr. Jim Tour. The idea for the Rice visit came from Tour's congressional testimony earlier in the year. The testimony is reported in a previous government relations update, [here](#).

Richard Tapia receives National Media of Science

Dr. Richard Tapia received the National Medal of Science from President Barack Obama at a White House ceremony Oct. 21. The medal is the highest honor bestowed on a scientist by the U.S government. Tapia was honored "for his pioneering and fundamental contributions in optimization theory and numerical analysis and for his dedication and sustained efforts in fostering diversity and excellence in mathematics and science education."

During his trip to D.C., Tapia was hosted at a dinner organized by Charles Landgraf '75 and Rice Public Affairs and attended by several D.C.-area alumni. The next day Tapia joined Vice President of Public Affairs Linda Thrane and Government Relations Director Cory Kennedy in meetings with Sens. John Cornyn and Kay Bailey Hutchison. To read more about this prestigious award and Tapia's D.C. visit, click [here](#).

Andrew Barron testifies before the Texas Railroad Commission

Dr. Andrew Barron testified on Oct. 5 before the Railroad Commission of Texas in support of the newly proposed hydraulic fracturing, or "fracking," chemical disclosure rule. The rule will implement House Bill 3328 enacted by the 82nd Texas Legislature earlier this year. It proposes to require operators to disclose the complete makeup of hydraulic fracturing fluid, including water. The proposed rule is an effort to make the technique, which has been used for decades to enhance oil recovery, more understandable to the public.

During his testimony, Barron said that the proposed use of the Chemical Abstracts Service number (or CAS number) to identify the composition of hydraulic fracturing fluids would remove confusion and possible misrepresentation. It would also adopt a system that other government agencies already use and thereby make the disclosure of chemicals more transparent for suppliers, shippers, end users and the public, he said. To view his entire testimony, click [here](#). To read the Houston Chronicle story and Houston Business Journal stories, click [here](#) and [here](#).

Advisory Committee on Student Financial Assistance releases study on regulations

In the Higher Education Opportunity Act of 2008, Congress charged the Advisory Committee on Student Financial Assistance with conducting a review and analysis of regulations affecting higher education to determine whether they are overly burdensome and need to be streamlined, improved or eliminated. Following an earlier report of preliminary findings, the final report presents recommendations from the study's two-year effort. Included is a set of community-driven perceived problems and proposed solutions for both the individual regulations cited in the study and the overall system of regulation under the Higher Education Act.

The report is available on the committee's [website](#).

Federal Demonstration Partnership (FDP) survey of the administrative impact of the American Recovery and Reinvestment Act (ARRA)

The Federal Demonstration Partnership (FDP) has released an executive summary of its survey of the administrative impact of reporting requirements of the American Recovery and Reinvestment Act (ARRA). The survey found that additional costs for respondents averaged nearly \$8,000 per award. Under ARRA regulations, colleges and universities are not allowed to seek government reimbursement for these added costs.

The FDP survey found that for the 100 institutions responding, additional administrative costs averaged \$7,973 per grant, with about one-third of the institutions adding administrative staff to assist with the added reporting and compliance

requirements. Those institutions that increased staff added an average of three to 3.3 full-time employees. To view the report, click [here](#).

Scott Hochberg announces decision not to seek reelection to the Texas House

State Rep. Scott Hochberg '75, D-Houston, has announced he will not seek reelection. First elected in 1993, the Rice alumnus was respected by both Democrat and Republican colleagues for his extensive knowledge of education policy and funding. He did not announce his future plans. To read more, click [here](#).