

GOVERNMENT RELATIONS UPDATE

March 2012

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STATE AND FEDERAL OVERVIEW

Since the start of the year, there has been a lot of activity in both Washington, D.C., and Austin, TX. Earlier this year the president gave his State of the Union speech, which focused attention on the cost of higher education – a theme we expect to be repeated frequently over the coming campaign cycle. Following his speech, the president also unveiled his fiscal year 2013 (FY13) budget, which fires the starting gun for Congress to begin its work. The president's budget is just a wish list and a framework, and Congress will now work over the next six weeks to set its budget priorities. This will then allow for the House and Senate Appropriations Committees to begin work on passing the 12 bills that will fund the government. To learn more, click [here](#) to view a chart title *Budget Process*.

The big question is how sequestration will impact the overall budget process. While there was an expectation that the president's budget would provide guidance, it was mostly silent on the issue. Now the question is whether Congress will address it before the November elections, or if it will wait to act as a lame duck Congress. To read more about sequestration, click [here](#) and select *Sequestration Memo*.

On the state front, Texas finally has interim maps, which means the process can begin in earnest for election campaigns for state and federal candidates for office. The primary election will now be held on May 29, with runoff elections July 31. Rep. Sarah Davis, R-Houston, and Sen. Rodney Ellis, D-Houston, will continue to represent Rice in the state Legislature. However, Rice will now be represented by Republican Rep. Ted Poe. Its former representative, Republican John Culberson, will still represent a portion of Rice Village and Democrat Al Green will now represent most of the Texas Medical Center. To read more about the interim maps, read below. While there is no guarantee that the D.C. federal courts will approve these maps for the remainder of the decade, they will determine Texas districts for the foreseeable future.

WASHINGTON UPDATE***President unveils FY13 budget***

President Obama released his FY13 budget request in February. Under the president's plan, the federal government would spend \$3.8 trillion in FY13, up from \$3.79 trillion in FY12. The request adheres to the discretionary spending caps established by the Budget Control Act and projects a deficit of \$901 billion, or 5.5 percent of GDP, in 2013, and a 10-year low of \$575 billion, or 2.7 percent of GDP, in 2018. The request assumes \$4 trillion in deficit reduction — \$3 trillion in new proposals on top

of the \$1 trillion assumed from the discretionary spending caps. Half of the \$3 trillion in deficit reduction would come in the form of a tax reform package that assumes the expiration of the Bush tax cuts on upper incomes.

Please note this request is simply the first salvo in the year-long FY13 appropriations process. While some of the president's proposals may be incorporated into the final appropriations bills, the GOP-controlled House -- or the Democrat-controlled Senate, for that matter -- will not pass the president's request verbatim, especially in an election year. Republicans have already come out against the president's budget, calling it a "charade" and a "campaign document." More will be apparent about the fate of FY13 spending when the House unveils its own budget.

With regard to research funding, recommended at \$140.8 billion overall, budgets for NSF, NIST laboratories and the Department of Energy's Office of Science would all see increases. The president's request increases the level of investment in non-defense R&D by 5 percent from FY11 and 12 levels. At the levels proposed, the president's budget would maintain but delay the NSF, NIST and DOE Office of Science budget doubling that President Bush called for in his 2006 State of the Union address. To achieve the 10 year doubling goal, annual increases would have to be about 7 percent. NIST is the biggest science winner in the FY13 budget request with a 14 percent increase. If enacted, the president's budget request would at least keep that agency on target double its budget by 2016.

Visit the Rice CAN website to read a more detailed analysis of the budget by clicking [here](#) and selecting *FY 13 budget memo*.

President focuses on basic research and student aid

In his State of the Union address the president focused on three issues of particular interest to research universities: college tuition increases and student aid, basic research and immigration. Additional details of the administration's plans for research funding and immigration reform were included within the FY13 budget. To read more, click [here](#).

Tuition increases and student aid. During the speech the president put the nation's colleges and universities "on notice" that the government could not continue to "subsidize skyrocketing tuition." He urged state governments to elevate higher education in their budget priorities and called on Congress to double the number of work-study jobs over five years, permanently extend the American Opportunity Tax Credit, and prevent interest rates on subsidized federal student loans from rising from 3.4 percent to 6.8 percent on July 1, as scheduled.

Basic research. Without providing specifics, the president did highlight his support for continued federal investment in basic research:

"Innovation also demands basic research. Today, the discoveries taking place in our federally financed labs and universities could lead to new treatments that kill cancer cells but leave healthy ones untouched. New lightweight vests for cops and soldiers that can stop any bullet. Don't gut these investments in our budget. Don't let other countries win the race for the future. Support the same kind of research and innovation that led to the computer chip and the Internet; to new American jobs and new American industries."

Immigration. The president said that although comprehensive immigration reform is unlikely in this election year, Congress should approve legislation to allow young people brought to this country illegally at a young age to earn citizenship -- legislation known as the DREAM Act -- and to allow foreign students who earn college degrees in business and STEM fields to remain in the U.S. for work.

President focuses on college costs

In a speech earlier in February at the University of Michigan, President Obama followed up on comments in his State of the Union address by laying out a plan to use federal campus-based aid programs — College Work Study, Perkins Loans and Supplemental Educational Opportunity Grants — and new competitive funding programs to motivate state governments and higher education institutions to improve college affordability and value for students. The plan would not affect Pell Grants.

Among the changes were:

- Change the formula for campus-based aid to one that “shifts aid from schools with rising tuition to those acting responsibly, focused on setting responsible tuition policy, providing good value in education and ensuring that higher numbers of low-income students complete their education.”
- Create a \$1 billion grant competition, “The Race to the Top: College Affordability and Completion,” to “spur systematic state reforms to reduce costs for students and promote success in our higher education system at public colleges.”
- Institute a separate \$55 million competition, “First in the World,” for individual colleges, universities and nonprofit organizations to “develop, validate or scale up innovative and effective strategies for boosting productivity and enhancing quality on campuses.”
- Create a “College Scorecard” for each degree-granting institution to give students and families more information in such areas as costs, graduation rates and potential post-graduation earnings, and make it mandatory, rather than voluntary, for institutions to provide information for a “Financial Aid Shopping Sheet,” aimed at making it easier for families to compare financial aid packages.

To read more about the plan, click here for the White House [fact sheet](#), to read his remarks click [here](#).

TEXAS UPDATE

Update: Redistricting — We have a map.

The San Antonio court finally released a compromise interim map for the Texas Legislature and U.S. Congress. The decision means that Texas can hold primary elections on May 29, with runoff elections July 31. Rice will keep Rep. Sarah Davis, R-Houston, and Sen. Rodney Ellis, D-Houston, as its representatives in the state Legislature and will now be represented by Republican Rep. Ted Poe in the U.S. House. We have already met with his office and are in the process of bringing his staff to campus to get better acquainted with Rice. Rice’s former representative, Republican John Culberson, will still represent Rice Village and Democrat Al Green will now represent most of the Texas Medical Center. To view the redistricting maps and read more about the overall breakdown, click [here](#).

Note that these maps are only interim maps and, while it appears little changes are expected in any future maps within Houston, anything is possible with the overall case still pending approval by the D.C. courts. The D.C. courts could deem the new interim maps in violation of federal law and require the Legislature to draft new maps for the 2014 elections, but that is still unclear. The reverse is also possible and the D.C. courts could determine the interim maps are valid. We will update you when the D.C. courts issue their final ruling.

ICYMI

Rep. John Culberson visits campus

U.S. Rep. John Culberson, R-Houston, visited Rice labs conducting research on nanotechnology Feb. 21. He was joined on the tour by Linda Thrane, vice president for Public Affairs; Ned Thomas, dean of the George R. Brown School of Engineering; James Tour, the T.T. and W.F. Chao Chair in Chemistry, professor of mechanical engineering and materials science and of computer science; and Wade Adams, associate dean of engineering; Matteo Pasquali, professor of chemical and biomolecular engineering and of chemistry; Cory Kennedy, director of government relations; and other Rice students and faculty. To view a picture of his visit, click [here](#).

GAO report says OSTP should coordinate federal STEM education programs

The Government Accountability Office (GAO) issued a [report](#) last month that found 209 programs across 13 federal agencies aimed at encouraging students to study and attain degrees in science, technology, engineering and mathematics (STEM) fields. The programs frequently overlap, said the report, but fewer than half of the programs coordinate with similar efforts. GAO was careful to note that overlapping programs are not necessarily duplicative. The report recommended that the Office of Science and Technology Policy (OSTP) develop a strategy for federal STEM education programs, including how to share information across agencies and evaluate the programs based on their outcomes.

NSF reports on state of U.S. science and engineering research and education

The National Science Foundation (NSF) released the 2012 edition of its biennial publication, "Science and Engineering Indicators." Among many other findings, the report shows that the U.S. remains the global leader in supporting research and development, but "only by a slim margin that could soon be overtaken by rapidly increasing Asian investments in knowledge-intensive economies." NSF Director Subra Suresh said in a prepared statement that "we must take seriously new strategies for education, workforce development and innovation in order for the United States to retain its international leadership position." To read the entire report, click [here](#).