

# **Government Relations Update**

**January, 2013**

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## **STATE AND FEDERAL OVERVIEW**

The 112<sup>th</sup> Congress adjourned earlier this month after reaching a deal on the fiscal cliff, and the 113<sup>th</sup> Congress has already begun. While the debt ceiling and sequestration fights have both been temporarily postponed, these deadlines still loom in the upcoming agenda. With the president's inauguration next week, followed by his State of the Union speech and release of the fiscal year (FY) 2014 budget, there will be a lot of activity over the coming weeks in Washington, D.C. Many members of the Texas delegation have been assigned to committees of importance to the university's legislative priorities.

The 2013 Texas legislative session has also kicked off its 140 day sprint. This group of lawmakers has been described as one of the youngest in recent state history, with 41 freshmen and 25 sophomores sworn into the House of Representatives. While the Legislature will be slow to kick things off, we expect a frenzy of activity in the coming weeks, especially now that both the House and Senate have released their initial budget bills.

## **WASHINGTON, D.C.**

### **Fiscal cliff deal**

Before the 112<sup>th</sup> Congress adjourned, lawmakers reached an end of the year tax and debt deal with President Obama. The bipartisan deal permanently set tax rates for individuals, increasing them on families earning more than \$450,000; ended the payroll tax holiday, increasing taxes on all wage earners; extended emergency unemployment benefits and Medicare physician pay rates for one year; and delayed automatic spending cuts, or sequestration, until March, when current continuing budget resolution (CR) expires. To read more about the deal click [here](#). To read more about sequestration and the March deadline, click [here](#).

### **Debt ceiling fight**

The fiscal cliff deal only postponed the debate over the need to increase the debt ceiling – which sets the maximum amount that the U.S. government can borrow at any given time. The current debt ceiling is expected to be reached sometime in late February or early March, around the same time as the FY 2013 CR expires and sequestration deadline looms. Similar to the deficit deal reached in the summer of 2011, many Republicans are debating whether to use the debt ceiling to negotiate additional spending cuts with the president. Regardless of each side's tactics, the debate will heat up between Congress and Obama over how to best deal with the debt ceiling as

well as the mounting federal debt that is being driven by annual trillion-dollar budget deficits. To read more click [here](#).

### **Sequestration**

The fiscal cliff deal earlier this month delayed sequestration by two months. As you may recall, sequestration is a set of mandatory, across-the-board spending cuts previously set to take effect at the start of this year under the 2011 Budget Control Act. The Defense Department is already bracing for major cuts and has ordered military commanders to submit their plans for reducing staff and maintenance spending as a precaution. Federal agencies such as the National Science Foundation (NSF), Department of Energy (DOE) and others are already preparing FY 2014 budget requests that incorporate these potential budget cuts. Read more [here](#) and [here](#). In addition to NSF and DOE, sequestration would affect other entities that fund university research. Read more about the impact to research funding [here](#).

### **New Congress and committees**

The new year brought a new Congress to Washington, D.C., which means changes in committee members and leadership. It was a big year for Texas as many of the congressmembers important to Rice are serving on key committees or in leadership positions. Sen. John Cornyn, R-Texas, was elected minority whip in the Senate, while fellow Republican Ted Cruz will serve on the Committee on Commerce, Science and Transportation. In the House, Rice's representative, Ted Poe is on the Committee on Foreign Affairs and Judiciary while fellow Republican John Culberson will continue as a subcommittee chair of the important Appropriations Committee. Rice alumnus Pete Olson, R-Texas, will continue to serve on the Committee on Energy and Commerce. Another Rice alumnus, Rep. John Kline, R-Minn., will return as the chairman of the important Education and Workforce Committee, which will take up the reauthorization of the Higher Education Act sometime during this session. Rice's third alumnus, newly elected Jim Bridenstine, R-Okla., was appointed to the Science, Space and Technology Committee.

Other notable Texas members include: Rep. Lamar Smith, chair of the House Science and Technology Committee; Rep. Michael McCaul, chair of the Homeland Security Committee; Rep. Kevin Brady, on the Ways and Means Committee, all Republicans; and Democratic Rep. Gene Green, who will continue on the Energy and Commerce Committee. To view the entire list of committee assignments for other members of the Texas delegation, click [here](#).

## **TEXAS**

### **Start of the legislative session**

The 83<sup>rd</sup> Session of the Texas Legislature has officially begun. While alumnus Scott Hochberg retired, leaving no Rice alumni in the Legislature, Rep. Sarah Davis, R-Houston, and Sen. Rodney Ellis, D-Houston, were reelected and will continue to represent the university. House Speaker Rep. Joe Straus, R-San Antonio, was reelected speaker of the House, despite some minor opposition that never fully gained traction. This session will focus on issues including funding for higher education, concealed weapons on campus, the Cancer Prevention Research Institute of Texas (CPRIT) and funding for university research, among other issues important to Rice.

### **House and Senate introduce budget bills**

Texas Comptroller Susan Combs recently announced that Texas will enter the upcoming budget cycle with an estimated surplus of \$8.8 billion. In total, the Legislature will have \$101.4 billion in general revenue to spend. This is in sharp contrast to two years ago when the Legislature faced a \$27 billion deficit. However, despite this optimistic news, lawmakers must first address some of the unfunded obligations from the previous budget. Following Combs' announcement, the House and Senate introduced dueling budget bills. The Senate bill includes \$95.173 billion in general revenue spending and \$186.6 billion when you include mandatory spending. The House spends \$95.452 billion in general revenue, and \$187.7 billion in total. Of particular importance to Rice, both budgets froze new spending for CPRIT as lawmakers conduct inquiries into the agency's procedures in the wake of reports of inadequate review of some grants. However, lawmakers have expressed willingness to remove the freeze if CPRIT can demonstrate that necessary reforms are in place before the session ends in May. To read more about the budget, click [here](#). We will continue to update you throughout the state and federal legislative process.

### **Sens. John Cornyn and Ted Cruz hold Social Security roundtable on campus**

U.S. Sens. John Cornyn and Ted Cruz, both R-Texas, met with leaders from Galveston, Brazoria and Matagorda counties at Rice University's Baker Institute for Public Policy Jan. 17 for a roundtable discussion about the Galveston Plan that was designed more than 30 years ago as an alternative to participating in Social Security.

As the entitlement reform debate continues in Washington, the senators wanted to hear directly from those who developed the Galveston Plan. Under the plan, county workers' salaries, together with employer contributions, are placed in private accounts that are invested in the private market.

The participants were welcomed by Rice President David Leebron and Baker Institute Founding Director Edward Djerejian. To read the entire story, click [here](#).