WASHINGTON UPDATE
February and March were active months in Washington with progress made on the federal budgetary process, including the release of the President’s Fiscal Year (FY) 2016 budget request and passage of the House and Senate budget resolutions. Additional progress was also made on the FY 2016 appropriations, including the release of the University’s appropriations priorities.

In March, there were several federal advocacy events including the Council for Agricultural Research, Extension and Teaching Advocacy Day, Humanities Advocacy Day, Student Advocates for Graduate Education Advocacy Day, and Fusion Energy Day. Highlights about the University of California’s participation in these events are below.

Several legislative proposals, including legislation to address the Medicare Sustainable Growth Rate (SGR) and Medicare Access, were passed by the House. In addition, there was legislative progress on the Higher Education Reauthorization Act by Senate leaders. Details about these legislative activities are included below.

Additionally in February and March, UC President Janet Napolitano travelled to Washington, DC to engage with elected officials and to highlight the role of public universities and basic research. Details about the President’s visit are included below.

FISCAL YEAR 2016 BUDGET

President Obama Releases FY 2016 Budget Request
On February 2, President Obama released the Administration’s FY 2016 Budget Request. The $4.066 trillion budget would end sequestration and provide nearly $75 billion more for discretionary spending next year – $530 billion for nondefense discretionary (an increase of $37 billion) and $561 billion for defense spending (an increase of $38 billion). The increases would restore FY 2016 discretionary spending to the original levels established by the Budget Control Act of 2011 before the failure to reach a larger budget deal triggered additional sequestration cuts. The President proposes paying for the plan through a mix of spending cuts and revenue increases, including some tax changes affecting wealthy Americans and corporations. According to Administration officials, the Budget Request would also reduce the deficit by $1.8 trillion over 10 years. A summary of the Request, including funding information for agencies and programs that are important to UC, is available here.
UC Sends FY 2016 Budget Priorities to Congress
Following the release of the President’s FY 2016 Budget Request, UC FGR provided to all members of the California congressional delegation the University’s FY 2016 Appropriations Priorities which highlights the programs that are priorities to the University, along with requested funding levels for each program. This document will be used throughout the year in UC’s advocacy efforts with Congress and the appropriations committees as the appropriations and budgetary processes moves forward. Included with the priorities, is a cover letter from UC President Janet Napolitano highlighting the importance of federal investments in higher education, research and health care. Throughout the FY 2016 appropriations process, UC FGR will continue to advocate, in coordination with our campus and laboratory colleagues, for strong and robust federal funding for UC’s priorities.

House and Senate Pass FY 2016 Budget Resolutions
In March, both the House and Senate introduced and approved their FY 2016 budget resolutions (H.Con.Res 27 and S.Con.Res 11, respectively). The House passed its budget resolution by a vote of 228-199, while the Senate passed its resolution by a vote of 52-46, both mostly along party lines. Each plan seeks to balance the federal budget over ten years (FY 2017-FY 2025) and recommends levels for spending, federal revenues, budget authority, and other areas. The differences between the House and Senate plans may be worked out in a conference after the House and Senate return from their April recess. Both measures include reconciliation instructions which direct certain committees to submit deficit reduction plans to the House and Senate Budget Committees by July, for possible inclusion in a budget reconciliation process. Both measures also contain a number of “deficit-neutral and spending-neutral reserve funds” to provide the House and Senate Budget Committees with flexibility to further determine spending allocations.

Both resolutions would increase defense program funding – without offsetting decreases in other programs – while maintaining the nondefense discretionary budget cap at $493.5 billion, the level established by the Budget Control Act of 2011. The University community expressed concern that neither the House nor Senate budget resolutions end sequestration, but would instead result in additional cuts to nondefense discretionary programs such as research and education funding.

The House and Senate budgets eliminates $89.3 billion in mandatory funds in the Pell Grant program, which would lead to significant cuts in students’ awards; and would eliminate the in-school interest subsidy on federal student loans for undergraduate borrowers, which represents a cut in student benefits of nearly $35 billion.

Within the House Budget Resolution, there were several provisions related to health care services including:

- Repeal of the Affordable Care Act (ACA) including the Independent Payment Advisory Board (IPAB) and the Medicaid expansion;
- Implementation of a “premium support” Medicare model beginning in 2024 and combining Medicare Parts A and B to create a single deductible for beneficiaries. Under the premium support model, instead of enrolling in the traditional Medicare program, beneficiaries would receive a voucher, also known as a premium support payment, to purchase private health insurance or traditional Medicare through the Medicare
Exchange. The amount of the premium support payment would be determined through a bidding process between private health insurance plans and traditional Medicare each year; and;

- Repeal of the Medicare physician sustainable growth rate (SGR) formula.

The Senate budget plan would adopt the President’s proposed Medicare reductions of $431 billion over 10 years by directing congressional committees to find ways to achieve such savings. The Senate proposal repeals and replaces the ACA with reserve funds for legislation that “strengthens the doctor-patient relationship, expands choice, and lowers health care costs”.

A couple of helpful amendments adopted in the Senate resolution included one offered by Senator Tim Kaine (D-VA), which would lift the caps on both defense and nondefense spending in FY 2016 and FY 2017 and offset the increases with other spending cuts and tax revenues. Another amendment led by Senators Dick Durbin (D-IL) and Lamar Alexander (R-TN) and co-sponsored by 30 other Senators would increase spending on federal investments in science by creating a “deficit-neutral reserve fund” to support biomedical research as well as “national security, basic energy research, innovative solutions, and American competitiveness.”

UC will continue to advocate for strong federal funding and support for the priorities of the University as the Congress continues its FY 2016 budgetary and appropriations process.

**CONGRESSIONAL LEGISLATIVE ACTIVITY**

**Bipartisan Committee Leaders Introduce H.R. 2, the Medicare Access and CHIP Reauthorization Act**

On March 24, a Sustainable Growth Rate (SGR) replacement bill, H.R. 2, the Medicare Access and CHIP Reauthorization Act, was introduced in the House with bipartisan support. The $213 billion deal would repeal the SGR and institute a .5 percent payment update each year for five years, streamline programs within Medicare into one “value-based performance program” to improve the fee-for-service system, use alternative payment models to encourage coordination and prevention, and make Medicare more transparent by giving patients and physicians greater access to information. The legislation would also fund the Children’s Health Insurance Program (CHIP) for two years and would be partially offset by $70 billion in spending reductions, split between reforms to Medicare benefits and cuts to provider payments.

Before departing for recess, the House overwhelmingly passed the permanent SGR repeal, by a vote of 392-27, sending it to the Senate for consideration. The Senate has not taken up the bill, but is expected to consider the legislation in mid-April. Until then, the Centers for Medicare and Medicaid Services will hold claims until April 14, allowing time for the Senate to vote on the permanent repeal. The President is expected to sign this legislation.

UC supports this permanent repeal of the SGR which notably does not currently contain some of the more significant and detrimental cuts to hospitals, like reductions in Graduate Medical Education, Hospital Outpatient Departments, and bad debt funds. For additional information, please contact Shoshana Derrow at Shoshana.Derrow@ucdc.edu or 202-974-6309.
House Energy and Commerce Committee holds Hearing on 340B
On March 24, the Health Subcommittee of the House Energy and Commerce Committee held a hearing on the 340B Drug Pricing Program, the first hearing on this issue in more than 10 years. Witnesses included Diana Espinosa, Deputy Administrator of Health Resources and Services (HRSA), Department of Health and Human Services (HHS), Debbie Draper, Director of Health Care, Government Accountability Office (GAO), and Ann Maxwell, Assistant Inspector General for Evaluation and Inspections, Office of the Inspector General, HHS. The hearing centered on the need to see increased transparency, oversight and accountability in the program. However, members of both parties were generally supportive of the 340B program and want to see it continue as it was originally intended. HRSA indicated that the proposed guidance for the 340B program would be released sometime this year and would include more clarity on the definition of a patient, provider eligibility, and contract pharmacies. For additional information, please contact Shoshana Derrow at Shoshana.Derrow@ucdc.edu or 202-974-6309.

Higher Education Act Reauthorization
Senator Lamar Alexander, Chair of the Senate Committee on Health, Education, Labor, and Pensions (HELP), is reaching out to stakeholders in the higher education community, including students, parents, and college and university officials, to gather input on issues he will consider as part of the reauthorization of the Higher Education Act (HEA), scheduled for this year.

On March 23, Senator Alexander issued “white papers” on three issues the HELP Committee will examine: accreditation, data transparency and consumer information, and institutional risk-sharing. The Senate HELP Committee, under Senator Alexander’s leadership, is aiming to develop a bipartisan HEA reauthorization proposal and will share the comments received on these papers with the other members of the Committee.

Each paper provides a brief history of the problem or goal to be addressed and outlines concepts and proposals that will generate debate about how Congress can improve our accreditation system, how risk-sharing proposals can encourage colleges and universities to curb excessive student loan borrowing and help students complete their academic programs, and what can be done to ensure that the data now collected by the federal government can be useful to provide clear, and concise information about colleges to students and their families so they can be better consumers.

Senator Alexander is asking for comments on the white papers by Friday, April 24. FGR is soliciting feedback and plans to submit comments. For additional information, please contact Carolyn Henrich at Carolyn.Henrich@ucdc.edu or 202-974-6308.

POLICY AND REGULATORY UPDATE

FAA Policy and Regulation of Unmanned Aircraft
Over the past several months, FGR has worked with The UC Office of Research and Graduate Studies, UC’s Office of General Counsel, our campus colleagues and UC’s peer institutions through AAU and APLU on issues related to new federal regulations governing the use of small unmanned aircraft systems (sUAS), or drones. Many researchers and sUAS operators complain that the current FAA process to authorize drone use is cumbersome, inefficient, and hinders both research and educational uses of drones. In anticipation of the rulemaking process, UC
and a number of other universities, decided to work with a Washington, DC based law firm to help coordinate and file campus “exemption petitions” with the Federal Aviation Administration (FAA), to gain expedited approvals to operate sUAS’s for academic and research purposes. These exemptions from current FAA restrictions on sUAS operations could help ensure that academic and research uses of drones continue as the FAA rulemaking process goes forward.

In February the FAA released a Notice of Proposed Rulemaking (NPRM) to allow the operation of small unmanned aircraft systems in the National Airspace System. UC is working with both the university associations and its outside legal experts to evaluate the proposed rules, as well as a request for comments from the National Telecommunications and Information Administration (NTIA) at the Department of Commerce (DOC) concerning “privacy, transparency, and accountability issues” surrounding unmanned aircraft systems. Comments are due later this month, however the final rule may not be in place for up to two years.

FGR will continue to work closely with UC and external stakeholders on both the legislative and rulemaking processes, and the FAA exemption filing process. For additional information, please contact Chris Carter at Chris.Carter@ucdc.edu or 202-974-6310.

ADVOCACY UPDATE

**Humanities Advocacy Day**

Humanities researchers and scholars from six UC campuses, including UC Berkeley, UCLA, UC Merced, UC Riverside, UC Santa Barbara and UC Santa Cruz, along with representatives from other California institutions, participated in Humanities Advocacy Day on March 16 and 17. The National Humanities Alliance (NHA) hosts this annual event, which includes visits to the California congressional delegation offices. The California contingent met with staff in 24 offices, including both Senators Boxer and Feinstein. The advocates shared information about their humanities work and the importance of federal funding in leveraging state, local, and private funds for the humanities, as part of a national effort to secure increased federal funding for the National Endowment for the Humanities (NEH). UC delegates urged support for a FY 2016 funding level of $155 million for the NEH. The Foundation, which awards competitive grants for humanities research, education, and preservation projects, and supports educational and cultural programs throughout the nation, is currently funded at $146 million, the lowest level in constant dollars since 1971. NEH is the primary source of federal support for humanities research and its competitive grants leverage significant additional funding from state, foundation and philanthropic sources. For additional information, please contact Carolyn Henrich at Carolyn.Henrich@ucdc.edu or 202-974-6308.

**Student Advocates for Graduate Education (SAGE) Day on the Hill Conference**

Graduate student leaders from UC Berkeley, UC San Diego, UCLA, and UC Irvine, were in Washington, DC on March 23-24 for the annual SAGE conference. SAGE—Student Advocates for Graduate Education—advocates on behalf of graduate and professional students nationwide and the UC advocates met with 18 California congressional delegation offices during their stay. During their meetings, SAGE advocated for access to public higher education, improved public service loan forgiveness and repayment options for graduate student borrowers, higher education and tax policy that better serve the needs of graduate students, and visa reforms that allow high-achieving international students to study and stay in the U.S. As part of their SAGE
advocacy day, the students also met with staff for the House and Senate education committees to discuss issues related to the Higher Education Act reauthorization. For additional information, please contact Carolyn Henrich at Carolyn.Henrich@ucdc.edu or 202-974-6308.

President Napolitano Advocates on behalf of UC, Public Research Universities and Basic Research
In February, UC President Janet Napolitano participated in an Advanced Research Projects Agency-Energy (ARPA-E) Fireside Conversation with Steve Clemons, editor-at-large of The Atlantic, at the ARPA-E Energy Innovation Summit. During the conversation in front of more than 2000 researchers and industry representatives, President Napolitano highlighted the research being conducted at the University and spoke about the importance of academic institutions in moving basic and applied research to the product development stage.

In March, President Napolitano spoke at the American Council on Education’s Annual Meeting during a session entitled: “Path to the Presidency: The Transition from Government to Higher Education.” During the session which was moderated by President Robert L. Caret, University of Massachusetts, President Napolitano and President Mitchell E. Daniels Jr., Purdue, shared insights in their transition from federal and state government to higher education. Additionally in March, President Napolitano met with Congressman Ami Bera to discuss the efforts of the California Public Higher Education Caucus and the work of the Congressman to address college affordability and accessibility.

Council for Agricultural Research, Extension and Teaching (CARET) Advocacy Day
In conjunction with the annual Association of Public and Land-grant Universities (APLU) CARET conference, UC representatives participated in education and advocacy meetings on Capitol Hill to communicate the importance of federal agricultural research programs to UC and the California economy. The UC delegation included UC Agriculture and Natural Resources leaders, the UC Davis and UC Riverside agricultural deans and CARET industry representatives. For additional information, please contact Marjorie Duske at Marjorie.Duske@ucdc.edu or 202-974-6306.

Fusion Energy Advocacy Day
University of California researchers joined 15 other academic institutions, national laboratories and industrial partners in the annual Fusion Advocacy Day in March, advocating for the Department of Energy’s Fusion Energy Sciences program. UC FGR representatives joined colleagues from UCLA, the Lawrence Berkeley National Laboratory, the Lawrence Livermore National Laboratory and California-based General Atomics in 22 meetings with members of the California congressional delegation, to discuss the state’s leading role in fusion energy research (both magnetic and inertial), plasma science education, and in producing high-tech components for the international ITER experiment, now under construction. For additional information, please contact Chris Carter at Chris.Carter@ucdc.edu or (202) 974-6310.
Federal Update

A publication of the University of California’s Office of Federal Governmental Relations

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