

Office of Federal Relations

Harvard University

Wednesday, February 18, 2009

Washington Update: Economic Stimulus Legislation Signed into Law

As you know, President Obama signed the two-year, \$787 billion economic stimulus package into law yesterday, February 17. The bill makes significant investments in biomedical research and the physical sciences and marks a notable acknowledgement by Capitol Hill of the critically important role university-based research plays as an economic driver and catalyst for solving public sector challenges. Last week we provided an update on the general outline of the agreement between House and Senate conferees. Now that the bill is final, below you will find a breakout of how the new money will be allocated among a number of major federal sponsors of research at Harvard. At the time of writing, no agency had yet released details on how stimulus funds will be awarded or distributed, outside of a general outline presented by the NIH. We will provide additional details on the agencies' plans for implementation as they become available.

National Institutes of Health

- Receives \$10.4 billion overall
 - \$8.2 billion to the Office of the Director
 - \$7.4 billion to the Institutes, Offices and the Common Fund
 - \$800 million for the Office of the Director
 - \$1.3 billion to the National Center for Research Resources
 - \$1 billion for competitive construction and renovation awards of extramural research facilities
 - \$300 million for shared instrumentation and capital research equipment
 - \$400 million for comparative clinical effectiveness research (transferred from the Agency for Healthcare Research and Quality)
 - \$500 million for intramural facilities construction and renovation

On February 18th, NIH Acting Director Kington presented a very nebulous outline of how the NIH would distribute the stimulus funds. In 30 days, we can expect to receive a more transparent presentation of the distribution of funding, but right now it seems they are still working out the details. The entirety of this stimulus funding should merely be considered funds for projects that can demonstrate scientific advances and an economic impact (e.g. jobs created, instruments purchased) within a two year period and not be considered an increase in baseline funding. With this funding, comes an unprecedented level of reporting that must include the number of jobs created or preserved, and must demonstrate its stimulative purpose. Kington noted that funds will not be awarded in a formulaic process, but will utilize NIH's well-functioning processes with an emphasis on peer review and short-term scientific advancement accompanied by a demonstrable economic impact. He also said that NIH will be cognizant of new and young investigators.

There will be three categories or "buckets" from which the funds will be distributed.

NIH Bucket #1 will support highly meritorious RO1 proposals. Most of the proposals that are included in this category include those that have already gone through the peer review process,

are scientific projects where two years of funding will make scientific contributions, and will last no longer than two years (for there is no promise for additional funding after this two year commitment). Kington drove home the point, emphasizing that if money cannot be spent over two years on people, science and instrumentation, do not apply for the stimulus money.

NIH Bucket #2 includes supplements to current grants. This would allow current grants to expand their original goals within their grant application. The funding will likely be focused toward thematic and cross-agency projects.

NIH Bucket #3 will focus on Challenge Grants – areas that are identified to cut across sectors – and will fund this research at \$500,000 per year over the next two years. These projects are targeted to advance science in a substantive way over a two year period. They are expecting this category to have a shorter application process.

How much each category will receive is yet to be determined and will be determined based upon the criteria of proposals alone: meaning that if there are more qualified proposals in category one than in category three they will distribute the funding accordingly. NIH's overall objective is to fund science that can make significant gains over a two year period, and demonstrate the stimulative quality of funding scientific research.

National Science Foundation

- Receives \$3 billion overall
 - \$2.5 billion for research and related activities
 - \$300 million for major research instrumentation
 - \$200 million for academic research facilities modernization
 - \$400 million for major research equipment and facilities construction

The NSF is directed to submit a spending plan detailing its intended allocation of funds within 60 days of the enactment of the bill.

Department of Energy

- Receives \$2 billion overall
 - \$1.6 billion for the Office of Science
 - \$400 million for ARPA-E

NASA

- Receives \$1 billion overall
 - Science: \$400 million
 - To accelerate the development of the tier one set of Earth science climate research missions recommended by the National Academies' Decadal Survey
 - To increase the agency's supercomputing capabilities
 - Aeronautics: \$150 million
 - Exploration: \$400 million
 - Cross-agency: \$50 million

NASA is directed to submit a spending plan detailing its intended allocation of funds within 60 days of the enactment of the bill.

National Endowment for the Arts

- Receives \$50 million overall
 - 40% to state art agencies
 - 60% for competitively selected arts projects and activities

Importantly, museums are eligible to receive funding provided under the bill. A Senate amendment attempted to prohibit museums from receiving funding under this program; this amendment did not survive the conference committee deliberations.

Non-funding Policy Provisions

In addition to the funding elements included in the stimulus legislation, also included are onerous policy provisions that we will continue to monitor and address where and when possible. One stems from news of corporate executives collecting considerable pay packages despite receiving public rescue funds, which led Congress to include a provision in the stimulus that limits executive pay for those at firms that receive support under the Troubled Asset Relief Program. Of concern is whether this provision could set a precedent for congressional reach into institutional governance down the road, if lawmakers decide to make future federal student aid or research funding conditionally-based on desired outcomes.

More immediately, the troubles with TARP resonated beyond the executive level and down to staffing. An amendment added in the Senate and ultimately retained in the final bill places certain restrictions on firms receiving TARP assistance from hiring H-1B visa holders for a period of two years. Generally, the provision states that a TARP-recipient must attest that they have recruited US workers for open positions and give US-citizen applicants preference if they are equally or better qualified. Also, H-1B holders cannot fill a position that had been held by a US citizen within the previous 90 days.

We will provide additional details on the package as they become available. If you have any questions about this update or our ongoing monitoring and advocacy efforts, please contact Suzanne Day or Jon Groteboer: (202) 863.1292.