

To: USC Research & Appropriations Working Group Members

From: Robbie Llewellyn, Director of Federal Relations

Tyler Aguilar, Senior Executive Director of State Relations

Date: January 31, 2025

Re: **Research & Appropriations Working Group – January 2025 Memo**

FEDERAL

Senate Confirmed Cabinet Members as of January 31, 2025:

- Secretary of State Marco Rubio
- Secretary of Defense Pete Hegseth
- Secretary of Homeland Security Kristi Noem
- Secretary of the Interior Doug Burgum
- CIA Director John Ratcliffe
- Secretary of Treasury Scott Bessent
- Secretary of Transportation Sean Duffy
- EPA Administrator Lee Zeldin

A full list of President Trump’s cabinet nominees and high-ranking appointments can be [found here in the New York Times](#).

Federal Funding Freeze:

The Office of Management and Budget (OMB) rescinded a memo (Memo M-25-13) that directed federal agencies to freeze federal funding. A federal judge provided a temporary stay order minutes before the deadline on the evening of January 28, 2025. This temporary stay order will expire on February 3, 2025. On January 29, 2025, a second federal judge indicated that he is inclined to issue an order blocking OMB’s funding freeze directive. It remains to be seen how the administration will address its next steps.

USC Federal Notification Website:

Due to the new Executive Orders, OMB directives, and federal agency notifications, the USC Department of Contracts & Grants (DCG) and the USC Office of Research & Innovation (OORI) have created a website to provide guidance and resources to the USC research community. [The website can be found here](#).

Principal investigators should forward any directives, memoranda, or stop-work orders they receive to their school or department research administrators and DCG for appropriate action.

Federal Relations is working with DCG and OORI to monitor and communicate new information in a fast-changing situation. For the most up-to-date information, please visit the [website](#) for research agency directives and federal updates.

Appropriations Update:

- The current continuing resolution (CR) expires at the end of March 14, 2025.
- Congressional Republicans aim to address the FY25 appropriations from March 3, 2025, to March 12, 2025.
- At this time, the Senate GOP leadership and House GOP leadership have not agreed on funding levels. Senate Appropriations Committee Chair, Susan Collins (R-ME), has begun closed-door discussions with Senate Appropriations Committee Vice Chair, Patty Murray (D-WA), on FY25 topline numbers anyway. Details of those discussions are not available at this time.
- Congressional Republicans intend to start addressing FY26 appropriations in May 2025 depending on the budget reconciliation legislation.

Budget Reconciliation Update:

- Republicans aim to cut at least \$2.5 trillion from the federal budget through the budget reconciliation process. Democrats are expected to vote together against a reconciliation bill.
- Specific funding cuts are being brainstormed to offset other costs in a potential bill. No final decisions have been made. Pay-for ideas include new grant funding eligibility requirements, fewer federal research dollars, facilities and administration caps, and endowment taxes.
- President Trump and Congressional Republicans intend to address immigration, energy, and tax cuts through the reconciliation process. Congressional Republican leadership aims to start the reconciliation process in March 2025 and complete it by mid-April. If Congress uses two separate bills instead of one bill, it will likely push the tax portion toward the end of the calendar year.

STATE

Artificial Intelligence:

- Senator Scott Weiner (D - San Francisco) reintroduces controversial AI safety bill
 - After Governor Newsom [vetoed](#) SB 1047 last fall, Sen. Scott Wiener is reviving efforts to regulate AI with SB 53. The new proposal aims to establish AI safeguards while considering input from Newsom's AI working group. Wiener is engaging directly with tech companies and insists the Legislature remains committed to addressing AI risks despite the veto.
- Governor Newsom's AI Working Group Update
 - The Governor's AI working group intends to release a report on potential AI regulations by the end of Q1 2025. The working group was formed following the Governor's veto of Senate Bill 1047 last fall. [See the full press release here.](#)

New Legislation:

- [SB 80](#), by Senators Caballero and McNerney, establishes the Fusion Research and Development Innovation Hub Program within GO-Biz to accelerate fusion energy development. It aims to create innovation hubs, fund research through a new state fund, and position California as a leader in zero-carbon fusion energy. The goal is to develop the world's first fusion pilot plant by 2040, aligning with federal initiatives and the state's clean energy goals.

California Legislature Special Session Update:

- The California Legislature convened a special session on December 2, 2024, at Governor Gavin Newsom's request to establish a \$25 million litigation fund aimed at defending state policies from anticipated federal challenges under the incoming Trump administration.
- After the devastating wildfires in Los Angeles, Newsom expanded the session's scope to prioritize emergency response. Lawmakers approved a bipartisan \$2.5 billion wildfire relief package before shifting focus back to legal protections.
- The Legislature is now considering two separate \$25 million allocations as part of its strategy. The first \$25 million is designated for the California Department of Justice (DOJ) and state agencies to challenge potential federal overreach. The second \$25 million is intended to support local efforts, including legal aid services for immigration defense, wage theft disputes, evictions, and workplace protections. As of January 30, 2025, the California Assembly has delayed a vote on both bills.

Pushback from Researchers on Suggested Framework for Additional IPA Review Criteria:

- The California Committee for the Protection of Human Subjects (CPHS) is facing criticism for deviations from the federal Common Rule, introducing additional requirements and delays that have impacted researchers, including those with NIH-approved studies. Recently, CPHS has proposed expanding its authority by incorporating the California Information Practices Act (IPA) into its review criteria and introducing significant review fees. These changes have raised concerns about potential negative impacts on research and innovation in California. Despite opposition from researchers and public comments, CPHS continues to move forward with these proposals. Please [see the attached letter from the UC system](#) on this issue.