

USC University Relations

To: USC Research & Appropriations Working Group Members

From: Robbie Llewellyn, Director of Federal Relations
Tyler Aguilar, Senior Executive Director of State Relations

Date: February 28, 2025

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

FEDERAL

USC Federal Notification Websites:

Due to the new Executive Orders and federal agency notifications, the USC Department of Contracts & Grants (DCG) and the USC Office of Research & Innovation (OORI) have created websites to provide guidance and resources to the USC research community. The [USC Executive Orders and Agency Memos page](#) and a companion Office of Research & Innovation (OORI) page that lists [notifications of federal directives](#) provide relevant information.

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 websites for research agency directives and federal updates.

Executive Order Advocacy:

Congress is showing deference to the courts as many of the Executive Orders (EOs) go through the judicial system. Few Republican offices have shown interest in standing up against the F&A cap, with the notable exception of Senator Susan Collins, who chairs the Senate Appropriations Committee. Democrats are in the minority in both chambers, limiting their efficacy for legislation and oversight efforts. It is expected that the court cases will eventually make their way to the Supreme Court through the appeals process. Federal Relations is partnering with other universities and higher education associations to highlight the impacts to campuses, researchers, and students.

Senate Confirmations in February 2025:

- Robert F. Kennedy Jr, Secretary of HHS
- Pam Bondi, Attorney General
- Chris Wright, Secretary of Energy
- Howard Lutnick, Secretary of Commerce
- Brooke Rollins, Secretary of Agriculture
- Doug Collins, Secretary of Veterans Affairs
- Eric Turner, Secretary of HUD
- Tulsi Gabbard, Director of National Intelligence
- Daniel Driscoll, Secretary of the Army
- Kash Patel, FBI Director
- Russell Vought, Office of Management and Budget Director
- Jamieson Greer, US Trade Representative
- Kelly Loeffler, Administrator of the Small Business Administration

Linda McMahon, the nominee for Secretary of Education, is scheduled to receive a Senate floor vote on Monday, March 3, 2025. A full list of President Trump's cabinet nominees and high-ranking appointments can be [found here](#).

Appropriations Update:

- The current continuing resolution (CR) expires at the end of March 14, 2025.
- The White House and GOP leadership directed the Senate Appropriations Committee Chair, Senator Susan Collins (R-ME), to start preparing a stopgap spending bill to fund the government through the end of FY25. FY25 ends on September 30, 2025.
- Negotiations between Republican and Democrat appropriations leaders are ongoing, with both Chairs and Ranking Members publicly saying they are making progress on FY25 appropriations topline numbers. If discussions continue to progress, a CR will still be needed to provide time for discussions to continue. Congressional leadership has not provided answers as to the likelihood of a government shutdown.
- The situation remains fluid, and the next week will provide further insight as to Congress' next steps.

Budget Reconciliation Update:

- The Senate passed its version of a budget resolution on February 21, 2025, along party lines.
- The House of Representatives passed its version of a budget resolution on February 25, with one GOP vote against.
- A budget resolution does not include specific policies in the text. It is a blueprint that directs committees to create the policy (additions or subtractions to funding) for agencies that fall under the authority of the various committees.
- Before the budget reconciliation process can begin, the House and Senate must pass identical versions of a budget resolution. The two resolutions are different in the number of dollars and what topics to include.
- It remains to be seen how Senate GOP leadership and House GOP leadership negotiate the two resolutions. Senate leadership has already indicated it will not vote to pass the House's budget resolution in its current form.

STATE

State Bill Introduction Deadline:

- The State Legislature's bill introduction deadline was February 21st. 2,350 new bills were introduced in the Senate and Assembly. Policy committee hearings will begin in March. USC State Government Relations is reviewing legislation that could affect USC and higher education research.

State Budget Update:

- Governor Gavin Newsom released his proposed California state budget for 2025-26 on January 10, projecting a modest positive balance of \$363 million following two years of deficits. Budget subcommittee hearings will take place until the end of April in preparation for the Governor's May Revision of the State Budget. The final budget must be passed by June 15.
- The nonpartisan Legislative Analyst's Office (LAO) released its updated revenue outlook, highlighting a 20% annual growth in income tax revenue over the past 12 months. The latest forecast suggests that potential revenue could surpass current budget projections by over \$4 billion for 2024-25 and \$2.4 billion for 2025-26. However, given the ongoing uncertainty regarding federal funds, legislators are expected to approach budget deliberations with caution.

Artificial Intelligence Legislation:

SB 53 (Weiner) Artificial Intelligence: Frontier Models

- After Governor Newsom vetoed SB 1047 last fall, Senator Scott Wiener is reviving efforts to regulate AI with SB 53 after Gov. Gavin Newsom vetoed his previous bill. The new proposal aims to establish AI safeguards while considering Newsom's AI working group input. Wiener is engaging directly with tech companies and insists the Legislature remains committed to addressing AI risks despite the veto.

AB 1082 (Bauer-Kahan) Automated decision tools.

- This bill seeks to regulate automated decision tools (ADTs) and prevent algorithmic discrimination across all business sectors. This will be the third version of the bill, previously introduced as AB 2930 (2024) and AB 331 (2023).

SB 420 (Padilla) AI Bill of Rights

- Existing State law requires generative AI providers to offer a free AI detection tool that identifies system provenance data in content. This bill signals intent to expand AI-related consumer rights under the California Consumer Privacy Act through future legislation. (Spot bill; more details to be fleshed out in March)

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.](#)

Research Legislation:

SB 80 (Senators Caballero and McNerney) The Fusion Research and Development Innovation Hub Program.

- This bill 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.

AB 829 (Sharp-Collins) Parkinson's disease research grant program: Parkinson's Disease Research Voluntary Tax Contribution Fund.

- The bill creates a Parkinson's disease research grant program and a California Parkinson's Disease Research Fund, pending legislative approval. It also establishes a voluntary tax contribution fund, allowing taxpayers to donate via income tax returns. The Franchise Tax Board must update forms when space allows, creating a continuously appropriated fund for research.

AB 1003 (Calderon) Wildfire Smoke Research and Education Fund.

- This bill establishes the Wildfire Smoke Research and Education Fund to finance research on health effects related to wildfire smoke and firefighting materials. It mandates examining the impacts on firefighters, residents in affected areas, and those affected by smoke.