Federal Funding to be Reduced by Sequestration

The Budget Control Act of 2011 created a Congressional committee to propose budget cuts to lower the federal deficit. In the event the members of the committee were not able to agree on the nature of the cuts, an automatic "sequestration" would go into effect that would require cuts to government spending across the board. Because the committee was not able to reach an agreement, sequestration went into effect on March 1, 2013.

Sequestration will impact federal research awards to USC. The NIH currently estimates that sequestration will result in an immediate 5% reduction in its budget. As a result, the NIH expects to make fewer new, competing awards. In addition, all non-competing continuation awards are generally being funded at 90% of the initially committed level.

For NSF researchers, NSF currently estimates that as many as 1000 fewer awards will be made in FY 2013. However, NSF currently states that all continuing grant increments will be awarded as scheduled.

Other federal agencies are subject to similar budgetary restrictions. Keep in mind that the situation remains fluid and is likely to change in coming weeks and months.


Doctor's Alleged Role Highlights Ties Between Investors and Medical Field

Dr. Sidney Gilman, a Professor of Neurology at the University of Michigan, retired recently in the wake of allegations that he provided nonpublic information to an investment portfolio manager that led to massive, multimillion dollar trades.

The United States Securities and Exchange Commission (SEC) filed a complaint against Dr. Gilman accusing him of providing Mathew Martoma, a former portfolio manager at CR Intrinsic Investors, with nonpublic information about the outcomes of an Elan Corporation and Wyeth clinical trial of an Alzheimer's drug that Gilman was overseeing between 2006 and 2008.

During the time that Gilman served as the chairman of the safety committee overseeing the clinical trial, he was employed as a $1,000-per-hour paid consultant for a New York expert networking firm that connected him with Martoma, according to the SEC complaint.
Gilman agreed to pay $234,000 in fines and penalties, and to a permanent injunction against further violations of the federal securities act to settle the claims against him.

Dr. Gilman's case serves as a reminder that a faculty member's primary duty of professional loyalty and commitment is to the university, and outside relationships that result in personal financial gain through sharing confidential information obtained in the course of university employment presents a conflict of interest that must be avoided.

**Two UC Davis Neurosurgeons Accused of Experimental Surgery are Banned from Human Research**

Dr. J. Paul Muizelaar, a prominent UC Davis neurosurgeon, was ordered to "immediately cease and desist" from any research involving human subjects after he and a fellow researcher were accused of experimenting on brain cancer patients without university permission. The university's vice chancellor for research admitted to the U.S. Food and Drug Administration that the surgeons' actions amounted to "serious and continuing noncompliance" with federal regulations. The surgeons obtained the consent of three terminally ill patients with malignant brain tumors to introduce bacteria into open head wounds under the theory that postoperative infections might prolong their lives. Two of the patients developed sepsis and died.