



## Office of Government and Community Relations

### Federal Relations Report

#### December 2011

*"Your appropriations committee . . . is working," said Rep. Harold Rogers (R-Ky.), the committee's chairman, summing up years of dysfunction in a single dramatic pause.*  
-[Washington Post, November 18, 2011](#).

Whether the appropriations process was working was an open question until the last hours of a continuing resolution funding the government that was set to end at midnight on December 16. But Congress made that deadline and passed the remaining nine appropriations bills as part of an omnibus package ([HR 2055](#)) for FY 2012, 77 days after funding year began.

In that bill and its smaller predecessor a month before ([HR 2112](#)), research and education accounts fared well, by and large.

In November, Congress had managed to push through a consolidated funding bill, dubbed a "minibus," which, among other agencies, encompassed the Department of Agriculture, the National Science Foundation, and the Department of Energy Office of Science. It also included a stopgap continuing resolution that ended December 16.

The House and Senate continue to wrangle over how to pay for disaster relief and how to extend expiring tax provisions, such as a payroll tax cut. One House proposal to offset the \$8.1 billion disaster relief bill would have imposed a 1.83 percent across-the-board cut on all accounts except defense, but the Senate refused to pass it.

Given the many fights and impasses over spending that have defined this Congress, many in the higher education community were pleasantly surprised by the relatively positive budget outcome for priorities such as the Pell Grant program, the National Institutes of Health (NIH) and the National Science Foundation (NSF).

Less rosy is the outlook for FY 2013, when automatic across-the-board budget cuts are set to kick in as a result of the failure of the so-called supercommittee to reach a deficit-reducing deal.

#### Department of Education programs

One of the main sticking points that delayed an overall appropriations deal was the size and scope of the Labor-Health-and-Human-Services (LHHS) bill, which funds the Pell Grant program under the Education Department budget. (LHHS was rolled into the omnibus budget bill.)

The cost of Pell more than doubled in the past three years due to a combination of recent laws that broadened eligibility and the down economy, which helped push formerly middle-income families into the low-income category.

As part of raising the debt ceiling this summer, Congress appeared to reach an agreement to protect Pell at its current maximum and eligibility levels, but disputes over the mechanics of funding the program opened up another billion-dollar-plus shortfall in the program for FY 2012. The latest funding hole came despite the recent jettisoning of year-round Pell Grants; the LEAP grant program, which provides money to states for need-based financial aid; and a subsidy for interest on graduate school loans—all to pay for Pell.

House appropriators sought significant cuts in Pell, in FY 2012 lowering income eligibility limits by half, cutting off grants to less-than-half-time students, and counting public assistance benefits against aid applicants.

In the end, the maximum Pell Grant level of \$5,550 was maintained, but eligibility was changed and student loan subsidies were cut. The changes include:

- Eligibility limit of 12 full-time semesters, cut from 18 full-time semesters
- "Automatic zero" Expected Family Contributions (EFC) income levels are cut back from \$30,000 to \$23,000
- No grant eligibility for students without a high school diploma or equivalent
- Two-year moratorium on the six-month grace period on interests on subsidized loans after graduation or withdrawal
- Students must be eligible for at least 10 percent of maximum award to receive a minimum award

In the academic year 2010-11, the Twin Cities campus had 8,553 Pell eligible students with an average grant of \$3,970, out of an undergraduate population of 38,651. In November, President Eric Kaler joined Chancellors Charles Casey (Crookston), Lendley Black (Duluth), Jacqueline Johnson (Morris) and Stephen Lehmkuhle (Rochester) in [signing a national petition](#) urging lawmakers to preserve funding for student aid programs.

Other education programs such as work-study, GEARUP, TRIO, and international education remained largely flat compared with FY 2011 levels. (Unfortunately for the international programs, the FY 2011 levels reflected a drastic and unexpected cut.) The Institute for Education Science, which funds education research, took a \$15 million dollar cut, for a total of \$595 million in FY 2012.

#### NIH looks flat, but is effectively increased

NIH is also funded under LHHS section of the omnibus bill. At first glance, NIH funding appears flat from FY 2011 to FY 2012, but the agency has effectively received an increase of \$300 million over FY 2011 because funding for global AIDS/HIV programs will be funded from the State-Foreign Ops budget and not transferred out of NIH, as has been the case in recent years. That puts NIH's total at \$30.698 billion for FY 2012, but appropriators also baked in a 0.189 percent cut for all LHHS accounts (except Pell), so the increase is actually closer to \$241 million and the total is \$30.640 billion. For NIH,

the conference agreement also included this language:

- NIH's salary cap is reduced from the current Executive Level I (\$199,700) to Executive Level II (\$179,700), as requested in the president's budget.
- The conferees urge NIH to maintain extramural research at least at 90 percent of NIH budget in FY 2012.
- NIH is urged to establish safeguards to ensure the percentage of funds used to support basic research across NIH is maintained.
- Language to create a National Center for Advancing Translational Sciences (NCATS), a \$576 million center aimed at moving basic discoveries into the clinic. In doing so, the bill also eliminates the NIH National Center for Research Resources (NCRR).

**Department of Energy (DOE) research accounts hold their own**

In DOE, the Office of Science will receive \$4.889 billion, an increase of \$46 million or about one percent over FY 2011, but below the administration's request for \$5.4 billion. In report language, conferees warned the department against overcommitting future budgets through multi-year awards, directing DOE "to transition to a model in which it fully funds multi-year awards with appropriated funds" (with some exceptions).

The Advanced Research Projects Agency – Energy (ARPA-E) will receive \$275 million, a \$95 million increase over its FY 2011 level of \$180 million, but below the president's request of \$650 million. There will be two new Innovation Hubs funded at \$20 million each, one for critical materials (from the Office of Energy Efficiency and Renewable Energy) one for battery storage (from the Office of Science).

**Department of Defense (DOD) basic research trends upward**

Funding for DOD 6.1 basic research is significantly increased to \$2.117 billion. This is \$169.4 million, or 8.7 percent, above the estimated FY 2011 level of \$1.947 billion. Advanced and applied research accounts also received funding increases.

A separate Defense authorization bill ([H.R. 1540](#)) now awaiting House action calls for the Government Accountability Office (GAO) to provide the congressional defense committees with a report on Defense science & technology programs.

**National Endowment for the Humanities (NEH) is cut**

The NEH receives \$146 million for FY 2012, equal to the president's request, but below the FY 2011 level of \$155 million.

**Minibus includes mostly good news for Agriculture, NSF and others**

The FY 2012 appropriations minibus signed into law in November level-funded the competitive Agriculture Food Research Initiative (AFRI) in the Agriculture section of the bill, but increased funding for scientific agencies and directorates included in the Commerce-Justice-Science section of the bill, including NSF.

The AFRI program is flat-funded at the FY 2011 level of \$264.47 million, and extension-related programs took a \$4 million cut for a total of \$475.2 million.

For NSF, the bill provided \$7 billion, an increase of \$173 million over FY 2011—better than either the House or Senate's proposal. The total included \$5.7 billion for Research and Related Activities, \$167 million for Major Research and Facilities Construction, and \$829 million for Education and Human Resources.

Within the \$17.8 billion approved for NASA, the Science Mission Directorate received \$5.09 billion, \$155 million above the FY 2011 level. The bill includes \$529 million for the James Webb Space Telescope, a project that the House bill had not funded.

The National Oceanic and Atmospheric Administration will receive \$4.9 billion in FY 2012, which is \$306 million, or 7 percent, above the FY 2011 level. The bill's conferees did not fund the proposed new NOAA Climate Service.

The Commerce Department section of the FY 2012 funding bill also provided \$2.7 billion for the U.S. Patent and Trademark Office (USPTO), a 28 percent increase over FY 2011 level. The funding bill includes language that allows USPTO to keep and use excess fees should actual collections exceed estimates, subject to congressional approval of spending plans. The promise of a solution for the USPTO's chronic underfunding was a major reason that institutions like the University of Minnesota supported the patent reform bill passed earlier this year.

**Appropriations for FY 2012 in dollars**

Agency	FY 2010	FY 2011 †	FY 2012
<b>Agriculture</b>			
National Institute of Food and Agriculture	1,360	1,214	1,202
Extension funds	495	479	475
Agriculture & Food Research	262	265	265
<b>Defense</b>			
6.1 Basic Research	2,000	2,000	2,080
<b>Education</b>			
Pell Grant max (in dollars)	5,550	5,550	5,550
TRIO	910	827	841
GEARUP	323	303	303
International Programs	125	75	74
Institute of Education Sciences	659	610	595
<b>Energy</b>			
Office of Science	4,904	4,884	4,889
ARPA-E	--	180	275
<b>Homeland Security</b>			
Science and Technology	n/a	493	266

Directorate Research			
<b>NASA</b>			
Science Directorate	4,470	4,945	5,090
Aeronautics Research	497	535	575
Education	180	145	138
<b>National Institutes of Health</b>			
	31,168	30,668	\$30,640
<b>National Science Foundation</b>			
	6,926	6,873	7,033

† Does not include 0.2 percent cut to FY 2011 non-defense accounts.

\* Does not include additional 0.189 percent across the board cut imposed on all Dept. of Ed accounts (except Pell Grants).

§ FY 2012 bill does not include the usual transfer of \$300 million to the GlobalHIV/AIDS program, thus what appears to be a decrease is still an increase of \$240 M. Figure does include 0.189 percent across the board cut imposed on LHHS accounts.

#### On campus and on the Hill

At the end of November, John Wagner of the Stem Cell Institute briefed members of the House and their staff on the latest developments in stem cell research.

On November 28, Rep. Keith Ellison visited the Grossman Center for Memory Research and Care, where he heard about new areas of neuroscience research from Jerrold Vittek, Matthew Chafee, and Karen Hsiao Ashe, as well as Vice President for Research Tim Mulcahy.

On September 27, Rep. Erik Paulsen visited the Twin Cities campus, where he met with President Eric Kaler and participated in a 3D visualization demonstration presented by the Medical Device Center and the Minnesota Supercomputer Institute. He also met with the Office of Technology Commercialization and leaders of a company currently licensing University of Minnesota robotics technology.

On October 25, Consumer Finance Protection Board official Raj Date and David Bergeron of the US Department of Education's Office of Postsecondary Education were at Coffman Union to announce several student finance-related initiatives. They were welcomed to campus by Vice Provost Robert McMaster and Minnesota Attorney General Lori Swanson, and later met with University student finance staff to learn more about U of M financial aid programs.

#### Articles of Interest

[Can the public Ivies be saved?](#)

Washington Post College Inc. blog  
December 20, 2011

[Maximum Pell Preserved](#)

Inside Higher Ed  
December 16, 2011

[Conferees Strike a Deal on Programs for High-Tech Startups](#)

Science Insider  
December 13, 2011

[GAO Finds Lagging Student Outcomes at For-Profits](#)

Inside Higher Ed  
December 8, 2011

[Scientists Need to Be More Visible to Public and Lawmakers to Avoid Deep Funding cuts, policy experts say](#)

AAAS News  
December 7, 2011

[College Leaders Meet With Obama to Discuss Costs and Productivity](#)

New York Times  
December 5, 2011

[Some welcome steps toward reducing the cost of college](#)

Washington Post Editorial  
December 1, 2011

[NIH Funding Plagued by Potential of Continuing Resolution and Sequestration Measures](#)

Genetic Engineering & Biotechnology News  
November 30, 2011

[The Supercommittee Worked! Really!](#)

Jonathan Chait in New York Magazine  
November 21, 2011

[The Balanced Budget Amendment Delusion](#)

Bruce Bartlett in NYT/Economix blog  
November 15, 2011

[Right loses fight for deeper cuts](#)

Politico  
November 1, 2011

[Obama unveils student loan relief plan in Denver campus appearance](#)

Washington Post  
October 26, 2011

Thank you for reading. Feel free to contact us if you have any questions.



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