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# AAU WEEKLY WRAP-UP

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## CONGRESSIONAL SCHEDULE *NEW*

The House did not meet today; the Senate continued debate on the FY10 Transportation-HUD appropriations bill (H.R. 3288) but held no recorded votes.

Senate Democratic leaders over the next few weeks hope to move at least four FY10 appropriations bills while negotiations continue on health care reform legislation. (See article below on appropriations.) Senate Majority Leader Harry Reid (D-NV) said he expects the Senate to approve a health care package by Thanksgiving, with support from “at least a few” Republican Senators.

The House next week will consider legislation to overhaul the student loan system (H.R. 3221) (see article below) and a bill to allow the Energy Department to create programs for improving vehicle fuel efficiency and alternatives to petroleum-based transportation fuels (H.R. 3246).

## BUDGET & APPROPRIATIONS

### HOUSE TO CONSIDER STUDENT AID OVERHAUL NEXT WEEK *NEW*

The House next week will take up legislation to implement the President’s plan to overhaul the federal student aid system. The measure would eliminate the federally subsidized private student loan market and move all new subsidized loans into the direct federal loan program. A companion Senate measure is likely to be introduced the week of September 21.

As reported by the House Education and Labor Committee, the Student Aid and Fiscal Responsibility Act ([H.R. 3221](http://www.aau.edu)) would direct \$40 billion of the expected \$87 billion in savings over 10 years into the Pell Grant program, with the additional savings allocated to non-student

aid programs such as K-12 education facilities modernization grants, the President's community college initiative, and deficit reduction.

Among the concerns about the bill are the proposed reconfiguration of the Perkins Loan Program and the College Access and Completion Innovation Fund, which is intended to help achieve the President's goal of improving college graduation rates. Only 25 percent of the available funds (\$3 billion over five years) would be available for competition among higher education institutions. States would retain the majority of funding, and to be eligible for grants, they would have to develop rigorous postsecondary student unit record data systems, which could give states major new regulatory control over both public and private colleges and universities.

### **SENATE CONTINUES WORK ON FY10 APPROPRIATIONS BILLS *NEW***

The Senate continues to work on the FY10 appropriations bills. Senate Democratic leaders have said they hope to pass the Transportation-HUD funding bill by early next week and the Interior-Environment, Commerce-Justice-Science, and Defense bills before the end of the month.

The Senate has approved just four out of 12 FY10 appropriations [bills](#); the House has approved all 12. Still ahead are the needed House-Senate conferences on each bill.

With Fiscal Year 2010 less than three weeks away, there is little doubt that Congress will need to approve a continuing resolution (CR) to sustain funding for those federal programs whose appropriations bills are not approved by October 1. The CR is expected to last through October. And with Congress facing a heavy agenda this fall, it is likely that some FY10 bills will be bundled into an end-of-year omnibus appropriations package.

### **SENATE PANEL APPROVES FY10 DEFENSE SPENDING BILL *NEW***

The Senate Appropriations Committee on September 10 approved its version of the FY10 Defense appropriations bill (H.R. 3326), the last of its 12 FY10 bills. The Senate is expected to consider the measure later this month.

The bill would cut funding for 6.1 basic research slightly below the FY09 appropriation. Specifically, it would provide \$1.83 billion for basic research, which is \$10.4 million below the FY09 level of \$1.84 billion, \$100 million below the House-passed FY10 level of \$1.93 billion, and \$33.3 million above the Administration's request of \$1.80 billion.

For the broader Science & Technology (S&T) category, the bill would provide \$12.37 billion, a cut of \$1.12 billion from the FY09 level of \$13.49 billion, but \$716.1 million above the Administration's request of \$11.65 billion. S&T programs include defense-wide and military service funding for 6.1 basic research, 6.2 applied research, and 6.3 advanced technology development.

Within this total, applied research (6.2 programs) would receive \$4.61 billion, a \$507.4 million, cut from the FY09 level of \$5.11 billion, but a \$358.7 million increase over the Administration's request of \$4.25 billion. Advanced technology development (6.3 programs) would receive \$5.93 billion, a \$602.8 million cut from the FY09 level of \$6.53 billion, but a \$324.1 million increase over the Administration's request of \$5.6 billion.

The Senate bill breakout for 6.1 basic research and 6.2 applied research across the services is as follows:

- Army 6.1: \$441.0 million, a \$1.8 million or 0.4-percent increase above FY09;
- Army 6.2: \$1.08 billion, a \$157.9 million or 12.8-percent cut from FY09;
- Navy 6.1: \$544.2 million, a \$3.2 million or 0.6-percent cut from FY09;
- Navy 6.2: \$699.4 million, a \$77.0 million or 9.9-percent cut from FY09;
- Air Force 6.1: \$480.8 million, a \$11.9 million or 2.5-percent increase over FY09;
- Air Force 6.2: \$1.17 billion, a \$47.1 million or 3.9-percent cut from FY09;
- Defense-wide 6.1: \$365.6 million, a \$20.8 million or 5.4-percent cut from FY09; and
- Defense-wide 6.2: \$1.66 billion, a \$225.4 million or 12.0-percent cut from FY09.

The bill would level-fund the National Defense Education Program at the FY09 level of \$69.9 million, which is about \$20 million below the Administration's request of \$90 million. The report accompanying the bill ([S. Rpt. 111-74](#)) notes that NDEP faced budget "execution challenges" in 2008. The report adds that it would be premature to increase funding prior to completion of an ongoing Defense Department strategic review of STEM programs.

For the Defense Advanced Research Projects Agency (DARPA), the report notes that the Administration's request is \$3.248 billion and that DARPA spent an average of roughly \$2.67 billion per year during fiscal years 2006-2008. The report states: "Therefore, the Committee believes that such a significant funding increase to DARPA's program is fiscally imprudent."

Overall, the measure includes \$78.45 billion for Defense Research, Development, Test, and Evaluation (RDT&E). This is a cut of \$2.07 billion, or 2.6 percent, from the FY09 level, and \$494.1 million, or 0.6 percent, below the Administration's FY10 request.

A further [breakout](#) of the Defense appropriations levels for accounts of interest to research universities, including the University Research Initiative accounts, is available on the AAU website.

## **EXECUTIVE BRANCH**

### **NSF ISSUES NEW RULES ON COST-SHARING, RECOMMENDS FURTHER STUDY OF ECONOMICS OF PUBLICLY FUNDED RESEARCH *NEW***

The National Science Board has issued a report calling for the National Science Foundation (NSF) to prohibit "voluntary" cost sharing for most research grants and to apply mandatory cost sharing to a limited number of NSF programs for which cost sharing contributes to program goals, such as the Industry/University Cooperative Research Centers program.

["Investing in the Future: NSF Cost Sharing Policies for a Robust Federal Research Enterprise"](#) is the second of two National Science Board reports on cost sharing, prompted by a directive in the America COMPETES Act (P.L. 110-69) requiring the agency to re-examine its cost-sharing policies. NSF eliminated mandatory cost sharing in 2004 but did not address voluntary cost sharing—in which institutions provide additional resources for proposed projects—which continues to be permitted. Concerns have been raised that voluntary cost sharing creates a competitive advantage for researchers at institutions that can provide additional support.

The new report calls for NSF to eliminate "voluntary committed cost sharing in all components of both solicited and unsolicited proposals," and reinforces the conclusion in the Board's 2008 report that mandatory cost sharing should be reinstated for certain programs.

The report also addresses the overall economics of publicly funded research:

“The Board sees value in and recommends that further research be undertaken in a variety of analyses of the economics of publicly funded research. For example, a Federal Government-wide study of the current finances of the Federally sponsored research enterprise could be undertaken, including study of the F&A costs associated with Federally sponsored research and evaluation of the current 26 percent administrative rate reimbursement cap established in OMB Circular A-21.

As previously stated in this report, grantee institutions share in the costs of federally sponsored projects in part by absorbing indirect costs incurred above the cap. The Board understands the fundamental intent of the administrative rate reimbursement cap—to ensure that the majority of research funding supports direct research effort, rather than administrative costs—but also concurs with the general view of the research community that the current 26 percent reimbursement cap requires re-evaluation.”

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