



UC DAVIS FEDERAL RELATIONS UPDATE

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Executive Summary

There have been several significant developments on **federal appropriations** in the past few weeks. The House determined allocations for each subcommittee based on their budget resolution, and the Senate and House have marked up several appropriations bills (Page 2).

The Senate Agriculture Committee passed the **2012 Farm Bill** from their committee. It includes severe cuts to commodities programs, but appears to be fairly neutral on research programs (Page 3).

The House and Senate are working on dueling legislation to keep the **interest rate on subsidized student loans** from doubling on July 1st. The main point of contention is how to pay for the estimated \$6 billion cost of the fix (Pages 3-4).

Congressman Darrell Issa's **DATA Act** passed the House earlier this week. The research community worked to streamline its requirements on financial reporting (Page 4).

Conferees were named for the **Highway Reauthorization bill**, which includes funding for University Transportation Centers (Page 4).

President Obama passed an Executive Order aimed at **protecting veterans and military service members** from unscrupulous practices by for-profit universities (Pages 4-5).

FY2013 Budget Update

The House and Senate Appropriations Committees have begun the challenging task of marking up their FY2013 funding bills, using discretionary spending totals that are not only below the FY2012 levels, but also \$19 billion apart. The Senate is using the discretionary spending total for FY2013 that was approved last August as part of the Budget Control Act (BCA), which is \$4 billion below the FY2012 level. The House is working with \$19 billion less than the Senate, but because its plan would raise defense spending by \$8 billion, its measure actually would fund non-defense programs at \$27 billion below the Senate level.

The House allocation for the Labor-HHS-Education Subcommittee, which funds both student aid and the National Institutes of Health (NIH), is \$150 billion. This is \$6.3 billion, or four percent, below the FY2012 enacted level and \$7.7 billion less than the Senate allocation. The allocation for Interior-Related Agencies, where the National Endowment for the Humanities is funded, is \$28 billion. This is \$1.27 billion, or four percent, less than the FY2012 allocation and \$1.67 billion, or six percent, less than the Senate FY2013 allocation. The allocation for Commerce-Justice-Science, which funds the National Science Foundation (NSF) and NASA, is \$51.131 billion. This is \$1.729 million less than the FY2012 level and \$729 million less than the Senate FY2013 allocation. The allocation for Defense is \$519.2 billion, which is \$8 billion more than the Senate number and about \$1 billion more than the FY2012 level.

The White House's Acting Office of Management and Budget (OMB) Director Jeffrey Zients sent House Appropriations Committee Chairman Harold Rogers (R-KY) a letter saying that until the House agrees to abide by last summer's BCA agreement on discretionary spending, the President will be unable to sign any appropriations bills.

Below are some specifics on the appropriations bills that have been marked up in the House and/or Senate:

USDA (Agriculture and Rural Development Appropriations)

On April 26, the Senate Appropriations Committee marked up its FY2013 Agriculture Appropriations bill. The biggest news is that the AFRI program would receive a \$33.5 million increase (13 percent) over the FY2012 enacted level. Overall, NIFA would see an increase of \$36.5 million (or three percent).

The House Agriculture Appropriations bill is not yet scheduled for markup, but is expected in May. The House Agriculture Subcommittee will face a much more constrained budget situation as a result of the House budget resolution. Its FY2013 allocation is \$527 million (2.6 percent) below the FY2012 enacted level, and \$1.38 billion below the FY2013 Senate allocation.

Senate bill research and extension-related highlights:

- **AFRI:** \$298 million, which is \$33.5 million above FY2012.
- **EFNEP:** \$67.9 million, which is equal to FY2012.
- **Crop Protection Program:** The Senate did not approve the requested consolidation, but funds the six discrete programs at their FY2012 levels, totaling \$29.75 million.
- **Sustainable Ag Fed-State Matching Grants:** \$3.5 million, funded at President's budget request.
- **Hispanic-Serving Institutions Education Grants:** \$9.2 million, which is equal to FY2012.
- **Food Animal Residue Avoidance Databank (FARAD):** \$1 million, which is equal to FY2012.
- **NIFA Water Quality Integrated Activities:** \$4.5 million, which is equal to FY2012.

National Science Foundation (Commerce-Justice-Science Appropriations)

The FY2013 funding bill approved on April 18 by the full Senate Appropriations Committee would provide \$7.3 billion for NSF, which is a \$240 million increase over FY2012.

In the House, the FY2013 funding bill marked up in subcommittee on April 19 includes \$7.3 billion for NSF. The committee released a statement that the increase is “provided to core research and education activities...including funding for an advanced manufacturing science initiative and for research in cyber-security and cyber-infrastructure.”

Department of Energy (Energy and Water Appropriations)

The bill approved on April 18 by the House Energy and Water Appropriations Subcommittee would fund the DOE Office of Science at \$4.824 billion, which is \$64 million below the final enacted FY2012 level and \$168 million below the President’s FY2013 request. The Advanced Research Projects Agency-Energy (ARPA-E) would receive \$200 million in the House bill, which is \$75 million below FY12 and \$150 below the President’s FY13 request.

Farm Bill

On April 26, the Senate Agriculture Committee passed a five-year farm bill by a vote of 16 to five. Majority Leader Reid has indicated that he will take up the measure soon. The House Agriculture Committee is wrapping up a series of field hearings before releasing its own version of the Farm Bill. Early indications suggest that the House bill will take a far different approach to programs such as food stamps, setting up a difficult battle to reach bipartisan agreement before the reauthorization deadline of September 30.

The Senate’s 2012 Farm Bill would save the federal government \$26.4 billion over the next ten years, compared with President Obama’s proposed \$32 billion in savings, or the House Agricultural Committee’s \$33 billion in savings. The Senate achieves these savings by replacing direct payments to farmers with another type of crop insurance that’s controversial among environmental and sustainable-farming groups. The House Agriculture Committee would create deficit reduction by exclusively targeting food stamps. House leadership is proposing cutting \$33 billion in nutrition programs. By placing the food stamp debate in the middle of the farm bill, Congress reduces its chance of passing a bill in 2012. If agriculture legislation fails to pass Congress by the end of September, then Congress will be forced to pass short-term extenders.

The good news is that the Senate and House bills appear to support agricultural research. The Senate version includes reauthorization of USDA’s competitive grants program, the Agricultural Food and Research Initiative (AFRI), at its current authorized level of \$700 billion. AFRI is funded at \$264 million for FY2012, and the President’s FY2013 budget proposes increasing funding to \$325 million. Authorization amounts are often significantly more than appropriated amounts. An authorization amount is the “ceiling” amount that *could be given* for a particular program. However, in recent budget years, most appropriated funding is lower than the amount that could be given under the authorization.

Student Loan Interest Fix

Republicans in the House and Democrats in the Senate have introduced competing bills to temporarily freeze the interest rate for federally subsidized loans, so they won’t jump from 3.4 percent to 6.8 percent on July 1st. At the University of California, more than 76,300 undergraduates received subsidized Stafford loans totaling more than \$320 million. The average loan amount was \$4,191, so the estimated savings to the borrower, over the life of the loan, would be more than \$1,000, if the interest rate is kept at 3.4 percent.

The House legislation would pay for the estimated \$6 billion cost of the interest rate freeze by drawing from a health prevention fund in the administration's health care law. The Senate bill would pay for the interest rate freeze by raising taxes on so-called S-Corporations, with three or fewer shareholders who declare income of at least \$250,000 per year to pay employment taxes. The House will vote on their legislation on April 27th and the Senate is scheduled to vote on its legislation on May 8th. Differences between the two bills will be worked out in a conference committee.

DATA Act

The House passed the Digital Accountability and Transparency Act (DATA Act) on April 25th. AAU, the Association of Public and Land-Grant Universities (APLU), and the Council on Governmental Relations have opposed the Committee-approved version of the DATA Act (H.R. 2146) because it would centralize financial reporting on federal research grants and contracts, but would do so without requiring federal agencies to drop their existing, similar reporting requirements. Thus, instead of streamlining the reporting process, the bill would lead to duplicate reporting.

The three associations communicated with both Republican and Democratic committee staff as they negotiated the version of the bill to be considered by the full House. As a result, modifications have been made that move toward eliminating duplicative financial reporting requirements and creating a single federal financial reporting system with standard data elements.

Senator Mark Warner has introduced companion legislation (S. 1222), but the bill has not moved.

Highway Authorization bill

On April 24, the House and Senate announced their conferees on the Highway Authorization bill. The conference committee will focus on the Senate's \$109 billion two-year authorization, and a trio of amendments to the House bill, including a provision that would force the administration to green-light the Keystone XL Pipeline.

The Senate bill includes language authorizing regional University Transportation Centers (UTCs). Currently, six UC campuses –Berkeley, Davis, Irvine, UCLA, Riverside, and Santa Barbara – collaborate with four CSU campuses in the UC Transportation Center, a regional UTC managed by UC Berkeley. The original Senate bill excluded authorization of the current regional UTC program; but Chairman Boxer's Environment and Public Works Committee ultimately accepted an amendment to reinsert the regional center authorization. The Senate bill authorizes the UTC program to distribute two-year competitively awarded contracts for five National Centers at \$3.25 million each; 10 Regional Centers at \$2.75 million each; and, 20 Tier 1 Centers at \$1.5 million each, two of which must be focused on transit issues.

Executive Order on Veterans' Benefits

On April 27, President Obama signed an executive order that will require colleges to disclose more information about financial aid and graduation rates, as well as requiring the Department of Defense to set rules for recruiting at military installations. It will also restrict the use of the term "GI Bill" in marketing and recruitment. While the order will apply to all colleges, it appears to be aimed at the for-profit sector.

The order will also set up a complaint system for reporting suspected institutional fraud or abuse of veterans' benefits, and require institutions to abide by the same rules as those receiving financial aid from the Education Department, administration officials said.

But the officials also indicated that the president would like to see more action from Congress to tighten regulations surrounding veterans' education benefits. For-profit colleges have an incentive to enroll veterans in

part because of a rule that requires 10 percent of total revenues come from sources other than federal financial aid. Veterans' benefits are lumped in with outside income, rather than Pell Grants, student loans and other federal sources that can make up 90 percent of a college's revenue.

The executive order will require colleges to disclose more information about where the revenues in the 10 percent come from, so that the administration can determine how much comes from the GI Bill, tuition assistance and other Department of Defense or Veterans Affairs sources.

Two senators who have been pushing for more regulation of the for-profit sector, Tom Harkin of Iowa and Richard Durbin of Illinois, introduced a bill in January to change the ratio of federal aid to other income sources to 85-15, and to include veterans' benefits with other forms of federal financial aid.

The executive order applies to the Post-9/11 GI Bill as well as tuition assistance for active-duty members of the military and the Military Spouse Career Advancement Account program.

Campus Visits

Dr. Subra Suresh

On April 25, Dr. Subra Suresh, Director of the National Science Foundation, gave a talk as part of the *Chancellor's Colloquium*. He discussed the history and purpose of the National Science Foundation and funding trends for basic research internationally.

UC Davis faculty and leadership in Washington, DC

On April 12, Dean Winston Ko and Tony Tyson attended Capitol Hill meetings and held a briefing on the Large Synoptic Survey Telescope (LSST) project for members of Congress and their staff.

On April 19, Dean Jeff Gilbeling had meetings on Capitol Hill as part of a meeting with the Council of Graduate Schools.

If you have upcoming meetings in Washington, DC, please let me know how I and/or the UCDC staff can be of assistance.

Questions or need assistance

If you have questions, need additional information about any of the above items, or would like assistance in connecting with senior federal officials, please let me know. I can be reached at gabanks@ucdavis.edu or at 530-752-9795.