CONGRESSIONAL SCHEDULE

The House this afternoon approved the tax and benefits extender package (H.R. 4213) and currently is considering the America COMPETES Act (H.R. 5116). (Full information on consideration of H.R. 5116 is likely to be available later on the House Science and Technology Committee website.) The chamber also may consider the National Defense Authorization Act (H.R. 5136). The Senate met today but took no roll call votes.

Congress will be out of session next week for the Memorial Day recess, returning the week of June 7.

BUDGET & APPROPRIATIONS

HOUSE APPROVES PARED DOWN TAX AND EXTENDERS BILL  NEW

The House approved its tax and benefit extender package (H.R. 4213) in two party line votes in which the main provisions of the bill were considered separately from the Medicare physician payment fix. The general bill was approved by a vote of 204 to 201; the Medicare physician payment fix was approved by a vote of 245 to 171.

Amid growing public concern about the nation’s deficit spending, House Democratic leaders yesterday significantly reduced the size of the extenders package. As approved by the House, the measure would extend unemployment support through November, 2010, rather than through the end of the year. It also would extend through 2010 such expired tax benefits as the R&D tax credit, the IRA charitable rollover, and a modified above-the-line tax deduction for qualified education expenses.
The education tax deduction would be scaled back to reduce its 10-year cost from $1.5 billion to $693 million. As described in the rule for consideration, the deduction would be “unavailable to a taxpayer for whom a credit for higher education under section 25A (the Hope and Lifetime Learning Credits) would have provided a greater net reduction in tax liability, without regard to any disallowance or reduction in value of the credit as a result of the alternative minimum tax.”

The separately considered Medicare provisions would provide a 19-month fix to prevent cuts in Medicare physician reimbursements. This provision would provide a 2.2 percent update to physician payment rates for the rest of this year and an additional 1 percent update for 2011. After 2011, rates would return to the current law levels.

The tax extenders bill will be considered in the Senate the week of June 7.

SENATE APPROVES FY10 SUPPLEMENTAL FUNDING BILL; HOUSE ACTION POSTPONED TO JUNE

The Senate late yesterday approved a $59 billion FY10 supplemental appropriations bill to support the wars in Iraq and Afghanistan and disaster relief (H.R 4899). The measure does not include the $23 billion education jobs package (see item below) or $5.6 billion to cover the projected shortfall in the Pell Grant program.

In the House, Appropriations Committee Chairman David Obey (D-WI) postponed a markup of his $84-billion supplemental spending bill, which includes both the education jobs package and funding for the Pell Grant shortfall. CQToday reports that the postponement may reflect concerns of moderates and fiscal conservatives in both parties about the growing reliance on borrowed money, making it more difficult to add spending to the war supplemental bill.

HIGHER EDUCATION GROUPS COMMENT ON FY10 SUPPLEMENTAL FUNDING BILL

AAU joined in two letters sent to House Appropriations Committee Chairman David Obey (D-WI) yesterday regarding higher education funding in the FY10 supplemental appropriations bill.

A letter from the Student Aid Alliance, in which AAU participates, thanks Chairman Obey for including $5.7 billion in the bill to cover the Pell Grant shortfall. “By retiring the shortfall,” says the letter, “this bill will ensure that nearly nine million deserving students will not enter the next academic year with a cut to their financial aid.”

A letter to Mr. Obey from five higher education associations with public colleges and universities among their members, including AAU, also thanks Mr. Obey for addressing the Pell Grant shortfall but further asks that public higher education be included explicitly in the $23-billion education jobs portion of the bill.

The association’s letter additionally requests that public higher education be included in the state maintenance of effort (MOE) provision in the bill to prevent states from cutting funding for colleges and universities to meet the K-12 MOE requirements. “Without such an addition,” says
the associations’ letter, “an unintended consequence of this bill could be further state reductions for colleges and universities.”

**EXECUTIVE BRANCH**

**DEFENSE DEPARTMENT REAFFIRMS FUNDAMENTAL RESEARCH EXEMPTION**

Under Secretary of Defense Ashton Carter issued a memorandum to the military services and the defense agencies on May 24 reiterating that the publication of the results of fundamental research should remain unrestricted. The document reinforces guidance issued in 2008 by then-Under Secretary John Young and reaffirms the commitment of Pentagon leaders to compliance with National Security Decision Directive (NSDD) 189.

NSDD 189, first issued by the Reagan Administration, states that to the maximum extent possible, results of university fundamental research are to remain unrestricted. The May 24 memorandum expands upon this by stating, “DOD must not place restrictions on subcontracted unclassified research that has been scoped, negotiated, and determined to be fundamental research within the definition of NSDD 189.” It adds, “Provisions shall be made to accommodate such subcontracts for fundamental research and to ensure DOD restrictions on the prime contract do not flow down to the performer(s) of such research.”

This memorandum represents an important step in resolving ongoing issues that universities have had with the Defense Department over the inclusion of clauses in subcontracts from industry prime contractors to universities that unnecessarily restrict publication of research results.

**FEDERAL AGENCIES RESUME USE OF GRANTS.GOV FOR ACCEPTING GRANT APPLICATIONS**

The White House Office of Management and Budget (OMB) issued a memorandum to federal agencies on April 23 that instructed them to resume using Grants.gov as the principal repository for grants funding announcements and as the government-wide grant application portal. OMB indicates in the memorandum that Grants.gov has been upgraded to accommodate heavy traffic and to address previous difficulties for users in submitting grant applications.

Last spring, after experiencing several problems with Grants.gov and out of concern that the system was incapable of handling the increased traffic created by the large infusion of research dollars from the American Recovery and Reinvestment Act, OMB allowed federal grant-making agencies to use alternative systems for accepting grant applications for an interim period.

AAU and the Council on Governmental Relations wrote to OMB on March 17, 2009, thanking the agency for addressing the short-term challenge but urging officials also to invest immediately in upgrading Grants.gov to cover expanded ongoing volume. Allowing agencies to use alternative grants management systems “may resolve an immediate financial challenge,” said the associations, “but it is short-sighted as an alternative to a robust investment in Grants.gov at this critical juncture.”
The April 23 OMB memorandum notes that the Department of Health and Human Services, which manages Grants.gov, has now “completed multiple system adjustments, stabilized the system, increased processing capacity, and improved the user experience,” and is continuing to make additional improvements to increase capacity.

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