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CONGRESSIONAL SCHEDULE  NEW

The House was scheduled to meet today in pro forma session with no votes; the Senate met to consider a small business lending bill (H.R. 5297), with no roll call votes.

Next week, in the run-up to the July 4th recess, the House is expected to consider the FY10 supplemental funding bill (H.R. 4899) and the conference report for an overhaul of the financial regulatory system (H.R. 4173).

With no progress on approving the unemployment benefit and tax extenders bill (see item below), the Senate next week is expected to continue consideration of the small business lending bill, along with the conference report for the financial system overhaul.

BUDGET & APPROPRIATIONS

HOUSE SUBCOMMITTEE MARKS UP FIRST FY11 FUNDING BILL  UPDATED

After several weeks of delay in moving the FY11 funding bills, the House Appropriations Committee began the process June 24 with subcommittee markup of the FY11 Department of Homeland Security bill. CQToday reports that the measure provides $43.9 billion in discretionary spending for the Department, which is a $1.1 billion increase over FY10 and $300 million more than the President requested. As previously discussed, the President’s FY11
budget requested an overall freeze in spending only for non-security federal agencies and programs.

No other subcommittee markups have been announced; a subcommittee markup of the Energy and Water bill scheduled for June 24 was postponed.

CQToday reports that some of the 12 FY11 funding bills could be considered on the House floor next month but that few, if any, are likely to be considered on the Senate floor before the start of the new fiscal year on October 1.

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**HOUSE DEMOCRATS DEVELOPING REDUCED FY11 BUDGET PLAN**  
*NEW*

House Majority Leader Steny Hoyer (D-MD) announced June 22 that House Democrats will propose a one-year deeming resolution that sets the maximum overall level of discretionary spending for FY11 only, rather than a full five-year budget resolution.

It was later reported that the cap would be $7 billion below the President’s FY11 request and $3 billion below the level approved April 22 by the Senate Budget Committee.

The deeming measure is expected to be attached to the FY10 supplemental appropriations bill (H.R. 4899), which likely will be considered on the House floor next week. Along with war fighting and disaster assistance funding, the House bill includes $23 billion to help prevent job losses in public schools and $5.7 billion to cover the Pell Grant shortfall. (The Senate version of the supplemental funding bill, approved on May 27, does not include the education jobs funding or the Pell Grant funding.)

The Senate Budget Committee approved a more typical five-year FY11 budget resolution on April 22, but the Senate has held off floor action until the House course of action was clear. Budget Committee Chairman Kent Conrad (D-ND) indicated that the Senate was likely to approve a deeming resolution if the House does so.

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** SENATE FAILS TO PASS PARED-DOWN BENEFIT AND TAX EXTENDERS BILL**  
*NEW*

Despite the efforts of Senate Democrats to further pare the unemployment and tax extenders bill in order to gain enough Republican support to reach the needed 60 votes, the third version of the measure fell three votes short of passage on June 24. The vote was 57 to 41. Senate Majority Leader Harry Reid (D-NV) announced that he would pull the bill from consideration and turn to other legislation. Politico reports that Democratic leaders may try to move individual pieces of the bill (as they did June 18 with Medicare physician payments).

Finance Committee Chairman Max Baucus (D-MT) said in his floor statement that the cost of the comprehensive bill had been cut from $200 billion to less than $110 billion. The new measure would have scaled back state Medicaid assistance from $24 billion to about $16 billion, and it included an additional $11 billion in spending offsets, in part from a reduction in future food stamp benefits and the use of unexpended Recovery Act funds. The latter included savings from unallocated Recovery Act funds for expanding broadband service to rural areas and lower
costs of construction in Defense Department contracts, as well as other savings in Defense Department accounts.

The House approved a version of the bill on May 28. Both measures would extend a variety of programs including unemployment benefits, expired tax benefits such as the R&D tax credit, the IRA charitable rollover, and the above-the-line education tax deduction, as well as a fix for Medicare physician payments. The Senate version also included Medicaid assistance to the states, which was is not in the House-passed bill.

CONGRESS APPROVES STAND-ALONE MEDICARE PHYSICIAN FIX  NEW

The House on June 24 approved Senate-passed legislation (H.R. 3962) to postpone through November the scheduled 21 percent cut in Medicare payments to physicians. The vote was 417 to 1, and sends the measure to the President for signature. Last week, Medicare administrators began processing physician claims at the lower rate for services after June 1, when the cut technically went into effect. Senate leaders brought up the bill separately from the benefit and tax extenders bill on June 18, and the chamber approved it that day by unanimous consent. The President is expected to sign the bill.

OTHER CONGRESSIONAL ISSUES

SENATE COMMITTEE EXPECTED TO MARK UP COMPETES BILL ON JULY 15

The Senate Commerce Committee is expected to mark up its version of the America COMPETES reauthorization bill on Thursday, July 15.

As reported previously, the Senate measure is expected to be a three-year reauthorization bill that includes few if any new programs. It appears likely that the bill, which reauthorizes spending for basic research programs at the National Science Foundation, the Department of Energy (DOE) Office of Science, and the National Institute of Standards and Technology, will sustain the budget doubling trajectory at the three agencies, but perhaps over 11 years rather than the 10 years in the House-passed bill.

The version of the bill (H.R. 5116) approved by the House on May 28 is a five-year, $84 billion package that authorizes significant funding increases for the three agencies, including for DOE’s Advanced Research Projects Agency-Energy. The measure also increases support for undergraduate and graduate education programs in science, technology, engineering, and mathematics.

The original America COMPETES Act—which expires at the end of FY10—was approved with bipartisan support and signed into law in 2007. The original legislation was prompted by recommendations from the National Academies’ report, “Rising Above the Gathering Storm.”

INNOVATION TASK FORCE URGES SENATE APPROVAL OF COMPETES ACT  NEW
The Task Force on American Innovation, a coalition of high-tech corporations, universities, and scientific societies in which AAU participates, wrote to Senate leaders yesterday urging them to pass the America COMPETES Act reauthorization on a bipartisan basis.

The coalition’s letter said, “Reauthorizing COMPETES would underline our nation’s commitment to policies that strengthen America’s talent pool and provide continued support for long-term basic science and engineering, ensuring that American innovators continue to produce the discoveries that create new technologies, new industries, and high value jobs for America.”

OTHER

NATIONAL ACADEMIES LAUNCHES COMMITTEE FOR STUDY OF RESEARCH UNIVERSITIES

The National Research Council on Wednesday announced the launch of its Committee on Research Universities, which has been tasked by a bipartisan group of legislators to study the health and competitiveness of the nation’s research universities.

AAU strongly encouraged creation of the committee, and AAU President Robert M. Berdahl provided the association’s views on the work of the panel in a presentation to the National Academies’ Board on Higher Education and Work Force last November.

The panel, chaired by former DuPont CEO Chad Holliday, plans to hold several public meetings to gather information, with the goal of issuing a consensus report in May, 2011.

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