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CONGRESSIONAL SCHEDULE  NEW

The House and Senate remain in session as Democratic and Republican leaders continue negotiations over a final FY11 funding bill with a strong possibility remaining of a government shutdown at midnight tonight. If a compromise is reached, the House and Senate will need to consider the final measure and most likely, in the interim, a short-term continuing resolution (CR) to keep the government operating.

If a compromise is indeed reached, the Senate next week may resume consideration of the small business research bill (S. 493). The House next week is expected to take up the FY12 budget resolution that was approved by the House Budget Committee on April 6 (see item below). CQ.com reports that the chamber also may consider several substitute proposals, including one from Democrats and one from the conservative Republican Study Committee.

BUDGET & APPROPRIATIONS

NEGOTIATIONS CONTINUE ON FY11 SPENDING WITH GOVERNMENT SHUTDOWN LOOMING  UPDATED

Following marathon negotiations, Republican and Democratic leaders and the White House apparently have come closer to an agreement on the FY11 CR to fund federal agencies for the remainder of the fiscal year, but, at this writing, they have not reached a final deal. Absent an agreement, there will be a government shutdown at midnight tonight when the current, short-term CR expires.
The presumption is that if an agreement is reached, another short-term CR would be offered to give the House and Senate time to approve the longer-term deal and for the President to sign it into law.

The House yesterday approved, on largely partisan lines, a one-week FY11 CR that included another $12 billion in discretionary spending cuts, an anti-abortion provision, and full-year funding for the Pentagon. The White House issued a veto threat against the measure, and the Senate did not take it up.

**OMB ISSUES MEMORANDUM ON PROCEDURES IN A GOVERNMENT SHUTDOWN**

The White House Office of Management and Budget (OMB) has issued a memorandum to federal agencies on dealing with a government shutdown. The guidance includes frequently asked questions, with a discussion of the impact on contracts and grants.

Regarding grants and contracts, the OMB memo states, “In the situation in which performance under an already-issued contract or grant is not impacted by such a lapse (as described in the memorandum), the contractor or grantee may continue to proceed with its work during the lapse period.” The Council on Governmental Relations (COGR) reports that agencies have the discretion to halt activity on individual grants or contracts but the grantee/contractor would be notified by the agency and normal termination provisions would prevail. COGR adds that the memo is designed to address activities conducted by federal employees. Generally, federal employees would not be conducting routine activities in oversight, inspection, accounting, administration, etc. No new grants or contracts would be issued.

COGR further reports that the OMB memo permits grantees to draw down funds on letters of credit for already-issued grants during the shutdown. The PMS and ASP system would continue to function. Grants.gov would continue to operate. However, these systems would operate with limited capacity – help desks and administrative support activities would be significantly reduced.

--**Agencies Issue Their Own Memoranda.** Here are links to memoranda from key research agencies that, at this writing, have made their plans available on their websites:

Department of Health and Human Services Staffing Plan (including for NIH): [http://www.hhs.gov/about/shutdown/index.html](http://www.hhs.gov/about/shutdown/index.html)


Department of Education: [http://www2.ed.gov/about/furlough2011/index.html](http://www2.ed.gov/about/furlough2011/index.html)
AAU joined 137 other associations, institutions, and patient groups on April 4 in sending a letter to House and Senate appropriations leaders opposing restrictive language on National Institutes of Health (NIH) grants that was included in H.R. 1, the House-passed continuing resolution that would fund government for the remainder of the fiscal year. The language would require NIH to issue 9,000 competing awards, roughly the same level as FY10 despite a significant cut in funding, with an average research grant size of $400,000.

The group’s letter opposes the bill’s proposed $1.6 billion cut to the NIH budget and points out that the statutory mandates on award number and size would “exacerbate the negative consequences of the cut.” The letter adds, “NIH Institutes and Centers have the flexibility to make the type and size of awards that are best suited to meeting our current health challenges and scientific opportunities...If NIH is to continue to fund the highest quality research and the next generation of talented researchers in the most effective manner possible, Congress should not tie the hands of the agency by setting arbitrary boundaries on the number and size of awards.”

The House Budget Committee on April 6 approved the FY12 budget resolution introduced the day before by Committee Chairman Paul Ryan (R-WI). Although Democrats offered amendments to increase funding for specific programs—such as an amendment by Debbie Wasserman-Schultz (D-FL) to retain current funding for NIH—the only amendment approved to increase funding was for health care and other services for veterans, raising the level to the President’s FY12 request. The package is expected to be considered on the House floor next week.

Chairman Ryan’s budget plan proposes to save about $6 trillion over the next 10 years through a combination of discretionary spending cuts and, most controversially, significant changes to Medicare and Medicaid. The plan also calls for simplifying the tax system and reducing tax rates, but does not endorse higher tax revenues.

Senate Budget Committee Chairman Kent Conrad (D-ND) criticized the plan for not cutting defense spending or calling for higher tax revenues, expressing support for a plan closer to the recommendations of the National Commission on Fiscal Responsibility and Reform, on which both he and Rep. Ryan served. The commission plan calls for a combination of spending cuts, a simplified tax system that brings in added revenue, and more modest alterations in entitlement programs, for total savings over 10 years of $4 trillion.

For non-security discretionary spending, Chairman Ryan’s plan would cut FY12 spending below FY08 levels, where it would be held for five years, with inflation increases thereafter. The
proposal accepts the President’s FY12 plan for defense, cutting a net $78 billion in FY12 and then limiting growth to inflation. It would not cut spending in the Departments of Homeland Security and Veterans Affairs.

The plan singles out Pell Grants for cuts, with a call for reducing funding to “pre-stimulus levels.” It is not clear if this means reducing the maximum award to the FY08 level of $4,731 (the maximum award currently is $5,550) or bringing total spending in the program back to the FY08 level of $16.3 billion. By comparison, the Administration requested $41 billion for Pell Grants in FY12 in order to maintain the maximum grant (page 43).

While it contains significant discretionary spending cuts overall, Rep. Ryan’s budget appears to be silent on NIH and other research funding, except for energy research, where it differentiates between basic and applied research. The document says, “This budget would continue funding essential government missions, including energy security and basic research and development, while paring back spending in areas of duplication or non-core functions, such as applied and commercial research or development projects best left to the private sector.”

**EXECUTIVE BRANCH**

**ASSOCIATIONS COMMENT ON ADMINISTRATION’S INNOVATION STRATEGY**

A group of five higher education associations, including AAU, has submitted a memorandum to the Department of Commerce in response to the agency’s request for comments on the President’s Strategy for American Innovation. The joint statement, submitted on April 1, emphasizes that sustained and stable research funding must be a part of the national innovation strategy. It also discusses the need for increased gap and proof-of-concept funding to assist in moving ideas from universities into the marketplace, and it points to comments previously submitted to the White House on improving commercialization of university research.

**AGENCIES URGE APPLICATIONS FOR i6 GREEN CHALLENGE COMPETITION**

The U.S. Department of Commerce, in collaboration with four other federal agencies, has launched what it calls the “i6 Green Competition,” aimed at funding “the most innovative ideas to drive technology commercialization and entrepreneurship in support of a green innovation economy, increased U.S. competitiveness, and new jobs.” University campuses are encouraged to participate in the competition, which focuses on promoting “proof of concept centers.” The deadline for applications is May 26, 2011.

The Commerce Department’s Economic Development Administration (EDA) will award up to $1 million to each of six teams around the country, with the partner agencies providing more than $6 million in additional funding to the winners. The partner agencies are the National Science Foundation, the Environmental Protection Agency, and the Departments of Agriculture and Energy.

Full information about the competition is available on the EDA website.