June 3, 2011

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CONGRESSIONAL SCHEDULE  NEW

The House met today to consider competing resolutions on U.S. participation in NATO’s military activities in Libya, after which it planned to adjourn for a weeklong recess.

The Senate was effectively in recess this week, although the chamber remained in pro forma session, with no votes. When the Senate resumes work on Monday, June 6, it will consider the nomination of Donald Verrilli, Jr. as Solicitor General and will take up a non-controversial reauthorization of the Economic Development Administration (S. 782).

BUDGET & APPROPRIATIONS

PATIENCE RUNNING THIN ON HIGH-LEVEL BUDGET TALKS  NEW

Although various groups of lawmakers met with the President and other Administration officials this week, there appears to be no progress in agreeing on a measure to raise the federal debt ceiling that would include a deficit reduction package. Treasury Secretary Timothy Geithner has stated that the debt ceiling must be raised by August 2 to avoid a default on federal obligations.

House Speaker John Boehner (R-OH) said this week that the bipartisan panel convened by Vice President Joe Biden to come up with a short-term deal was moving too slowly. He called for the President to “play large ball, not small ball” and to meet directly with congressional leaders to
work out a comprehensive deal. CQ.com reports that the White House has not publicly responded to the Speaker’s suggestion.

Meanwhile, former Senator Alan Simpson and Erskine Bowles, co-chairs of the President’s National Commission on Fiscal Responsibility and Reform, authored an op-ed in today’s Washington Post urging both political parties to support the work of the “Gang of Six.” This bipartisan group of Senators has been working to develop a long-term budget and deficit reduction plan that draws heavily on recommendations from the deficit commission. Although Senator Tom Coburn (OK) is taking a “sabbatical” from the group’s deliberations, says the op-ed, the Gang continues to work together “because Americans desperately need them to.”

The two commission leaders add:

“Members of both parties and both houses must publicly support the work of the Gang of Six. This is the time for heroes. The country is ready for leaders in Washington to put politics aside, pull together—not apart—put national interest ahead of political interests and put the next generation over the next election.”

**HOUSE CONSIDERS FIRST FY12 SPENDING BILL  NEW**

The FY12 appropriations process revved up this week with the House approving the first of the FY12 funding bills, Homeland Security. The measure provides $1.2 billion less than current funding of $41.8 billion. Demonstrating how tough it is for Congress to cut popular programs, Members approved an amendment restoring $320 million in local firefighter grants by taking money from Department of Homeland Security (DHS) management accounts. The Obama Administration is expected to oppose such cuts in DHS management funding when the bill is considered by the Senate.

As Politico reports, the appropriations process will only get more difficult through the summer. The FY12 budget resolution approved by the House on April 15 calls for cuts in discretionary spending of $31 billion from the FY11 level. With a $17 billion increase for Defense included in that figure, the cuts to other programs are even deeper. The House Republican leadership, reports the publication, “is relying on a ‘borrow-from-Peter-to-pay-Paul’ scheme in which 70 percent of the cuts fall on the last three of the 12 appropriations bills. These are the Labor-HHS-Education, Transportation-Housing, and State-Foreign Aid bills. The proposed cuts—$18 billion, $7.7 billion, and $5.8 billion, respectively—will make those bills “virtually impossible to move until there is some [budget] compromise reached with the White House.”

**HOUSE ENERGY & WATER PANEL MARKS UP FY12 FUNDING BILL  UPDATED**

The House Energy and Water Appropriations Subcommittee marked up its FY12 funding bill on June 2, working with an allocation of $30.6 billion, or about $1 billion less than the FY11 level. A prepared statement by Subcommittee Chairman Rodney Frelinghuysen (R-NJ) notes that this brings total funding down to approximately the FY05 level.

Within that amount, the Department of Energy (DOE) would absorb $850 million of the $1 billion cut, for total FY12 funding of $24.7 billion. The DOE Office of Science would receive $4.8 billion, a $43 million cut, and the Advanced Research Projects Agency-Energy would receive $100 million, or about an $89 million cut.
Subcommittee Chairman Frelinghuysen’s statement says, in part:

“Science research at the Department of Energy strengthens American competitiveness and enables true breakthroughs in the energy sector, and the bill preserves strong funding for this program at $4.8 billion, just $43 million below fiscal year 2011. The bill also increases the number of [Energy Innovation] HUBS from 3 to 5.

The Committee continues to support nuclear energy, providing $8 million above the request for ongoing research and promising new programs such as small modular reactors, which it funds at the request level.

By reducing funding where stimulus funds are still available or where the private sector is able to invest without federal help, the bill reduces funding for Energy Efficiency and Renewable Energy to $1.3 billion, $491 million below fiscal year 2011.”

**TWO GROUPS OF SENATORS URGES MAKING DOE RESEARCH PROGRAMS A FUNDING PRIORITY**

Two groups of Senators have written to Senate appropriators asking that Department of Energy (DOE) research programs be given priority in the FY12 Energy and Water appropriations bill.

The first letter, spearheaded by Senators Jeff Bingaman (D-NM) and Mark Kirk (R-IL) and signed by 19 Senators, asks the subcommittee to continue to support the DOE Office of Science as one of the highest priorities in its FY12 funding bill. The letter says that the Office of Science—as the nation’s primary sponsor of research in the physical sciences, host to a variety of unique scientific user facilities, and supporter of a first-rate workforce of research scientists and engineers—is key to the nation’s capacity to innovate, reduce dependence on foreign sources of energy, ensure national security, and create good jobs now and in the future.

The second letter, initiated by Senators Chris Coons (D-DE) and Bingaman and signed by 17 Senators, urges strong funding for three Department of Energy programs: ARPA-E, Energy Innovation Hubs, and Energy Frontier Research Centers (EFRCs). The three programs are complementary, says the letter, supporting scientific research and technological advances at different stages of the innovation process and with differing levels of risk. Together, the letter says, these programs will “maximize the nation’s ability to achieve energy breakthroughs as quickly as possible.”

**ASSOCIATIONS CALL FOR REPEAL OF THREE-PERCENT WITHHOLDING PROVISION**

AAU joined the National Association of College and University Business Officers and four other higher education associations last week in submitting a statement to the House Small Business Subcommittee on Contracting and Workforce that calls for repealing the so-called three percent withholding provision, which was enacted in 2006 but has not yet been implemented. The subcommittee held a May 26 hearing to review problems with the provision, which would require federal agencies, states, and certain local governments—including state universities—to withhold for taxes three percent of nearly all of their contract payments for goods and services. This would create an enormous and costly burden for state universities.
As described by CQ.com, the provision “effectively requires contractors to pay taxes more like individuals than other businesses, ensuring that taxes are collected and leaving it up to the IRS [Internal Revenue Service] to decide whether the contractors are deserving of a refund at the end of the year.”

Lawmakers enacted the provision in 2006 as a means of reducing the amount of business taxes owed but not paid and to provide a revenue offset for the extension of several business and investor tax cuts. Congress delayed implementation of the provision for six years, and the IRS has delayed implementation further to 2013. Additional information about this issue is available on the Government Withholding Relief Coalition website.

AAU ISSUES STATEMENT ON SENATOR COBURN’S REPORT ON NSF

AAU issued a statement on June 1 in support of the National Science Foundation (NSF) in response to a report critical of the agency released on May 26 by Senator Tom Coburn (R-OK). The AAU statement addresses charges leveled in the report against “funny” sounding science, describes the agency’s accolades for good management, and clarifies how NSF issues multi-year awards.

Senator Coburn’s report, “The National Science Foundation: Under the Microscope,” acknowledges the agency’s contributions to scientific discovery, including its support for “advances like the Internet, cloud computing, bar codes and magnetic resonance imaging technology.” But the report also accuses the agency of “waste, fraud, duplication, and mismanagement,” questions NSF’s role in science education, and calls for eliminating the NSF Social, Behavioral, and Economics (SBE) Directorate.

AAU’s statement specifically addresses the value of NSF’s SBE Directorate, which also was the subject of a June 2 hearing in the House Science and Technology Subcommittee on Research and Science Education. The statement says, “Finding solutions to national problems ranging from addressing our economic challenges to achieving energy independence, from combating obesity and other diseases to combating terrorism, requires the kind of research funded by this directorate. Eliminating it would diminish our country’s ability to address these and other critical issues.”

The AAU statement concludes: “‘Under the Microscope’ provides an inaccurate picture of one of our nation’s most effective and important agencies. It is our hope that it does not undermine the critical research and education that NSF supports on behalf of the nation.”

EXECUTIVE BRANCH

DEPARTMENT OF EDUCATION RELEASES GAINFUL EMPLOYMENT REGULATIONS

The Department of Education on June 2 released its long-awaited “gainful employment” regulations, aimed at requiring career college programs to better prepare their students for gainful employment or risk losing access to federal student aid. The controversial rules, first proposed last July, focus on the amount of debt that students in for-profit and certificate programs accrue and their prospects for paying it off. While aimed at improving practices at certain for-profit institutions, the new regulations also will affect certificate and vocational
programs at non-profit institutions. The final regulations offer colleges significantly more leeway than the original proposed rules. They lower the required debt-to-income ratios, delay implementation of the rules, and provide institutions more chances to fix problems before losing their eligibility for federal financial aid.

**OTHER**

**HUNTER RAWLINGS JOINS AAU AS PRESIDENT**

Hunter R. Rawlings III joined the AAU staff as its president on June 1, replacing Robert M. Berdahl, who retired from the position late last month.

Prior to this position, Dr. Rawlings served as president of Cornell University from 1995 to 2003, and as interim president for one year between 2005 and 2006. At the conclusion of his presidency in 2003, Dr. Rawlings was elected president emeritus and began serving as a full-time professor in Cornell's Departments of Classics and History. He served as president of the University of Iowa from 1988 to 1995. He graduated from Haverford College, with honors in classics, and received his Ph.D. degree, also in classics, from Princeton University.

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