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CONGRESSIONAL SCHEDULE NEW

The Senate met today to work on the farm bill (S. 954) and begin debate on comprehensive immigration reform (S. 744). The House did not meet today.

The Senate next week will vote on final passage of the farm bill and continue debate on immigration reform legislation. Senate Democratic leaders expect consideration of the immigration bill to take considerable floor time this month; their goal is to complete the bill by the July 4 recess.

The House Republican leadership has not yet announced the House floor schedule next week.

BUDGET & APPROPRIATIONS

HOUSE APPROVES FIRST FY14 APPROPRIATIONS BILLS NEW

The House this week approved the first two of its 12 FY14 appropriations bills, Military Construction-Veterans Affairs (H.R. 2216) and Homeland Security (H. R. 2217). The Defense and possibly Agriculture bills are expected soon to follow. Because the House is working from a low discretionary spending level—$91 billion less than the figure being used by the Senate and $17 billion less than the post-sequester FY13 level—and Republican leaders have chosen to protect security-related bills from the impact of the sequester, the remaining eight FY14 spending bills are not expected to reach the House floor.
As CQ.com notes, most of the cuts are focused in the eight remaining FY14 funding bills, including a $35 billion cut in Labor-HHS-Education. Funding for that bill would drop to $122 billion.

The protection of security-related bills is evident in the two measures approved this week:

- Military Construction-Veterans Affairs (H.R. 2216), which the House passed on June 4 by a vote of 421 to 4, would provide total discretionary spending of $73.3 billion, or $2.4 billion above the post-sequester FY13 level. (Veterans Affairs programs were not affected by the sequester.)

- Homeland Security (H.R. 2217), which the House passed on June 6 by a vote of 245 to 182, includes $38.9 billion in discretionary spending for the Department of Homeland Security (DHS). That is $981 million above the agency’s post-sequester FY13 funding level.

The White House, in turn, has threatened to veto the two House-passed bills, as well as any other FY14 appropriations bill, unless there is “an overall budget framework that supports our recovery and enables sufficient investments in education, infrastructure, innovation and national security for our economy to compete in the future.” The White House response was largely symbolic because it seems increasingly likely that policymakers will wait until late fall to work out a final FY14 deal that raises the nation’s debt limit, and, as in FY13, incorporates some appropriations bills and a continuing resolution to fund the remaining agencies.

Senate appropriators have not yet announced a schedule of markups for their FY14 funding bills, but are expected to begin them soon. Appropriations Chairwoman Barbara Mikulski (D-MD) has said she plans to use the $1.06 trillion funding level for FY14 contained in the Senate-passed FY14 budget resolution. That level assumes repeal of the sequester.

**AMENDMENT TO HOMELAND SECURITY BILL WOULD ALLOW “DREAMERS” TO BE DEPORTED** NEW

The House approved an amendment to the FY14 Homeland Security appropriations bill, offered by Rep. Steve King (R-IA), which would prohibit the government from funding a 2012 White House order that has temporarily protected from deportation young undocumented immigrants who were brought to this country as children. These are the young people who would benefit from passage of the Development, Relief, and Education for Alien Minors (DREAM) Act, which has been included in the Senate immigration bill and which the higher education community strongly supports. The King amendment targeting “DREAMers” passed on a largely party-line vote of 224-201.

**SENATE REJECTS TWO BILLS TO ADDRESS STUDENT LOAN INTEREST RATES** NEW

With just a few weeks remaining until the interest rate on federally subsidized student loans is scheduled to double to 6.8 percent, policymakers remain at odds over how to prevent the increase. The House approved its bill on May 23, but the Senate took up and failed to approve
House and Senate Republicans want a long-term fix to student loan interest rates, with rates pegged to the 10-year Treasury bond rate (H.R. 1911, S. 1003). Senate Democrats want to retain the current 3.4-percent rate for two years, paid for by ending certain non-education tax benefits (S. 953). Their goal is to negotiate a longer-term fix as part of the reauthorization of the Higher Education Act.

The Obama Administration issued a veto threat against the House bill on May 22, although the bill has many similarities to the proposal the Administration included in its FY14 budget. The White House endorsed Senate Democrats’ bill on June 6.

The House-passed Smarter Solutions for Students Act (H.R. 1911) would create a single interest rate for both subsidized and unsubsidized loans, with the rate set each year by adding 2.5 percent to the 10-year Treasury bond rate. The interest rate on PLUS loans would be set by adding 4.5 percent to the 10-year Treasury bond rate. Interest rates would be capped at 8.5 percent and 10.5 percent, respectively. The Senate Republican bill (S. 1003) is similar, but would set a uniform loan rate for all newly issued subsidized Stafford loans and PLUS loans at the 10-year Treasury bond rate plus three percent. The House bill would reset the rate for each loan every year, while the Senate Republicans’ bill would hold the rate constant for the life of the loan. The Senate bill does not include a rate cap.

Senate Democrats’ alternative, the Student Loan Affordability Act of 2013 (S. 953), would maintain the student loan interest rate on subsidized loans at 3.4 percent for two years using non-education related offsets. The proposed offsets are: limiting the use of tax-deferred retirement accounts as an estate planning tool, eliminating a corporate offshore tax benefit, and treating oil from tar sands the same as other petroleum products for tax purposes.

The President’s plan would set subsidized student loans rates at the 10-year Treasury bond rate plus .93 percent. Borrowers with unsubsidized loans would be charged the 10-year Treasury bond rate plus two percentage points, while those with PLUS loans would be charged the 10-year Treasury bond rate plus three percentage points. Unlike the House bill, the President’s proposal would hold the rate constant for the life of a loan, does not include a cap on interest rates, and includes an income-based repayment plan.

EXECUTIVE BRANCH

AAU, APLU, COGR SUBMIT RESPONSE TO NSB ON FACULTY REGULATORY BURDEN

AAU, the Association of Public and Land-grant Universities (APLU), and the Council on Governmental Regulations (COGR) on June 5 submitted a joint response to the request from the National Science Board (NSB) for information about the regulatory burden on faculty who receive federally funded research grants.

The comments, which were submitted in an on-line form, said that the solutions to the increasing administrative burden on faculty were clear:
“Federal agencies must harmonize their regulations, policies and procedures to streamline the requirements on investigators and institutions. These regulations, policies and procedures should be performance-based in terms of the goals to be achieved, thus allowing institutions the greatest flexibility in meeting the goals. The Federal government data management systems should provide a stable platform for the efficient submission of required data. Finally, full recovery of the Facilities and Administration (F&A) costs will provide additional resources to the institution to assist. The elimination of the cap on the administrative component of the F&A will ensure that the real costs of administration in the CURRENT regulatory environment will be shared by the institution and its Federal partners. Agencies should be required to provide a rationale that is reviewed and certified by OMB before imposing limits on the amount of F&A recovered by the institutions.”

WHITE HOUSE RELEASES REPORT ON CONSOLIDATION OF FEDERAL STEM EDUCATION PROGRAMS

The White House National Science and Technology Council (NSTC) on May 31 released its five-year plan for better coordinating federal investments in science, technology, engineering, and mathematics (STEM) education, including consolidating dozens of federal STEM education programs. The report, which was prepared by the NSTC’s Committee on STEM Education (CoSTEM), was authorized by the America COMPETES Reauthorization Act of 2010. The CoSTEM report reflects the STEM education reorganization and consolidation plan discussed in the President’s FY14 budget request.

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