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CONGRESSIONAL SCHEDULE NEW

The House is out of session today and will return to session on Monday, March 6. Next week’s agenda will include a bill to make minor changes to the conference report for the USA Patriot Act reauthorization (see item below), a bill on food labeling (H.R. 4167), and legislation to reauthorize the White House Office of National Drug Policy Control (H.R. 2829).

The Senate was in session today to consider legislation (S. 2320) to increase funding for the Low Income Home Energy Assistance Program (LIHEAP), but no roll call votes were taken. The Senate will reconvene Monday, March 6. Next week’s agenda is expected to include final passage of S. 2320, as well as consideration of legislation to overhaul lobbying rules (S. 2349 and S. 2128). The Senate also may consider legislation to increase the federal debt limit (H.J. Res. 47).

BUDGET & APPROPRIATIONS

PRESIDENT’S PROPOSED CUTS IN DOMESTIC PROGRAMS CREATE ELECTION-YEAR DIFFICULTIES FOR CONGRESSIONAL BUDGET LEADERS NEW
The House and Senate budget committees are expected to vote out their respective FY07 budget resolutions next week, although no firm markup dates have been announced.

News reports indicate that, in an acknowledgement of election-year pressures, the Senate Budget Committee’s budget resolution will not include the President’s proposed $65 billion in five-year savings in mandatory programs. The Wall Street Journal reports that Senate Budget Committee Chairman Judd Gregg (R-NH) also said he is committed to holding new appropriations near the $870.7 billion ceiling set by the White House but will not allow a firewall between accounts to protect military spending. He accused the Administration of using emergency spending requests to create “two sets of books” for the federal budget: “the one for general government is subject to severe budget restraint, and the one for national defense is subject to absolutely no budget restraint.”

The publication reports that House Speaker Dennis Hastert (R-IL) still hopes to approve some mandatory savings in the House version of the FY07 budget resolution, and that a “modest” package of savings could be included in House-Senate conference negotiations. CQToday quotes Rep. Mike Castle (R-DE) as saying that a savings package might total about $10 billion. He and other House Republican moderates might oppose the budget resolution because of their concerns about domestic cuts. Rep. Mark Kirk (R-IL) said that moderates are assembling a list of concerns about proposed cuts and want to know how Republican appropriators and leaders plan to allocate discretionary spending before voting for a budget resolution.

**FY07 Appropriations Process Likely to Extend Beyond Election** NEW

CongressDaily reports that Congress is unlikely to approve each of the 11 FY07 appropriations bills individually, as it did for FY06, and is unlikely to complete the appropriations process before the November election. The publication writes that the process could be delayed not only by controversies over the Administration’s proposed budget cuts, but also by efforts to overhaul lobbying and ethics rules, including greater review of earmarks in the bills. In addition, Senate Majority Leader Bill Frist (R-TN) has said that the Senate will be in session only 117 days this year (compared to 141 calendar days in 2005) and that he will pull legislation from the floor if there is no consensus. Bill Hoagland, Senator Frist’s budget advisor, told a homeland security group last month not to expect Congress to complete any FY07 appropriations bills other than Homeland Security and perhaps Defense before the scheduled October 6 adjournment.

**Negotiations Begin on Tax Reconciliation Bill** NEW

House and Senate tax writers have begun work to reconcile their differing versions of the $70 billion tax cut measure, the Tax Relief Act of 2005 (H.R. 4297). The goal is to complete the package by the mid-March recess, reports CQToday, but the real deadline is completing the bill before the House and Senate agree to an FY07 budget resolution later this spring.

**Nonprofit and Higher Education Communities Weigh In on Tax Reconciliation Conference** UPDATED

The nonprofit and higher education communities, including AAU, have sent two letters to House and Senate leaders of the tax conference, expressing strong support and concerns regarding several provisions in the Senate-passed version of the bill.
The first letter, from a group of nonprofit and higher education associations—including the American Council on Education (ACE) and AAU—urges conferees to support the IRA charitable rollover provision in the Senate version of the bill. The provision would allow older Americans to contribute assets held in their individual retirement accounts (IRAs) to charities without first having to withdraw the funds and acknowledge them as income for tax purposes. A copy of the letter on the IRA charitable rollover is available at: http://www.acenet.edu/AM/Template.cfm?Section=HENA&TEMPLATE=/CM/ContentDisplay.cfm&CONTENTID=14691.

The second letter, sent by ACE on behalf of the higher education community, urges approval of the IRA charitable rollover provision and extension of the above-the-line deduction for qualified tuition and related expenses, which expired December 31, 2005. However, the higher education letter also asks conferees to drop or revise five other provisions that “are likely to adversely affect charitable giving to colleges and universities or are otherwise troublesome changes to our tax laws.” The provisions of concern would:

- Create a floor on charitable deductions for taxpayers that itemize their tax returns, restricting their deductions to amounts in excess of $210 for a single taxpayer and $420 for joint filers;
- Require tax-exempt organizations, including colleges and universities, to make public not only the 990 forms they file as nonprofit organizations, but also the 990-T forms in which they report unrelated business income;
- Require tax-exempt organizations with gross income and receipts or assets of more than $10 million to file their returns with a certification by an auditor or counsel, which would “greatly increase institutional costs without a corresponding public benefit;”
- Create a new and complex regulatory regime for donor-advised funds; and
- Expand rules for Type I, II, and III supporting organizations.

A copy of the higher education letter on the tax conference is available at: http://www.aau.edu/issues/ReconTaxConf_3-2-06.pdf.

OTHER CONGRESSIONAL DEVELOPMENTS

SENATOR KENNEDY INTRODUCES COMPETITIVENESS BILL

Senator Edward Kennedy (D-MA) has introduced comprehensive legislation to address American competitiveness that includes provisions to increase budgets for key federal research agencies and to authorize increased federal support for teacher education and student loan forgiveness.

AAU President Nils Hasselmo has written to Senator Kennedy thanking him for introducing the legislation and offering to work with him to advance the proposal. A copy of the letter is available on the AAU Web site at: http://www.aau.edu/education/KennedyLtr2-28-06.pdf.

Specifically, the Right TRACK Act (The Right Time to Reinvest in America’s Competitiveness) would authorize:
• A 10-percent annual increase over seven years in research and development at the National Institutes of Health, the National Science Foundation, and NASA, basic research at the Department of Energy Office of Science, and basic (6.1) and applied (6.2) research at the Department of Defense;
• Increased funding for the National Science Foundation’s Math and Science Partnership program and the Teacher Institutes for the 21st Century program;
• A new “Contract for College Opportunity” grant program;
• Teacher Education Assistance for College and Higher Education (TEACH) Grants;
• Increased federal student loan forgiveness for teachers of math, science, engineering, and critical foreign languages who teach in high-poverty schools;
• Increased study abroad and foreign language study opportunities for students; and
• New summer institutes to help teachers integrate international content into their curricula and improve their knowledge and teaching of foreign languages and cultures.


HOUSE REPUBLICANS ANNOUNCE 2006 HIGH-TECH AGENDA  UPDATED

House Republican leaders held a press conference March 1 to announce their agenda for technology and competitiveness. The announcement was followed the next day with the introduction of a legislative package by Rep. Bob Goodlatte (R-VA), chairman of the House Republican High-Tech Working Group. The Innovation and Competitiveness Act (H.R. 4845) includes support for science and math education, permanently extending the research & development tax credit, overhauling the legal system, and increasing the use of information technology in healthcare. The introductory statement does not specifically mention the American Competitiveness Initiative (ACI) and the legislation does not include funding for basic research. The ACI received little mention at the press conference other than by House Science Committee Chairman Sherwood Boehlert (R-NY).


SENATE APPROVES REAUTHORIZATION OF USA PATRIOT ACT  NEW

The Senate voted March 2 by a vote of 89-10 to reauthorize expiring provisions of the USA Patriot Act (H.R. 3199), sending the measure to the House for final approval. Although the vote marks the expected end of a long process, Senate Judiciary Committee Chairman Arlen Specter (R-PA) has said he will introduce and hold hearings on legislation, similar to provisions in the original Senate-passed bill, aimed at improving the civil liberties provisions in the final package. But as reported in CQToday, “The appetite for further debate this year on the issue is likely to be extremely low among the House leadership” and “there is no reason to believe Specter’s push will gain the backing of the White House, which has been engaged in a tug of war with Members of Congress for more than a year in an effort to make the law permanent and expand law enforcement’s powers, not rein them in.”
The original conference report to renew expiring provisions of the USA Patriot Act failed to pass the Senate on December 16 when four Republican Senators joined Senate Democrats to block approval because of concerns over civil liberties protections. Congress has since approved two short-term extensions of the expiring provisions; the current expiration date is March 10.

Following the December vote, the four Republican Senators—John Sununu (R-NH), Chuck Hagel (R-NE), Lisa Murkowski (R-AK), and Larry Craig (R-ID)—began negotiations with the White House on the provisions of concern. They announced on February 9 that an agreement to modify three of them had been reached. Democratic Senators Richard Durbin (D-IL) and Dianne Feinstein (D-CA) said they would support the compromise. The changes were incorporated into a separate bill, S. 2271.

The Senate on March 1 approved final passage of S. 2271 by a vote of 95 to 4, before voting final passage of H.R. 3199 on March 2. The House is expected to clear S. 2271 next week; the chamber had approved the original conference report on December 14.

The agreement with the White House would prohibit federal law enforcement officials from serving libraries with orders called national-security letters in cases where libraries are operating in their “traditional roles, including providing Internet access.” A statement issued by the four Republican Senators said such traditional services “include making books available in digital format and offering patrons access to the Internet.” The deal also would allow those served with national security letters not to be forced to reveal the name of an attorney they had consulted or planned to consult about the matter. Additionally, those served with secret subpoenas granted under the Foreign Intelligence Surveillance Act would be allowed, after one year, to challenge a gag order preventing them from disclosing they had received the subpoena.

Senator Russ Feingold (D-WI), the only Senator to vote against the original USA Patriot Act in 2001, announced last week that although he opposed the conference report, he would not mount a filibuster to prevent a final vote on it. He said in a press statement, “It’s not a great deal – the conference report is just as flawed as it was two months ago. No amount of cosmetics is going to make this beast look any prettier.”

Two organizations which opposed the original conference report, the American Civil Liberties Union and the American Library Association, have expressed the view that the compromise does not significantly address their concerns.

**SENATE COMMITTEES CONSIDER LOBBYING REFORM BILLS**

Two Senate committees this week approved separate lobbying reform bills which are expected to be considered together next week on the Senate floor.

Legislation (S. 2349) developed by Senate Rules and Administration Committee Chairman Trent Lott (R-MS) and approved unanimously by the panel, would subject any earmark that originates in a House-Senate conference to a point of order on the Senate floor. Sixty votes would be required to waive the point of order. The provision would apply to all types of legislation, not just appropriations bills.

Legislation (S. 2128) prepared by Senators Susan Collins (R-ME) and Joseph Lieberman (D-CT) and voted out of the Homeland Security and Governmental Affairs Committee on March 2, would require more frequent, in-depth disclosures of how lobbyists spend money on lobbying and campaign contributions. *CQToday* reports that under the bill, House Members, Senators,
and high-level Administration officials would have to wait two years before lobbying their former colleagues; congressional staff would have to wait a year before lobbying Congress (staff currently are prohibited from lobbying only their former committee or personal office colleagues).

In the House, progress has been slower. The Rules Committee held a hearing March 2 to consider various proposals offered by a panel of congressional scholars and lobbyists. CongressDaily reports that the widely varying views of the panelists on a number of issues being debated in Congress highlight “the difficulty Republicans face in building consensus on a package that enacts broad changes.”

**REP. RIC KELLER TO CHAIR HOUSE 21ST CENTURY COMPETITIVENESS SUBCOMMITTEE  NEW**

House Education and the Workforce Committee Chairman Buck McKeon (R-CA) announced March 1 that Ric Keller (R-FL) will be the new chairman of the 21st Century Competitiveness Subcommittee. Rep. Keller replaces Rep. McKeon as chairman of the panel, which has jurisdiction over federal higher education, student aid, and job training programs.

AAU has sent a letter to Mr. Keller congratulating him on his selection and offering him help in the effort to reauthorize the Higher Education Act and to enhance the nation's competitiveness. The letter also thanks him for his efforts to strengthen federal need-based student aid, especially the Pell Grant program.

**OTHER**

**AAAS TO HOST CONGRESSIONAL BRIEFING MARCH 9 ON FY07 R&D BUDGET  NEW**

In cooperation with the House Research Caucus, the American Association for the Advancement of Science (AAAS) will host a congressional briefing about the FY07 R&D budget on Thursday, March 9, 12-1:30 p.m. EST, in the Caucus Room of the Cannon House Office Building (Room 345). The Research Caucus co-chairs, Reps. Judy Biggert (R-IL) and Rush Holt (D-NJ), are expected to attend.

AAAS encourages members of the Council on Federal Relations and other university representatives to attend the session and invite staff from their congressional delegation offices.