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CONGRESSIONAL SCHEDULE  NEW

Although the House and Senate were expected to finish the 109th Congress tonight, the session could be extended briefly into next week to accommodate final negotiations over an omnibus tax and trade package. It remains unclear at this writing if the Senate will be able to reach agreement on the package. CongressDaily reports that last-minute changes by the Senate could require the House to reconvene next week to approve the final bill. Congressional aides said that could be accomplished by consent and without forcing House Members to return to Washington.

Both chambers will reconvene for the 110th Congress on Thursday, January 4.

BUDGET & APPROPRIATIONS

CONGRESS PUNTS MOST FY07 SPENDING DECISIONS TO NEXT YEAR  UPDATED

As expected, rather than continue work on individual FY07 appropriations bills, the House and Senate today will vote on a continuing resolution (CR) that will fund most federal agencies through February 15 of next year. With only the Defense and Homeland Security FY07 funding bills enacted into law, final funding for the remaining 10 FY07 appropriations bills—domestic programs and foreign aid—will be decided by the new, Democratic-controlled Congress.

Domestic and foreign aid agencies and programs have been funded since October 1—the beginning of the new fiscal year—under two successive CRs, the latter set to expire tonight,
December 8. The CRs have provided funding at the lowest of House-passed, Senate-passed, or FY06 levels.

There have been reports that appropriations committee staff were developing a list of programs that would receive higher allocations, but that list apparently does not include research funding increases proposed under President Bush’s American Competitiveness Initiative or increases for the National Institutes of Health or higher education.

*CongressDaily* reports that the CR will allow the Veterans Affairs Department to transfer up to $684 million from other accounts to cushion the CR's impact on veterans' medical services. The CR also will allow adjustments in special circumstances, such as entitlement programs which rely on appropriated funds, such as food stamps. Federal agencies would be given flexibility to avoid furloughing employees.

**OMNIBUS TAX EXTENDER PACKAGE HITS LAST-MINUTE SNAGS  NEW**

The House and Senate had been expected to approve a massive package of tax and trade provisions today, but Senate approval has been held up over a variety of issues that could still torpedo the measure. The bill would extend for two years the research and development tax credit, the sales tax deduction for those who live in states without an income tax, and the tuition tax deduction. It also would provide a one-year fix for what otherwise would be a cut in Medicare physician reimbursement rates.

The two bills that make up the package—H.R. 6408, which contains the tax and health provisions, and H.R. 6406, which contains trade language—were approved today by the House with the intention of combining them into one. But negotiations continue in the Senate over a variety of tax and trade provisions. As noted above, *CongressDaily* reports that any last-minute changes by the Senate could require the House to reconvene next week to approve a final bill. Congressional aides said that could be accomplished by consent and without forcing House Members to return to Washington.

**OTHER CONGRESSIONAL DEVELOPMENTS**

**SENATE CONFIRMS ROBERT GATES AS DEFENSE SECRETARY; HE EXPRESSES SUPPORT FOR S&T  NEW**

By an overwhelming vote of 95-2, the Senate on December 6 confirmed Texas A&M University President Robert Gates as Secretary of Defense. Dr. Gates will resign from his current position and be sworn in as Secretary of Defense on December 18. Although the focus of his confirmation hearing this week was on the war in Iraq, Dr. Gates expressed strong support for science and technology at the Department of Defense in his responses to written questions from the Senate Armed Services Committee. Specifically, when asked if he supported the statutory goal of investing three percent of the Department’s budget in science and technology programs, he wrote:

> As President of Texas A&M, I recognize the importance of basic science and technology research to ensuring the Department remains on the cutting edge of emerging technology for the warfighter. If confirmed, I plan to place a high priority on a robust science and technology program for the Department.
STUDENT AID SHOULD FOCUS ON FINANCIAL NEED, WITNESSES TELL COMMITTEE  UPDATED

Members of the Senate Finance Committee heard from a panel of witnesses on December 5 who stressed the importance of focusing federal student aid on financial need, in part by simplifying the range of federal financial aid and tax benefits aimed at covering college costs.

Susan Dynarski, a public policy associate professor at Harvard University, told the Senate panel that creating a “super credit” would both simplify federal education assistance and better aid low-income students by giving them money in time to pay their tuition bills. Michael Brostek, director of tax issues for the U.S. Government Accountability Office, said in his written testimony that because of the complexity of education tax benefits, “hundreds of thousands” of taxpayers fail to use benefits to which they are entitled.

The Chronicle of Higher Education reports that Senator Max Baucus (D-MT) promised to focus on college affordability and student access next year when he becomes chairman of the panel because “it’s so important for our country.” Sen. Charles Schumer (D-NY) plans to introduce legislation next year that would combine the HOPE scholarship, which is a tax credit, the Lifetime Learning Credit for families paying more than $10,000 a year for tuition, and a tax deduction of up to $4,000 into what he called “one single, streamlined, easy-to-understand credit.”

Also discussed during the hearing were tax incentives related to college sports and charges that “elite” institutions give preference in admissions to children of alumni and wealthy potential donors.

Information about the hearing, including Chairman Grassley’s opening statement and testimony by the witnesses, is available on the Senate Finance Committee Web site at: http://finance.senate.gov/sitepages/hearing120506.htm.

GAO RELEASES REPORT ON UNIVERSITY EXPORT-CONTROL ISSUES

The Government Accountability Office on December 5 released its report on university export control issues, which recommends that the Departments of Commerce and State “use available information to assess potential vulnerabilities and based on this assessment improve outreach, guidance, and interagency coordination.” GAO staff visited a handful of AAU campuses earlier this year as a part of this review, which was requested by the House Judiciary Committee.


EXECUTIVE BRANCH

NIH INSTITUTES WILL BE CONSERVATIVE DURING FY07 CONTINUING RESOLUTION

With FY07 funding for the National Institutes of Health (NIH) to be covered through a continuing resolution (CR) until at least February 15, NIH institutes are making FY07 grant-
funding decisions within a temporary budget that is frozen at or slightly lower than the FY06 level. Each institute has wide latitude in managing its grant portfolio, within the bounds of guidance from the Office of the NIH Director, but such guidance has not yet been issued. Ultimately, the most reliable source of information for faculty members with NIH grants is their NIH program officers.

AAU staff has learned the following about how institutes will operate under a continuing resolution:

- Until the FY07 appropriation is finalized, institutes can't know how far down the pay line they can fund. Therefore, they will tend to make conservative choices so that they have the flexibility to adjust to the FY07 budget once it is known.
- Institutes are able to fund new grants under a continuing resolution.
- It is likely that competing continuation grants—called Type 2s—that have a December start date will begin to be paid this month. Some institutes may already have started paying them, albeit at conservative levels that will be adjusted to the final FY07 appropriation.
- Grants to support new research starts—Type 1s—will be delayed in many institutes until January or later. However, even if there is no final appropriation by January or February, most institutes will begin to pay Type 1 grants (which face the same pay line challenge described above for Type 2s).
- As was done for FY06, funding for non-competing continuation grants in years two, three or four will be funded at 80 percent of what was promised until the FY07 appropriation is signed into law.
- It is worth recalling that once NIH had its final FY06 appropriation last year, continuation grants received 97.65 percent of what the Notice of Grant Award had promised for FY06.

**PRESIDENT’S S&T COUNCIL RELEASES REPORT ON EMERGING ENERGY TECHNOLOGIES**

The President’s Council of Advisors on Science and Technology (PCAST) last Friday released a broad-ranging report on energy technologies that could help achieve energy security and a “more economically and environmentally sound energy infrastructure” over the next few decades. Although the report focuses on the role of private entrepreneurs in these technologies, it also recommends a variety of federal research and policy steps that could accelerate progress in meeting national and global energy challenges.

Of particular interest to universities, the report calls for increasing federal support for science and technology research and development. This includes approval of the funding increases proposed for the National Science Foundation and the Department of Energy Office of Science in the President’s American Competitiveness Initiative, as well as increases for clean energy R&D proposed under the President’s Advanced Energy Initiative. The report also urges creation of a new basic research initiative on next-generation energy storage technology, focused on new chemistries and concepts for electrochemical or electric storage.

AGENCIES FORM VISITOR ADVISORY PANEL, CO-CHAired BY CARNEGIE MELLON PRESIDENT  NEW

The Departments of Homeland Security (DHS) and State have created a new advisory panel to provide guidance on how to maintain U.S. security while making the U.S. more welcoming to visitors. The Secure Borders and Open Doors Advisory Committee (SBODAC) will be co-chaired by Jared L. Cohon, President of Carnegie Mellon University, and John Chen, CEO and President of Sybase, Inc. The group, which is a subcommittee of the DHS Homeland Security Advisory Council, held its first meeting on December 6 in Washington, DC.

The committee includes representatives from academia and the tourism, health care, and manufacturing industries. Among its members are Charles M. Vest, President Emeritus of the Massachusetts Institute of Technology; Richard Stephens, Senior Vice President for Human Resources and Administration for The Boeing Company; and John Engler, President of the National Association of Manufacturers.

Additional information about SBODAC members is available at: www.dhs.gov/hsac.

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