CONGRESSIONAL SCHEDULE  NEW

The 110th Congress will convene on Thursday, January 4, with a lengthy agenda. Along with the major tasks of organizing the new Congress under Democratic control, House and Senate leaders will be negotiating extension of the FY06 continuing resolution (CR), which runs through February 15. In addition, House Democrats have pledged to consider several issues during the first 100 legislative hours of the session, including increasing the minimum wage, ending certain tax breaks for oil companies, allowing the government to negotiate with drug companies for lower Medicare drug prices, revisiting federal funding of embryonic stem cell research, and cutting the interest rate on student loans.

In early February, the President will present his proposed FY08 budget, as well as an expected $100 billion supplemental funding request for military operations in Iraq and Afghanistan.

BUDGET & APPROPRIATIONS

RESEARCH PROGRAMS APPEAR UNLIKELY TO BENEFIT FROM “LIMITED ADJUSTMENTS” TO FY06 CR

Last week the incoming Democratic chairs of the House and Senate appropriations committees, Rep. David Obey (D-WI) and Senator Robert Byrd (D-WVa), released a joint statement declaring that the House and Senate will extend the current continuing resolution (CR) for the balance of FY07 at the FY06 enacted rate. (The statement is available at: http://www.house.gov/appropriations_democrats/press/pr_121106.shtml.)

The statement indicated that the appropriators would try to make “limited adjustments” to address “the nation’s most important policy concerns.” Research advocates hoped this might mean funding increases for the National Institutes of Health (NIH) and/or agencies proposed for major increases under the President’s American Competitiveness Initiative (ACI), including the National Science Foundation (NSF) and the Department of Energy Office of Science. However,
discussions with House and Senate appropriations staff suggest that the flexibility to move money around will be severely constrained by the programmatic dislocations associated with a year-long CR.

Earmarks that will not be appropriated are the main source for “adjustment” funding. Appropriations staff estimate that this could ultimately total as much as $6 billion. However, there are a number of federal programs that require more funding in FY07 than the FY06 enacted level in order to maintain critical services. Perhaps the biggest increase is for Veterans Administration medical care, which may need more than $3 billion to maintain current services. The Social Security Administration (SSA) also will require significant additional funding to maintain the hours that service centers are open and the number of people staffing them.

For programs funded under the Labor-HHS-Education appropriations bill, the situation is complicated because the House and Senate never agreed on an allocation for that measure. It does appear that nearly $1 billion in earmarked funding may come “free,” although it will have to be used, in part, for the SSA problem described above. Despite this rather grim outlook, discussions with congressional staff suggest that Democratic leaders may consider the possibility of including an increase in the maximum Pell Grant award when negotiations on the long-term CR package resume in early January.

**EXECUTIVE BRANCH**

**NIH ISSUES GRANTS POLICY FOR DEALING WITH CONTINUING FLAT APPROPRIATIONS**

In dealing with continuing flat appropriations, NIH intends to protect new investigators, first-time renewal applicants, and established investigators who do not have other research support. According to a statement issued December 15, the agency also will attempt to stabilize the number of new grants funded each year at about 9,600, whatever future appropriations bring. (As a point of reference, in FY03, the last year of the doubling, NIH funded 10,393 new grants. For FY06 the projection was 9,062 new grants.) By trying to maintain a targeted number of new grants, NIH officials hope to moderate the peaks and valleys associated with the ebb and flow of congressional support for biomedical research.

In a flat budget, protecting new and established investigators and setting a target number of grants can only mean that continuations will suffer. Non-competing awards or continuations, including modular grants, will not receive inflationary increases. Although this policy provides little consolation for faculty members and administrators who are seeing research budgets squeezed year after year, agency officials have been forced to make difficult decisions in an effort to do what is best for the broader research enterprise. It is worth keeping in mind that, as always, individual institutes will have some flexibility in implementing this policy guidance.


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