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CONGRESSIONAL SCHEDULE NEW

Although the House today was expected to take up two energy bills (H.R. 2776, H.R. 3221), the FY08 Defense appropriations bill (H.R. 3222), and a bill (H.R. 3311) to help rebuild the collapsed bridge in Minneapolis, work was stalled because of a disputed vote on the Agriculture appropriations bill. At this writing, it appears that the chamber will at least approve the emergency legislation for the bridge rebuilding, but it is not clear how much more the House will consider today. The House Democratic cloakroom indicates that Members should be prepared to consider the Defense appropriations bill tomorrow, Saturday.

The Senate is in session today but is currently in recess, subject to the call of the chair.

After the House and Senate each adjourn for the August recess, they will return to session on Tuesday, September 4.

BUDGET & APPROPRIATIONS

NO AGREEMENT REACHED ON FY08 RECONCILIATION BILL UPDATED

No agreement has been reached on the House-Senate conference on the FY08 budget reconciliation package (H.R. 2669, S. 1762). The Speaker’s office indicates that negotiations were suspended when it became clear that the Senate would not have floor time to consider a conference report before the August recess.

The House and Senate bills would each save more than $18 billion over five years by cutting student lender subsidies, a significant amount of which would be reinvested in student grant aid and student loan improvements.

The House bill, H.R. 2669, would cut an estimated $18.8 billion over five years from student loan subsidies, out of which $7.6 billion would be reinvested in student grant aid and nearly $10 billion in student loan improvements. The remaining savings of $1.5 billion would be allocated
to deficit reduction, which is about $750 million more than required by the FY08 budget resolution.

The $7.6 billion for grant aid would be used largely to raise the Pell Grant maximum award $500 by year 2011-12 and to provide incentives and rewards for institutions with low tuition. The student loan improvements include a 50-percent cut in the interest rate for Stafford student loans and an increase in Stafford student loan borrowing limits.

The Senate bill, S. 1762, would cut an estimated $18.3 billion over five years from student loan subsidies, out of which $14.5 billion would be reinvested in student grant aid and nearly $4 billion in student loan improvements. The remaining $900 million would be allocated to deficit reduction.

The $14.5 billion for student grant aid would be used primarily to create a new "Promise Grant" for the neediest Pell Grant recipients. The near-$4 billion in student loan improvements would address repayment and loan forgiveness options. The Senate bill also would create a pilot auction program in which lenders would compete to administer all eligible Parent Loan for Undergraduate Students (PLUS) loans in a particular state; the House bill would require a six-month study of several auction models before creating a pilot program no earlier than July 1, 2008.

APPROPRIATIONS OVERVIEW  NEW

At this writing, the House has approved 11 of 12 FY08 appropriations bills, with the Defense funding bills still pending. The Defense bill (H.R. 3222) might still be considered on the floor tonight or tomorrow.

The Senate this week approved the first of its FY08 appropriations bills, Homeland Security (S. 1644). The Senate Appropriations Committee has marked up all of its FY08 appropriations bills except Defense. No date for markup of the Defense appropriations measure has been announced.

HOUSE DEFENSE SPENDING BILL WOULD CUT S&T, LIMIT UNIVERSITY INDIRECT COSTS  UPDATED

The FY08 Defense appropriations bill (H.R. 3222) awaiting House floor action at this writing, would provide $12.19 billion for science and technology (S&T) programs at the Department of Defense (DOD), a cut of $1.13 billion, or 8.5 percent, from the FY07 level. However, this funding level is $1.42 billion, or 13.2 percent, above the Administration’s request. The bill also would fund the National Defense Education Program/SMART Program at the Administration's requested level of $44.4 million, an increase of $10 million above the FY07 level of $19.4 million.

The measure includes a provision to cap indirect cost reimbursements on basic research grants at 20 percent. Under this provision, DOD could add no more than 20 percent of the direct cost of a grant, contract, or other agreement to the total award to cover indirect costs. If enacted, this limitation would make it far more costly for universities to conduct DOD basic research, and might prompt some universities to drop their participation in defense basic research programs.

The White House State of Administration Policy on the bill expresses the following concern about the funding level and the indirect cost cap: “The bill’s significant reductions to Science
and Technology programs will erode the Department’s long-term technological edge. The
Administration also opposes the Committee’s language imposing artificial, arbitrary caps on
indirect costs of basic research.” The SAP is available on the Office of Management and Budget

AAU, the Council on Governmental Relations, and the National Association of State
Universities and Land-Grant Colleges issued a statement on July 31 opposing the indirect cost
cap. The statement is available at: http://www.aau.edu/research/Ltr_AAU-COGR-
NASULGC_IDC_7-31-07.pdf.

OTHER CONGRESSIONAL DEVELOPMENTS

CONGRESS APPROVES COMPETITIVENESS CONFERENCE REPORT  NEW

The House and Senate on August 2 each approved the conference report for competitiveness
legislation, The America COMPETES Act (H.R. 2272, H. Rpt. 110-289). The House passed the
measure by a vote of 367-57, the Senate by unanimous consent.

AAU and the National Association of State Universities and Land-Grant Colleges (NASULGC)
issued a joint statement today, which praises the legislative package as a significant step in
implementing recommendations from the National Academies’ 2005 report, “Rising Above the
Gathering Storm.” The statement is available at: http://www.aau.edu/education/Stmt_AAU-
NASULGC_COMPETE_8-3-07.pdf

The conference agreement, among other elements, would authorize doubling the budgets of the
National Science Foundation (NSF) and the Department of Energy (DOE) Office of Science over
seven years; create an Advanced Research Projects Agency for Energy (ARPA-E) aimed at
promoting high-risk, high-payoff research and development; create and expand a variety of
programs to improve science education and teaching; and replace the Advanced Technology
Program at the Department of Commerce with the Technology Innovation Program, which will
allow universities, for the first time, to participate with small- and medium-sized businesses in
this technology development program.

The measure also includes Sense of the Senate language on export controls, which says that
deemed exports should safeguard U.S. national security and basic research and that the President
and Congress should consider the recommendations of the Deemed Exports Advisory
Committee.

The summary of the conference agreement and related materials are available on the Science and
Technology Committee Web site at:
from the Senate Energy and Natural Resources Committee is available at:
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