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CONGRESSIONAL SCHEDULE  NEW

The House was not in session today. The Senate today cleared the conference report on the Defense authorization bill (H.R. 1585) on a vote of 90-3, sending the measure to the President for his expected signature. It also approved the farm bill (H.R. 2419) and an overhaul of the Federal Housing Administration (S. 2338).

Next week Congress will try to wrap up a number of must-pass and long-delayed bills before adjourning for the holiday recess. Both chambers are expected to finish work on the FY08 omnibus spending bill (see item below), as well as the most recent version of a tax bill (H.R. 4351) (see item below). The House also is expected to give final approval to a slimmed-down energy bill (H.R. 6) and may consider an extension of the Terrorism Risk Insurance Act (H.R. 2761) and an as-yet-unnumbered bill to prevent a 10-percent cut in payment rates to physicians under Medicare. The Senate plans to take up reauthorization of the Foreign Intelligence Surveillance Act (S. 2248), and may consider the FY08 intelligence reauthorization act (H.R. 2082).

BUDGET & APPROPRIATIONS

SPENDING IN OMNIBUS BILL CUT SIGNIFICANTLY;
ONE-WEEK CR APPROVED  NEW

Congressional Democratic leaders have significantly cut back funding in the FY08 omnibus appropriations package in the face of continued veto threats from the President and a largely united Republican opposition. The latest package is expected to stay largely within the President’s overall request of $933 billion in FY08 discretionary spending, but with about $4 billion in additional spending for veterans programs and an EPA clean water program. The package also is likely to include as much as $7 billion in “emergency” spending for such items as border security, drought relief, and security for
the Republican and Democratic presidential nominating conventions. The Senate is expected to amend the package with additional war funding, which is likely to total about $70 billion. *CQ*Today reports that leaders are also considering $2 billion in advance appropriations—FY09 funding that could be spent in FY08 without affecting the budget cap—largely for education.

Yesterday Congress cleared a one-week continuing resolution (CR) (H.J. Res. 69) to keep the government running through December 21. After signing the measure today, the President, according to *CongressDaily*, said that if Congress is unable to finish the FY08 appropriations process, lawmakers should pass a one-year CR and start over next year.

It remains unclear how individual programs will fare in the omnibus funding package, which may be released publicly as early as this weekend. But given that the measure will reduce by several billion dollars the funding increases provided in the FY08 budget resolution and in previously passed appropriations bills, the prospects for significant funding increases for research and education agencies and programs are not bright.

Congress earlier this year approved the FY08 budget resolution with $23 billion more in discretionary spending than the President requested, largely for domestic programs. The President immediately threatened to veto any domestic spending bills that exceeded his overall request, and the House failed on November 13 to override the President’s veto of the most popular of those bills, the FY08 Labor-HHS-Education bill (H.R. 3043).

Last week, House Democratic leaders began putting together an omnibus spending package combining 11 FY08 appropriations bills—only the Defense bill has been enacted—and cutting the increase over the President’s request to about $11 billion. But that package also was unable to attract sufficient support from House and Senate Republicans to overcome the President’s threatened veto. With time running out before the holiday recess, Democrats have capitulated to the President’s position, settling on total discretionary spending more in line with his original FY08 request.

**HOUSE MEMBERS URGE APPROPRIATORS TO PROVIDE $4.5 BILLION FOR DOE OFFICE OF SCIENCE**

A group of 122 Members of the House sent a letter to leaders of the House Energy and Water Development Appropriations Subcommittee on December 10 urging them to provide the Department of Energy (DOE) Office of Science with the full House-approved funding level of $4.5 billion in any final FY08 appropriations measure.

Led by Reps. Judy Biggert (R-IL), Ellen Tauscher (D-CA), and Rush Holt (D-NJ), the group stated that increasing the budget for the DOE Office of Science—which provides more than 40 percent of total federal funding for basic physical sciences research—is critical to achieving the bipartisan goal of promoting the nation’s innovation and competitiveness. Their letter to Chairman Peter Visclosky (D-IN) and Ranking Member David Hobson (R-OH) also urged them to focus funding on mission-related activities, facilities, and DOE-requested activities, and “avoid using core DOE research program budgets to fund projects extraneous to the President’s request.”

The letter is available on the AAU Web site at: [http://www.aau.edu/budget/Ltr_FY08_DOE_OS_12-10-07.pdf](http://www.aau.edu/budget/Ltr_FY08_DOE_OS_12-10-07.pdf).
TAX BILL MOVING WITHOUT EXTENDERS  

Several expiring tax provisions of importance to higher education are not included in the tax bill that Congress is expected to clear next week. The Temporary Tax Relief Act of 2007 (H.R. 3996) is aimed primarily at preventing millions of middle-income taxpayers from being hit by the alternative minimum tax (AMT). In the back-and-forth between the House and Senate over revenue-raisers and related issues, the package of expiring tax provisions was dropped. It remains unclear how Congress will deal with the extenders next year.

Among the provisions that will expire on December 31 are the above-the-line deduction for qualified tuition, the IRA charitable rollover, and the R&D tax credit. An earlier version of the bill also included a provision that would permit tax-exempt organizations, including colleges and universities, to invest directly in domestic hedge funds without being subjected to the Unrelated Business Income Tax (UBIT).

A group of higher education associations, including AAU, wrote to House and Senate leaders earlier this month urging them to extend the expiring higher education provisions. The letter is available on the AAU Web site at: http://www.aau.edu/issues/LTR_ACE_TEB_12-4-07.pdf.

OTHER

INNOVATION TASK FORCE HOLDS HILL BRIEFING WITH S&T LEADERS

The Task Force on the Future of American Innovation, in which AAU participates, held a congressional briefing December 12 with Senators Jeff Bingaman (D-NM) and Lamar Alexander (R-TN), National Academy of Engineering President Charles M. Vest, and former Lockheed Martin CEO Norman Augustine to discuss the status of competitiveness initiatives prompted by the National Academies’ 2005 report, “Rising Above the Gathering Storm.”

Senators Bingaman and Alexander, who had requested the report from the Academies, discussed the importance of the report in focusing attention on the need for added federal funding for basic research and for math and science education, particularly at the K-12 level. Senator Alexander noted that the report has had even broader impact: some corporations and states are using the study as a blueprint for their own research and education investments. “People have been looking for ideas,” he said.

Mr. Augustine, who co-chaired the panel that wrote the report, said that FY08 is a critical year for sustaining the funding increases for basic physical sciences research and education programs proposed by the President and endorsed by Congress. “Science and technology leadership is not a birthright for any nation,” he said. “It must be earned over and over.” He referenced a follow-up report that he authored this year, “Is America Falling Off the Flat Earth?” The report reiterates the importance of science and technology to America’s future and why the nation cannot afford to be complacent.

The session was also an opportunity to showcase the winning entry in the Task Force’s American innovation video competition. (The five top videos can be viewed at: http://futureofinnovation.org/youtube.)

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