



ASSOCIATION OF AMERICAN UNIVERSITIES

Brandeis University
Brown University
California Institute of Technology
Carnegie Mellon University
Case Western Reserve University
Columbia University
Cornell University
Duke University
Emory University
Harvard University
Indiana University
Iowa State University
The Johns Hopkins University
Massachusetts Institute of Technology
McGill University
Michigan State University
New York University
Northwestern University
The Ohio State University
The Pennsylvania State University
Princeton University
Purdue University
Rice University
Rutgers, The State University of New Jersey
Stanford University
Stony Brook University – State University of New York
Syracuse University
Texas A&M University
Tulane University
University at Buffalo – State University of New York
The University of Arizona
University of California, Berkeley
University of California, Davis
University of California, Irvine
University of California, Los Angeles
University of California, San Diego
University of California, Santa Barbara
University of Chicago
University of Colorado, Boulder
University of Florida
University of Illinois, Urbana-Champaign
University of Iowa
University of Kansas
University of Maryland, College Park
University of Michigan
University of Minnesota, Twin Cities
University of Missouri, Columbia
University of Nebraska - Lincoln
University of North Carolina at Chapel Hill
University of Oregon
University of Pennsylvania
University of Pittsburgh
University of Rochester
University of Southern California
University of Texas at Austin
University of Toronto
University of Virginia
University of Washington
University of Wisconsin - Madison
Vanderbilt University
Washington University in St. Louis
Yale University

December 12, 2008

President-elect Barack Obama
451 6th Street, NW
Washington, DC 20004

Dear President-elect Obama:

As your transition team works with Congress to develop an economic stimulus package, the Association of American Universities offers for your consideration six recommendations that we believe would help college students and universities weather the economic downturn and boost the nation's economic recovery.

The AAU recommendations include two major proposals on student access and academic infrastructure that will be discussed in greater detail in a forthcoming letter from the higher education associations, including AAU. Our four other recommendations focus on issues related specifically to research universities.

We are well aware that the states and other economic sectors require federal assistance, as well as millions of our fellow citizens who need access to food stamps and unemployment insurance. Meeting the basic needs of our fellow Americans at this difficult time is clearly the first step in responding to this crisis.

We believe it is also an important national priority at this time to help students directly affected by the recession to remain in college.

In addition, a stimulus package will be aimed at creating jobs quickly, ideally in a way that helps restore long-term economic growth. As large employers and as primary drivers of our innovation economy, research universities—including their students, faculty, and staff—play a vital role in producing the intellectual talent, scientific advances, and innovative ideas that are necessary for restoring economic growth, creating new jobs, and ensuring national security.

As you and congressional leaders develop the stimulus package, therefore, we ask that you consider including the following elements.

1. **Ensure access to a college education through grants and loans.**
2. **Create a mechanism to address credit market dislocation and enable colleges and universities to finish construction of current building projects and begin construction of shovel-ready projects.**
3. **Provide an additional \$750 million for academic research facilities modernization and instrumentation programs at the National Science Foundation, the National Institute of Standards and Technology, and the National Institutes of Health.**

4. **Provide an additional \$150 million for the Department of Energy's new Energy Frontier Research Centers program as a means of stimulating university energy research and training capacity to address the nation's energy challenges.**
5. **Provide \$1.8 billion to enable research universities to hire more young scientists and engineers for tenure-track faculty positions.**
6. **Significantly improve academic infrastructure around the country by creating the broad academic infrastructure program discussed in the forthcoming letter of the higher education associations.**

A more detailed description of these recommendations follows.

Thank you for your consideration of our request. Please let me know if we can be of assistance to you or provide additional information or materials.

With best regards,



Robert M. Berdahl
President

ASSOCIATION OF AMERICAN UNIVERSITIES DESCRIPTION OF STIMULUS PROPOSALS

1. Ensure access to a college education through grants and loans.

- **Increase the Pell Grant maximum award by \$700 and provide a modified disbursement schedule that allows qualified students to receive additional funds during the current 2008-2009 award year.** As the cornerstone of federal need-based grant programs, the Pell Grant is essential to ensuring that low-income students and displaced workers have access to educational opportunities.
- **Double funding for the Supplemental Education Opportunity Grant program from \$858 million to \$1.7 billion.** This increase will allow thousands more Pell Grant recipients with the lowest expected family contribution to receive an additional \$4,000 for college expenses. This will enable many students to avoid dropping out of, or temporarily withdrawing from, college.
- **Enhance benefits and increase protections for student loan borrowers.**
 - Expand flexibility on annual loan limits, while maintaining the aggregate limits.
 - Extend the grace period from six months to nine months.
 - Require the holders of student loans to subordinate loans delinquent after 270 days and place each in a repayment plan suitable for the borrower's income, or lack thereof.
- **Provide \$100 million for Perkins Loan cancellations for students who pursue public service careers.**

2. Create a mechanism to address credit market dislocation and enable colleges and universities to finish construction of current building projects and begin construction of shovel-ready projects.

The global credit crunch has hit universities just as hard as other sectors of our economy. Universities are finding it much more difficult to secure short-term financing for their operations in the "commercial paper" markets; when such financing can be found it is often at much higher interest rates. Universities are also unable to secure the bonding and bonding insurance to proceed with construction projects that are "shovel-ready" or already underway. Dozens of construction projects involving hundreds of jobs have been delayed or cancelled at campuses across the country.

As part of the economic stimulus and recovery package, we urge President-elect Obama and the new Congress to consider the creation of a federal facility that frees up markets for university-issued short-term and construction-related debt, perhaps through extended and additional federal guarantees, underwriting, or insurance.

3. Provide additional funding of \$750 million for academic research facilities modernization and instrumentation programs.

Research facilities renovation and instrumentation programs at the National Science Foundation (NSF), the National Institute of Standards and Technology (NIST) and the National Institutes of Health (NIH) have a significant backlog of unfunded projects. If funded, these projects could increase jobs within 90 days and modernize and develop research infrastructure and capacity to promote longer-term economic recovery. An additional \$750 million for these programs could be distributed quickly and effectively to help provide much needed funding to rehabilitate, renovate, and modernize existing campus research facilities and enable universities to acquire major instrumentation and equipment that is too costly to fund out of regular research grants.

Additional funding should be provided to the following programs:

- **NSF Major Research Instrumentation Program -- +\$100 million.** This program funds acquisition of scientific research instrumentation and equipment that is too costly to fund out of regular NSF research grants. The program is authorized in FY09 through the America COMPETES Act at \$123.1 million. Current FY09 funding for the program is about \$100 million. Although the proposed FY09 funding level is close to both the authorized level and the President's FY09 request of \$115 million, this program is widely regarded as having been severely underfunded in recent years because of the priority on funding research and education grants. NSF has received a sufficient number of high-quality grant proposals to quickly expend a \$100-million increase. Expenditures on instrumentation yield the two-fold benefit of pumping new funds into the high-technology sector and its workforce, as well as enhancing the ability of the nation's universities to conduct world-class science.
 - **NSF Academic Research Infrastructure Facilities Modernization Program -- +\$250 million.** This program funds renovation of existing research facilities on U.S. university campuses. The program is not funded in the current fiscal year but has been authorized in previous years at \$250 million. A renewed program would focus strictly on facilities rehabilitation, renovation, and modernization—not on new construction—and would be open to both public and private colleges and universities.
 - **NIST University Facilities Program -- +\$100 million.** With funding of only \$24 million in FY08, this NIST program was able to support just three out of 93 proposals. Greater funding would enable the agency to support additional high quality proposals.
 - **NIH National Center for Research Resources Extramural Research Facilities Improvement Program -- +\$300 million.** The National Institutes of Health Revitalization Act of 1993 [Public Law 103-43] provided a general construction authority through the agency's National Center for Research Resources for "grants to public and nonprofit private entities to expand, remodel, renovate, or alter existing research facilities or construct new research facilities..." [42 U.S.C. 287a-2]. Despite significant demand, no funding has been provided for this activity.
- 4. Provide \$1.8 billion to enable research universities to hire more young scientists and engineers for tenure-track faculty positions.**

The current economic downturn has slowed the turnover of senior faculty and, thereby, reduced the likelihood that research universities will have the means to hire young scientists and engineers. To avoid the danger of losing several cohorts of young scientists and engineers and the contributions

they are able to make to the nation's capacity for innovation, it is essential that we find the means to assure their access to tenure-track faculty appointments.

- **NIH Pathway to Independence Award -- +\$910 million.** This program (K99/R00) provides one to two years of mentored support for highly promising, postdoctoral research scientists followed by up to three years of independent support contingent on securing a tenure-track position. The provision of salary through these awards makes them far more attractive candidates for appointment at research universities. Award recipients are expected to compete successfully for independent research support from NIH during the award period.
- **National Science Foundation CAREER Award --- \$905 million.** The Faculty Early Career Development (CAREER) Program supports junior faculty who exemplify the role of teacher-scholars through their outstanding research and teaching. Stimulus funding should be used to make this award function more like NIH's Pathway to Independence Award, with NSF focusing awards on promising new scientists who have not yet received research funding or faculty appointments. NSF also should allow up to \$50,000 of each CAREER award to be directed toward salary, making it more likely that awardees will be appointed to assistant professorships.

NSF and NIH should be directed to coordinate their efforts to make the best use of these new resources and assure that the broadest possible range of disciplines is represented. Some consideration might be given to providing start-up funding packages as a portion of these awards.

5. Provide an additional \$150 million for the Department of Energy's new Energy Frontier Research Centers program as a means of stimulating university energy research and training capacity to address the nation's energy challenges.

The Department of Energy has received more than 260 applications from universities for its new centers program aimed at stimulating energy research, training capacity, and infrastructure at universities and accelerating advances in energy technologies. Program applications for this \$100-million program total nearly \$1 billion. Providing an additional \$150 million for the centers program would enable DOE to fund more high-quality proposals that add talent, employment, and technology advances in priority energy R&D areas.

6. Significantly improve academic infrastructure around the country by creating a broad academic infrastructure program. As noted above, this proposal is discussed in the higher education associations' forthcoming letter.