October 10, 2008

FEDERAL SCIENCE AND EDUCATION WRAP UP—END OF 110th CONGRESS

Last Friday, the 110th Congress largely wrapped up its legislative work for the year and left Washington for the campaign trail on a note of high drama as the U.S. House of Representatives, on its second try, passed an economic stabilization package to try to prevent further free-fall in the U.S. economy.

The new Democratically-controlled Congress began with high hopes, and significant legislative actions have occurred, such as research agency and higher education authorizations. However, the hope of significant increases in actual funding for science, technology and innovation programs has largely gone unrealized.

While research and development (R&D) and education programs have gained some traction with both the Executive Branch and the Congress, the political party that captures the White House will face serious fiscal constraints as it seeks to implement its signature initiatives and advance its highest priorities. The scientific and higher education communities are going to have to have “sharp elbows” to advance their cause in competition with other domestic programs that have labored under essentially flat, or low-growth budgets over the past several years.

What Has Been Accomplished: In spite of tensions between the Republican White House and the Democratically-led Congress, accommodation has been reached on major legislation over the two years of the 110th Congress. Examples include the economic stabilization package; an economic stimulus package; a fiscal year (FY) 2008 Supplemental Appropriations bill that provided additional funding for U.S. science agencies; a new Farm Bill which reorganized the U.S. Department of Agriculture research enterprise with the support of the academic community; housing reform and assistance legislation; increased funding for basic research at the Department of Defense; and reauthorization of the Higher Education Act.

Research Funding: The enactment with strong bipartisan support of the America COMPETES Act in August 2007 set a laudable goal doubling research funding for the physical sciences over the next seven to ten years. While the proposed increases were not realized in FY 2008, the recognition of the serious impact of flat budgets on scientific research and facilities resulted in approval of $1.2 billion in supplemental FY 2008 appropriations. These funds were spread across four science agencies, including the National Institutes of Health. These agencies would also receive real funding increases in the pending FY 2009 appropriations bills that have been temporarily set aside while the domestic agencies operate under a Continuing Resolution through March 6.


**Higher Education:** After five years of debate and setbacks, Congress reauthorized the Higher Education Act and the President signed the six year reauthorization into law. Many of the higher education community’s concerns with earlier versions of the bill had been resolved or partially addressed in the final bill, including issues with accreditation; language regarding institutional policies on illegal downloading; and language which would require institutions to estimate future tuition and fees. Many new reporting requirements remain in the final law, although language is included which would require the Government Accountability Office (GAO) to complete a study regarding the federal reporting burden of colleges and universities, including existing Integrated Postsecondary Education Data System (IPEDS) reporting and new reporting requirements created by this legislation. The Department of Education has started the negotiated rulemaking process to implement the new legislation through a series of regional meetings. The Department expects to begin formal negotiated rulemaking in early 2009, with final rules issued in 2010.

**Economic Stabilization:** In a last minute attempt to rescue the economic stabilization package, a variety of tax provisions—some of which benefit technology and innovation—were added to entice Members of Congress to vote for the legislation. The final package includes an extension of the R&D tax credit as well as the extension of tax credits and incentives for the development of renewable energy, including wind, solar, and geothermal energy. These tax incentives were due to expire at the end of this calendar year, which could have been another drag on the already fragile U.S. economy. In addition, the package includes extensions of several tax provisions relevant to higher education, such as the above-the-line deduction for qualified tuition and related expenses.

**What Has Not Been Completed:** As was the case last year, for FY 2009 the President requested increased funding for the physical science research programs under his American Competitiveness Initiative, but proposed cuts or flat budgets in popular social programs and biomedical research. The Democratically-led Congress rejected the proposed reductions and thus planned to spend about $21 billion more than President Bush requested on domestic programs. This disagreement, coupled with the offshore drilling issues, brought progress on individual non-security-related FY 2009 appropriations bills to a halt. Therefore, in line with what threatens to become a disturbing habit, Congress resorted to an omnibus appropriations bill that completed action on the Defense, Military Construction/Veterans Affairs, and Homeland Security Appropriations bills, but continued funding for domestic and foreign operations programs at essentially current levels through March 6, 2009.

**Looking Forward:** For the research and academic community, great progress has been made on making the case for investment in scientific research, technology development, and higher education. The events of recent weeks clearly portrayed the global nature of the world and the necessity of America remaining at the forefront of innovation to spur economic growth. However, given the current economic uncertainty, the significant cost of the economic stabilization plan, the continued cost of the Wars in Iraq and Afghanistan, and the pent-up demand for additional domestic spending, the next occupant of the White House and the new 111th Congress will have tough choices to make as the federal deficit reaches historic levels.

In the near term, Congress is expected to consider another economic stimulus bill, perhaps as early as November 2008, to address continued financial fallout. Moreover, the next Congress will have to decide if the nation can afford to pass the FY 2009 appropriations bills or if it will
resort to funding most agencies at the FY 2008 level with increases for only a few key initiatives. These legislative battles present opportunities for the academic and scientific communities to make the case for realization of the proposed budget growth for research and education programs.

In addition to funding bills, the next Congress is poised to take up major legislation in a variety of areas with implications for research and education, including:

- Climate change bills, with regulatory and research elements;
- Reauthorization of transportation and highway research and infrastructure programs;
- Reauthorization of the No Child Left Behind initiative; and
- Legislation on water resources.

The scientific and academic communities are vital resources to address the national challenges in energy, education, security, and infrastructure. They must continue to advocate for the essential funding needed to support the scientific research, technology innovation and development, and educational excellence so critical to the nation’s future. However, advocacy efforts must be sensitive to the difficult choices facing the new Congress and Administration and recognize that the focus on accountability, transparency, and impact on society seen in the 110th Congress will only grow in importance going forward.