

## **SUNY Federal Relations Update Wednesday, May 28, 2008**

Leaders in both chambers last week postponed consideration of the conference agreement on the FY09 budget resolution (S. Con. Res. 70) until early June, following the Memorial Day recess. Once this congressional spending plan is approved by Congress, the House and Senate appropriations committees will begin allocating the FY09 spending total among their respective subcommittees. (The budget resolution is not signed into law by the President, but sets guidelines for congressional tax and spending policies for the fiscal year.) The conference report assumes \$21 billion more in discretionary spending than the President's FY09 request. A [press release](#) on the House Budget Committee Web site indicates that this includes additional funding for "education and innovation," specifically, for the Department of Education, the National Science Foundation (NSF); and the National Institutes of Health (NIH).

However, despite the progress made on the budget resolution, last week, CQ's Budget Tracker reported, "...the primary question for this year is how far Democrats will progress in moving their spending bills. It's very possible none will be sent to the president, with the most likely candidate — Defense — standing only a 50 percent chance according to House Defense Appropriations Chairman John P. Murtha, D-Pa."

The House is currently out of session for the week-long Memorial Day recess. The Senate is meeting in pro forma session this week to prevent the President from making recess appointments. The House will reconvene on Tuesday, June 3.

See below for more on:

- **TUITION TAX CREDIT AND IRA ROLLOVER INCLUDED IN TAX EXTENDERS ACT**
- **NOAA SCIENCE ADVISORY BOARD (SAB) SOLICITING NOMINATIONS**
- **HOUSE-APPROVED DEFENSE BILL WOULD AUTHORIZE INCREASED BASIC RESEARCH FUNDING AND DIRECTS GAO TO STUDY INDIRECT COSTS**
- **TIPS ON SECURING FEDERAL FUNDING FOR DEFENSE RESEARCH**

## **Energy and Tax Extenders Act Of 2008**

Last week, the House passed a tax bill that would, among other things, extend for one year the now-expired deduction for tuition and related expenses and would also renew various tax provisions, including the IRA Charitable Rollover and a research and development business tax credit. The Energy and Tax Extenders Act of 2008 (HR. 6048) was approved 263-160. The White House has threatened to veto the bill since it includes revenue increases as well as tax cuts, and the House vote margin would not be sufficient to override a veto. Senate consideration of a similar "companion" bill is expected in June.

The bill would extend for one year (through 2008) the provision that permits tax-free charitable contributions to charities, including colleges and universities, from an Individual Retirement Account (IRA) of up to \$100,000 per taxpayer, per taxable year. This proposal is estimated to cost \$465 million over 10 years.

The bill extends the above-the-line tax deduction for qualified education expenses for one year (through 2008). For tax year 2007, the maximum deduction was \$4,000 for taxpayers with AGI of \$65,000 or less (\$130,000 for joint returns) or \$2,000 for taxpayers with AGI of \$80,000 or less (\$160,000 for joint returns). This proposal is estimated to cost \$2.603 billion over 10 years.

## **NOAA SCIENCE ADVISORY BOARD (SAB) SOLICITING NOMINATIONS**

The NOAA Science Advisory Board (SAB) is currently soliciting nominations for its Ecosystem Sciences and Management Working Group. This working group will provide scientific advice and broad direction on NOAA's ecosystem related programs in the context of both national and international activities. The SAB seeks people in the following disciplines: social science, oceanography, living marine resources, sampling and remote sensing, and modeling. Only scientists external to NOAA are eligible to be nominated. Please see the Federal Register Notice for more details. **Nominations are due no later than July 21, 2008.**

Federal Register Notice can be found here:

<http://edocket.access.gpo.gov/2008/pdf/E8-11415.pdf>

For more information about NOAA's SAB or the Working Group please visit the website:

<http://www.sab.noaa.gov/>, or contact Cynthia Decker at 301-734-1156 or [Cynthia.Decker@noaa.gov](mailto:Cynthia.Decker@noaa.gov)

## **HOUSE-APPROVED DEFENSE BILL WOULD AUTHORIZE INCREASED BASIC RESEARCH FUNDING AND DIRECTS GAO TO STUDY INDIRECT COSTS**

On May 22, the House approved the FY08 Defense authorization bill (H.R. 5658) by a vote of 384 to 23. The Senate will take up its version of the bill (S. 2787) next month. Both bills support the Department's proposed increase for Defense basic research funding by authorizing at least the \$1.7 billion request; the Senate version would add \$50 million more. (The Department's FY09 request for basic research is an increase of \$270 million over its FY08 request; the request is \$85 million below actual FY08 funding only because it does not include congressional earmarks inserted in the FY08 funding bill.)

During floor consideration, the House approved an amendment by Rep. Shelley Capito (R-WV) that would authorize an additional \$3 million for military funerals to be paid for by an equivalent reduction of funding for basic research through the University Research Initiatives. The amendment was included in an en bloc amendment offered by Committee Chairman Ike Skelton (D-MO), which was approved by voice vote.

President Bush has threatened to veto the House bill over a number of provisions, including one that would nullify the President's executive order directing federal agencies to ignore congressional earmarks that are not in bill text.

The House bill also includes a number of initiatives to integrate social sciences more effectively into the Defense Department's irregular warfare capability. The measure authorizes \$31 million, an increase of \$8 million, "to expand research into human, social and cultural behavior and encourages DOD to integrate social scientists more extensively into research program management and operational activities."

In addition, the bill directs the Government Accountability Office to study the indirect costs of Defense grants and contracts. A comprehensive review of indirect costs is expected to provide Members of Congress with information on the detailed processes that federal agencies use to calculate indirect cost rates and to audit reimbursements. The report is to be completed within one year.

GAO has given a fair and balanced presentation of the facts related to indirect costs in previous studies. An example is the agency's review of indirect costs at the National Institutes of Health for Senator Tom Coburn (R-OK) in January 2007.

Last year during the FY08 appropriations process, Rep. John Murtha (D-PA), chairman of the House Defense Appropriations Subcommittee, raised questions about university indirect cost rates and placed a one-year cap on such reimbursements. The limitation is a 35-percent cap on the amount of an overall grant, not on the negotiated rate.

Following is the report language requesting the GAO report on indirect costs:

### **Review of Cost Reimbursements on Defense Research Grants and Contracts**

The committee strongly supports federally-sponsored research and believes the relationship between the Department of Defense, universities, and other research institutions depends on each party bearing a fair share of the costs of conducting research. The committee believes that such partnerships should also rely on deliberate policies and procedures to ensure that taxpayer dollars are well used and that research institutions and scientists are adequately reimbursed for the costs of the research performed.

The committee is obligated to ensure that taxpayer dollars are properly executed and that federal policies and procedures governing payments and reimbursements for research costs are sound. The committee therefore directs the Comptroller General to conduct a review of the existing Office of Management and Budget (OMB) policies, practices, and procedures, as well as those included in the federal acquisition regulations.

At a minimum, this report shall:

1. describe the OMB rules and regulations that guide research institutions' facilities and administration (F&A) cost reimbursements on DOD research grants and contracts;
2. describe and assess the F&A costs that are reimbursable under current rules and explain if similar payments for such costs are made to support industry and federal laboratories that conduct research and development research on behalf of the government;
3. assess the extent to which the rules for reimbursement of F&A costs are different for the Department of Defense than for other federal agencies;
4. assess trends in negotiated F&A rates and effective (based on actual reimbursement) F&A rates for universities that receive DOD extramural research grants and contracts;
5. assess the impact to F&A costs as a result of increased federal regulations such as environmental, security, and visa issues, assess trends in actual payments by the Department of Defense for direct and indirect costs on DOD extramural research grants;
6. document current procedures DOD uses to ensure compliance with OMB guidance in reimbursing F&A costs; and
7. report on the methodology used by the government entities responsible for determining F&A rates—the Department of Health and Human Services, Division of Cost Allocation, and the Department of Defense, Office of Naval Research—to review, audit, negotiate, and ensure that F&A rates are fair and equitable to the federal government.

## **TIPS ON SECURING FEDERAL FUNDING FOR DEFENSE RESEARCH**

Last week at the National Association of State and Land Grant colleges (NASULGC) conference, Angie Anderson attended a briefing headlined by Matthew Kambrod, who is the author of "Lobbying Defense". We decided that the information provided in the presentation would be beneficial to any SUNY campus that is seeking, or has in interest in seeking, defense appropriations. The slideshow which is attached gives an up close view of Mr. Kambrod's perspective on the necessary steps are to secure a defense appropriation (i.e. earmark).



Lobbying  
nse.pptm (151 K)