

SUNY Federal Relations Update Monday, September 29, 2008

Congress was in session through the weekend and CQ is reporting that House leaders are planning to hold a vote today on a financial industry bailout. Over the weekend, Congress passed a continuing resolution, which included full-year appropriations bills for Defense, Homeland Security, and Military Construction-Veterans Affairs for 2009 but funded all others at fiscal year 2008 levels. Proposed economic stimulus packages failed, while a tax extended package remains stalled.

Congress Passes Budget to Keep Government Running & Fills Pell Shortfall

The House approved the continuing resolution on September 24 by a vote of 370 to 58 and the Senate on Sept. 27 cleared, 78-12, the fiscal 2009 continuing resolution and appropriations package. The measure, which lasts through March 6, 2009, would freeze funding for most federal agencies at their FY08 levels during that period, including those domestic research agencies of major interest to colleges and universities the *National Institutes of Health (NIH)*, the *National Science Foundation*, the *Department of Energy Office of Science*, *NASA*, and the *National Endowment for the Humanities*.

To help address a projected \$6 billion shortfall in the *Pell Grant* program over three academic years (07-08, 08-09, 09-10) and maintain the maximum award at its current level, the measure includes an additional \$2.5 billion for the program. Some \$750 million of that amount is a down payment on the shortfall. Language in the bill prohibits a ratable reduction in individual grants. The shortfall is a result of increased enrollments, an increase in grant eligibility levels because of the economic downturn, and eligibility changes enacted in the College Cost Reduction and Access Act of 2007 (P.L. 110-84).

Attached to the CR is a so-called "minibus" of three national security full-year appropriations bills—Defense, Homeland Security, and Military Construction-Veterans Affairs.

Within the DOD bill, funding for *Defense basic research* (budget function 6.1) is \$1.842 billion, a 12.7-percent increase above FY08 and higher than either the House or Senate subcommittee-approved levels. The House subcommittee proposed \$1.816 billion and the Senate subcommittee proposed \$1.77 billion. For overall *Defense Science &*

Technology (S&T) programs, the CR would provide \$13.486 billion. This is an increase of \$807.1 million, or 6.4 percent, above the FY08 level of \$12.68 billion. S&T programs include defense-wide and military service funding for 6.1 basic research, 6.2 applied research, and 6.3 advanced technology development.

Several SUNY campus appropriations requests were funded in this appropriations package, while other requests await further action. If you have questions about the status of the fiscal year 2009 appropriations request submitted by your campus, please feel free to call (202) 220-1315 or email liz.clark@suny.edu.

Tax Measure Remains Stalled

The fate of tax extenders, including three provisions of major interest to higher education, is unclear. Among several differences between the House and Senate positions on extenders legislation is the continuing disagreement over which tax benefits should be "paid for" with equivalent tax increases or spending cuts. While Congress may end up agreeing to a one-year "patch" for the alternative minimum tax (AMT), tax breaks for disaster victims, and a mental health parity package, there might be no agreement on the tax extenders. The Senate approved a comprehensive tax package (H.R. 6049) on September 23 by a vote of 93 to 2, which would extend a number of expiring and expired tax benefits (H.R. 6049), including the *tuition tax deduction*, the *IRA charitable rollover*, and the *research and development tax credit*.

Economic Stimulus Package Fails

The Senate rejected on Friday, September 26 an economic stimulus package proposed by Democratic leaders that contained significant funds for key research agencies. The vote was 52 to 48 in favor, eight short of the 60 votes needed for passage. The Senate measure included substantial added funding for the *National Institutes of Health (NIH)*, the *Department of Energy (DOE) Office of Science*, and *NASA*. The House that same day passed a \$60.8 billion economic stimulus package. CQ reports that packages would have extended unemployment benefits, and provide funding for infrastructure projects (particularly transportation projects), state Medicaid programs, and food stamps. The White House had threatened a veto of both proposals.

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