



## **SUNY Federal Relations Update Monday, December 15, 2008**

### **ECONOMIC STIMULUS**

After much discussion about “economic stimulus” legislation and an auto industry bailout, Congress left Washington, DC for the year last week after two relatively unproductive lame duck sessions. Congress did manage to pass two bills addressing the economy: extending unemployment benefits during the first post-election session; and legislation to ease pension-funding rules for companies and give retirees a reprieve from required withdrawals from their tax-advantaged investment accounts.

Democrats are now focusing on the new Congress where they will have larger majorities and a Democratic President. They plan in January to move a massive economic stimulus bill *and* an omnibus spending measure to finish the fiscal 2009 appropriations process. Capitol Hill Staff are currently focused on hammering out the details of both of these bills and will be working to have legislation ready to send to President Obama immediately following his inauguration on January 20<sup>th</sup>.

### **Q&A on the Economic Stimulus Package**

There are no specific details available about the economic stimulus legislation. However, provided below is an overview of recent reports and activities. I anticipate many of these details will change as Congress gets closer to publicly sharing a draft of the legislation. At this time, rumors abound few real details have emerged.

#### **How much will the legislation cost?**

Early estimates suggested the legislation could reach \$500 billion, while most now believe that the proposed economic stimulus package will top \$1 trillion.

#### **Who will be included in the legislation?**

States and municipalities are likely to be the largest beneficiaries of the economic stimulus package. However, as Congress works to draft the bill, one rumored area of controversy is the division of funds sent to states vs. cities as well as over how those

funds should be distributed. Cities would like to see funds distributed directly to their jurisdictions arguing that States are too bureaucratic and will slow the process.

Additionally, Congress is trying to balance the needs and requests of hundreds of associations, organizations, and other entities lobbying to get a piece of the action. For more on this, see: [http://www.latimes.com/news/printedition/asection/la-na-lobbying14-2008dec14\\_0,6965377.story](http://www.latimes.com/news/printedition/asection/la-na-lobbying14-2008dec14_0,6965377.story)

### **What has President-elect Obama said publicly about the legislation?**

President-elect Obama has put forward a plan for investing in roads, bridges and other parts of the nation's transportation infrastructure would be the "single largest new investment in our national infrastructure since the creation of the federal highway system in the 1950s." Obama outlined five areas he would like to see addressed in the bill:

- Making public buildings more energy efficient.
- Funding for roads, bridges and other parts of the country's physical infrastructure.
- Repairing and modernizing schools;
- Providing broadband access to more parts of the country.
- Making sure all hospitals and doctor's offices have access to patient's electronic medical records.

"When Congress reconvenes in January, I look forward to working with them to pass a plan immediately," Obama said. "We need to act with the urgency this moment demands to save or create at least two and a half million jobs so that the nearly two million Americans who've lost them know that they have a future."

Larry Summers, Obama's nominee for National Economic Council Director is reportedly taking the lead role in addressing the economic stimulus package for the Obama transition team.

### **Will specific infrastructure dollars for college campuses be included in the legislation?**

*If* (and that's a big *if*) infrastructure dollars are made available for higher education in the economic stimulus package, it is very likely that they will be made available through higher education infrastructure block grants. There is very little to no expectation that individual projects will be included in the federal legislation as individual earmarks. States would likely be responsible for distributing any funds made available for these purposes. Any specific information you may have provided will likely be used to help make the case for higher education infrastructure to be included in the final bill.

One proposal floating in Washington suggests that the legislation prioritize distribution of economic stimulus higher ed infrastructure dollars to projects dedicated to “green initiatives” and state economic development priorities. It is also proposed that Governor’s will have 90-days to distribute the funds and campuses will have 90-days to start construction. Again, these are rumors and real details will not be available until draft legislation is made public, likely in mid-January.

### **What is the higher education community doing to respond?**

The heads of the presidentially-based higher education associations, (ACE, AASCU, AAU, AACC, NAICU and NASULGC) have been developing requests for inclusion in the next economic stimulus package. Major proposals have been put forward that include calls for investments in **student aid, research and infrastructure**. ACE released its letter today and it can be found here:

<http://www.acenet.edu/AM/Template.cfm?Section=HENA&CONTENTID=30409&TEMPLATE=/CM/ContentDisplay.cfm> NASULGC also released its priorities today: <http://www.nasulgc.org/NetCommunity/Page.aspx?pid=1113&srcid=183>

Vartan Gregorian, president of the Carnegie Corporation of New York had been leading his own effort to support public infrastructure dollars for higher education. It is my understanding that Gregorian is soliciting signatures for his proposal from individual presidents and chancellors with whom he had consulted on the plan and has plans announce those signatories separately.

Each higher education association has responded in a somewhat different manner. Please check with the association that represents your sector directly for specifics on how they may have responded or contact our office for more information.

### **What has SUNY done to respond?**

In addition to working with your campus and Governor Paterson’s office regarding infrastructure requests, SUNY Interim Chancellor John Clark wrote to the delegation outlining three key points: direct fiscal relief to states; student aid; and research. Here are some excerpts from his letter:

#### Direct Fiscal Relief to States

“There is no shortage of states’ needs and New York State is at the center of the current economic storm...***Assistance to states from the federal government may relieve some of the pressure and perhaps lead to less dire circumstances for public institutions like the State University of New York (SUNY)***...The most recent state budget reduction of \$96.3 million is the fourth cut to SUNY this fiscal year and the full impact of these cuts now

exceeds \$210 million. We take on these reductions while SUNY enrollment has grown to 439,624 students, a growth of over 12,000.”

#### Student Aid

“More than 121,000 SUNY students in academic year 2006-2007 received federal Pell grants. The program is facing a shortfall which is primarily the result of increased enrollment in postsecondary education, uptake of grants in this economic downturn, and eligibility changes. Nationally, approximately 800,000 more students have applied this year than in the prior year. While I feel the Pell grant maximum award should be increased in FY 2009, at the very least given the shortfall, Congress must avoid any possible reductions for recipients.”

#### Research

“Targeted support for science can quickly stimulate the economy. Agencies, such as the National Science Foundation (NSF), the National Institutes of Health (NIH), and the Department of Energy (DOE) Office of Science, have backlogs of grants and other projects which can be funded in short order. Scientific grants create both immediate jobs and longer term employment. Research instrumentation and construction leads to not only manufacturing and construction jobs, it is responsible for creating more technical and specialized manufacturing and construction, which adds even more to the local, state, and national economies.”

### **What should we do now?**

If you have the opportunity to discuss the economic stimulus package with your local member of congress, there are four key points related to higher education:

- Higher Education Infrastructure Needs
- Direct Relief to States
- Student Aid
- Research

Please feel free to contact our office for more information. Additionally, ACE, AAU, AASCU, AACC and NASULGC have all recently provided updates and information on the economic stimulus and I urge you to review the materials they may have shared with you. The details of the priorities of each of these associations/sectors do vary slightly.

Liz Clark, Director of Federal Relations  
State University of New York (SUNY)  
Washington, DC Office  
444 North Capitol Street, NW; Suite 221  
Washington, DC 20001  
Office: (202) 220-1315 / Cell: (202) 384-4171

