

APLU Analysis of the Administration's FY2018 Budget Request

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This document represents an initial analysis of the administration's FY2018 Budget Request for the various agencies and programs of interest to the APLU community. As further materials are released, the APLU staff may provide additional updates.

Broad Highlights of FY2018 Budget Request

The administration's FY2018 Budget Request (PBR), *A New Foundation for American Greatness*, proposes \$3.6 trillion in total spending reductions over 10 years and would balance the budget in ten years, assuming the enactment of the President's fiscal, economic and regulatory policies, (such as passage of the American HealthCare Act) and projected future economic growth from tax cuts and regulation reduction.

The PBR would undo the budget caps for defense spending with a \$54 billion increase for national defense discretionary budget authority and a reduction of \$54 billion for nondefense discretionary programs. The proposed defense budget increase includes \$2.6 billion for border security infrastructure and technology, including funding to plan, design and construct a wall along the U.S. southern border.

The PBR would reduce funding for nearly all nondefense discretionary programs and proposes to eliminate more than 60 agencies and programs, including the National Endowment for the Humanities and the Sea Grant program.

In addition to specific funding proposals, the PBR includes the administration's infrastructure plan to support \$1 trillion in private-public infrastructure investment. The budget also includes a positive statement on technology transfer stating "Federal technology transfer seeks to help enable domestic companies to develop and commercialize products derived from government-funded R&D, which can lead to greater productivity from U.S. R&D investments and ultimately promote the nation's economic growth. Recognizing the benefits of this mechanism, the 2018 Budget sustains funding for technology transfer efforts where appropriate."

The documents related to the administration's FY2018 budget request are available at the following website: <http://www.whitehouse.gov/omb/budget>.

Following is information gleaned from the budget request about programs of interest, in alphabetical order by agency. While the PBR compares the FY2018 requests to the most recent 2017 annualized continuing resolution (CR) level, this analysis uses the FY2017 Omnibus (the ultimate funding levels for the current fiscal year) as a comparison, except where specifically noted.

Department of Agriculture (USDA), National Institute of Food and Agriculture (NIFA):

The budget request would provide \$1.253 billion for NIFA, a \$110.13 million reduction (8 percent) from FY2017 and \$349 million for the NIFA Agriculture and Food Research Initiative (AFRI), a \$1 million reduction from FY2017. Proposed funding for other NIFA Research and Education Activities are listed below:

- Hatch Act Funds, \$243.2 million (FY2017 \$243.7 million)
- Smith-Lever 3(b)&(c), \$299.4 million (FY2017 \$300 million)
- Evans-Allen Program, \$54.1 million (FY2017 \$54.2)
- McIntire-Stennis Cooperative Forestry, \$28.9 million (FY2017 \$34 million)
- Extension Services at 1890 Institutions, \$45.5 million (FY2017 \$45.6 million)

Department of Commerce

The PBR proposes eliminating the Manufacturing Extension Partnership program at the National Institute of Standards and Technology and would provide \$6 million for the “orderly closure beginning in 2018.”

The PBR also proposes to eliminate the Economic Development Administration (EDA) and with \$30 million to wind down the program in 2018.

The administration’s budget would cut \$262 million in targeted National Oceanic and Atmospheric Administration grants and programs supporting coastal and marine management, research, and education, including elimination of the Sea Grant program (with the Marine Aquaculture Program), the National Estuarine Research Reserve System, Coastal Zone Management Grants, the Office of Education, and the Pacific Coastal Salmon Recovery Fund.

Department of Defense (DoD)

The PBR would fund DoD Science and Technology (6.1-6.3) at \$13.2 billion, a \$812 million decrease from FY2017. The budget proposes \$2.229 billion for DoD Basic Research (6.1), a \$47.8 million reduction from FY2017.

Under the PBR, the Defense Advanced Research Projects Agency (DARPA) would receive \$3.17 billion, a \$281 million increase from FY2017.

Department of Education (ED)

The budget request would provide \$59 billion in discretionary funding for the Department of Education, \$9 billion (13 percent) below the FY2017 level.

The budget slightly cuts the discretionary appropriation of the Pell Grant program from \$22.475 billion to \$22.432 billion, which is sufficient funding to retain the maximum Pell Grant of \$5,920. The proposal would rescind \$3.9 billion from the Pell Grant program's surplus. On campus-based aid, the PBR would eliminate the Federal Supplemental Educational Opportunity Grant program, slash Federal Work-Study from \$990 million to \$500 million and allow the Perkins Loan Program to expire. The request would change the Federal Work-Study program to ensure "funds go to undergraduate students who would benefit the most." Presently, the program benefits undergraduate and graduate students.

Under the PBR, TRIO would receive \$808 million, a \$142 million cut from FY2017, and GEAR UP would receive \$219 million, a \$121 million cut from FY2017. Within TRIO, Educational Opportunity Centers and the McNair Post Baccalaureate Achievement would be eliminated. Per the PBR, "there is limited evidence of effectiveness for both of these programs." The Graduate Assistance in Areas of National Need (GAANN) program would be cut from \$28 million to \$5.8 million, and according to the proposal, "the funds requested would fully cover the continuation awards of grantees that were successful in the 2015 competition."

The PBR requests \$616.8 million for the Institute of Education Sciences which would match the FY2016 level, restoring \$12 million which was cut in FY2017. The PBR assumed flat funding in FY2017 as the baseline.

The budget request also eliminates both the domestic and overseas components of the International Education and Foreign Language Studies (Title VI and Fulbright-Hays) programs, characterizing them as duplicative of programs within agencies with a primary mission of protecting national security, and asserting that such agencies are better equipped to support the international education objectives.

The PBR proposes a consolidation of five income-driven repayment plans into one plan which would set monthly payments at 12.5 percent of discretionary income while eliminating the standard repayment cap. Undergraduate borrowers would be eligible for forgiveness after 15 years while graduate students would be eligible after 30 years of repayment. The plan would raise monthly payments for some borrowers (from 10 percent to 12.5 percent) but would reduce the time to forgiveness for undergraduates from 20 years to 15. The plan would be a significant setback for graduate students. The PBR would also eliminate the Public Service Loan Forgiveness Program. Loan policy changes would apply to loans originated on or after July 1, 2018 with the exception of students who previously borrowed and are still borrowing to complete their current course of study. The administration also expresses interest in working with Congress on risk sharing.

Department of Energy (DOE)

The administration's budget proposal would direct the DOE's energy and science research and development programs to move forward with a renewed focus on "cutting-edge innovation" and moving those breakthroughs to the private sector to commercialization.

The PBR would fund the DOE Office of Science at 4.473 billion, a \$919 million (17 percent) cut from FY2017 to refocus Office of Science resources on conducting early-stage.

Proposed funding levels for the Office of Science programs:

- Advanced Scientific Computing Research \$722 million (FY2017 \$647 million)
- Basic Energy Sciences \$1.555 billion (FY2017 \$1.872 billion)
- Biological and Environmental Research \$349 million (FY2017 \$612 million)
- Fusion Energy Sciences \$310 million (FY2017 \$380 million)
- High Energy Physics \$673 million (FY2017 \$825 million)
- Nuclear Physics \$503 million (FY2017 \$622 million)
- Science Lab Infrastructure \$76.2 million (FY2017 \$130 million)
- Workforce Development for Teachers and Scientists \$14 million (FY2017 \$19.5 million)

The PBR would eliminate the Advanced Research Projects Agency-Energy (ARPA-E) "because the private sector is better positioned to finance disruptive energy technology research and development." The budget provides \$20 million to shut down the agency. In addition, these closeout activities would be supplemented by \$45 million in prior year, unobligated balances, with the goal of closing ARPA-E by mid-2019. ARPA-E was funded at \$306 million in the FY2017 omnibus.

Office of Energy Efficiency and Renewable Energy (EERE) would be funded at \$636 million, a \$1.454 billion (70 percent) reduction from FY2017.

The budget proposal does not include funding for DOE Experimental Program to Stimulate Competitive Research (EPSCoR).

Environmental Protection Agency (EPA)

The PBR would reconfigure and restructure the EPA's Office of Research and Development (ORD) and fund the office at \$249 million. The PBR directs ORD to "prioritize intramural research activities that are either related to statutory requirements or that support basic and early stage research and development activities in the environmental and human health sciences." The PBR would not fund the Science to Achieve Results (STAR) grant program.

The EPA's Office of Science and Technology would be funded at \$451 million, a \$256 million reduction from the FY2017 omnibus.

Department of Health and Human Services (HHS)

The PBR would reduce funding for the National Institutes of Health (NIH) by \$7.2 billion to \$26.9 billion in FY2018. To help achieve these savings, the PBR proposes a reorganization and restructure of NIH programs, which includes consolidating the Agency for Healthcare Research and Quality within NIH. The PBR proposes NIH would conduct a review of health services research across NIH, identify gaps, and propose a more coordinated strategy. It also would “curtail unnecessary global health research” and eliminate the Fogarty International Center which supports international research capacity and training of researchers overseas.

The budget proposal would reduce support for facilities and administrative (F&A) costs, “so that available funding can be better targeted toward supporting the highest priority research on diseases that affect human health.” The budget plan would cap F&A for NIH grants at 10 percent of total research for any grants with a rate currently higher than 10 percent. The budget indicates that much of the proposed cuts to NIH would be borne by this reduction in F&A payments and asserts that this cap would “bring NIH's reimbursement rate for indirect costs more in line with the reimbursement rate used by private foundations...for biomedical research conducted at U.S. universities.” Additionally, the PBR would have NIH “streamline select Federal research requirements for grantees through targeted approaches.”

The budget request proposes eliminating funding for almost all Title VII and Title VIII health care workforce programs. The PBR only would fund the Health Care Workforce Assessment at \$5 million and the Nurse Corps Scholarship and Loan Repayment (under Nursing Workforce Development) at \$83 million, for a total of \$88 million. Title VII and Title VIII programs received \$539 million in the FY2017 omnibus. The PBR would also eliminate funding for the Behavioral Health Workforce Education and Training program.

Also included in the budget is a provision to limit salaries paid by HHS grants (including NIH) to Executive Level V, equivalent to \$151,700. The current salary cap is Executive Level II, \$187,000.

It is not yet clear what the budget proposes for the Institutional Development Award (IDeA) Program.

Department of Interior (DOI)

The PBR would eliminate the U.S. Geological Survey (USGS) Water Resources Research Institutes, which received \$6.5 million in FY2017. USGS Cooperative Fish and Wildlife Research units would be funded at \$17.3 million, about a \$100,000 decrease from FY2017.

National Aeronautics and Space Administration (NASA)

The PBR would fund the NASA Science Directorate at \$5.712 billion, a \$53 million reduction from FY2017. The budget proposal would provide \$624 million for the Aeronautics Research and Development Directorate, a \$36 million decrease from FY2017. NASA Space Technology would be funded at \$679 million, a decrease of \$8 million.

The budget proposal would eliminate the Office of Education, which includes the Space Grant program (funded at \$40 million in FY2017) as well as NASA EPSCoR. The PBR includes \$37 million for Office of Education close-out costs.

National Endowment for the Humanities (NEH)

The budget proposal would eliminate the NEH and provide \$42 million for funds to close the agency. This amount represents the salaries and expenses required to shut down the agency and the amount required to honor pre-existing grant commitments (specifically, matching funds).

National Science Foundation (NSF)

The budget proposal would fund NSF at \$6.653 billion, an \$819 million (11 percent) reduction from FY2017. Per the PBR, the reduction is in line with the administration's goal to "transfer funds across agencies in order to strengthen national security and public safety." According to the budget request, this funding will support about 8,000 new research grants, with an estimated funding rate of 19 percent. The budget request also states a continued commitment to the NSF's 10 "Big Ideas" which identify areas for future investment in science and engineering.

NSF's Research and Related Activities account would be funded at \$5.362 billion, a commensurate 11 percent (\$672 million) reduction from FY2017. Education and Human Resources would receive \$761 million, a cut of \$119 million (14 percent). NSF's Major Research Equipment and Facilities Construction (MREFC) account would receive \$183 million to support construction of the Inouye Solar Telescope, the Large Synoptic Survey Telescope, and Regional Class Vessels. Under the PBR, the MREFC account would be cut by \$26 million (13 percent) from FY2017.

To focus on NSF's core research programs, the PBR would mean cuts to several NSF programs including the Innovations at the Nexus of Food, Energy, and Water Services, which would be funded at \$24.4 million, a \$55.7 million (69.5 percent) cut from FY2016. The I-Corps program would receive \$26.1 million, a \$3.6 million (12 percent) reduction from FY2016; and the Understanding the Brain initiative would be cut by \$38 million (22 percent) from FY2016 to \$134.5 million; the PBR would fund the NSF EPSCoR program at \$100 million, a \$60 million (37.5 percent) reduction.

The NSF Inclusion across the Nation of Communities of Learners of Underrepresented Discoverers in Engineering and Science (INCLUDES) initiative would be funded at \$14.9 million, a \$91,000 increase from FY2016.

State Department

The PBR would eliminate Development Assistance within USAID. The proposal would instead support a select group of targeted countries and programs through the Department of State's Economic Support and Development Fund. The budget proposal does not refer to Feed the Future nor the Higher Education Solutions Network. However, the PBR includes \$15.5 million to continue the work of the U.S. Global Development Lab.

The PBR includes a total of \$131 million for assistance for higher education, down from \$235 million in FY2017. Additionally, the funding description for the Bureau of Economic Growth, Education and Environment (E3) within USAID specifies that "funding for basic and higher education will create skilled populations through investments in inclusive quality education, and partnerships with U.S. universities that create pathways for greater economic growth and lessen incentives to migrate." The request also includes enduring funds within USAID's Bureau for Food Security (BFS) to support partnerships with university-led innovation labs to target research investments towards helping U.S. and developing country farmers and ranchers increase productivity and remain competitive in global markets.

Of note, the budget request proposes halving the funding for the Department of State's Educational and Cultural Exchange programs, but would focus on "sustaining the flagship Fulbright program, which forges lasting connections between Americans and emerging leaders around the globe."