

APLU Analysis of the Administration's FY2019 Budget Request

[February 15, 2018]

This document represents an initial analysis of the administration's fiscal year (FY) 2019 budget request for the various agencies and programs of interest to the APLU community. As further materials are released, APLU staff may provide additional updates.

Broad Highlights of FY2019 Budget Request

The FY2019 president's budget request (PBR), [An American Budget](#), proposes \$3 trillion in spending cuts over 10 years and projects a nearly three percent economic growth rate over the next decade. The PBR [accounts](#) for the recently enacted Bipartisan Budget Act of 2018, which increased the defense discretionary and non-defense discretionary (NDD) spending caps for both FY2018 and FY2019.

In light of the new spending caps, the administration modified its original FY2019 PBR request to provide additional funding for several NDD accounts, including student aid, the National Institutes of Health, the National Science Foundation, and the Department of Energy Office of Science. These increases are detailed in an [addendum](#) accompanying the PBR and are mostly reflected in individual agency budget summaries.

The PBR also requests nearly \$17 billion in opioid-related spending in 2019, including \$10 billion in new funding for the Department of Health and Human Services. Further, the PBR includes \$200 billion for the administration's recently announced [infrastructure proposal](#).

Much like the FY2018 PBR, this budget proposes eliminating several higher education and research programs, including the Supplemental Educational Opportunity Grant program, GEAR UP, Title VI International Education, the Advanced Research Projects Agency-Energy, and the National Endowment for the Humanities.

The documents related to the administration's FY2019 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 department/agency. This analysis uses the [FY2017 omnibus levels](#) as a comparison to the PBR FY2019 numbers, except where specifically noted. In addition, the PBR numbers included in the analysis reflect the adjustments outlined in the [addendum](#).

(It's important to note that the FY2018 appropriations process is not yet complete, and for many programs of importance to our universities, the final FY2018 funding levels are likely to be higher than the FY2017 levels. For additional comparison purposes, the APLU Appropriations Priorities [chart](#) includes APLU's requested levels for FY2018 as well as the levels reflected in the House and Senate's action thus far for FY2018. Over the coming weeks, as we work with our partners and allies in the higher education and research communities to determine APLU's FY2019 requests for these priority programs, we will add an additional column to the chart.)

Department of Agriculture (USDA):

The budget request would provide \$1.369 billion for USDA's National Institute of Food and Agriculture (NIFA), a \$6 million increase from FY2017 and \$375 million for the NIFA Agriculture and Food Research Initiative (AFRI), the same as 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, \$53.8 million (FY2017 \$54.2 million)
- McIntire-Stennis Cooperative Forestry, \$28.9 million (FY2017 \$34 million)
- Extension Services at 1890 Institutions, \$45.3 million (FY2017 \$45.6 million)

The administration proposes to lower the facilities and administrative (F&A) cap for NIFA grants from 30 percent to 10 percent.

Department of Commerce

The PBR would fund National Oceanic and Atmospheric Administration (NOAA) Oceanic and Atmospheric Research (OAR) at \$322 million in FY2019, a \$192 million decrease from FY2017. The budget proposal would dramatically decrease climate research at OAR and would eliminate the Climate Competitive Research program.

The administration's budget would also eliminate some NOAA education programs, such as Sea Grant and the Office of Education. In FY2017, Sea Grant (together with the Marine Aquaculture Program) received \$72.5 million. The PBR justifies the proposed cuts, asserting that these grants often favor certain species or geographic areas and distribute funds by formula rather than directing funding to areas with the greatest need.

Further, the PBR would eliminate the Economic Development Administration and provide \$15 million for the closing of the agency. The PBR proposes to eliminate the Manufacturing Extension Partnership (MEP) program at the National Institute of Standards and Technology, providing \$5 million for the cost of closing the program and stating the MEP should be funded by non-federal revenue streams and that the services provided by MEP centers can be found elsewhere. MEP was funded at \$130 million in FY2017.

Department of Defense (DoD)

The PBR would fund DoD Science and Technology (6.1-6.3) with a base level of \$13.661 billion, a \$350 million decrease from FY2017. (The proposal also recommends that the applied research account (6.3) receive additional support from Overseas Contingency Operations funding, which does not fall under the caps.) The budget proposes \$2.269 billion for DoD Basic Research (6.1), a \$7 million reduction from FY2017.

Under the PBR, the Defense Advanced Research Projects Agency (DARPA) would receive \$3.439 billion, a \$550 million increase from FY2017.

Department of Education (ED)

The budget request would provide \$63.1 billion in discretionary funding for the Department of Education, \$3.8 billion (5.6 percent) below the FY2017 level.

The budget would maintain the discretionary appropriation of the Pell Grant program at \$22.475 billion, which is sufficient funding to retain the maximum Pell Grant of \$5,920. The PBR proposes expanding Pell Grant eligibility to “high-quality” short-term programs with “sufficient guardrails in place to balance students’ needs with protecting taxpayers’ interests” but does not specify how ED would ensure quality and accountability.

For campus-based aid, the PBR would eliminate the Supplemental Educational Opportunity Grant (SEOG) program and significantly cut Federal Work Study from \$990 million to \$500 million. The request would “dramatically reform” the Federal Work Study program to “allocate funding to institutions enrolling high numbers of Pell Grant recipients that would support workforce and career-oriented training opportunities for low-income undergraduate students.” Presently, the program benefits undergraduate and graduate students.

Under the PBR, TRIO would receive \$950 million, consistent with FY2017 levels, and GEAR UP would be eliminated. The request proposes transitioning TRIO programs to a state formula grant program. The PBR notes that although GEAR UP would be eliminated, the activities could be supported within the new TRIO. The PBR also eliminates Graduate Assistance in Areas of National Need (GAANN), Strengthening Institutions Program, International Education and Foreign Language Studies programs (Title VI), and Teacher Quality Partnerships.

The PBR characterizes the Title VI and Fulbright-Hays programs as duplicative of programs in other agencies which have a primary mission of protecting national security, and asserts that the other agencies are better equipped to support the objectives of Title VI and Fulbright-Hays.

The PBR requests \$521.6 million for the Institute of Education Sciences, \$84 million less than the FY2017 level. The request would eliminate funding for the Regional Education Laboratories and Statewide Longitudinal Data Systems.

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 and eliminate 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.

Other proposals in the PBR include elimination of the Public Service Loan Forgiveness Program and elimination of subsidized Stafford Loans for undergraduate students.

Additionally, the president’s budget would require institutions of higher education to take on some of the financial risk associated with federal student loans. This institutional risk sharing would be based on the loan repayment rates at each college and university.

Department of Energy (DOE)

The PBR would fund the DOE's Office of Science at \$5.391 billion, level with FY2017. The budget directs the office to focus on early-stage research, operate the national laboratories, and continue high priority construction projects.

Proposed funding levels for the Office of Science programs:

- Advanced Scientific Computing Research \$899 million (FY2017 \$647 million)
- Basic Energy Sciences \$1.85 billion (FY2017 \$1.872 billion)
- Biological and Environmental Research \$500 million (FY2017 \$612 million)
- Fusion Energy Sciences \$340 million (FY2017 \$380 million)
- High Energy Physics \$770 million (FY2017 \$825 million)
- Nuclear Physics \$600 million (FY2017 \$622 million)

Similar to the FY2018 PBR, the administration's FY2019 budget proposes elimination of the Advanced Research Projects Agency Energy (ARPA-E) program, citing potential overlap with other research and development efforts by the private sector. ARPA-E was funded at \$306 million in the FY2017 omnibus.

Also of note, the PBR would provide \$696 million for Energy Efficiency and Renewable Energy, \$1.3 billion below FY2017 to focus on "early stage R&D on energy technologies including new approaches to energy storage beyond current battery technologies."

Environmental Protection Agency (EPA)

The PBR would provide the EPA Office of Science and Technology with \$449 million, \$257 million less than FY2017. Further, the PBR would eliminate the Science to Achieve Results (STAR) grant program.

The budget request also directs the Office of Research and Development 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."

Department of Health and Human Services (HHS)

The HHS "[Budget in Brief](#)" (BIB) is a recommended reference which provides useful information regarding the FY2019 PBR as it pertains to HHS.

Building upon the 21st Century Cures initiatives, the PBR proposes \$10 billion, "a historic level of new resources across HHS" to address the opioid crisis and serious mental illness. This funding would be used to:

- improve access to prevention, treatment, and recovery services, including medication assisted therapies;
- target availability and distribution of overdose reversing drugs;
- strengthen understanding of the epidemic through better public health data and reporting;
- support cutting edge research on pain and addiction; and
- advance better practices for pain management.

The budget request proposes to eliminate funding for almost all Title VII and Title VIII health care workforce programs. Funding for Title VII and Title VIII programs in FY2017 amounted to \$539 million.

For the National Institutes of Health (NIH), the FY2019 PBR proposes funding of \$34.8 billion, \$700 million over the FY2017 level. This figure includes \$711 million made available through the 21st Century Cures Act. (A notional \$750 million from the proposed \$10 billion HHS-wide initiative for opioids could raise the NIH number to \$35.5 billion, but this is merely a suggestion in the budget.)

The PBR would consolidate three other HHS agencies into NIH. Under the budget request, the Agency for Healthcare Research and Quality (AHRQ) would move into NIH as a new institute, the National Institute for Research on Safety and Quality. The PBR would also move the National Institute for Occupational Safety and Health, (currently under the Centers for Disease Control and Prevention) and the National Institute on Disability, Independent Living, and Rehabilitation Research (currently under the Administration for Community Living) into NIH.

Also included in the budget is a provision to limit salaries paid by HHS grants (including NIH) to \$152,000. The current salary cap is \$187,000. Additionally, the PBR would cap the percentage of a researcher's salary that can be paid with grant funds.

Unlike in the FY2018 PBR, the FY2019 budget does not propose a cut to F&A cost reimbursement for NIH grants. Rather, the BIB notes that Congress has prohibited NIH from implementing any such cuts and also "prohibited any further study or exploration of indirect cost rate reforms at NIH."

Department of the Interior (DOI)

The PBR would eliminate the U.S. Geological Survey (USGS) Water Resources Research Institutes, which received \$6.5 million in FY2017. It would also eliminate the USGS Cooperative Fish and Wildlife Research Units, which were funded at \$17.4 million in FY2017.

National Aeronautics and Space Administration (NASA)

The PBR would fund the NASA Science Mission Directorate at \$5.895 billion, a \$5.765 million increase from FY2017. The budget proposal would provide \$634 million for the Aeronautics Research and Development Directorate, a \$26 million decrease from FY2017. The PBR proposes some restructuring at the agency and some realignment of program funding. The proposal would merge the Space Technology account into a new account, Exploration Research and Technology (ERT), which would include other programs and efforts in addition to Space Technology. In FY2017, Space Technology received \$687 million. Under the budget request, the new ERT account would receive \$913 million, but the two figures are incomparable because of the differing functions and program responsibilities of the accounts.

As with last year's PBR, the FY2019 budget proposal would eliminate NASA's Office of Education, which includes the Space Grant program (funded at \$40 million in FY2017) as well as NASA's Established Program to Stimulate Competitive Research (EPSCoR).

National Endowment for the Humanities (NEH)

Like the FY2018 PBR, the administration's budget for FY2019 proposes to shutter the National Endowment for the Humanities (NEH) and would provide \$42 million to close the agency. According to the PBR, there are non-federal sources of funding available to support the humanities and the administration "does not consider the activities within this agency to be core Federal responsibilities."

National Science Foundation (NSF)

The PBR would provide NSF with \$7.472 billion, the same level the agency was funded in FY2017. Within NSF, the Research & Related Activities account would receive \$6.151 billion, a \$117 million increase from FY2017. This increase would help support work in areas such as NSF'S 10 "Big Ideas," implementing agency reforms related to two of the NSF Big Ideas – The Future of Work at the Human-Technology Frontier, and Harnessing the Data Revolution, and to help start construction on the Antarctic Infrastructure Modernization for Science project.

Major Research Equipment & Facilities Construction would be funded at \$95 million, a decrease of \$114 million from FY2017. The PBR states this decrease is "largely due to the support for two new Regional Class Research Vessels." Education and Human Resources would be funded at \$873 million, a \$7 million decrease from FY2017.

Department of State and U.S. Agency for International Development (USAID)

The PBR would eliminate Development Assistance (DA) within USAID, and collapse this account and the Economic Support Fund into a new Economic Support and Development Fund (ESDF). The proposal would support certain programs and work in a select group of targeted countries through the ESDF under the Department of State. The budget proposal makes no specific reference to Feed the Future or the Higher Education Solutions Network. However, the PBR includes \$12.5 million to continue the work of the U.S. Global Development Lab, \$306 million for the Bureau of Economic Growth, Education and Environment (E3), and \$518 million to support implementation of the Global Food Security Strategy.

Additionally, the funding description for the E3 Bureau specifies that "this request supports USAID's work to address the global learning crisis and ensure that pathways to self-reliance arise from educational opportunities...assisting higher education institutions to support development progress across sectors."

Of note, the budget request proposes a 75 percent reduction in funding for the Department of State's Educational and Cultural Exchange programs, citing the popularity of private-sector exchanges to justify scaling back federally-funded programs.