

APLU Analysis of the Administration's FY2016 Budget Request

[February 2, 2015]

This document represents a preliminary analysis of the Administration's FY2016 budget proposal for the various agencies and programs of interest to the APLU community. After more detailed reviews of the budget documents and as further materials are released, the APLU staff will provide additional updates.

Broad Highlights of FY2016 Budget

The documents related to the [FY2016 budget request](http://www.whitehouse.gov/omb/budget) are available at the following website: <http://www.whitehouse.gov/omb/budget>.

The President's \$4 trillion budget proposes \$1.091 trillion in discretionary spending for FY2016, \$74 billion above sequestration spending caps (\$37 billion for defense, \$37 billion for nondefense discretionary).

Following are some initial analyses of programs of interest, in alphabetical order by agency.

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

The President's FY 2016 budget includes \$450 million for NIFA's Agriculture and Food Research Initiative (AFRI), the core competitive research program at USDA. This is a significant increase above the FY2015 enacted level of \$325 million (+\$125 million or about 38%). Other requested funding levels of note:

Hatch: \$244 million, level with FY2015

McIntire-Stennis Cooperative Forestry: \$34 million, level with FY2015

Smith-Lever: \$300 million, level with FY2015

Evans-Allen: \$60.5 million, an increase of approximately \$8 million over FY2015

1890 Institutions Extension: \$49.4 million, an increase of \$1 million over FY2015

1994 Research and Extension: \$6.6 million (\$1.9 million for research and \$4.7 million for extension), a slight increase above the FY2015 level of \$6.25 million

Additionally, the budget includes support for a \$1.2 billion government-wide investment by the Department of Defense, Department of Veterans Affairs, and USDA to combat antibiotic-resistant bacteria and seek information about the relationships between microbes and livestock, the environment, and human health.

The budget includes \$80 million to fund two new public-private innovation institutes related to biomanufacturing and nanocellulosic technology as well as \$20 million for a "competitive capacity awards program" for the 1862 and 1890 land-grant institutions.

USDA FY2016 Budget summary is available [here](#). Budget highlights can be found [here](#).

Department of Commerce

The Department of Commerce FY 2016 budget request includes \$25 million for the Regional Innovation Strategies Program at the Economic Development Administration (EDA) to promote

economic development planning and projects that spur entrepreneurship and innovation at the regional level.

- **National Institute of Standards and Technologies (NIST)**

Within NIST, the Administration budget would provide \$141 million, an \$11 million increase over the 2015 enacted level for the Hollings Manufacturing Extension Partnership (MEP). The Budget also includes \$15 million for the Advanced Manufacturing Technology Consortia, level with FY2015.

In addition, the Budget includes \$150 million for the newly authorized National Network for Manufacturing Innovation with the intention to launch 7 more institutes in 2016, building on the current 9 institutes, and calls for the full investment required to complete a national network of 45 manufacturing institutes.

- **National Oceanic and Atmospheric Administration (NOAA)**

The budget request for the National Oceanic and Atmospheric Administration (NOAA) Office of Oceanic and Atmospheric Research (OAR) is \$485 million for FY2016, an increase of \$52 million over the FY2015 enacted level.

The President requested \$68.5 million for the National Sea Grant College Program (Sea Grant), an increase of about \$1.2 million above FY2015.

The FY2016 NOAA budget summary is available [here](#).

Department of Defense (DoD)

The FY2016 budget request for DoD proposes decreases to basic research (“6.1”) and an increase to applied research (“6.2”) programs compared to FY2015 enacted levels.

Specifically, the Pentagon budget seeks approximately \$2.088 billion for 6.1 research, 8.3% below the FY2015 enacted level. DoD 6.2 research is proposed to be funded at \$4.713 billion, an increase of 1.4% above the FY2015 enacted level.

Overall, the Budget proposes \$12.265 billion for Science and Technology programs within the DoD, which is a 0.1% increase over the FY2015 enacted level.

The Defense Advanced Research Projects Agency (DARPA) would be increased nearly \$100 million, or 3.4%, to a proposed funding level of \$3 billion.

The DoD “R-1” document, which breaks down the defense research budget, can be found [here](#).

Department of Education (ED): Student Aid and Higher Education

With respect to the areas of student aid and higher education, the Administration seeks to assure that the Pell Grant maximum continues to rise yearly with inflation beyond 2017, when the current link to inflation expires. This extension of inflationary increases will cost approximately \$30 billion over 10 years. For the 2016-2017 school year, the Administration expects an estimated total maximum Pell Grant award of \$5,915, an increase of \$140 from the current level, with the increase coming solely on the mandatory side and the discretionary request remaining flat at \$4,860.

The Administration would increase the Federal TRIO programs by \$20 million (up to \$860 million) and provide level funding for Federal Work Study (FWS) (\$989 million), Supplemental Educational Opportunity Grants (\$733 million), and GEAR UP (\$301 million). With FWS and SEOG, the Administration recommends revising current funding formulas to reward institutions that enroll and graduate higher numbers of Pell-eligible students and offer affordable and quality educations.

The Budget would provide level funding of \$29.2 million for the Graduate Assistance in Areas of National Need (GAANN) program. There is no mention of Javits priorities within GAANN.

As they did in the FY2015 budget request, the request proposes a College Opportunity and Graduation Bonus, which would be funded at \$7 billion in mandatory money over 10 years, to reward colleges that enroll and graduate low-income students and encourage all colleges to improve performance.

The Administration proposes reforming and expanding the Perkins Loan program to provide \$8.5 billion in new loan volume annually, representing eight and a half times the current Perkins volume. This new Perkins Loan program, which would also have an allocation formula similar to that proposed for SEOG, would be administered by the Department of Education and still result in the return of revolving funds of the original, and current, Perkins program.

The Administration would provide a \$140 million increase, up to \$200 million, for First in the World, a competitive program within the Fund for the Improvement of Postsecondary Education (FIPSE) that provides grants to institutions to develop innovative strategies to improve college completion rates.

The FY2016 budget also includes \$30 million for Government Performance and Results Act/HEA Program evaluation. Unlike last year's budget request, there is no money requested to support the development and refinement of a new college ratings system.

The International Education and Foreign Language Studies programs (Title VI) would be funded at \$76 million, an increase of \$4 million over the FY2015 levels.

For FY2016, the Administration is seeking \$675 million for Institute of Education Sciences (IES) activities, an increase of \$101 million over the FY2015 appropriated level.

In terms of other recommended policy changes, the Administration is recommending a simplification of the Free Application for Federal Student Aid (FAFSA) form. The Budget proposes the elimination of up to 30 questions related to non-IRS collected information on assets and investments.

The Administration proposes including Department of Defense Tuition Assistance and Department of Veterans Affairs GI bill benefits as part of the federal funds portion of the 90/10 calculation in the administration of federal financial aid at for-profit institutions. Currently, such benefits are not included as federal funds.

Also, to help borrowers manage their debt, the Administration would once again propose to extend Pay-As-You-Earn (PAYE) to all student borrowers and streamline the current program into a single income-driven program.

Lastly, as announced earlier this year, the Administration is proposing a new tuition-free community college program called [America's College Promise](#).

Detailed FY2016 ED budget documents are available [here](#).

Department of Energy (DOE)

The President's budget would provide \$29.923 billion for the [Department of Energy \(DOE\) FY2016 Budget](#), a 9.2% increase over FY2015 enacted.

For the Department of Energy's Office of Science (SC), the Administration would provide \$5.34 billion, a \$272 million or a 5.4% increase over FY2015 enacted.

The Budget includes \$325 million, a \$45 million or 16.1% increase over FY2015, for the Advanced Research Projects Agency–Energy (ARPA-E) in FY2016. The Administration also would provide \$908 million for Nuclear Energy for ongoing research and development in advanced reactor and fuel cycle technologies, an increase of \$74 million or 8.9% above FY2015 and \$560 million for Fossil Energy Research and Development, a decrease of \$587,000 or 0.1% below FY2015 levels to advance carbon capture and storage and natural gas technologies. The office of Energy Efficiency and Renewable Energy (EERE) received a substantial increase in the President's Budget at \$2.723 billion, which is \$809 million or 42.3% above the FY2015 level.

Department of Health And Human Services (HHS)

The full Department of Health and Human Services (HHS) FY2016 Budget in Brief can be found [here](#).

- National Institutes of Health (NIH)

The President's budget for FY2016 provides \$31.3 billion for the National Institutes of Health, an increase of \$1.2 billion or 4% over the FY2015 enacted level of \$30.1 billion.. NIH estimates that the budget proposal would support 10,303 new and competing Research Project Grants (RPGs) or 1,227 above the FY2015 estimate. Total RPGs are expected to be at 35,447 and the applicant success rate is estimated at 19.3%, a welcome improvement over the FY2015 estimated success rate of 17.2%.

The Budget proposes a total of \$215 million between three agencies within the Department of Health and Human Services (HHS) to launch a Precision Medicine Initiative, with \$200 million going to NIH and the remainder for FDA, and the Office of the National Coordinator for Health Information Technology (ONC). The initiative will focus on an emerging field of medicine which relies on patient-powered research and targeted treatments for diseases like cancer and diabetes. NIH proposes establishing a national research cohort of one million or more individuals, comprised mostly of those who have already participated in clinical research studies and agree to share their genetic information. A fact sheet with further information on this initiative can be found [here](#).

Additional highlights include an increase of \$100 million for NIH's work in the National Strategy for Combatting Antibiotic-Resistant Bacteria as well as an increase of \$70 million (\$135 million total) for the NIH to contribute to the Brain Research through Advancing Innovative Neurotechnologies (BRAIN) Initiative. The proposed budget also includes \$50 million in increased funding for Alzheimer's research for a total of \$638 million.

More information about the FY 2016 budget proposal for NIH, can be found on pages 44-49 of the [HHS document](#).

Health Resources and Services Administration (HRSA)

The President's FY2016 budget request provides \$469 million for Title VII Health Professions and Title VIII Nursing Workforce Development programs, a 3.5% decrease from FY2015 enacted. Within this amount, the administration proposes \$238 million for Title VII, a 6.7% decrease from FY2015, and \$232 million for Title VIII, the same amount as FY2015.

The budget proposes creation of a new program that promotes diversity in the health workforce, called the Health Workforce Diversity Program, providing \$14 million for this initiative. The budget eliminates, however, the Title VII Health Careers Opportunity Program, which was funded at \$14 million in FY2015, and the Title VII Area Health Education Centers program. Title VII Public Health and Preventative Medicine receives \$17 million, a 19% decrease from FY2015.

More information about the FY 2016 budget proposal for HRSA can be found on pages 25-30 of the HHS FY2016 Budget in Brief [here](#).

Department of Interior

- Geological Survey (USGS)

The [FY2016 request for the U.S. Geological Survey \(USGS\)](#) is \$1.2 billion, approximately a \$150 million increase above the FY2015 enacted level. The budget would fund the USGS Water Resources Research Act at \$222 million, an increase of \$12 million from FY2015.

The Budget includes \$6.5 million for the Water Resources Research Institutes, level with FY2015 appropriated amounts. The Budget requests funding the Cooperative Research Units (CRU) program at \$19.992 million, an increase of \$2.621 million over the FY2015 enacted level of \$17.371.

Further information can be found in the USGS Budget overview [here](#).

Environmental Protection Agency (EPA)

The Environmental Protection Agency (EPA) Science and Technology (S&T) budget request is \$8.6 billion for FY2016, an increase of approximately \$452 million over FY2015.

FY2016 EPA budget documents are available [here](#).

National Aeronautics and Space Administration (NASA)

The President's Budget requests \$18.529 billion, an increase of \$519 million or 2.9% in discretionary funding for the National Aeronautics and Space Administration (NASA) in FY2016.

NASA Science Mission Directorate (SMD) would be funded at \$5.3 billion, an increase of \$43.9 million over FY2015 levels. Within SMD, the FY2016 Budget would provide:

- \$1.947 billion for Earth Science, an increase of \$174.8 million over FY2015
- \$1.361 billion for Planetary Science, a decrease of \$76.6 million from FY2015
- \$709 million for Astrophysics, an increase of \$24.3 million
- \$620 million for the James Webb Space Telescope, a decrease of \$25.4 million
- \$651 million for Heliophysics, a decrease of \$11.2 million

For Aeronautics, the President requests \$571.4 million, a decrease of \$79.6 million below FY2015. The Budget requests \$724.8 million, an increase of \$128.8 million over FY2015 for the Space Technology account. The Administration requests \$24 million for the Space Grant program, a decrease of \$16 million below FY2015.

Again, the Budget states it “continues NASA’s efforts to consolidate its education efforts into a more focused portfolio funded through the NASA Office of Education. Additionally, the Budget provides \$20 million to NASA’s Science Directorate to fund the best application of NASA Science assets to meet the Nation’s STEM education goals through a competitive process.”

The NASA FY2016 Budget Documents are available [here](#).

National Endowment for the Humanities (NEH)

The President’s Budget would provide National Endowment for the Humanities (NEH) with \$147.9 million in FY2016, a slight increase over FY2015.

Highlights of the FY2016 funding request include:

- A new special initiative entitled *The Common Good: The Humanities in the Public Square*, that demonstrates the critical role the humanities can play in our public life.
- continued support for *Standing Together: The Humanities and the Experience of War*, that will support the nation’s active duty military, veterans, military families, and civilians by encouraging and expanding humanities projects that focus on the history, experiences, and meaning of war and military service; and
- support for the agency’s Challenge Grants program to help stimulate and mate private donations in support of humanities institutions and organizations.

The NEH 2016 budget [press release](#) is now available.

National Science Foundation (NSF)

The President’s FY2016 budget request provides \$7.7 billion for the National Science Foundation (NSF), a 5.2% increase over FY2015 enacted. Within that amount, the administration proposes \$257 million for multidisciplinary research targeted at new materials, smart systems, advanced manufacturing technologies, and robotics technologies; \$30 million for the Innovation Corps (i-Corp) program; \$72 million for the cross-agency BRAIN Initiative; and \$1.2 billion for STEM education activities. The budget also proposes an additional \$377 million in clean energy investments to support research and education in alternative forms of energy.

The Administration’s proposal would fund the NSF accounts as follows.

- \$6.186 billion for Research and Related, an increase of \$253 million or 4.3% over FY2015
- \$963 million for Education and Human Resources, an increase of \$96.57 million or 11.2% over FY2015
- \$200.3 million for Major Research Equipment and Facilities, a decrease of \$450,000 or 0.2% below FY2015
- \$355 million for Agency Operations and Award Management, an increase of \$30 million or 9.2% over FY2015

The NSF’s budget documents include that the agency will increase the impact of its investments and operational efficiency by expanding public access to the results of research. Another

“reform” mentioned in the documents is that NSF will reduce the cost of processing research grant proposals.

Additional information on the NSF FY2016 Budget Request can be found [here](#) and the summary documents are available [here](#).

Department of Treasury – Tax and other Policy Proposals

The President’s budget would permanently extend the American Opportunity Tax Credit (AOTC), improve the coordination between AOTC and Pell grants so that Pell does not count against students for eligibility for the refundable portion of the tax credit, increase refundability by \$500 to \$1500, extend availability from four years to five, and create a part-time AOTC credit for students attending less than half-time.

The proposal would also eliminate the lifetime learning credit and the student loan interest deduction. These eliminations are made in the name of further simplification as well as to partially offset the increased benefits. (Currently, the lifetime learning credit has no cap on the number of years it is available for students and thus is of significant benefit to graduate students.)

Additionally, the budget proposal would eliminate the tax consequences of loan forgiveness under income-driven repayment options. Presently, borrowers under the Pay-As-You-Earn plan can have the remaining balance of their loans forgiven after 20 years of payments. However, the total sum forgiven is treated as taxable income.

The budget proposal would eliminate the tax deduction that allows donors to deduct 80% of contributions to colleges and universities that donors make in exchange for special rights to purchase seating at athletic events. Additionally, the proposal would reduce the value of charitable and other itemized deductions to 28% for taxpayers in the 33, 35, and 39.6 % tax brackets.

The budget proposal would require institutions of higher education to report the amounts students paid, rather than the amounts they are billed on Form 1098-T. Presently, universities may report either amounts paid or billed. The National Association of College and University Business Officers (NACUBO) has previously flagged this issue as being of significant concern as reporting amounts paid rather than billed would raise compliance challenges.

The President’s budget would also allow the Secretary of Treasury to disclose identifying information to the Department of Education in the case of late-stage delinquency of loans so that the Department of Education could inform borrowers about options to avoid default.