

APLU Analysis of the Administration's FY2017 Budget Request

[February 12, 2016]

This document represents a preliminary analysis of the Administration's FY2017 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 may provide additional updates.

Broad Highlights of FY2017 Budget

The documents related to the President's FY2017 budget request (PBR) are available at the following website: <http://www.whitehouse.gov/omb/budget>.

The President's \$4.15 trillion budget, while essentially flat when compared to the final FY2016 budget, proposes new investments in a number of areas, including research and higher education. The budget follows last year's budget agreement for the discretionary spending caps and proposes that Congress pass legislation to provide mandatory spending to fund many of these new investments.

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 budget proposes doubling the budget for the Agriculture and Food Research Initiative (AFRI) to \$700 million, the full funding level authorized in the 2008 Farm Bill. More information can be found [here](#). Of the \$350 million increase, \$25 million is discretionary funding and \$325 million is mandatory funding.

Other USDA funding levels of note in the President's budget include:

- Hatch: \$244 million, level with FY2016
- McIntire-Stennis Cooperative Forestry: \$34 million, level with FY2016
- Smith-Lever: \$300 million, level with FY2016
- Evans-Allen: \$58 million, an increase of approximately \$3.8 million over FY2016
- 1890 Institutions Extension: \$48.4 million, an increase of \$2.7 million over FY2016
- 1994 Research: \$3.9 million, an increase of \$1.8 million over FY2016
- 1994 Extension: \$6.7 million, an increase of \$2.3 million compared to FY2016

Department of Commerce

National Institute of Standards and Technologies (NIST)

The President's budget proposes \$1 billion for NIST, a \$50.5 million increase over FY2016 enacted levels.

National Oceanic and Atmospheric Administration (NOAA)

Under the President's budget request, the National Oceanic and Atmospheric Administration (NOAA) Office of Oceanic and Atmospheric Research (OAR) is funded at \$519.7 million, an increase of \$30.7 million from FY2016 enacted levels. More information can be found [here](#).

Department of Defense (DoD)

The FY2017 budget proposes \$2.1 billion for DoD basic research ("6.1"), a \$207 million reduction from FY2016 enacted levels. The budget also funds Science and Technology programs at \$12.5 billion, a reduction of \$749.6 million.

The Defense Advanced Research Projects Agency (DARPA) would be funded at \$2.97 billion, an increase of \$82.4 million over FY2016 enacted levels.

Additional information on the DoD budget can be found [here](#).

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

The Administration seeks to assure that the maximum Pell Grant continues to rise yearly with inflation beyond 2017, when the current link to inflation expires. This extension of inflationary increases will cost approximately \$33 billion over 10 years. The budget would fully fund the Pell program in 2017 with a projected maximum award of \$5,935 with all the increases coming from mandatory spending. This represents a \$120 increase from FY2016. The budget would reinstate Second Chance Pell to extend eligibility to incarcerated students in Federal and State prisons. The Administration proposes a restoration of year-round Pell eligibility, allowing use for a third semester during an academic year if the student has already completed a full-time load of 24 credits. The Administration also proposes an on-track Pell bonus of \$300 for students who take 15 credits per semester in an award year.

The budget proposes to reform campus-based aid program formulas for SEOG, Work-Study, and Perkins to allocate grants based on formulas that take into consideration enrollment and graduation of Pell students and successful employment and repayment outcomes. The budget would reform and expand the Perkins program into an unsubsidized loan program which would provide \$8.5 billion annually. The program would provide eight and half time the loan volume and expand institutional participation by 2,900 additional institutions.

The budget would consolidate REPAYE and other repayment plans into a single PAYE plan and also consolidate TEACH grants and the teacher loan forgiveness program into a more generous loan forgiveness program. The Administration also proposes to simplify FAFSA by removing questions related to savings, investments, net worth, untaxed income and exclusions as well as make adjustments to Expected Family Contribution.

The budget proposes to change the 90/10 rule to 85/15 while including Department of Veterans Affairs and Department of Defense education benefits within the 85 percent. The Administration is also requesting \$1.257 billion in mandatory funding for the President's proposed American's College Promise which would make community college free for eligible students. The program would also allow enrollment at a four-year HBCU or MSI.

The President's request includes \$547.8 million in mandatory funding for a College Opportunity and Graduation Bonus program to reward institutions with successful outcomes in enrolling and graduating a significant number of low and moderate income students on time.

The Administration would flat fund the Federal TRIO programs at \$900 million, Federal Work Study at \$990 million, Supplemental Educational Opportunity Grants at \$733.1 million, GEAR UP at \$323 million and Graduate Assistance in Areas of National Need (GAANN) at \$29.3 million.

The Administration seeks a restoration of its First in the World program within the Fund for the Improvement of Postsecondary Education (FIPSE) at \$100 million. The competitive grants program was zeroed out in FY16 appropriations.

The International Education and Foreign Language Studies programs (Title VI) would be funded at \$67.3 million. This is a cut of 6.5 percent, or \$4.7 million from FY2016 levels. The proposed cuts for the Title VI programs will be to the overseas programs which the President is proposing to reduce from \$7.1 million in FY2016 to \$2.2 million in FY2017.

The Administration is also seeking \$694 million for Institute of Education Sciences (IES) programs, an increase of \$76 million over the FY2016 appropriated level.

The detailed FY2016 ED budget document is available [here](#).

Department of Energy (DOE)

The President's budget proposes \$5.672 billion for the Department of Energy Office of Science, an increase of 4.2 percent. The budget also proposes a new \$100 million competitive research fund for universities, paid for with mandatory spending

Advanced Research Projects Agency-Energy (ARPA-E) would receive \$500 million, an increase of \$209 million over FY2016 enacted levels. This includes \$350 million in discretionary funding and \$150 million in mandatory funding. The President's budget also proposes a new fund "ARPA-E Trust" that would provide \$1.85 billion over 5 years for large energy technology projects. The new "ARPA-E Trust" would be fully funded with mandatory spending.

More information on the FY2017 DOE budget can be found [here](#).

Department of Health And Human Services (HHS)

The full Department of Health and Human Services (HHS) FY2017 budget fact sheet can be found [here](#).

National Institutes of Health (NIH)

The President's budget includes a total of \$33.136 billion for the NIH, an \$825 million increase over FY2016 enacted levels. The proposal actually cuts \$1 billion from the FY2016 discretionary levels and proposes that Congress provide \$1.8 billion in new mandatory funding to make up for the discretionary cut and to fund the increase.

The request includes \$680 million in new mandatory spending for the Vice President's "cancer moonshot" initiative; an additional \$100 for the Precision Medicine Initiative to continue building the cohort of one million volunteers; and an additional \$45 million for the Brain Research through Advancing Innovative Neurotechnologies (BRAIN) initiative.

Under the proposal, the Administration estimates it would support 9,946 new and competing research project grants (RPGs), a decrease of 807 from the FY2016 estimate and 24,608 noncompeting RPGs, and increase of 1,241 from the FY2016 estimate.

Health Resources and Services Administration (HRSA)

Title VII Health Professions would receive \$231.3 million, in the President's FY 2017 budget request, a \$31.2 million (11.9 percent) cut below FY 2016 enacted-levels. Title VIII Nursing programs would be flat funded at \$229.5 million.

Department of Interior

United States Geological Survey (USGS) Cooperative Fish and Wildlife Research Units

The President's budget includes \$18.2 million for the Cooperative Research Units, an \$863,000 increase from FY2016.

Environmental Protection Agency (EPA)

The President's budget provides \$754 million for the EPA, a \$127.3 million increase over FY2016. More information can be found [here](#).

National Aeronautics and Space Administration (NASA)

The President requested \$19 billion for NASA, a \$260 million decrease from FY2016. Of the \$19 billion, \$763 million is mandatory funding and \$18.2 billion is discretionary

funding. The budget proposes \$790 million for Aeronautics Research Directorate, a \$150 million increase from FY2016 and \$827 million for Space Technology Directorate, a \$141 increase from FY2016. However, the President's budget also proposes \$24 million for the Space Grant program, a \$16 million reduction from FY2016.

Additional information on the NASA budget can be found [here](#).

National Endowment for the Humanities (NEH)

The President's budget provides \$150 million for the NEH, a \$1.9 million increase over enacted FY2016 levels. More information can be found [here](#).

National Science Foundation (NSF)

The President's budget proposes \$7.96 billion for NSF, a \$500.5 million increase over FY2016. The budget request includes \$400 million in mandatory funding and \$7.56 billion in discretionary funding. The majority of this increase is set aside for research and related activities, including \$33 million for the multi-agency National Strategic Computing Initiative and \$30 million for Innovation Corps (I-Corps).

A summary of the NSF budget can be found [here](#).

Department of Treasury – Tax and other Policy Proposals

The President's budget would expand and modify the American Opportunity Tax Credit (AOTC), by improving 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. The Administration would also increase AOTC 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 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 percent 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 percent for taxpayers in the 33, 35, and 39.6 percent tax brackets.

The budget proposal would require any entity issuing a scholarship or grant in excess of \$500 that is not processed or administered by an institution of higher education to report such on a 1098-T.

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.