



CGA SPECIAL NEWS:  
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To: APLU Council on Governmental Affairs (CGA)  
From: APLU Office of Governmental Affairs

### **Analysis of the FY2020 Appropriations Agreement**

Yesterday, Congress released two Fiscal Year 2020 consolidated appropriations bills to fund the federal government through the end of the current fiscal year (September 30, 2020). As part of the deal struck last night, tax extenders and additional tax policy measures were also included that significantly impact colleges and universities. The House passed the bills this afternoon by a vote of 297-120 (Domestic) and 280-138 (Defense) while the Senate is expected to follow later this week.

APLU President Peter McPherson released a [statement](#) today applauding House passage and urging the Senate to swiftly take up and pass the final Fiscal Year 2020 appropriations measures.

The **domestic priorities and international assistance appropriations minibus** reflects conference agreements for eight appropriations bills: Labor-Health and Human Services-Education, Agriculture, Energy and Water Development, Interior-Environment, Legislative Branch, Military Construction-Veterans Affairs, State-Foreign Operations, and Transportation-Housing and Urban Development. A division-by-division summary is available [here](#) and as a pdf [here](#).

The **national security appropriations minibus** reflects conference agreements for four appropriations bills: Defense, Commerce-Justice-Science, Financial Services and General Government, and Homeland Security. A division-by-division summary is available [here](#) and as a pdf [here](#).

Below are funding levels and additional items of interest included in the FY2020 spending bills. The APLU [Appropriations Priorities Chart](#) has been updated to reflect this new information. The appropriations chart includes comparisons to APLU requests, the President's Budget Request, percentage increases compared to FY2019, and other important context.

### **Agriculture, Rural Development, Food and Drug Administration ([bill text](#) and [report language](#))**

Within the National Institute of Food and Agriculture (NIFA) accounts, the consolidated bill includes flat funding for NIFA Hatch Act Funds. It contains a modest increase for the Agricultural and Food Research Initiative (AFRI) of \$10 million over FY2019, putting FY2020 funding at \$425 million. The Cooperative Forestry (McIntire-Stennis) is maintained at \$36 million while the 1890 Institutions received a positive increase in extension services, going from \$48.6 million in FY2019 to \$57 million in the FY2020 bill.

Finally, Sec 762 of the consolidated appropriations act states that the Secretary of Agriculture may waive the matching funds requirement for the Specialty Crop Research Initiative for FY2020.

### **Commerce-Justice-Science (bill text and report language)**

The consolidated appropriations bill allocates \$8.280 billion to the National Science Foundation, representing a 2.5 percent increase from FY2019.

The bill provides increases from FY2019 levels to many National Aeronautics and Space Administration (NASA) accounts such as \$7.139 billion to its Science Mission Directorate, \$784 million to the Aeronautics Research Directorate, \$1.100 billion to Space Technology, and \$48 million to the Space Grant Program.

Within the National Oceanic and Atmospheric Administration (NOAA), Oceanic and Atmospheric Research is provided \$548 million, representing a 4.4 percent increase. The Sea Grant Program (including the Marine Aquaculture Program) would receive \$87 million, representing an 8.75 percent increase from FY2019.

The National Institute for Standards and Technology's (NIST) Manufacturing Extension Partnerships and National Network for Manufacturing Innovation both receive increases under the consolidated appropriations bill. Lastly, the Economic Development Administration's Regional Innovation program is provided with \$33 million, an increase of 40.4 percent from FY2019 levels. The President's budget proposed closing the EDA.

### **Defense (bill text and report language)**

The final appropriations bill includes a 2.9 percent increase for DoD Science and Technology Basic Research 6.1 accounts, allocating \$2.603 billion for FY2020. Combined, 6.1-6.3 Science and Technology accounts, would receive a 0.7 percent increase, growing from \$15.960 billion in FY2019 to \$16.074 for FY2020. The Defense Advanced Research Projects Agency (DARPA) also saw an increase of 0.8 percent for FY2020. The bill overall provides \$3.458 billion for the agency.

To view a breakdown of the basic research program elements that APLU tracks, please view the [APLU FY2020 Appropriations Chart](#).

### **Energy and Water Development (bill text and report language)**

The consolidated appropriations bill provides increases for both the Department of Energy (DOE) Office of Science and ARPA-E. DOE's Office of Science would receive a 6.3 percent increase to \$7 billion, and ARPA-E would receive a 16.1 percent increase to \$425 million.

### **Interior and Environment (bill text and report language)**

Within the United States Geological Survey, the bill provides the Water Resources Research Institutes with \$10 million and the Cooperative Research Units with \$24 million. These allocations represent increases for both accounts and match APLU's requests.

The EPA's Office of Science and Technology is provided a \$10 million increase from FY2019 levels to \$716 million, and the National Endowment for the Humanities (NEH) would receive \$162.3 million, a 4.7 percent increase from FY2019 levels. The Joint Fire Science Program would be flat funded at \$6 million.

Lastly, in APLU's conference letter, we expressed concern over Senate report language regarding the Environmental Protection Agency's Environmental Protection: National Priorities program that specifically "excludes institutions of higher education" from competing in the grant process. The final report language does not include such an exclusion (page 43).

### **Labor-Health and Human Services-Education (bill text and report language)**

#### Health and Human Services

The final bill provides \$41.7 billion for the National Institutes of Health (NIH), which represents an increase of \$2.6 billion from FY2019 enacted levels.

The bill also provides the Title VII Health Professions and Title VIII Nursing Workforce Development programs with \$652.5 million for previously funded programs in FY 2020, a \$10.8 million (2 percent) increase from FY 2019 enacted levels. With the inclusion of programs receiving first time funding, Title VII and Title VIII received \$684.5 million in FY 2020, a \$42.8 million (7 percent) increase from FY 2019 levels.

Additionally, the bill provides flat funding of \$338 million for the Agency for Healthcare Research and Quality (AHRQ). The President's budget proposed eliminating the agency and consolidating AHRQ into the NIH as a new institute.

The Patient Centered Outcomes Research Institute was reauthorized through September 30, 2029 as part of the appropriations package.

Of note, there is report language (page 73) pertaining to foreign influence in academic research. The committee directs NIH to notify the Committees quarterly on the progress of NIH investigations into the Thousand Talents and other foreign government programs, "as well as institutions, scientists, and research affected. Further, the agreement directs NIH to carefully consider the NIH Advisory Committee's recommendations, including to implement a broad education campaign about the requirement to disclose foreign sources of funding and develop enhanced cybersecurity protocols."

Regarding the protection of intellectual property (page 77), "The agreement encourages the Director to work with the HHS Assistant Deputy Secretary for National Security to improve the security of intellectual property derived from NIH-funded research. In particular, NIH is encouraged to: improve the security of the peer review system; augment the application process to identify funding that applicants receive from a foreign government; and assist the HHS Inspector General and appropriate law enforcement agencies to identify violations of U.S. law or policy."

#### Education

The final appropriations bill includes \$22.475 billion for the Pell Grant program, level with FY2019 appropriations. It would increase the maximum Pell Grant award to \$6,345, matching APLU's conference request—this represents three consecutive years of increases to the maximum Pell

award. The bill rescinds \$500 million from the Pell reserve, which is substantially less than the \$1.334 billion called for in the Senate bill.

The bill funds Supplemental Education Opportunity Grant (SEOG) Program at \$865 million, the Federal Work Study Program (FWS) at \$1,180 million and the TRIO program at \$1,090 million, representing an increase of about 3 percent across these programs from FY2019. The GEAR UP program saw a 1 percent increase over FY2019, with \$365 million in appropriations. International Education Programs saw the biggest funding bump with a 6 percent increase to 76.2 million, while funding for the Graduate Assistance in Areas of National Need (GAANN) program was held flat at 23 million.

While research in other areas of the Labor-HHS-ED bill saw substantial increases, the Institute of Education Sciences (IES) received \$623.5 million, an increase of about 1 percent over FY2019 appropriations.

Of interest, the final bill text provides a number of directives to the Office of Federal Student Aid (FSA) concerning its efforts to improve student loan servicing through the Next Generation Processing and Servicing Environment (at pg. 142). These directives focus on FSA contracting with loan servicers, requiring that borrowers have a choice between loan servicers, that loan servicers do more to support borrowers at risk for delinquency or default, and that servicers are held accountable for performance on service levels. The bill also directs the Secretary to provide quarterly briefings to the House and Senate appropriations subcommittees on progress with NextGen loan servicer contracts.

The report language includes (at pg. 148) a brief note on Sec. 117 foreign gift and contract reporting, directing the Department to work with institutions to ensure that reporting requirements are clear and that institutions understand their responsibilities in reporting. The language also directs the Department to provide adequate time for institutions to comply with any new guidance and reporting requirements. Within 45 days of the bill's enactment, Congress directs the Department to brief relevant committees on their progress engaging with relevant stakeholders. Although a positive step, it does not seem likely this language will alter the Department of Education's proposal currently being considered by the Office of Management and Budget.

The report language (at pg. 138) also directs the Department to address and implement GAO recommendations from its [September 2019 report](#) on improving Public Service Loan Forgiveness, including implementation of the temporary expansion of the program, and brief the committees of jurisdiction within 45 days of the bill's passage.

There are a number of other technical changes within the report language that are of interest to colleges and universities. The report language (at pg. 139) directs the Department to issue guidance on "ability to benefit" at institutions of higher education, restating the updated definition of a career pathway program and answering frequently asked questions about program eligibility. The language also references recent legislation passed through Congress on FAFSA simplification (within the FUTURE Act), calling on the Department to swiftly implement the provision allowing data sharing between the Internal Revenue Service (IRS) and the Department. The report language notes that this should simplify the verification process for both students and institutions. Finally, it calls on the Department to ensure that service members and veterans can identify their status when they apply for aid, separate from the dependency determination.

Finally, the report language (at pg. 146) calls on IES to conduct a rigorous evaluation of the Department's Second Chance Pell experiment, which has restored Pell eligibility to incarcerated individuals attending participating institutions. Congress also directs the Department to report on its implementation of GAO recommendations from its [March 2019 report](#) on evaluating the experiment.

**State and Foreign Operations (bill text and report language)**

The bill provides the United States Agency for International Development (USAID) with \$235 million for higher education, including \$35 million for partnerships between United States higher education institutions and those in developing countries to increase international higher education capacity. This represents flat funding from FY2019 levels.

The Bureau for Food Security is provided with \$55 million for the Feed the Future Innovation Labs, also representing flat funding. The Feed the Future Innovation Labs funds are included in the report language, whereas the higher education capacity funds are in the bill language. The report also notes that the agreement includes FY2018 levels for USAID's Higher Education Solutions Network.

**Tax Extenders and Other Measures (amended bill text)**

Within the appropriations package, Congress included a repeal of the parking tax put in place by the Tax Cuts and Jobs Act (TCJA), which taxed employer-provided parking and transportation benefits as unrelated business income. The bill also repeals the "kiddie" tax, another change in the TCJA, which taxes nonqualified scholarship amounts for minors at the higher, trust rate rather than the nominal tax rate. The bill also repealed the "Cadillac" tax, an excise tax on high-cost employer-provided health insurance plans that was included in the Affordable Care Act.

Finally, the bill retroactively reinstates and extends the above-the-line tuition tax deduction, which expired at the end of 2017. The bill reinstates the deduction from December 31, 2017 through the end of the calendar year in 2020.