

APLU FY2012 Presidential Budget Summary

The following summary represents a quick review by the A·P·L·U staff of the budget requests from different agencies. A·P·L·U staff will provide additional updates on the budget proposals after further analyses. The descriptions below reflect initial syntheses of the Administration's budget documents.

Government-wide budget documents are available [here](#) on the White House Office of Management and Budget (OMB) website.

National Institutes of Health (NIH)

In the Administration's FY 2012 request, the National Institutes of Health (NIH) would receive \$31.829 billion, a \$745 million, or 2.4-percent, increase above the FY2010 enacted level of \$31.084 billion.

Among the proposals included in the Administration's budget request for NIH are:

- The Common Fund would grow by \$13 million over FY2010 to \$557 million. This account supports cross-cutting, trans-NIH programs that require participation by at least two NIH Institutes or Centers.
- The Cures Acceleration Network would be funded at \$100 million.
- The National Children's Study would be funded at \$194 million.
- Research Project Grants (RPGs) would decrease by 228 from the FY2010 level to 9,158 competing RPGs for FY2012.
- Research training stipends would increase an average of 4%.
- Full-Time Training Positions will decline from FY 2010 by 330 to 16,831 due to the completion of Interdisciplinary Research Training Program in the Common Fund.

Highlighted in the NIH budget request is the addition of a new Center: the National Center for Advancing Translational Sciences (NCATS). According to NIH, "NCATS will catalyze innovation at key junctures in the process, 'de-risk' projects to the point where they become economically attractive for commercial investment, spur new public-private partnerships, and facilitate the regulatory review process. NCATS will align and bring together in one organization a number of trans-NIH programs that are inherently cross-cutting and are ideally suited for incorporation into the new Center." NCATS is expected to include the Clinical and Translational Science Awards (CTSAs), the Cures Acceleration Network (CAN), the Molecular Libraries Program (MLP), the Therapeutics for Rare and Neglected Diseases (TRND) program, the Rapid Access to Interventional Development (RAID) program and the NIH-FDA Partnership formed in 2010 to foster regulatory science.

Today's FY2012 proposed budget table for the NIH Institutes and Centers (I/Cs) does not yet include NCATS, while it does currently include the National Center for Research Resources (NCRR), a center that is slated to be shut in the coming months. As NIH decisions are made over the next few months about

this reorganization, including both the establishment of NCATS and where the NCRR-housed programs will be moved, NIH will submit to Congress an amended FY2012 budget request I/C table. The revised table would indicate adjusted figures for the impacted Institutes and Centers, but the top-line proposed request for NIH would remain at \$31.829 billion. CGA may be interested to note that at today's budget briefing, NIH Director Francis Collins said that NIH had heard many concerns about the reorganization and he made the case that NIH has no intention of eliminating any NCRR programs during the reorganization, but rather place them in a more suitable home within the NIH.

The budget request highlights three areas of exceptional opportunity, "...instrumental in paving the way for more rapid scientific advances across all areas of human health and disease, including global application":

- technologies to accelerate discovery – including DNA sequencing, nanotechnology, computational biology and microarray technology;
- enhancing the evidence base for health care decisions – including comparative effectiveness research and personalized medicine research; and
- new investigators, new ideas – including two programs, the NIH Director's New Innovator Award and the Early Independence Award.

The NIH budget request, including links to the request of each institute and center, is available [here](#).

Department of Education (ED)

At the agency's briefing today, Secretary of Education Arne Duncan highlighted five educational priorities for the Administration: 1) early learning; 2) education reform; 3) improving the quality and numbers of teachers; 4) college completion; and, 5) assisting at-risk students.

- Pell

ED's total request for the program for FY2012 is \$41.2 billion for the program, with \$28.6 billion from discretionary funding and \$12.6 billion from mandatory funding. The \$41.2 billion is the department's cost estimate to maintain the current maximum award level of \$5,550. Without the extra \$5.7 billion provided in the current continuing resolution (CR) to cover the shortfall in the program, the FY2010 discretionary funding for the program was \$17.5 billion.

The Administration is proposing a number of ideas to create the budget room necessary to maintain the maximum award of \$5,550. A number of these proposals are included in the "Pell Grant Protection Act," a legislative package that the Administration plans to push in Congress. The extra discretionary funds needed to pay for Pell would be found by suspending in FY2012 the "year-round Pell" program, which currently allows students to take out two full Pell grants while studying year-round. The year-round program has greatly exceeded the initial Administration costs and the Department plans to further study the program.

A second manner in which the Department proposes to pay for the \$5,550 maximum award is to eliminate the eligibility of graduate and professional students to participate in the subsidized student loan program. ED has asserted that in-school subsidies are not being well-targeted and that they have little bearing on a student's decision to enroll in graduate or professional school. The Administration is also proposing a loan servicing simplification plan, which would also free up resources for the Pell program.

- **Other Programs/Initiatives**

This budget request seeks to expand the Perkins Loan program once again, enabling more students to take advantage of the loans. Private servicing would be eliminated and the interest rate would equal that of the rate on unsubsidized loans at 6.8 percent. The Administration would also seek to eliminate the in-school subsidy for borrowers. The proposal as a whole would increase the size of the program from \$1 billion to \$8.5 billion.

As part of its emphasis on college completion, the Obama Administration is also proposing at least two new programs to address its goal of leading the world again in college completion rates by 2020. The "First in the World" initiative would be funded at \$125 million and is designed as a "venture capital" program to encourage innovative approaches by institutions. In addition, the College Completion Incentive Grants program would provide funds to 25 states in the first year, which would in turn provide incentives to institutions.

The budget also contains funding for a host of teacher training and preparation programs, including: \$250 million for the Teacher and Leader Pathways program; \$185 million for a new Presidential Teaching Fellows program; and \$206 million for a new Effective Teaching and Learning Initiative in science, technology, engineering, and mathematics (STEM).

With respect to a number of other programs, GEAR-UP, work study and the Supplemental Education Opportunity Grants (SEOG) would both be level-funded while TRIO would see an increase of \$10 million.

The FY2012 budget once again proposes to eliminate the Leveraging Education Assistance partnerships (LEAP) program. It also proposes to consolidate the Javits Fellowship program with the Graduate Assistance in the Areas of National Need (GAAANN) program.

Additional information about the Department's budget proposal is available [here](#).

Tax Proposals

Several parts of the Administration's tax package for FY2012 would have an impact on higher education. The Administration would make the American Opportunity Tax Credit (AOTC) permanent and would also extend the deduction of qualified tuition and related expenses through next year. The Administration believes that students and families will claim \$7.1 billion in AOTC and another \$5.5 billion in the Lifetime Learning Credit.

In addition, the budget would exclude from taxation the balance of loans for students taking advantage of either the income-contingent and income-based repayment (ICR and IBR) program. This provision would become effective January 1, 2012.

Furthermore, the Individual Retirement Account (IRA) “rollover” provision would be extended through 2012. Finally, the budget once again calls for the limiting of itemized deductions, including charitable contributions, to 28 percent for high-income taxpayers.

On the research side, the Administration’s FY2012 budget proposes an expanded, simplified and permanent Research & Experimentation (R&E) Tax Credit, to further incentivize companies to increase their research activities.

Additional details about the Administration’s tax proposals for FY2012 are available at [here](#).

Department of Energy (DOE)

As with a number of agencies and programs of interest to A·P·L·U and other academic and research organizations, the Department of Energy as a whole and several programs and offices in particular would see increases under the FY2012 budget request.

For the agency as a whole, the Administration calls for \$29.5 billion for the DOE, which represents an increase of \$3.1 billion, or 11.9 percent, over the enacted FY2010 level. Within the DOE budget, the Administration’s request maintains the doubling path for the Office of Science (SC).

SC would be funded at \$5.42 billion under this budget proposal, an increase of \$452 million, or 9 percent over the FY2010 levels. Most of the SC would also see increases, including:

- Basic Energy Sciences: \$1.90 billion (24.1% increase)
- Advanced Scientific Computing Research: \$645 million (21.5% increase)
- Biological and Environmental Research: \$717 million (22.1% increase)
- High Energy Physics: \$797 million (0.8% increase)
- Nuclear Physics: \$605 million (15.9% increase)
- Workforce Development for Teachers and Scientists: \$35.6 million (72.2% increase)

At the same time, the Administration submitted a request of \$399 million for Fusion Energy Sciences, which represents a cut of four percent, while Science Laboratories Infrastructure would see a cut of 12 percent, down to \$111 million in FY2012.

The 46 Energy Frontier Research Centers started in 2009 would be funded at \$100 million in this budget, while the Administration is also proposing \$146 million to support the three existing Energy Innovation Hubs and to create three new ones. The new hubs would address needs in batteries and energy storage, smart grid technologies and systems, and critical materials.

ARPA-E would receive \$550 million under the FY2012 budget proposal, an increase of \$161 million, or 41 percent, above the levels approved in the American Recovery and Reinvestment Act (ARRA). The relatively new ARPA-E has only been funded with ARRA funds to date.

Programs supported through the Energy Efficiency and Renewable Energy (EERE) account would be funded at a total of \$3.2 billion, a 44.1-percent increase. In addition, since more than 13 percent of the FY2010 EERE budget had been allocated for earmarks, the Administration's proposal would use those funds to triple industrial technologies, double building and geothermal technologies, and increase many other programs. The exceptions were Federal Energy Management Program, which would be cut by three percent and Hydrogen and Fuel Cell Technologies and Water Power, both of which would see significant cuts.

The budget also calls for a new Better Buildings Initiative at \$100 million in loan guarantees. The program is geared toward hospitals and universities and would allow the funds to be used to make infrastructure improvements.

Finally, the Fossil Energy account would be cut 44.5 percent and Nuclear Energy would decrease 0.6 percent.

The DOE Press Release on the FY2012 budget is available at: <http://www.energy.gov/news/10064.htm> and Secretary Chu's budget briefing slides are available at: <http://www.slideshare.net/energy/secretary-chus-fy-2012-budget-briefing>.

National Science Foundation (NSF)

The budget unveiled for NSF today would provide a 13 percent increase above the FY2010 levels for the agency, for a total of \$7.77 billion. As expected, most of the increase would come from the Research and Related Activities (R&RA) account, with R&RA accounting for \$689.6 million (12.4 percent) of the \$894.5-million increase.

R&RA would be funded at \$6.25 billion, while Education and Human Resources (EHR) would increase \$38.44 million (4.4 percent) to \$911.2 million and the Major Research Equipment and Facilities Construction (MREFC) account would be funded at \$224.9 million, an increase of \$107.4 million, or 91.6 percent.

NSF is proposing a number of interdisciplinary activities within the agency, including:

- Increasing the number of research grants by 2,000
- \$12.4 million for Integrated NSF Support Promoting Interdisciplinary Research and Education (INSPIRE)
- \$76.1 million for Research at the Interface of the Biological, Mathematical, and Physical Sciences (BioMaPs)

- New STEM programs, such as Teacher Learning for the Future (TLF) (\$20 million), Widening Implementation and Demonstration of Evidence-based Reforms (WIDER) (\$20 million), and Transforming Broadening Participation through STEM (TBPS) (\$20 million)
- 2,000 new Graduate Research Fellowships (GRF's) and increasing the stipend levels.

The budget also highlights NSF's proposal to promote competitive markets and encourage entrepreneurship. Highlights include, but are not limited to:

- \$1 billion for the NSF component of the Wireless Innovation (WIN) fund to significantly expand the nation's wireless broadband capacities (WIN is part of the Administration's new Wireless Innovation and Infrastructure Initiative (WI3))
- \$146.9 million to support Small Business Innovation Research (SBIR) and Small Business Technology Transfer (STTR) programs

NSF's role in key national priority areas in FY2012 include, but are not limited to proposals for:

- Cyberinfrastructure Framework for 21st Century Science and Engineering (CIF21) at \$117.0 million;
- Science, Engineering, and Education for Sustainability (SEES) portfolio at \$998.2 million; and
- Clean energy investments at \$576 million.

The NSF budget documents are available [here](#).

Department of Commerce (Commerce)

The Commerce budget proposes to give the U.S. Patent and Trademark Office (USPTO) full access to its fee collections and strengthens USPTO's efforts to improve the speed and quality of patent examinations through a temporary fee surcharge that will better align application fees with processing costs.

The Administration is seeking to provide \$5 billion to help expand the next generation of wireless broadband networks in rural America. This investment will complement the efforts of the Federal Communications Commission to reorient its Universal Service Fund towards broadband support. The budget allocates \$3 billion of spectrum receipts to the WIN Fund, to help develop and promote cutting-edge wireless technologies to advance public safety, Smart Grid, telemedicine, distance learning, and other broadband capabilities and to facilitate spectrum relocation. This funding will support efforts in a variety of agencies, including the Departments of Defense and Commerce and, as noted above, the NSF.

The President's Budget Request provides \$284 million, a 7.5-percent increase, for the Department of Commerce Economic Development Assistance (EDA) programs. A portion of these funds, \$40 million, will aid businesses and regions through the Regional Innovation Program authorized in the America COMPETES Reauthorization Act and provide financing for science and research parks.

The EDA will also support the Administration's proposal to make competitive awards for Growth Zones, to bring market-based growth strategies and tax benefits to 20 new areas facing economic distress in urban and rural regions that have both strong potential for growth and significant need.

The Administration's budget request seeks to save \$15.8 million by eliminating the Trade Adjustment Assistance for Firms program.

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

The Administration's budget for NIST in FY2012 is nearly \$1 billion, a 16.9-percent increase over the FY2010 level. The agency's budget includes \$764 million for its laboratories and the increase would be used for cyber security, interoperability standards, measurement services for industry, advanced materials, advances in manufacturing related measurements including biomanufacturing, nanotechnology measurements, energy efficiency and environmental measurements, resilience standards, and a post-doctoral research associateship program.

In addition, the Hollings Manufacturing Extension Partnership, which helps firms identify growth strategies and adopt more efficient manufacturing processes, would see an increase of \$17.9 million over FY2010 appropriations to \$142.6 million. The Technology Innovation Partnership would increase \$5.1 million to \$75 million, which would permit a new solicitation. A new Advanced Manufacturing Technology Consortia (AMTech) Program to promote industry consortia to tackle common technological barriers to the innovation and manufacturing of new products would be funded at \$12.3 million.

The budget for NIST, which is an agency within Commerce, can be found [here](#).

The Department of Commerce budget is available [here](#).

Housing and Urban Development (HUD)

The FY2012 Budget Request would provide flat funding of \$150 million for the Sustainable Communities program for communities to develop comprehensive sustainable development plans. The proposed budget would also fund the Community Block Grant program at \$3.8 billion in FY2012, a \$300 million cut from FY2010 levels.

The Budget would fund Promise Neighborhoods at \$250 million for transformative investment in high poverty neighborhoods focused on preservation, rehabilitation and transformation of HUD assisted public and privately owned multifamily housing and to improve surrounding communities. Promise Neighborhoods was essentially a demonstration project in FY2010.

It appears that the Administration's FY2012 budget request for HUD proposes to eliminate the University Development Fund, which supports partnership efforts for minority-serving universities to engage in neighborhood development. It was funded at \$25 million in FY2010.

Department of Agriculture (USDA)

Earlier today, the CGA received a breakout of the USDA FY2012 Budget Request which proposes funding the National Institute of Food and Agriculture (NIFA) at \$1.22 billion, a \$138.4 million cut from FY2010. At \$324.66 million, funding for the Agriculture and Food Research Initiative (AFRI) would increase by nearly 24% compared to FY2010 levels. On the other hand, two “capacity” research programs would see 5% cuts: Hatch and McIntire-Stennis, as would the Smith-Lever 3(b) and 3(c) “capacity” extension program.