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Subject: Obama"s FY10 budget
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Hello-
Last week President Obama released an outline of his FY2010 budget. The Administration is expected to submit a complete budget to Congress in April. The document made public by the Administration contains, with some exceptions, mainly top-line budget information for agencies of concern to research universities.
Below is a compilation of preliminary analyzes of the budget from a number of university trade associations. I will send more information when it becomes available. Please let me know if you have any specific questions about the budget.

-Kate

Obama Administration Releases Initial FY2010 Budget

The Obama Administration released its initial FY2010 budget last Thursday, February 26. While many themes and general principles are highlighted in the document, most of the budget details have not yet been made available. Of the few details unveiled, some of them represent significant policy shifts which would likely require authorization legislation.

Examples of issues and programs of interest highlighted in the initial budget include the following:

Education

The Administration proposes to increase the maximum Pell Grant award to $5,550 in the 2010-2011 academic year. A much more significant policy change, however, is the Administration's call to change the Pell program from a discretionary program into an entitlement. Furthermore, the new Department of Education is seeking to annually index the increase in the Pell maximum to the Consumer Price Index plus one percent.

The Obama Administration is proposing sweeping changes on the student loan front as well. The budget document states that the Administration will seek to originate all new federal student loans through the direct loan program. In addition, while providing no details, the budget calls for "overhauling the inefficient and inequitable current Perkins program."

In addition, the budget will seek to create a new five-year, $2.5-billion Access and Completion Incentive Fund to assist state efforts to increase the college graduation rates of low-income students.

Research

This version of the Obama budget provides very few details about the proposed budgets for research agencies. Below is limited information about agency budget proposals:

NSF: National Science Foundation (NSF) would receive approximately $7.0 billion in FY2010. The accompanying tables indicate that under the Administration's budget projections, the agency would see healthy increases in the out-years, including $7.2 billion in FY2011 and $8.5 billion in FY2012.

With this budget, the NSF will seek to start the process of tripling the number of Graduate Research Fellowships (GRFs) that are made available to the brightest graduate students.

NIH: While the budget document is silent on the National Institutes of Health (NIH) as a whole, it does state that the National Cancer Institute would receive approximately $6 billion in FY2010 as part of a multi-year Administration effort to double funding for cancer research.
NASA: The FY10 budget proposes a $918 million, or 5.2-percent, increase over the House-passed FY09 omnibus appropriations bill for NASA. Total spending would be $18.7 billion, compared to $17.782 billion in the omnibus. The document does not include any details for the various NASA programs.
DOE: Investments in energy, especially clean energy, will be a focus of this Administration. A critical component of this effort will be a "cap-and-trade" system that would produce, by the Administration's estimates, approximately $150 billion in revenues for clean energy investments over 10 years, starting in FY2012.

Taxes

The budget includes the following proposals:

· Make permanent the $2,500 American Opportunity Tax Credit (formerly the Hope Tax Credit), which was created by the Recovery Act and combined and strengthened existing tax incentives for attending college; and

· Further limit the benefits of itemized deductions (including for charitable contributions) for upper-income taxpayers, a provision that could affect charitable giving to colleges and universities.

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