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## WASHINGTON UPDATE

**To: OSU Interested Parties**
**From: Kate Cusack, Director of Federal Relations**
**Date: May 14, 2008**

## CONGRESSIONAL CALENDAR:

As Congress enters the final stretch of an eight-week work period, Democratic leaders promise a busy legislative schedule — the better to expand the list of accomplishments that incumbents can tout over the Memorial Day recess.

The pre-recess rush, which will cap an unusually long series of workdays for both houses, is expected to include:

• The long-delayed farm bill conference report (H.R. 2419);

• An Iraq and Afghanistan war supplemental that could reach nearly $200 billion when domestic spending such as new veterans' benefits are added in; and

• Possible conference negotiations on the budget resolution (H. Con. Res. 312, S. Con. Res. 70).

Leaders also are pushing for a conference agreement on consumer product safety legislation (H.R. 4040), a defense authorization package topping $600 billion (H.R. 5658) and an extension of expiring renewable-energy tax incentives.

## BUDGET AND APPROPRIATIONS:

### Budget Resolution

The House today is set to appoint conferees to the fiscal 2009 budget resolution, with appointment of Senate conferees expected Thursday or Friday. Senate Budget Chairman Kent Conrad said he now expects a formal conference meeting early next week, in the hope both chambers can adopt the budget before leaving for the Memorial Day recess.

Conrad, D-N.D., said the budget will show small surpluses in fiscal 2012 and 2013, and — like last year — will include a House "trigger" that would act to limit the extent of future tax cuts to a percentage of projected surpluses.

On the discretionary spending side, House Budget Chairman John M. Spratt Jr., D-S.C., said the two chambers had essentially split the $3.6 billion difference between the two (H. Con. Res. 312, S. Con. Res. 70), ending up just a bit over the midpoint and toward the House's higher level. That would put total discretionary spending — including cap adjustments and advance appropriations — almost $24 billion over President Bush's request. Conrad acknowledges that winning adoption of the final budget in the Senate will come down to a close vote.

The budget resolution, which is not signed into law by the President, is the annual guide for congressional spending and fiscal policy and sets the cap on discretionary spending in a given fiscal year. After Congress approves the measure, the House and Senate appropriations committees will allocate funding among their respective subcommittees and begin moving their FY09 appropriations

bills, although most bills are not expected to be enacted prior to the presidential election in November.

**FY08 Supplemental Funding Bill**

The House and Senate continue work this week on the FY08 emergency war supplemental funding bill however negotiations between the House and Senate could drag on past the Memorial Day recess.

Further negotiations with the Senate over a number of provisions — including a plan to pay for an expanded veterans' education benefit by imposing a tax surcharge on wealthy Americans — will be necessary before any bill could reach the president.

House Democrats have settled on a plan that would provide the $183.8 billion for operations in Iraq and Afghanistan during fiscal 2008, plus money for the initial months of fiscal 2009, which begins Oct. 1.

To meet the demands for financial offsets, the bill is expected to propose a new 0.5 percent surtax on adjusted gross income above $500,000 for individuals and $1 million for joint filers. The tax, which probably will face serious opposition in the Senate, would raise an estimated $54 billion over 10 years, more than enough to pay for the education benefits.

There is a small chance that the final package will include added funding for science. The House version of the bill includes no extra science funding however the version to be marked up in the Senate Appropriations Committee this week contains an expansive $1.2 billion package for science. Its passage would require 60 votes, and Senate Republicans have said they are likely to block this and other add-ons.

The science provisions in the Senate committee bill are said to be aimed to repair the damage caused by the failure during the FY08 appropriations process to approve promised increases for NSF, the Department of Energy (DOE) Office of Science, and the National Institute of Standards and Technology (NIST).

The measure reportedly includes $200 million for NSF, $100 million for DOE, and nothing for NIST. It would also add $400 million for NIH, $200 million for NASA, and $75 million for the National Oceanic and Atmospheric Administration.

The Senate version of the supplemental currently includes a temporary fix to the county timber payment issue which would provide funds for rural communities in Oregon and the west. The proposal would add $400 million for rural counties. Oregon lawmakers have been unified in their effort to pass legislation that would continue providing funds for counties that receive revenue sharing payments from the U.S. Forestry Service and Bureau of Land Management based on historical timber receipts. Such funds have been used for education, roads and other county services in timber communities.

**POLICY UPDATE:**

**Higher Education Act (HEA)**

Congress has again extended the Higher Education Act. The Senate on May 7 gave final approval to another short-term extension of the Higher Education Act (HEA), one week after the most recent extension had expired. The new extension, through May 31, will give House and Senate negotiators on the five-year reauthorization bill (H.R. 4137, S. 1642) additional time to reach agreement.

House and Senate conferees are hard at work and hope to have a vote on the conference report

before the Memorial Day recess. A number of provisions within the bill are still at issue including: the creation of college affordability and transparency lists; a state "maintenance of effort" requirement that would require states to maintain their fiscal support for higher education or otherwise risk losing a slice of federal funding; a requirement for universities to publish multi-year tuition estimates; a mandate for technology-based deterrents to limit peer-to-peer file sharing; and differentiation of in-state and out-of-state tuition rates.

**Farm Bill**

Today the House overwhelmingly passed the farm bill conference report by a vote of 318-106. The Senate is also expected to pass the legislation with a wide margin.

The conference report on the bill (HR 2419) would cost about $289 billion over five years and will include reauthorization of crop subsidies, conservation programs and a special $3.8 billion trust fund for farmers who lose crops to flood, fire or drought.

It would provide more than $10.3 billion over current spending for nutrition programs, which will help it win votes from urban Democrats in the House who might otherwise have little reason to back the measure.

It also includes new mandatory funding for research of organic ($78 million/5 years) and specialty crops ($230 million/5 years) and reauthorizes the Sun Grant program at a level of $75 million through 2012.

President Bush has repeatedly said that he will veto the bill, arguing that it does not do enough to trim farm subsidies, a particularly irksome problem for Bush given recent high crop prices however it appears that Congress will have the votes necessary to override Bush's veto.

**Student Loan Act**

President Bush on May 7 signed into law the "Ensuring Continued Access to Student Loans Act of 2008" (H.R. 5715), which makes significant changes to federal student aid programs, including several aimed at providing liquidity in the federal student loan market. The legislation was introduced to help prevent and curtail problems in the student loan sector in light of the challenges that other credit and loan sectors are facing.

The Department of Education said on May 5 that it should be able to start processing both emergency loan buy-backs and loans to guarantee agencies by June 1.

Along with the loan provisions in the bill (see below), the measure expands eligibility for the Academic Competitiveness Grant (ACG) and SMART Grant programs, using revenues from an expected increase in borrowing under the parent PLUS loan program.

The National Association of Student Financial Aid Administrators (NASFAA) and the broader higher education community are working with the Administration and Congress to address any potential issues in the new law and to ensure that institutions have adequate time to implement new provisions. Modifications to the law could be made in the reauthorization legislation for the Higher Education Act, which the House and Senate are currently negotiating.

H.R. 5715 will increase annual and aggregate loan limits for unsubsidized Stafford loans for undergraduate students, delay repayment for parent borrowers of PLUS loans, update procedures for lender-of-last-resort loans, and allow guarantee agencies to act as lender of last resort on an institution-wide basis. The bill also would authorize the Secretary of Education to purchase loans from private lenders previously made under the federally guaranteed Federal Family Education Loan (FFEL) program, provided that those purchases do not result in any cost to the federal government.

The new law contains provisions intended to prevent lenders from abusing their new authority by requiring that loans issued under the lender-of-last-resort program have conditions and terms similar to those of other federally backed loans. This includes sunsetting at the end of the 2008-09 school year both the lender-of-last-resort program and the Secretary of Education's authority to designate institution-wide lenders of last resort and to buy existing loans. The measure also requires the Government Accountability Office to conduct a study on the impact of raising student loan limits on tuition, fees, and living costs at colleges and universities and on private student loan borrowing.

As also discussed above, the bill expands eligibility for the AGC and SMART Grant programs, which would be paid for by an estimated $430 million in new revenues over five years from increased borrowing under the parent PLUS program.

**Nanotechnology Legislation**

Last week the House Science and Technology Committee approved H.R. 5940, the *National Nanotechnology Initiative Amendments Act of 2008*. This legislation amends the 21st Century Nanotechnology Research and Development Act to make several changes to the implementation process and priorities of the National Nanotechnology Initiative (NNI). It is based in part on recommendations from the formal reviews of NNI by the National Academy of Sciences and the NNI Advisory Panel.

H.R. 5940, does not substantially alter NNI, but makes adjustments to some of the priorities of the program and strengthens one of the core components – environmental and safety research. It requires that NNI develop a plan for the environmental and safety research component, and a roadmap for implementing it, which includes explicit near-term and long-term goals and the funding required, by goal and by agency.

This legislation amends the statute in regard to nanotechnology education, safety impact of nanotechnology, commercialization of nanotechnology, and to review the proposed reauthorization legislation – that reviewed the various activities and aspects of NNI. Also, the bill sets specific steps to increase the number of nanotechnology-related projects supported under the Small Business Innovation Research Program and the Technology Innovation Program, established under the COMPETES Act. H.R. 5940 includes provisions to expand the use of nanotechnology facilities by companies for prototyping and proof of concept studies.

Lastly, the legislation also incorporates provisions that address science, technology, engineering, and mathematics (STEM) workforce needs. One provision builds on the National Science Foundation (NSF) Math and Science Partnership program to use nanotechnology education activities as a vehicle to raise the interest of secondary school

**ADMINISTRATIVE NEWS:**

**Student Loan Act Being Implemented**

The Department of Education has begun implementing provisions of the "Ensuring Continued Access to Student Loans Act of 2008," now that the President has signed it into law. The new law aims to ensure continued liquidity in the federal student loan market by allowing guarantee agencies to act as lender of last resort on an institution-wide basis and authorizing the Secretary of Education to purchase federally guaranteed loans made by private lenders. The Department says it should be able to start processing both emergency loan buy-backs and loans to guarantee agencies by June 1.

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