The United States Congress passed a combined $1.8 trillion fiscal year 2016 omnibus appropriations and tax extensions on Friday, December 18. The package contains all of the 12 standing appropriations bills and the tax extension package that was passed earlier in the week. The following are of note to the University of Washington community.

**LABOR-HEALTH HUMAN SERVICES-ED Section**

**Health Care Provisions**
The National Institutes of Health (NIH) is funded at $32.1 billion, two billion above the 2015 enacted level. The omnibus includes specific increases for Alzheimer's research, brain research, antibiotic research, and the Precision Medicine Initiative (PMI). A general, mostly proportional, increase is provided to all NIH Institutes and Centers and the Institutional Development Award program is funded at $320 million.

- Up to $25 million designation for Cures Acceleration Network
- $500 million designated for Clinical and Translational awards
- $165m for Children’s Environmental Study and a status report to Congress is required within 90 days of enactment
- $663m for Common Fund of which $130 million must be for the Precision Medicine Initiative
- Ban on federal funding of human gene editing (NIH already does not fund this)
- Salary Cap remains at Executive Level II rather than the lower level proposed by the House: “None of the funds appropriated in this title shall be used to pay the salary of an individual, through a grant or other extramural mechanism, at a rate in excess of Executive Level II.”
- The National Institute of Nursing Research (NINR) would receive $146.485 million (increase of $5.5 million over fiscal year 2015).

The Centers for Disease Control (CDC) is funded at $7.2 billion, which is $308 million more than the 2015 enacted level.

- $25 million for the Agriculture, Forestry and Fishing (AFF) Program, up from $24 million from fiscal year 2015 levels.
- $28.5 million for Education Research Centers, up from $27.5 million from 2015 levels.

The Health Resources and Services Administration (HRSA) provisions of interest include:

- The omnibus provides $491.9 million for Titles VII and VIII, which is a $5.3 million (1.1 percent) increase over 2015 levels.
- $262.4 million for Title VII Health Professions, which is a $7.5 million (2.9 percent) increase, including continued funding for the diversity pipeline program
the Health Careers Opportunity Program (HCOP) at the 2015 level. The Senate Committee-approved bill had proposed eliminating HCOP.

- **Title VIII Nursing Workforce Development** programs receive $229.5 million, which is a $2.2 million (0.9 percent) decrease below fiscal year 2015.
- The bill would increase funding for NURSE Corps loan repayment and scholarship programs by $1.35 million and advanced nursing education by $1 million.
- **Nurse Faculty Loan Program** received $26.5 million, which is level funding.

Other Health and Human Services (HHS) funding:

- $3.8 billion for the Substance Abuse and Mental Health Services Agency (SAMHSA), which is $160 million more than the 2015 enacted level.
- $2.3 billion for Ryan White HIV/AIDS Programs, which is $4 million more than the 2015 enacted level.
- $334 million for the Agency for Healthcare Research and Quality (AHRQ), which is $34 million less than the 2015 enacted level. This funding level includes $74.3 million for patient safety research, with $10 million directed to Combating Antibiotic-Resistant Bacteria. AHRQ also is expected to receive a transfer from the Patient-Centered Outcomes Research Trust Fund in fiscal 2016, which the agency’s congressional justification earlier this year projected to be $115.6 million. The House Committee had proposed eliminating the agency.

*Education Provisions*

The omnibus funds the Department of Education at $68 billion, a $1.2 billion increase above the fiscal 2015 level.

- $22.5 billion for Pell Grants, which is the same as the 2015 enacted level. When combined with mandatory funding, these discretionary funds will enable the maximum grant to increase to an estimated **$5,915 year**, an increase of $140 for the 2016-2017 school year.
- $989.7 million for Federal Work-Study (FWS), which is the same as the 2015 enacted amount and an increase over the Senate’s proposed levels.
- $900 million for TRiO and $322.8 million for GEAR UP programs, which is a 7 and 7.2 percent increase over 2015 numbers respectively. Additionally, TRiO was given $40 million over the Administration’s request.
- $29.3 million for the Graduate Assistance in Areas of National Need (GAANN), which is level with 2015 funding and an increase over both House and Senate proposed levels.
- $2.3 billion for Improving Teacher Quality State Grants, which is the same as the 2015 enacted level.
- $618 million for Institute of Educational Sciences (IES), which is $44 million more than 2015 enacted level and an increase over both the House and Senate proposed levels.
- $72.1 million for Title VI International Education Programs, which is level with 2015 funding. The Senate has proposed drastically cutting Title VI programs –
cutting the domestic programs by a third and cutting the international program by half.

- $107 million for the Office of Civil Rights (OCR) – the office adjudicates Clery and Title IX complaints – which is an increase of $7 million from 2015 levels.
- $445 million as an advance appropriation for the Corporation for Public Broadcasting (CPB), which is the same as the 2015 enacted level.

**COMMERCE-JUSTICE-SCIENCE SECTION**

The National Science Foundation (NSF) would receive $7.46 billion, which is an increase of $119.3 million over 2015 enacted level. If the total amount $6 billion was specified for Research and Related Activities, which is an increase of $99.4 million over 2015 levels. Additionally, House report language cutting funding at the Geosciences (GEO) and Social, Behavioral and Economic Sciences (SBE) directorates, aligned with the controversial House COMPETES Reauthorization, was removed. Language was included specifically funding for SBE at the 2015 enacted level of $272 million. Other accounts with specified amounts include:

- $880 million for the Education and Human Resources Directorate (EHR), which is an increase of $14 million, or 1.6 percent over 2015 enacted levels.
- $200.3 for the Major Research Equipment and Facilities Construction (MFEFC), which is essentially flat funding.

The National Aeronautics and Space Administration (NASA) is funded at $19.3 billion, which is $1.27 billion of 7.1 percent over the fiscal year 2015 enacted level. All the directorates within NASA will generally see robust funding increases, including:

- $5.589 billion for the Science Mission Directorate, an increase of $344 million over 2015 levels. Within the Science Directorate:
  - **Earth Science**: $1.9 billion (an increase of $148 million, or 8.4 percent above the 2015 enacted level of $1.7 billion)
  - **Planetary Science**: $1.6 billion (an increase of $193 million, or 13.4 percent above the 2015 enacted level of $1.4 billion)
  - **Astrophysics**: $730.6 million (an increase of $45.8 million, or 6.7 percent above the 2015 enacted level of $684.8 million)
  - **Heliophysics**: $649.8 million (a decrease of $12.4 million, or 1.9 percent below the 2015 enacted level of $662 million)
- $640 million for the Aeronautics Research Directorate, which is a cut of $11 million from 2015 and the only cut the directorates received, but an increase over the House and Senate proposals.
- $686.5 million for Space Technology, an increase of $90.5 million over 2015 enacted levels.
- $115 million for the Education Directorate, which is a slight (3.4 percent) cut, but
significantly above the Senate’s proposed 2015 amount. Within Education, the NASA Space Grant Program level funded at $40 million.

The National Oceanic and Atmospheric Administration (NOAA) is funded at $5.77 billion, which is $324.6 million more than the 2015 enacted level. Specific accounts of interest include:

- $500.1 million for National Ocean Service (NOS), which is $19 million more than the 2015 enacted level. Within NOS, the Integrated Ocean Observing System Regional Operations received $29.5 million and Competitive Research was funded at $9 million, which is level funding.
- $461.9 million for Oceanic and Atmospheric Research (OAR), which is $29 million more than the 2015 level. OAR’s Climate Research line is sustained at $158 million.
  - $60 million for OAR Climate Research’s Laboratories and Cooperative Institutes, which is level funding and $60 for OAR’s Oceans, Coasts and Great Lakes Labs and Cooperative Institutes increased by $5 million.
  - $60 million for OAR Climate Sustained Ocean Observation and Motioning and $41.4 million for OAR’s Ocean, Coastal and Great Lakes Research, Sustained Ocean Observation program. All with level funding.
  - $32 million for Ocean Exploration and Research, an increase of $4 million.
  - $10 million for Climate’s Integrated Ocean Acidification, an increase $1.5 million
- $73 million for the Sea Grant Program, which is an overall increase of $5.7 million from 2015 levels.
- $988.8 million for National Weather Service operating expenses, which is $34.7 million more than the 2015 enacted level.

The National Institute of Standards and Technology (NIST) was allocated $964 million, which is an increase of $14 million over 2015. Within NIST:

- $130 million for the Manufacturing Extension Program, which is level funding.
- $25 million for the National Network for Manufacturing Initiative.
AGRICULTURE SECTION

The omnibus would provide $21.75 billion in discretionary funding for the Agriculture Department, Food and Drug Administration and related agencies through and increase of $1 billion. The enacted 2015 level was $20.8 billion.

Agriculture Food and Research Initiative (AFRI) was funded at $350 million in the omnibus – a $25 million increase over 2015. The matching requirement for non-Land-grant universities has been removed as follows:

“Agricultural Research – The bill provides $2.94 billion for agricultural research programs, including the Agricultural Research Service (ARS) and the National Institute of Food and Agriculture. Increased funding is provided to help stop and mitigate devastating crop diseases, improve food safety and water quality, and address issues related to drought, invasive species, and animal health. Within this amount, the bill includes $350 million for the Agriculture and Food Research Initiative for competitive agricultural research grants, $212 million to rehabilitate high-priority ARS facilities, and funding to maintain important investments in the nation’s land-grant colleges and universities.”

The National Institute for Food and Agriculture (NIFA) received $819.6 million, an overall increase of $32.8 million. Within NIFA, the McIntire-Stennis Cooperative Forestry program maintained funding of $33.9 million.

DEFENSE SECTION

The defense spending bill would deliver $573 billion for the base budget and the war account combined, a more than 3 percent increase over the prior year. Programs and accounts of interest for the research community fared well, particularly given proposed cuts by the Administration, House and Senate. Generally, Research, Development, Test, & Evaluation (RDT&E) is up by 9% over 2015 levels, the combined Science & Technology (S&T) accounts (6.1, 6.2, 6.3 accounts) are up by 8.2%. In particular, the combined 6.1 up by 1.4%, 6.2 up by 7.7%, 6.3 up by 11.5%. DARPA cut by 25.2 million.

Specific items of note:

- $69.8 billion in base for Research and Development (RDT&E), $6.1 billion more than 2015.
- $288.3 million for sexual assault prevention and response programs, $25 million more than the request.
- $125 million for Traumatic Brain Injury (TBI) and Psychological Health research and
- $282 million for cancer research, $1.5 million more than 2015.
- $26.7 million for the Defense Suicide Prevention Office, $3.6 million less than fiscal year 2015.
There was also additional Navy funding ($12.5 million) for NAVFAC/Navy Energy Program, which could be used for WETS support and an additional $20 million increase for ONR’s Alternative Energy research.

$12 million for reconstructive transplant is included in the budget package.

**ENERGY & WATER SECTION**

The overall allocation for Energy and Water measure was robust at $37.2 billion. The omnibus allocation was $2 billion more than previously allotted by the House and Senate Appropriations Committees; $1.1 billion more than the Administration’s request for these agencies; and $3 billion above the 2015 enacted level. Of note, the Department of Energy’s **Office of Science** is funded at $5.35 billion, which is 5.5 percent increase over the 2015 enacted level as well as an increase over the proposals by the Administration, House and Senate. Funding amounts for accounts of particular interest:

- $2.1 billion for **Energy Efficiency and Renewable Energy (EERE)**, $136 million more than the 2015 enacted level.
- $291 million for the **Advanced Research Projects Agency – Energy (ARPA-E)**, which is 2015 enacted level.
- $1.8 billion for the **Basic Energy Science (BES)**, a 6.7 percent increase over 2015 levels.
- $609 million for **Biological and Environmental Research (BER)**, which is an increase of 2.9 percent over 2015 levels.
- $206 million for activities to modernize the electricity grid, which is $19 million more than the House bill and $59 million than the 2015 level.
- $438 million for **Fusion Energy Sciences (FES)**, which is an overall decrease of 6.3 percent. However, the majority of the cut was taken from the international ITER program. The **FES Domestic program** received $323 million, which is an increase of 1.7 percent.
- Funding was allocated to created **Energy Innovation Hubs** including: $24.3 million for **Modeling and Simulation Energy and Innovation**; $24.1 million for **Battery and Energy Storage**; and $15 million for **Sunlight Innovation Hub**.

Also included is Conference Report language that says:

“**Water Power.** -The Secretary is directed to establish a separate Water Power Technologies Office within EERE and to recruit from academia, industry, and the national laboratories a manager to lead the efforts of this office. The agreement provides $45,000,000 for marine and hydrokinetic technologies (MHK) and $25,000,000 for conventional hydropower. Within the funding provided for MHK, not less than $22,000,000 is to support competitive private sector-led research, development, and deployment of advanced marine energy conversion systems and component technologies, including wave and current (tidal, river, ocean), to
increase energy capture, reliability, and survivability for lower costs, and not less than $5,000,000 is to continue development and construction for an open water, fully energetic, grid-connected wave energy test facility. The agreement provides no funding for the incubator program or the clean energy manufacturing initiative. Within the funding provided for conventional hydropower, up to $3,900,000 is for the purposes of Section 242 of the Energy Policy Act of 2005 and not less than $5,000,000 shall support competitive demonstrations to assess the commercial viability of new or advanced pumped storage technologies.”

**INTERIOR-ENVIROMENT SECTION**

The omnibus provides $32.2 billion for the Interior-Environment title, an increase of $1.7 billion above fiscal year 2015 levels. Environmental Protection Agency (EPA) received $8.139 billion, which is equal to the 2015 enacted level. The United State Geological Survey (USGS) received $1.06 billion, which is a $17 million increase over 2015 levels. The Bureau of Land Management $1.237 billion for, which is $117 million more than the 2015 enacted level. Additional accounts of note include:

- $1.508 billion for the Fish and Wildlife Service, which is $69 million more than the 2015 enacted level.
- $138 million for USGS Natural Hazards program, which is a $3 million increase.
- $8.2 million for USGS Earthquake Early Warning, which is a $1.7 million increase over 2015 and $3.2 million increase over House and Senate proposals.
- $4.203 billion for Wildland Fire Management, which includes the 10-year average for fire costs. The bill does not include the Administration’s request to fund 30% of firefighting costs through the existing disaster relief budget cap.
- $2.455 billion for the U.S. Forest Service (non-fire), which is $35 million more than the 2015 enacted level.
- $450 million is provided for the Land and Water Conservation Fund, an increase of $144 million above the 2015 enacted level.
- $147.9 million each for the National Endowment for the Arts and the National Endowment for the Humanities, which is $1.9 million more than the 2015 enacted level and the first funding increase for the agency in six years.
STATE-FOREIGN OPERATIONS SECTION

The omnibus would provide nearly $53 billion to internationally-focused agencies including the State Department and the US Agency for International Development (USAID). The total includes $38 billion in base funding and nearly $15 billion in Overseas Contingency Operations funding. Additional accounts of note include:

- $8.5 billion for Global Health (GHP), which is $49.5 million more than the FY2015 level.
- $2.78 billion for Development Assistance (DA), which is $274 million more than the FY2015 level.
- $1.28 billion for USAID Operating Expenses (OE), which is $66.6 million more than the FY2015 level.
- $901 million for the Millennium Challenge Corporation (MCC), which is $1.5 million more than the FY2015 level.
- $410 million for Peace Corps, which is $30.5 million more than the FY2015 level.

TRANSPORTATION-HUD SECTION

The omnibus included $57.6 billion overall that would provide modest boosts in spending for aviation, housing, as well as federal-aid highway and transit programs.

- $500 million for National Infrastructure Investments (TIGER), which is equal to the 2015 enacted level, $400 million more than the House bill, and $750 million below the President’s budget request.
- $72.5 million for the University Transportation Centers (UTC) program under the Department of Transportation’s Office of Research and Technology.
- Charter Bus provision included excluding King County from the national Charter Bus rule.

TAX EXTENDERS PACKAGE

Connected to the omnibus is a tax extenders package, which includes several provisions important to higher education including permanent enhanced American Opportunity Tax Credit (AOTC), permanent IRA Rollover and R&D credit. Unfortunately, also included is that schools will now be required to report only qualified tuition and related expenses actually paid, rather than choosing between amounts paid and amounts billed on the 1098-T.

Section 102. Enhanced American opportunity tax credit made permanent. The Hope Scholarship Credit is a credit of $1,800 (indexed for inflation) for various tuition and
related expenses for the first two years of post-secondary education. It phases out for AGI starting at $48,000 (if single) and $96,000 (if married filing jointly) – these amounts are also indexed for inflation. The American Opportunity Tax Credit (AOTC) takes those permanent provisions of the Hope Scholarship Credit and increases the credit to $2,500 for four years of post-secondary education, and increases the beginning of the phase-out amounts to $80,000 (single) and $160,000 (married filing jointly) for 2009 to 2017. The provision makes the AOTC permanent

**Section 112.** Extension of tax-free distributions from individual retirement plans for charitable purposes. The provision permanently extends the ability of individuals at least 70½ years of age to exclude from gross income qualified charitable distributions from Individual Retirement Accounts (IRAs). The exclusion may not exceed $100,000 per taxpayer in any tax year.

**Section 121.** Extension and modification of research credit. The provision permanently extends the research and development (R&D) tax credit. Additionally, beginning in 2016 eligible small businesses ($50 million or less in gross receipts) may claim the credit against alternative minimum tax (AMT) liability, and the credit can be utilized by certain small businesses against the employer’s payroll tax (i.e., FICA) liability.

**Section 153.** Extension of above-the-line deduction for qualified tuition and related expenses. The provision extends through 2016 the above-the-line deduction for qualified tuition and related expenses for higher education. The deduction is capped at $4,000 for an individual whose AGI does not exceed $65,000 ($130,000 for joint filers) or $2,000 for an individual whose AGI does not exceed $80,000 ($160,000 for joint filers).

**Section 174.** Moratorium on medical device excise tax. The provision provides for a two year moratorium on the 2.3-percent excise tax imposed on the sale of medical devices. The tax will not apply to sales during calendar years 2016 and 2017.

**Section 211.** Employer identification number required for American opportunity tax credit. The provision requires a taxpayer claiming the American opportunity tax credit to report the employer identification number (EIN) of the educational institution to which the taxpayer makes qualified payments under the credit. The provision applies to tax years beginning after December 31, 2015, and expenses paid after such date for education furnished in academic periods beginning after such date.

**Section 212.** Higher education information reporting only to include qualified tuition and related expenses actually paid. The provision reforms the reporting requirements for Form 1098-T so that educational institutions are required to report only qualified tuition and related expenses actually paid, rather than choosing between amounts paid and amounts billed, as under current law. The provision applies to expenses paid after December 31, 2015 for education furnished in academic periods beginning after such date.

**Section 302.** Improvements to section 529 accounts. The provision expands the definition of qualified higher education expenses for which tax-preferred distributions from 529
accounts are eligible to include computer equipment and technology. The provision modifies 529-account rules to treat any distribution from a 529 account as coming only from that account, even if the individual making the distribution operates more than one account. The provision treats a refund of tuition paid with amounts distributed from a 529 account as a qualified expense if such amounts are re-contributed to a 529 account within 60 days. The provision is effective for distributions made or refunds after 2014, or in the case of refunds after 2014 and before the date of enactment, for refunds re-contributed not later than 60 days after date of enactment.