

**V. REPORT OF THE CHAIR OF THE BOARD OF REGENTS**Federal Legislative Report

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**Director of Federal Relations**

- Christy joined the University of Washington as Director of Federal Relations in February of 2009.
- She has nearly two decades of experience working for a variety of federal, state, and local agencies.
- Before joining the University of Washington, she served as director of federal relations for Washington2Advocates, a government affairs consulting firm. She was responsible for managing lobbying strategies for multiple and diverse clientele (including the University of Washington), as well as building and maintaining successful relationships with members of Congress and their staff.
- Christy has served as northwest Washington director for U.S. Senator Patty Murray, as chief of staff to King County Councilmember Bob Ferguson, and as a legislative analyst for U.S. Representative Brian Baird.
- She holds a B.A. in education from Central Washington University and an M.P.A. from The Evergreen State College.



## FY 2011 President's Budget Request Released

Despite an overall spending freeze, the higher education community fared relatively well in the President's Budget Request (PBR) for FY11 – released on February 1st. Some agency highlights from the PBR include:

- **Department of Education Pell Grants** — The maximum Pell grant is increased to \$5,710 in FY11 from \$5,550 and the Perkins loan program is expanded. The proposal would also make the Pell grant an entitlement, guaranteeing future increases. However, the Federal Work Study program was level funded in the PBR. Additionally, several of the Department of Education's student services programs (e.g. TRIO, GEAR UP, Graduate Assistance in Areas of National Need) were level funded.
- **National Institutes of Health (NIH)** — The PBR contains an increase of \$1 billion (3.2%), which is the largest NIH dollar increase in 8 years (excluding the Recovery Act).
- **National Science Foundation (NSF)** — NSF is increased by 8% to \$7.4 billion. Within NSF, the Ocean Observatories Initiative (a UW joint project) will receive \$90.7 million, as expected.
- **Department of Energy (DoE), Office of Science** — The Office of Science will receive a 4.4% increase. Within DoE, the **Advanced Research Projects Agency -Energy (ARPA-E)** is slated for its first significant annual appropriation at a level of \$300 million. **Workforce investments for scientists and teachers** is identified as a priority area for the agency. Additional **Energy Frontier Research Centers (EFRCS)** are provided for in the PBR.
- **Federal Medical Assistance Percentage (FMAP)** — The PBR extends the temporary FMAP increase (provided by the Recovery Act) until June 2011. The extension will result in \$25.5 billion to states for maintaining support for children and families helped by Medicaid.

The **UW FY11 Federal Agenda** will express support for many of the increases in student aid and research contained in the PBR. Full FY11 budget coverage is available on the Office of Federal Relations website.

## UW Directed Appropriations

As 2009 came to a close, Congress completed work on the remaining FY10 appropriations bills and the process was sealed with the President's signature. The following congressionally directed projects for UW were included in the final bills:

### FY10 Recap

Institute for Simulation & Interprofessional Studies	\$4.6 million
Puget Sound Ecosystem Research Initiative	\$4.0 million
WA Biofuels Industry Development	\$1.0 million
NW National Marine Renewable Energy Center	\$880,000
Advanced Materials in Transport Aircraft Structures	\$500,000
Ctr for International Trade in Forest Products (with WSU)	\$469,000
UW Bothell Nursing Faculty Consortium Training Program	\$200,000
<b>Total</b>	<b>\$11.649 million</b>

### UW Specific FY11 Federal Agenda Projects

UW project requests will be made in support of: tidal energy research and environmental sustainability; increased funding for health professions through dental, nursing, and physicians assistant programs; coordinated student services for returning veterans; emerging research on the treatment of battlefield injuries to eyes and bone; small business development in the Tacoma area; and increasing K-12 learning outcomes through the use of advanced technology in classrooms.

The FY11 appropriations process will play out in the halls of Congress over much of this calendar year, with the goal of having a final budget in place by October 1, 2010. However, as was the case last year, Congress often requires extra time to push spending bills across the finish line.

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## Jobs Bill Likely to be Split-up in Senate

On December 16th, the House passed legislation to create or save jobs with targeted investments (\$155 billion). These investments are paid for partly by redirecting \$75 billion of TARP (Troubled Asset Relief Program) funds from Wall Street. Sections of the legislation affecting the higher education community include:

- **Energy Innovation Loans:** \$2 billion for the Department of Energy Innovative Technology Loan Guarantee Program, to promote the rapid deployment of renewable energy and electric transmission projects.
- **Education Jobs Fund:** \$23 billion for an Education Jobs Fund to help states support an estimated 250,000 education jobs over the next two years. 95% of the funds will be allocated by States to school districts and public institutions of higher education to retain or create jobs. The remaining 5% of funds is reserved for state education-related jobs and administration of the Education Jobs Fund.
- **Federal Work Study:** \$300 million to support the College Work Study program. Together with institutional matching funds, this appropriation will help approximately 250,000 students stay in school.
- **Job Training for High Growth Fields:** \$750 million for competitive grants to support job training for approximately 150,000 individuals in high growth and emerging industry sectors, particularly in the

### health care and green industries.

- **FMAP Extension:** \$23.5 billion to extend the higher federal match for payments to doctors providing services to low-income families under **Medicaid** through June 2010.

On the Senate side, Majority Leader Harry Reid (D-NV), reflecting the reality imposed by the loss of a filibuster-proof majority, intends to move several smaller jobs measures through the chamber — as opposed to one large bill — in order to attract some Republican support for non-controversial items.

Senator Reid first wants to move legislation designed to create a tax credit for new jobs, other tax provisions in aid of small businesses, as well as extending federal highway and transportation programs in order to create more infrastructure projects. Senator Reid has made no mention of the increased funding for **Federal Work Study** or an **education jobs fund** for governors to allocate within their states or an extension of the increase in **Federal Medical Assistance Percentages (FMAP)** that aids state budgets -as proposed in the House passed *Jobs for Main Street* bill. It is expected that more controversial job promoting measures will follow those that have bipartisan support.

## **Student Aid Overhaul Remains on Hold**

HR 3221, the Student Loan Overhaul legislation, passed the House in September; action is still pending in the Senate. The bill's highlights include:

- strengthening the Pell Grant program by increasing the maximum grant from \$5,550 in 2010 to \$6,900 in 2019.
- simplifying the Free Application for Federal Student Aid (FAFSA);
- lowering student loan interest rates beginning in 2012;
- provide federal funds for programs targeted to community colleges, historically Black colleges and universities, Hispanic-serving institutions, and Tribal colleges;
- expanding the Perkins Loan Program; and
- terminating the Federal Family Education Loan (FFEL) program and converting all schools to the Direct Loan program (conversion to the Direct Loan program provides funding for increased Pell and other new programs).

Senate action on this legislation has been stalled pending a decision on a way forward on health care reform. However, House and Senate Committee staffs are working behind the scenes on the legislation. Financial institutions have been fervently lobbying Congress to preserve their role in the federal loan program. However, the leadership and President remain committed to advancing the legislation.

Despite the significant good that is proposed, there are several areas of concern with what Senate staff has drafted so far; including the following:

- **Ensuring proper expansion of Perkins Loans**— It is important that the proposed expansion of the Perkins Loan Program is done in a way that it remains an attractive loan option for institutions and affordable to students.
- **Avoiding the concentration of funding for persistence and completion activities in state bureaucracies**— Funding for proposed post-secondary access and completion programs should foster collaboration and not require states to impose one-size-fits-all mandates on institutions.
- **Maintaining the role of institutions in setting outcome measures**— The Secretary of Education shouldn't be given new authority—either explicitly or implicitly—to write or approve specific institutional outcome measures.
- **Ensuring maintenance of effort**— Clear legislative language should ensure that states receiving federal funds under this bill continue funding higher education at the same or higher level as they are at present, and that federal funds be used to supplement -- not supplant -- state higher education funding.

## **Health Care Reform Uncertain**

The path forward for health care overhaul legislation appears murky, as the election of Scott Brown (R-MA) to replace the late Senator Ted Kennedy shifted the balance of power in the Senate. However, President Obama made it clear in his State of the Union address that the issue remains on the table. House and Senate leaders have stated the need for a few weeks to contemplate options. There are two particular options that might provide a breakthrough, but they also contain political and practical difficulties.

**House Clearance** — One option would be for the House to clear the Senate-passed version (HR 3962), simultaneously moving a separate bill containing desired changes through the budget reconciliation process – which can not be filibustered. However, this path is problematic, as many House Democrats are deeply dissatisfied with the Senate bill, and

the budget reconciliation process will not allow for changes that are not germane to the federal budget.

**Stripped-down Bill** — Some in Congress are in favor of proposing a more modest bill in order to win Republican support. However, this would be a difficult bill to do since most of the changes that are needed to overhaul health care are interrelated; the process of deciding what parts to strip out would be contentious. Some Senate Democrats feel this tactic would increase partisan friction.

Solutions may be found, but the legislation is certainly no longer on the fast track.

## **Climate Change Reform Minus Cap and Trade**

While there has been no movement on climate legislation in Congress, only days before the Copenhagen summit commenced, the Environmental Protection Agency (EPA) announced its endangerment finding on greenhouse gases. This was followed by EPA's proposal to increase smog standards that was introduced just last week. Additionally, at least a handful of other federal agencies including the Departments of Transportation, Interior, Housing and Urban Development, the Securities and Exchange Commission and the Council on Environmental Quality are working to follow through on a government wide strategy to curb climate change through the rulemaking and regulatory processes.

Again, with so many close votes on hotly debated issues, little attention is expected in the Senate on climate change this year. However, activity will continue to occur (and even increase) at the regulatory level. Since the Senate moved energy related legislation in two separate bills, it's possible the "low hanging fruit" in the Senate Energy and Natural Resource's [American Clean Energy Leadership Act](#) could find its way to the Senate floor this year. The most controversial proposal, calling for a carbon cap and trade system, will almost certainly be excluded from any climate legislation that does emerge from Congress this year.

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