

**Report to the Budget Committee of the Board of Regents  
Kris Andrews, Federal Relations Coordinator, UW System  
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**Overview**

Since my last presentation in October, the political winds have changed. As you know, the Republican Party took control of the Senate, gained seats in the House of Representatives to retain the majority, and surprised many by obtaining half of the nation's governorships. The unprecedented GOP victory (it was the first time since 1934 that the president's party gained seats in the off-year election of his first term) has had a significant effect on the federal committee structure, especially in the Senate.

Senator Ted Stevens of Alaska, known as a strong voice for funding programs in his home state, is now Chairman of the Senate Appropriations Committee. Senator Arlen Specter is now Chairman of the Education Subcommittee on Appropriations. Senator Specter, the senior senator from Pennsylvania, is known for his moderate views. Thus, even in light of significant fiscal woes at the federal level, issues, such as federal funding for NIH, are close to his heart and are likely to be pursued. I might add, he's also up for re-election in 2004.

Here at home, our incumbent congressional representatives each handily won re-election with 60 percent plus of the vote. Nevertheless, Wisconsin lost some political muscle and seniority at the national level, especially with change in control of the Senate. Through redistricting, Wisconsin lost one congressional seat, shrinking representation in the House from nine to eight members. This compares to delegations, such as Florida, that increased their ranks by two due to population growth.

We are fortunate to have Members of Congress from Wisconsin who are well-positioned and are guaranteed considerable influence in the final spending decisions. Congressman Obey will continue to serve as the powerful Vice Chairman of the House Appropriations Committee and on the Subcommittee on Labor, Health and Human Services, and Education. Senator Kohl will continue to serve on the powerful Senate Appropriations Committee, and as a Ranking Member on the Subcommittee on Agriculture and Rural Development.

**The mood in Washington is anxious.**

Washington is grieving over the tragedy of the Space Shuttle Columbia. Many in Washington are now convinced that war to disarm the Iraqi regime is inevitable. Intelligence suggests evidence of possible domestic suicide bombings and other terrorist attacks. Despite Congress' best claims and intentions to the contrary, these threats have Congress' foremost attention.

Congress still has eleven unfinished FY03 appropriations bills. However, appropriators hope to complete negotiations on the omnibus spending legislation by next week.

## **Bush Budget**

President Bush submitted his Fiscal Year 2004 budget plan to Congress on Monday. The Bush Administration identified winning the war against terrorism, securing the homeland and generating long-term economic growth as national priorities.

The President's budget calls for overall spending of \$2.23 trillion (to put that in perspective, if stacked in dollar bills, the pile would stretch more than 145,000 miles) in FY04, an increase of 4 percent (about half the rate Congress has approved in recent years). Discretionary budget authority would also rise by 4 percent to \$819 billion, with most allocated to defense and homeland security. The budget also calls for \$1.46 trillion in new tax cuts over the next ten years, with a call to make permanent the provisions of the 2001 tax bill. The President's budget projects a deficit of \$307 billion for the current year, and no likely surpluses in the next five years.

Congressional leadership has said they plan to finalize the budget and reconciliation by Memorial Day. With economic recovery still sluggish and the dual prospects of war in Iraq and terrorism at home weighing on business and consumer confidence, no one believes the "rosy scenario" of the Administration's growth forecasts for future years. So there is some concern, even among Republicans, of how much of a tax cut can be justified to stimulate growth with these kinds of deficits. Senate leaders predict the Senate will scale back the President's proposed tax cut to reign in the projected short-term deficits. There also appears to be little hope for significant increases in any of the higher education programs or funding proposed for NIH and NSF.

### **A summary of the President's FY04 request of interest to institutions of higher education:**

The R&D chapter of the budget includes a detailed discussion of academic earmarks, reiterating the Administration's strong support for merit review. The discussion ends with the Administration's commitment to work with academic organizations, colleges and universities, and Congress to discourage research earmarks and to achieve our common objectives.

Research and Development: The President is proposing an overall increase of 7 percent. The President's budget would increase funding for basic research across the agencies by 5 percent and would increase government-wide funding for applied research by 2 percent.

The Math and Science Partnerships initiative would be funded at \$200 million from NSF and \$12.5 million from the Department of Education.

## Education:

Student Financial Aid: The President proposed \$14.6 billion for federal student assistance accounts, a 14% percent increase over the FY03 budget request. The President's budget would provide \$12.7 for the Pell Grant program, an increase of \$1.9 billion. But this total essential would level-fund the program at \$10.8 billion and use the additional \$1.9 billion to help cover the program's shortfall. The maximum Pell award would remain at \$4,000. Federal Work Study and Perkins Loans programs would all be level-funded.

TRIO: The President's budget would level-fund the TRIO programs at \$802.5 million, to serve an estimated 872,000 disadvantaged students in FY04.

GEAR UP: The President's budget would level-fund the GEAR UP program at \$285 million, projected to serve a total of 1.4 million low-income students.

The President's budget would not fund the Leveraging Education Assistance Partnership program in FY04 on the grounds that it has not accomplished its objective.

## **Other areas of the federal budget of importance to the University of Wisconsin System are:**

National Institutes of Health: The President has proposed a \$499 million increase for NIH, bringing total funding to \$27.9 billion. NIH research will rise by 7.5 percent, and the number of new grants will rise as well. However, a significant amount of this increased funding is targeted to bioterrorism and similar homeland security research.

National Science Foundation: The President's FY04 budget request is \$5.48 billion, an increase of 9 percent above the FY03 request. This is slow compared with the authorized level of \$6.39 billion approved by Congress and signed into law in December 2002.

## **There is an aggressive schedule for education issues in the 108<sup>th</sup> Congress.**

While not a priority in the President's budget, or the broader congressional agenda, there does exist a huge education agenda before the 108<sup>th</sup> Congress. This includes reauthorization of the following programs/laws: Temporary Assistance for Needy Families (welfare reform); IDEA (Individuals with Disabilities Act); Head Start; Vocational Education; Workforce Investment Act; and the Higher Education Act. Present plans are for the House to begin moving on most of these issues early in 2003. TANF (Temporary Assistance for Needy Families) is actually scheduled for consideration by the full House next week. The goal is to complete most of the educational agenda this year in hopes that the fall and next year will be a time to clearly focus on the reauthorization of the Higher Education Act. While hearings began last September on reauthorization of HEA, and will continue through most of this year, the Committee does not plan to draft its new bill until at least fall.

## **Federal Relations Activities:**

Federal Relations activities have centered on developing the set of recommendations the University of Wisconsin System submitted to Congress in preparation for the process to reauthorize the Higher Education Act. The recommendations were developed by a task force comprised of members from nearly every UW System campus and its statewide organization, UW-Extension. We also met with U.S. Reps. Thomas Petri and Ron Kind, of Wisconsin, both members of the Committee on Education and the Workforce.

One of the main recommendations calls for amending federal law to allow each two-year UW College campus to receive funding through TRIO. TRIO provides federal funds to help minority, disadvantaged and first-generation students, many of whom start at the UW's freshman-sophomore campuses before transferring to a four-year campus. Current interpretation of federal law considers the UW Colleges one institution, even though it has 13 campuses, because it has a single chancellor and centralized financial aid processing. This means the UW Colleges receives only one TRIO grant and only 27 percent of eligible students get funding from the program.

Other recommendations include increasing funding for the Pell Grant and work-study programs, raising the limit of the federal Stafford loan; and simplifying and streamlining the financial aid process.

Recently the Education Commission of the States recognized Wisconsin as the only state with a three-year plan for putting "highly qualified" teachers in every classroom. Wisconsin's success can be attributed to the strong partnerships between our universities and colleges (public, private and technical) and PK-12 schools. As a result, the UW System urged Congress to require, not just recommend, partnerships between colleges, universities and K-12 schools to improve teacher quality.

Another recommendation called for a partnership between the U.S. Department of Education, Department of Defense and Wisconsin Academic ADL Co-Lab in developing national online learning standards. The UW System also recommended using the UW as a national model in terms of how the university holds itself accountable each year to students, alumni and the state, based on the excellent performance of our institutions. The UW System has asked the Committee to hold a field hearing in Wisconsin focused on the issue of accountability.

Over the next month, I will be working with each of our campuses to complete a set of federal initiatives for FY04 that will, in turn, be shared with Wisconsin's congressional delegation.

Hopefully you each received an invitation to the reception "celebrating the University of Wisconsin and Its Alumni in Washington, D.C." The reception will be held on February 26, in the Rayburn Foyer of the Rayburn House Office Building. This is a special

opportunity to raise the visibility of the UW System in Washington and to get our alumni more engaged with our federal relations activities. We expect a number of distinguished guests and our congressional leaders to attend. You are, of course, invited, and we hope you will share the invitation with your friends in Washington.

Thanks for the opportunity to be here today.