**FISCAL YEAR 2014 OMNIBUS SPENDING PACKAGE AND IMPACT ON AGENCIES AND PROGRAMS IMPORTANT TO UC**

**OVERVIEW**

On January 13, 2014 House and Senate Appropriations Chairs and Ranking Members unveiled a $1.012 trillion Fiscal Year (FY) 2014 consolidated (omnibus) appropriations bill. The nearly 1600-page package includes all 12 of the FY 2014 appropriations bills.

The top-line number of $1.012 trillion for the omnibus is consistent with the House-Senate budget deal (PL 113-67) that passed Congress in December, 2013 and partially repeals the sequester for FY 2014. In addition, it reflects a 2.6 percent increase in discretionary spending over the FY 2013 sequester level of $986.3 billion. Spending was scheduled to be reduced further to $967 billion if sequestration was not repealed for FY 2014. The omnibus adheres to the new budgetary caps on defense and domestic discretionary spending from the House-Senate passed December budget deal: $520.5 billion for defense and $491.8 billion for domestic discretionary spending. The omnibus delays sequestration until FY 2016, unless congressional action occurs to delay or repeal it.

The omnibus partially restores funding for FY 2014 that was cut from accounts under FY 2013 sequestration; overall FY 2014 funding for domestic discretionary spending is 2.6 percent above these levels. However, funding in many accounts remains below FY 2012 levels. As a result, the FY 2014 appropriations are not making up for lost ground from previous cuts and/or inflation. As an example, it was recently reported in the media that comparing the numbers in the omnibus with what Congress approved in a similar omnibus bill in December 2007 the domestic appropriations are less in real dollars when adjusted for inflation. In December 2007, for example, the National Institutes of Health received $29.2 billion, or about $32.8 billion in current dollars. The FY 2014 omnibus now provides $29.9 billion, nearly $3 billion less.

**OUTLOOK**

House and Senate leaders on both sides of the aisle, as well as the White House, have expressed support for the package. House Republicans were briefed on the package Tuesday afternoon and the omnibus was approved by the House on Wednesday afternoon. Action on the Senate is expected later in the week. The current continuing resolution (CR) expires on January 15. In order to keep the government operational and to allow the House and Senate to complete action, Congress passed a short-term CR this week, lasting through January 18.

Please note that this is our initial effort to analyze program funding levels in the 1600-page FY 2014 omnibus appropriation bill. UC FGR is in the process of further analyzing the omnibus package to determine its impact on the University.

Provided below is information related to the omnibus funding levels for the education, research and health care programs that are priorities to the University. In determining the funding over the past fiscal years, FY 14 is based on what was reported in the omnibus legislation, FY 13 Final is based on the funding
allocated— including across the board cuts in the March 2013 continuing resolution and sequestration. FY 12 is based on the reported federal spending at the end of the fiscal year. Due to variances in reporting from both Congress and the agencies, funding levels indicated below may differ from what other sources are citing. UC FGR identified the funding levels below, using available data, to provide as accurate as possible depiction of funding across three tumultuous fiscal years.

**EDUCATION RELATED PROGRAMMATIC FUNDING**

The FY14 omnibus includes funding for several key programs related to UC’s student financial aid and higher education priorities. Below are details and highlights of several key priorities to UC:

**Department of Education**

FY14 Discretionary: $67.3 billion
FY13 Final: $65.7 billion
FY12: $68.1 billion

The Department of Education received an increase of $1.6 billion above the FY13 Final levels. However, despite this increase in funding, most programs were not restored to their pre-sequester level and the total funding for the Department remains $800 million below the FY12 level.

**Higher Education**

**Pell Grants**

FY14: $22.8 billion
FY13 Final: $22.8 billion (exempt from sequester)
FY12: $22.8 billion

**Pell Grant Maximum Award**

FY14 Funding: $5,730
FY13 estimate: $5,645
FY 12: $5,550

Pell Grants will be funded through the usual combination of mandatory and discretionary funds, and the FY14 appropriations bill includes sufficient funding to maintain the $4,860 discretionary base. Available mandatory funding added to Pell according to previous laws will raise the maximum award to $5,730 (est.), which is an $85 increase. The exact amount of the increase, which is based on the Consumer Price Index, will be set by the Department of Education as early as next month.

**Fund for the Improvement of Postsecondary Education**

FY14: $79.4 million ($76.1 million increase)
FY13 Final: $3.3 million
FY12: $3.5 million

The Fund for the Improvement of Postsecondary Education (FIPSE), includes an increase of $75 million for the “First in the World” competitive grant program to identify, validate and bring to scale promising and effective innovative practices in higher education.
Other Higher Education Programs
For most other higher education programs – including the campus-based programs of Supplemental Education Opportunity Grants (SEOG) and Federal Work Study, as well as support for Hispanic-Serving institutions (HSI), Historically Black Colleges and Universities (HBCU), international education, TRIO, GEAR UP, there are small increases in FY14 over last year, but the funding levels are below the FY12 totals.

Supplemental Education Opportunity Grants (SEOG)
FY14: $733 million ($37 million increase)
FY13 Final: $696 million
FY12: $734.6 million

Federal Work-Study
FY14: $974.7 million ($49 million increase)
FY13 Final: $925.6 million
FY12: $976.7 million

Hispanic-Serving Institutions (HSI)
FY14: $98.6 million ($3.4 million increase)
FY13 Final: $95.2 million
FY12: $100.4 million

International Education
FY14: $72.2 million ($2 million increase)
FY13 Final: $70.2 million
FY12: $74 million

TRIO
FY14: $838.3 million ($42.3 million increase)
FY13 Final: $796 million
FY12: $840 million

GEAR UP
FY14: $301.6 million ($15.2 million increase)
FY13 Final: $286.4 million
FY12: $302.2 million

Graduate Education
FY14: $29.3 million
FY13 Final: $29.3 million
FY12: $30.1 million

A number of programs, including graduate education as well as education research, program evaluation, and statewide data systems, received no increases in the FY14 bill and thus had none of the sequester
cuts restored. The language for graduate education will allow the last year of funding for the current Javits fellows.

**Student Aid Administration**

FY14: $1.2 billion ($187.1 million increase)  
FY13 Final: $979 million  
FY12: $1 billion  
The omnibus adds $187 million to cover the administration of the student financial aid programs and to allow the continued servicing of loans by non-profit servicers through FY14. However, this is money that had been provided with mandatory funds and now depends on less-certain annual appropriations.

**Race to the Top**

The omnibus does not include funding for President Obama’s higher education “Race to the Top” program, designed to spark states into competing for funds to launch innovative policies to make college more affordable.

**National Endowment for the Humanities and National Endowment for the Arts**

In the Interior, Environment, and Related Agencies appropriations bill, the funding levels for the National Endowment for the Humanities (NEH) and the National Endowment for the Arts (NEA) are set at $146 million each. This reflects an $8 million increase, for each of these programs, bringing them back to their FY12 funding level.

**RESEARCH RELATED PROGRAMMATIC FUNDING**

The FY14 omnibus includes funding for several key programs related to UC’s diverse research portfolio including Agriculture, NASA, NOAA, National Science Foundation and National Institutes of Standards and Technology, among others. Below are details and highlights of several key priorities to UC:

**Agriculture**

FY14 funding for UC’s priorities within USDA agriculture research and extension programs looks quite a bit better because they suffered significant reductions in FY13 even before sequestration took effect. AFRI, the main competitive grants program, received a healthy increase over both FY13 Final and FY12; and the capacity grants programs (Hatch, Smith-Lever 3(b)-(c) and McIntire-Stennis) have welcome increases over FY13.

**Agriculture and Food Research Initiative (AFRI):**

FY14 Funding: $316.4 million, a $39.5 million increase over FY13  
FY13 Final: $276.9 million  
FY12: $264.5 million

**Hatch:**

FY14: $243.7 million, a $25.4 million increase over FY13  
FY13 Final: $218.3 million
FY12: $236.4 million

**Smith-Lever (b)-(c):**
FY14: $300 million, a $28.4 million increase over FY13  
FY13 Final: $271.6 million  
FY12: $294 million

**McIntire Stennis:**
FY14: $33.96 million, a $3.56 million increase over FY13  
FY13 Final: $30.4 million  
FY12: $32.9 million

**USDA Pest Management Research and Integrated Activities:**
FY14: $29.56 million, a $2.06 million increase over FY13  
FY13 Final: $27.5 million  
FY12: $29.75 million

**Food and Nutrition Education (EFNEP):**
FY14: $67.934 million, a $5.2 million increase over FY13  
FY13 Final: $62.76 million  
FY12: $67.934 million

**Food Animal Residue Avoidance Databank (FARAD):**
FY14: $1.25 million, a $326,000 increase over FY13  
FY13 Final: $924,000  
FY12: $1.25 million

**Commerce, Science, Justice**

**NASA**
In general, outcomes were positive for UC’s priorities in NASA. Earth science, planetary science, astrophysics and heliophysics all received increases over FY13 levels, as did the James Webb Space Telescope. The bill expresses support for the Science Mission Directorate’s Education and Public Outreach programs as currently structured, and opposes changes that would implement the Administration’s STEM consolidation proposals.

**NASA Science Mission Directorate**
FY14: $5.15 billion, a $369 million increase over FY13  
FY13 Final: $4.78 billion  
FY12: $5.09 billion

**NASA Space Grant College and Fellowship Program**
FY14: $40 million  
FY13 Final: $37.2 million
FY12: $38.9 million

National Science Foundation (NSF)
FY14: $7.17 billion, a $280 million increase over FY13
FY13 Final: $6.89 billion
FY12: $7.0 billion
NSF fared well, with a $280 million increase over FY13. Research and Related Activities (R&RA) are funded at $5.8 billion and Major Research Equipment, Facilities and Construction (MREFC) is funded at $200 million. All MREFC projects on which construction has begun are funded at the President’s FY 2014 Budget Request, while the Large Synoptic Survey Telescope (LSST) receives the remainder of funding (NSF is also given authority to transfer additional funding for LSST, if needed). In addition, the FY13 restrictions on NSF social, behavioral and economics research (the Coburn political science research restrictions) are lifted.

National Institute of Standards and Technology (NIST)
FY14: $850 million, an $80.6 million increase over FY13
FY13 Final: $769.4 million
FY12: $750.8 million
NIST’s core Science and Technical Research and Services programs received $651 million of the total allocated NIST funds. The Manufacturing Extension Partnership received $128 million, and the Advanced Manufacturing Consortia Program received $15 million. The measure does not address the Administration’s National Network for Manufacturing Innovation (NNMI) proposal, stating the authorizing legislation had yet to be approved.

National Oceanic and Atmospheric Administration (NOAA)
There were mixed results for UC’s priorities in the FY14 funding levels for NOAA extramural research programs. Analyzing comparisons with prior years’ funding levels is difficult because official FY13 funding levels have not been made publicly available.

NOAA Climate Research, Office of Oceanic and Atmospheric Research (OAR)
FY14: $156.45 million
FY13 Final: not available
FY12: $120 million
Within the FY14 NOAA OAR Climate research programs:
$59.45 million was provided for Labs and Cooperative Institutes
$37 million was provided for Regional Climate Data
$60 million was provided for Climate Competitive Research

Sustained Ocean Observations and Monitoring (Ocean, Coastal and Great Lakes Research)
FY14: $41 million
FY13 Final: not available
FY12: not available
Regional Integrated Ocean Observing System (IOOS), National Ocean Service
FY14: $28.5 million
FY13 Final: not available
FY12: $23 million

National Sea Grant College Program
FY14: $62.8 million
FY13 Final: not available
FY12: $62 million

Office of Science and Technology Policy (OSTP)
The bill rejects the Administration’s STEM education reorganization proposal because it lacks buy-in from the higher education and scientific communities, and fails to support worthy, proven education and outreach programs. The bill states that existing STEM activities should continue to be funded in their current programmatic structures unless otherwise noted; however, OSTP is encouraged to continue to work on the issue, and to engage the educational community in that process.

Defense
Defense Basic Research (6.1)
FY14: $2.167 billion, a $64 million increase over FY13
FY13 Final: $2.103 billion
FY12: $2.010 billion
Although overall Defense research and development programs took substantial cuts in FY14, the Defense 6.1 Basic Research program – which funds the bulk of UC and other universities’ defense research – increased modestly over FY13 and FY12. In addition, funding for the Defense 6.2 and 6.3 applied research programs are down slightly, but were relatively protected. The bill also includes increases for Defense medical research programs, including $200 million for the Defense Peer Reviewed Medical Research Program and $125 million for the Traumatic Brain Injury and Psychological Health research.

The National Defense Education Program (NDEP) program is funded at $77.3 million. Funding levels for the Minerva program are not yet available.

The bill also rejects the Administration’s proposed consolidation of Defense Science, Technology, Engineering, and Mathematics (STEM) education programs, including the STARBASE program, which is funded at $25 million.

Energy and Water
Department of Energy Office of Science
FY14: $5.071 billion, a $451 million increase over FY13
FY13 Final: $4.62 billion
FY12: $4.87 billion
The Office of Science fared well in the omnibus, receiving a $451 million increase over FY13. Within that amount, the Advanced Scientific Computing Research program funded the Lawrence Berkeley National Laboratory National Energy Research Scientific Computing Center (NERSCC) at $65.6 million, and Exascale computing was funded at $76 million.

Across other DOE offices, all of the current Energy Innovation Hubs are supported; as are the Energy Frontier Research Centers (EFRCs), which are funded up to $100 million. The bill also provides $10 million in new funding for STEM programs proposed for termination.

Energy technology programs also saw an increase over FY13 – the Office of Energy Efficiency and Renewable Energy (EERE) was funded at $1.9 billion, which was nevertheless 32% less than the President’s FY 2014 Budget Request. Advanced manufacturing programs in EERE were supported, including $2.5 million for the joint additive manufacturing pilot institute with the Department of Defense.

**Advanced Research Projects Agency- Energy (ARPA-E)**
- **FY14:** $280 million, a $29.4 million increase over FY13
- **FY13 Final:** $250.6 million
- **FY12:** $275 million

**Homeland Security**
**Research Development and Innovation, Science and Technology Directorate**
- **FY14:** $462 million, a $30 million increase over FY13
- **FY13 Final:** $432 million
- **FY12:** $266 million

**University Programs**
- **FY14:** $39.7 million, a $1.7 million increase over FY13
- **FY13 Final:** $38 million
- **FY12:** $37 million

UC’s priorities within the Department of Homeland Security research programs received increases over FY13 levels, especially the Research Development and Innovation (RDI) programs, which support basic and applied research to develop advanced technologies and methodologies to protect the nation’s vital services and economic interests.

**Interior**
In general, environmental research programs did not fare well in the Interior bill. For the most part, the US Geological Survey (USGS) and the Environmental Protection Agency (EPA) failed to recover from FY 13 sequestration cuts. Funding for UC’s priorities in these agencies was mixed.

**US Geological Survey (USGS)**
**USGS Earthquake Hazards Program**
- **FY14 Funding:** $53.8 million
FY13 Final: not available
FY12: $55 million

**USGS Global Seismic Network**
FY14 Funding: $4.85 million
FY13 Final: not available
FY12: $5.3 million

**USGS Water Resources Research Institutes Program**
FY14 Funding: $6.5 million
FY13 Final: $3 million (estimated)
FY12: $6.5 million

**Environmental Protection Agency**
**EPA Science & Technology Programs**
FY14 Funding: $759.2 million (+$19 million transfer) = $778.4 million
FY13 Final: $743.8 million
FY12: $793.7 million

The EPA STAR competitive research program for universities and the Greater Research Opportunities Fellowships were funded at FY 13 levels. No numbers are yet available for these programs.

Transportation, Housing and Urban Development
University Transportation Centers, Department of Transportation
UC’s funding priority within the Department of Transportation is the University Transportation Centers program, which focuses on advancing technology and expertise in transportation disciplines through education, research and technology transfer. The FY 14 funding level is not yet available.

**HEALTH CARE RELATED PROGRAMMATIC FUNDING**
The FY14 omnibus includes funding for several key programs related to UC’s health care services and health research priorities. Below are details and highlights of several key priorities to UC Health:

**National Institutes of Health (NIH)**
FY14: $29.9 billion
FY13 Final: $28.9 billion
FY12: $30.86 billion

Though the NIH saw an increase of $1 billion compared to the FY13 Final budget, it is still nearly $1 billion short of the funding levels it saw in FY12.

**Highlights of the NIH Bill:**
According to the Omnibus, the amount of $29.9 billion “should allow the NIH to continue all current research programs and begin approximately 385 additional research studies and trials.” Appropriators
have directed the NIH to “support as many scientifically meritorious new and competing research project grants as possible, at a reasonable award level.”

Basic Biomedical Research: The legislation recognizes the importance of ongoing funding and support for basic biomedical research and directs the NIH to ensure that this research remains a “key component of both the intramural and extramural research portfolio at NIH.”

Big Data: Within 180 days of enactment of the omnibus appropriations bill, the director of the NIH must provide a report to the House and Senate Appropriations Committees regarding Core Techniques and Technologies for Advancing Big Data. This report must detail policies, procedures, and processes to safeguard data and analyses that will be accessible through the Big Data Initiative. It must also detail measures that will ensure that data are not used for any other purposes than biomedical research and how the NIH will address the ethical and legal issues surrounding the use of the data.

BRAIN Initiative: The bill provides support for the BRAIN Initiative (Brain Research through Application of Innovative Neurotechnologies). The omnibus requires the NIH to provide a report within 120 days of enactment that identifies the program manager, timeline, annual goals and objectives, five year budget estimates, milestones, decision points to continue projects, and the business analysis used to determine if this project is the best use of funds.

National Center for Advancing Translational Sciences (NCATS): $633 million has been provided to the NCATS, $59 million more than FY12.

Executive Level Compensation: No funds appropriated may be used to pay the salary of an individual, either through a grant or another extramural mechanism, at a rate in excess of Executive Level II ($181,500, up from $179,700). UC has long supported that compensation at least be capped at Executive Level I.

Administrative Burden: The legislation acknowledges the administrative burden often placed on those receiving NIH support and calls for an Administrative Burden Reduction Workgroup consisting of universities, not-for-profits, and institutes who receive NIH funding to develop a method to track and measure the burden on entities who participate in NIH supported activities with the goals of “developing a plan to reduce such administrative burden as practicable”.

**Health Resources and Services Administration (HRSA)**

**Title VII Health Professions Training**

FY14: $245.4 million  
FY13 Final: $220.5 million  
FY12: $266.4 million

This Title includes funding for two programs important to UC that were previously zeroed out in the FY14 President’s Budget Request:  
- $14 million for the Health Careers Opportunity Program
$30 million for Area Health Education Centers

Title VII medical education training and loan programs are critical sources of financial support for many of UC’s students and physician faculty as they are the only federal programs designed to educate providers in interdisciplinary settings to meet the needs of special and underserved populations, as well as increase minority representation in California’s health care workforce. Though FY14 funding is an increase of $25 million over FY13 Final, it remains more than $20 million below FY12. In 2013, the UC system, received $8.5 million in Title VII grants.

Title VIII Nursing Workforce Development
FY14: $223.8 million
FY13 Final: $217.5 million
FY12: $231 million

HRSA’s Nursing Workforce Development Programs provide training for entry-level and advanced degree nurses and are the largest source of federal funding for nursing education, providing loans, scholarships, traineeships, and programmatic support to over 50,000 nurses. Though the FY14 funding level is a $6 million increase over FY13 Final, it remains more than $7 million under what Title VIII received in 2012. In 2013, the UC system, received $2.4 million in Title VIII grants.

340b Drug Pricing Program
The omnibus includes $6 million to implement a new program integrity effort within the 340b program. The director of the program must brief the House and Senate Appropriations Committees within 45 days of enactment regarding plans to strengthen program oversight to ensure compliance. The briefing must also address the timetable for issuing new regulations that will address compliance concerns raised by the Office of Inspector General and the Government Accountability Office.

Centers for Medicare and Medicaid Services (CMS), Management and Operations
FY14: $3.7 billion (same level of funding from FY13 Final)
FY13 Final: $3.7 billion
FY12: $3.8 billion

Other CMS Provisions:
- With concerns over Recovery Audit Contractors and their incentives to take overly aggressive actions, the legislation calls for the FY15 Budget Request to include a plan with “timeline, goals, and measurable objectives to improve the RAC process. In addition, CMS is expected to work with Congress and stakeholders to identify challenges and other reforms.”
- Reduces the Prevention and Public Health Fund by $1 billion
- Reduces the Independent Payment Advisory Board (IPAB) by $10 million
- Provides no additional funding for the Affordable Care Act
Other Health Care Related Funding Streams and Agencies

Centers for Disease Control and Prevention
FY14: $6.85 billion
FY12: $6.87 billion

CDCP National Institute for Occupational Safety and Health (NIOSH) Education and Research Centers (ERCs)
FY14: $27 Million
FY13 Final: $22.89 Million
FY12: $24.26 Million

CDCP National Institute for Occupational Safety and Health (NIOSH) Agriculture, Forestry and Fishing Program (AFF)
FY14: $24 Million
FY13 Final: $20.79 Million
FY12: $22 Million

Children’s Hospital Graduate Medical Education funding
FY14 funding: $265 million, $13 million above FY13 funding

Food and Drug Administration
FY14: $2.552 billion, $217 million above final FY13 funding
FY13 Final: $2.335 billion
FY12: $2.505 billion

NATIONAL NUCLEAR SECURITY ADMINISTRATION (NNSA)
The FY14 omnibus includes funding for several key programs related to UC’s management of the Lawrence Livermore and Los Alamos National Laboratories. Below are details and highlights of several key priorities to the laboratories:

The FY14 omnibus provides $7.781 billion for NNSA weapon’s programs. Funding for the W78 Life extension Program is set at $38 million.

The bill also provides $1.95 billion for the NNSA’s nonproliferation account. This is $480 million less than what was enacted in FY13.

The omnibus includes language limiting funding available for the B83 Stockpile Systems, until “the Nuclear Weapons Council certifies that the B83 gravity bomb will be retired by FY 2025, or as soon as confidence in the B61-12 stockpile is gained.”

The omnibus also includes $514 million for Inertial Confinement Fusion Ignition and High Yield Campaign. Of this amount, not less than $329 million shall be for the National Ignition Facility at
Lawrence Livermore National Laboratory. The agreement also includes $569 million for Advanced Simulation and Computing Campaign, of which $35 million shall be for exascale.

According to the report language accompanying the omnibus, “the NNSA is further directed to report to the Committees on Appropriations of the House of Representatives and the Senate that explains the costs and benefits for a pit environmental testing capability at Lawrence Livermore National Laboratory not later than May 1, 2014.”