Earlier this week, President Obama released his Fiscal Year (FY) 2015 Budget Proposal, which calls for overall spending of $3.9 trillion, with new spending proposed in such areas as education and manufacturing and increased taxes on major corporations and wealthy individuals. Last year’s Bipartisan Budget Act set the FY15 discretionary spending level at $1.047 trillion, essentially the same as the FY12 level. To provide additional discretionary spending in FY15, the President proposes a separate $56 billion Opportunity, Growth, and Security Initiative (OGSI), which would be paid for by other cuts in spending and tax increases for the wealthy.

With overall FY15 top line discretionary levels already decided by last December’s bipartisan budget deal, the President’s budget plan should be viewed as largely a political document aimed at highlighting administration priorities ahead of the November elections. In addition, funding levels for each of the programs and agencies important to the higher education community will have to be negotiated with the Republican controlled House of Representatives, which will seek to reduce funding for some administration priorities. Therefore, for FY2015 at least, most of the research and student aid programs are expected to either remain flat or receive modest increases at best. The President’s Opportunity, Growth, and Security Initiative (OGSI), in particular, has almost zero chance of passing through the House of Representatives. Below is a summary of the programs and agencies important to research institutions.

RESEARCH AND DEVELOPMENT OVERVIEW

The FY15 budget would provide $135.4 billion for research and development (R&D) government-wide, an increase of $1.7 billion, or 1.2 percent, over the FY14 enacted level (and $5.4 billion below the President’s FY14 request). The budget calls for $65.9 billion for non-defense R&D, an increase of $477 million, or 0.7 percent; and $69.5 billion for defense R&D, an increase of $1.2 billion, or 1.7 percent. Within the overall total, however, basic research would drop by $331 million to $32 billion, while applied research would increase by $582 million to $32.6 billion.

National Institutes of Health (NIH): NIH would receive $30.2 billion in FY15, an increase of $294 million, or about one percent over FY14. The agency anticipates that it would be able to fund 9,326 new and competing awards in FY15, an increase of 329 grants over the FY14 level. Among the highlights, the FY15 budget would provide $657 million for the National Center for Advancing Translational Sciences, including $30 million for the Cures Acceleration Network; $100 million for the Administration’s cross-agency BRAIN initiative; and $30 million directed to the Common Fund for a mechanism modeled after the Defense Department’s high-risk, high-reward Defense Advanced Research Projects Agency. The
budget also proposes to increase National Research Service Award training grant and fellowship stipends by two percent.

**National Science Foundation (NSF):** The FY15 budget would increase funding for the NSF by $83 million to $7.26 billion, an increase of 1.2 percent. The proposal would provide $5.8 billion for Research and Related Activities that would “enable NSF to make about 7,900 research grant awards in 2015.” The NSF Education and Human Resources request is $890 million, an increase of $43 million, or about five percent. Major Research Equipment and Facilities Construction would hold steady at $201 million, which is $760,000 above the FY14 level.

The NSF budget includes language to increase public access to NSF-funded, peer-reviewed publications. It says, “By September 30, 2015, NSF-funded investigators will be able to deposit versions of their peer-reviewed articles in a repository that will make them available to the public.”

**DOE Office of Science:** The FY15 budget would increase funding for the Office of Science by $44.8 million, or 0.9 percent, to $5.1 billion. Within the Office of Science, funding would increase for Basic Energy Sciences (+5.5 percent), Biological and Environmental Research (+3 percent), Advanced Scientific Computing Research (+13.2 percent), and Nuclear Physics (+4.3 percent). Funding would be reduced for Fusion Research (-17.6 percent), High Energy Physics (-6.6 percent), and Science Laboratory Infrastructure (-19 percent). The DOE budget also includes $325 million for the Advanced Research Projects Agency-Energy (ARPA-E), an increase of 16 percent.

**NASA:** The space agency's FY15 budget request is $17.5 billion, or $186 million below the FY14 level. NASA’s Science portfolio would be funded at $4.97 billion, which is $180 million, or 3.5 percent, below its FY14 level.

**Department of Defense (DOD):** Funding for the broad Defense category of research, development, testing & evaluation (RDT&E), would increase by $539 million to $63.5 billion. The Administration proposes a Defense science and technology (S&T) budget of $11.5 billion, a cut of $670 million, or 5.5 percent. Within that total, basic research (6.1) would receive $2.017 billion, a cut of $149 million, or 7 percent, from the FY14 level; applied research (6.2) would receive $4.46 billion, a cut of $186 million, or four percent; and advanced technology development (6.3) would receive $5.04 billion, a cut of $335 million, or 6.2 percent. The Defense Advanced Research Projects Agency (DARPA) would receive $2.9 billion, an increase of $136 million, or about five percent.

**Institute for Education Sciences (IES):** The budget would increase research, development, and dissemination funding for IES by $10.4 million, to $190.3 million total. This is intended to permit IES to make $60 to $75 million in new awards and support a new program focused on understanding strategies intended to support continuous improvement of educational systems. Special education research would be level-funded compared to FY 2014.
National Endowment for the Humanities (NEH): The Administration proposes to freeze funding for NEH at the FY14 level of $146 million. Within that total, however, the Endowment would increase funding for all program areas by a total of $236,000, while reducing administrative costs by $398,000.

HIGHER EDUCATION AND STUDENT AID OVERVIEW

The Administration is requesting $68.6 billion in discretionary spending for the Department of Education, an increase of $1.3 billion, or nearly two percent, above the FY14 level. Among the proposals for higher education, the FY15 budget proposes $4 billion in new mandatory spending to support a federal-state matching grant program aimed at encouraging states to reinvest in their public higher education systems; $52 million for data and program evaluation, including support for pilot and demonstration program studies, development and refinement of the Administration’s proposed college rating system, and activities to improve program performance measurement; and $647 million for College Opportunity and Graduation Bonuses, to reward colleges for improving educational out-comes for low- and moderate-income students.

Pell Grants: The FY15 budget would provide $22.8 billion in discretionary funding for Pell Grants, the same as in FY14. When combined with $6.4 billion in mandatory funding, that total would provide an estimated maximum award of $5,830 in award year 2015-2016.

Campus-Based Aid: The campus-based programs would be level funded at their FY14 levels: Federal Work Study ($975 million), Supplemental Educational Opportunity Grants ($733 million), and the TRIO ($838 million) and GEAR UP ($302 million) college readiness programs.

Pay As You Earn: As in previous years, the budget would extend the availability of the “pay as you earn” repayment plan to all student borrowers. The budget also calls for exempting from taxation any loan forgiveness provided under the pay as you earn plan.

International Education and Foreign Languages Studies: The budget would increase funding for these programs by $4 million, to $76.2 million. The proposed increase would “support new awards to help American students develop proficiency in critical foreign languages, specifically those spoken in the Asia-Pacific and Sub-Saharan Africa regions, and new institutional mobility grants” in those regions.

Advanced Research Projects Agency for Education (ARPA-ED): The request would provide up to $49.5 million for ARPA-ED, an initiative to pursue technological breakthroughs with the potential to dramatically improve the effectiveness and productivity of teaching and learning.

STEM Education Programs: The Department of Education proposes to spend $319.7 million for STEM Innovation Networks, STEM Teacher Pathways, National STEM Master Teacher Corps, and the Effective Teaching and Learning: STEM program.
**Graduate Assistance in Areas of National Need (GAANN):** The GAANN program would be level funded at $29.3 million. The budget would use 80 percent of the requested funds to make 126 new awards, with the remainder used for continuing GAANN awards. The Administration proposed consolidating the GAANN and Javits Fellowship programs in its FY12 request and Congress responded by eliminating separate funding for the Javits program in the FY12 appropriations measure. Funds provided for the GAANN program in fiscal years 2013 and 2014 supported non-competing continuations for Javits fellows, with no new awards. FY14 is the final year of Javits continuations.

**Title VII and VIII Health Professions:** The request proposes $214.9 million for the Health Resources and Services Administration (HRSA) Title VII health professions programs, a $30.5 million (12 percent) decrease below the FY 2014 level. As the president proposed in FY 2014, the budget recommends eliminating funding for the Title VII Health Careers Opportunity Program (HCOP), a diversity pipeline program, and the Title VII Area Health Education Centers (AHEC) program.

For the Title VIII nursing workforce development programs, the request proposes $223.8 million, the same as FY 2014 levels.

**TAX POLICIES**

The FY15 budget includes several tax-related proposals of interest to research universities. The budget would make permanent the American Opportunity Tax Credit (AOTC), which is scheduled to expire on December 31, 2017. Additionally, it would improve coordination between the AOTC and the Pell Grant so that AOTC-eligible students and families would receive a greater tax reduction or increase in their tax refund. The budget would also exclude from taxable income student loan forgiveness for students in income-based or income-contingent repayment programs who have completed their payment obligations.

As the Administration proposed in previous years, the budget calls for capping the value of itemized deductions, including the deduction for charitable contributions to organizations such as colleges and universities, to 28 percent for high-income taxpayers. This 28-percent cap would also apply to other itemized deductions including: tax-exempt interest on municipal and private activity bonds, interest on student loans, employer sponsored health insurance, and retirement contributions.

The Office of Government and Community Affairs (OGCA) will keep you updated throughout the FY 2015 budget process. If you have any questions, please contact Steve Heuer at 202-654-8329 or at steve.heuer@nyu.edu.

For Additional Information:
- [Full Fiscal Year 2015 Budget Proposal](#)
- [Chart of AAU Funding Priorities](#)
- Inside Higher Ed, *The 2015 Budget, Real and Illusory* 
- Washington Post, *Breaking Down Spending in Obama’s Budget Proposal*