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FY2007 BUDGET RESOLUTION

The House and Senate are beginning to set a timetable for action on the FY2007 budget resolution. Senate Budget Committee Chairman Judd Gregg (R-NH) plans to report a budget resolution next week that will hold total discretionary spending near the \$870.7 billion ceiling set by the White House. A few weeks ago, House leaders had indicated that they planned to vote on their own budget plan before leaving for the March 20-24 recess.

However, it appears that many Members of Congress (faced with an election less than nine months away) are beginning to express a reluctance to move ahead with the tight fiscal restraints proposed by the President. Even Chairman Gregg blasted the President for “irresponsible” and “unrealistic” budget practices during the Budget Committee’s hearing with Office of Management and Budget officials. Chairman Gregg criticized the President’s plan to protect the military’s share of the President’s request through the use of emergency spending declarations (by requesting supplemental spending proposals) while subjecting general government programs to severe budget restraint. For example, the White House is preparing to send to Congress supplemental funding requests of roughly \$72 billion for military operations in Iraq and Afghanistan. This money is outside of the President’s FY2007 budget request to increase defense spending by 6.9 percent to \$439.3 billion.

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FY2007 APPROPRIATIONS PROCESS

Many on Capitol Hill are beginning to question whether there will be a repeat of last year’s success by House Appropriations Chairman Jerry Lewis (R-CA) and Senate Appropriations Chairman Thad Cochran (R-MS) in shepherding eleven FY2006 spending bills into law separately. Senior staffers do not expect much more than completion of the FY2007 Homeland Security and perhaps Defense spending bills before the scheduled October 6, 2006, adjournment.

Therefore, many are anticipating the seventh omnibus appropriations bill in nine years or a post-election session to complete work on the unfinished appropriations bills.

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INSIDE (The Beltway) SCOOP – Jon Retzlaff, Legislative Director

Lawmaker's focus on the ballot box traditionally shortens the legislative calendar and makes members of both parties less inclined to take up contentious legislation that could stir uneasiness with all or part of their constituency back home. For example, during the Budget Committee hearing with HHS Secretary Mike Leavitt, Chairman Gregg remarked that the President's proposal (included in his FY2007 Budget Request) to cut the growth of Medicare spending by \$36 billion over five years will not be politically possible during this election year. He has found very little support for the President's plan within his Republican caucus.

In addition, biomedical research supporters hope the Senate will follow their House counterparts and vote on legislation providing federal funding for embryonic stem cell research. However, it is unlikely that Senator Frist (R-TN) will bring this issue up during an election shortened legislative season. In fact, Sen. Frist has served notice that the Senate will be in session for only 117 days, including Mondays and Fridays, when very little legislative business is conducted.

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BILLS, BILLS, BILLS

This week's theme on Capitol Hill was science education. The Senate Health, Education, Labor and Pension Committee and the House Appropriations Subcommittee on Labor, Health and Human Services and Education held hearings to examine portions of the competitiveness bills that deal with teaching and science education. Since its release, the NAS report *Rising Above the Gathering Storm: Energizing and Employing America for a Brighter Economic Future* has generated a whirlwind of activity on Capitol Hill and within the Bush Administration.

Starting the year with the State of the Union address, President Bush laced his speech with calls for America to invest in science and technology to remain competitive in the global marketplace. "To keep America competitive, one commitment is necessary above all: We must continue to lead the world in human talent and creativity... Tonight I announce an American Competitiveness Initiative, to encourage innovation throughout our economy, and to give our nation's children a firm grounding in math and science," Bush stated. The President outlined an ambitious plan that included making permanent the research and development tax credit, encouraging more students to take math and science courses and increasing the federal government's investment in research. "I propose to double the federal commitment to the most critical basic research programs in the physical sciences

over the next 10 years.” Bush noted. “This funding will support the work of America's most creative minds as they explore promising areas such as nanotechnology, supercomputing, and alternative energy sources.”

Over on the other side of Pennsylvania Avenue, a flurry of activity is taking place with respect to President Bush’s American Competitiveness Initiative and the eight bills that have been introduced dealing with the competitiveness issue.

On Thursday, March 1, 2006 the House Republicans introduced their competitiveness agenda, titled The Innovation and Competitiveness Act. Participants included House Speaker Dennis Hastert (R-IL), Majority Leader John Boehner (R-OH), Majority Whip Roy Blunt (R-MO) and House High Tech Working Group Chairman Bob Goodlatte (R-VA). The Republican plan calls for increased investments in mathematics and science education, a permanent research and development tax credit, an overhaul of the legal system, and increased use of health care information technology. This plan comes nearly five months after Democrats unveiled their innovation agenda, which can be found [here](#).

RECENT HEARINGS

Senate Budget Committee Hearing on HHS’ FY2007 Budget

On March 1, 2006, the Senate Budget Committee (Senator Judd Gregg [R-NH], Chairman) held its HHS Overview hearing on the FY2007 Budget, with Secretary Michael Leavitt testifying. Chairman Gregg remarked that HHS’ discretionary budget is very restrictive. The budget reduces HHS’ discretionary spending by \$1.5 billion when compared with FY2006. However, Senator Gregg expressed concern with the high rate of growth in Medicare and Medicaid spending. Medicare will amount to 8.4 percent of the Gross Domestic Product (GDP) by 2040 (currently it is running at 3.4 percent of the GDP).

Ranking Member Byron Dorgan (D-ND) said that he did not hold the budget in high regard. Senator Dorgan asked Secretary Leavitt if we are doing everything we can to address the Avian Flu issue. Secretary Leavitt responded in the affirmative.

During his introductory statement, Secretary Leavitt outlined the principals he asked his staff to consider as they constructed the budget. These principals included:

- 1) Target investments as opposed to distributing proportionally
- 2) Emphasize prevention
- 3) Concentrate on delivering services more than building infrastructure
- 4) Promote consumer choice and markets
- 5) Invest in new technologies and risk
- 6) Reward efficiency

UPCOMING HEARINGS

- March 7 **The House Government Reform Subcommittee to Hold Hearing on South Korea Cloning Controversy** – The House Government Reform Subcommittee on Criminal Justice, Drug Policy, and Human Resources (Representative Mark Souder [R-IN], Chairman) will hold a hearing entitled “Human Cloning and Embryonic Stem Cell Research After Seoul: Examining Exploitation, Fraud and Ethical Problems in the Research.” Dr. James Battey, Director, NIDCD, and Chair, NIH Stem Cell Task Force, has been invited to testify. The HHS Office of Research Integrity and the HHS Office of Human Research Protections have also been invited to testify. [Gemma Flamberg]
- March 8 **House Appropriations HHS Overview Hearing** – The House Appropriations Subcommittee on Labor, HHS, Education (Representative Ralph Regula [R-OH], Chairman) will hold its overview of the FY2007 President’s Budget for the Department of Health and Human Services, with Secretary Michael Leavitt testifying.
- March 15 **RESCHEDULED – Senate Appropriations HHS Overview Hearing** – The Senate Appropriations Subcommittee on Labor, HHS, Education (Senator Arlen Specter [R-PA], Chairman) will hold its overview of the FY2007 President’s Budget for the Department of Health and Human Services, with Secretary Michael Leavitt testifying.
- March 16 **House Appropriations NIH Overview Hearing** – The House Appropriations Subcommittee on Labor, HHS, Education (Representative Ralph Regula [R-OH], Chairman) will hold its overview of the FY2007 President’s Budget for NIH. Dr. Elias Zerhouni, Director, NIH, will testify.
- March 29 **RESCHEDULED – Senate Appropriations Overview Hearing** – The Senate Appropriations Subcommittee on Labor, HHS, Education (Senator Arlen Specter [R-PA], Chairman) will hold its overview of the FY2007 President’s Budget for NIH. Dr. Elias Zerhouni, Director, NIH, will testify.

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CONGRESSIONAL SCHEDULE

The Senate and House are in session. The next recess for both is scheduled for March 20-24 for the St. Patrick's Day district work period.

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