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March 12, 2018

## CALIFORNIA CONGRESSIONAL DELEGATION

Dear Members of Congress:

As Congress begins work on appropriations for fiscal year (FY) 2019, the University of California (UC) urges your full support for federal programs that are critical to the University's ability to successfully carry out its education, research, health care, and public service missions.

Through its partnership with the federal government, UC is an economic engine for California and the nation – educating the next-generation workforce, advancing scientific breakthroughs, and delivering cutting-edge medical care. The federal government provides support for UC in three crucial areas: student financial aid, research contracts and grants, and health care programs. Last year, UC's estimated total federal support was more than \$9.8 billion.

The attached document outlines the University's FY 2019 federal appropriations priorities. I would specifically like to call your attention to the following priorities that are of particular importance to the University of California:

### **Student Financial Aid**

Through its partnership with the federal government, UC has one of the nation's most robust student aid programs. The FY 2019 budget request proposes significant changes to federal financial aid programs that help keep higher education accessible and affordable. UC is concerned that the maximum Pell Grant award will no longer keep pace with inflation, and that support for low-income students is cut or eliminated in other programs, such as the Supplemental Educational Opportunity Grant (SEOG) and the Federal Work-Study (FWS) program. Thirty-eight percent of UC students qualify for Pell Grants, and in the 2016-17 academic year, 14,500 UC students received SEOG funds while more than 12,400 undergraduates, and nearly 800 grad students, benefited from FWS.

### **Basic and Applied Research**

Federal funds are the University's single most important source of support for research, accounting for nearly half of the University's research expenditures. In FY 2017, UC received more than \$2.9 billion in federal research support. UC researchers remain well-positioned to win competitive grants across the full spectrum of federal research. To strengthen its research capabilities to address national challenges, UC supports robust and sustained funding for the National Institutes of Health (NIH), National Science Foundation (NSF); the Departments of

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Defense, Energy and Agriculture; NASA; the Environmental Protection Agency; and the National Oceanographic and Atmospheric Administration (NOAA), among other key agencies.

UC is the largest single university recipient of funding from NIH and NSF, the two federal agencies principally responsible for academic research. In FY 2017, UC researchers successfully competed for more than \$1.9 billion in NIH awards to support biomedical research and training, and more than \$510 million in NSF awards in support of fundamental research across all scientific disciplines.

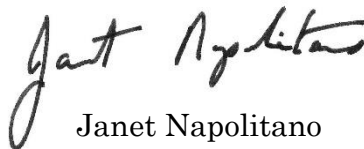
### **Public Health Services**

UC campuses and five medical centers, including our 12 public hospitals and six medical schools, are at the forefront of advances in public health, and they depend on robust and sustained funding to train world-class public health professionals. Proposed cuts to funding for key agencies and programs – including the Centers for Disease Control and Prevention and the Health Resources and Services Administration’s Title VII Health Professions Training and Title VIII Nursing Workforce Development programs – would weaken UC’s ability to treat the sickest patients and to serve as a vital safety net for Californians. UC is also concerned with the proposal to consolidate Graduate Medical Education (GME) spending across Medicare, Medicaid, and the Children’s Hospitals GME Program. Combining these programs into one capped grant program would result in substantial reductions to overall GME funding, thereby requiring states like California to reduce their number of medical residents at a time when the demand for more physicians is growing.

Thank you for your continued support of the University of California. The priorities outlined in the attached document are listed by appropriations subcommittee for your consideration. In addition, the document is available online at [www.ucop.edu/federal-governmental-relations/federal-budget/](http://www.ucop.edu/federal-governmental-relations/federal-budget/).

If you have any questions, please do not hesitate to contact me or UC Interim Associate Vice President for Federal Governmental Relations Chris Harrington. He can be reached at (202) 974-6314 or [Chris.Harrington@ucdc.edu](mailto:Chris.Harrington@ucdc.edu).

Yours very truly,



Janet Napolitano  
President

Enclosure

cc: Provost and Executive Vice President Michael Brown  
Interim Associate Vice President Chris Harrington



## University of California Fiscal Year 2019 Appropriations Priorities

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## SUBCOMMITTEE ON AGRICULTURE, RURAL DEVELOPMENT, FOOD AND DRUG ADMINISTRATION, AND RELATED AGENCIES

### DEPARTMENT OF AGRICULTURE (USDA), NATIONAL INSTITUTE OF FOOD AND AGRICULTURE (NIFA)

The University of California (UC) requests a \$200 million increase in NIFA Research, Education and Extension Programs that enable UC's partnership with California's agricultural producers to ensure a safe, secure and plentiful supply of food and energy, as well as clean and sustainable air, water and other natural resources. USDA funding also supports UC's effective nutrition education efforts throughout California. Programs vital to UC include:

#### Agriculture and Food Research Initiative (AFRI)

UC Request:	\$418 million
FY 2019 Budget Request:	\$375 million
FY 2017 Enacted:	\$375 million

UC supports \$418 million for the AFRI, which funds competitive research on human nutrition and health, agricultural productivity and sustainability, renewable energy and biofuels, water supply, and air and water quality. In the 2016-17 academic year, UC had 97 active AFRI projects, totaling \$108 million in competitively awarded funding to find cutting edge solutions for high-priority issues affecting California's rural and urban communities.

#### USDA Capacity Grants programs – Hatch Act, Smith-Lever 3(b)-3(c) and McIntire-Stennis Cooperative Forestry

	<u>Hatch Act</u>	<u>Smith-Lever 3(b)-3(c)</u>	<u>McIntire-Stennis</u>
UC Request:	\$291 million	\$358 million	\$40.6 million
FY 2019 Budget Request:	\$243.2 million	\$299.4 million	\$28.9 million
FY 2017 Enacted:	\$244 million	\$300 million	\$34 million

UC supports the above requested funding levels for the Hatch, Smith-Lever 3(b)-3(c) and McIntire-Stennis capacity grant programs, which are crucial to UC's agricultural research and extension work across every county in California. These programs enable UC to support California agricultural producers by improving varietal development, production efficiencies, cropping methods and conservation practices.

UC also supports robust funding for the Crop Protection/Pest Management (CP/PM) and Minor Crop Pest Management (IR-4) Program, as well as \$3 million for the Veterinary Services Grant Program, and \$2.5 million for the Food Avoidance Residue Databank.

#### Expanded Food and Nutrition Education Program (EFNEP)

UC Request:	\$68 million
FY 2019 Budget Request:	\$55 million
FY 2017 Enacted:	\$68 million

UC supports \$68 million for EFNEP, through which UC delivers hands-on, practical lessons on food, nutrition and healthy lifestyles to needy families. National studies show that for every \$1 invested in this Cooperative Extension program, approximately \$8 are saved in current and future health care costs for "at risk" populations.



## SUBCOMMITTEE ON COMMERCE, JUSTICE, SCIENCE AND RELATED AGENCIES

### NATIONAL AERONAUTICS AND SPACE ADMINISTRATION (NASA)

#### NASA Science Mission Directorate (SMD)

UC Request:	\$6.2 billion
FY 2019 Budget Request:	\$5.895 billion
FY 2017 Enacted:	\$5.765 billion

**UC supports \$6.2 billion for the NASA SMD**, which funds research on the Earth, our solar system and the universe. UC researchers are highly successful in competing for NASA research awards, further enabling them to be international leaders in astronomy, earth and space sciences. Within SMD, UC supports **\$2.03 billion for NASA Earth Science programs**, whose mission is to “develop a scientific understanding of the Earth system and its response to natural and human-induced changes...[which] enables us to improve prediction of climate, weather, and natural hazards.” UC also supports \$350 million for continued development of **the Wide Field Infrared Survey Telescope (WFIRST) mission** within the Astrophysics Exoplanet Exploration program, which NASA has referred to as “the highest-priority large mission in the [National Academies’] Decadal Survey.”

#### NASA Space Technology Programs

UC Request:	\$796 million
FY 2019 Budget Request:	\$0
FY 2017 Enacted:	\$687 million

**UC supports \$796 million for NASA Space Technology programs**, including innovation initiatives such as the Small Business Innovation Research (SBIR) and Small Business Technology Transfer (STTR) programs. Under these programs, UC and other academic institutions partner with NASA and other stakeholders to research and rapidly develop new space technologies. The President’s budget request proposes to merge Space Technology Programs into a new Exploration account.

#### Space Grant College and Fellowship Program

UC Request:	\$48 million
FY 2019 Budget Request:	\$0
FY 2017 Enacted:	\$40 million

**UC supports \$48 million for the Space Grant College and Fellowship Program**, a national network that gives students practical hands-on training in support of NASA’s aeronautics and space missions, and inspires them to pursue science, technology, engineering and mathematics (STEM) careers. Headquartered at UC San Diego, the California Space Grant Consortium engages 28 California affiliates, including nine UC campuses, 10 California State University campuses, three NASA centers and other universities.

### NATIONAL SCIENCE FOUNDATION (NSF)

UC Request:	\$8.456 billion
FY 2019 Budget Request:	\$7.472 billion
FY 2017 Enacted:	\$7.472 billion

**UC supports \$8.456 billion for NSF programs** supporting merit-reviewed, fundamental research across all areas of science, engineering and education in NSF’s seven research directorates and in cross-cutting research programs, including:



- Geosciences (GEO) – NSF’s GEO research directorate addresses critical earth, oceans and atmospheric processes that impact our economic and national security;
- Social, Behavioral and Economics (SBE) – multidisciplinary research promoting understanding of people through the study of human behavior and societal questions and problems;
- Understanding the Brain (UtB) – cognitive and neuroscience research enabling understanding of brain complexity, developing tools to assist in this research and training future neuro-engineers;
- Advanced Manufacturing – cutting-edge tools and techniques that will transform the fields of bioengineering, cyber-manufacturing, nanosystems design, and clean energy development; and
- Innovations at the Nexus of Food, Energy and Water Systems (INFEWS) – interdisciplinary research looking at the interconnections between these critical resource systems.

NSF sponsors about 20 percent of all merit-based university research across every discipline and helps to train and educate the next generation of the scientific and engineering workforce. California researchers compete very well for NSF funding. In FY 2017, UC researchers successfully competed for \$515 million in NSF funding on 1,330 grant awards, Historically, UC’s NSF research funding represents more than half of the total for all California institutions.

Within the Major Research Equipment and Facilities Construction (MREFC) account, **UC supports the budget request of \$48.82 million for the Large Synoptic Survey Telescope (LSST)**. In addition, **UC supports \$500,000 for LSST operations**, as requested under the Research and Related Activities account. UC Davis, UC Santa Cruz and the Lawrence Livermore National Lab are major scientific partners for the LSST, which was ranked as the top large ground-based astronomy project by the National Research Council’s 2010 Decadal Survey.

NSF Education and Human Resources programs achieve excellence in STEM at all levels – including graduate and undergraduate education – contributing to a well-trained scientific workforce. Among them, the **Graduate Research Fellowship Program (GRFP)** provides critical support for the nation’s top graduate students’ research studies. In 2017, 262 UC graduate students from the 10 UC campuses earned prestigious GRFP fellowships – nearly 13 percent of the total awards for that year. UC students and campuses are also strongly represented in the **Innovation Corps (I-Corps)** programs, whose purpose is to strengthen the national innovation ecosystem to carry fundamental research discoveries into technologies, products, processes and services that benefit society. UC also participates in and supports the **INCLUDES program** – an initiative to develop science and engineering talent across all sectors of society, including underrepresented groups.

## DEPARTMENT OF COMMERCE, NATIONAL OCEANOGRAPHIC AND ATMOSPHERIC ADMINISTRATION (NOAA)

**UC supports the highest possible funding levels for extramural NOAA research programs on climate, weather, water and ocean observing, including:**

### Office of Oceanic and Atmospheric Research (OAR)

UC Request:	\$549 million
FY 2019 Budget Request:	\$322 million
FY 2017 Enacted:	\$477.7 million

**UC supports \$549 million for OAR research programs.** UC researchers rely on NOAA competitive research funding for the collection of climate, weather and water data, including ocean observing for accurate weather forecasting, which is essential to California agriculture, energy and fisheries. UC also



contributes to national priorities for world-class weather, atmospheric, water and drought research and observations that are vital for effective disaster preparedness, as well as the mission needs of the U.S. Navy, NASA and other federal agencies.

Within OAR, **UC supports robust funding for climate, weather and oceans research programs, including: \$66.25 million for the Competitive Research Program, \$38 million for the Regional Climate Data and Information Program, \$74.3 million for the Climate Laboratories and Cooperative Institutes, \$52.8 million for Sustained Ocean Observations and Monitoring, \$16.2 million for the US Weather Research Program, and \$11 million for the Integrated Ocean Acidification Program.** Historically, UC receives about 10 percent of this funding annually. This account also funds the **National Integrated Drought Information System (NIDIS)** and the **Regional Integrated Sciences and Assessments (RISA)** programs, which provide dynamic and accessible drought information for the nation, and support research teams that work with public and private users to build our capacity to prepare for and adapt to environmental variability and change.

**National Sea Grant College Program, OAR**

UC Request:	\$85 million
FY 2019 Budget Request:	\$0
FY 2017 Enacted:	\$63 million

**UC supports \$85 million for the National Sea Grant College Program**, a university-based coastal and marine research network, which facilitates knowledge transfer from researchers to the marine industry and the public. Based at the UC San Diego Scripps Institution of Oceanography, California’s Sea Grant Program sponsors research and extension activities involving public and private institutions throughout the state.

**Office of Marine and Aviation Operations (OMAO), Procurement, Acquisition and Construction (PAC)**

UC Request:	\$103 million
FY 2019 Budget Request:	\$87.9 million
FY 2017 Enacted:	\$86.7 million

**UC supports \$103 million for the OMAO, including \$3 million for Increased Winter Storm Observations.** The location, timing and intensity of heavy precipitation events on the US West coast are controlled largely by the characteristics of land-falling atmospheric rivers (ARs). There is a pressing need to improve prediction of ARs to support water management and flood control information needs – as revealed by the Oroville Dam Spillway event. Enhanced observations, modeling and data assimilation are critical to improving predictability of AR landfalls with lead times of weeks to months.

**Regional Integrated Ocean Observing System (IOOS) in the National Ocean Service**

UC Request:	\$37.7 million
FY 2019 Budget Request:	\$19.4 million
FY 2017 Enacted:	\$30.7 million

**UC supports \$37.7 million for the Regional Integrated Ocean Observing System (IOOS).** IOOS involves 17 federal agencies and a national network that provide new tools and forecasts for maritime commerce, fisheries, aquaculture, offshore energy, coastal communities, public health and other users’ needs. UC is active in two systems, the Central and Northern California Ocean Observing System (CeNCOOS) and the Southern California Coastal Ocean Observing System (SCCOOS).





## SUBCOMMITTEE ON DEFENSE

### DEPARTMENT OF DEFENSE (DOD)

#### Basic Research (6.1)

UC Request:	\$2.371 billion
FY 2019 Budget Request:	\$2.269 billion
FY 2017 Enacted:	\$2.276 billion

**UC supports \$2.371 billion for Defense 6.1 Basic Research within a total request of \$14.617 billion for the Defense Science and Technology (6.1-6.3) research and development portfolio.** This ratio will help to ensure a balanced research and development pipeline that is vital to our national security. Conducted by the Army, Navy, Air Force and the Office of the Secretary, Defense Basic (6.1) and Applied (6.2) research programs fund the largest share of DOD-sponsored university research, especially in the physical and computer sciences and engineering. The UC research partnership with DOD spans more than 50 years and has led to a wide range of technological innovations, including new advanced materials, communications and computing, and life-saving medical discoveries and technologies.

Within the Defense Science and Technology portfolio, **UC supports:**

- **\$3.44 billion for the Defense Advanced Research Projects Agency (DARPA)**, which invests in high-risk, high-reward research to develop breakthrough military capabilities;
- **\$124.6 million for Army University and Industry Research Centers (PE 0601104A)**, including:
  - **\$6 million for the Army University Affiliated Research Center (UARC) – the Institute of Collaborative Biotechnologies** – at UC Santa Barbara, and **\$18 million in line J13 for University and Industry Initiatives**; and
  - **\$17.5 million for the Army Capability Accelerator**, a partnership involving UC Berkeley to promote technology-focused entrepreneurship addressing national security challenges;
- **\$506.6 million for Navy Defense Research Science Programs (PE 0601153N)**, which support scientific study and experimentation to increase knowledge and understanding in national security-related aspects of physical, engineering, environmental and life sciences.
- **\$139.4 million for Navy University Research Initiatives, including an increase of \$20 million for the Defense University Research Instrumentation Program (DURIP) (PE 0601103N)**;
- **\$57.9 million for Ocean Warfighting Environment Applied Research, including an increase of \$10 million for Research at Sea in support of Task Force Ocean priorities and an increase of \$5 million for Naval Special Warfare Research and Development (PE 0602435N)**; and
- **Funding for ongoing and new DOD advanced manufacturing innovation institutes**, under the **Manufacturing USA program**.

Defense Basic Research accounts also support education and training for students who will become DOD's future scientific and technological workforce. UC supports the highest possible funding levels for the **National Defense Education Program and the National Defense Science and Engineering Graduate Fellowships program**. UC researchers also provide vital information through the social science research **Minerva Initiative**, which deepens our understanding of the cultural and political conditions in areas of the world of strategic importance to our national security.





## SUBCOMMITTEE ON ENERGY AND WATER DEVELOPMENT, AND RELATED AGENCIES

### DEPARTMENT OF ENERGY (DOE)

#### Office of Science (OS)

UC Request:	\$5.85 billion
FY 2019 Budget Request:	\$5.391 billion
FY 2017 Enacted:	\$5.392 billion

**UC supports \$5.85 billion for the DOE OS**, the primary federal agency supporting basic physical sciences research, which are vitally important to our country's economic and national security. OS research at UC includes: basic energy sciences, advanced clean energy sources, energy efficiency technologies, biological and environmental research, high performance scientific computing, new materials, engineering and STEM education and fellowship programs. UC researchers also collaborate at DOE's 17 world-class national laboratories with access to the largest collection of major scientific user facilities in the world. Collectively, these facilities serve over 32,000 university researchers, students and industry scientists every year.

Within OS, **UC supports research programs and scientific infrastructure investments that are fundamental to U.S. innovation leadership**, including:

- **\$100 million for Berkeley Lab's National Energy Research Scientific Computing Center and \$79 million for the Energy Sciences Network (ESnet)**, which play vital roles in the nation's high-performance computing and advanced computing networking ecosystem (Advanced Scientific Computing Research, ASCR);
- **\$50 million to keep the upgrade of the Lawrence Berkeley National Laboratory (Berkeley Lab) Advanced Light Source (ALS-U) on schedule** (Basic Energy Sciences, BES);
- **Robust funding for the Energy Frontier Research Centers (EFRCs)**, which are partnerships focused on grand challenges and use-inspired basic research, **and for the Energy Innovation Hubs** – centers that combine basic and applied research with engineering to accelerate scientific discovery on critical energy issues. These programs support multidisciplinary collaborations that enable UC faculty and students to work with federal laboratories and industry scientists (BES);
- **\$311 million for Earth and Environmental Systems Science**, including **\$100 million for the Bioenergy Research Centers (BRCs)**, as well as funding to support the following three initiatives led by the Berkeley Lab:
  - **\$5.8 million for Next Generation Ecosystem Experiments (NGEE) – Tropics**;
  - **\$6.8 million for the Watershed Function Scientific Focus Area (SFA)**; and
  - **\$5.7 million for the AmeriFLUX Long-Term Earth System Observations** (Biological and Environmental Research, BER); and
- **\$1 million for the Biological and Environmental Program Integration Center (BioEPIC)**.

#### Advanced Research Projects Agency-Energy (ARPA-E)

UC Request:	\$350 million
FY 2019 Budget Request:	\$0 million
FY 2017 Enacted:	\$306 million

**UC supports \$350 million for ARPA-E**, which funds technology concepts with potential to radically transform the energy sector, but are too early in development to attract private-sector investments. In less than a decade, ARPA-E has invested in more than 400 projects, leading to the creation of new



companies and attracting more than \$1.25 billion in follow-on private sector investment. UC researchers are among the most successful ARPA-E awardees.

**UC supports robust funding for several Office of Energy Efficiency and Renewable Energy (EERE) programs** that support UC and UC-affiliated labs to research, develop, demonstrate and deploy clean energy technologies, including:

- **\$272 million for the Advanced Manufacturing Office;**
- **\$200 million for the Building Technologies Office (BTO), including \$56 million for the Appliance Standards Program;**
- **\$310 million for the Vehicle Technologies Office, including \$28 million for the Clean Cities Program; and**
- **\$10 million for the Strategic Programs Office/International Initiatives.**

**UC supports ongoing efforts across multiple DOE offices to address “energy-water nexus” issues** related to the interconnections between our nation’s energy and water systems, **including \$20 million for the Clean Water Hub under the Advanced Manufacturing Office.**

**UC also supports \$238.5 million for the ongoing Subsurface Technology and Engineering Research [SubTER] Initiative,** which is focused on achieving transformational improvements in the ability to harness sustainable subsurface energy. The DOE offices of Fossil Energy, Nuclear Energy and EERE are involved in this ambitious scientific initiative.

## SUBCOMMITTEE ON HOMELAND SECURITY

### DEPARTMENT OF HOMELAND SECURITY (DHS)

#### Research, Development and Innovation, Science and Technology (S&T) Directorate

UC Request:	\$430.1 million
FY 2019 Budget Request:	\$289.7 million
FY 2017 Enacted:	\$430.1 million

#### University Programs, S&T Directorate

UC Request:	\$41.6 million
FY 2019 Budget Request:	\$21.7 million
FY 2017 Enacted:	\$40.5 million

**UC supports \$430.1 million for Research Development and Innovation programs and \$41.6 million for University Programs within the DHS S&T Directorate.** The S&T Directorate funds basic and applied research to develop advanced technologies and methodologies to protect the nation’s communities, ports, coasts, food supplies, borders and infrastructure. UC researchers have successfully competed for research grants on nuclear detection, food system protection, public health assessment and first responder safety. University Programs support collaborative, multi-disciplinary research at universities across the country that contribute to prevention and response to homeland security threats, as well as STEM education programs.



## SUBCOMMITTEE ON THE INTERIOR, ENVIRONMENT AND RELATED AGENCIES

### DEPARTMENT OF INTERIOR, U.S. GEOLOGICAL SURVEY (USGS)

#### USGS Earthquake Hazards Program (EHP)

UC Request:	\$70.2 million
FY 2019 Budget Request:	\$51 million
FY 2017 Enacted:	\$64.3 million

#### USGS Global Seismographic Network (GSN)

UC Request:	\$7.32 million
FY 2019 Budget Request:	\$4.93 million
FY 2017 Enacted:	\$6.65 million

**UC supports \$70.2 million for the USGS EHP and \$7.32 million for the GSN.** Within the EHP program, **UC requests \$16.1 million to fully develop and operate the West Coast earthquake early warning system.** UC scientists are also working to improve capabilities of the Central and Eastern United States Network (CEUSN). Effective earthquake preparedness and monitoring tools are critical to public safety in California and the nation. Researchers at UC and other California universities contribute greatly to the study and analysis of these Earth processes. **The GSN request will fund the remainder of a three-year, \$5.13 million next-generation sensor deployment effort.**

#### USGS State Water Resources Research Institutes (WRRI), Water Resources Research Program

UC Request:	\$9 million
FY 2019 Budget Request:	\$0
FY 2017 Enacted:	\$6.5 million

**UC supports \$9 million for the USGS WRRI Program,** which is the only federally supported, national network for applied water resource research, education, training and outreach. UC operates the California Institute for Water Resources (CIWR), which supports researchers in developing solutions to costly and difficult water problems in California. With ongoing drought and water management concerns, CIWR is actively engaged in providing information and resources to California producers, consumers, businesses, and state and local governments. CIWR maintains a [website](#) that is updated daily with flood- and drought-related information.

### NATIONAL ENDOWMENT FOR THE HUMANITIES (NEH)

UC Request:	\$155 million
FY 2019 Budget Request:	\$42.3 million
FY 2017 Enacted:	\$149.85 million

**UC supports \$155 million for the NEH,** which would provide critical support to the only federal agency dedicated to promoting and enhancing research, education and public programs in the humanities. UC researchers and scholars compete for NEH funds to strengthen teaching and learning; create new knowledge through extensive, in-depth study; and preserve and protect cultural and educational treasures. The UC Humanities Network supports, stimulates and facilitates excellence in humanities research across all 10 UC campuses. The network allows for important academic discourse, while promoting knowledge, discovery and modes of understanding that are crucial to California and its local and global communities. The President's budget request proposes the elimination of the NEH and only provides wind-down funding.



### NATIONAL ENDOWMENT FOR THE ARTS (NEA)

UC Request:	\$155 million
FY 2019 Budget Request:	\$29 million
FY 2017 Enacted:	\$149.85 million

**UC supports \$155 million for the NEA**, which is an independent agency dedicated to providing people across the U.S. with opportunities to participate in and experience the arts. NEA funding supports arts partnerships, special arts initiatives, individual projects and research in all 50 states that contribute to the strength and success of America’s neighborhoods, students, schools and cultural life. UC researchers and scholars compete for NEA funds, and successful NEA-funded projects benefit students and the public by providing access to art that would not otherwise be available in many California communities. The President’s budget request proposes the elimination of the NEA and only provides wind-down funding.

### ENVIRONMENTAL PROTECTION AGENCY (EPA)

#### EPA, Office of Science and Technology

UC Request:	\$746 million
FY 2019 Budget Request:	\$449 million
FY 2017 Enacted:	\$706 million

**UC supports \$746 million for EPA Science and Technology programs** to protect human health and the environment. EPA’s research programs – Air, Climate and Energy (ACE), Safe and Sustainable Water Resources (SSWR), Sustainable and Healthy Communities (SHC) and Chemical Safety for Sustainability (CSS) – fund foundational science related to chemical safety, land restoration, air and water pollution prevention and national security. UC researchers have current EPA research grants on issues such as nutrient transport in groundwater, the future use of pesticides in warming environments and environmental risks to children’s health.

## SUBCOMMITTEE ON LABOR, HEALTH AND HUMAN SERVICES, EDUCATION AND RELATED AGENCIES

### DEPARTMENT OF EDUCATION (ED)

#### Pell Grant Discretionary Appropriations

UC Request:	sums necessary to reach max award of \$6,180
FY 2019 Budget Request:	\$22.48 billion
FY 2017 Enacted:	\$22.48 billion

#### Pell Grant Maximum Award

UC Request:	\$6,180
FY 2019 Budget Request:	\$5,920
FY 2017 Enacted:	\$5,920

**UC supports a sufficient level of discretionary appropriations for the Pell Grant program to provide a “base” award of \$5,120 and a maximum award of \$6,180.**

The President’s budget request proposes flat funding for the Pell Grant program in FY 2019 with a base award of \$4,860. Accounting for the mandatory funding add-on of \$1,060 under the President’s budget request, the proposed maximum Pell Grant award in the 2019-20 academic year would be \$5,920.



UC supports the elimination of any rescissions to the surplus in Pell funding to protect the future integrity of the program. The university appreciates that year-round Pell Grants – first reintroduced in FY 2017 – are preserved in FY 2019.

More than 82,000 UC undergraduate students currently receive Pell Grants, which is a critical foundation for state and institutional aid UC students also receive. Currently, California residents with family incomes of up to \$80,000 receive aid that covers their tuition and nearly two-thirds of UC undergraduates receive grant assistance that allows them to cover part of the cost of food, housing and other expenses. All UC students are expected to contribute to their own cost of education with loans and earnings from work or savings. Without robust funding for Pell Grants, UC students would have to borrow more, work beyond what is considered manageable or take longer to complete their degrees.

**Supplemental Educational Opportunity Grant (SEOG)**

UC Request:	\$779 million
FY 2019 Budget Request:	\$0
FY 2017 Enacted:	\$733 million

**Federal Work-Study (FWS)**

UC Request:	\$1.01 billion
FY 2019 Budget Request:	\$500 million
FY 2017 Enacted:	\$990 million

**UC supports \$779 million for the SEOG program and \$1.01 billion for the FWS program.** These campus-based programs are essential to the network of federal, state and institutional support that ensures affordable access to a UC education for students from a broad range of income levels. The elimination of the SEOG program represents a loss of \$10.7 million to UC students, and the 50 percent cut in the FWS program will adversely impact more than 13,100 UC students. There is significant demonstrated need for strong and sustained funding for these programs.

**Federal Perkins Loan Program**

**UC supports \$250 million for Federal Perkins Loan cancellations.** These funds, at a minimum, should be appropriated to reimburse campuses for loan cancellations made when borrowers complete service, as required in the law. At the present time, the cumulative reimbursable cancellations owed to UC campuses by Department of Education totals approximately \$24 million.

**Student Loans**

**UC supports strong and sustained efforts to keep the cost of student loans manageable in the Direct Loan Program, and to ensure that the federal government can provide borrowers with the essential services they need. UC also supports the restoration of federal loan subsidies for graduate students and maintaining the subsidy for low-income undergraduate students.** Proposals that provide relief to needy students are the basis of the federal investment in federal student aid, and efforts to reform and streamline loan repayment plans and improve program effectiveness will benefit borrowers and the federal government.

**TRIO Programs**

UC Request:	\$1.07 billion
FY 2019 Budget Request:	\$950 million
FY 2017 Enacted:	\$950 million



### **GEAR UP**

UC Request:	\$375 million
FY 2019 Budget Request:	\$0
FY 2017 Enacted:	\$340 million

**UC supports \$1.07 billion for TRIO programs and \$375 million for GEAR UP programs.** These complementary and successful early intervention and academic preparation programs only reach a small fraction of eligible students, and should be expanded to allow further participation. Further, TRIO's Student Support Services program is specifically targeted to help low-income, first-generation students with undergraduate retention, transfer and completion success. At UC, 42 percent of undergraduate students are first-generation and 38 percent of undergraduate students qualify for Pell Grants. After facing significant cuts over the past several years, funding for these programs should be increased.

### **Aid for Hispanic-Serving Institutions (HSIs) – Title V**

#### **Part A – Strengthening Hispanic-Serving Institutions**

UC Request:	\$117.5 million
FY 2019 Budget Request:	\$0
FY 2017 Enacted:	\$117 million

#### **Part B – Promoting Postbaccalaureate Opportunities for Hispanic Americans**

UC Request:	\$22 million
FY 2019 Budget Request:	\$0
FY 2017 Enacted:	\$8 million

**UC supports \$117.5 million for Title V, Part A competitive grants to help HSIs** expand and enhance their undergraduate academic programs. **UC supports \$22 million for Title V, Part B**, which promotes postbaccalaureate opportunities for Hispanic Americans designed to help them succeed in graduate school. UC has several campuses that serve large percentages of Hispanic students and would be eligible to apply for these funds.

### **Teacher Preparation and Teacher Quality Programs**

**UC supports \$2.35 billion for Supporting Effective Instruction State Grants authorized in Title II of the reauthorized Elementary and Secondary Education Act and \$43.1 million in Teacher Quality Partnership Grants.** These funds improve teacher preparation programs and help recruit and train high-quality K-12 teachers. UC also supports robust funding for Department of Education programs that promote teacher quality, spark improvements in computer science instruction, promote preparation of STEM education teachers, support school leader training, enhance professional development and advance innovations in teaching and learning. These programs faced significant cuts – and in the case of Teacher Quality Partnership Grants, total elimination – in the President's budget request, undermining the university's ability to help address the growing shortage of high quality educators.

### **Title VI International Education Programs**

UC Request:	\$76 million
FY 2019 Budget Request:	\$0
FY 2017 Enacted:	\$72 million

**UC supports \$76 million for Title VI International Education programs.** At UC, Title VI supports research and expertise through National Resource Centers, which are important tools in serving the nation's economic, diplomatic, defense and national security needs. Title VI funding has suffered significant cuts in the past several years, yet additional Title VI funds are needed in our nation's





increasingly global economy to ensure a steady pipeline of individuals with global understanding and language proficiency across professions.

**Graduate Assistance in Areas of National Need (GAANN)**

UC Request:	\$41 million
FY 2019 Budget Request:	\$0
FY 2017 Enacted:	\$28 million

**UC supports \$41 million for graduate education support in the Department of Education** to drive excellence and innovation in business, science, academia and government. The continued erosion of federal graduate fellowship support over the past several years, including the elimination of GAANN, which awards fellowships to graduate students who contribute to federally-determined fields of national interest, has been devastating to the talented scholars who require this support to continue their work. A stronger national commitment to graduate education is needed to assure a continued pipeline of skilled workers in all sectors of the economy, as well as qualified professors who will mentor and train the teachers and students of tomorrow.

**Institute of Education Sciences (IES)**

UC Request:	\$670 million
FY 2019 Budget Request:	\$522 million
FY 2017 Enacted:	\$605 million

**UC supports \$670 million for IES programs.** The university is a major innovator in educational research and is continuously working to increase the knowledge base on teacher effectiveness and the science of learning, while working in K-12 schools to improve the quality of educational practice. UC researchers use competitive funds from IES to address the nation’s most pressing education needs, from early childhood to adult education, including increasing the number and quality of math and science teachers, improving teacher evaluations and the creation of successful professional development models.

**DEPARTMENT OF HEALTH AND HUMAN SERVICES, NATIONAL INSTITUTES OF HEALTH (NIH)**

**National Institutes of Health (NIH)**

UC Request:	\$38.44 billion
FY 2019 Budget Request:	\$35.5 billion
FY 2017 Enacted:	\$34.1 billion

**UC supports the highest possible funding for the NIH – at least \$38.44 billion,** which is critically needed to drive U.S. biomedical research progress with breakthrough scientific discoveries on cancer, the brain and precision medicine, and to achieve life-saving cures and treatments for chronic illnesses and life-threatening diseases. This request includes \$711 million provided through the multi-year 21<sup>st</sup> Century Cures Act. NIH research funding enables California’s biomedical research industry to remain a global innovation leader, and supports hundreds of thousands of jobs and economic growth in California and across the nation.

In FY 2017, UC researchers successfully competed for more than \$1.9 billion in NIH awards in support of biomedical research and training, nearly half of the amount awarded to all California research institutions.





**DEPARTMENT OF HEALTH AND HUMAN SERVICES, HEALTH RESOURCES AND SERVICES  
ADMINISTRATION (HRSA)**

**Title VII Health Professions Training**

UC Request:	\$336 million
FY 2019 Budget Request:	\$5 million
FY 2017 Enacted:	\$309.2 million

**UC supports \$336 million for the HRSA Title VII Health Professions Training Programs.** UC operates the largest health sciences and medical training program in the country with more than 14,000 students.

The Title VII medical education training and loan programs are critical sources of financial support for UC 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. UC trains half of California’s physicians, and of the medical students and residents educated in California, as many as 70 percent stay and practice in California. UC students who benefit from Title VII funding make a crucial difference in ensuring that residents of California’s medically underserved areas can see a physician. The President’s budget request proposal to eliminate all but \$5 million of Title VII funding in FY 2019 would substantially undermine UC medical students’ capacity to treat low-income individuals across thousands of miles of medically underserved areas. UC has a strong record of producing physicians who are committed to helping people with special needs and/or residing in medically underserved areas. In FY 2017, UC successfully competed for \$13.63 million in Title VII funding.

**Title VIII Nursing Workforce Development**

UC Request:	\$244 million
FY 2019 Budget Request:	\$83 million
FY 2017 Enacted:	\$229 million

**UC supports \$244 million for the HRSA Title VIII Nursing Workforce Development Programs,** which provide training for entry-level and advanced degree nurses to improve access to and quality of health care in underserved areas. These programs provide the largest source of federal funding for nursing education, including loans, scholarships, traineeships and programmatic support to many of the more than 1,600 nursing students who study in nursing programs located on four UC campuses (Davis, Irvine, Los Angeles, and San Francisco). In FY 2017, UC successfully competed for \$2.25 million in Title VIII funding. The proposed cut of \$146 million over the FY 2017 enacted funding level for the Nursing Workforce Development Programs would be detrimental to the nursing profession’s development and ensuring a growing number of older patients have access to nurses’ care.

With a nursing shortage in California expected to exceed 190,000 by 2030, and the need to address the nursing crisis in California and the rest of the country, \$244 million in Title VIII funding is necessary to sustain our critical nursing workforce.

**DEPARTMENT OF HEALTH AND HUMAN SERVICES, CENTERS FOR DISEASE CONTROL AND PREVENTION (CDC)**

**Center for Disease Control and Prevention (CDC)**

UC Request:	\$7.23 billion
FY 2019 Budget Request:	\$5.59 billion
FY 2017 Enacted:	\$7.25 billion



**UC supports \$7.23 billion in discretionary funding for CDC’s programs, minus the additional opioids allocation and funding from other sources.** The proposed cuts in the President’s budget request would threaten the capacity of UC campuses, which are at the forefront of public health, to fulfill UC’s tripartite mission of training the next generation of clinicians (including experts in public health), innovating biomedical discoveries and delivering high-quality patient care. Over the last 10 years, UC received about \$460 million from the CDC for a wide range of research, training and service projects. In addition to funds received directly from CDC, the university also receives sub-awards from non-federal sponsors with CDC contracts. Most of these sub-awards flow through the California Department of Public Health (CDPH). Over the last two years, UC received more than \$115 million in CDC sub-awards. By far the largest direct CDC awards made to UC are for AIDS/HIV prevention, care and relief in Africa through the President’s Emergency Plan for AIDS Relief program. Major CDC awards that flow through the CDPH are for the Communicable Disease Emergency Response program, with nearly \$49 million received in the last two years, and \$26 million for the California Cancer Registry.

UC campuses are at the forefront of advances in public health, and they depend on sustained and robust CDC funding to train world-class public health professionals who will mitigate the country’s public health crises. UC opposes the elimination of funding for the Prevention and Public Health Fund, which has expanded and sustained investments in public health that improve health outcomes and enhance health care quality. The fund invests in a broad range of activities including, but not limited to: community and clinical prevention initiatives, research, public health infrastructure, surveillance and tracking as well as immunizations and public health workforce training.

With five nationally acclaimed medical centers, and specifically, UCLA and UCSF medical centers’ location minutes from international airports that are common gateways to the U.S., UC depends on robust federal investment in public health and prevention efforts.

**National Institute for Occupational Safety and Health (NIOSH)**

UC Request:	\$339.12 million
FY 2019 Budget Request:	\$200 million
FY 2017 Enacted:	\$335.2 million

NIOSH is the primary federal agency dedicated to occupational injury prevention and control. The programs funded by NIOSH, which include scientific research, training and education activities support efforts to address occupational health and safety needs and improve working conditions. The President’s budget request, which proposes a \$135.2 million cut to NIOSH over the FY 2017 enacted funding level, would severely reduce funding for critical workplace injury prevention and control efforts, and would eliminate funding for extramural research programs, including for the NIOSH Education and Research Centers and the NIOSH Agriculture, Fisheries and Forestry Program. The proposed funding cut would also limit the effectiveness of the National Occupational Research Agenda. In order to ensure that adequate workplace safety related research and training activities can continue to occur, **UC urges Congress to retain funding for NIOSH at the level equal to the FY 2016 enacted level of \$339.12 million.**

**UC also urges Congress to reject the proposal in the President’s budget request to move NIOSH out of the CDC to the NIH.** Moving NIOSH to the NIH would undermine NIOSH’s role in training the next generation of occupational safety professionals and its ability to carry out its service-oriented mission of working with employers and workers to address workplace safety and injury prevention problems. Moving NIOSH to the NIH would also interfere with NIOSH’s traditional role of working directly with state health departments to carry out workplace safety research and service efforts related to workplace injury



prevention efforts, and leave NIOSH without the ability to continue to function as an independent service-oriented body specifically devoted to preventing workplace injuries.

**NIOSH Education and Research Centers (ERCs)**

UC Request:	\$29 million
FY 2019 Budget Request:	\$0
FY 2017 Enacted:	\$29 million

**UC supports \$29 million for the NIOSH ERCs.** The ERCs provide academic and research training programs in the occupational safety and health disciplines, as well as education and outreach programs to prevent workplace related injury and disease. UC operates two of the nation’s 18 ERCs – the northern California ERC based at UCSF and UC Berkeley, and the southern California ERC based at UCLA and UC Irvine.

The President’s budget request would eliminate funding for extramural programs at NIOSH resulting in the elimination of the ERC program, which focuses on preventing workplace injuries. UC urges Congress to retain funding for the ERC program at the \$29 million level which is equal to the FY 2017 enacted level.

**NIOSH Agriculture, Forestry and Fishing (AFF) Program**

UC Request:	\$25.5 million
FY 2019 Budget Request:	\$0
FY 2017 Enacted:	\$25.5 million

**UC supports \$25.5 million for the NIOSH AFF Program.** The AFF Program is the only substantive federal effort designed to prevent workplace injuries in the agricultural sector. UC operates one of the nine regional NIOSH AFF Centers, the Center for Agricultural Disease and Injury Research, Education and Prevention located at UC Davis.

The President’s budget request eliminates funding for extramural programs at NIOSH, resulting in the elimination of the AFF Program. UC urges Congress to retain funding for the AFF program at the \$25.5 million level which is equal to the FY 2017 enacted level.

**DEPARTMENT OF HEALTH AND HUMAN SERVICES, AGENCY FOR HEALTHCARE RESEARCH AND QUALITY (AHRQ)**

**Agency for Healthcare Research and Quality (AHRQ)**

UC Request:	\$454 million
FY 2019 Budget Request:	\$0
FY 2017 Enacted:	\$324 million

The President’s budget request proposes eliminating funding for AHRQ and integrating the agency’s activities within the NIH as the National Institute for Research on Safety and Quality (NIRSQ). NIRSQ would be funded at \$256 million in FY 2019, representing a drop from the \$324 million enacted in FY 2017. AHRQ serves a unique and necessary purpose, and its funding is not duplicative with the health services research funding provided to NIH. UC opposes integrating AHRQ’s activities into NIH if the move is intended to reduce funding for AHRQ’s current activities as well as diminish status for the health care quality and safety research that today’s AHRQ produces. UC attributes great value to keeping AHRQ’s work within a distinct agency under the Department of Health and Human Services (HHS) where its work product can continuously be elevated by the HHS secretary as policies are formulated and coordinated across all HHS agencies that affect health care delivery.



**UC supports funding of \$454 million for the AHRQ, the singular federal agency charged with improving the safety and quality of America's health care delivery system.** UC is concerned with annual reductions in AHRQ funding along with the Patient Centered Outcomes Research Institute's (PCORI) Patient Centered Outcomes Research (PCOR) Trust Fund expiring Sept. 30, 2019. Together, PCORI and AHRQ promote advances in health care safety and quality that must be maintained.

UC is a beneficiary of AHRQ grants. AHRQ provided funding to the UCLA Center for Health Policy Research to conduct the California Health Interview Survey (CHIS), the nation's largest state health survey and a critical source of data on Californians. CHIS provides representative data on all 58 counties in California, including a detailed picture of health and the health care needs of California's large and diverse population.

## SUBCOMMITTEE ON STATE, FOREIGN OPERATIONS AND RELATED PROGRAMS

### U.S. AGENCY FOR INTERNATIONAL DEVELOPMENT (USAID)

#### Higher Education Institutional Capacity Development Partnerships

UC Request:	\$35 million
FY 2019 Budget Request:	-
FY 2017 Enacted:	\$35 million

#### Feed the Future Food Security Innovation Labs

UC Request:	\$60 million
FY 2019 Budget Request:	-
FY 2017 Enacted:	\$50 million

**UC supports \$35 million for new Higher Education Institutional Capacity Development Partnerships and \$60 million for the Feed the Future Food Security Innovation Labs.** These USAID-university partnerships bring unparalleled research capabilities to the U.S. government's global development and food security initiatives. UC leads six of the 24 Innovation Labs, a network of U.S. colleges and universities that partner with institutions in developing countries to conduct research and training in order to develop agricultural practices and technologies to improve safe and sustainable food production.

## HEALTH CARE FUNDING

The President's budget request also includes unprecedented changes to existing programs that, if put into effect, would make sweeping changes to health care policy, adversely impacting UC's medical schools and hospitals along with safety net health care providers throughout the nation.

#### Consolidating Graduate Medical Education (GME) Funding into One Capped Grant Program

The President's budget request would consolidate GME spending across Medicare, Medicaid and the Children's Hospitals GME Program, resulting in a cut to federal GME spending of \$48.1 billion over 10 years. Total funds available for distribution in FY 2019 would equal the sum of Medicare and Medicaid's payments for GME in FY 2016, plus the FY 2016 spending level for Children's Hospitals GME, adjusted for inflation, with this amount growing only at Consumer Price Index for all urban consumers minus one percentage point each year. Payments would be distributed to hospitals by looking at the number of residents at a hospital, up to the hospital's existing residency cap, and the portion of the hospital's



inpatient days accounted for by Medicare and Medicaid patients. The new grant program would be jointly administered by the Centers for Medicare and Medicaid Services (CMS) and HRSA.

**UC strongly opposes consolidating existing GME program spending into one capped grant program.** As the most populous state in the country after New York, California educates the greatest number of medical residents in the country. Unfortunately, the number of medical residents UC trains greatly exceeds residency slot caps to which it is bound. Currently, because the UC system has exceeded its medical residency caps, it must spend nearly \$50 million annually to fund residency training for the 497 residency slots exceeding its cap. Additionally, UC must assume one-third of the \$150,000 cost to train each medical resident, resulting in as much as an additional \$126 million annually that it must absorb in medical resident training costs.

Nearly half of California's overall number of medical residents, roughly 5,000, are enrolled in UC-sponsored residency and affiliated family medicine programs. The recent establishment of new medical schools along with rapid enrollment expansion in medical schools across the country has resulted in increased demand for residency training. California needs more residency training slots to train additional primary care physicians to meet the needs of the state, particularly in rural and underserved communities. There are fewer residency programs in rural northern California, the Central Valley and the Inland Empire. Moreover, with 54 of California's 58 counties including a federally designated health professions shortage area, California cannot afford to train the next generation of physicians with less federal GME funding.

Combining the three programs into one GME grant program would result in substantial reductions to overall GME funding, thereby requiring states like California to reduce the number of residents at a time when the demand for physicians is growing. Cutting overall GME funds would also hurt the economy. For each dollar the federal government cuts in indirect GME payments, a teaching hospital's state economy loses \$3.84, according to a study conducted for the Association of American Medical Colleges.

#### **Eliminating the Medicaid Expansion and Reconfiguring Medicaid Financing**

The President's budget request includes legislative proposals to overhaul Medicaid, including elimination of the Affordable Care Act's (ACA's) Medicaid expansion and restructuring Medicaid so it is financed via state block grants and then per capita caps for individual Medicaid enrollees. The administration assumes these changes would result in a net savings to the federal budget of \$1.438 trillion over 10 years.

**UC strongly opposes eliminating the ACA's Medicaid expansion and/or restructuring Medicaid financing.** UC Health, as a system comprised of 12 public hospitals, ranks second in the state of California for the volume of Medicaid services it delivers. The Medicaid expansion has resulted in an extra 3.7 million Californians obtaining access to health care coverage. Under existing Medicaid financing, California has among the lowest Medicaid provider payment rates in the country, thereby already limiting the number of providers who will accept Medicaid patients. As a public health care system, UC has a duty to provide high quality care to all Medicaid patients needing services. UC's capacity to fulfill its tripartite mission of caring for patients, training the next generation of physicians and other health care providers, and innovating medical cures would be greatly compromised were the Medicaid expansion to be eliminated and/or the system for financing Medicaid restructured with states receiving block grants with a per capita cap for each Medicaid enrollee.

#### **Changes to Calculating Uncompensated and Charity Care**

The President's budget request would remove uncompensated care payments from Medicare's Inpatient Prospective Payment System (IPPS) and establish a new process to distribute uncompensated care payments to hospitals based on their share of charity care and non-Medicaid bad debt, as reported on the





S-10 Worksheet of the Medicare cost report. This change is estimated to result in \$138.4 billion less in Medicare spending over 10 years.

**UC strongly opposes removing uncompensated care payments from Medicare’s IPPS and establishing a new process to distribute such payment to hospitals based on their share of charity care and non-Medicaid bad debt.** UC’s 12 public hospitals deliver very high levels of uncompensated care. For four of UC’s five medical centers, Medicaid is the payer for as much as 40 percent or more of all inpatient days. If CMS were to distribute uncompensated care payments solely based on a hospital’s share of charity care and non-Medicaid bad debt, UC’s hospitals would have substantially less funding to fulfill their mission. UC believes that while charity care and non-Medicaid bad debt are important metrics of the care hospitals provide to underserved patients, they alone are insufficient metrics. Medicare reimbursement needs to account for hospitals’ Medicaid shortfalls, teaching costs, and research costs among other variables.

**Reducing Wholesale Acquisition Cost (WAC) Reimbursement for Part B Drugs**

The President’s budget request would reduce WAC reimbursement for Part B drugs by 3 percent to 103 percent, from the current 106 percent of WAC.

**UC opposes reducing WAC reimbursement for Part B drugs.** Higher drug costs complicate public hospitals’ capacity to use already scarce resources for delivery of necessary medical services. UC’s 12 public hospitals depend upon established Part B reimbursement levels to treat Medicare patients, many of whom suffer from highly acute medical disorders.

**Applying Site-Neutral Payment Policy to Exempted Hospital Outpatient Departments (HOPDs)**

The President’s budget request would seek to pay all hospital outpatient departments located off-campus at the physician office rates set forth in the Medicare Physician Fee Schedule, thereby undoing in calendar year 2019 the exemptions provided for off-campus HOPDs that were billing for services or under construction by Nov. 2, 2015. This proposal is expected to produce \$10 billion in Medicare savings over 10 years.

**UC opposes site-neutral payment policy, and specifically, applying it to off-campus HOPDs that have already legally been deemed exempt from receiving the lower non-Outpatient Prospective Payment System (OPPS) payment rates.** UC meets numerous underserved patients where they are by operating off-site HOPDs in addition to its 12 on-campus, public hospitals. Existing CMS regulations mandate that HOPDs comply with the heightened quality control standards required of hospitals.

So long as UC HOPDs must comply with the same heightened, and therefore expensive, regulatory standards as those required of its on-campus hospitals, UC opposes applying site-neutral payment policy to its off-campus HOPDs. Additionally, UC opposes this proposal for its violation of due process in so far as eliminating the exemptions for which UC justifiably qualified by having all of its off-campus HOPDs meet the Bipartisan Budget Act “mid-build” definition. Because UC HOPDs meet the criteria for being paid under the OPPS, they should remain eligible for OPPS payment rates.

**Paying Public Hospitals at Cost for Medicaid Services**

The President’s budget request proposes prohibiting Medicaid payments to public providers in excess of their costs. With UC ranking second across California in the volume of Medicaid service it provides, and California having one of the country’s lowest Medicaid provider payment rates, UC’s 12 public hospitals get paid significantly below actual cost for treating Medicaid patients.



**UC strongly opposes prohibiting Medicaid payments to public providers in excess of their costs.** Currently, UC incurs high Medicaid shortfalls, as its hospitals routinely serve as safety net institutions, accepting numerous Medicaid patients that many private health care providers will not treat.