

## Highlights

Citing the war on terrorism and a weak economy as justification for a return to deficit spending, President Bush's fiscal year (FY) 2003 budget proposal calls for tax cuts and large increases in discretionary spending to follow on even larger tax cuts and spending increases in FY 2002. The FY 2003 budget calls for overall increases for the federal investment in R&D, especially for the high-priority areas of defense, health, and homeland security. But in a repeat of last year's request, the increases would be concentrated in the Department of Defense (DOD) and the National Institutes of Health (NIH), leaving all other R&D programs with flat or declining funding overall.

- Because the DOD and the NIH are the two largest funding sources of federal R&D and are also high priorities for the Bush Administration, **total federal R&D would increase substantially in FY 2003 to a record \$112.0 billion**, \$8.9 billion or 8.6 percent more than FY 2002 (see Table II-1 and Chapters 1 and 2).
- As was the case last year, the proposed increases for DOD (\$5.2 billion) and NIH (\$3.7 billion) would make up the entire \$8.9 billion increase, leaving all other R&D funding agencies combined with barely the same amount as FY 2002. Unlike last year's request, when most R&D funding agencies would have seen their R&D funding decline, FY 2003 would see increases or decreases scattered even with agency portfolios as agencies prioritize in an environment of scarce resources (see Table II-1 and Chapters 1 and 2).
- Nondefense R&D would increase by 7.2 percent to \$53.3 billion. NIH would receive a 16.0 percent increase in its R&D funding to \$26.5 billion to complete the campaign to double the NIH budget between FY 1998 and FY 2003. **Excluding NIH, however, all other nondefense R&D would fall by 0.2 percent to \$26.8 billion**, a loss of \$56 million (see Table II-1 and Chapter 3).

### *Highlights*

- **Defense R&D** would increase 9.9 percent to reach \$58.8 billion, reflecting increased attention to DOD needs in a time of war. The entire \$5.2 billion DOD increase and more would go to development costs of new weapons and missile defense systems; DOD basic and applied research would both decline within a record-breaking proposed increase for the DOD budget as a whole (see Table II-2 and Chapter 6). Department of Energy (DOE) defense R&D would rise 2.8 percent to \$3.9 billion (see Table II-11 and Chapter 9).
- The federal investment in **basic research** would grow by 7.9 percent or \$1.9 billion to an all-time high of \$25.5 billion, primarily because of a 9.0 percent requested increase for basic research in NIH (see Table II-1 and Chapter 3). Total federal research (basic and applied) would climb by 6.5 percent to \$51.9 billion, but **total research excluding NIH would decline 0.2 percent** to \$26.3 billion.
- The AAAS analysis of the **outyear projections** in the FY 2003 budget shows that total R&D would increase to \$122.1 billion in FY 2007 under Bush Administration long-term budget plans, an 8.1 percent gain after adjusting for expected inflation (see Table I-11 and Chapter 3). NIH and DOD would be responsible for most of the increase.
- Within a flat funding environment, federal R&D in three interagency initiatives would increase (see Table I-10). Funding for the **National Nanotechnology Initiative** would climb 17.5 percent to \$710 million after an even larger increase last year (see Chapter 24). **Networking and Information Technology R&D** would increase by 2.5 percent to \$1.9 billion over seven agencies (see Chapter 23). And the ongoing **U.S. Global Change Research Program** would see its funding rise 2.6 percent to \$1.7 billion in FY 2003 (see Chapter 15). Another multi-agency effort, on counter-terrorism R&D, received an enormous funding boost to \$1.5 billion in FY 2002, nearly triple the FY 2001 funding level. In FY 2003, counter-terrorism R&D would increase again to a preliminary estimate of \$2.8 billion (see Chapter 2), with NIH taking over the role of lead agency, especially in bioterrorism (see Chapter 8).