

## Commerce R&D Gains in Final 2008 Budget

### AAAS R&D Funding Update on Commerce R&D in FY 2008 Final Appropriations

#### Highlights

- **The Department of Commerce's R&D programs are a high priority for Congress, with** increases for R&D in both the National Oceanic and Atmospheric Administration (NOAA) and the National Institute of Standards and Technology (NIST) despite tight fiscal limits in the 2008 omnibus appropriations bill. Total Commerce R&D would gain 6.5 percent or \$68 million to \$1.1 billion (see Table).

- **NIST R&D gains 4.7 percent to \$514 million, the same amount as the request, but Congress rearranged the Administration's priorities. Although earlier appropriations had Congress agreeing to proposed increases for NIST's intramural research** as part of the President's American Competitiveness Initiative (ACI), in the omnibus bill Congress flattened out intramural research in NIST's Scientific and Technical Research Services (STRS) to \$369 million (down 0.8 percent) in order to save the extramural Technology Innovation Program (TIP) from elimination and to boost construction funding. The Construction of Research Facilities (CRF) account would nearly triple to \$160 million in 2008, but would fund competitively awarded extramural construction grants and non-R&D external earmarks in addition to intramural construction.

- **Congress rejected proposed cuts in NIST's extramural programs.** Instead of eliminating NIST's extramural Advanced Technology Program (ATP) as requested, Congress gave the now-renamed TIP \$46 million (after rescissions) for its first full year, 40 percent off the last ATP budget. Congress also rejected a proposal to slash funding for the non-R&D Hollings Manufacturing Extension Partnership (MEP) program by half, and instead gave it \$90 million.

- Instead of a requested cut, **R&D in the National Oceanic and Atmospheric Administration (NOAA) would climb 7.6 percent to \$573 million in 2008 (see Table).** Although most of the increase would go to earmarks, oceans-related research and climate change research would gain strongly.

#### Commerce R&D in FY 2008 Final Appropriations

On December 26, President Bush signed into law the FY 2008 omnibus appropriations bill (HR 2764) that had cleared Congress a week earlier, bringing the 2008 appropriations process to a close. The omnibus bill included a final version of the FY 2008 Commerce-Justice-Science appropriations bill that was billions of dollars less than earlier House or Senate versions of the bill providing funding for the National Science Foundation (NSF), the National Aeronautics and Space Administration (NASA), and the Department of Commerce.

Nearly all the Department of Commerce's R&D portfolio comes from two very different science-oriented agencies, the National Oceanic and Atmospheric Administration (NOAA) and the National Institute of Standards and Technology (NIST). Commerce's February budget for 2008 proposed large increases for NIST's intramural programs, but sharp cuts in NIST extramural funding and a small cut in NOAA R&D. NIST's intramural programs benefited from the President's American Competitiveness Initiative (ACI) that was first previewed in the 2006 State of the Union address in response to a growing wave of concern about the state of U.S. innovation. The ACI proposed to double funding for three key physical sciences agencies over the next decade. NIST in Commerce is one of the three favored agencies (the others are the DOE Office of Science, and the National Science Foundation), and received a substantial increase in 2007 with another large increase proposed in 2008 after years of flat or declining funding, but only for its intramural

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programs. The Administration proposed steep cuts in NIST's extramural programs, and declining funding for NOAA R&D, whose portfolio is oriented toward environmental R&D rather than the physical sciences.

But Congress decided to award increases to both the intramural and extramural parts of the NIST portfolio and also NOAA. **Commerce R&D totals \$1.1 billion in the final 2008 appropriation, an increase of \$68 million or 6.5 percent (see Table).** While Congress trimmed the requested increases for NIST's intramural programs, Congress at the same time rejected proposed cuts in its extramural programs, and added millions of dollars to NOAA.

**NIST intramural research would stay flat at \$369 million** within the Scientific and Technical Research and Services (STRS) account instead of a large requested increase, while R&D facilities construction funding at NIST would nearly double to \$109 million. On the construction side, the large increase would allow for major renovations at NIST's Boulder (CO) site, repair for aging facilities, and continuing construction of NIST's Center for Neutron Research. But in a break from tradition, Congress added \$30 million to the normally intramural construction account specifically for new extramural laboratory facilities grants, to be awarded on a competitive basis to universities and other nonprofit research institutions performing R&D related to NIST activities. There would also be \$51 million in the construction account for non-R&D extramural earmarked projects for specific performers, bringing total Construction funding to \$160 million.

Congress boosted funding for both of NIST's extramural programs, one proposed for elimination and the other for near-elimination. The Bush Administration once again proposed to eliminate NIST's extramural Advanced Technology Program (ATP), as it had in the past several budget requests, and in a repeat of past years Congress has saved it. The ATP was restructured and renamed the Technology Innovation Program (TIP) in the August 2007 America COMPETES Act; the new TIP receives a 2008 appropriation of \$46 million, down 40 percent from last year's ATP budget. In another repeat of previous requests, the request would have cut the non-R&D Hollings Manufacturing Extension Partnership (MEP) by 56 percent down to \$46 million, but Congress doubled the request to bring 2008 funding to \$90 million. MEP is a program to operate a nationwide network of extension centers to disseminate better manufacturing technologies to small- and medium-sized manufacturers on a cost-shared basis with state governments and with users.

**Congress added to the request to bring the NOAA R&D portfolio to \$573 million in 2008, an increase of 7.6 percent (see Table).** Nearly all of the additional congressional dollars would go to the NOAA's Office of Atmospheric Research (OAR), with particular attention to oceans and climate change research programs; Congress added \$13 million to the climate change research request to bring funding to \$206 million; within the program, competitive research grants for climate change research total \$130 million, up from \$126 million last year. In all, OAR R&D would climb 19 percent to \$334 million. Among ocean-related programs, the National Sea Grant College Program would hit \$57 million in 2008, after hovering near \$54 million for the last several years. Other oceans-related programs would also gain.

The omnibus bill contains an unusual provision, first introduced in the House, setting aside \$6 million of the NOAA appropriations specifically for the National Academy of Sciences (NAS) to establish a Climate Change Study Committee to investigate issues related to global climate change and to make recommendations on policy responses within two years of the committee's formation. Although congressionally requested NAS studies are far from unusual, it is unusual for such a study to be funded explicitly in a bill's legal text with a specific amount.

### **Impacts of Commerce R&D**

**The increases in final 2008 appropriations for NIST and NOAA's R&D programs would result in a turnaround from the steady fall in Commerce R&D for most of this decade (see Figure 1).** Since 2002, the Commerce R&D budget has declined in real terms every year; while the final 2008 appropriation would be a boost, Commerce R&D would only return to the 2006 funding level and would remain far below the funding levels of previous years.

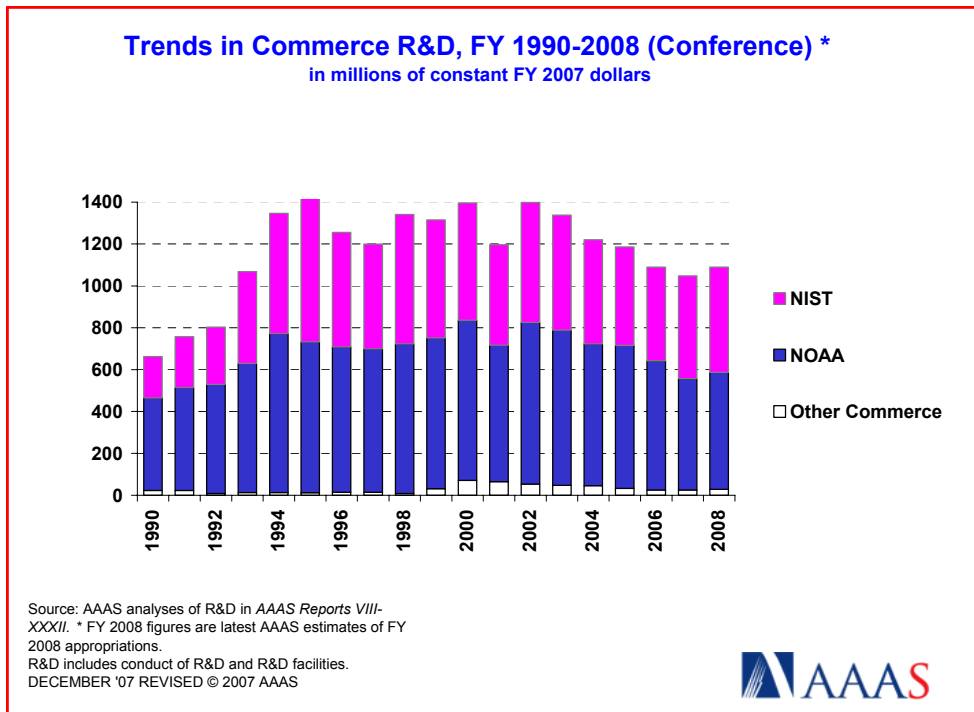


Figure 1. (click on the image for PDF)

(This analysis is one of a series of AAAS R&D Funding Updates on FY 2008 congressional appropriations. The complete series of AAAS R&D Funding Updates, including continually updated analyses of R&D in FY 2008 appropriations, is available on the AAAS R&D Web Site (<http://www.aaas.org/spp/rd>) in the “FY 2008 R&D” or the “What’s New” sections.)

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Table. Dept. of Commerce R&amp;D in FY 2008 House-Senate Conference

**Table. Department of Commerce  
House-Senate Conference on R&D in the FY 2008 Budget  
(budget authority in millions of dollars)**

	FY 2007 Estimate	FY 2008 Request	House-Senate Conference				
			FY 2008 CONF.	Chg. from Request Amount	Chg. from Request Percent	Chg. from FY 2007 Amount	Chg. from FY 2007 Percent
National Oceanic and Atmospheric Administration (NOAA):							
National Ocean Service	65	36	42	6	16.4%	-23	-34.7%
National Marine Fisheries Service	42	42	42	1	1.6%	0	0.9%
Oceanic and Atmospheric Research	281	300	334	35	11.5%	53	18.9%
National Weather Service	24	23	23	0	-0.3%	-2	-6.5%
National Env. Satellite and Data Info.	24	27	27	-1	-3.1%	2	9.3%
All Other NOAA R&D	95	100	104	5	4.6%	9	9.4%
<b>TOTAL NOAA R&amp;D</b>	<b>532</b>	<b>528</b>	<b>573</b>	<b>45</b>	<b>8.5%</b>	<b>41</b>	<b>7.6%</b>
National Institute of Standards and Technology (NIST):							
Scientific & Technical Research	372	420	369	-50	-12.0%	-3	-0.8%
Tech. Innovation Program R&D 1/ Construction *	60	0	35	35	--	-25	-41.2%
	59	94	109	15	16.4%	51	86.2%
<b>TOTAL NIST R&amp;D</b>	<b>491</b>	<b>514</b>	<b>514</b>	<b>0</b>	<b>0.0%</b>	<b>23</b>	<b>4.7%</b>
<i>STRS Non-R&amp;D Activities</i>	60	81	71	-10	-12.0%	11	17.5%
<i>TIP Non-R&amp;D Activities 1/</i>	19	0	11	11	--	-8	-41.2%
<i>Non-R&amp;D Construction</i>	0	0	51	51	--	51	--
<i>Manufacturing Extension Partnership</i>	105	46	90	43	93.5%	-15	-14.3%
<i>Total NIST Budget</i>	<b>675</b>	<b>641</b>	<b>737</b>	<b>96</b>	<b>15.0%</b>	<b>62</b>	<b>9.2%</b>
Departmental Administration	1	1	1	0	0.0%	0	0.0%
Bureau of the Census	22	26	26	0	0.0%	4	18.2%
National Telecomm. and Info. Admin.	2	2	2	0	0.0%	0	0.0%
<b>Total Commerce R&amp;D</b>	<b>1,048</b>	<b>1,070</b>	<b>1,115</b>	<b>45</b>	<b>4.2%</b>	<b>68</b>	<b>6.5%</b>

AAAS estimates based on FY 2008 appropriations bills. Includes conduct of R&D and R&D facilities.

FY 2007 and FY 2008 request figures based on OMB R&D data and supplemental agency budget data.

Figures are rounded to the nearest million. Changes calculated from unrounded figures.

These figures have been revised since the publication of AAAS *Report XXXII: R&D FY 2008*.

1/ Renamed and restructured from the Advanced Technology Program. FY 2008 Conf. includes rescissions of ATP funds.

\* - Excludes non-R&D earmarks.

**December 17, 2007 - AAAS estimates of House-Senate Conference appropriations.**

**These appropriations may be rejected by the House or Senate, and may be vetoed by the President.**