

DOT R&D Could Rise 7 Percent, But Veto Looms

AAAS R&D Funding Update on DOT R&D in FY 2008 Conference Appropriations

Highlights

- Congress has reached a compromise on the **Department of Transportation's (DOT) R&D funding for 2008, but with a promised presidential veto looming the DOT R&D total of \$852 million (up 7.3 percent) may not be the last word** (see Table). There would be cuts to aviation R&D combined with increases for highway R&D.

DOT R&D in FY 2008 House-Senate Conference Appropriations

On November 14, a House-Senate conference committee reached a compromise between House and Senate versions of the FY 2008 Transportation-Treasury appropriations bill (HR 3874) providing funding for the Department of Transportation (DOT) and other programs, which the full House quickly approved. But the Senate has postponed action until December, and in any case the bill has drawn a veto threat from President Bush for exceeding his budget request by several billions of dollars. As a result, the bill is likely to be renegotiated with lower funding levels and rolled into an omnibus appropriations bill. As it stands, the bill provides \$66.7 billion for DOT in 2008, \$3.5 billion more than the 2007 total and \$2.2 billion more than DOT's request (see Table).

The Department of Transportation (DOT) funds a broad range of highway, aviation, traffic safety, rail, transit, and marine transportation programs. **R&D is a relatively small part of a \$68 billion DOT budget and would total \$852 million in the FY 2008 conference appropriation, an increase of 7.3 percent or \$58 million over 2007 and \$39 million more than DOT requested (see Table).** Funding for aviation R&D would fall, but highway R&D would continue to increase by \$49 million to \$410 million. (For details of earlier House and Senate appropriations, see the July 18 AAAS R&D Funding Update. For details of DOT's request for R&D in 2008, see Chapter 12 of *AAAS Report XXXII: R&D FY 2008* or the March 2 AAAS R&D Funding Update.)

DOT programs are operating under a transportation authorization bill signed into law in August 2005 that dramatically increases highway R&D funding beginning in 2006 and extending through 2009. Nearly all the funds from the transportation authorization bill go to the Federal Highway Administration (FHWA) for state and local road projects, mostly in formula distributions. FHWA's R&D portfolio is a mixture of formula funds for state transportation R&D, earmarked R&D projects, and intramural research. The highway bill helped FHWA R&D climb in 2006 and 2007 to record highs, and the 2008 budget would sustain those increases with a \$410 million R&D investment, an increase of 13.7 percent. Congress would approve the full requested increase. The surface transportation research portfolio on highway safety, pavement technologies, highway operations, environmental impacts, and other road topics would increase \$20 million to \$136 million in FY 2008. The Intelligent Transportation Systems (ITS) portfolio of innovative technologies to improve traffic flow would also increase dramatically to \$84 million, up \$20 million. The FHWA budget also includes state highway R&D, distributed to state and local governments to support their R&D efforts, with a 5.7 percent increase to \$172 million.

Federal Aviation Administration (FAA) R&D would total \$274 million in 2008, a sharp cut of 9.7 percent or \$30 million. Congress would add to the requested increase for FAA's main Research, Engineering, and Development account, mostly to insert performer-specific R&D earmarks. The core R&D program would mostly stay even with current-year funding, but there would be increases for R&D on wake

turbulence, fire research and safety, and human factors. There would be steep cuts in other FAA R&D, mostly on advanced technology development for next-generation aviation systems.

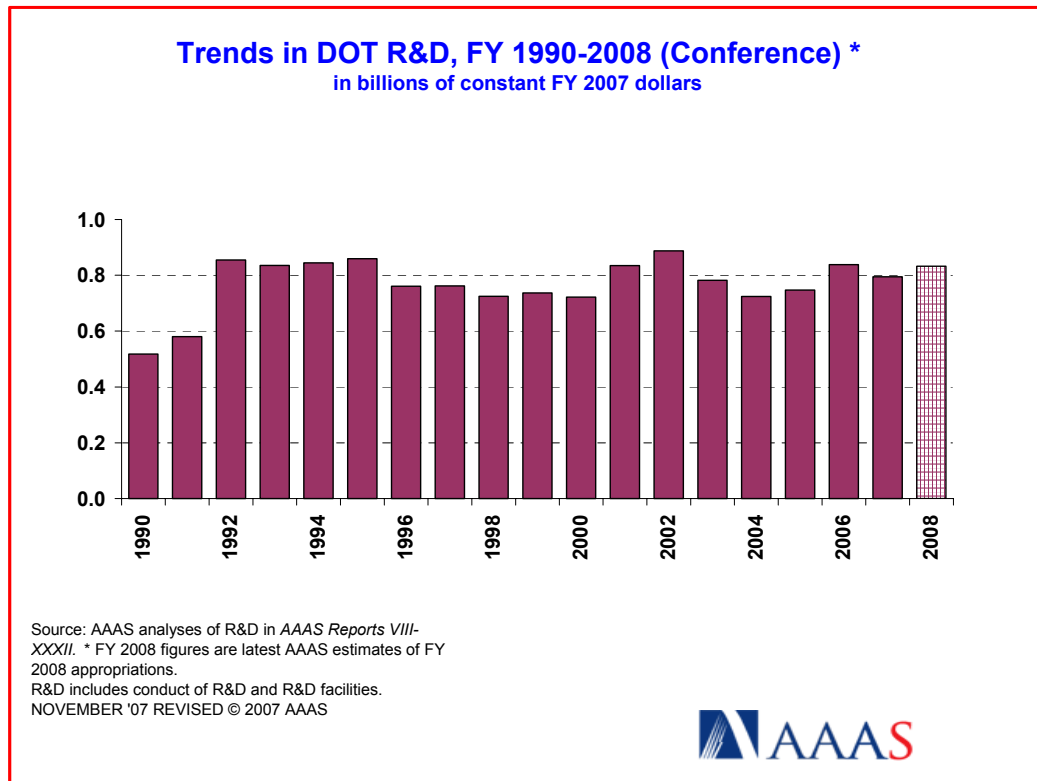


Figure 1. (click on the image for PDF)

Outlook and Impacts for the DOT Budget

Because of large increases for DOT R&D in FY 2001 and FY 2002 responding to the 9/11 terrorist attacks on U.S. aviation, DOT's support for R&D reached a peak in FY 2002, after adjusting for inflation (see Figure 1). But with the transfer of aviation security R&D to the Department of Homeland Security (DHS), DOT R&D declined sharply in FY 2003 and 2004 before rebounding, nearly reaching the peak funding level in 2006. The 2006 budget actually exceeded previous highs, however, after adjusting for the Coast Guard and FAA transfers to DHS. 2007 funding and the 2008 appropriation would retreat slightly from the 2006 peak.

Outlook and Next Steps

The full Senate is scheduled to debate the Transportation-Treasury conference report in December, but it is increasingly likely that the bill will be renegotiated to meet the President's objections and rolled into an omnibus appropriations bill covering most or all domestic programs.

(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.)

- November 16, 2007

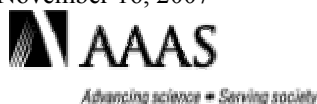


Table. Dept. of Transportation R&D in FY 2008 House-Senate Conference

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

	FY 2007 Estimate	FY 2008 Request	FY 2008 CONF.	House-Senate Conference			
				Chg. from Request		Chg. from FY 2007	
				Amount	Percent	Amount	Percent
Federal Aviation Administration	303	258	274	16	6.2%	-30	-9.7%
- Research, Eng. & Development	131	140	147	7	5.0%	16	12.0%
- Facilities and Equipment	97	108	117	9	8.4%	20	20.4%
- All Other	75	10	10	0	0.0%	-65	-86.5%
Federal Highway Administration	361	410	410	0	0.0%	49	13.7%
- Surface Transportation Res.	116	136	136	0	0.0%	20	17.0%
- Intelligent Transportation Sys.	64	84	84	0	0.0%	20	30.3%
- State Planning and Research	163	172	172	0	0.0%	9	5.7%
- All Other	17	18	18	0	0.0%	1	5.4%
Federal Transit Administration	10	13	17	5	36.6%	7	70.3%
Nat'l High. Traffic & Safety Adm.	58	66	69	3	5.3%	12	20.3%
Federal Railroad Administration	36	36	40	4	10.7%	4	10.2%
Office of the Secretary	5	9	14	5	53.6%	9	185.1%
Pipeline and Hazardous Materials	10	7	10	4	58.9%	0	0.6%
Research and Innov. Tech.	2	8	8	0	0.0%	6	253.1%
Federal Motor Carrier Safety Admin.	9	7	9	2	35.3%	0	2.3%
Total DOT R&D 1/	794	813	852	39	4.8%	58	7.3%
DOT Budget (includes R&D components) 1/ :							
Federal Aviation Administration	14,482	14,077	14,633	556	3.9%	151	1.0%
Federal Highway Administration	36,255	37,915	38,766	852	2.2%	2,511	6.9%
Federal Transit Administration	9,010	9,422	9,620	198	2.1%	611	6.8%
Federal Railroad Administration	1,478	1,072	1,656	585	54.6%	178	12.0%
All Other 2/	1,956	1,994	2,035	41	2.1%	79	4.0%
Total DOT Budget	63,181	64,479	66,711	2,232	3.5%	3,530	5.6%

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.

1/ Includes budget authority from appropriations, limitation on obligations from trust funds, and other budgetary resources.

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

2/ Includes Office of Secretary, NHTSA, Maritime Admin., RITA, Bureau of Transportation Statistics, and others.

November 16, 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.