

## Congress Wraps Up 2008 Funding, Moves To 2009

### AAAS R&D Funding Update on the 2008 Supplemental and 2009 Appropriations

(This analysis is an update on progress of the FY 2009 budget through Congress, and also an update of 2008 and 2009 appropriations. This analysis updates the recently released *AAAS Report XXXIII: Research and Development FY 2009*, a comprehensive look at the President's budget for R&D in FY 2009, **and is revised from an earlier May 21 analysis**. More tables and continually updated supplemental materials on R&D in the FY 2009 budget can be found on the AAAS R&D Web site at <http://www.aaas.org/spp/rd>.)

#### Highlights

- Congress is ready to finalize an additional \$2.4 billion for Department of Defense (DOD) weapons development in 2008 and 2009 as part of a war-related supplemental bill, and also \$338 million in domestic science funding for the current year.
- Congress is gearing up for the FY 2009 appropriations season. Armed with a budget resolution adding \$21 billion to the President's request for 2009 appropriations for a total of \$1.01 trillion, congressional appropriators have begun drafting program-by-program funding levels in 12 appropriations bills.

#### R&D in the FY 2008 Supplemental Appropriations Bill

This week, the Senate is scheduled to debate and likely give final approval to a \$187 billion 2008 and 2009 supplemental appropriations bill, primarily to pay for ongoing war costs. After the House and Senate approved separate versions of the bill in May, last week the House revised its version of the bill and approved it once more with the expectation that the Senate will approve it intact this week, sending the bill to the President for his expected signature.

Although supplementals normally pay for emergencies and other short-term expenses, **there is considerable R&D funding in the latest supplemental bill for both the current year and next year. The bill would give the Department of Defense (DOD) \$2.4 billion in R&D funding in FY 2008 and 2009**, almost entirely for development funding with a small portion for research. The bill would also give domestic science programs \$338 million in 2008 funding, down from \$900 million in an earlier Senate bill but up from nothing in an earlier House bill. Most of this money would go to R&D activities. The bill would give **the National Institutes of Health (NIH) \$150 million, and \$62.5 million each to the Department of Energy (DOE) Office of Science, the National Aeronautics and Space Administration (NASA), and the National Science Foundation (NSF).**

The inclusion of \$338 million in domestic science funding represents a partial payoff on long months of campaigning by the biomedical and physical sciences communities. NIH would receive \$150 million in the Office of the Director (OD), which would then distribute the funds to all the NIH institutes proportional to the institutes' 2008 allocations. DOE's Office of Science would receive \$62.5 million. Some of the money could go to Fusion so that the U.S. could rejoin the multi-national International Thermonuclear Experimental Reactor (ITER) fusion project; December's 2008 omnibus appropriations bill had originally zeroed out the U.S. contribution for 2008. But most of the Science resources are likely go to High Energy Physics to reverse some of the abrupt program cuts, project terminations, and national lab layoffs that resulted from the 2008 omnibus bill's funding cuts. NSF's Research and Related Activities (R&RA)

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account would receive \$22.5 million, to be distributed among all the research directorates to help boost current-year funding of research grants. NSF's Education and Human Resources (EHR) programs would receive \$40 million to supplement 2008 funding that fell short of authorized levels in the Robert Noyce Scholarship program, Graduate Research Fellowships, Graduate Teaching Fellowships, and the Federal Scholarship for Service. NASA would receive \$62.5 million to replenish science accounts that have been drained over the past several years to help pay for return to flight of the Space Shuttle after the *Columbia* disaster. In addition to the science funding above, DOE would also receive \$62.5 million for environmental cleanup activities, while the Food and Drug Administration (FDA) would receive \$150 million for its salaries and expenses.

Most of the defense R&D supplemental funds are part of the Pentagon's and Bush Administration's supplemental requests for 2008 and 2009. The latest supplemental bill would give DOD's RDT&E programs \$1.7 billion in 2008 R&D funding (\$163 million, Army; \$366 million, Navy; \$400 million, Air Force; \$817 million, Defense Wide) almost entirely for development ("6.3" and higher) activities plus \$365 million in 2008 applied research funding within Defense Health Programs for battle casualty and psychological health research, traumatic brain injury research, regenerative medicine, and disability evaluation research. The bill would also give DOD \$388 million for 2009 classified development funding (\$113 million, Army; \$72 million, Navy; \$203 million, Defense Wide), nearly identical to the Pentagon request. All of these figures would be reduced by 2.16% because of an across-the-board reduction inserted by the House last week, but the supplemental would still bring total DOD R&D funding in 2008 close to \$80 billion, a new record.

Although President Bush threatened to veto earlier versions of the bill for exceeding his requested levels and for adding billions of dollars in domestic spending, the Administration has indicated its willingness to sign this latest version of the supplemental into law. If the Senate approves this latest House-approved version unchanged, then the bill will go to the President for his signature; if the Senate amends the bill again, then it will have to go back and forth between the two chambers until an identical version passes both the House and the Senate.

### **R&D in FY 2009 Appropriations**

On June 5, the Congress reached final agreement on an FY 2009 budget resolution (S. Con. Res. 70), which allowed the House and Senate Appropriations Committees to begin work on FY 2009 appropriations. The budget resolution is an annual congressional document that represents the congressional response to the President's February budget request, and provides a big-picture budget framework for all later congressional budget decisions. For the federal R&D investment, nearly all of which is allocated through appropriations for discretionary spending, the budget resolution sets a total amount for all discretionary appropriations; working from that total, the Appropriations Committees spend the rest of the year dividing up that total among the 12 annual appropriations bills, and further dividing those totals into program-by-program funding levels for federal R&D and other discretionary programs.

The FY 2009 budget resolution allocates \$1,013 billion for regular (non-emergency) FY 2009 appropriations, \$21 billion more than the President's request (see Table). The budget assumes roughly the requested amount for defense discretionary programs, so the additional \$21 billion would go to shore up funding for nondefense programs. The additional money would allow nondefense programs overall to increase slightly ahead of inflation, instead of declining as in the President's request. Considering that historically federal R&D investments have been roughly 1 out of every 7 discretionary dollars, the budget resolution could mean \$3 billion or so more than the request for federal R&D programs on the domestic side.

The additional \$21 billion could go a long way toward turning some requested cuts into flat funding or increases. For the R&D investment, as reported in *AAAS Report XXXIII: R&D FY 2009*, the comprehensive analysis of the FY 2009 R&D request, the budget request proposes large increases for three signature Bush Administration priorities: research funding in the three physical sciences agencies of the American Competitiveness Initiative (ACI; NSF, DOE Office of Science, and the NIST laboratories), development

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funding in NASA for new human spacecraft, and development funding for new weapons systems in DOD. But within the overall declining nondefense budget, many other R&D programs would see their funding remain flat or fall in FY 2009, including most agricultural and environmental research programs, NIH biomedical research, and even non-priority funding within priority agencies such as NASA's research portfolio and NIST's extramural programs. The budget resolution's \$1.0 trillion total could allow appropriators to sustain requested increases for ACI and other programs, but also boost funding for NIH and other agencies.

Unfortunately, this scenario is exactly the same scenario as last year's 2008 process, when Congress went into the 2008 appropriations season with \$21 billion more than the President and proceeded to write 2008 appropriations bills shoring up funding for domestic programs proposed for steep cuts in the request while sustaining large R&D increases in the ACI agencies. But after actual and threatened presidential vetoes for appropriations bills that exceeded his request, Congress eventually gave up the extra \$21 billion and produced a December 2008 omnibus appropriations bill that stuck to the President's total and trimmed the ACI increases in order to increase funding for other areas. President Bush has once again threatened to veto any 2009 appropriations bills that exceed his request, so the conditions are ripe for another appropriations stalemate in the fall, with the only change a Congress already signaling its willingness to wait until a new President takes office in January to finalize 2009 appropriations, in the hope that he will be more willing to accept the additional \$21 billion in domestic appropriations than President Bush.

### **Appropriations Subcommittees: More for Science Programs Possible**

Last week, both the House and Senate Appropriations Committees released draft "302(b)" allocations, an initial division of the \$1,013 billion total for all 2009 discretionary spending among the 12 appropriations bills (see Table). At this point, the House and Senate allocations are different, although eventually they will be the same. These allocations give a preliminary indication of how Congress would like to allocate the additional \$21 billion it has given appropriators. Below are a short summary of selected appropriations bills and an analysis of the potential impacts of the new allocations.

**Commerce, Justice, Science (CJS)** – The CJS bill funds NSF, NASA, and the Department of Commerce, among other programs. Both the House and the Senate would add billions to the Administration's \$53.7 billion request for programs in this bill, the House \$3.2 billion and the Senate \$4.2 billion. The extra funding should be more than enough to provide the full ACI increase for NSF, with room to give NASA a boost above the request and to give boosts to Commerce R&D programs in the National Institute of Standards and Technology (NIST) and the National Oceanic and Atmospheric Administration (NOAA). Acting on its allocation, the Senate Appropriations Committee last week approved a CJS bill that would match the NSF request of \$6.9 billion, add \$200 million to NASA's request and restore funding for two NIST programs proposed for elimination.

**Defense** – Although the Defense bill, which funds most of DOD, would receive \$4 billion less than what DOD requested in both the House and Senate allocations, in similar circumstances Congress has added billions of dollars every year to DOD R&D on top of the request, primarily through the addition of performer-specific earmarks. One item of interest is whether Congress will agree to DOD's 4 percent requested increase in its "6.1" (basic research) portfolio, a 16 percent increase if 2008 earmarks are excluded.

**Energy-Water** – This bill funds DOE as well as the Corps of Engineers. Both the House and the Senate assume \$33.3 billion in 2009 funding for programs in this bill, \$1.9 billion more than the request. The allocations should be more than enough to provide the full 19 percent requested increase for the DOE Office of Science, with room for additional funding for DOE's applied energy R&D programs.

**Labor-HHS-Education** – This bill funds the Departments of Labor, Education, and Health and Human Services. Both the House and Senate would allocate roughly \$153 billion for programs in this bill, \$7 to \$8 billion more than the President's request. The allocations give appropriators ample room to turn a flat NIH request into an increase while adding funds to steep requested cuts in other health programs.

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These additional allocations depend, of course, on the President's willingness to sign appropriations bills containing these additional funds into law.

### **Next Steps and Possible Impacts**

The Appropriations Committees have begun drafting and approving appropriations bills in hopes of sending most of them to the House and Senate floors by the end of July, but none, or at most one or two, of the 12 2009 appropriations bills will be signed into law by the October 1 start of FY 2009. It is increasingly likely that the 2009 appropriations process will drag on into calendar year 2009 and the next presidential administration. A continually updated table on the current status of FY 2009 appropriations is now available on the AAAS R&D web site, and AAAS R&D Funding Updates on House and Senate R&D appropriations for the major R&D funding agencies are also available at each stage of the FY 2009 appropriations process.

(More materials on R&D in the FY 2009 budget, historical data and charts, and more information on *AAAS Report XXXIII: Research and Development FY 2009*, can be found on the AAAS R&D Web site at <http://www.aaas.org/spp/rd>.)

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Table. FY 2009 Discretionary Spending by Appropriations Bill

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FY 2009 request in billions of dollars budget authority

Subcommittee Name	FY 2008 Estimate	FY 2009 Request	House Allocations					Senate Allocations					Major Agencies and Programs
			FY 2009 House	Chg. vs. Request \$	Request %	Change vs. 08 \$	Change vs. 08 %	FY 2009 Senate	Chg. vs. Request \$	Request %	Change vs. 08 \$	Change vs. 08 %	
Agriculture	18.5	<b>18.7</b>	<b>20.6</b>	1.9	10.0%	2.1	11.5%	<b>20.4</b>	1.7	9.0%	1.9	10.5%	Most of USDA (not Forest Service) NASA, NSF, DOJ, Commerce Most of Dept. of Defense DOE, Corps of Engineers Treasury, Judiciary Department of Homeland Security Interior, EPA, Smithsonian, FS Labor, HHS, Education Congress Some DOD, VA State, AID, international orgs. DOT, HUD
Commerce, Justice, Science	52.0	<b>53.7</b>	<b>56.9</b>	3.2	5.9%	4.9	9.4%	<b>57.9</b>	4.2	7.9%	5.9	11.4%	
Defense	459.3	<b>491.7</b>	<b>487.7</b>	-4.0	-0.8%	28.4	6.2%	<b>487.7</b>	-4.0	-0.8%	28.4	6.2%	
Energy-Water	30.9	<b>31.4</b>	<b>33.3</b>	1.9	6.1%	2.4	7.7%	<b>33.3</b>	1.9	6.1%	2.4	7.7%	
Financial Services	20.8	<b>22.2</b>	<b>22.4</b>	0.2	0.7%	1.5	7.4%	<b>22.4</b>	0.1	0.6%	1.5	7.3%	
Homeland Security	37.6	<b>39.8</b>	<b>42.1</b>	2.3	5.7%	4.5	12.0%	<b>42.3</b>	2.5	6.2%	4.7	12.5%	
Interior / Environment	26.6	<b>25.8</b>	<b>27.9</b>	2.1	8.2%	1.3	4.9%	<b>27.8</b>	2.0	7.7%	1.2	4.5%	
Labor-HHS-Education	145.1	<b>145.4</b>	<b>153.1</b>	7.8	5.3%	8.0	5.5%	<b>152.7</b>	7.3	5.0%	7.5	5.2%	
Legislative Branch	4.0	<b>4.8</b>	<b>4.4</b>	-0.3	-7.3%	0.4	10.9%	<b>4.4</b>	-0.4	-7.4%	0.4	10.8%	
Mil. Construction / VA	63.9	<b>69.3</b>	<b>72.7</b>	3.4	4.9%	8.8	13.8%	<b>73.0</b>	3.7	5.3%	9.1	14.2%	
State and Foreign Ops.	32.8	<b>38.2</b>	<b>36.6</b>	-1.6	-4.2%	3.8	11.6%	<b>36.6</b>	-1.6	-4.2%	3.8	11.6%	
Transportation / HUD	48.8	<b>50.6</b>	<b>55.0</b>	4.4	8.6%	6.2	12.7%	<b>53.3</b>	2.7	5.3%	4.5	9.2%	
<b>Total</b>	<b>940.3</b>	<b>991.6</b>	<b>1012.7</b>	<b>21.1</b>	<b>2.1%</b>	<b>72.4</b>	<b>7.7%</b>	<b>1011.7</b>	<b>20.1</b>	<b>2.0%</b>	<b>71.4</b>	<b>7.6%</b>	

Source: House Appropriations Committee and Senate Appropriations Committee initial allocations June 2008.

All figures exclude emergency and other supplemental appropriations. FY 2009 figures include \$2.2 billion under Homeland Security for Bioshield advance appropriations.

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