

AAAS R&D Funding Update August 13, 2003 -

House Proposes 15 Percent Cut in Transportation R&D

Highlights

- **The House would slash R&D in the Department of Transportation (DOT) by \$105 million or 15.0 percent to \$597 million in FY 2004** (see Table).

- **The House cuts would hit both of DOT's major R&D agencies, the Federal Aviation Administration (FAA) and the Federal Highway Administration (FHWA)**, both of which are primarily funded through trust funds.

Just before leaving for its August recess, the House Appropriations Committee drafted an FY 2004 Transportation/Treasury appropriations bill (HR 2989) that would dramatically cut R&D funding in the Department of Transportation (DOT). The House Transportation bill **would provide \$597 million for DOT R&D in FY 2004, \$105 million or 15.0 percent less than in FY 2003** (see Table). The total DOT budget, however, would increase by \$2.7 billion or 4.9 percent to \$58.4 billion, with the lion's share of the increase going to the Federal Highway Administration (FHWA), whose budget would rise by \$2.2 billion or 6.7 percent to \$34.6 billion. (For information on the President's request for DOT R&D of \$693 million in FY 2004, see Chapter 13 of *AAAS Report XXVIII: R&D FY 2004*.)

Transportation funding increased dramatically beginning in FY 1999 as a result of the six-year (FY 1998-2003) reauthorization of transportation programs known as the Transportation Equity Act for the 21st Century (TEA-21). The law expires in September 2003 unless reauthorized, and specifies that transportation tax revenues will be devoted exclusively to transportation and specifies formulas for allocating these funds. In the past, a portion of these revenues was used to finance other federal programs. As a result of burgeoning revenues from transportation taxes, DOT's budget climbed from \$44 billion in FY 1998 all the way to \$67 billion in FY 2001. However, these revenues have dropped off significantly in recent years as a result of a stagnant economy and thus total DOT funding has leveled off. In addition, the Transportation Security Administration (TSA) and the Coast Guard transferred to the new Department of Homeland Security (DHS) in March of this year, bringing the DOT budget down to its current level (TSA and Coast Guard funding is excluded from DOT for all years in the Table).

President Bush has proposed a reauthorization of TEA-21 and Congress has been trying to draft a reauthorization bill before TEA-21 expires, but it is increasingly unlikely that a comprehensive reauthorization will be enacted by the October 1 start of FY 2004. More likely is a temporary one or two-year reauthorization simply extending TEA-21 provisions until a permanent reauthorization can be enacted, possibly after the 2004 elections. In the absence of an authorization bill, the FY 2004 Transportation/Treasury bill would mostly assume extension of TEA-21 provisions into the new fiscal year, except for significant changes in highway funding.

Transportation tax revenues continue to be flat in the stagnant U.S. economy. The Bush Administration's proposed DOT budget for FY 2004 extends TEA-21-mandated cuts into FY 2004 for a total DOT budget of \$54.3 billion in FY 2004, a decline from \$55.7 billion in FY 2003. The House, however, would use general discretionary funds and borrow from balances in the Highway Trust Fund to prevent these cuts from taking place. Thus, the House would provide \$58.4 billion for DOT in FY 2004, \$4.1 billion above the Administration request. The Federal Highway Administration (FHWA), the primary beneficiary of this restoration, would see its FY 2004 budget rise \$2.2 billion to \$34.6 billion instead of the \$30.2 billion proposed by the Administration (see Table).

FHWA R&D, however, would fall 16.5 percent to \$243 million. The Administration had proposed a reshuffling of the FHWA accounts to allow for more spending on highway R&D at the expense of funds to state and local governments, but the House plan would maximize state and local highway construction and maintenance funding. Hard-hit would be FHWA spending on surface transportation research, mostly DOT laboratory-performed research on pavement technologies, safety, and environmental impacts. The FHWA total would include \$50 million for R&D in the **Intelligent Transportation Systems (ITS)** program, which would be unchanged from the FY 2003 funding level. The majority of FHWA R&D funding goes to state and local governments for their transportation-related research projects; this funding would remain unchanged from the FY 2003 funding level.

The **Federal Aviation Administration (FAA)** would receive \$222 million for R&D activities, a sharp decline of \$49 million or 18.1 percent. FAA R&D programs would be cut across the board; FAA's R&D addresses a number of aviation-related topics, including weather research, aircraft safety technology, human factors research, and development of 'free flight' technologies to improve aviation system capacity. The FAA's R&D portfolio used to be much larger in the \$300 to \$400 million range annually before the September 2001 terrorist attacks, but most of its aviation security R&D portfolio was transferred to the Transportation Security Administration (TSA) within DOT in FY 2002, and is now housed within the Department of Homeland Security (DHS), TSA's new home as of this year.

Next Steps

The Transportation-Treasury bill heads to the House floor after the August recess, where it is expected to face little opposition. The bill is one of only 2 out of 13 appropriations bills that has yet to be approved by the full House. On the Senate side, however, the Senate Appropriations Committee still has to draft 4 out of the 13 bills and the full Senate still has to debate and approve 9 out of 13, including its version of the Transportation-Treasury bill. Thus, it is increasingly unlikely that this bill will be enacted before FY 2004 begins on October 1.

(This analysis is one of a series of AAAS R&D Funding Updates on the FY 2004 appropriations process. This analysis includes information on R&D in House appropriations for the Department of Transportation. The complete series of AAAS R&D Funding Updates, including continually updated analyses of R&D by agency in FY 2004 appropriations, is available on the AAAS R&D Web Site (<http://www.aaas.org/spp/rd>) in the "FY 2004 R&D" or the "What's New" sections.)

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**Table. Department of Transportation
House Appropriations Committee Action on R&D in the FY 2004 Budget
(budget authority in millions of dollars)**

	FY 2003 Estimate	FY 2004 Request	FY 2004 House	Action by House			
				Chg. from Request		Chg. from FY 2003	
				Amount	Percent	Amount	Percent
Federal Aviation Administration	271	204	222	18	8.9%	-49	-18.1%
Federal Highway Administration	291	363	243	-120	-33.1%	-48	-16.5%
Federal Transit Administration	4	2	11	9	449.5%	7	150.9%
Nat'l Highway Traffic Safety Admin.	61	60	58	-2	-2.6%	-2	-3.7%
Federal Railroad Administration	32	31	32	1	2.2%	-1	-1.9%
Research and Special Programs	15	15	15	0	0.0%	0	0.0%
Fed. Motor Carrier Safety Admin.	6	7	7	0	0.0%	1	16.7%
Office of Secretary	21	11	8	-3	-23.1%	-13	-60.0%
Total DOT R&D	702	693	597	-96	-13.9%	-105	-15.0%
DOT Budget (includes R&D components): ¹							
Federal Aviation Administration	13,490	14,007	14,028	21	0.2%	538	4.0%
Federal Highway Administration	32,409	30,225	34,579	4,354	14.4%	2,170	6.7%
Federal Transit Administration	7,179	7,226	7,231	5	0.1%	52	0.7%
Federal Railroad Administration	1,261	1,089	1,087	-2	-0.2%	-173	-13.8%
All Other ²	1,335	1,718	1,486	-233	-13.5%	151	11.3%
Total DOT Budget	55,674	54,266	58,412	4,146	7.6%	2,738	4.9%

AAAS estimates based on FY 2004 appropriations bills. Includes conduct of R&D and R&D facilities.

FY 2003 and FY 2004 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.

Note: Transportation Security Administration and Coast Guard are now part of the Department of Homeland Security.

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., RSPA, Bureau of Transportation Statistics, and others.

August 13, 2003 - House Appropriations Committee-approved funding levels.

These figures may be amended or rejected by the full House.