

DOT R&D Up 7 Percent in Senate Plan

AAAS R&D Funding Update on DOT R&D in FY 2008 House and Senate Appropriations

(This analysis has been revised July 19 to reflect House appropriations for DOT)

Highlights

- **Department of Transportation's (DOT) R&D funding would increase 6.6 percent to \$847 million in the latest Senate appropriation** (see Table). There would be cuts to aviation R&D combined with increases for highway R&D.

DOT R&D in FY 2008 House and Senate Appropriations

On July 12, the Senate Appropriations Committee approved its version of the FY 2008 Transportation-Treasury appropriations bill (S 1789) providing funding for the Department of Transportation (DOT) and other programs, a day after its House counterpart approved a House version (HR 3874). The full House and Senate are expected to debate their respective versions later this month. Both the House and Senate bills provide \$66 billion for DOT in 2008, in the House case \$2.4 billion more than the current year total and \$1.1 billion more than DOT's request, with the Senate providing even more (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 \$66 billion DOT budget and would total \$847 million in the FY 2008 Senate appropriation, an increase of 6.6 percent or \$52 million over the 2007 budget and \$33 million more than the amount DOT requested (see Table). The House would provide slightly less for a 5.2 percent increase to \$836 million.** Funding for aviation R&D would fall, but highway R&D would continue to increase by \$49 million to \$410 million. (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.)

Transportation funding is unusual in that although funds are appropriated, as they are for other discretionary programs, minimum funding levels each year are guaranteed by transportation authorization bills. Transportation appropriators must provide the funds necessary to meet these guarantees, occasionally adding to them or modifying them, before appropriating funds for programs outside the authorization bills. 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 but also in congressionally designated earmarked projects. 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. The FY 2008 budget, still based on the multi-year highway bill, would sustain those increases with a \$410 million R&D investment, an increase of 13.7 percent. Unlike in past years, both the House and the Senate 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 in the 2008 request and both the House and Senate appropriations.

Federal Aviation Administration (FAA) R&D would total \$272 million in the 2008 Senate bill, a sharp cut of 10.5 percent or \$32 million; the House would provide \$265 million, a 12.6 percent cut. Both chambers 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.

Both the House and the Senate would add to other DOT R&D units, mostly for performer-specific earmarks. R&D earmarks total \$61 million in the Senate appropriation and \$48 million in the House, up from \$38 million in 2007. Although most domestic R&D agencies are earmark-free in 2007, DOT's budget contains earmarks from the 5-year transportation bill that are funded even when appropriations bills do not contain earmarks.

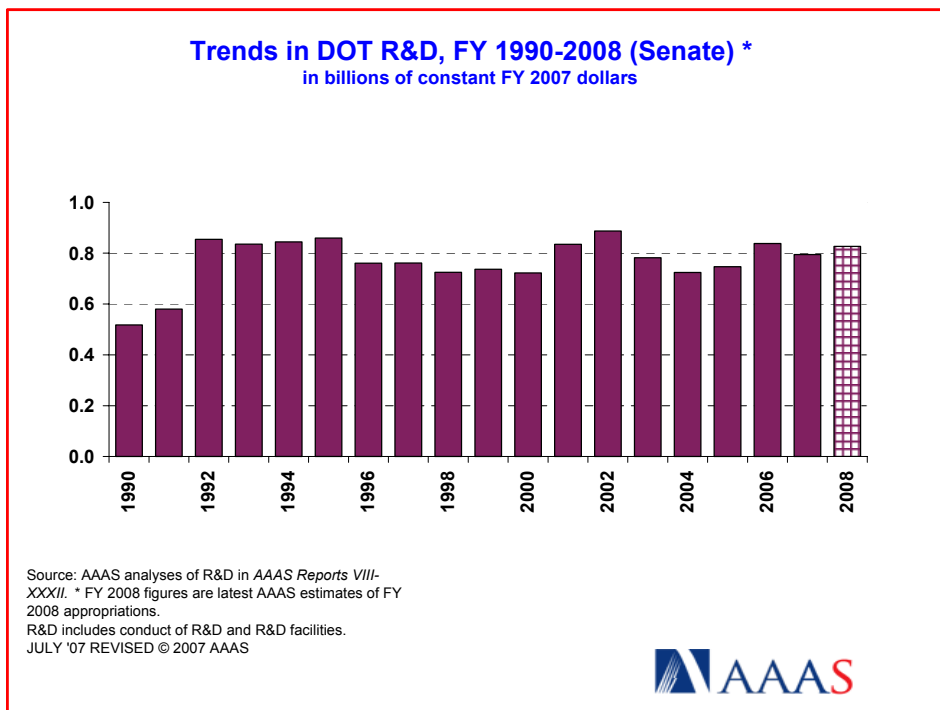


Figure 1. (click on the image for PDF)

Outlook and Impacts for the DOT Budget

Because of large increases for DOT R&D in FY 2001 and FY 2002 responding to the September 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), recent reductions in key programs, and the transfer of the Coast Guard and its R&D program to 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 Senate and House appropriations would retreat slightly from the 2006 peak.

Outlook and Next Steps

The full Senate is expected to debate and approve the Transportation-Treasury bill in September, delayed by a crush of other Senate business. The House could debate and approve its version as early as next week.

Congress will try to send a final version of the bill to President Bush before the October 1 start of FY 2008. The President has threatened to veto any 2008 appropriations bill that exceeds his request, as both the House and Senate versions do, so the bill may have to go through several rewrites and revotes before it can become law.

(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 Transportation R&D in FY 2008 House Appropriations

**Table. Department of Transportation
House Appropriations Committee Action on R&D in the FY 2008 Budget
(budget authority in millions of dollars)**

	FY 2007 Estimate	FY 2008 Request	FY 2008 Senate	Action by House				
				FY 2008 House	Chg. from Request Amount	Percent	Chg. from FY 2007 Amount	Percent
Federal Aviation Administration	303	258	272	265	7	2.8%	-38	-12.6%
- Research, Eng. & Development	131	140	149	140	0	0.0%	9	6.6%
- Facilities and Equipment	97	108	113	115	7	6.8%	18	18.7%
- All Other	75	10	10	10	0	0.0%	-65	-86.5%
Federal Highway Administration	361	410	410	410	0	0.0%	49	13.7%
- Surface Transportation Res.	116	136	136	136	0	0.0%	20	17.0%
- Intelligent Transportation Sys.	64	84	84	84	0	0.0%	20	30.3%
- State Planning and Research	163	172	172	172	0	0.0%	9	5.7%
- All Other	17	18	18	18	0	0.0%	1	5.4%
Federal Transit Administration	10	13	17	17	5	35.4%	7	68.8%
Nat'l High. Traffic & Safety Adm.	58	66	66	69	3	4.8%	11	19.7%
Federal Railroad Administration	36	36	40	37	1	3.0%	1	2.6%
Office of the Secretary	5	9	14	9	-1	-6.6%	4	73.4%
Pipeline and Hazardous Materials	10	7	13	11	5	74.2%	1	10.3%
Research and Innov. Tech.	2	8	8	8	0	0.0%	6	253.1%
Federal Motor Carrier Safety Admin.	9	7	7	9	2	32.2%	0	0.0%
Total DOT R&D 1/	794	813	847	836	22	2.8%	41	5.2%
DOT Budget (includes R&D components) 1/ :								
Federal Aviation Administration	14,482	14,077	14,593	14,622	545	3.9%	140	1.0%
Federal Highway Administration	36,255	37,915	37,875	37,565	-350	-0.9%	1,310	3.6%
Federal Transit Administration	9,010	9,422	9,536	9,682	260	2.8%	672	7.5%
Federal Railroad Administration	1,478	1,072	1,657	1,667	595	55.5%	188	12.7%
All Other 2/	1,956	1,994	2,077	2,006	13	0.6%	50	2.6%
Total DOT Budget	63,181	64,479	65,738	65,542	1,063	1.6%	2,361	3.7%

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.

July 19, 2007 - AAAS estimates of House Appropriations Committee-approved appropriations.

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