

Political and Policy Context for the FY 2002 Budget

Stephen D. Nelson and David G. Cooper, AAAS
(Revised May 25; see last page)

The first two chapters of this book are intended to provide a framework for better understanding of the masses of budgetary figures that follow. This chapter builds on the previous one to describe the political and policy context within which the FY 2002 budget process will take place. It begins with a brief account of the past year's experience, then moves to a characterization of the proposed budget and its initial reception by the Congress, and concludes with some speculations about what may be in store for S&T in the remainder of the budget year and beyond.

R&D IN THE PAST YEAR'S BUDGET PROCESS

In any budget year the amount of federal support for R&D follows the amount of discretionary spending¹ available, and FY 2001 was a case in point. Budgetary surpluses continued as the new way of life in the federal budget process, and public discussion was dominated for much of the year by what to do with the surplus—pay down the national debt, spend more, or return it to taxpayers through tax cuts. The booming U.S. economy was swelling tax revenues, and policymakers found themselves in an unaccustomed environment as initial estimates proved too cautious and the Congressional Budget Office issued a revised budget forecast in mid-summer with even higher projections for federal revenues.

¹ Discretionary spending is the roughly one-third of the federal budget subject to annual appropriations decisions by Congress and the President, as distinguished from mandatory spending which is specified in permanent law. Nearly all federal support for R&D is contained within the discretionary portion of the budget.

The apparent availability of more revenues, threatened vetoes by President Clinton of appropriation bills he considered too restrictive, and congressional concern over the upcoming November elections once again caused fiscal discipline to evaporate in the later stages of the congressional budget process. The annual budget caps (established in 1997 to hold through FY 2002), which in previous years had been given lip service but were circumvented by budgetary tricks, were readjusted and then finally ignored, as FY 2001 discretionary spending in the end soared to a record \$635 billion, an increase of 8.6 percent over FY 2000.

R&D followed in the coattails of these dynamics, with total federal support for R&D reaching \$90.9 billion, exceeding the previous year's total by \$7.1 billion or 8.5 percent. Nearly every major R&D funding agency received a substantial increase, with the Department of Defense (DOD) and the National Institutes of Health (NIH) leading the way in terms of dollar increases. Congress gave DOD \$42.3 billion for its R&D, an increase of \$2.3 billion (or 5.8 percent) over FY 2000. And NIH continued to rack up major gains, coming away with \$19.7 billion in R&D, an increase of \$2.5 billion (or 14.4 percent) over the previous year.

Other agencies received highly favorable treatment as well, with the National Science Foundation (NSF) getting an increase of 11.9 percent for its R&D programs, Department of Energy (DOE) R&D getting an unaccustomed boost of 11.3 percent, and even the Departments of Agriculture and Transportation boasting double-digit percentage increases. Other agencies received respectable gains in their R&D support, with only the National Institute of Standards and Technology (housing the politically controversial Advanced Technology Program) receiving lower funding than in FY 2000. (See Table I-1.)

OTHER S&T POLICY ISSUES DURING THE PAST YEAR

While House and Senate appropriators were awarding generous increases to federal R&D agencies, the chief science authorizers in each chamber were busy feuding over how best to increase R&D funding in future years. Sen. Bill Frist (R-TN), chairman of the Senate subcommittee with jurisdiction over NSF, NASA, and several other S&T agencies, reintroduced a bill to double nondefense R&D funding across the entire federal government over the next ten years. However, Rep. F.

POLITICAL AND POLICY CONTEXT FOR THE FY 2002 BUDGET

James Sensenbrenner, Jr. (R-WI), chairman of the House Science Committee, objected to Frist's approach, and instead pushed his own five-year authorization plan focusing on information technology (IT) R&D. Although the doubling proposal twice passed the Senate by unanimous consent, Sensenbrenner refused to support its passage through the House. Frist, in turn, refused to support the IT bill in the Senate, unless it was attached to his doubling bill. This stalemate effectively killed both proposals; both leaders have since relinquished their chairmanships, and their successors appear inclined to move in other directions.

The Department of Energy (DOE) was a big winner in the quest for federal R&D funding for FY 2001, but it was less successful in quelling the controversy that has brewed in the aftermath of allegations of Chinese espionage at Los Alamos National Laboratory. Early in the year, DOE appointed a task force to study allegations of racial profiling at the national labs and implemented several ensuing recommendations, including the appointment of a department-wide ombudsman. In the fall, however, former Los Alamos physicist Wen Ho Lee pleaded guilty to a single charge of mishandling classified data. Compared to the 59-count indictment that had been issued against Lee, and following his controversial nine-month incarceration, this plea fed allegations that the Justice Department had mistreated Lee.

While DOE confronted criticism from scientists and sagging morale at the national labs, it also became a target of members of Congress concerned about national security and the safety of the nation's nuclear secrets. Despite widespread criticism from the scientific community, Congress expanded a polygraph requirement first imposed on DOE in 1999, an action that could potentially effect over 15,000 employees.

THE PROPOSED BUDGET FOR FY 2002

Any discussion of the policy environment for FY 2002 budget proposals has to begin with the remarkable outcomes of the November 2000 elections. After weeks of uncertainty and bitter contesting of the outcome of the presidential vote in Florida, Governor George W. Bush won the presidency without a majority of the popular vote. The House of Representatives, thought earlier to be vulnerable to a takeover by Democrats, stayed in Republican control, but only by a narrow margin

(221 to 210, with 2 independents and 2 seats vacant). And the Senate, expected earlier to stay safely in Republican control, ended up split evenly at 50-50 (although Vice President Richard Cheney holds a tie-breaking vote for the Republicans). The net outcome was to give nominal control over the presidency and both chambers of the Congress to the Republican Party, although under highly qualified circumstances, with limited political capital and without a clear public mandate.

The new Administration was understandably a bit behind the usual schedule in getting its Cabinet and sub-Cabinet appointments named and confirmed. At this writing, the Administration has still not named a White House science advisor, nor filled many of the S&T-related positions within the agencies. This has meant that the Administration's first budget was formulated and will be defended without the input of many such S&T officials, to the concern of the S&T community.

President Bush's detailed FY 2002 budget, released on April 9, reflects a clear set of priorities that are strikingly different from the previous Administration's. The budget calls for tax cuts totaling \$1.6 trillion over ten years (subsequently pared back by the Congress to \$1.35 trillion), an extra \$153 billion over ten years for Medicare, a reserve for emergencies, and the retirement of \$2.0 trillion in publicly held debt over ten years. These proposals leave little room for increases in discretionary spending.

Under the Bush proposals, discretionary spending would rise \$26 billion (4 percent) to \$661 billion. But the entire increase would be devoted to a handful of priorities: DOD (up \$14 billion), the Department of Education (up \$5 billion), the NIH (up \$2.8 billion), and a contingency fund for emergencies (\$5 billion). This would leave all other discretionary programs, including R&D other than in DOD or NIH, with flat or declining funding overall.

These proposals, then, would widen even further the gap between funding for NIH and other civilian R&D programs. The differential trajectories of these two segments of nondefense R&D funding has been a major source of concern in the S&T community for several years. With the significant increases given to nearly all R&D funding agencies in the final FY 2001 appropriations, this issue was not addressed head-on by the Congress. But with the Bush proposals for FY 2002, the widening gap in

POLITICAL AND POLICY CONTEXT FOR THE FY 2002 BUDGET

federal funding between the biomedical sciences and all other science and engineering fields would grow even further.

FORECAST FOR THE FY 2002 BUDGET AND BEYOND

For the first time in 2001, members of the House of Representatives felt the effects of a six-year term limit imposed on committee chairmen in 1995. This rule left numerous powerful chairmanships open, and a complicated shuffle ensued as members vied to fill the vacancies. The most significant change for science was Rep. Sensenbrenner's move to the Judiciary Committee, and the subsequent rise of Rep. Sherwood L. Boehlert (R-NY) to the helm of the Science Committee. Boehlert, a moderate Republican known for his strong ties to the research community, has set an agenda focusing on three areas: energy, education, and the environment. Energy and education have also been identified by President Bush as top priorities, and Boehlert hopes to position his committee as a key player in the national debate on these issues.

In the Senate, meanwhile, Sen. Frist, a strong supporter of S&T, left his position as chairman of the Commerce Committee's Subcommittee on Science, Technology, and Space. He was replaced by newly elected Sen. George Allen (R-VA), whose plans for the subcommittee are uncertain.

The prospects for FY 2002 R&D funding in Congress are hazy. In the Senate, there is broad support for increasing R&D spending, as evidenced by a voice vote to increase the amount of money available for NSF, NASA, and the DOE Office of Science in the FY 2002 budget resolution. In the House too, there appears to be support for greater federal R&D funding, as Democrats and a few moderate Republicans have expressed disappointment in the President's request. Whether these good intentions will actually translate into more money, however, is unclear. The Senate provision was left out of the final version of the budget resolution, and it may prove impossible for Congress to find more money for science and still pay for the President's priorities. On the other hand, the budget resolution is not binding, and appropriators have often been creative in finding ways to fund popular programs.

Several S&T-related issues have recently emerged at the top of the national agenda and will likely affect federal funding of R&D. Foremost

among them is energy, and the Bush Administration recently released a report that proposes major changes in the nation's energy policies. Put together by a high-level task force chaired by Vice President Cheney, the report includes recommendations primarily for increasing supply and secondarily for improving efficiency and conservation. Together with budgetary priorities in energy R&D, it indicates a shift toward oil, coal, and nuclear power, and away from renewable energy sources.

The Administration is also undertaking a comprehensive review of military policy, with an emphasis on space activities and national missile defense. The Secretary of Defense has already proposed the establishment of a new position at the Pentagon that would coordinate and raise the profile of the military's space programs, which would likely lead to increased R&D funding for space technologies. Likewise, the President has signaled his intention to build an extensive missile defense system, which could include ground-, sea-, and space-based systems, all of which would necessitate major R&D efforts.

With the recent completion of the human genome sequence, several genetics-related issues are likely to receive attention this year. Fears that it will soon be possible to clone a human being have spawned a flurry of legislation in Congress to ban the process. Researchers warn, however, that poorly written legislation could halt legitimate types of cloning research. One of these bills would ban embryonic stem cell research, a field which holds great promise but necessitates the destruction of human embryos. On a related issue, the Bush Administration is reviewing NIH's current policy, developed during the Clinton Administration, that allows for federal funding of such research (see Chapter 8).

With the Administration moving forward on implementation of medical privacy regulations, the door may now be open to legislation addressing another genetics issue: discrimination based on genetic information in employment and health insurance decisions. Legislative language banning such discrimination came close to passage in the Senate last year, but some members of Congress wanted to address the broader issue of medical privacy first. Congress and the Administration may also seek to change the way the federal government oversees protection of human research subjects, an issue that was thrust into the spotlight in 1999 after the death of a patient participating in a gene therapy trial. The National

POLITICAL AND POLICY CONTEXT FOR THE FY 2002 BUDGET

Bioethics Advisory Commission has recommended that oversight be centralized in a single federal office and extended to certain areas of non-federally funded research which are not currently covered.

ADDENDUM TO THE ONLINE EDITION (May 25):

On May 24, 2001, Senator James Jeffords of Vermont announced that he was leaving the Republican Party to become an Independent. This act has far-reaching consequences, tipping the balance of the Senate from 50-50 (controlled de facto by the Republicans because of the ability of the Republican Vice President to cast tie-breaking votes) to Democratic control (50 Democrats, 49 Republicans, and one Independent). The Senate committees will now all be chaired by Democrats, making the Administration's legislative agenda more difficult to achieve. The full effects of this shift in power will not be known for some time, but it is likely that R&D budgets will not be as strongly affected as some other S&T-related issues, such as energy policy, missile defense, and stem cell research.