

# **OUTLOOK FOR FEDERAL R&D IN TODAY'S BUDGET AND POLICY ENVIRONMENT**

**A BRIEFING FOR NAML MEMBERSHIP  
OCTOBER 2013**

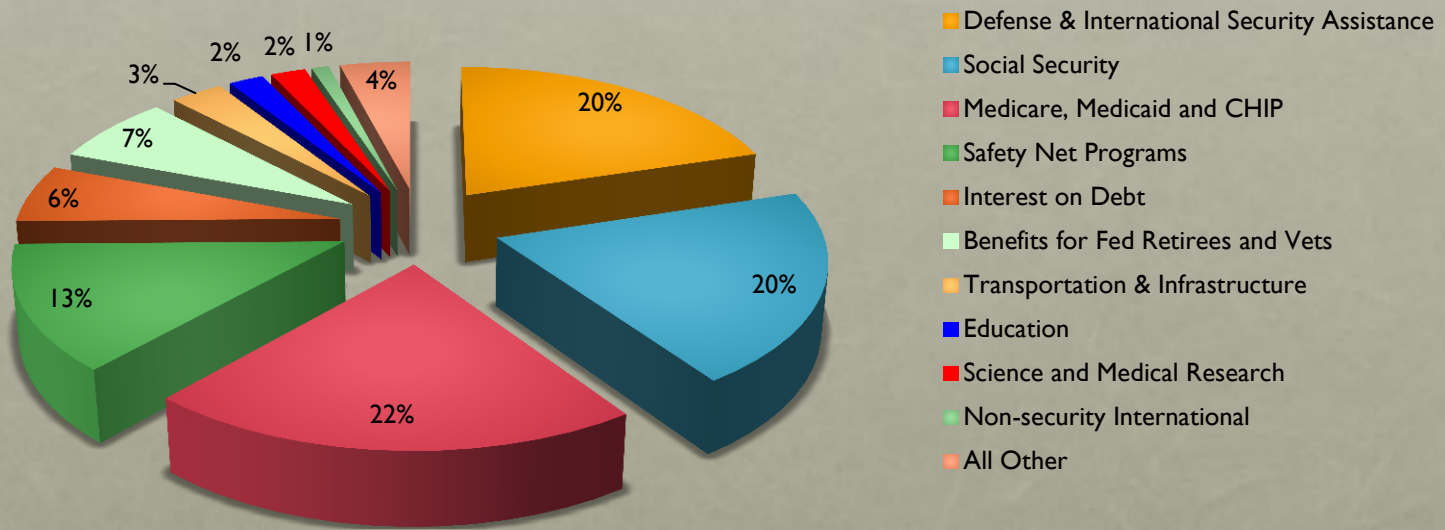


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# RECAP OF FY 2013

- **NIH, DOD, DOE, NSF, NOAA, EPA, and NASA all received regular appropriations at the end of March – six full months after fiscal year started – and with that came a sequester of 5% for domestic agencies and 8% for defense**
- **NSF's FSML program grows from \$2M per year to approx \$4.5M – impact of NAML/OBFS activities. NAS undertaking its own study at request of NSF**
- **NOAA also received in excess of \$350M out of the Sandy Supplemental – including \$50M for OAR for cooperative institutes and labs, \$50M for mapping, charting and marine debris, \$7M for observing and coastal monitoring, and \$111M for weather satellite data gap activities.**
- **Impact of sequester – NSF protects ongoing activities and restricts the number of new proposals funded, NOAA protects intramural at expense of extramural activities**

# FEDERAL BUDGET AT A GLANCE



82% of the budget goes for Social Security, Medicare, Medicaid, children's health insurance, safety net programs, benefits for retirees; and national defense and related security expenses;

6% goes for interest on the debt.

The remaining 12% goes for everything else.

Mike Holland, former OMB analyst: You can think of the federal government as primarily a large insurance company with its own army in deep debt

# FY 2014 BUDGET PROPOSAL NOT TOO BAD AT FIRST GLANCE

- **NSF up 8.4% (over FY12)**
- **NASA R&D up 2.6%**
- **NOAA R&D up 28%**
- **USGS up 9%**
- **Global Change Research up 6%**
- **NIH up 1.5%**
- **These numbers assume the Congress endorses the President's plan that would cancel the sequester and restore total discretionary numbers to pre-sequester levels**
- **However, don't write any checks quite yet....**



# WHERE ARE WE IN THE FY 2014 APPROPRIATIONS PROCESS?

- **FY 2014**
  - **House and Senate Appropriations Committees have marked up and reported out their recommendations for FY14 – using very different allocations top line allocations**
  - **Continuing Resolution/Government Shutdown/Debt Ceiling**
  - **Staff from House and Senate Appropriations Committees meeting informally to try and reach an agreement on the details of an omnibus appropriations act for FY 14**

<b>FY 14 Budget Status for Selected Major Federal R&amp;D Programs --as of Sept 2013</b>					
	FY13*	FY14 Admin	House	Senate	Final
<b>National Institutes of Health</b>	29,300	31,000	TBD	30,950	
<b>NSF</b>	6,884	7,600	7,000	7,400	
<b>NOAA Research</b>	444.2	472.4	358.5	456.5	
<b>NOAA NOS</b>	458.5	496.5	400.8	504.8	
<b>DOE Office of Science</b>	4.621	5,152	4,653	5,152	
<b>NASA</b>	16865	17715	16598	18010	

# JUST HOW FAR APART IS THE HOUSE AND SENATE ON FUNDING FOR FY 14 PROGRAMS? ANSWER: \$91 BILLION

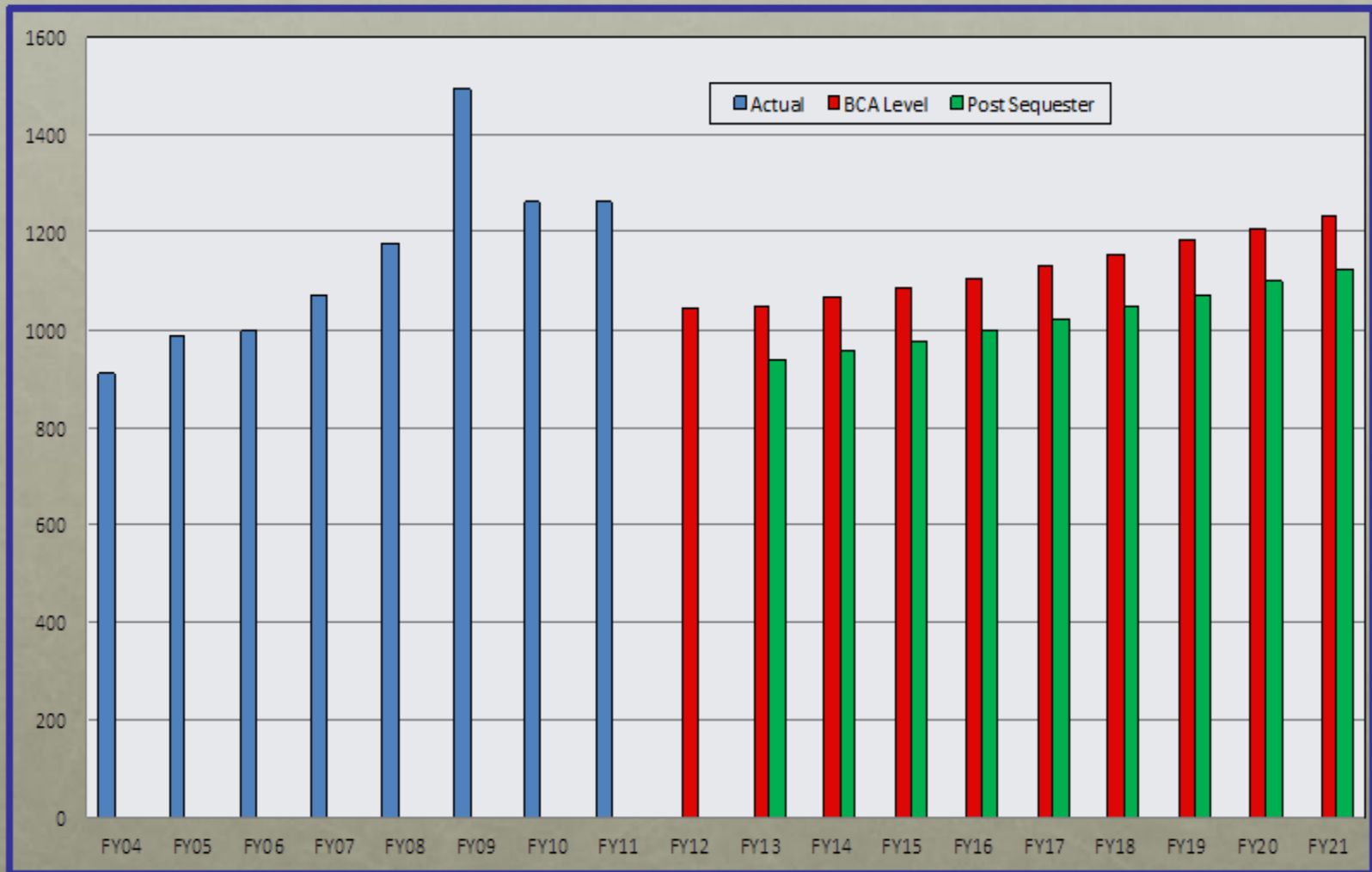
Dollars in billions

		FY 2014 Discretionary Spending Proposals								
	FY 2013	Admin	AD/13	House	House/13	House/AD	Senate	Sen/13	Sen/AD	Sen/House
Agriculture	\$20,510	\$19,667	(\$843)	\$19,450	(\$1,060)	(\$217)	\$20,930	\$420	\$1,263	\$1,480
Com-Jus-Sci	50,110	52,014	\$1,904	46,845	(\$3,265)	(\$5,169)	52,272	\$2,162	\$258	\$5,427
Defense	517,468	515,910	(\$1,558)	512,522	(\$4,946)	(\$3,388)	516,624	(\$844)	\$714	\$4,102
Energy-Water	36,735	34,483	(\$2,252)	30,426	(\$6,309)	(\$4,057)	34,773	(\$1,962)	\$290	\$4,347
Financial Service	21,415	23,756	\$2,341	16,966	(\$4,449)	(\$6,790)	23,031	\$1,616	-725	\$6,065
Homeland	39,594	39,030	(\$564)	38,993	(\$601)	(\$37)	39,100	(\$494)	\$70	\$107
Interior-	29,767	29,973	\$206	24,278	(\$5,489)	(\$5,695)	30,100	\$333	\$127	\$5,822
Labor-HHS-	156,556	165,802	\$9,246	121,797	(\$34,759)	(\$44,005)	164,330	\$7,774	(\$1,472)	\$42,533
Legislative Branch	4,277	4,507	\$230	4,124	(\$153)	(\$383)	4,350	\$73	(\$157)	\$226
Military	71,903	74,691	\$2,788	73,320	\$1,417	(\$1,371)	74,366	\$2,463	(\$325)	\$1,046
State-Foreign	42,079	47,872	\$5,793	34,103	(\$7,976)	(\$13,769)	44,079	\$2,000	(\$3,793)	\$9,976
Transportation-	51,698	51,605	(\$93)	44,100	(\$7,598)	(\$7,505)	54,045	\$2,347	\$2,440	\$9,945
Total	\$1,042,112	\$1,059,310	\$17,198	\$966,924	(\$75,188)	(\$92,386)	1,058,000	\$15,888	(\$1,310)	\$91,076

# HOW DID WE GET INTO THIS MESS?

- **The Budget Control Act of 2011 (BCA) created the sequester as a trigger to force the Joint Select Committee on Deficit Reduction – or, “Super Committee” – into action.**
- **With the failure of the Super Committee, those automatic spending reductions were set into motion, scheduled to reduce \$1.2T between FY 2013 and FY 2021, or \$109B per year.**
- **The “fiscal cliff” deal struck on New Year’s Day – the American Taxpayer Relief Act of 2012 – reduced the size of the FY 2013 sequester by \$24 billion (from \$109 billion to \$85 billion)**
- **House plan for appropriations in FY14 is at the FY14 cap.**
- **President’s FY 14 budget and the Senate want to cancel sequester and adjust the cap upwards to the pre-sequester spending level of FY13.**
- **Difference between the House and Senate in total spending is \$91 billion. Last year they were \$21 billion apart and it took until March to get that differential resolved.**

# WHAT DOES FUNDING FOR DISCRETIONARY SPENDING LOOK LIKE – WITH AND WITHOUT THE SEQUESTER?





# THIS FALL'S FISCAL FIGHTS: WHAT'S AT STAKE FOR SCIENCE FUNDING IN FY2014?

- **USG shutdown on Oct 1 because Congress and White House failed to agree on contents of short term CR – include v exclude funding for Affordable Care Act, etc. Shutdown continued as time expired on the need to raise or suspend the debt ceiling.**
- **At the eleventh hour Congress relents, enacts CR until Jan 15, suspends debt ceiling until early Feb, and tells House and Senate Budget Committee they have until Dec 15 to come up with some kind of budget solution – “grand bargain”, adjust or eliminate sequester, end world hunger, etc.?**
- **Behind the scenes Appropriations Committee staff are negotiating toward a final FY 2014 Omnibus Bill but without an agreed to top line number they can only go so far – NAML Letter to Conferees going to Congress based on review and comments by the NAML policy committee**
- **Under the House number for total spending there are some significant cuts for NSF, some big cuts for NOAA in the climate research space.**
- **Under the Senate number for total spending, the numbers for NSF and NOAA are much closer to the modest increases proposed by the White House**
- **So the outcome of the negotiations for the top line spending number are crucial for science and every other discretionary program.**

# WHAT ELSE DO WE NEED TO KNOW?

- **New NSF Director nominee – Dr. France Cordova – pending; New NOAA Administrator nominee – Dr. Kathy Sullivan – confirmation hearing held Sept 19, 2013**
- **Merit Review, social sciences, and climate research – under the gun in the House.**
- **STEM education program and budget consolidation – eliminates/reorganizes 114 programs, with \$180M being “strategically reinvested” – Congress says “No”. Admin may revisit their consolidation proposal again in FY15**
- **Reauthorization of America COMPETES Act seems to be starting up – albeit slowly via two separate bills in the House: FIRST Bill and EINSTEIN bill (can’t make this stuff up)**
- **Budget caps make real growth in Federal R&D difficult unless a deal is reached to raise the caps – that is what this fall will be all about.**

# NOAA INTRAMURAL VS EXTRAMURAL R&D EXPENDITURES

	2005		2006		2007		2008		2009		2010		2011	
	Actual Obligations		Actual Obligations		Actual Obligations		Actual Obligations		Actual Obligations		Actual Obligations		Actual Obligations	
	Intramural	Extramural	Intramural	Extramural	Intramural	Extramural	Intramural	Extramural	Intramural	Extramural	Intramural	Extramural	Intramural	Extramural
NOS	52,872	21,610	13,585	42,994	11,340	50,697	57,749	14,755	52,254	14,924	58,156	13,700	57,877	13,700
NMFS	42,376	16,402	38,866	13,263	34,212	12,263	30,934	7,596	36,694	2,997	43,779	10,771	47,419	7,964
OAR	169,957	171,580	144,898	166,479	181,133	117,544	202,951	115,901	191,113	156,921	201,287	130,823	207,812	107,146
NWS	14,716	6,127	14,734	6,849	15,656	6,849	14,212	11,767	24,450	8,967	23,402	17,769	19,007	2,500
NESDIS	22,947	7,603	25,145	8,576	24,376	5,891	22,901	5,054	23,223	95,994	21,877	3,850	25,002	3,850
OMAO	48,290	0	51,513	0	96,874	0	97,000	0	0	0	0	0	0	0
<b>NOAA</b>	<b>351,158</b>	<b>223,322</b>	<b>288,741</b>	<b>238,161</b>	<b>363,591</b>	<b>193,244</b>	<b>425,747</b>	<b>155,073</b>	<b>327,734</b>	<b>279,803</b>	<b>348,501</b>	<b>176,913</b>	<b>357,117</b>	<b>135,160</b>
<b>Total</b>	<b>574,480</b>		<b>526,902</b>		<b>556,835</b>		<b>580,820</b>		<b>607,537</b>		<b>525,414</b>		<b>492,277</b>	

Since 2005 NOAA intramural expenditures on R&D have held steady at about \$350M per year while NOAA extramural R&D expenditures have declined by nearly 40%.

Source: Background info developed for SAB R&D Portfolio Task Force

# IS THERE ANY GOOD NEWS?

- **White House – strong support for R&D generally – ocean, climate and weather are important components**
- **Congress – despite the “dust up’s” and the rhetoric – still recognizes R&D is an important investment**
- **Despite all the dismal budget news, Congress will still appropriate approximately \$1 trillion – and approximately \$140 billion of that will go for R&D (defense and non-defense)**
- **How that \$140 billion or so gets divided up by agency and for what kind of R&D is the question.**