



CRS Report for Congress

Federal Research and Development Funding: Possible Impacts of Operating under a Continuing Resolution

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Summary

On December 14, 2007, President Bush signed into law H.J.Res. 69. This law is a continuing resolution and provides funding (through December 21, 2007, unless superseded by further congressional action) for agencies and programs normally funded by the 11 regular appropriations bills. The 110th Congress has passed two appropriations bills, one funding the Department of Defense (Division A of P.L. 110-116) and one funding the Departments of Labor, Health and Human Services, and Education (H.R. 3043). The latter was vetoed on November 13, 2007, and an attempt to override this veto failed by a vote of 277-141. The continuing resolution funds most agencies at FY2007 levels. The continuing resolution generally prohibits agencies from beginning or resuming programs that did not receive appropriations in FY2007. Thus new civilian research and development programs and funding increases for existing activities, including the President's centerpiece programs such as the American Competitiveness Initiative, will be delayed until further appropriations bills have passed. For many research and development programs, FY2007 funding was itself provided under a continuing resolution based on FY2006 appropriations. Therefore, these programs are operating in FY2008 with budgets similar to those of FY2006.

Federal funding for research and development (R&D) is generally supported by both Congress and the Administration, though programmatic priorities may differ.¹ The Bush

¹ In the context of this report, research and development also includes funding for research and (continued...)

Administration states that it has requested \$142.7 billion in federal R&D funding for FY2008.² This request is approximately 1.3% higher than the FY2007 appropriated level, with the bulk of the proposed change coming from increases for the Department of Defense (DOD), the space vehicle development program of the National Aeronautics and Space Administration (NASA), and the continuation of the American Competitiveness Initiative (ACI), which was first announced for FY2007.³

The President proposed the ACI in response to growing concerns about America's ability to compete technologically in the global marketplace. As part of the ACI, the President called for doubling, over 10 years, the aggregate funding of the National Science Foundation (NSF), the Department of Energy (DOE) Office of Science, and the core programs of the National Institute of Standards and Technology (NIST). The main focus of the increases would be to support basic research in the physical sciences and engineering. The FY2008 request would increase funding for NSF by \$512 million, for the DOE Office of Science by \$601 million, and for NIST core programs by \$101 million relative to FY2007 appropriated levels.

Despite the President's continued support for the ACI, total federal support for basic and applied research would decrease by 2.1% under the Administration's request for FY2008. Although some agencies would see increases, these would be more than offset by decreases at other agencies. While the President proposes decreasing the amount of research funding, funds for development would increase by 2.9%. This increase in support for development more than offsets the decrease in support for research, thus total R&D funding would increase under the President's proposal.⁴

The Current Status of FY2008 R&D Appropriations

The 110th Congress has passed two appropriations bills, the Department of Defense Appropriations Act, 2008 (Division A of P.L. 110-116) and the Departments of Labor, Health and Human Services, and Education, and Related Agencies Appropriations Act, 2008 (H.R. 3043). The latter was vetoed on November 13, 2007. An attempt to override this veto failed on November 15, 2007.⁵

¹ (...continued)
development facilities.

² Office of Management and Budget, The White House, *Analytical Perspectives, Budget of the United States Government, Fiscal Year 2008* (Government Printing Office: Washington, DC), 2007, pp. 45-55.

³ American Association for the Advancement of Science, *Research and Development FY 2008*, Table II-1, online at [<http://www.aaas.org/spp/rd/08ptbii1.pdf>].

⁴ Ibid.

⁵ The status of the appropriations bills is available on the CRS website at [<http://www.crs.gov/products/appropriations/appover.shtml>]. For more information on the continuing resolutions, see CRS Report RL30343, *Continuing Resolutions: FY2008 Action and* (continued...)

Since the beginning of FY2008 on October 1, 2007, funding has been provided through three continuing resolutions. The first, P.L. 110-92, provided funding through November 16, 2007. The second, Division B of P.L. 110-116, extended the duration of P.L. 110-92 through December 14, 2007. The third, H.J.Res. 69, extended the duration of P.L. 110-92 through December 21, 2007, and provides current funding for the agencies covered under the eleven regular appropriations bills still outstanding.

For all agencies that have not had an appropriations bill for FY2008 signed into law, the continuing resolution provides funding at the same level they received in FY2007. Funds are provided on a prorated basis for the duration of the continuing resolution. The continuing resolution also generally prohibits agencies from using these funds to “initiate or resume any project or activity for which appropriations, funds, or other authority were not available during fiscal year 2007.”⁶

According to press reports, Congress is considering using an omnibus bill to address appropriations for FY2008.⁷ Such an approach would bypass the remaining eleven appropriations bills. According to the Director of the Office of Management and Budget, the President might veto such an omnibus bill, depending on the contents of the bill.⁸ If so, agency funding might need to be provided by further continuing resolutions.

The current status of FY2008 funding for R&D is summarized in **Table 1**.

Issues for Congress

If the federal government continues to operate under a continuing resolution, most existing R&D programs would continue to receive funding at the FY2007 level. To some extent, this funding mechanism is likely to cause federal agencies to continue to support existing R&D priorities, rather than shifting to new ones, since only existing programs retain funding. In addition, because of inflation, even funds provided at the FY2007 level may represent a reduction in actual purchasing power.⁹ For R&D programs in some agencies, FY2007 funding was determined by previous continuing resolutions based on the FY2006 level. For these programs, the loss of purchasing power and the difficulty of adjusting policy goals and priorities may be more challenging.

In the case of new R&D programs planned for FY2008, most would not be allowed to start. Even after appropriations for FY2008 become law, allowing new programs to

⁵ (...continued)

Brief Overview of Recent Practices, by Sandy Streeter, and CRS Report RL32614, *Duration of Continuing Resolutions in Recent Years*, by Robert Keith.

⁶ P.L. 110-92, Sec. 104.

⁷ See, for example, Peter Cohn, “Dem Strategy on Omnibus Designed to Put Onus on GOP,” *Congress Daily*, December 6, 2007.

⁸ The White House, “Statement by White House Office of Management and Budget Director Jim Nussle,” *Press Release*, December 8, 2007.

⁹ Past continuing resolutions have sometimes provided increases to cover some inflation costs. For example, the full-year continuing resolution for FY2007 provided increases over FY2006 levels to cover statutory pay increases for civil servants (P.L. 110-5, Sec. 111).

begin, agencies may have difficulty meeting their projected R&D milestones and goals. Also, agency plans for purchase of major instruments and equipment may be delayed or prevented under the continuing resolutions. For example, agency plans for new R&D programs in the first quarter of FY2008 are unlikely to be achieved, as the first quarter is already almost complete. Another issue for new programs is whether agencies will be able to obligate whatever new appropriations they receive. Most agency appropriations for R&D expire at the end of the fiscal year for which they are appropriated. Because most new programs cannot be started under a continuing resolution, even if appropriations for them are eventually received, agencies will have less time than the full fiscal year to establish them and obligate the funds for these programs.

Table 1. Estimated Federal R&D Appropriations for FY2008
(\$ in millions)

Agency	FY2007 Estimate	FY2008 Request	FY2008 House	FY2008 Senate	FY2008 Appropriation
Department of Energy	9,220	9,781	10,516	10,566	
Department of Defense ^a	75,955	75,117	76,230	75,016	76,905 ^b
National Aeronautics and Space Administration	16,264	17,309	17,623	17,460	
National Institutes of Health	29,038	28,558	29,607	29,837	[30,000] ^c
National Science Foundation	5,917	6,429	6,509	6,553	
U.S. Department of Agriculture	2,528	2,301	2,578	2,611	
Department of Homeland Security	1,471	1,379	1,351	1,414	
National Institute of Standards and Technology	677	641	831	863	
National Oceanic and Atmospheric Administration	532	528	585	628	
Department of Transportation	794	812	835	847	
Department of the Interior	639	621	678	657	
Environmental Protection Agency	731	707	736	725	
Total	143,766	144,183	148,079	147,177	76,905^d

Source: Compiled from various sources. For details, see CRS Report RL34048, *Federal Research and Development Funding: FY2008*, coordinated by John F. Sargent.

Note: Agencies for which no appropriations act has been signed into law are funded under the continuing resolution (H.J.Res. 69) at FY2007 levels.

- a. This line consists of Title IV funding in the Department of Defense appropriations act and does not include research, development, testing, and evaluation funds associated with the Defense Health Program, the Chemical Agents and Munitions Destruction Program, and the Mine Resistant Ambush Protected Vehicle program. It also does not include R&D funds from supplemental or additional appropriations acts.
- b. This value is calculated by CRS based on the Department of Defense Appropriations Act, 2008 (Division A of P.L. 110-116). Note that it does not include any funds that may be allocated to R&D from the \$5.2 billion that P.L. 110-92 appropriated for the Mine Resistant Ambush Protected Vehicle program.
- c. These values are calculated by CRS based on H.R. 3043, as passed by the House and Senate. This bill was vetoed on November 13, 2007, and the veto was sustained.
- d. This total does not include funds present in H.R. 3043, as passed by the House and Senate.