

Federal Funding Overview Continuing Resolution and beyond

The President signed the Continuing Resolution (HR 2638) which funds nine Federal Agencies at the FY08 levels for FY09, and appropriations for Defense, Military Construction-Veterans Affairs and Homeland Security through March 6, 2009. The allocations for those three Agencies are similar to the allocations set by the House and Senate Appropriations Committees.

NSF, DOE, NIST, NASA and NIH are among the nine agencies operating under the CR expected to continue operations at about 90% of the FY'08 level from October 1st through March. Back in June, a 2008 supplemental was passed and provided \$400M to NSF, DOE, NASA and NIH, which has not been factored into the CR. Thus these agencies are receiving less than their spending for the year - FY'08.

The CR, coming just days before the more than \$700B "bailout", it was not clear that these 9 agencies will be inoculated against additional operational cuts as the details for funding the "bailout" are unclear.

Nonetheless, here are some details regarding the impact of the CR:

DOE – The \$62.5M supplemental received in July will hold them in good stead until the CR expires March 6, 2009. Both Argonne and Fermi were in precarious positions prior to the supplemental this summer owing to increases in electrical power costs, inflation and repair bills for the machine hit hard. ORNL will continue till March as well but the real impact is going to be felt by ITER – the international fusion experiment being built in France. This year only \$26M of the \$160M promised will be contributed by the US, and this has been of serious concern to the scientific community who see the possibility of limiting US participation in the future.

NSF – Research related to climate change is hardest hit, particularly those programs supporting research in the polar regions. The academic research fleet supported by the NSF, the Office of Naval Research and NOAA will see a drop in support of 15% to 20%. Continuing delays in completing upgrades to the NSF ocean drilling vessel are also on the table. Other programs which saw supplemental increases are also endangered.

NASA – received approval to buy seats through 2016 aboard the Russian Soyuz spacecraft (which ferries passengers to and from the space station). Also the new President will have an opportunity to determine whether to keep the shuttle operational past its planned retirement date. This has been a bone of contention as the Bush Administration had plans to shut down the shuttle program past 2010 in order to fund a new launcher.

NIH – the CR provides only a 1% increase in the budget over what was the FY'07 appropriation. This is as a result of the \$150M bump in the summer supplemental which

was NOT figured into the calculations for the CR. Previously when operating under a CR, NIH gave investigators with ongoing grants only 80% of the approved amount. But this year's freeze applies to half the fiscal year, much longer than previous CRs. Adding to this is the fact that the NIH cycle for awarding grants comes due in December – a time when uncertainties will further impact on the number of grants and levels of awards.

DARPA – while not many of our institutions are recipients of DARPA funds (DARPA has significantly pulled back from supporting projects and PI's at academic institutions) nonetheless there has been a further, significant decrease in funds available. The Defense budget was passed and signed with a decrease of \$130M directly attributable to “poor execution” (Congress' language) from the approximately \$3M budget. The cuts come from the space program, biotech, “advanced warfighting technology” and other accounts. The differences will not be settled until there is a change of Administration.

The Future after March 6, 2009?

If, as expected, the Congress adopts the stance it took after the last election wherein a “holdover” budget (a Continuing Resolution) was in effect months after the start of a new fiscal year, we can expect similar behavior. Congress will declare that it is too difficult, midway through FY09, to revisit the appropriations process and they will agree to continue the CR through the year. Congress is more than likely to commence work on the FY10 appropriation process.

If this occurs, DOE will suffer some serious damage in a number of programs: the Energy Frontier Research Centers program has proposals which have been submitted but can be held for only a year without being funded; ITER, if faced with no funds after March, will incur a decision to terminate US participation and a default penalty of \$750M; facilities are contending with budget cuts on a site by site basis; the ASCR research program is delaying new awards until the end of FY'09 thus throwing funding into next years budget; Advanced Center Climate analysis is deferred for now. These are but a few of the specific impacts that a long term CR will force DOE to face. An internal document has been developed setting out specifics should the CR be continued throughout the fiscal year.

Finally there is discussion of a second stimulus package which, as of now, does not include any mention of “science funding” despite strong efforts by all segments of the research communities. The focus of the package is deemed to be very narrow with money getting out “on the street” within 90 days.

Couple these concerns on the federal budget with those of the state budgets and the impact on the whole research and education communities and one can see dire consequences for the competitiveness and innovation programs of the nation.