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.
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…. 

The Oldaker Group
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

<table>
<thead>
<tr>
<th>FY 14 Budget Status for Selected Major Federal R&amp;D Programs</th>
<th>FY13*</th>
<th>FY14 Admin</th>
<th>House</th>
<th>Senate</th>
<th>Final</th>
</tr>
</thead>
<tbody>
<tr>
<td>National Institutes of Health</td>
<td>29,300</td>
<td>31,000</td>
<td>TBD</td>
<td>30,950</td>
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<tr>
<td>NSF</td>
<td>6,884</td>
<td>7,600</td>
<td>7,000</td>
<td>7,400</td>
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<tr>
<td>NOAA Research</td>
<td>444.2</td>
<td>472.4</td>
<td>358.5</td>
<td>456.5</td>
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<tr>
<td>NOAA NOS</td>
<td>458.5</td>
<td>496.5</td>
<td>400.8</td>
<td>504.8</td>
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<tr>
<td>DOE Office of Science</td>
<td>4,621</td>
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<tr>
<td>NASA</td>
<td>16865</td>
<td>17715</td>
<td>16598</td>
<td>18010</td>
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</tbody>
</table>
Just how far apart is the House and Senate on funding for FY 14 programs? Answer: $91 billion

<table>
<thead>
<tr>
<th>FY 2014 Discretionary Spending Proposals</th>
<th>FY 2013</th>
<th>Admin</th>
<th>AD/13</th>
<th>House</th>
<th>House/13</th>
<th>House/AD</th>
<th>Senate</th>
<th>Sen/13</th>
<th>Sen/AD</th>
<th>Sen/House</th>
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</thead>
<tbody>
<tr>
<td>Agriculture</td>
<td>$20,510</td>
<td>$19,667</td>
<td>($843)</td>
<td>$19,450</td>
<td>($1,060)</td>
<td>($217)</td>
<td>$20,930</td>
<td>$420</td>
<td>$1,263</td>
<td>$1,480</td>
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<td>Com-Jus-Sci</td>
<td>50,110</td>
<td>52,014</td>
<td>$1,904</td>
<td>46,845</td>
<td>($3,265)</td>
<td>($5,169)</td>
<td>52,272</td>
<td>$2,162</td>
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<tr>
<td>Defense</td>
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<td>515,910</td>
<td>($1,558)</td>
<td>512,522</td>
<td>($4,946)</td>
<td>($3,388)</td>
<td>516,624</td>
<td>($844)</td>
<td>$714</td>
<td>$4,102</td>
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<td>Energy-Water</td>
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<td>34,483</td>
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<td>30,426</td>
<td>($6,309)</td>
<td>($4,057)</td>
<td>34,773</td>
<td>($1,962)</td>
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<td>$4,347</td>
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<td>Financial Service</td>
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<td>23,756</td>
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<td>16,966</td>
<td>($4,449)</td>
<td>($6,790)</td>
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<td>Homeland</td>
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<td>Interior-</td>
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<td>($5,695)</td>
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<td>Labor-HHS-</td>
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<td>165,802</td>
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<td>($34,759)</td>
<td>($44,005)</td>
<td>164,330</td>
<td>$7,774</td>
<td>($1,472)</td>
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<td>Legislative Branch</td>
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<td>($153)</td>
<td>($383)</td>
<td>4,350</td>
<td>$73</td>
<td>($157)</td>
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<tr>
<td>Military</td>
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<td>74,691</td>
<td>$2,788</td>
<td>73,320</td>
<td>$1,417</td>
<td>($1,371)</td>
<td>74,366</td>
<td>$2,463</td>
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<tr>
<td>State-Foreign</td>
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<td>47,872</td>
<td>$5,793</td>
<td>34,103</td>
<td>($7,976)</td>
<td>($13,769)</td>
<td>44,079</td>
<td>$2,000</td>
<td>($3,793)</td>
<td>$9,976</td>
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<tr>
<td>Transportation-</td>
<td>51,698</td>
<td>51,605</td>
<td>($93)</td>
<td>44,100</td>
<td>($7,598)</td>
<td>($7,505)</td>
<td>54,045</td>
<td>$2,347</td>
<td>$2,440</td>
<td>$9,945</td>
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<tr>
<td>Total</td>
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<td>$1,059,310</td>
<td>$17,198</td>
<td>$966,924</td>
<td>($75,188)</td>
<td>($92,386)</td>
<td>1,058,000</td>
<td>$15,888</td>
<td>($1,310)</td>
<td>$91,076</td>
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</tbody>
</table>
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.
• 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

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.