TO: Washington University Research Community

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TOPIC: Federal Funding Newsletter – FY13 Continuing Resolution and FY14 Budget

In keeping with our efforts to provide the WUSTL research community with current and validated information regarding the research funding ecosystem, via periodic newsletters, please find the new information summarized below.

**Fiscal Year 2013 Federal Funding**

Congress has passed and the President has signed the Consolidated and Further Continuing Appropriations Act, 2013. The law funds the federal government through the end of the federal fiscal year 2013 (September 30, 2013).

The law, also commonly referred to a continuing resolution (CR), unfortunately does not make it easy to immediately determine the final funding levels for most federal research accounts. This is because of two things:

1) While Congress did adjust specific funding levels for some agencies, such as adding $221 million for the National Science Foundation (NSF) and $71 million for the National Institutes of Health (NIH), in order to ensure overall funding was under certain spending limits, small across-the-board cuts, called rescissions, were imposed.

Depending on what section of the bill funds the agency, the level of the rescission differs. For example, from our current understanding of the legislative language, the NSF and NASA accounts are both hit with a 1.877% cut, Agricultural research would be reduced 2.513%, NIH research would be reduced 0.189%, and Department of Energy would not be faced with the rescission. The funding levels listed in the law do not include these rescission levels.

2) The numbers in the bill do not include the larger across-the-board cuts imposed by the 2011 Budget Control Act, known as sequestration. The levels in the bill provide the base upon which the sequestration cuts would be applied in FY13. According to the latest Office of Management and
Budget projections, the sequestration cut to research agencies would be around 5.1%.

While applying both the rescission and sequestration cuts would seem to be simple math, most press releases, articles, and analyses at this point are inconsistent. They will likely remain inconsistent, because of the various FY12 agency budget funding baseline levels being used for the analysis, even after the rescission and sequestration amounts are sorted out.

Despite any inconsistency in numbers reported, the trend is clear: almost all federal research agencies have less funding in FY13 than they did in FY12 and nearly all of the decline is a result from the across-the-board sequestration reduction.

The American Association for the Advancement of Science (AAAS) has done an analysis of effect of the FY13 CR on federal research and development. That analysis can be found here: [http://www.aaas.org/spp/rd/](http://www.aaas.org/spp/rd/)

The main points from that summary are:

- After sequestration, federal R&D investment is estimated to be $130.9 billion, a reduction of $9.6 billion, or 6.9 percent from FY12.
- Nondefense R&D drops 4.2%, a reduction of $2.619 billion, from the FY12 level. The bulk of that is the estimated $1.4 billion (4.8%) cut from the NIH.
- Considerable variation from agency to agency.
- Defense R&D drops by nearly $7 billion (approximately 10%) -- unclear how the cut will be allocated between 6.1 basic research and the other parts of the defense portfolio.
- NSF's R&D budget after sequestration will be 2.4% below FY12.
- NASA’s R&D budget drops 4%, a reduction of $372 million.

While the AAAS focuses on research and development, the Association of American Universities (AAU) attempts to hone in on only research accounts. Their Weekly Wrap-Up from March 22 provides a good detailed summary of the legislative process and an initial assessment of research funding and can be found at the following link: [http://www.aau.edu/WorkArea/DownloadAsset.aspx?id=14290](http://www.aau.edu/WorkArea/DownloadAsset.aspx?id=14290)
Main points from that summary are:

- **National Science Foundation (NSF):** The bill added $221 million for NSF in FY13, raising the agency’s budget to $7.254 billion. After the sequester, however, the agency’s budget will be $6.884 billion. FY12 funding was about $7.033 billion.

- **NASA:** The measure funded the space agency at $17.52 billion, which agency officials estimate will be reduced to $16.65 billion under the sequester. This compares to the FY12 budget of $17.8 billion.

- **Agriculture and Food Research Initiative (AFRI):** The bill increased AFRI funding by $25 million to $290 million, before the sequester. The Department indicates that the sequester will reduce the budget to about $274 million, for an INCREASE of $10 million over FY12 funding.

- **Department of Energy Office of Science:** An anomaly added in the Senate bill CUT $44 million from the Department of Energy, before the sequester. That amounted to cuts of $13 million from the DOE Office of Science, $10 million from ARPA-E, $11 million from Energy Efficiency and Renewable Energy, and $10 million from Nuclear Energy. (In FY12, the DOE Office of Science budget was $4.84 billion, ARPA-E was $275 million, EERE was $1.8 billion, and Nuclear Energy was $765 million.) The sequester will produce further cuts.

- **National Institutes of Health:** NIH was funded through the CR, but an anomaly in the bill increased the agency’s budget by $71 million, before imposition of the $1.6 billion in sequester cuts. NIH funding in FY12 was about $31 billion.

Again, observe that associations are still working through rescissions, sequester, and other provisions. But these numbers, where they are noted as being after the application of sequester, should be in the right ballpark.

**FY14 Federal Funding Process**

Because of the lengthy debate over both sequestration and the final disposition of FY13 funding, the FY14 process is shaping up to be highly irregular.

Last week, even before the President has released his FY14 budget proposal, both the House and Senate passed FY14 budget resolutions. This is an anomaly, as the President's proposal is typically released well before the legislative chambers develop their budget plans.
The President's budget is now scheduled to be released on Wednesday, April 10th.

Most in Washington do not believe the House and Senate will be able to reconcile their different budget resolutions, raising the possibility that each chamber could be using a different overall funding baseline as they work on their FY14 funding bills. This is not anomalous, as the appropriations process regularly must reconcile different baseline funding amounts between bills from the House and Senate.

**Future communications and information**

As news develops, future communications will be sent regarding the federal budget and its anticipated effects on the federal funding of research. In addition, budgetary and agency-specific information will continue to be compiled and posted on the Office of Vice Chancellor for Research website, [http://research.wustl.edu](http://research.wustl.edu).

Please send any comments or questions to [OVCInfo@wustl.edu](mailto:OVCInfo@wustl.edu).