

**An Overview of the President's FY 2008 Budget Request for  
Research and Higher Education**

*Prepared by Lewis-Burke Associates LLC  
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The President released his \$2.9 trillion FY 2008 budget request today, calling on Congress to provide increased funding for new troops in Iraq, keep overall domestic discretionary spending levels below the rate of inflation, support decreases in the rates of growth of certain entitlement programs, and enact various budgeting reforms to meet the Administration's goal of eliminating the budget deficit by 2012. However, while Presidential budget requests are always just the opening move in the annual budgetary process during which Congress makes changes both large and small to the proposed spending plan, the FY 2008 budget request risks becoming largely irrelevant even sooner than usual this year for a number of reasons.

First, the Administration's budget is being received by a Democratic-controlled Congress, and the majority party has reasons both philosophical and political to want to declare the Administration's priorities and budgetary assumptions dead on arrival. Second, because Congress has not yet completed work on the FY 2007 budget, the Administration had little choice but to use its FY 2007 budget request as the baseline for its FY 2008 proposal (except for the Departments of Defense and Homeland Security, for which Congress was able to complete appropriations last year). The funding levels in the FY 2007 spending resolution being finalized by Congress, however, are in most cases quite different from those requested by the Administration for FY 2007, which means that Congressional budget and appropriations committees will find many of the FY 2008 request's proposals immaterial.

The FY 2008 budget request does, however, contain some proposals and themes which are in many ways consistent with recent actions by Congress. Fortunately for the research and higher education communities, one of these is a continued emphasis on innovation and competitiveness. The budget request would continue the American Competitiveness Initiative (ACI), which the Administration requested first in FY 2007 and which would double over 10 years the budgets of the National Science Foundation (NSF), the Department of Energy's (DOE) Office of Science, and the National Institute of Standards and Technology (NIST). While most of the federal government would be funded at FY 2006 spending levels under the resolution now being completed by Congress, additional funding has been made available for NSF research, DOE's Office of Science, and NIST. Likewise, the Administration is proposing a significant increase in the maximum Pell Grant award in FY 2008, while Congress has included a substantial increase in its FY 2007 spending resolution as well. In addition to the ACI, the Administration's request includes strong emphases on ocean research, climate change R&D, and particularly alternative and renewable energy R&D.

Not all federal research and education programs, however, would do as well under the FY 2008 request as those under the ACI umbrella. These include NASA science programs and in particular the Department of Defense's basic and applied research programs which would be

significantly cut under the Administration's request. The National Institutes of Health (NIH) is slated for a \$620 million increase by the Democratic Congress for FY 2007; the Administration's request for FY 2008 for NIH is significantly below this level.

Below, Lewis-Burke Associates LLC has provided brief summaries of the FY 2008 budget request for several agencies of interest to the research and higher education communities. Additional analyses will be provided tomorrow and during the following several days as federal agencies hold briefings for the public on their FY 2008 proposals.

**Please note that, unless otherwise noted, comparisons in the budget analyses below use the FY 2007 funding levels included in the spending resolution currently being finished in Congress, rather than the FY 2007 budget request level included in the Administration's budget documents; this decision was made to provide readers with the truest sense of how the Administration's FY 2008 proposals would actually impact funding levels at the various agencies.**

### National Science Foundation

The FY 2008 National Science Foundation (NSF) budget request totals \$6.4 billion. This amount represents an increase of about \$400 million or 7% over last year. The NSF research and related activities account – the account that provides funds for NSF's disciplinary and interdisciplinary research programs – is proposed to increase to \$5.1 billion, an increase of about \$360 million or 8% increase over the level for FY 2007. The computer and information science and engineering directorate would increase by 9%; engineering would grow by 7%; and the mathematical and physical sciences directorate would grow by 9%. The growth in the mathematical and physical sciences would be used to strengthen – among other areas – fundamental mathematical and statistical science, and sustainable use of energy and natural resources. The geosciences, helped in part by the Administration's interagency ocean research priorities plan released last week, would grow by 6% to a level of nearly \$800 million. The office of cyberinfrastructure would grow by nearly 10%. This comes on the heels of a 40% increase in FY 2007 as NSF moves aggressively to expand its support for this important area in science and engineering.

NSF's Major Research Equipment and Facilities Construction (MREFC) account – the account used for the construction or acquisition of unique major research platforms -- is slated to receive a 5% increase over the level anticipated for FY 2007. The MREFC account includes funding to begin a major upgrade to the Laser Interferometer Gravitational Wave Observatory. NSF's Education and Human Resources account, which provides support for K-12, undergraduate, and graduate programs, as well as programs that support the broadening of participation in science and engineering, comes in with a request of \$750.6 million. This is 5% more than the amount originally planned for FY 2007 and 7.2% over the FY 2006 level. The budget request includes \$46 million for NSF's math and science partnership program, of which \$29 million will be available for new awards.

### Department of Energy

For the Department of Energy (DOE) overall, the President requests \$24.3 billion for FY 2008, which is an increase of \$705.3 million (+3 percent) over his FY 2007 budget request. This is

good news as the President's FY 2007 request showed no growth over the enacted level for FY 2006.

As President Bush outlined in his State of the Union address, the FY 2008 budget places significant emphasis on the development of clean, renewable energy sources to reduce the nation's dependence on foreign oil and to address the challenge of global climate change. The President proposes an increase of \$505.9 million (+19.6 percent) for energy efficiency and renewable energy, fossil energy, and nuclear energy activities. Energy programs would receive \$3.1 billion in FY 2008. Relative to the year-long funding resolution currently pending before Congress to complete action on the FY 2007 appropriations bills, these energy programs would be approximately \$200 million above that level.

The President also maintains his commitment to the American Competitiveness Initiative (ACI) and the Advanced Energy Initiative (AEI) by requesting an additional \$296.2 million above his FY 2007 request for DOE's Office of Science. The \$4.4 billion requested for the Office of Science represents a 7.2 percent increase on top of his 14.1 percent increase proposed for FY 2007. Relative to the year-long funding resolution currently pending before Congress to complete action on the FY 2007 appropriations bills, the FY 2008 request for the Office of Science would be approximately \$600 million (+16 percent) above that level.

The national security programs of DOE would receive \$9.4 billion under the President's request, an increase of \$71 million (+0.8 percent) above the FY 2007 request. The Administration continues to scale back its request for environmental management activities, requesting \$6.3 billion, a reduction of \$229.5 million (-3.5 percent) below the FY 2007 request, but \$818.3 million below the FY 2006 enacted level.

### **Department of Health and Human Services/National Institutes of Health**

The President's budget request includes \$64.3 billion for the Department of Health and Human Services (HHS) for FY 2008. Within that total, the FY 2008 request for the National Institutes of Health (NIH) is \$28.6 billion – \$369.5 million below the level in the pending FY 2007 year-long joint funding resolution.

In addition, the President's budget requests \$1.2 billion for HHS to support the government's influenza readiness plans – \$322 million of which will be for pandemic influenza preparedness activities at the National Institutes of Health, the Center for Disease Control and Prevention, the Food and Drug Administration, and the HHS Office of the Secretary (information on how the \$322 million will be divided is not yet known).

The stated priorities in the President's FY 2008 budget for HHS and its offices and agencies include ensuring that the nation is prepared for health emergencies (i.e. pandemic influenza and bioterrorism) and improving health care accessibility and delivery (i.e. Medicare, Medicaid, and the creation of health centers in rural and poor areas). While "supporting public health through science" was overshadowed by these priorities in the context of the President's narrative justification of the FY 2008 budget, when it comes down to the numbers, funding for NIH research comprises about 45 percent of the total HHS discretionary budget.

## **Department of Defense**

Though few details were available at the time of this writing on the particulars of the FY 2008 budget request for DOD's basic and applied research programs, the figures included in the Administration's overall research and development budget request documents indicate that overall basic research at DOD would fall by 9 percent under the FY 2008 request compared to the enacted FY 2007 level, and overall applied research programs would be cut by 18 percent.

## **Department of Education**

In higher education and student aid, the big news is a substantial proposed increase in the maximum Pell Grant. The President would raise the maximum to \$4600, an increase of \$550 above the FY 2006 level and \$290 above the level contained in the House-passed FY 2007 funding resolution. The increase would come with a price, however, as the President has proposed the elimination of the Supplemental Education Opportunity Grant (SEOG), funded at \$771 million in FY 2006 and the FY 2007 funding resolution. Notably, the President has not proposed eliminations or cuts to the TRIO or GEAR UP college access programs as he has in recent years.

One notable new item in the request for the Department of Education is the inclusion of \$25 million to begin a pilot feasibility study of a "student unit data record" system, which some have criticized as an invasion of privacy since it would track individual students' progress.