

MESSAGE FROM PETER ALFONSO, PH.D. VICE PRESIDENT FOR RESEARCH AND ECONOMIC DEVELOPMENT

AAAS BUDGET NEWS/SEQUESTRATION INFORMATION

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BUDGET NEWS

Sequestration In Effect. Sequestration officially began on March 1. Last week, as expected, the U.S. Senate failed to pass two legislative proposals -- one offered by Democrats and the other by Republicans -- to replace the sequester with a deficit reduction plan. The Democrats proposed a plan (S. 388) (go to: <http://www.uri.edu/research/tro/BILLS-113s388pcs>) to generate \$110 billion through a combination of spending cuts and additional revenues, the latter by eliminating tax loopholes. The Republican proposal (S. 16) (go to: <http://www.uri.edu/research/tro/BILLS-113s16pcs>) would have authorized the President to allocate the sequester cut of \$85 billion for FY 2013 at the Administration's discretion and allowed some flexibility to protect military programs. However, the Administration's decisions would have still needed final approval by Congress.

As reported last week, for federal research and development (R&D), sequestration reductions in defense and nondefense discretionary spending will translate into an estimated cut of \$8.7 billion to the FY 2013 R&D budget. The Department of Defense would be cut 7.3%, and nondefense research agencies would be cut 5.1%. These cuts, however, must be implemented in a fiscal year that is already nearly five months into the cycle, making the burden of the cuts that much more acute. For example, the White House Office of Management and Budget has estimated that this would result in cuts equal to 13% and 9%, respectively.

AAAS Posts Revised R&D Sequestration Figures. The AAAS R&D Budget and Policy project:

<http://app.aaas-science.org/e/er?s=1906&lid=123&elq=45b8431194684e529189ed949a68d18ah>

has posted a revised table that reflects the potential cuts to federal R&D agencies for FY 2013 through FY 2017 (<http://www.aaas.org/spp/rd/>) With the sequester officially in effect, some agencies have issued new memoranda on the impact of sequestration on agency operations. The National Institutes of Health (NIH), for example, stated that the "impact could include: not issuing continuation awards, or negotiating a reduction in the scope of...awards to meet the constraints imposed by sequestration. Additionally, plans for new grants or cooperative agreements may be re-scoped, delayed, or canceled depending on the nature of the work and the availability of resources." The National Science Foundation (NSF), meanwhile, has stated that it will continue to honor existing grants issued in FY 2013 to date in order "to minimize disruption of scientific research." However, it also stated that "the total number of new research grants will be reduced by approximately 1,000."

Next: The FY 2013 Continuing Resolution. With the sequester now in effect, at least for FY 2013, the Congress must now begin to deliberate over how to fund the U.S. government for the remainder of the fiscal year. To date, the government has been operating under a continuing resolution (CR) that is set to expire on March 27. On March 4 the House Appropriations Committee unveiled a proposed omnibus appropriations bill to fund the government for the remainder of the fiscal year. According to the press release at: <http://app.aaas-science.org/e/er?s=1906&lid=27750&elq=45b8431194684e529189ed949a68d18a>, all nondefense agencies would continue to be funded at FY 2012 levels, which would equal approximately \$140.6 billion. However, the budget would still continue to be subject to sequestration, which translates to a 5.1% decrease for nondefense research agencies, as outlined above. Defense R&D (6.1-6.3 accounts) would be funded at \$70 billion (FY 2012 levels)

and be subject to sequestration, which translates to a cut of 7.3% from that FY 2012 level. The draft omnibus bill (go to: <http://www.uri.edu/research/tro/BILLS-113hr933ih>) also includes language that would provide, in special cases, some protections in critical areas such as FBI, embassy security, and wildfire suppression. It also includes a provision that would allow "additional funding to maintain the launch schedule for new weather satellites." But the majority of the federal nondefense research agencies are not provided with any flexibility on the allocation of the across-the-board cuts resulting from sequestration.

For updates on the federal research and development budget for FY 2013 and the AAAS sequestration report, please visit the AAAS R&D Budget and Policy website at:

<http://app.aaas-science.org/e/er?s=1906&lid=123&elq=45b8431194684e529189ed949a68d18a>