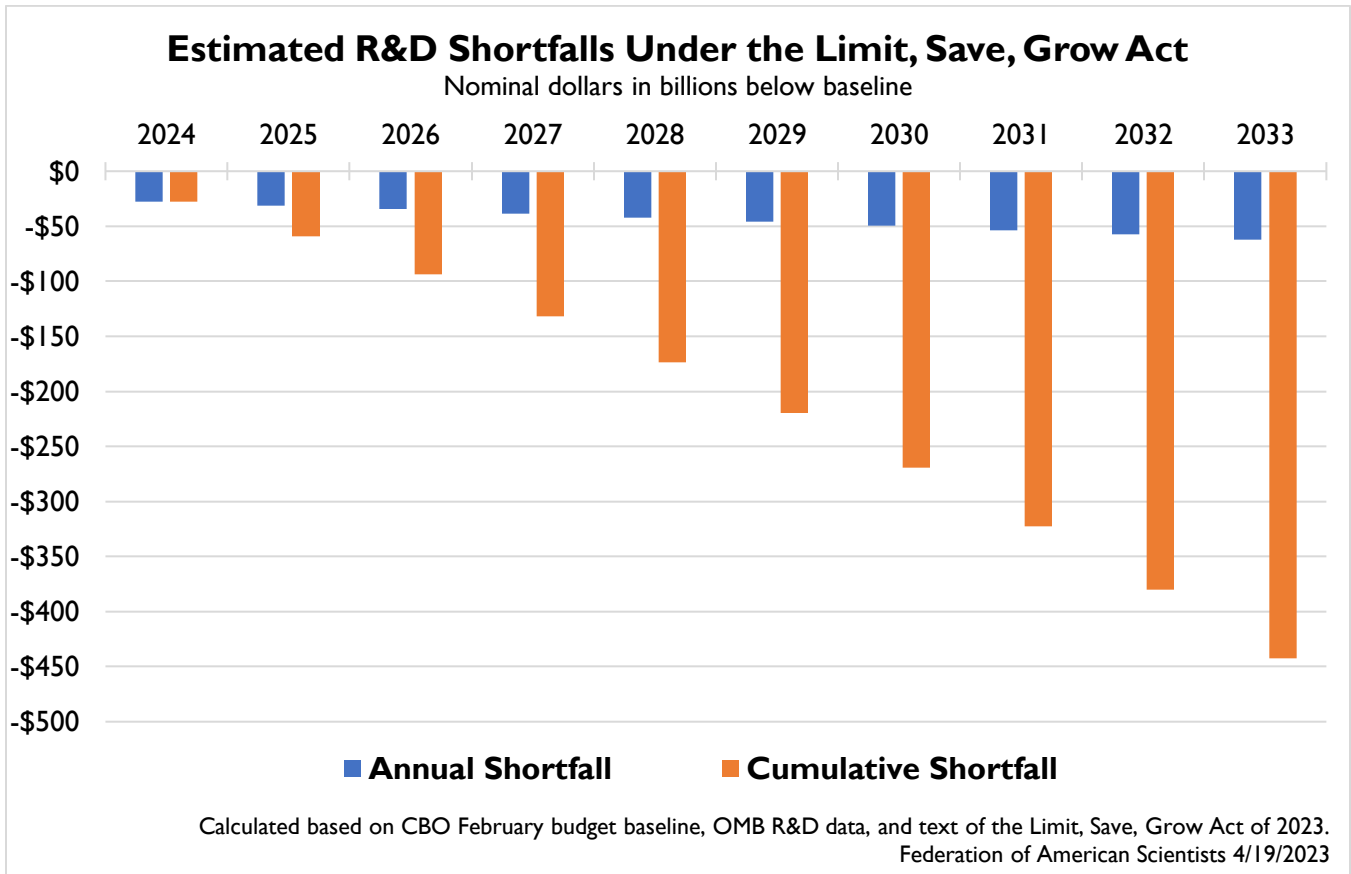




Proposed House Budget Would Reduce Federal R&D By An Estimated \$442 Billion or 19% Over 10 Years

A nondefense-only cap approach may mean estimated cuts of 28% in FY 2024, and near 40% over the next decade, for science agencies like the National Institutes of Health, the National Science Foundation, and NASA



On Wednesday, April 19, Speaker McCarthy unveiled the Limit, Save, Grow Act of 2023, which would establish a set of discretionary spending caps over the next decade through FY 2033, allowing for only sub-inflation increases in overall spending. These caps would have the effect of reducing base discretionary spending by over \$3.5 trillion below baseline over that time.

The last time Congress adopted a set of discretionary caps, it likely reduced federal R&D investment by more than \$200 billion over the nine years they were in place.ⁱ What sort of impact might this new set of caps have on federal investment?

To develop a rough estimate, we started with CBO’s February 2023 baseline for discretionary budget authorityⁱⁱ and OMB’s estimates of R&D in FY 2023.ⁱⁱⁱ According to OMB’s figures, federal R&D accounted for 12.2% of all base discretionary budget authority, in line with historical norms. Holding this percentage steady, we calculated 10-

year R&D projections under both the CBO baseline and the discretionary caps described in Section 101 of the Limit, Save, Grow Act, with small adjustments for program integrity, disaster relief, and wildfire suppression. Comparing these estimates suggest all federal R&D could decline by \$28 billion or 13% in FY 2024, and \$442 billion or 19% in the aggregate, in nominal dollars. (See Table 1 below or the graph on the prior page).

	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	10-Year
Baseline R&D	\$211	\$216	\$221	\$227	\$232	\$238	\$244	\$250	\$256	\$262	\$2,356
R&D Under Proposed Budget	\$183	\$185	\$187	\$189	\$190	\$192	\$194	\$196	\$198	\$200	\$1,914
R&D Reduction Below Baseline	-\$28	-\$31	-\$35	-\$38	-\$42	-\$46	-\$50	-\$54	-\$58	-\$62	-\$442
Percent Reduction Below Baseline	-13%	-14%	-16%	-17%	-18%	-19%	-20%	-21%	-23%	-24%	-19%

Calculated based on CBO February budget baseline, OMB R&D data, and text of the Limit, Save, Grow Act of 2023. | Federation of American Scientists 4/19/2023

Given prior statements by House leadership indicating a preference for protecting defense spending, we also developed an estimate of potential reductions to nondefense R&D – which includes the National Science Foundation, the National Institutes of Health, NASA, EPA, and the Departments of Energy, Agriculture, Commerce, Transportation, and others – should nondefense have to bear the brunt of future spending reductions. Under this scenario, it’s assumed that defense spending grows at the CBO baseline rate, while nondefense absorbs all \$3.6 trillion in discretionary cuts.

In this case, nondefense R&D would decline by an estimated \$29 billion or 27% in FY 2024, and \$461 billion or 39% cumulative through FY 2033 (see Table 2 below).

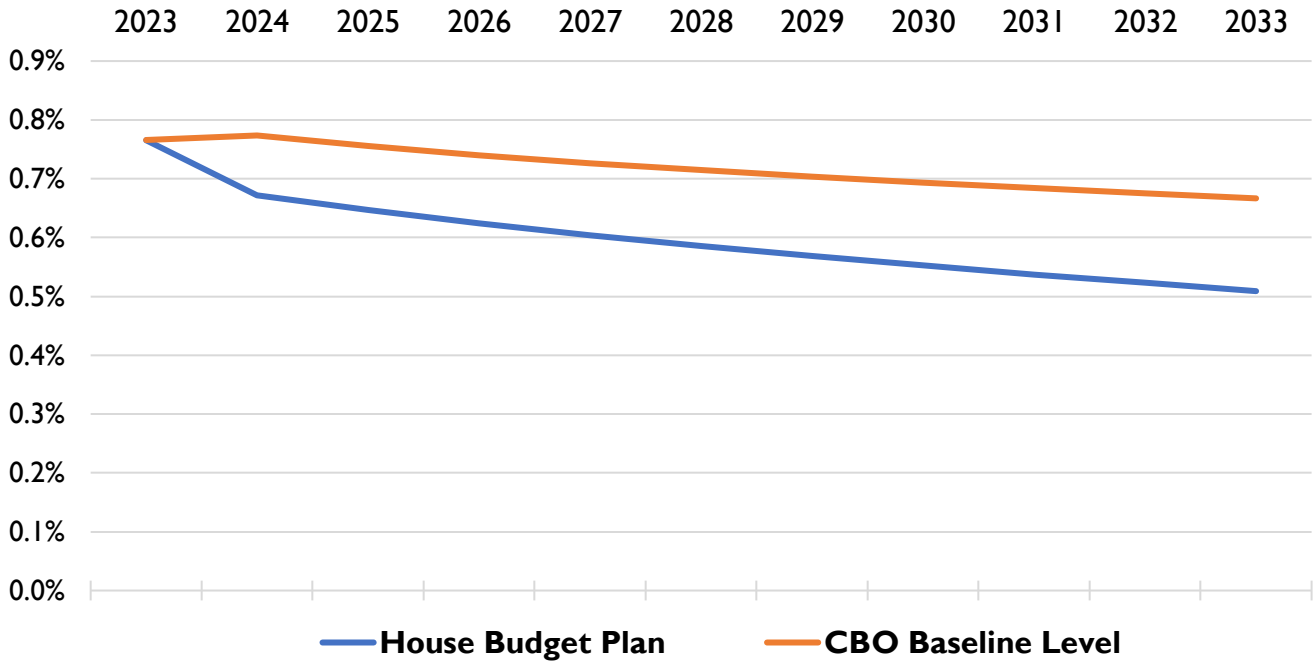
	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	10-Year
Baseline Nondefense R&D	\$107	\$110	\$112	\$115	\$118	\$121	\$124	\$127	\$130	\$133	\$1,198
Nondefense R&D Under Proposed Budget	\$78	\$77	\$76	\$75	\$74	\$73	\$72	\$71	\$70	\$69	\$737
R&D Reduction	-\$29	-\$33	-\$36	-\$40	-\$44	-\$48	-\$52	-\$56	-\$60	-\$65	-\$461
Percent Reduction	-27%	-30%	-32%	-35%	-37%	-39%	-42%	-44%	-46%	-49%	-39%

Note: Nondefense agencies include all federal research agencies except Department of Defense and National Nuclear Security Administration.
 Calculated based on CBO February budget baseline, OMB R&D data, and text of the Limit, Save, Grow Act of 2023. | Federation of American Scientists 4/19/2023

The House budget plan would also push down federal R&D as a share of GDP over the next decade, from its current level of 0.77% according to OMB data, to 0.51% (see graph, following page). This would represent the lowest point in several decades.

It’s worth noting the CBO baseline level itself is quite modest and would also result in a slight decline in federal R&D relative to U.S. GDP.

Federal R&D as a Share of U.S. GDP Under Budget Alternatives



Calculated based on CBO February budget baseline, OMB R&D data, and text of the Limit, Save, Grow Act of 2023.
Federation of American Scientists 4/19/2023

ⁱ <https://www.aaas.org/news/budget-control-act-may-have-cost-over-200-billion-federal-rd>

ⁱⁱ <https://www.cbo.gov/publication/58848>

ⁱⁱⁱ https://www.whitehouse.gov/wp-content/uploads/2023/03/ap_6_research_fy2024.pdf