

Research Budgets' Fate in Doubt

Uncertainty about the 1987 deficit casts a shadow over R&D programs; cutbacks could be imposed at NSF, NIH, DOE, and other research agencies

AFTER taking a 17-day break, the Senate has returned to Washington to finally take up appropriations bills, and the House has resumed its appropriations activities. This attempt to fashion funding bills for the National Science Foundation, National Institutes of Health, Department of Energy, and other federal agencies, however, is just a warm-up exercise. The budget process is almost sure to become tangled by the Gramm-Rudman-Hollings deficit reduction mandate, White House efforts to protect defense spending, and election-year folly.

Ultimately, the outcome of deliberations over program budgets for the next fiscal year, which begins 1 October, will be an all-encompassing continuing resolution. Appropriation and authorizing committee reports will end up serving as guides for funding science programs and government activities. And agency funding expectations, in fact, could be dampened in the next few weeks, depending on congressional and executive branch actions related to meeting the fiscal year 1987 deficit target of \$144 billion.

The House and Senate have reported a budget resolution for FY 1987 that purports to hold the deficit to \$142.6 billion. But, there is concern at both ends of Pennsylvania Avenue that lower revenues and higher than anticipated spending will inflate the deficit by \$10 billion to \$15 billion—perhaps even \$20 billion. Under the “Balanced Budget and Emergency Deficit Control Act of 1985,” a deficit estimate that exceeds the \$144-billion benchmark by more than \$10 billion would trigger the legislation’s sequestration mechanism.

Unless the deficit can be reduced with new revenues, spending reductions would be applied across all federal programs. Half the total reductions would come from defense programs and the remainder from nondefense budgets, except for exempt entitlement programs. In FY 1986, the first year of the law sponsored by Senators Phil Gramm (R-TX), Warren Rudman (R-NH), and Ernest F. Hollings (D-SC), a reduction of 4.3% was imposed to meet a \$171.9-billion deficit target.

The major cause of worry this year is

economic growth, which has been lower than the 4% (after inflation) projected by the Reagan Administration in February. As a result, federal revenues may be down \$3 billion or more. The White House calculated in its February budget submission to Congress that a 1% reduction in gross national product would drop receipts by \$6.2 billion (*Science*, 21 February, p. 789). Whatever the loss, it will be partly offset by falling interest rates that cut finance payments on the national debt and reduced outlays for farm price supports, for example. Just what, if any, savings may have to come from research and education programs, or the entire federal enterprise may not be known until fall. Similarly, until more appropriations bills clear the House and Senate, it is hard to get an idea of how applied and basic research programs would be affected.

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The outlook will become more focused on 15 August, when the Congressional Budget Office (CBO) and the Office of Management and Budget (OMB) estimate the size of the FY 1987 deficit and whether the target deficit would be met with the enactment of appropriations and budget reconciliation bills. Five days later they must report the percentage reduction that will be needed in spending accounts to bring the deficit down to the \$144-billion mark. If these reductions have not been achieved by 1 October, spending reductions would go into effect, subject to final action on 15 October.

Unlike this year (FY 1986), the sequestration might not be automatic, but could require the approval of Congress and presidential endorsement. The Supreme Court on 7 July struck down the law’s automatic mechanism for imposing cutbacks to meet

deficit reduction goals. The Court concluded that empowering the General Accounting Office’s comptroller general to order spending cuts violated the constitution’s separation-of-powers principle (*Science*, 18 July, p. 279). Although Congress is expected to move quickly to confirm cuts made under the automatic mechanism in January, it remains to be seen how it will deal with the possibility of having to vote on a sequestration this fall.

Senator Gramm hopes to reinstitute the automatic mechanism with new legislation aimed at correcting the deficiencies cited by the Court. Gramm proposes to give the comptroller general independence from the Congress. This proposal will be detailed in an amendment to be attached to critical legislation to raise the debt ceiling. The government cannot continue to borrow unless this bill is passed.

Even without the automatic mechanism to hide behind, Senate and House committee aides predict that members would be compelled to vote for a sequestration because of politics. Indeed, Democrats indicate that they would like to put the President’s “feet to the fire.” A presidential veto of a deficit reduction is probably inconceivable, budget committee staffers say, if the deep cuts are needed and defense is pared much below the \$298 billion budget called for in the 26 June joint budget resolution.

High political drama, however, may be avoided through budgetary tricks. The 15 August deficit estimate will be shaped by the varying economic assumptions adopted by OMB and CBO. But ultimately, the two agencies’ findings will be averaged. Spending also can be lowered by departmental actions to advance outlays to 1986, or to delay them until FY 1988.

Under the rules of the Gramm-Rudman game, it does not matter what deficit actually results. The FY 1986 deficit, for instance, could reach \$220 billion. The government just needs a basis for claiming on 15 October that the deficit will not exceed \$154 billion. Thus, research budgets may emerge mostly intact—at least until the game starts again in January with the submission of the Administration’s FY 1988 budget. ■

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