



Research and Development: Budget Summary

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Research and Development Funding FY2016

Overview

Congress ended 2015 by passing a \$1.1T omnibus spending package that funds federal agencies through next fall. It includes \$148.6B in federal R&D funding across all federal agencies, with the most dollars going to DOD, followed by NIH and DOE.

<i>In Millions</i>	DOD	NIH	DOE	NASA	NSF	USDA	NIST	NOAA	OTHER
FY2015 Enacted	\$66,629	\$30,934	\$11,751	\$12,145	\$5,999	\$2,446	\$668	\$682	\$6,192
FY2016 Requested	\$72,168	\$31,871	\$12,463	\$12,329	\$6,309	\$2,884	\$888	\$912	\$6,561
FY2016 Senate	\$73,518	\$32,648	\$11,992	\$12,318	\$6,031	\$2,408	\$715	\$762	\$5,959
FY2016 House	\$70,677	\$31,393	\$11,853	\$12,406	\$6,077	\$2,411	\$689	\$747	\$5,884
FY2016 Enacted	\$73,477	\$32,806	\$12,488	\$13,251	\$6,129	\$2,647	\$779	\$838	\$6,219
TOTAL R&D FUNDING FY2016	\$148,634								

Total R&D funding for FY2016 is \$2.4B above the President's request and \$11.19B above FY2015 levels.

Research and Development Funding by Agency

Priority Area: Biology and the Life Sciences

National Institutes of Health (NIH)

In FY2016, NIH will receive nearly \$2B (5.7%) more in federal funding than it did in FY2015. The omnibus package promotes NIH's Clinical and Translational Science Awards Program, which is designed to develop innovative solutions to bring laboratory and clinic research to market. The omnibus requires NIH spends at a minimum \$500M on the Clinical and Translational Sciences Awards program.

Priority Area: Engineering and the Physical Sciences

Department of Defense (DOD)

In the FY2016 omnibus, total DOD R&D funding increased by 10.3% from FY2015. DOD basic research programs had a 1.4% gain over FY2015, avoiding the large cuts proposed in the President's budget. DOD's Defense Health program saw one of the largest increases with funding being added for peer-reviewed research. DARPA, however, saw a 1.6% decrease in funding from FY2015 levels.

Department of Energy (DOE)

In the FY2016 omnibus, total funding for DOE's Office of Science increased by 5.6% from FY2015. Among programs, the largest increase went to Advanced Scientific Computing Research, which received \$80M more than in FY2015. The only Office of Science program to receive a cut in the FY2016 omnibus is the Fusion Energy program, which saw a decline of 6.3% from FY2015.

Department of Commerce: National Institute of Standards and Technology (NIST)

In FY2016, NIST will receive \$964M, including \$690M for Scientific and Technical Research and Services (STRS) and \$155M for Industrial Technology Services (ITS). FY2016 NIST funding is 13.9% below the President's request, but 11.6% higher than FY2015 levels. Of the \$155M ITS funds, \$25M will be used for the National Network for Manufacturing Innovation (NNMI). This is \$119M below the President's request, but a \$25M increase from FY2015. This is the first time NNMI has received direct funding in the federal budget.

Department of Commerce: National Aeronautics and Space Administration (NASA)

In the FY2016 omnibus, NASA will receive \$19.3B, with \$13.3B for R&D activities, a 9.1% and 7.1% increase respectively over FY2015 levels.

Department of Commerce: National Science Foundation (NSF)

In the FY2016 omnibus, NSF will receive \$6.13B for R&D, a 2.2% increase from FY2015 levels. The omnibus requires that no less than \$160M of NSF funds be spent on the Experimental Program to Stimulate Competitive Research (EPSCoR), which works to advance science and engineering research and education to achieve sustainable increases in research, education, and training capacity and competitiveness. Additionally, the omnibus provides \$62.5M for the Advanced Informal STEM Learning program.

Department of Agriculture (USDA)

In the FY2016 omnibus, USDA R&D programs received \$2.65B, including \$350M for the Agriculture and Food Research initiative for competitive agricultural research grants, a 7.7% increase over FY2015, and the Agricultural Research Service received a 15.1% increase over FY2015. USDA did not receive any of its requested funding for its NNMI institutes.

Tax Extenders

Together with the FY2016 omnibus spending bill, Congress ended 2015 by passing a tax extender package as well. The package is estimated to cost \$650B over a 10-year period and does not include offsets. Several tax breaks were made permanent, including the Research and Development Tax Credit.

Research and Development Tax Credit

The R&D Tax Credit was made permanent in the end-of-year tax extender package. The credit was first introduced in 1981 and has been extended many times since its original expiration date in 1985. Up until now, companies and investors were shy to invest in R&D, since the credit required continuous renewal and left businesses with uncertain financial futures. Now, however, with the research and development tax credit made permanent, businesses can invest in R&D knowing what their financial future will look like.

How it Works

For tax years beginning after December 31, 2015, businesses with \$50M or less in gross receipts may claim the credit against alternative minimum tax liability. Additionally, small startups with \$50M or less in gross receipts can apply the credit against their payroll taxes (up to \$250K). The changes are intended to benefit smaller businesses and startups, which had been unable to take advantage of the credit in the past.

Deduction for Charitable Contributions to Agricultural Research

Under the end-of-year tax extender package, agricultural research organizations will be treated as public charities for tax purposes for five years, making charitable contributions deductible. This is intended to promote private investment in agriculture research.