



THIRD CLASS
Bulk Rate

Federal R&D Funding for FY 1975 Continues to Decline as a Share of the Budget

Federal R&D obligations (plant excluded) totaled \$16.8 billion in fiscal year 1973 and were expected to amount to \$17.7 billion in fiscal year 1974 and \$19.6 billion in fiscal year 1975—increases of 5.5 percent and 10.4 percent, respectively.¹ The dollar levels are the highest on record, but when the totals are translated into constant dollars, the 1974 performance level is below that of any year in the 1965-75 decade. Furthermore, any reasonably estimated deflator will reveal a substantial reduction in the relative increase proposed for 1975.

R&D totals have grown less rapidly than the Federal budget as a whole. In 1965 R&D and R&D plant expenditures reached their highest share of the overall Federal budget, at 12.6 percent; each year thereafter the share has dropped. In the present period the ratio continues to decline, from 7.1 percent in 1973 to an estimated 6.6 percent in 1975.

In 1975 the growth in R&D programs of individual agencies is determined for the most part by the energy crisis and military strategy. The Department of Defense (DOD) not only continues to produce the predominant share of the Federal R&D total (49 percent), but in the 1975 budget this agency's scheduled

increase of \$1,009 million outweighs that of any other agency.²

For the National Aeronautics and Space Administration (NASA) the rise in R&D support between 1974 and 1975 is small enough to represent a leveling. This agency's share of total Federal R&D obligations is an estimated 16 percent.

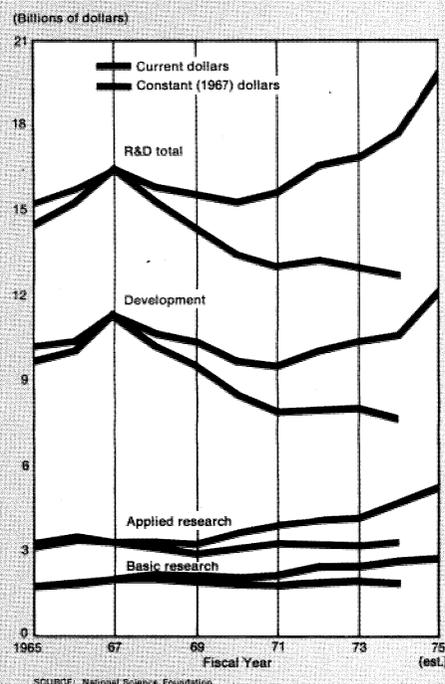
The two other leading support agencies are the Department of Health, Education, and Welfare (HEW) and the Atomic Energy Commission (AEC). In 1975 the HEW share of the R&D total is estimated at 11 percent and that of AEC, at 9 percent.

AEC is one of four agencies chosen to carry out the task of finding solutions to the national energy problem. The others are the Department of the Interior (Interior), the National Science Foundation (NSF), and the Environmental Protection Agency (EPA). All of these agencies received substantial increases in the 1975 budget to cover a spectrum of energy R&D programs.

In 1975 the estimated increases for applied research and development represent significant relative growth, but the slight rise for basic research represents virtually no change from the previous year. The applied research total of \$5.1 billion, a 10-percent increase over 1974, reflects expanded programs of a number of agencies, primarily NASA, DOD, and the four major energy-support agencies.

² On the basis of congressional appropriation action, the DOD increase was reduced by approximately \$700 million.

Trends in Federal R&D Obligations



The \$11.9 billion in development funding, a 13-percent increase over the previous year, is the direct result of expanded programs of three agencies: DOD, AEC, and Interior, the last two related to energy.

The small 1975 rise of 1 percent for basic research, which brings the total to \$2.6 billion, is the net result of the expanded effort of three agencies, NSF, AEC, and Interior, offsetting NASA and HEW decreases. The increased effort here also bears a relationship to work on energy.

¹ Data are taken from *Federal Funds for Research, Development, and Other Scientific Activities, Vol. XXIII*, to be published later. Data for 1974 and 1975 are estimated. The survey on which the report is based was conducted at the midpoint of fiscal year 1974 when the President's budget for fiscal year 1975 had just been forwarded to Congress. Thus, data for 1975 do not reflect subsequent congressional actions or changes made by Executive apportionment.