

(Retyped from original memorandum of August 15, 1977)

EXECUTIVE OFFICE OF THE PRESIDENT  
OFFICE OF MANAGEMENT AND BUDGET  
Washington, D.C. 20505

TO THE HEADS OF EXECUTIVE DEPARTMENTS AND AGENCIES

SUBJECT: Funding of Basic Research

The President has expressed his interest in having Federal departments and agencies examine their research and development programs to assure an appropriate balance between basic or long-term research and shorter-term applied research and development. The President is particularly concerned with the identification of critical problems currently or potentially faced by the Federal Government where basic or long-term research could assist in carrying out Federal responsibilities more effectively or where such research would provide a better basis for decision-making.

An example would be the recent efforts to strengthen the basic research program of the Department of Agriculture which could lead to breakthroughs in a number of problem areas, including reducing the vulnerability of crops to insects and diseases through genetic engineering. Another example would be research to improve our understanding of scientific phenomena that underlie various regulatory decisions of the Federal Government (e.g., the setting of air quality standards.)

We are asking that in the context of developing your 1979 budget you identify whether there are specific problems in your area of responsibility that might be better addressed through basic research and then use the results of your review to determine whether available resources can be better applied to basic or long-term research associated with those problems. In so doing, you are urged to look carefully at your existing R&D programs to see whether there are areas where tradeoffs can be made, taking into account, for example, the effectiveness of current R&D efforts, and the need to avoid research, development and demonstration activities that might more appropriately be left to the private sector.

There is a tendency to defer needed basic or long-term research to meet more pressing near-term problems. We urge that in developing budget proposals for your agency you take a balanced view in dealing with your R&D programs and be sensitive to this tendency. Of course, we expect that you will apply the same rigorous zero-based budget review to basic research programs that you are applying to other programs in your agency.

The results of your review should be reported along with the information about R&D basic research programs which is submitted as a routine part of your agency's budget preparation (section 44 of OMB Circular A-11). The data in that section should be supplemented with a narrative description of the problem areas identified as outlined above, and should identify any changes proposed in your agency's R&D programs to focus agency resources on long-term research related to these problem areas. This approach should obviate the need to make any changes in your current ZBB structure.

Your review should be completed in time to be reflected in your agency's initial budget submission. A report on your review should be submitted to OMB no later than September 30. Your budget submission is expected to be consistent with the amounts and general guidance provided in the policy letter sent to you previously.

Bert Lance  
Director