Good afternoon. I have some brief remarks before opening the meeting up for your questions.

This morning, the President announced his Fiscal Year 2008 budget request for the entire federal government. This includes a $17.3 billion request for NASA, a 3.1 percent increase over the President’s FY 2007 request for the Agency. This increase demonstrates the President’s commitment to NASA and to maintaining our nation’s leadership in space and aeronautics research.

Now, we all realize that the Congress has yet to determine the current year’s appropriation for NASA and other federal agencies, with Senate deliberations beginning soon after the funding resolution passed last week in the House. The House resolution reduces overall funding for NASA by $545 million from the President’s FY07 request. It further
directs specific reductions to human spaceflight of $677 million, $577 million of that from Exploration Systems. The FY07 appropriation, if enacted as the House has resolved, will jeopardize our ability to transition safely and efficiently from the Shuttle to the Orion Crew Exploration Vehicle and Ares I Crew Launch Vehicle. It will have serious effects on many people, projects, and programs this year, and for the longer term.

Budget cuts are a fact of life in public service. But as I noted during last year’s Congressional hearings on NASA’s FY 2007 budget request, we have a carefully balanced set of priorities to execute on behalf of our nation. It is my job to inform the White House and Congress as to the impact of such budget cuts and funding re-direction on the multi-year space and aeronautics projects and programs that NASA carries out.

As always, we are here to carry out our nation’s civil space and aeronautics programs with the resources made available by the Congress. Our programs proceed in a “go-as-we-pay” manner; if we receive less funding than requested, we will adjust our pace. Our
stakeholders have my commitment to keep them informed as to the approach I think is in our nation’s best interests in carrying out NASA’s space and aeronautics research missions with the resources provided. In this determination, I will be guided by the NASA Authorization Act, Presidential policy, and the decadal survey priorities of the National Academy of Sciences. If we are not able to meet any of the policy objectives set for the Agency, I will so state.

Allow me now to return to the matter of our FY 2008 budget request. This is a carefully considered, balanced request formulated over many months with the White House, though of course it does not account for the as yet undetermined FY 2007 appropriation. I will say again that I believe that the FY 2008 budget request for NASA demonstrates the President’s commitment to our nation’s leadership in space and aeronautics research, especially during a time when there are other, competing demands for our nation’s resources.

You will not find major strategic changes in the FY 2008 budget request as compared to last year, but you will see some slight course corrections. But overall, I believe that we are heading in the right
direction, that we have made great strides this past year, and that we are on track and making progress in carrying out the tasks before us.

Beginning with Earth Science, we recently received the first-ever decadal survey for Earth Science from the National Academy of Sciences, which NASA, NOAA, and the USGS requested in 2004. As the first of its kind, the survey has drawn considerable attention, and we will observe the programmatic priorities for Earth Science which it advocates. In addressing the survey’s Earth Science priorities, we have incorporated the Global Precipitation Measurement mission into the FY08 budget request. As the follow-on to the highly successful Tropical Rainfall Measuring Mission, our plan is for GPM to launch its first Core satellite not later than 2013, followed by the second Constellation spacecraft the following year. Like so many of NASA’s Science missions, GPM depends on international cooperation, and we will be working closely with the Japanese Space Agency in the weeks and months ahead to solidify this partnership. In fact, I will be in Tokyo next month, and I hope to discuss our way forward with GPM. The
FY08 budget request also augments funding for the LANDSAT follow-on and Glory missions in order to keep those projects on schedule.

In Planetary Sciences, we have identified a small funding line for Lunar Science starting in FY 2008 to allow us to leverage the many opportunities for payloads on NASA and other nations’ lunar spacecraft, such as India’s Chandrayaan-1, as well as to analyze the science data from these missions, including our own Lunar Reconnaissance Orbiter.

In Heliophysics, we are on track for next week’s launch of the five THEMIS microsatellites to study the Earth’s magnetosphere. In 2008, we will be launching a host of heliophysics missions, many with international and interagency partners, to analyze the effects of solar flares, coronal mass ejections, and galactic cosmic rays.

In Astrophysics, the Hubble servicing mission is currently planned for a Space Shuttle flight in September 2008. And, as I advised the science community last summer, NASA is reinstating the SOFIA mission. Though we know of no technical showstoppers in the airworthiness of the aircraft or operation of the telescope, this program has some remaining hurdles to overcome. The SOFIA program baseline
will be finalized this spring, following a review to be chaired by
Associate Administrator Rex Geveden.

The FY08 request increases the budget profile for Aeronautics
Research over the President’s FY 2007 request, aligns our aeronautics
activities with the President’s recently issued Aeronautics Research and
Development Policy, and advances U.S. technical leadership in
aeronautics. I am proud of the significant progress we have made this
year in reformulating our approach to aeronautics research by
collaborating with the broad research community in industry, academia,
and other government agencies including the FAA and DoD. We’re on
the right course; America leads the way in aeronautics research.

I will turn now to the greatest challenge we face – safely flying the
Space Shuttle to assemble the International Space Station prior to
retiring it in 2010, while bringing new human spaceflight capabilities
on-line soon thereafter. We must understand that, given proper goals,
human spaceflight is a strategic capability for this nation, and we must
not allow it to slip away. Last week, we in the NASA family
remembered those whom we have lost in the exploration of space. In
the aftermath of the *Columbia* tragedy, President Bush addressed the NASA workforce, saying: “In your grief, you are responding as your friends would have wished – with focus, professionalism, and unbroken faith in the mission of this agency.” We must commit ourselves to that focus, professionalism, and unbroken faith every day in order to carry out the tasks before us.

In analyzing not only the root causes, but also the systemic reasons behind the *Columbia* accident, the Columbia Accident Investigation Board (CAIB) made some critical observations that guided the formulation our present civil space policy. I fear that with the passage of time and the press of other concerns, we may be losing sight of some of these principles, so let me reiterate some of them here today.

First, the CAIB noted that “The U.S. civilian space effort has moved forward for more than 30 years without a guiding vision.” Second, “because the Shuttle is now an aging system but still developmental in character, it is in the nation’s interest to replace the Shuttle as soon as possible as the primary means for transporting humans to and from Earth orbit.” Third, “the previous attempts to
develop a replacement vehicle for the aging Shuttle represent a failure of national leadership.” And finally, the Board noted that “this approach can only be successful: if it is sustained over the decade; if by the time a decision to develop a new vehicle is made there is a clearer idea of how the new transportation system fits into the nation’s overall plans for space; and if the U.S. government is willing at the time a development decision is made to commit the substantial resources required to implement it.”

The Vision for Space Exploration was a landmark change in U.S. civil space policy that addressed all of these points, and the President’s FY 2008 budget reaffirms that commitment with the necessary funds for the Space Shuttle and the International Space Station. We will continue at the best possible pace with the development of the Orion and Ares I crew vehicles. However, due to the cumulative effect of higher costs for Space Shuttle return to flight and operations than were previously assumed, other budget cuts to Exploration Systems over the past few years, and the FY07 appropriation, I am concerned about our ability to bring these new capabilities on-line by 2014. If we do not quickly come
to grips with this issue, America may have a prolonged gap between the end of the Shuttle program and the beginning of operational capability in our new systems, like the gap that occurred from 1975 to 1981, while the nation transitioned from Apollo to the Space Shuttle.

We have a lot of hard work ahead of us and many major milestones this year and next. The transition from the Space Shuttle to the *Orion* CEV and *Ares* launch vehicles over the next several years must be carefully managed, and we must be focused, professional, and have an unbroken faith in our mission. This is NASA’s greatest challenge, and I ask for everyone’s help in carrying out this challenge.

Beyond our budget request, NASA is preparing a package of legislative and administrative tools for the Congress to consider in helping us with this transition of the workforce, infrastructure, and equipment from the Space Shuttle to these new Exploration systems. I plan to discuss these legislative requests with members of Congress in the weeks and months ahead.

I’d now like to turn to the commercial crew and cargo service capabilities I hope to see successfully demonstrated in the next few
years. One item of significance in the FY 2008 budget runout, especially in the out-years, is that it allows for increases to our previously estimated costs for purchasing commercial cargo and crew services to support the International Space Station, assuming those commercial services are successfully demonstrated and are cost-effective. Should the costs for those services be greater than what is presently budgeted, we have accepted a management challenge to scale back on our space operations costs and will curtail some of our robotic lunar exploration plans for the out-years. That said, I hope in any case to collaborate with international partners on future robotic lunar missions.

Needless to say, these are busy times for all of us at NASA. A little over a year ago, nearly 3,000 of NASA’s 19,000 engineers were designated as “uncovered capacity”, meaning they were not directly assigned to specific projects and programs. Today, with the work defined in the Constellation program, we have greatly reduced that problem, and more importantly, many of our best engineers are working diligently on the great challenges before us.
One of the first rules in flying is to focus on the runway ahead, not behind. We have a lot of runway in front of us. Every NASA center is now vested in our exploration mission, and we have re-vectored funds to support additional aeronautics research in this budget request. We are committed to getting the job done, while rebuilding NASA as an institution with ten healthy centers known for technical excellence.

Now, in the effort to reduce uncovered capacity over the past year, it became clear that NASA’s implementation of full cost accounting procedures over the past several years had created numerous problems for our research centers. Our full cost accounting practices created a complex allocation of overhead costs which disproportionately inflated the operating costs for our research centers. Beginning in FY07, we are simplifying our full cost accounting practices. We are managing all of our Federal centers at a single overhead rate, while JPL’s overhead is, as before, directly included in its contract. All changes are revenue-neutral to projects and programs; none of NASA’s missions gains or loses money as a result of this accounting change. I fully realize that many people who look this budget without understanding the overhead
adjustments we have made in the process of simplifying our accounting structure will find it difficult to make apples-to-apples comparisons.

At first glance, this accounting change appears to reduce the Aeronautics Research budget, because so much of that work is done at our smaller research centers. This is incorrect. In direct spending, Aeronautics research has actually increased in the FY 2008 budget as compared to the FY07 request. If this is not clear, I will be more than happy to spend time explaining it. If you want more detail, I will refer you to Comptroller David Schurr, who will bring tears to your eyes with trace charts and budget tables. I do not want our new accounting procedures to confuse anyone, when the net result is that it is now much easier to manage the Agency equitably across all centers.

People are our most important resource, and I am blessed with a great team. I asked Shana and the mission directorate associate administrators to join me here this afternoon, ostensibly to answer your questions about NASA’s FY 2008 budget request, but really just to brag about them. We’ve accomplished a great deal this past year, due in large
part to their leadership, and their friendship. I’ve simply never worked with a better team.

I especially want to recognize Mary Cleave, as she plans to retire from NASA next month after spending nearly 27 years in the Agency. I am sure that she’ll hear many accolades in the weeks ahead, but on this public occasion I really want to thank her for being my friend for so many years, for always telling me what she really thought, and for stepping up to being the Associate Administrator for Science when she had originally told me that she wanted to retire earlier. Mary, we will miss you. I will miss you.

We have many challenges ahead of us, but we are on track and making progress in tackling these challenges. The FY 2008 budget request demonstrates commitment to our nation’s leadership in space and aeronautics research, and while we may be taking a hit with the FY07 appropriation, we will carry on, though not at the pace we had previously hoped.

So, with that, let me now turn the podium over to David Mould and open up the dialogue.
Thank you.