



THE AMERICAN ECONOMIC ASSOCIATION

[Committee on Economic Statistics](#) and [Committee on Government Relations](#)

The Future of NSF Support for Economic Research

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The proposed National Science Foundation (NSF) budget request for FY2027 would close the Directorate for Social, Behavioral and Economic Sciences (SBE). If enacted, this closure would shut off support for economics research with a decades-long track record of advancing understanding of technological change; enhancing American families' self-sufficiency; helping businesses better understand the workforce, consumer behavior, and new technologies; and improving the federal government's fiscal position.

- The NSF has supported research on structural economic changes that underpin U.S. national economic security, including the [effects of AI](#) on the labor market and the [risks of disruptions](#) in [global supply chains](#).
- NSF support of research on auction design by Nobel laureates Paul Milgrom and Robert Wilson has netted the U.S. government over \$100 billion in revenue from FCC [auctions of the electromagnetic spectrum](#).
- NSF-supported research has helped firms to better structure R&D and develop more effective [intellectual property strategies](#).
- NSF-supported research has generated evidence on why some firms [adopt new technologies](#) and others do not, increasing the understanding of learning by doing and the organizational factors that affect adoption. This body of research helps business leaders to make better decisions and policymakers to better understand the drivers of productivity growth.
- NSF-supported economics research has saved thousands of lives by facilitating [kidney transplants](#) based on the pioneering algorithm developed by Nobel laureate Alvin Roth.
- NSF support of the University of Michigan's Panel Study of Income Dynamics, which [launched in 1968](#) and is still ongoing, has been instrumental for understanding earnings dynamics of lower-income families and helping to design [policies](#) that increase their self-sufficiency and reduce dependency on federal programs.

With this record of exceptional returns on investment, we find the proposal in NSF's FY2027 Budget Request to [close the SBE Directorate](#) deeply concerning. In our complex economic times—with advanced technologies like AI spreading rapidly across the business landscape, and the

education and skills people need to be successful in the workforce changing in uncertain ways—there is strong and widespread public interest in understanding these changes and how they can be shaped, as needed, to broadly benefit the American public. The economics discipline is uniquely equipped to supply high-quality insights into technology-driven business and workforce changes. The key role of the National Science Foundation in supporting the process that creates these insights has never been more critical.