

Congress Finalizes Large Increase for USDA R&D

(This analysis is part of a series of AAAS R&D Funding Updates on the FY 2001 congressional appropriations process. This analysis includes information on R&D in final FY 2001 appropriations for USDA. The complete series of AAAS R&D Funding Updates, including continually updated analyses of R&D by agency in FY 2001 appropriations, is available on the AAAS R&D Web Site (<http://www.aaas.org/spp/R&D>) in the "FY 2001 R&D" or the "What's New" sections.)

On October 28, President Clinton signed into law the FY 2001 Agriculture appropriations bill (HR 4461), which provides funding for the U.S. Department of Agriculture (USDA). The Agriculture bill offers substantial increases to agricultural programs in FY 2001, and follows the pattern of other FY 2001 conference reports in providing billions of dollars more than earlier House or Senate versions of the bill, and also more than the President's request. In December, as part of the final appropriations bill, President Clinton signed into law an across-the-board reduction of 0.22 percent for most discretionary programs, including USDA programs; all figures in this analysis are adjusted to reflect this cut.

The final Agriculture bill provides \$2.0 billion for USDA R&D, a substantial \$190 million or 10.8 percent increase over the FY 2000 funding level, far more than the President's request and the earlier House or Senate versions (see Table). The House had earlier proposed \$1.7 billion, while the Senate and the Clinton Administration had proposed \$1.8 billion. (For full details of the President's request for USDA R&D and full information on USDA R&D programs, see Chapter 13 of *AAAS Report XXV: R&D FY 2001*. For more information on Senate appropriations for USDA R&D, please see the May 12 AAAS R&D Funding Update; for more information on House appropriations for USDA R&D, please see the May 18 AAAS R&D Funding Update.)

The final bill allows USDA to spend R&D funds on two mandatory (non-appropriated) grants programs. The **Initiative for Future Agriculture and Food Systems (IFAFS)** was created in June, 1998, as a mandatory program to spend \$120 million a year for five years on competitively awarded grants for agricultural research, to be administered by USDA's Cooperative State Research, Education and Extension Service (CSREES). The Appropriations Committees were upset that this program, created by the House and Senate Agriculture Committees, would take spending decisions on agricultural research out of their jurisdictions, so they blocked USDA from spending the first \$120 million installment of these funds in FY 1999. But because these funds were made available by law for two years, the FY 1999 money became available in FY 2000. USDA earlier this year announced requests for proposals for these funds, and began distributing these funds this past summer. Last year, Congress blocked the use of the FY 2000 funds but again only for one year, so USDA anticipates that these FY 2000 funds will become available this month to fund the FY 2001 round of grants. Because USDA assumes that FY 1999 and FY 2000 funds will cover spending in FY 2000 and FY 2001, the budget request proposed to defer the FY 2001 funds for a year.

While the House bill would have blocked the program from spending any of its funds, the Senate bill would have blocked only the FY 2001 funds as requested by USDA, which would have allowed the program to spend its FY 2000 funds in FY 2001 as planned. The final Agriculture bill takes the Senate position, thus allowing the \$120 million carried over from last year to be spent in FY 2001. (To more accurately reflect when the money would be spent, the Table shows \$120 million in FY 1999 funds in the FY 2000 column and the FY 2000 funds in the FY 2001 columns.) The final bill adds a provision allowing the funds to go only to land-grant institutions and designated minority-serving institutions.

Similarly, the Fund for Rural America in the Office of the Secretary was reauthorized last June for five years, but FY 1999 funds were blocked by Congress and became available in FY 2000, while FY 2000 funds were also blocked but became available this month. The House bill would have blocked any spending on this program, while the Senate bill would have blocked only FY 2001 funds. The final bill blocks FY 2001 funds, and allows half the FY 2000 funds to be spent in FY 2001 and the other half in FY 2002. (The Table includes half the FY 2000 funds in the FY 2001 Conference column to more accurately reflect when the money will be spent.)

While competitively awarded grants in the above two programs fare well in the final bill, other competitively awarded research grants decline in FY 2001. **CSREES** also administers appropriated research grants programs. The **National Research Initiative (NRI)**, the existing competitive research grants program which IFAFS was designed to supplement, receives only \$106 million, far below \$119 million in FY 2000 and nearly a third below the \$150 million request. Instead of competitively awarded grants, the Agriculture bill directs funds toward **Special Research Grants, which receive \$85 million, \$21 million or 33.6 percent more than FY 2000** and \$79 million more than the request. These funds go to 170 itemized projects, nearly all of which are for geographically specific congressionally designated projects. The House proposed \$74 million for 132 projects while the Senate proposed \$62 million for 129 projects, with many overlaps, and the final bill funds both the House and Senate projects to come up with the higher total. The final bill also contains numerous other congressionally designated projects in other parts of the CSREES budget. Most formula funding programs for academic R&D such as the **Hatch Act** (\$181 million, same as FY 2000) receive level funding. **Total CSREES R&D, which includes IFAFS spending, is \$559 million, up \$21 million or 4.0 percent from FY 2000.**

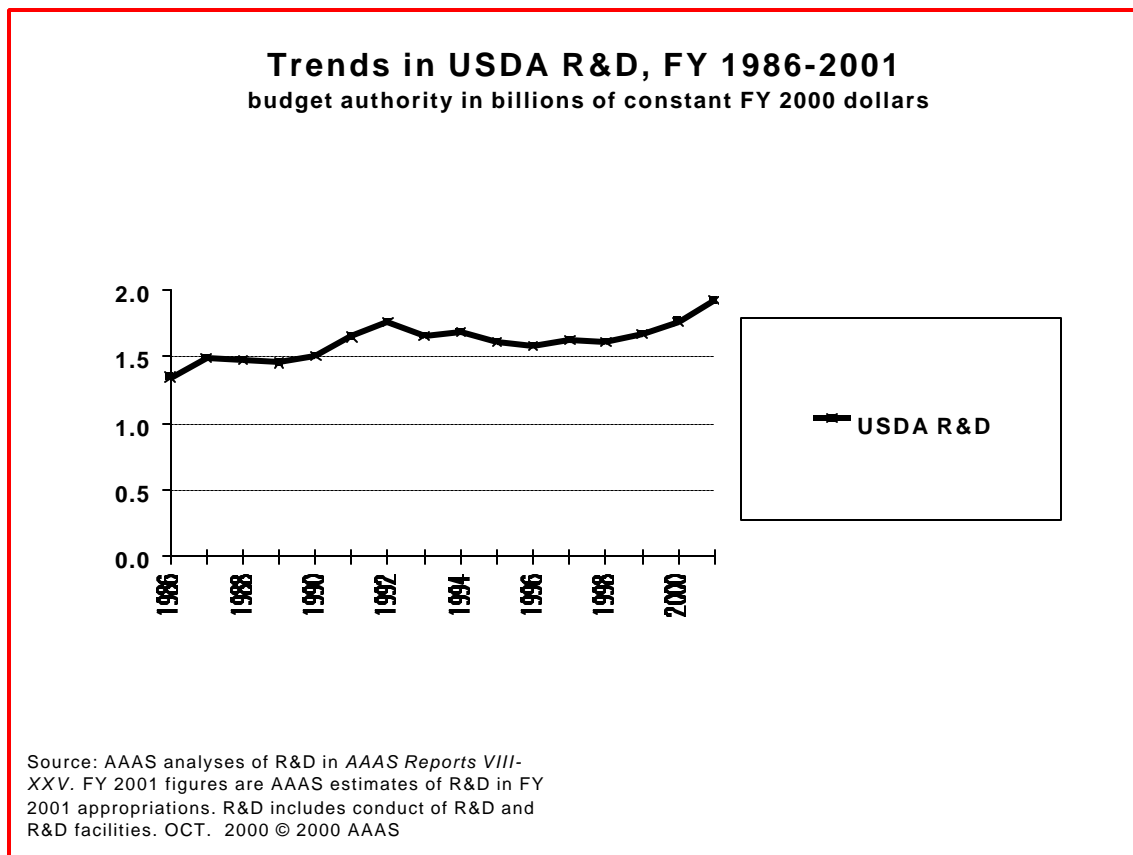


Figure 1.

Agricultural Research Service (ARS) R&D totals \$994 million in FY 2001, a substantial increase of 9.7 percent. ARS funds intramural research through a nationwide network of intramural laboratories and agricultural experiment stations. The final bill provides a 7.8 percent increase for ARS research programs to \$920 million, and an even larger 40 percent increase to \$74 million for ARS Buildings and Facilities construction and maintenance at 14 designated sites.

Other R&D funding agencies within USDA include the Economic Research Service (ERS), a leading supporter of research in economics, particularly agricultural economics. ERS receives \$67 million in FY 2001, an increase of \$3 million. The Forest Service supports ecosystems and forestry research, and receives \$237 million for R&D, a substantial jump of 12.4 percent over FY 2000.

Total R&D spending in the Office of the Secretary is \$58 million in FY 2001, more than quadruple the FY 2000 total of \$10 million. In addition to the Fund for Rural America, the FY 2001 totals include \$51 million in one-time appropriations for congressionally designated R&D projects signed into law in June as part of the crop insurance bill. These funds will be distributed through the Office of the Secretary.

The FY 2001 increase for R&D continues a trend of increases over the past few years. USDA R&D peaked in FY 1992 and declined for several years before hitting a low in FY 1996 (see Figure 1). Since then, the funding trend has been generally upward, especially in the last three years as the federal budget surplus has made more discretionary funds available to congressional appropriators. In FY 2000 and FY 2001, the release of the IFAFS funding has allowed USDA to exceed its early 1990s funding levels.

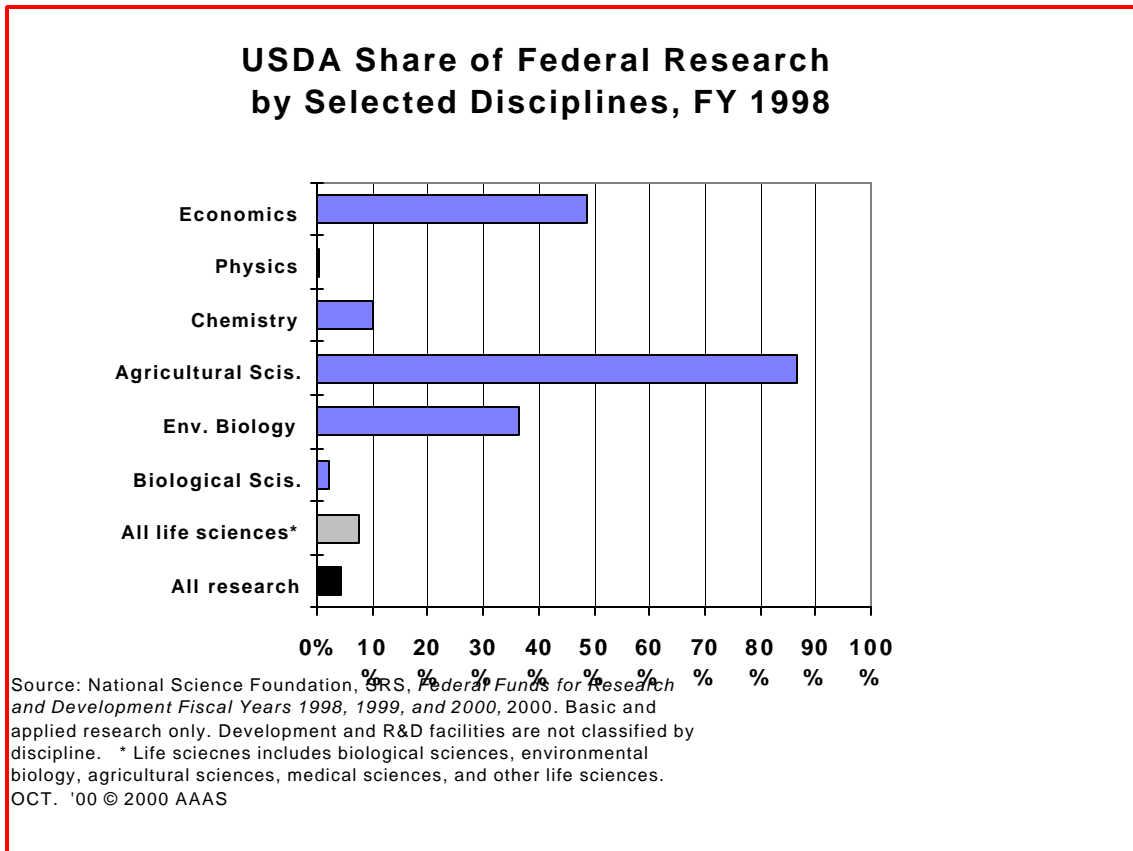


Figure 2.

There have been numerous calls to increase U.S. investments in agricultural R&D to meet the challenges of maintaining U.S. leadership in agriculture and ensuring food safety, but USDA has been stymied in its

efforts to increase its investments in research, especially competitively awarded research grants. NRI has never received more than \$120 million a year despite the original vision of its authorizers of a \$500 million a year program. In response, IFAFS was originally designed and signed into law as a way to increase spending on competitive grants, but the program has endured numerous congressional attempts to block its funding. The FY 2001 funding picture contains good news for IFAFS, but support for NRI still languishes.

USDA is the sixth-largest supporter of R&D in the federal government, and its support is especially important for key disciplines. USDA is responsible for 7 percent of all research support in the broad area of the life sciences, but dominates funding for two disciplines within life sciences, agricultural sciences and environmental biology (see Figure 2). USDA supports 85 percent of all federal support for agricultural research, with the remainder supported by the Agency for International Development (for international agriculture R&D) and the National Oceanic and Atmospheric Administration (for aquaculture and other marine-related R&D). USDA is also an important supporter of chemistry and biology, and represents nearly half of total federal support for economics, mostly for agricultural economics.

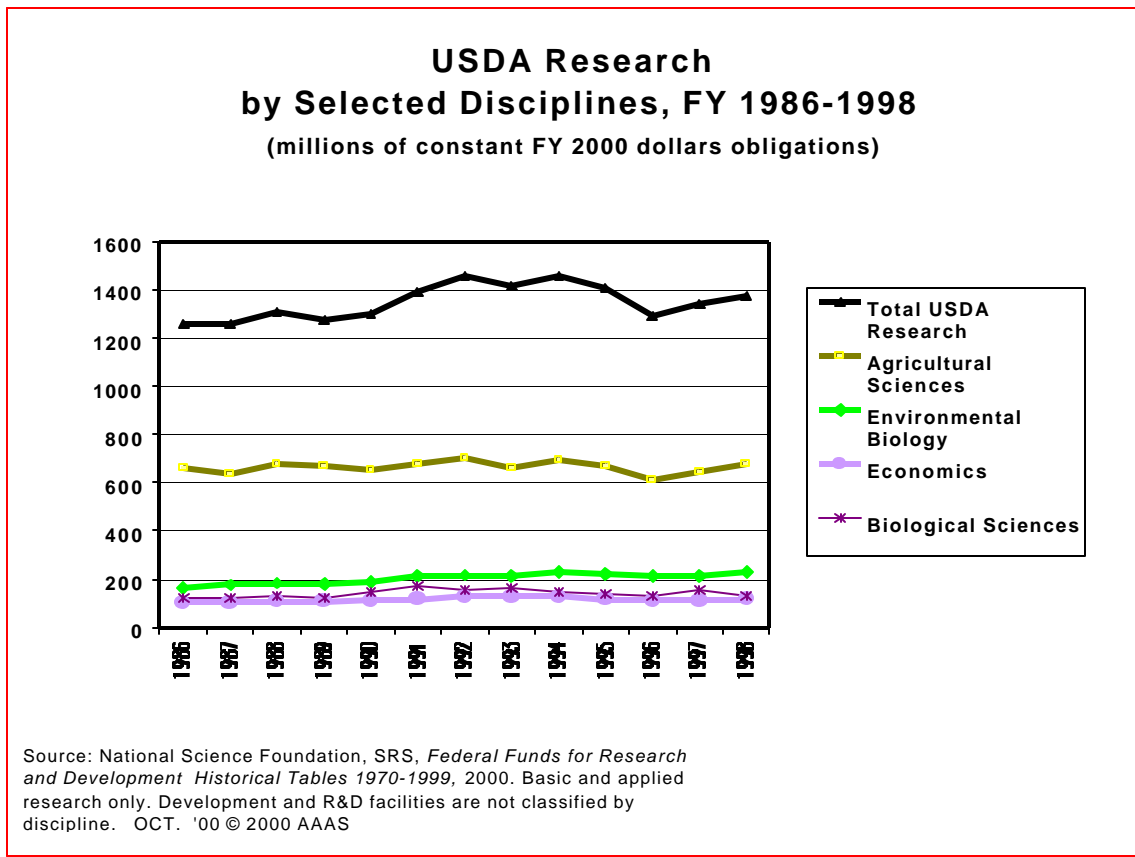


Figure 3.

Figure 3 shows trends in USDA support for research (basic and applied research, excluding development and R&D facilities) in selected disciplines. The agricultural sciences make up the majority of USDA research funding, and USDA agricultural sciences support stagnated in the 1990s along with total USDA research. USDA support of biology, economics, and environmental biology are smaller parts of the USDA research portfolio, and funding for these disciplines was flat as well in the 1990s. Because of the new IFAFS money in FY 2000 and FY 2001, USDA research should do well in FY 2000 and FY 2001. USDA basic and applied research totals an estimated \$1.6 billion in FY 2001 and \$1.5 billion in FY 2000, increases that if extrapolated to the trend lines of Figure 3 should result in increases for USDA support of the above disciplines.

President Clinton signed the Agriculture bill into law on October 28, but on December 21 he signed into law the Labor-HHS appropriations bill which contains an across-the-board reduction of 0.22 percent for most discretionary programs, including discretionary programs in the Agriculture bill. (IFAFS and the Fund for Rural America, as mandatory programs, are not affected.)

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**Table. U.S. Department of Agriculture
R&D in the FY 2001 Budget (FINAL)
(budget authority in millions of dollars)**

	FY 2000 Estimate	FY 2001 Request	Final FY 2001 Appropriations				
			FY 2001 FINAL	Chg. from Request Amount	Chg. from Request Percent	Chg. from FY 2000 Amount	Chg. from FY 2000 Percent
Agricultural Research Service (ARS)							
Programs ¹	853	917	920	3	0.3%	67	7.8%
Buildings and Facilities	53	39	74	35	89.8%	21	39.7%
Total ARS	906	956	994	38	4.0%	88	9.7%
Cooperative State Research, Education and Extension Service (CSREES)							
Programs (R&D)	538	523	559	36	7.0%	21	4.0%
<i>National Research Initiative</i>	119	150	106	-44	-29.5%	-13	-11.1%
<i>Special Research Grants</i>	64	6	85	79	1236.9%	21	33.6%
<i>Initiative for Future Agri.</i> ²	120	120	120	0	0.0%	0	0.0%
<i>(CSREES Non-R&D Programs)</i>	528	562	540	-22	-4.0%	12	2.4%
<i>(Total CSREES Budget)</i>	1,066	1,085	1,099	14	1.3%	34	3.2%
Forest Service	211	237	237	0	0.0%	26	12.4%
Economic Research Service	64	55	67	12	21.6%	3	4.5%
Agricultural Marketing Service	5	6	6	0	-2.5%	1	17.0%
Foreign Agricultural Service	1	1	1	0	0.0%	0	0.0%
Nat'l Agricultural Statistics Service	4	4	4	0	0.0%	0	0.0%
Grain Inspection	3	6	6	0	0.0%	3	100.0%
Animal & Plant Inspection Service	21	21	21	0	0.0%	0	0.0%
Office of the Secretary ³	10	15	58	43	286.7%	48	480.0%
Total USDA R&D	1,763	1,824	1,953	129	7.1%	190	10.8%

AAAS estimates based on FY 2001 appropriations bills. Includes conduct of R&D and R&D facilities.

FY 2000 and FY 2001 request figures based on OMB R&D data and supplemental agency budget data.

Figures are rounded to the nearest million. Changes calculated from unrounded figures.

¹ Includes spending from trust funds.

² Mandatory (non-appropriated) program of competitive grants for agricultural research.

³ Includes Fund for Rural America, a mandatory program.

FY 2001 Final includes \$50.5 million in R&D appropriations enacted in Public Law 106-224 (HR 2559).

FY 2001 FINAL figures adjusted to reflect 0.22 percent across-the-board cut.

December 20, 2000 - FINAL FY 2001 funding levels.