

Senate Joins House in Adding Earmarked R&D Funds for USDA

AAAS R&D Funding Update on USDA FY 2007 Senate Appropriations

Highlights

- In its first appropriations bill of the fiscal year (FY) 2007 appropriations season, the Senate would join the House in rejecting steep proposed cuts in the **U.S. Department of Agriculture's (USDA) R&D portfolio by adding \$314 million to the request for a total of \$2.3 billion (see Table). The Senate appropriation would be \$114 million or 4.7 percent below this year's funding level, and just above the House appropriation.**

- Both the House and the Senate would add \$300 million in separate congressionally designated, performer-specific R&D projects, or earmarks, which the request would have eliminated.

- In order to fund earmarks, both the House and now the Senate would trim a requested boost for the **National Research Initiative (NRI) of competitively awarded research grants, from a record \$248 million request down to \$190 million (up 5 percent over FY 2006).** But both chambers would also boost formula funding for research, providing an increase in Hatch Act funding for the first time this decade to \$186 million in the Senate (up 5 percent).

- The completion of the National Centers for Animal Health in Ames, Iowa, and the proposed elimination of earmarked facilities projects led USDA to propose a drastic reduction in intramural facilities from \$139 million down to \$8 million, but the Senate would provide \$83 million entirely for earmarked projects in FY 2007. Earmarked add-ons would result in \$1.1 billion for intramural research, \$126 million more than the request but still slightly below this year's funding level.

USDA R&D in FY 2007 Senate Appropriations

On June 22, the Senate Appropriations Committee kicked off its FY 2007 appropriations season by approving its version of the FY 2007 Agriculture appropriations bill (HR 5384), which funds most of the U.S. Department of Agriculture (USDA). It is the first of the 11 Senate FY 2007 appropriations bills, and follows House approval on May 23 of its version. Back in February, USDA proposed to cut 17.5 percent from the USDA R&D portfolio between 2006 and 2007, mostly through the proposed elimination of a bumper crop of FY 2006 R&D earmarks, but now both the House and the Senate have responded by adding most of them back. **The Senate would provide \$2.3 billion for USDA R&D in FY 2007, down \$114 million or 4.7 percent from the current year but \$314 million more than the request (see Table).** The House would provide similar amounts. (For details of the President's request for USDA R&D, please see Chapter 11 of *AAAS Report XXXI: R&D FY 2007* or the March 3 USDA R&D Funding Update. For details of House USDA appropriations, see the May 15 R&D Funding Update.)

The House and now the Senate restorations of \$300 million in funding for partially overlapping lists of earmarks suggests that most of the FY 2006 earmarks proposed for elimination back in February will be renewed in USDA's FY 2007 final appropriation. The AAAS analysis of the final FY 2006 budget counted \$331 million in USDA R&D earmarks in FY 2006. These earmarks are distributed in both intramural and extramural accounts, and primarily fund research grants but also fund facilities construction at USDA laboratories.

USDA's extramural research funds, distributed through earmarks, competitive grants, and formula funds, come from the Cooperative State Research, Education and Extension Service (CSREES). Total CSREES R&D would stay nearly flat at \$662 million in the Senate, but this would be a dramatic \$122 million improvement over the request (see Table). The Senate would add \$116 million to the meager \$3 million request for Special Research Grants for a total of \$119 million, nearly all of which would go for 179 congressionally designated, performer-specific research projects, with the small remainder going to ongoing competitive programs. The House would provide \$103 million for a partially overlapping list of earmarks. In addition, the Senate would add \$33 million in R&D earmarks in other parts of the CSREES budget.

At the same time, Congress would reaffirm the importance of formula funding for research. The main formula funding program, the Hatch Act, would receive the first increase this decade with a 3.6 percent boost in the House and a 5 percent boost in the Senate (to \$186 million) after stagnating at the current level since 1999. Other formula funding programs would also receive modest increases. Both the House and Senate Agriculture bills, however, are silent on the USDA's proposal to shift a large portion of Hatch Act funding from formula distributions to competitive grants, leaving it unclear whether formula funding would actually rise or fall in 2007.

The large boost in earmarks and smaller boost in formula funds would come at the cost of competitively awarded funds. **The National Research Initiative, USDA's main competitive research grants program, would see its funding rise \$9 million to \$190 million in both the House and Senate, but funding would fall far short of the requested 37 percent or \$67 million boost to an all-time high of \$248 million.** In real terms, the appropriations would represent a cut because NRI is scheduled in 2007 to take on competitive grants currently funded in the Integrative Activities account.

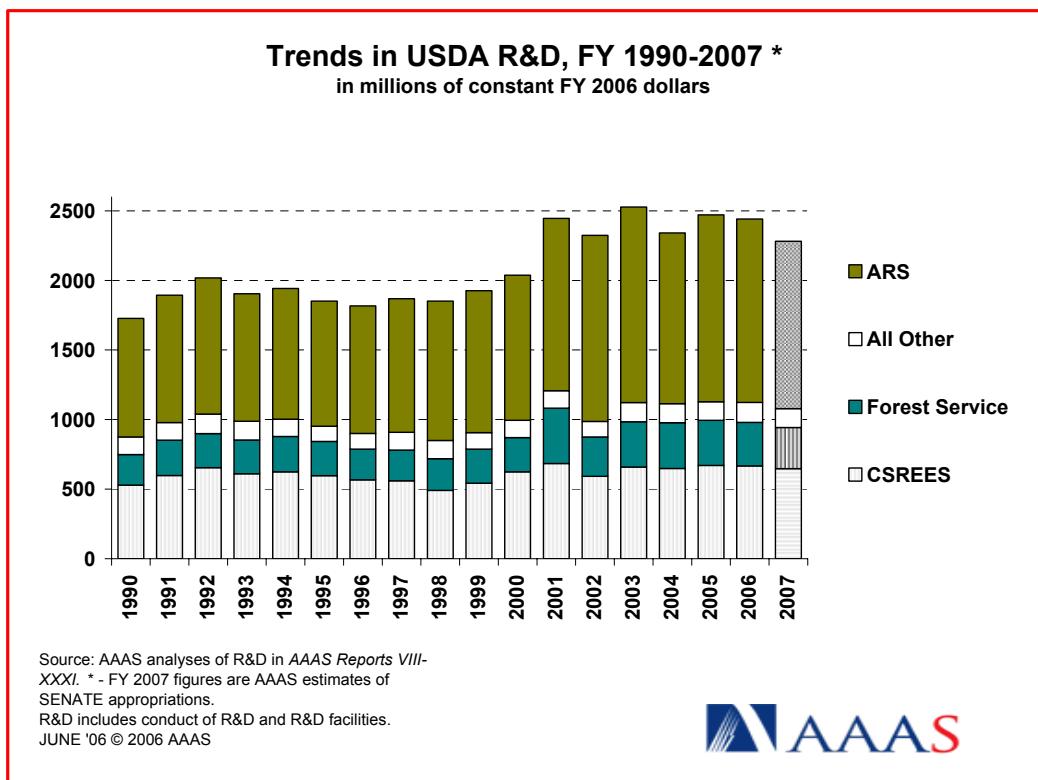


Figure 1. (click on the image for PDF)

Most of USDA's intramural research is performed in the Agricultural Research Service (ARS). **ARS R&D would fall 6.8 percent or \$89 million to \$1.2 billion in the Senate.** The Senate would add \$75 million for

facilities and \$126 million for research to improve on a nearly 25 percent requested cut. As with the extramural side, most of the additions would restore earmarked R&D and R&D facilities projects that USDA proposed to eliminate in its budget request. In fact, the Senate appropriation would earmark the entire \$83 million Buildings and Facilities appropriation for unrequested projects around the country, leaving no money for requested projects.

Impacts of the USDA R&D Portfolio

Both the House and Senate FY 2007 USDA R&D appropriations would be cuts, but both would keep the department's R&D funding near record highs in inflation-adjusted dollars (see Figure 1). USDA R&D has been at historical highs this decade. Since hitting a recent low in FY 1996, the funding trend has been generally upward, first because the federal budget surplus made more discretionary funds available to congressional appropriators, then in FY 2000 and FY 2001 from the release of mandatory competitive research funds on the extramural CSREES side. Since FY 2002, because of heightened concern about agricultural terrorism and the security of USDA laboratories, millions of dollars have poured into the ARS intramural side for laboratory security upgrades and other homeland security-related investments. With homeland security-related construction needs waning at locations such as Ames, the FY 2007 budget brings USDA R&D down from record levels.

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 just 5 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. USDA is also an important supporter of chemistry and biology, and represents a majority of federal support for economics through the Economic Research Service (ERS).

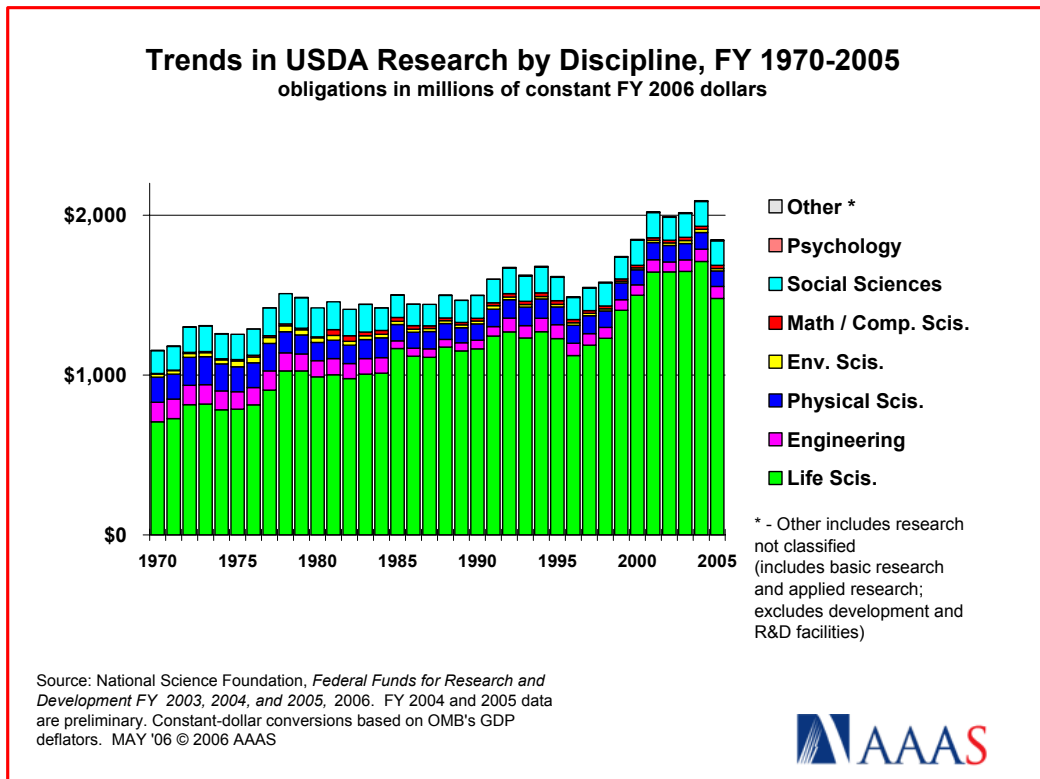


Figure 2. (click on the image for PDF)

Recent increases for USDA R&D have boosted USDA support of research (see Figure 2), with most of the increases going to the life sciences performed in USDA labs. USDA support of other disciplines has

declined steadily over the years and will likely decline even further when the FY 2006 and 2007 budgets are distributed.

Outlook and Next Steps

The full Senate will debate the Agriculture bill in July, and will most likely approve it. The Senate version of the Interior bill, which funds USDA's Forest Service, will be drafted later this week. But a final House-Senate compromise on the Agriculture bill may not happen until well into the fall.

Although there has been much debate over the past year on the practice of congressional earmarking, and there are several pending legislative proposals to try to curb the practice, if these first few FY 2007 appropriations bills are any indication then congressional appropriators are not ready to give up or scale back their power to designate money for research performers in their states or districts. For USDA, which has always been one of the most heavily earmarked R&D agencies, it means that the traditional struggle between formula funding, competitive funding, and earmarked funding for R&D will continue to be fought in the appropriations process.

(This analysis one of a series of AAAS R&D Funding Updates on FY 2007 congressional appropriations. The complete series of AAAS R&D Funding Updates, including continually updated analyses of R&D in FY 2007 appropriations, is available on the AAAS R&D Web Site (<http://www.aaas.org/spp/rd>) in the "FY 2007 R&D" or the "What's New" sections.)

- June 27, 2006

AAAS R&D Budget and Policy Program

1200 New York Avenue, NW

Washington, DC 20005

(202) 326-6607

AAAS R&D Web site: <http://www.aaas.org/spp/rd>



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Table. USDA R&D in FY 2007 Senate Appropriations

**Table. U.S. Department of Agriculture
Senate Appropriations Committee Action on R&D in the FY 2007 Budget
(budget authority in millions of dollars)**

	FY 2006 Estimate	FY 2007 Request	FY 2007 HOUSE	Action by Senate				
				FY 2007 SENATE	Chg. from Request Amount	Chg. from Request Percent	Chg. from FY 2006 Amount	Chg. from FY 2006 Percent
Agricultural Research Service (ARS)								
Salaries and Expenses	1,141	1,002	1,058	1,128	126	12.6%	-14	-1.2%
Trust Funds	18	18	18	18	0	0.0%	0	0.0%
Buildings and Facilities	159	8	140	83	75	942.5%	-76	-47.5%
Total ARS R&D	1,318	1,028	1,216	1,229	201	19.6%	-89	-6.8%
Cooperative State Research, Education and Extension Service (CSREES)								
National Research Initiative	181	248	190	190	-57	-23.1%	9	5.0%
Special Research Grants	127	3	103	119	116	--	-8	-6.0%
Hatch Act	177	177	183	186	9	5.0%	9	5.0%
Integrated Grants	26	8	23	25	17	207.0%	-1	-5.5%
All Other CSREES R&D	156	104	135	142	37	35.8%	-14	-9.2%
Total CSREES R&D	667	540	635	662	122	22.5%	-5	-0.8%
<i>(CSREES Non-R&D Programs)</i>	<i>528</i>	<i>495</i>	<i>547</i>	<i>560</i>	<i>65</i>	<i>13.2%</i>	<i>32</i>	<i>6.2%</i>
<i>(Total CSREES Budget)</i>	<i>1,195</i>	<i>1,035</i>	<i>1,183</i>	<i>1,222</i>	<i>187</i>	<i>18.0%</i>	<i>27</i>	<i>2.3%</i>
Forest Service 1/	313	302	321	302	0	0.0%	-11	-3.5%
Economic Research Service	75	83	81	76	-7	-8.5%	1	1.3%
Agricultural Marketing Service	14	4	4	4	0	0.0%	-10	-71.4%
Foreign Agricultural Service	2	2	2	2	0	0.0%	0	0.0%
Nat'l Agricultural Statistics Service	5	5	5	5	0	0.0%	0	0.0%
Grain Inspection	7	8	8	8	0	0.0%	1	14.3%
Natural Resources Conservation	15	14	14	14	0	0.0%	-1	-6.7%
Animal & Plant Inspection Service	25	27	26	30	3	9.6%	5	18.3%
Total USDA R&D	2,441	2,013	2,312	2,331	318	15.8%	-110	-4.5%

AAAS estimates based on FY 2007 appropriations bills. Includes conduct of R&D and R&D facilities.

FY 2006 and FY 2007 request figures based on OMB R&D data and supplemental agency budget data, and have been revised slightly since the April release of AAAS Report XXXI: R&D FY 2007.

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

1/ Funded in the Interior-Environment bill, which has not been drafted by the Senate. FY 2007 Senate figure is the request.

June 23, 2006 - AAAS estimates of Senate Appropriations Committee action.

These figures may be modified or rejected by the full Senate.