

House and Senate Add Funds to Agriculture R&D

AAAS R&D Funding Update on USDA R&D in FY 2008 House and Senate Appropriations

Highlights

- Instead of a steep requested cut, both the House and Senate would add hundreds of millions of dollars to R&D programs in the **U.S. Department of Agriculture (USDA) to give them a slight increase in 2008 (see Table). The Senate would give slightly more than the House for a total of \$2.3 billion for USDA R&D, 3.9 percent more than this year; the House's increase would be 1.5 percent (see Table).**

- On the extramural side, the **National Research Initiative (NRI) of competitively awarded research grants would increase \$54 million to a record \$244 million in the Senate, slightly short of the request. The House would provide only \$190 million, but would fund additional competitive grants in other accounts to keep competitive funding flat. Hatch Act funding would fall from an** unexpectedly large \$323 million 2007 appropriation to \$215 million in the Senate and \$196 million in the House, both high compared to historical levels. After a one-year moratorium, congressionally designated projects (earmarks) would return in both the House and Senate bills. Total extramural R&D, including earmarks, would inch up in both the House and the Senate.

- Intramural agricultural R&D in the Agricultural Research Service (ARS) would see modest increases in both the House and the Senate bills to \$1.2 billion (see Table). The return of earmarks in 2008 after a one-year moratorium in 2007 would cut into non-earmarked R&D funding.

USDA R&D in FY 2008 House and Senate Appropriations

On July 19, the House Appropriations Committee approved its version of the FY 2008 Agriculture appropriations bill (HR 3161) providing funding for the U.S. Department of Agriculture (USDA) and related food agencies. The full House is expected to debate and approve the bill by the end of July. The same day, the Senate Appropriations Committee also approved its version (S 1859). Both bills contain nearly \$19 billion in 2008 discretionary spending for its programs, \$1 billion more than both the current year and the President's budget request.

In February, the Bush Administration once again proposed to reduce the USDA R&D budget, but in a change from past budgets the cuts would have been from reductions in core R&D programs rather than the proposed eliminations of earmarks. Most years, Congress inserts hundreds of millions of dollars in R&D funding for congressionally designated, performer specific R&D projects (earmarks), which USDA proposes to cancel in the following year. But in the 2007 budget, finalized in February, Congress chose not to earmark so the 2008 budget's proposed cuts are cuts to non-earmarked funding, an 11 percent or \$247 million decline in USDA R&D down to \$2.0 billion (for details of USDA's FY 2008 request, see the March 21 AAAS R&D Funding Update or Chapter 10 of *AAAS Report XXXII: R&D FY 2008*.) The AAAS analysis of the final FY 2006 budget counted \$331 million in USDA R&D earmarks in FY 2006, a total which drops to \$0 in 2007. The 2008 requested cuts would come from reductions in both intramural R&D and USDA's extramural R&D funds distributed competitively or by formula.

But thanks to the return of congressional earmarks in 2008, both the House and Senate would provide increases for USDA R&D in 2008 to \$2.3 billion (see Table). The House would provide a 1.5 percent increase, the Senate a 3.9 percent increase, both in contrast to the 11 percent requested cut. The House would boost USDA R&D by \$281 million over the request, \$250 million from the addition of

House-designated earmarks. The Senate would add \$334 million to the request, but only \$141 million would go to earmarks.

In USDA’s external portfolio, a sharp reduction in formula funding would allow for a boost to competitively awarded research funds and a return of earmarked projects. USDA’s extramural research grants, nearly entirely to colleges and universities, are administered by the Cooperative State Research, Education and Extension Service (CSREES). Total CSREES R&D would gain slightly in both the House and Senate plans to roughly \$660 million, a 0.5 percent (House) to 1.2 percent (Senate) increase instead of a steep requested cut. Although congressional appropriators would not provide the full requested increase to the **National Research Initiative, USDA’s main competitive research grants program, the Senate would boost funding by 28 percent to \$244 million while the House would keep funding flat at \$190 million.** The House would also keep competitive grants in Integrated Grants at \$27 million, close to the 2007 funding level, while the Senate and USDA request would move these grants to the NRI.

Funding for earmarked Special Research Grants (SRG) would return in both the House and Senate appropriations, after zero funding in 2007. The Senate would give \$68 million to SRG in 2008 for 129 performer-specific agricultural research projects, while the House would give \$94 million to a list of 134 partially overlapping projects; a small fraction of the total would go to competitively awarded projects. In addition, both the House and Senate would fund two dozen earmarked research projects in other parts of the CSREES budget. In all, earmarks would make up 12 percent of CSREES R&D in the Senate proposal and 18 percent in the House, meaning that earmarked R&D funding would be offset by cuts in overall competitive and formula R&D funding within a flat total CSREES R&D budget.

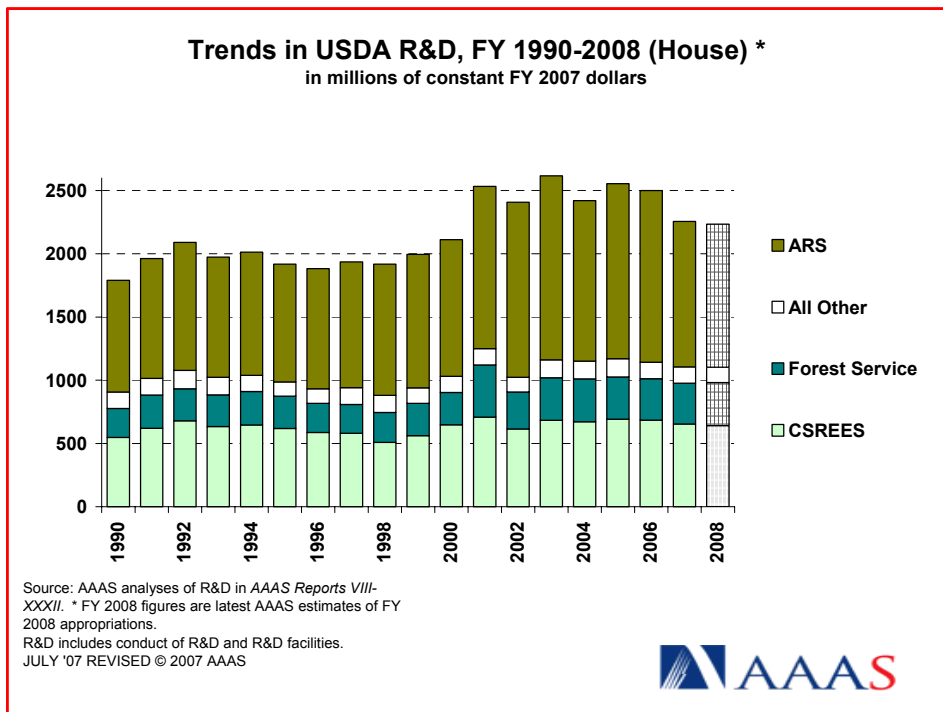


Figure 1. (click on the image for PDF)

Funding for formula programs would decline sharply in 2008, but there could be further cuts under the surface. The Hatch Act, the largest funding source for formula-distributed research funds to the nation’s land-grant universities, received a surprising boost to an unprecedented funding level of \$323 million in the final 2007 appropriation, nearly double the funding levels of 2006 and earlier years. The Senate would provide \$215 million and the House \$196 million, both down dramatically from 2007 but high compared to the funding levels of previous years. Neither the House nor the Senate would go along with USDA’s proposal to rescind (cancel) \$130 million of the 2007 funds. But below the surface, it appears that USDA

would greatly expand the portion of Hatch Act funding going to competitively awarded grants. Currently, 25 percent of Hatch Act funding goes to multi-state research projects; USDA proposes to expand that share to 60 percent, of which 38 percent would be competitively awarded. It is unclear when USDA will fully phase in this expansion, but the move signals that Hatch Act funding is transitioning from traditional individual state formula research funds toward a mix of formula and competitive funding. Neither the House nor the Senate would put the brakes on USDA's Hatch Act shifts.

Most of USDA's intramural research is performed in the Agricultural Research Service (ARS). **ARS R&D would gain 0.8 percent in the House and 5.5 percent in the Senate to \$1.2 billion (see Table), in contrast to a steep requested cut.** In Buildings and Facilities, USDA would provide no funding in 2007 nor in the 2008 request for intramural construction projects, but both the House and the Senate would add funds for earmarked construction projects, \$40 million in the Senate for 15 projects and \$64 million in the House for 13 projects. In Salaries and Expenses (S&E), which funds research projects, the House would provide \$1.1 billion in 2008, down 4.8 percent, of which \$101 million would be set aside for specific projects; most of these projects are being funded in 2007 even though they were not earmarked. The Senate would provide more than the House at \$1.2 billion (up 2 percent), but would earmark only \$12 million of the total to give ARS more freedom to decide its research portfolio.

The other major USDA R&D agency is the Forest Service, whose R&D budget would increase dramatically in both the House (up 7 percent) and the Senate (up 8 percent). Although the primary focus of its R&D portfolio is forestry and ecosystems research, in recent years the Forest Service has emphasized its fire science and wildfire management research portfolio as well. Most of this research is performed in intramural laboratories, although there is also a growing external, competitively awarded research program.

The FY 2008 USDA R&D portfolio could stabilize funding at 2007 levels in real terms, after dramatic reductions in recent years from record highs (see Figure 1). Since hitting a low in FY 1996, the funding trend had 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, and since FY 2002 because heightened concern about agricultural terrorism and the security of USDA laboratories resulted in millions for security upgrades and other homeland security-related investments. Those needs have waned, and thus funding has fallen. There had been a steady increase in congressionally earmarked projects, but the lack of earmarks brings 2007 R&D funding down dramatically. The 2008 congressional appropriations would bring back earmarks, but would keep R&D funding essentially flat in the House and only slightly ahead of inflation in the Senate.

Nearly two thirds of USDA R&D is performed in USDA's own laboratories. ARS, Forest Service, and ERS funding goes almost exclusively to intramural laboratories, while the slightly greater than one quarter of USDA R&D funding going to universities and colleges comes from CSREES. These proportions have been stable in recent years because of the division of labor between ARS and CSREES in funding external and internal research, but this stability could change. The current farm bill expires on September 30; Congress is trying to draft a new five-year farm bill in the next few weeks which could restructure the USDA agricultural R&D portfolio. Congress is considering various proposals which could combine ARS and CSREES in a single unit, create a new National Institute for Food and Agriculture (NIFA) that would be a separate unit to fund competitively awarded extramural research, or create new structures and programs that would boost competitive funding within the existing structure. These proposals, plus other proposals to boost significantly competitive research in general and research on crops as biofuels in particular, could lead to an expansion in USDA R&D going to universities. But it remains too soon to tell whether next year's USDA R&D enterprise will look dramatically different from this year's, since there is an increasing chance that Congress will fail to enact a new farm bill by October 1, and instead will simply extend the current law by a year or two.

Outlook and Next Steps

The full House is expected to debate and approve the Agriculture bill within the next week. The Senate version may not make it to the full Senate until September because of a backlog of appropriations bills and

other bills awaiting Senate floor time. Congress will try to send a final version of the bill to President Bush before the October 1 start of FY 2008. The President has threatened to veto any 2008 appropriations bill that exceeds his request, as both Agriculture bills do, so there is an increasing likelihood that the Agriculture bill will not get signed into law until well into FY 2008. As for authorizations, most of USDA's research programs are authorized by the farm bill, which expires on September 30. A new farm bill could dramatically restructure the USDA R&D portfolio, but the chances of a new 5-year farm bill being finalized by the end of September 30 are growing increasingly dim, so the most likely scenario is for Congress to extend current authorizations by a year or two, leaving USDA's R&D programs unchanged.

(This analysis is one of a series of AAAS R&D Funding Updates on FY 2008 congressional appropriations. The complete series of AAAS R&D Funding Updates, including continually updated analyses of R&D in FY 2008 appropriations, is available on the AAAS R&D Web Site (<http://www.aaas.org/spp/rd>) in the "FY 2008 R&D" or the "What's New" sections.)

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Table. USDA R&D in FY 2008 House and Senate Appropriations

**Table. U.S. Department of Agriculture
House and Senate Appropriations Committee Action on R&D in the FY 2008 Budget
(budget authority in millions of dollars)**

	FY 2007 Estimate	FY 2008 Request	FY 2008 Senate	Action by House				
				FY 2008 House	Chg. from Request Amount	Chg. from Request Percent	Chg. from FY 2007 Amount	Chg. from FY 2007 Percent
Agricultural Research Service (ARS)								
Salaries and Expenses	1,131	1,022	1,154	1,076	55	5.4%	-55	-4.8%
Trust Funds	18	18	18	18	0	0.0%	0	0.0%
Buildings and Facilities	0	0	40	64	64	--	64	--
Total ARS R&D	1,149	1,040	1,212	1,158	119	11.4%	9	0.8%
Cooperative State Research, Education and Extension Service (CSREES)								
National Research Initiative	190	257	244	190	-66	-25.8%	0	0.0%
Special Research Grants	0	3	68	94	91	--	94	--
Hatch Act	323	164	215	196	31	19.1%	-127	-39.3%
Integrated Grants	26	6	4	27	21	349.1%	1	3.6%
All Other CSREES R&D	115	104	131	150	46	44.4%	35	30.5%
Total CSREES R&D	654	534	662	657	123	23.1%	3	0.5%
<i>(CSREES Non-R&D Programs)</i>	<i>529</i>	<i>487</i>	<i>517</i>	<i>542</i>	<i>56</i>	<i>11.4%</i>	<i>13</i>	<i>2.5%</i>
<i>(Total CSREES Budget)</i>	<i>1,183</i>	<i>1,021</i>	<i>1,178</i>	<i>1,199</i>	<i>179</i>	<i>17.5%</i>	<i>17</i>	<i>1.4%</i>
Forest Service	322	305	344	347	42	13.9%	25	7.9%
Economic Research Service	75	83	77	79	-4	-4.5%	4	6.0%
Agricultural Marketing Service	4	4	4	4	0	0.0%	0	0.0%
Foreign Agricultural Service	1	1	1	1	0	0.0%	0	0.0%
Nat'l Agricultural Statistics Service	5	7	7	7	0	0.0%	2	40.0%
Grain Inspection	7	8	8	8	0	0.0%	1	14.3%
Natural Resources Conservation	12	0	0	0	0	--	-12	-100.0%
Animal & Plant Inspection Service	27	27	28	27	0	0.0%	0	0.0%
Total USDA R&D	2,256	2,009	2,343	2,289	281	14.0%	34	1.5%

AAAS estimates based on FY 2008 appropriations bills. Includes conduct of R&D and R&D facilities.

FY 2007 and FY 2008 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.

**July 25, 2007 - AAAS estimates of House and Senate Appropriations Committee-approved appropriations.
These figures may be amended or rejected by the full House or Senate.**