

## USDA Proposes Steep Cuts in R&D Funding

### AAAS R&D Funding Update on R&D in the FY 2009 USDA Budget

(This analysis is a preview of the USDA chapter in the forthcoming *AAAS Report XXXIII: Research and Development FY 2009*, a comprehensive look at the President's budget for R&D in FY 2009. This analysis contains revised AAAS estimates of USDA R&D, different from figures originally presented in the President's budget. More tables and continually updated supplemental materials on R&D in the FY 2009 budget can be found on the AAAS R&D Web site at <http://www.aaas.org/spp/rd>.)

#### Highlights

- **R&D in the U.S. Department of Agriculture (USDA) appears to fall a dramatic 15.9 percent in 2009 to \$2.0 billion** (see Table II-13), but as in past years the requested cut is due to the proposed elimination of congressional earmarks. Congress is likely to add back R&D earmarks in 2009 appropriations. Excluding earmarks from the 2008 base, USDA R&D would decline 1.0 percent between 2008 and 2009.

- On the extramural side, the **National Research Initiative (NRI) of competitively awarded research grants would increase \$66 million to a record \$257 million, although similar proposed increases in past years have not made it through Congress.** Hatch Act funding would fall from \$196 million to \$139 million, but formula funding would fall even more steeply. USDA intramural research would fall \$84 million to \$1.0 billion, but the cut would become a small increase after adjusting for 2008 earmarks.

#### USDA R&D in the FY 2009 Budget

In a reprise of past budget requests, the 2009 USDA budget once again proposes to reduce the USDA R&D budget through the proposed elimination of congressional earmarks. As in most years, Congress inserted hundreds of millions of dollars in R&D funding for congressionally designated, performer specific R&D projects in 2008 which USDA proposes to cancel in 2009 for a total USDA R&D request of \$2.0 billion, a \$369 million or 15.9 percent cut (see Table II-13). But taking out \$269 million in 2008 R&D earmarks from the 2008 base and excluding a \$67 million proposed rescission of earmarks from the 2009 request results in a smaller 1.0 percent cut in 2009.

**In USDA's external portfolio, a sharp reduction in formula funding would allow for a boost to competitively awarded research funds.** 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 fall \$154 million or 23.3 percent to \$508 million in FY 2009, primarily from the proposed elimination of 2008 earmarks. Within the declining total, the **National Research Initiative, USDA's main competitive research grants program, would see its funding jump 34 percent or \$66 million to an all-time high of \$257 million in FY 2009.** But similar increases in the past several budgets have been rejected by Congress, because they would have been offset by cuts in formula or earmarked funding. And even the apparent requested increase would be due primarily to the proposed \$43 million transfer of research activities currently funded under Integrated Grants into the NRI, another proposal rejected by Congress in the past. The one true NRI program increase would be \$19 million in new funding for bioenergy and biobased fuels research.

Indeed, **funding for formula programs would decline sharply in the 2009 proposal**, and there would 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, fell from \$323 million in 2007 down to \$196 million this year,

and would fall even further to \$139 million. But intensifying the impact is USDA's proposal to expand the portion of Hatch Act funding going to multi-state projects from 25 percent to 70 percent and to make all these grants competitively awarded, meaning that \$98 million of 2009 Hatch Act funding would go to competitive multi-state research projects, leaving just \$41 million for traditional formula research funds instead of the roughly \$180 million a year for most of this decade. USDA proposes a similar move for the Cooperative Forestry program (\$19 million), converting two-thirds of total funding from formula funding to competitive multi-state grants. Congress is likely to oppose these formula funding cuts, but it is unclear whether they will fully reverse the proposed shift toward competitively awarded research.

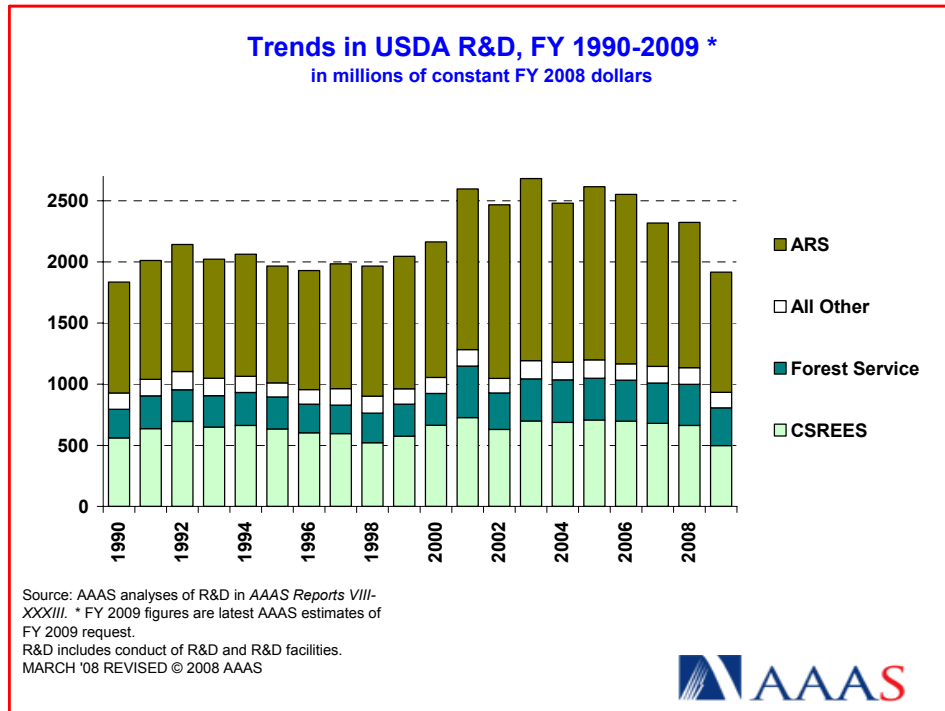


Figure 1. (click on the image for PDF)

Most of USDA's intramural research is performed in the Agricultural Research Service (ARS). **ARS R&D would fall 15.6 percent or \$185 million to \$1.0 billion, primarily because USDA would not continue 2008 earmarks in 2009.** But part of the steep cut is due to USDA's proposal to rescind \$67 million in previously appropriated R&D facilities earmarks. After adjusting for earmarks, intramural research in ARS Salaries and Expenses would increase slightly from 2008 to 2009, while after adjusting for earmarks and the proposed rescission non-earmarked ARS Buildings and Facilities funding would increase from \$0 to \$13 million.

The other major USDA R&D agency is the Forest Service, whose R&D budget would fall \$22 million or 6.5 percent down to \$315 million. 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.

**The falling FY 2009 USDA R&D portfolio would be the smallest since 1990 and would represent a dramatic reduction from earlier this decade, when the department's R&D funding hit record highs in inflation-adjusted dollars (see Figure 1).** After FY 1996, USDA R&D funding climbed, 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 from FY 2002 from millions in security upgrades and other homeland security-related investments. Those needs have waned, and thus funding has been falling in more recent years and would fall to its lowest level since 1990 in real dollars in the 2009 budget.

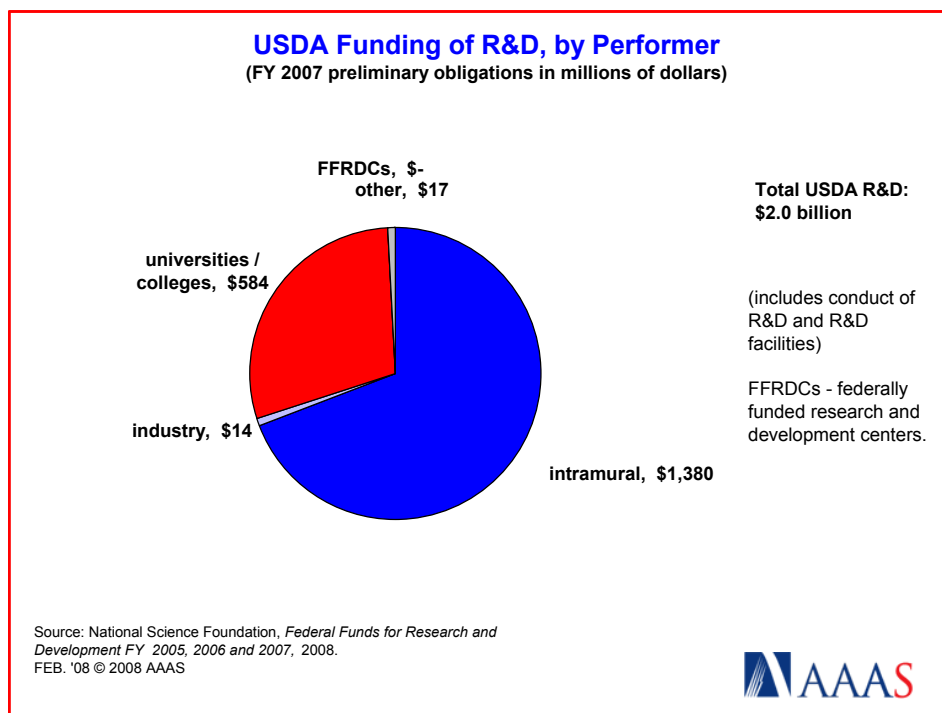


Figure 2. (click on the image for PDF)

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 funds more than 90 percent of all federal support for the agricultural sciences, 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 a majority of federal support for economics through the Economic Research Service (ERS).

More than two thirds of USDA R&D is performed in USDA's own laboratories (see Figure 2). ARS, Forest Service, and ERS funding goes almost exclusively to intramural laboratories, while the nearly one third 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.

(More materials on R&D in the FY 2009 budget, historical data and charts, and more information on AAAS *Report XXXIII: Research and Development FY 2009*, can be found on the AAAS R&D Web site at <http://www.aaas.org/spp/rd>.)

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Table II-13. U.S. Department of Agriculture R&amp;D

**Table II-13.** R&D in the U.S. Department of Agriculture  
(budget authority in millions of dollars)

	FY 2007 Actual	FY 2008 Estimate	FY 2009 Budget	Change FY 08-09	
				Amount	Percent
<b>Agricultural Research Service (ARS)</b>					
Salaries and Expenses	1,132	1,121	<b>1,037</b>	-84	-7.5%
Trust Funds	19	20	<b>20</b>	0	0.0%
Buildings and Facilities 1/	0	47	<b>-54</b>	-101	-214.9%
<b>Total ARS R&amp;D</b>	<b>1,151</b>	<b>1,188</b>	<b>1,003</b>	<b>-185</b>	<b>-15.6%</b>
<b>Cooperative State Research, Education, and Extension Service (CSREES)</b>					
National Research Initiative	190	191	<b>257</b>	66	34.4%
Hatch Act (Ag. Experiment)	323	196	<b>139</b>	-57	-28.9%
Cooperative Forestry	30	25	<b>19</b>	-5	-21.5%
Evans-Allen	41	41	<b>38</b>	-3	-6.6%
Special Research Grants	0	92	<b>3</b>	-89	-96.5%
Integrated Grants	26	26	<b>5</b>	-21	-80.8%
All Other CSREES R&D	56	92	<b>46</b>	-45	-49.6%
<b>Total CSREES R&amp;D</b>	<b>666</b>	<b>662</b>	<b>508</b>	<b>-154</b>	<b>-23.3%</b>
Forest Service	325	337	<b>315</b>	-22	-6.5%
Economic Research Service	75	77	<b>82</b>	5	6.5%
Agricultural Marketing Service	4	4	<b>4</b>	0	0.0%
Foreign Agricultural Service	1	1	<b>1</b>	0	0.0%
Nat'l Agricultural Statistics Service	5	7	<b>7</b>	0	0.0%
Federal Grain Inspection	7	7	<b>8</b>	1	14.3%
Natural Resources Conservation	14	14	<b>0</b>	-14	-100.0%
Animal & Plant Inspection Service	27	27	<b>27</b>	0	0.0%
<b>Total USDA R&amp;D</b>	<b>2,275</b>	<b>2,324</b>	<b>1,955</b>	<b>-369</b>	<b>-15.9%</b>

Source: OMB data for R&D for FY 2009, USDA budget documents, and USDA budget office. All figures are rounded to the nearest million. Changes calculated from unrounded figures.

1/ FY 2009 request proposes to rescind \$67 million in previously appropriated funds.

FY 2009 request for new funds is \$13 million.

**March 19, 2008 - revised**

**Please see Chapter 10 for information on USDA R&D.**