

Senate Stabilizes USDA R&D Funding With Help from New Research Programs

AAAS R&D Funding Update on USDA R&D in FY 2009 Senate Appropriations

Highlights

- **The Senate would add \$360 million to the budget request for R&D in the U.S. Department of Agriculture (USDA) in 2009, for a total of \$2.3 billion, 1.7 percent less than 2008 (see Table). The Senate would add back some earmarks that USDA proposes to eliminate, but would also boost formula funding. The Senate total is also bolstered by \$72 million in new mandatory research funding enacted in June as part of the 2008 farm bill.**

- On the extramural side, funding for the **National Research Initiative (NRI), renamed the Agriculture and Food Research Initiative (AFRI) by the new farm bill, would increase slightly to \$200 million, though this would be \$57 million less than the request.** Hatch Act funding would increase from \$196 million to \$206 million. USDA intramural research would stay even at \$1.2 billion in the Senate plan.

USDA R&D in FY 2009 Senate Appropriations

On July 21, the Senate Appropriations Committee approved its version of the FY 2009 Agriculture appropriations bill (S 3258) providing funding for most of the U.S. Department and Agriculture (USDA) and miscellaneous agencies such as the Food and Drug Administration (FDA), for possible consideration by the full Senate in September. The Senate would spend \$2 billion more on the bill's programs in 2009 than the President's request for a total of \$33 billion in discretionary funding.

In February, just as in past budget requests, USDA once again proposed to reduce its R&D budget through the proposed elimination of congressional earmarks. Congress inserted hundreds of millions of dollars in R&D funding for congressionally designated, performer specific R&D projects in 2008 which USDA proposed to cancel in 2009 for a total USDA FY 2009 R&D request of \$2.0 billion, a \$399 million cut (see Table; for details of USDA's FY 2009 request, see the March 20 AAAS R&D Funding Update or Chapter 10 of *AAAS Report XXXIII: R&D FY 2009*.)

But thanks to Senate earmarks and \$72 million in new mandatory funding created in the June 2008 farm bill over the President's veto, the Senate would add \$360 million to the USDA request for R&D to bring the 2009 total to \$2.3 billion, \$39 million or 1.7 percent short of the current 2008 total (see Table).

The Senate would keep funding for USDA extramural research growing once new mandatory funds are included. 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 \$44 million or 6.7 percent in the Senate plan to \$618 million (see Table), but Senate appropriators note that CSREES will administer \$72 million in new mandatory research funds to bring total USDA extramural agricultural research above the 2008 level. Senate appropriators would not provide the full requested increase to the National Research Initiative, USDA's main competitive research grants program, renamed the Agriculture and Food Research Initiative (AFRI) by the recent farm bill (Public Law 110-246). AFRI funding would total \$200 million in the Senate plan, \$9 million more than 2008 but \$57 million short of the request. The Senate would keep other competitive research funding within Integrated Grants at \$26 million, the same as 2008.

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 in 2008, but would rebound to \$206 million in 2009 in the Senate plan. Senate appropriators do not comment on 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 most of the 2009 Hatch Act funding could go to competitive multi-state research projects, leaving just a fraction 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; Senate appropriators are also silent on this proposal.

The Senate would add back funding for earmarked Special Research Grants (SRG) in 2009 instead of the USDA proposal to eliminate them. After zero funding in 2007, SRG funding climbs to \$92 million in 2008 but would drop to \$51 million in 2009, although this would include just the Senate earmarks; after the House adds its own earmarks, the total will climb. The Senate would also fund two dozen earmarked research projects in other parts of the CSREES budget.

In June, Congress finally enacted a five-year farm bill, the Food, Conservation, and Energy Act of 2008 (Public Law 110-246) to reauthorize farm and nutrition programs from 2008 through 2012. The previous farm bill expired last October, and the new farm bill became law in June only after Congress overrode President Bush's veto. Although mainly concerned with commodity, nutrition, and conservation programs, the new law does contain several research provisions, including a reorganization of CSREES over the next several months and the restructuring and renaming of several extramural programs such as the AFRI.

The law also creates several new mandatory agricultural research programs, meaning funding is provided automatically each year instead of being subject to annual appropriations like the rest of the USDA R&D portfolio. The law actually provides \$88 million in research funding for 2009, but the Senate appropriation would take back some of the mandatory funding to retain \$16 million for organics research, \$36 million for specialty crops research (fruits and vegetables), and \$20 million for bioenergy research, for a total of \$72 million in research money taken out of the Commodity Credit Corporation's (CCC) mandatory funding pool and given to CSREES to administer. CSREES will distribute these funds mostly to extramural institutions through a competitive process. Specialty crops research gets a head start with \$30 million in research funding for 2008 that is already available.

Most of USDA's intramural research is performed in the Agricultural Research Service (ARS). **ARS R&D would stay just about even with 2008 at \$1.2 billion in the Senate plan for 2009 (down 0.2 percent), instead of a 15.6 percent requested cut from USDA's proposal not to continue 2008 earmarks.** Intramural research in ARS Salaries and Expenses would increase slightly from 2008 to 2009 by \$13 million or 1.2 percent to \$1.1 billion. Although the Senate bill does not contain any specific earmarks for 2009, the report accompanying the bill instructs ARS to keep funding stable for all 2008 research projects, implying that all 2008 earmarks would be carried over into 2009. ARS Buildings and Facilities funding would fall from \$47 million to \$31 million because there would be fewer earmarks.

The other major USDA R&D agency is the Forest Service, which is funded in the Interior appropriations bill. Because the Senate has not drafted the Interior bill yet, it is unclear how Forest Service R&D will fare in the Senate.

The FY 2009 Senate USDA R&D portfolio could stabilize funding in real terms (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 brought 2007 R&D funding down dramatically. 2008 congressional appropriations brought back earmarks,

and the 2009 Senate appropriation so far has fewer earmarks than in 2008, meaning that non-earmarked USDA R&D funding could be stable to increasing in real terms in 2009 if the Senate plan prevails.

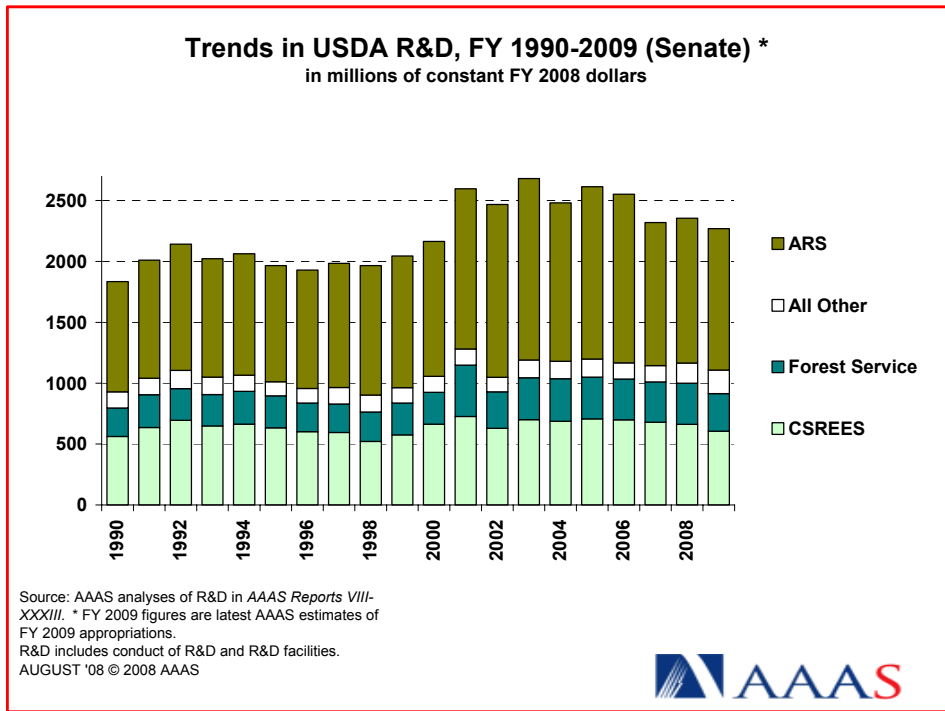


Figure 1. (click on the image for PDF)

Outlook and Next Steps

The full Senate could debate and approve Agriculture bill in September after the August congressional recess, but it is increasingly likely not to debate it at all before the November elections. There is now almost no chance that Congress will send a final version of the bill to President Bush before the October 1 start of FY 2009. The President has threatened to veto any 2009 appropriations bill that exceeds his request; since the Senate version of the bill does so and since Congress is not inclined to do the heavy lifting of negotiating a House-Senate compromise bill only to see it vetoed, the bill has a long way to go before its funding levels become final. Only the new mandatory funding programs from the 2008 farm bill will have secure 2009 funding when FY 2009 starts.

(This analysis is one of a series of AAAS R&D Funding Updates on FY 2009 congressional appropriations. The complete series of AAAS R&D Funding Updates, including continually updated analyses of R&D in FY 2009 appropriations, is available on the AAAS R&D Web Site (<http://www.aaas.org/spp/rd>) in the “FY 2009 R&D” or the “What’s New” sections.)

- August 1, 2008
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Table. USDA R&D in FY 2009 Senate Appropriations

**Table. U.S. Department of Agriculture
Senate Appropriations Committee Action on R&D in the FY 2009 Budget
(budget authority in millions of dollars)**

	FY 2008 Estimate	FY 2009 Request	Action by Senate				
			FY 2009 Senate	Chg. from Request Amount	Percent	Chg. from FY 2008 Amount	Percent
Agricultural Research Service (ARS)							
Salaries and Expenses	1,121	1,037	1,134	97	9.4%	13	1.2%
Trust Funds	20	20	20	0	0.0%	0	0.0%
Buildings and Facilities 1/	47	-54	31	--	--	-16	-34.1%
Total ARS R&D	1,188	1,003	1,185	182	18.2%	-3	-0.2%
Cooperative State Research, Education and Extension Service (CSREES)							
Agriculture & Food Res. Initiative 2/	191	257	200	-57	-22.0%	9	4.8%
Special Research Grants	92	3	51	47	1457.7%	-41	-44.7%
Hatch Act	196	139	206	66	47.7%	10	5.0%
Integrated Grants	26	5	26	21	420.0%	0	0.0%
All Other CSREES R&D	158	104	136	32	30.3%	-22	-14.0%
Total CSREES R&D	662	508	618	110	21.6%	-44	-6.7%
<i>(CSREES Non-R&D Programs)</i>	<i>522</i>	<i>486</i>	<i>532</i>	<i>46</i>	<i>9.5%</i>	<i>10</i>	<i>2.0%</i>
<i>(Total CSREES Budget)</i>	<i>1,184</i>	<i>994</i>	<i>1,150</i>	<i>156</i>	<i>15.7%</i>	<i>-34</i>	<i>-2.8%</i>
Forest Service 3/							
Economic Research Service	77	82	78	-4	-4.6%	1	1.6%
Agricultural Marketing Service	4	4	4	0	0.0%	0	0.0%
Foreign Agricultural Service	1	1	1	0	0.0%	0	0.0%
Nat'l Agricultural Statistics Service	7	7	7	0	-2.8%	0	-2.8%
Grain Inspection	7	8	8	0	0.0%	1	14.3%
Natural Resources Conservation	14	0	0	0	--	-14	-100.0%
Animal & Plant Inspection Service	27	27	27	0	0.0%	0	0.0%
Commodity Credit Corporation 4/	30	0	72	72	--	42	140.0%
Total USDA R&D	2,354	1,955	2,315	360	18.4%	-39	-1.7%

AAAS estimates based on FY 2009 appropriations bills. Includes conduct of R&D and R&D facilities.

FY 2008 and FY 2009 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/ FY 2009 Request proposes to rescind \$67 million in previously appropriated funds.

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

2/ Renamed from the National Research Initiative by the Food, Conservation, and Energy Act of 2008 (Public Law 110-246).

3/ Funded in the Interior appropriations bill, which has not been drafted by the Senate. FY 2009 Senate figure is the request.

4/ Mandatory funding provided in the Food, Conservation, and Energy Act of 2008 (Public Law 110-246)

for organics, specialty crops, and bioenergy research, to be administered by CSREES.

August 1, 2008 - AAAS estimates of Senate Appropriations Committee-approved appropriations.

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