

R&D in the U.S. Department of Agriculture

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HIGHLIGHTS

- There would be \$322 million for the U.S. Department of Agriculture's (USDA) Food and Agriculture Defense Initiative in FY 2007.
- USDA requests \$57 million in FY 2007 for Avian Influenza.
- The National Research Initiative would receive \$248 million.
- Research in the Healthy Forests Initiative would receive \$28 million.
- USDA proposes a redirection of Hatch and McIntire-Stennis formula funds to support multi-state, multi-institutional competitive research.

OVERVIEW

The U.S. Department of Agriculture (USDA) serves as the principal government agency for agricultural research and development. For FY 2007, USDA designs its budget request around a framework of six strategic goals, namely to: (1) enhance international competitiveness of American agriculture; (2) enhance the competitiveness and sustainability of rural and farm economies; (3) support increased economic opportunities and improved quality of life in rural America; (4) enhance protection and safety of the nation's agriculture and food supply; (5) improve the nation's nutrition and health; and (6) protect and enhance the nation's natural resource base and environment. The majority of the department's research activities occur in the Agricultural Research Service (ARS) and the Cooperative State Research, Extension and Education Service (CSREES). ARS serves as the department's in-house research agency; CSREES partners with the nation's land-grant universities through formula and grant funding. These agencies seek to

advance the department's strategic goals through their various research activities, such as conducting research in areas such as food safety, biosecurity, invasive species, and agricultural genomics.

INITIATIVES IN THE USDA BUDGET

Food and Agriculture Defense Initiative. The President's budget proposes \$322 million to fund this initiative that aims to protect the nation's food supply and agriculture. This initiative builds on past efforts started under Homeland Security efforts. Research under this initiative would focus on emerging and exotic diseases, such as chronic wasting disease, Bovine Spongiform Encephalopathy, foot-and-mouth disease, and Asian soybean rust.

Avian Influenza. Responding to a worldwide priority, the Administration's budget proposes to fund research and other activities in avian influenza at a level of \$57 million.

National Research Initiative (NRI). The budget proposes a funding level of \$248 million for the NRI (see Table II-13). This competitive grants research program is USDA's effort to fund competitive, peer-reviewed research. Funding in FY 2006 achieved a level of \$181 million, so this increase would represent a significant enhancement of the NRI's ability to attract and fund cutting-edge research. This increase would be used to fund research in agricultural genomics, emerging issues in food and agricultural security, the ecology and economics of biological invasions, plant technology, and water security.

Healthy Forests Initiative. The Administration seeks \$28 million in research funding as part of this initiative. This part of the initiative would support research in forest and rangeland management, healthy landscapes, and reduction of risks associated with catastrophic fires.

USDA AGENCIES

Agricultural Research Service (ARS). ARS is the in-house research arm of USDA and along with CSREES serves as a major producer of the nation's agricultural research. ARS has over 100 research labs throughout the United States and the world. The FY 2007 budget requests funding at a level of just over \$1 billion, a decrease from the FY 2006 estimate of \$1.3 billion (see Table II-13). The Administration does

not include in its budget request the congressional earmarks from FY 2006 that totaled \$146 million. It includes a request for \$81 million in research that supports Homeland Security priorities such as food safety, livestock production, and crop protection. ARS funds research in the areas of: new products/product quality/value added; livestock production; crop production; food safety; livestock protection; crop protection; human nutrition; environmental stewardship; and the National Agricultural Library.

Cooperative State, Research, Extension, and Education Service (CSREES). Partnering with the nation's land-grant universities, USDA funds research that is conducted at both the basic and applied levels. The FY 2007 budget proposal requests a significant departure from the way that the land-grant universities have received funding for their scientists engaged in research under the direction of the agricultural experiment stations, namely formula funding.

Currently, CSREES provides a significant portion of its research funding through a mechanism known as formula funds (*i.e.*, Hatch and McIntire-Stennis). These funds support an agricultural research infrastructure at America's land-grant universities, ensuring that scientists are engaged in conducting research on agriculture's most pressing issues. The FY 2007 budget proposes to redirect 55.6 percent of Hatch funds (representing \$98 million out of the proposed \$177 million that would fund the agricultural experiment stations) "to nationally, competitively awarded, multi-state, multi-institutional projects in the first year with the remaining multi-state funds being phased into competitive grants from formula funding over a four-year period as existing multi-state projects are completed." The Administration claims that redirecting formula funds will allow funding of higher quality research that better meets national needs, funding that will be awarded on a competitive basis. This redirection of funds has already occurred with about 25 percent of the formula funds being spent out of a multi-state research fund established in FY 2006. Needless to say, this new proposal has been met with opposition from those in the land-grant universities who are responsible for managing Hatch and McIntire-Stennis formula funds. They claim that by redirecting these monies agricultural experiment stations will face an even greater challenge meeting budget demands that already receive limited state resources. In addition, many states could lose funding in research areas that address state-specific needs that, while critical to an individual state, might not rise to the level of a national priority. Clearly,

this is a pivotal moment in the history of formula funds. Decisions made during the FY 2007 debate could well change the nature of the federal-university partnership.

As in previous years, the Administration removes from its budget proposal all funding for special grants, also known as earmarked programs. Doing this allows the Administration to “redistribute” approximately \$196 million, the amount that Congress appropriated in FY 2006 for earmarked research projects located in Members’ home states and districts. The practice of awarding special grants has as many supporters as detractors. Supporters argue that some research needs are so localized that the grant proposals couldn’t survive a review process that favors national needs; detractors claim that if the research is good then even local research needs can successfully navigate the competitive review process. Clearly, Congress will reinstate its funding priorities in the USDA budget, though at what level is not yet known. However, when this funding is “restored” then the bottom line will once again have to be adjusted upward if Congress honors the President’s proposal.

Economic Research Service (ERS): ERS provides economic, social science information, and analysis on agriculture, food, the environment, and rural development. ERS would receive an increase of \$8 million, bringing its funding level to \$83 million (see Table II-13). Funding includes a request for \$5 million for an Agricultural and Rural Development Information System that would implement a comprehensive data collection and research program to monitor the changing economic health and well-being of farm and non-farm households in rural areas.

National Agricultural Statistics Services (NASS): NASS provides unbiased data to agricultural markets, rural communities, and researchers. The FY 2007 budget requests \$153 million, a \$14 million increase. The request includes \$3.9 million for an Agricultural Estimates Restoration and Modernization initiative that will fund improvements in the quality of data series, such as principal economic indicators used by the Council of Economic Advisors and analyses that will be used in the 2007 Farm Bill. (For more on NASS, see Chapter 21.)

Forest Service (FS). The Forest Service (FS) is the world’s largest forest research organization. The budget seeks \$268 million to fund forest and rangeland research within the FS, a decrease of \$11 million.