

USDA Wins Increase in FY 2000 R&D, But Competitive Grants Program Blocked

(The complete series of AAAS R&D Funding Updates, including continually updated analyses of R&D by agency in FY 2000 appropriations, is available on the AAAS R&D Web Site (<http://www.aaas.org/spp/R&D>) in the "FY 2000 R&D" or the "What's New" sections.)

(revisions in [])

[Soon after the start of fiscal year (FY) 2000, Congress gave final approval to the FY 2000 Agriculture appropriations bill (HR 1905) conference report, which provides funding for most of the U.S. Department of Agriculture (USDA). President Clinton signed the bill into law on October 22. **The final Agriculture bill provides \$1.7 billion for USDA's R&D in FY 2000, an increase of \$62 million or 3.8 percent from FY 1999**] (see Table). This amount, though an increase, is still far below the request of \$1.85 billion because the final bill blocks a non-appropriated competitive agricultural research grants program from spending a planned \$120 million in FY 2000.

Although Congress will have to make many difficult choices and possibly impose sharp spending cuts to keep discretionary spending in FY 2000 from exceeding discretionary spending caps and from dipping into the non-Social Security surplus, the final Agriculture bill is loaded with additional spending. Discretionary spending in the bill totals almost \$23 billion, far higher than the request or House-passed total because the final bill contains \$8.7 billion in emergency spending originally proposed by the Senate to provide assistance to the nation's farmers. This emergency spending will make it difficult for Congress to meet its spending targets, but allows the rest of the Agriculture bill to provide increases for priority programs.

The primary reason the Agriculture bill falls short of the requested 11.4 percent increase to \$1.85 billion for USDA's R&D is that the bill blocks two mandatory (non-appropriated) grants programs from spending any money in FY 2000. The **Initiative for Future Agriculture and Food Systems** was created in June 1998 as a mandatory program to spend \$120 million a year for five years on competitively awarded grants for agricultural research, to be administered by USDA's Cooperative State Research, Education and Extension Service (CSREES). Congress and the President, however, blocked USDA from spending the first installment of these funds in FY 1999. In the FY 2000 request, the President proposed to release the second year of these funds in FY 2000, but Congress once again blocks these grants. (The House blocked the release of all funds, while originally the Senate would have released \$50 million.) Similarly, the Fund for Rural America in the Office of the Secretary was reauthorized last June for five years, but FY 1999 spending was blocked by Congress and the President. The President proposed to release the FY 2000 funds, of which \$15 million would go toward research topics, but the House, Senate, and final bills all block them. Although funding for these programs does not have to be appropriated, Congress and the President retain the power to change mandatory programs as it deems necessary.

Competitively awarded grants hold their own in the appropriated programs of CSREES. The **National Research Initiative (NRI)** of competitive research grants receives \$119 million, the same amount as FY 1999 but far short of USDA's proposal to expand NRI to \$200 million. **Special Research Grants**, mostly congressionally designated research projects to specific academic institutions, receives \$63 million, \$8 million more than FY 1999 and \$58 million more than the request. The bill specifies 142 separate grants, all but six of them to designated performers, in amounts as small as \$42,000. Most formula funding programs for academic R&D such as the **Hatch Act** (\$181 million, same as FY 1999) receive level funding. Total CSREES R&D is \$481 million, an increase of \$19 million or 4.1 percent over FY 1999, within a total CSREES budget (including non-R&D education and extension programs) of \$955 million.

Agricultural Research Service (ARS) R&D totals \$907 million in FY 2000, an increase of \$40 million or 4.6 percent. ARS funds intramural research through a nationwide network of intramural laboratories and agricultural experiment stations. The House bill eliminated funding for the Buildings and Facilities account, but funding was restored to the Senate-proposed level of \$53 million in conference. ARS research increases by 5.4 percent, including increases for ARS work on food safety and emerging diseases.

Other R&D funding agencies within USDA include the Economic Research Service (ERS), a leading supporter of research in economics, particularly agricultural economics. ERS receives \$65 million in FY 2000, an increase of \$2 million. [The Forest Service supports ecosystems and forestry research, and receives \$215 million for its R&D in FY 2000, an increase of 1.7 percent.]

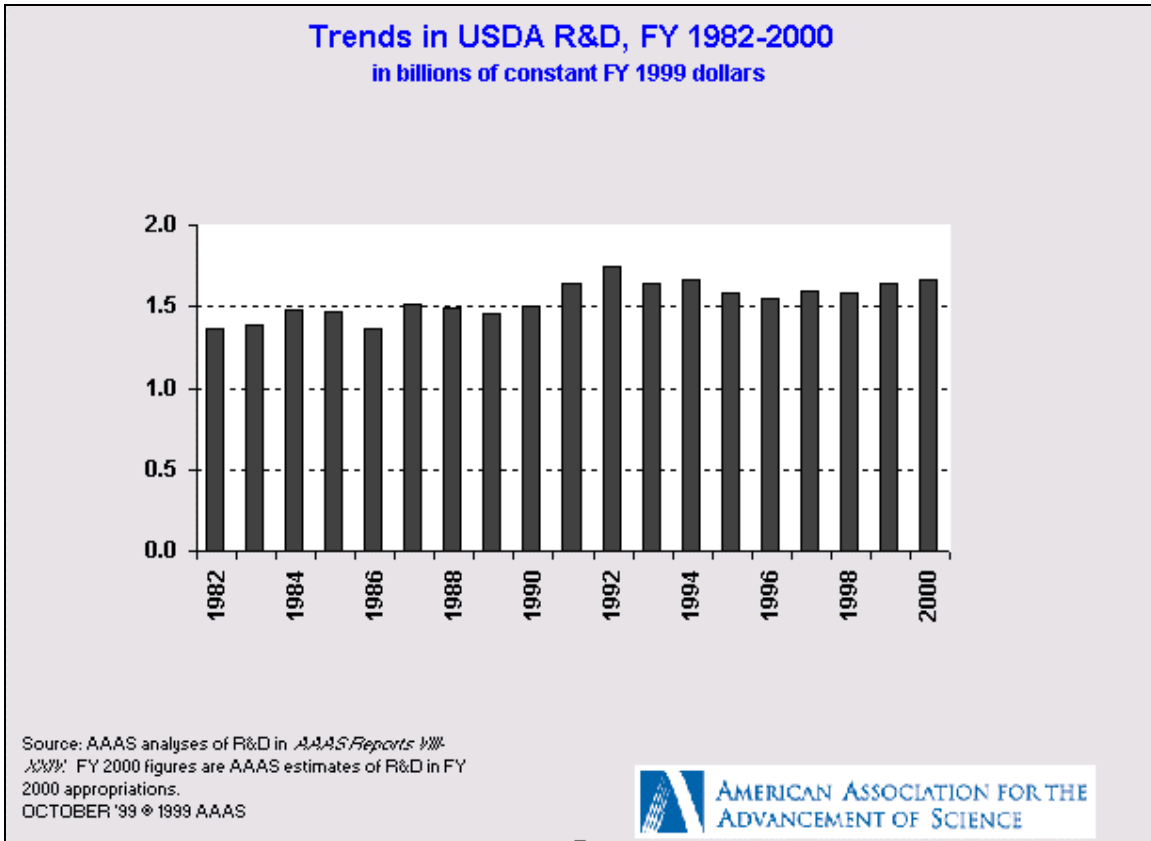


Figure 1.

The FY 2000 increase for R&D, despite the blocked Initiative funds, continues a trend of small increases over the past few years. As shown in Figure 1, **USDA R&D peaked in FY 1992** and declined for several years before hitting a low in FY 1996. Since then, the funding trend has been generally upward, although the FY 2000 increase still leaves USDA well short of its FY 1992 funding level. In real terms, USDA funding in the 1990s has been slightly above 1980s funding levels, but growth in USDA R&D has not kept up with either growth in the U.S. economy or the growth in the agriculture-related sectors of the economy.

There have been numerous calls to increase U.S. investments in agricultural R&D to meet the challenges of maintaining U.S. leadership in agriculture and ensuring food safety, but USDA has been stymied in its efforts to increase its investments in research, especially competitively awarded research grants. NRI has never received more than \$120 million a year despite the original vision of its authorizers of a \$500 million a year program. The Initiative was originally designed and signed into law as a way to increase spending on competitive grants, but so far the program has yet to spend a dime.

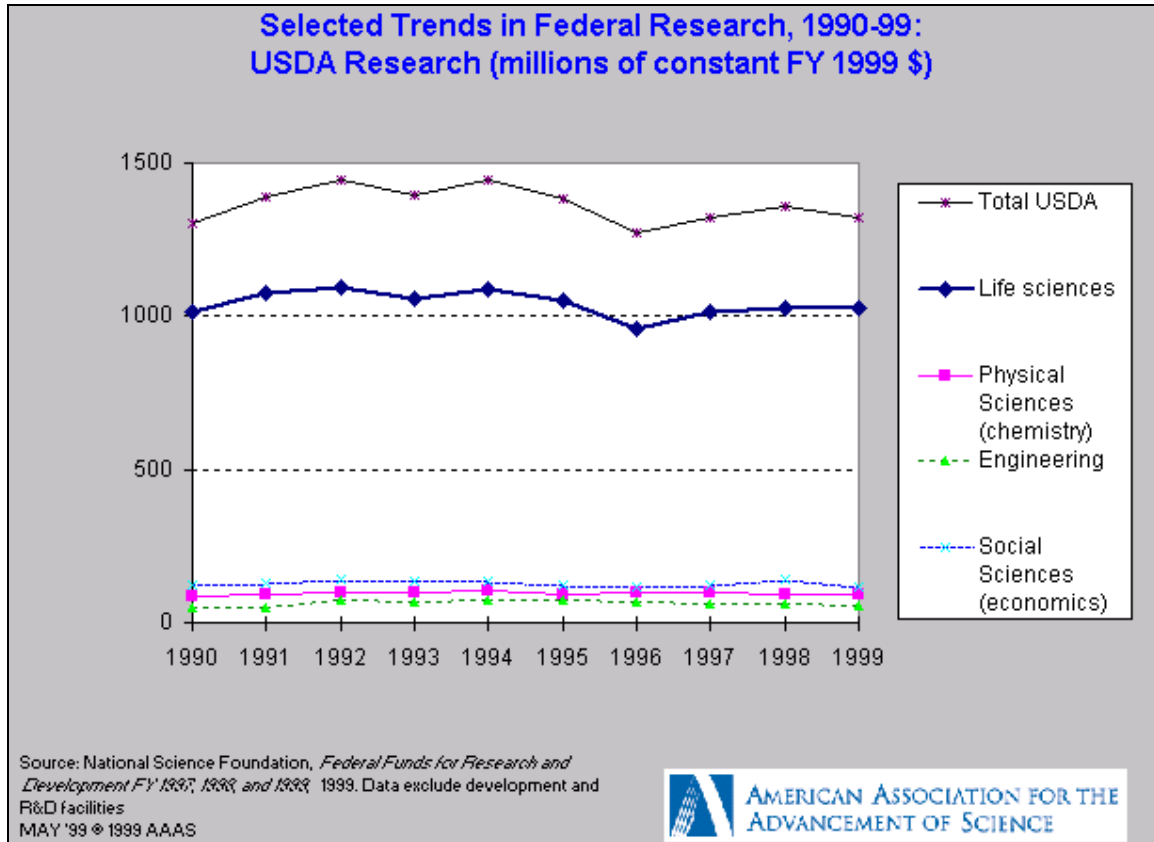


Figure 2.

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 7 percent of all research support in the broad area of the life sciences, but dominates funding for key disciplines within life sciences, including agricultural sciences and environmental biology. USDA is also an important supporter of chemistry and biology, and represents 13 percent of total federal support for social sciences, mostly economics. Figure 2 shows trends in USDA support for research (basic and applied research, excluding development and R&D facilities) in key disciplines. The life sciences make up the majority of USDA research funding, and USDA life sciences support has stagnated in the 1990s along with total USDA research. USDA support of chemistry, economics, and engineering are far smaller parts of the USDA research portfolio, and funding for these disciplines has been flat as well in the 1990s. Because of cuts in ARS facilities funding and increases concentrated on the research portions of the USDA R&D portfolio, USDA research (excluding development and R&D facilities) should do well in FY 2000. USDA basic and applied research totals an estimated \$1.5 billion in FY 2000, an increase of 5.3 percent that should result in increases for USDA support for the above disciplines.

[President Clinton signed the Agriculture bill into law on October 22. It remains possible that Congress and the President will agree to across-the-board reductions in discretionary spending even for bills already signed into law, which could retroactively reduce the funding totals presented in this analysis.]

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AAAS R&D Budget and Policy Program
1200 New York Ave, NW
Washington, DC 20005
(202) 326-6607; -6600

fax (202) 289 4950
science_policy@aaas.org
www.aaas.org/spp/R&D

**Table. U.S. Department of Agriculture
House-Senate Conference on R&D in the FY 2000 Budget
(budget authority in millions of dollars)**

	FY 1999 Estimate*	FY 2000 Request	House-Senate Conference				
			FY 2000 CONF.	Chg. from Request Amount	Chg. from Request Percent	Chg. from FY 1999 Amount	Chg. from FY 1999 Percent
Agricultural Research Service (ARS)							
Programs ¹	811	857	854	-3	-0.3%	44	5.4%
Buildings and Facilities	56	45	53	8	18.0%	-4	-7.0%
Total ARS	867	901	907	5	0.6%	40	4.6%
Cooperative State Research, Education and Extension Service (CSREES)							
Programs (R&D)	462	595	481	-115	-19.3%	19	4.1%
<i>National Research Initiative</i>	119	200	119	-81	-40.4%	0	0.0%
<i>Special Research Grants</i>	55	5	63	58	1141.4%	9	15.7%
<i>Initiative for Future Agri.</i> ²	0	120	0	-120	-100.0%	0	--
Buildings and Facilities	0	0	0	0	--	0	--
Total CSREES R&D	462	595	481	-115	-19.3%	19	4.1%
(CSREES Non-R&D Programs)	463	473	474	2	0.3%	11	2.5%
(Total CSREES Budget)	924	1068	955	-113	-10.6%	30	3.3%
Forest Service	211	242	215	-27	-11.3%	4	1.7%
Economic Research Service	63	56	65	9	16.8%	2	3.8%
Alternative Agri. Res. and Comm.	3	10	0	-10	-100.0%	-3	-100.0%
Agricultural Marketing Service	5	5	5	0	0.0%	0	0.0%
Foreign Agricultural Service	1	1	1	0	0.0%	0	0.0%
Nat'l Agricultural Statistics Service	3	3	3	0	-1.1%	0	-1.1%
Grain Inspection	3	3	3	0	0.0%	0	0.0%
Animal & Plant Inspection Service	20	18	20	2	11.1%	0	0.0%
Office of the Secretary ³	0	15	0	-15	-100.0%	0	--
Total USDA R&D	1,638	1,850	1,700	-150	-8.1%	62	3.8%

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

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

* Adjusted to reflect rescissions enacted in Public Law 106-31.

¹ Includes spending from trust funds.

² Mandatory (non-appropriated) program of competitive grants for agricultural research.

The final Agriculture bill prohibits the expenditure of FY 2000 funds.

³ Fund for Rural America, a mandatory program. The final Agriculture bill prohibits the expenditure of FY 2000 funds.

House-Senate conference funding levels. Revised October 21 to reflect Interior bill conference totals.

These figures are final unless additional appropriations are made in an omnibus appropriations bill.