

AAAS R&D Funding Update July 9, 2004 -

## House Finds Money for USDA R&D Increases

### Highlights

- **The U.S. Department of Agriculture's (USDA) R&D would total \$2.4 billion in the latest House plan, a substantial increase of \$136 million or 6.1 percent in contrast to a requested cut (see Table).**
- The House would add \$213 million to the Administration's request, mostly to reinstate earmarks that USDA had proposed to eliminate, including \$88 million for Special Research Grants.
- **The House would match the USDA request of \$180 million for the National Research Initiative of competitively awarded extramural research grants, up nearly 10 percent from this year.**
- The House would fully fund the requested \$178 million to complete animal research and diagnostic facilities at the National Centers for Animal Health in Ames, Iowa, that would be the heart of a USDA-wide food and biosafety initiative.

On July 7, the House of Representatives reported its version of the FY 2005 Agriculture appropriations bill, providing funding for the U.S. Department of Agriculture (USDA) and other food-related agencies. The bill is expected to go to the full House for approval later this month. **The House would give USDA a total R&D budget of \$2.4 billion in FY 2005, an increase of 6.1 percent or \$136 million that stands in sharp contrast to a requested cut (see Table).**

### USDA R&D in FY 2005 House Appropriations

In contrast to a requested cut of 3.5 percent down to \$2.2 billion, the House would fund USDA R&D at \$2.4 billion, a 6.1 percent increase over this year's funding level. In February, USDA proposed to eliminate \$220 million in FY 2004 R&D earmarks, and hold other USDA R&D funding flat overall. The request contained a major facilities proposal of \$178 million to complete animal research and diagnostic facilities at the National Centers for Animal Health in Ames, Iowa, with cuts in other R&D programs. The House found enough money to restore most of the earmarked funding, fully fund the animal research facilities request, and add research funding for other priority areas in order to bring USDA R&D just a few million dollars short of an all-time high in inflation-adjusted dollars. (For full details of the President's request for USDA R&D, see Chapter 11 of *AAAS Report XXIX: R&D FY 2005*.)

**The House appropriation of \$178 million in new funds for the Ames facility would continue strong USDA and congressional attention to homeland security since the terrorist attacks of 2001.** In the first few years after the attacks, USDA facilities funding went primarily to improve security at agricultural research facilities, many of which house dangerous pathogens, but now the focus is shifting to creating new scientific capabilities for homeland security-related research. The renovated National Centers for Animal Health will serve as the nation's premier animal research and diagnostic laboratory and will enhance the nation's ability to respond to attacks on the food supply. The \$178 million is contained in the \$202 million House appropriation for Agricultural Research Service (ARS) Buildings and Facilities, nearly quadruple this year's funding level, with the remaining \$24 million parceled out to eight congressionally earmarked construction projects at USDA laboratories that USDA was instructed to begin planning for in the FY 2004 omnibus appropriations bill. In addition to the construction funds, the House would agree to a \$37 million request for new intramural research on food and agriculture defense, and \$18 million for homeland security-related extramural research grants.

---

Total ARS R&D would climb 9.7 percent to \$1.3 billion because of the Iowa facilities appropriation, but ARS funding for the conduct of R&D (excluding facilities) would decline slightly to \$1.1 billion. ARS funds intramural research through a nationwide network of intramural laboratories and agricultural experiment stations, including research on congressionally designated topics.

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 be \$625 million in the House Agriculture bill, a modest increase over FY 2004 but \$113 million more than the request. The difference comes from the insertion of \$120 million in congressional earmarks that the Administration proposed to terminate.** The House would provide \$88 million for **Special Research Grants**, down from the current-year level of \$111 million but up dramatically from the request of \$3 million. This program has traditionally been home to congressionally designated, performer-specific research projects. The House bill would fund 131 itemized projects, all but four of which are earmarked for specific performers, and nearly all of which were also earmarked for funding in FY 2004. Moreover, the House bill contains 30 other earmarks totaling \$35 million in other parts of the CSREES budget.

At the same time, the House would hold the line on competitively awarded research grants, also administered by CSREES. **The National Research Initiative (NRI) would receive \$180 million, the same as the request and \$16 million more than this year.** The House would also set aside nearly \$40 million for competitive research grants within the Integrated Grants program, as requested. USDA also provides formula funds for agricultural R&D to qualifying institutions in programs such as the Hatch Act, which would see a slight increase in funding to \$181 million in FY 2005.

The other major USDA R&D agency is the Forest Service; it would have \$328 million for its R&D programs in FY 2005 under the House plan, an increase of \$12 million or 3.7 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 an extramural fire science grants program that would receive \$23 million next year.

The House Agriculture bill also contains some legislative provisions that are renewed annually. One provision imposes a cap on indirect costs to extramural performers for USDA R&D at 25 percent, far less than what most universities recover for non-USDA grants but higher than the current cap of 20 percent; another provision sets a lower ceiling of 10 percent for independent nonprofit institutions engaged in cooperative R&D. Another provision blocks funding for a mandatory competitive research grants program, but allows USDA to use its discretionary grants programs such as NRI and Integrated Grants to fund research on topics that the mandatory program might have funded.

### **Impacts of the USDA R&D Portfolio**

**The House's proposed FY 2005 increase for R&D would bring the USDA R&D portfolio just a few million dollars short of its all-time peak** in inflation-adjusted dollars (see Figure 1). USDA R&D peaked in FY 2003, but has been at historical highs for the past few years. Since hitting a recent low in FY 1996, the funding trend has 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 then 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.

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 6 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).

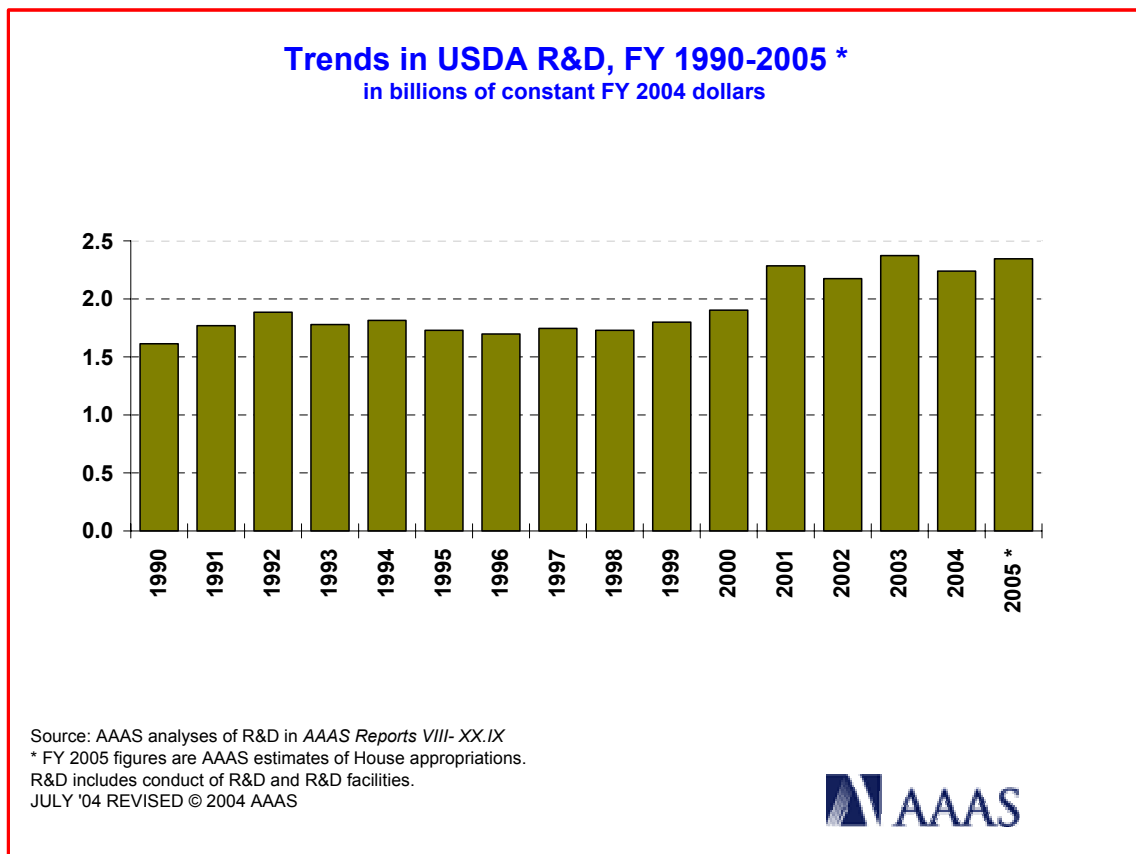


Figure 1. (click on the image to view or download a color, full-page PDF version of the chart)

### Next Steps

The full House is scheduled to take up the Agriculture bill later this month. The Senate has no plans to draft its version of the bill, making the bill a strong candidate for a year-end omnibus appropriations bill. Final funding levels for USDA may not be determined until after the November elections.

(This analysis is one of a series of AAAS R&D Funding Updates on the FY 2005 appropriations process. The complete series of AAAS R&D Funding Updates, including continually updated analyses of R&D by agency in FY 2005 appropriations, is available on the AAAS R&D Web Site (<http://www.aaas.org/spp/rd>) in the “FY 2005 R&D” or the “What’s New” sections.)

- July 9, 2004  
AAAS R&D Budget and Policy Program  
1200 New York Ave, NW  
Washington, DC 20005  
(202) 326-6607; -6600  
[science\\_policy@aaas.org](mailto:science_policy@aaas.org)  
[www.aaas.org/spp/rd](http://www.aaas.org/spp/rd)



**Table. U.S. Department of Agriculture  
House Appropriations Committee Action on R&D in the FY 2005 Budget  
(budget authority in millions of dollars)**

	FY 2004 Estimate	FY 2005 Request	Action by House				
			FY 2005 House	Chg. from Request Amount	Percent	Chg. from FY 2004 Amount	Percent
<b>Agricultural Research Service (ARS)</b>							
Salaries and Expenses	1,083	988	<b>1,057</b>	69	7.0%	-26	-2.4%
Trust Funds	25	25	<b>25</b>	0	0.0%	0	0.0%
Buildings and Facilities	63	178	<b>202</b>	24	13.5%	139	220.6%
<b>Total ARS R&amp;D</b>	<b>1,171</b>	<b>1,191</b>	<b>1,284</b>	<b>93</b>	<b>7.8%</b>	<b>113</b>	<b>9.7%</b>
<b>Cooperative State Research, Education and Extension Service (CSREES)</b>							
National Research Initiative	164	180	<b>180</b>	0	0.0%	16	9.7%
Special Research Grants	111	3	<b>88</b>	85	2539.7%	-22	-20.3%
Hatch Act	179	180	<b>181</b>	1	0.3%	2	0.9%
Integrated Grants	26	43	<b>37</b>	-6	-13.8%	11	42.6%
All Other CSREES R&D	139	105	<b>139</b>	33	31.7%	0	-0.3%
<b>Total CSREES R&amp;D</b>	<b>619</b>	<b>512</b>	<b>625</b>	<b>113</b>	<b>22.0%</b>	<b>6</b>	<b>0.9%</b>
<i>(CSREES Non-R&amp;D Programs)</i>	<i>503</i>	<i>506</i>	<i>528</i>	<i>23</i>	<i>4.5%</i>	<i>25</i>	<i>5.0%</i>
<i>(Total CSREES Budget)</i>	<i>1,122</i>	<i>1,018</i>	<i>1,153</i>	<i>136</i>	<i>13.3%</i>	<i>31</i>	<i>2.8%</i>
Forest Service	316	316	<b>328</b>	12	3.7%	12	3.7%
Economic Research Service	71	80	<b>77</b>	-3	-4.3%	6	7.9%
Agricultural Marketing Service	6	6	<b>6</b>	0	0.0%	0	0.0%
Foreign Agricultural Service	2	2	<b>2</b>	0	0.0%	0	0.0%
Nat'l Agricultural Statistics Service	5	5	<b>5</b>	0	0.0%	0	0.0%
Grain Inspection	7	7	<b>7</b>	0	0.0%	0	0.0%
Natural Resources Conservation	14	14	<b>14</b>	0	0.0%	0	0.0%
Animal & Plant Inspection Service	29	30	<b>28</b>	-2	-5.1%	-1	-1.9%
<b>Total USDA R&amp;D</b>	<b>2,240</b>	<b>2,163</b>	<b>2,375</b>	<b>213</b>	<b>9.8%</b>	<b>136</b>	<b>6.1%</b>

AAAS estimates based on FY 2005 appropriations bills. Includes conduct of R&D and R&D facilities.

FY 2004 and FY 2005 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 9, 2004 - House Appropriations Committee-approved funding levels.  
These figures may be amended or rejected by the full House.**