



Congress Resumes Earmarking of USDA R&D Funds

AAAS R&D Funding Update on USDA R&D in FY 2008 Final Appropriations

Highlights

- Congress added hundreds of millions of dollars in R&D earmarks to the U.S. Department of Agriculture (USDA) to give the USDA R&D portfolio a slight increase in 2008 for a total of \$2.3 billion (up 2.0 percent; see Table).

- On the extramural side, the National Research Initiative (NRI) of competitively awarded research grants would remain flat at \$191 million, well short of the \$257 million request. Hatch Act funding would fall from an unexpectedly large \$323 million 2007 appropriation to \$196 million in 2008. After a one-year moratorium in 2007, congressionally designated projects (earmarks) would return to the tune of \$92 million for Special Research Grants earmarks and \$18 million in other extramural research earmarks.

- Intramural agricultural R&D in the Agricultural Research Service (ARS) would gain 3.2 percent or \$37 million to \$1.2 billion (see Table). The return of earmarks in 2008 after a one-year moratorium in 2007 would cut into non-earmarked R&D funding.

USDA R&D in FY 2008 Final Appropriations

On December 26, President Bush signed into law the FY 2008 omnibus appropriations bill (HR 2764) that had cleared Congress a week earlier, bringing the 2008 appropriations process to a close. The omnibus bill included a final version of the FY 2008 Agriculture appropriations bill.

Last February, the Bush Administration once again proposed to reduce the USDA R&D budget, but in a change from past budgets the cuts would have been from reductions in core R&D programs rather than the proposed eliminations of earmarks. Most years, Congress inserts hundreds of millions of dollars in R&D funding for congressionally designated, performer specific R&D projects (earmarks), which USDA proposes to cancel in the following year. But in the 2007 budget, finalized in February, Congress chose not to earmark so the 2008 budget's proposed cuts were cuts to non-earmarked funding, an 11 percent or \$247 million decline in USDA R&D down to \$2.0 billion.

But thanks to the return of congressional earmarks in 2008, USDA R&D would increase \$45 million or 2.0 percent to \$2.3 billion (see Table), \$292 million more than the request. \$264 million or 90 percent of the money added to USDA's request would be in the form of R&D earmarks, in both the intramural and extramural accounts.

In USDA's external portfolio, a sharp reduction in Hatch Act funding allows for the return of earmarked projects. 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 remain flat at \$654 million in 2008 instead of a steep requested cut. Within the flat budget, The National Research Initiative, USDA's main competitive research grants program, would also see remain flat at \$191 million, and competitive grants in Integrated Grants would also stay at \$26 million, close to the 2007 funding level.

Special Research Grants (SRG) return in 2008, after zero funding in 2007. SRG funding of \$92 million in 2008 would go to 189 performer-specific agricultural research projects and 2 competitively awarded

projects. In addition, there are 27 earmarked research projects in other parts of the CSREES budget. In all, earmarks would make up \$110 million of CSREES R&D, or 17 percent of the 2008 final appropriation.

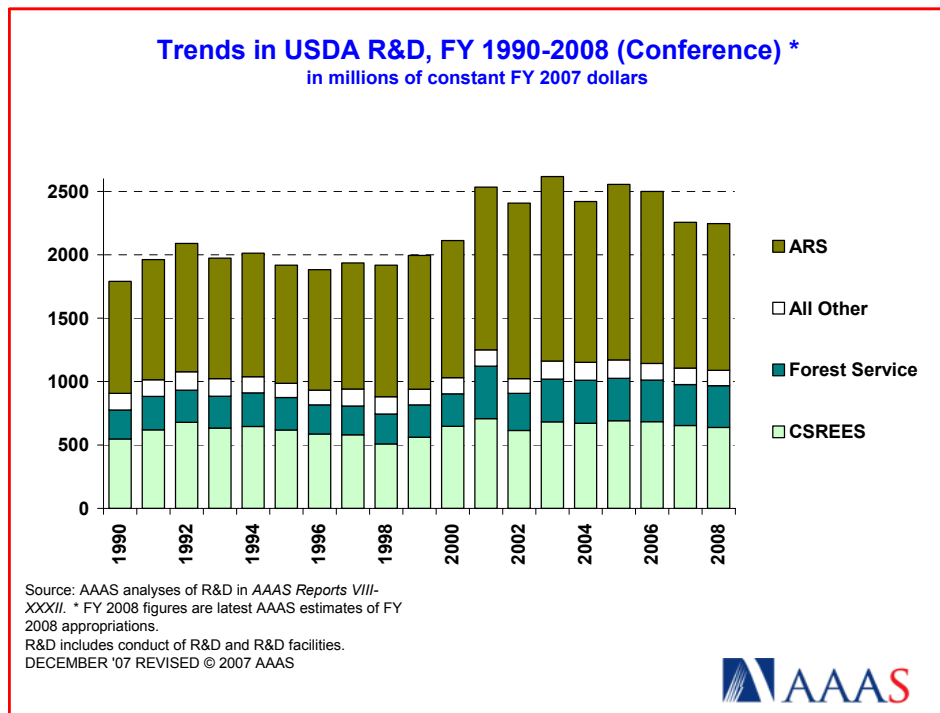


Figure 1. (click on the image for PDF)

Funding for formula programs would decline sharply in 2008, crowded out by the return of earmarks, but there could 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, received a surprising boost to an unprecedented funding level of \$323 million in the final 2007 appropriation, nearly double the funding levels of 2006 and earlier years. Congress appropriates \$196 million in 2008, down dramatically from 2007 but high compared to the roughly \$180 million funding levels of previous years. But below the surface, it appears that USDA would greatly expand the portion of Hatch Act funding going to competitively awarded grants. Currently, 25 percent of Hatch Act funding goes to multi-state research projects; USDA proposes to expand that share to 60 percent, of which 38 percent would be competitively awarded. It is unclear when USDA will fully phase in this expansion, but the move signals that Hatch Act funding is transitioning from traditional individual state formula research funds toward a mix of formula and competitive funding.

Most of USDA’s intramural research is performed in the Agricultural Research Service (ARS). **ARS R&D would gain \$37 million or 3.2 percent to \$1.2 billion in 2008 (see Table), in contrast to a steep requested cut of \$146 million. But R&D earmarks totaling \$148 million make up the entire amount and more that Congress would add to the request.** In Buildings and Facilities, USDA would provide no funding in 2007 nor in the 2008 request for intramural construction projects, but Congress allocated \$47 million in the final 2008 appropriation for earmarked construction projects. In Salaries and Expenses (S&E), which funds research projects, the congressional appropriation of \$1.1 billion, down 0.9 percent, includes \$102 million set aside for specific projects.

The other major USDA R&D agency is the Forest Service, whose R&D budget would increase by nearly 5 percent to \$337 million in 2008. 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 a growing external, competitively awarded research program.

The FY 2008 USDA R&D appropriation would stabilize funding at 2007 levels in real terms, after dramatic reductions in recent years from record highs (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. The 2008 congressional appropriation brings back earmarks, but keeps R&D funding flat at the non-earmarked 2007 funding level.

Nearly two thirds of USDA R&D is performed in USDA's own laboratories. ARS, Forest Service, and ERS funding goes almost exclusively to intramural laboratories, while the slightly greater than one quarter 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, but this stability could change in calendar year 2008 if Congress finalizes a new farm bill that restructures the USDA research portfolio.

(This analysis is one of a series of AAAS R&D Funding Updates on FY 2008 congressional appropriations. The complete series of AAAS R&D Funding Updates, including continually updated analyses of R&D in FY 2008 appropriations, is available on the AAAS R&D Web Site (<http://www.aaas.org/spp/rd>) in the "FY 2008 R&D" or the "What's New" sections.)

- January 3, 2008
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Table. USDA R&D in FY 2008 House-Senate Conference

**Table. U.S. Department of Agriculture
House-Senate Conference on R&D in the FY 2008 Budget
(budget authority in millions of dollars)**

	FY 2007 Estimate	FY 2008 Request	House-Senate Conference				
			FY 2008 CONF.	Chg. from Request Amount	Chg. from Request Percent	Chg. from FY 2007 Amount	Chg. from FY 2007 Percent
Agricultural Research Service (ARS)							
Salaries and Expenses	1,131	1,022	1,121	100	9.7%	-10	-0.9%
Trust Funds	18	18	18	0	0.0%	0	0.0%
Buildings and Facilities	0	0	47	47	--	47	--
Total ARS R&D	1,149	1,040	1,186	146	14.1%	37	3.2%
Cooperative State Research, Education and Extension Service (CSREES)							
National Research Initiative	190	257	191	-66	-25.6%	1	0.3%
Special Research Grants	0	3	92	89	--	92	--
Hatch Act	323	164	196	31	19.1%	-127	-39.3%
Integrated Grants	26	6	26	20	338.2%	0	1.1%
All Other CSREES R&D	115	104	149	45	43.3%	34	29.6%
Total CSREES R&D	654	534	654	120	22.4%	0	0.0%
<i>(CSREES Non-R&D Programs)</i>	<i>529</i>	<i>487</i>	<i>542</i>	<i>55</i>	<i>11.4%</i>	<i>13</i>	<i>2.4%</i>
<i>(Total CSREES Budget)</i>	<i>1,183</i>	<i>1,021</i>	<i>1,196</i>	<i>175</i>	<i>17.1%</i>	<i>13</i>	<i>1.1%</i>
Forest Service	322	305	337	32	10.5%	15	4.7%
Economic Research Service	75	83	77	-6	-6.8%	3	3.4%
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	5	7	7	0	0.0%	2	40.0%
Grain Inspection	7	8	8	0	0.0%	1	14.3%
Natural Resources Conservation	12	0	0	0	--	-12	-100.0%
Animal & Plant Inspection Service	27	27	27	0	0.0%	0	0.0%
Total USDA R&D	2,256	2,009	2,301	292	14.6%	45	2.0%

AAAS estimates based on FY 2008 appropriations bills. Includes conduct of R&D and R&D facilities.

FY 2007 and FY 2008 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.

FY 2008 Conf. figures are adjusted to reflect across-the-board cuts in the 2008 omnibus appropriations bill.

December 17, 2007 - AAAS estimates of House-Senate Conference appropriations.

These appropriations may be rejected by the House or Senate, and may be vetoed by the President.