Budget Review FY 2003

# USDA

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University of California • Office of Federal Governmental Relations

## Partners: The University of California and the U.S. Department of Agriculture

UC's partnership with the federal government in agricultural research, education, and cooperative extension dates back to 1868 when the state legislature approved the terms of the Morill Land-Grant College Act which provided federal support for every state to establish a public university offering an education in agriculture and the mechanic arts. Since then, UC has helped make California the most productive agricultural state in the nation and the most diversified agricultural region in the world, with over 350 crops and commodities. California's agriculture generated nearly $26 billion in cash receipts in 2000, or 13% of the national total. The state's agricultural sector supports 1.1 million jobs and, through multiplier effects, accounts for $59 billion in personal income, or 6.6% of the annual personal income of all Californians.

In FY 2001, the United States Department of Agriculture (USDA) awarded UC over 250 grants and contracts totaling over $36 million. An additional $ 15 million in USDA formula funds for research and cooperative extension base support is administered through the UC division of Agriculture and Natural Resources (ANR). UC ANR spans the entire state with three colleges of agriculture (Berkeley, Davis, and Riverside), a school of veterinary medicine, 10 research and extension centers, over 50 Cooperative Extension county offices and a natural reserve system with over 30 sites.

## The FY 2003 Budget Request for USDA and the Cooperative State Research, Education, and Extension Service (CSREES)

The President's FY 2003 budget request for the USDA is about 3 percent below FY 2002. Nearly three-fourths of the USDA's $74 billion budget is mandatory spending for services such as food assistance programs and commodity programs. The budget request for discretionary programs is $20.6 billion, a decrease of $241 million below the 2002 level. The discretionary budget includes programs such as: Women, Infants and Children (WIC); rural development; meat and poultry inspection; forest management; and the **Cooperative State Research, Education, and Extension Service (CSREES).**

The research and extension programs of CSREES are the primary sources of UC's partnership with the USDA. For FY 2003, the budget request for CSREES is approximately $1 billion, a decrease of 0.4 percent below the FY 2002 appropriation.

| FY 2003 Budget Request ($ in millions) | FY 2002 | FY 2003 Request | % Change FY02 to 2003 |
|---|---|---|---|
| USDA Total | 76,565.0 | 74,443.0 | -2.77% |
| CSREES Total | 1,033.0 | 1,029.0 | -0.39% |
| **UC Priorities:** | | | |
| National Research Initiative | 120.4 | 240.0 | 99.34% |
| Initiative for Future Ag and Food Systems | 120.0 | 0.00% | -100.00% |
| Base Programs: | | | |
| Hatch Act | 180.2 | 180.2 | 0.00% |
| McIntire-Stennis Co-op Forestry | 21.9 | 21.9 | 0.00% |
| Animal Health and Disease | 5.1 | 5.1 | 0.00% |
| Smith-Lever 3(b)&(c) Co-op Extension | 275.9 | 275.9 | 0.00% |
| Sustainable Ag Research and Education | 12.5 | 9.2 | -26.40% |
| Integrated Activities | 42.9 | 41.9 | -2.33% |
| Methyl Bromide Transition | 2.5 | 2.5 | 0.00% |

# THE UNIVERSITY OF CALIFORNIA, DIVISION OF AGRICULTURE AND NATURAL RESOURCES, FY 2003 USDA CSREES BUDGET PRIORITIES

- **Support the Budget Request for the National Research Initiative ($240 million)**

The FY 2003 Budget proposes to double the National Research Initiative to $240 million. UC researchers fare extremely well in the NRI competitive grants program, making California the number one state in NRI awards. By doubling the NRI budget, the USDA proposes to target more resources to research on issues such as mad cow disease, agricultural genomics, and the relation of human nutrition to food properties. California's present and future preeminence in agricultural production and natural resources preservation depends in large part on the basic and applied research supported by NRI funding.

- **Restore Funding Authority for the Initiative for Future Agriculture and Food Systems ($120 million for FY 2003)***

The Agricultural Research Reform Act of 1998 provided the USDA-CSREES with mandatory spending authority of $120 million a year for five years to establish the Initiative for Future Agriculture and Food Systems (IFAFS). IFAFS grants are competitive awards for science and research projects addressing current and emerging farm and food problems such as dairy waste management, food safety, small farm economics, etc. Funding authority for IFAFS was blocked in the FY 2002 Agriculture Appropriations Act. The elimination of IFAFS funding is a significant setback to USDA's efforts to partner with colleges and universities to solve real world problems affecting farmers and ranchers. Over the short history of IFAFS, research institutions in California have collectively been involved with the most IFAFS awards nationwide, or nearly 15 percent of the total funding.

** The pending Farm Bill (HR 2646, S.1731) conference is likely to reauthorize the IFAFS program at an annual mandatory spending level between $140 and $240 million.*

- **Support the Budget Request for CSREES Formula Funds**

The President's budget holds the Hatch, McIntire-Stennis, Animal Health, and Smith Lever 3(b) and 3(c) accounts level with FY 2002 appropriations. These programs provide base funding for land-grant colleges to carry out research and extension missions in partnership with the USDA-CSREES. UC uses these funds to leverage state and local funding to operate three colleges of agriculture, a school of veterinary medicine and over 50 Cooperative Extension county offices supporting research and outreach efforts ranging from pesticide applicator training to 4-H youth programs.

- **Support an Increase Over the Budget Request for Sustainable Agriculture Research and Education (SARE) ($13 million)**

The Presidents budget reduces support of the CSREES program for Sustainable Agriculture Research and Education (SARE) from $13 million to $9 million. The mission of SARE is to expand knowledge and adoption of sustainable agriculture practices that are economically viable, environmentally sound and socially acceptable. SARE grants are awarded through regional competitions and UC researchers fare extremely well in winning grants. California farmers are at the forefront of employing sustainable agricultural practices in their operations because of their willingness to trust research supported through programs such as SARE.

- **Support an Increase Over the Budget Request for CSREES Integrated Activities by Providing $5 million for the Methyl Bromide Transition Program**

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The President's budget would decrease the overall amount for CSREES Integrated Activities from $43 million to $42 million by cutting the Organic Transition Program activity by $1 million to a level of $500,000. The Integrated Activities account provides competitive awards for research activities that include an outreach component. The activities are targeted toward high priority issues such as water quality, food safety, and FQPA risk mitigation. California agriculture stands to benefit from all of these programs and especially the **Methyl Bromide Transition Program:**

- UC supports an increase of $2.5 million over FY 2002 for the Methyl Bromide Transition Program. This would bring the FY 2003 budget to a level of $5 million. This increase is needed because the federally mandated ban on methyl bromide is drawing nearer and effective and economical alternatives still need to be adopted. California accounts for 45% of U.S. use of methyl bromide, a soil and post-harvest fumigant used on a number of fruit and vegetable crops.

- **Support the Funding of CSREES Special Research Grants for California:**

- Sustainable Agriculture Research: $500,000 for California. The FY 2002 Agriculture Appropriations Act provided $400,000 for sustainable agriculture research at the University of California, Santa Cruz. An increase of $100,000 for FY 2003 will permit continued growth of sustainable agriculture research and training programs targeted toward the diversified cropping systems of the California central coast.

- Exotic Pest Research: $2 million. The FY 2002 Agriculture Appropriations Act provided $1.6 million for UC to manage a research competition on exotic pests and diseases. Research funded through this program is helping to develop solutions to a $3 billion a year problem for CA agriculture. A new pest is introduced into the state every 60 days.

- CA-NY Viticulture Consortium: $2 million. The FY 2002 Appropriations Act provided $1.6 million for the CA-NY Viticulture Consortium. An increase of $400,000 for FY 2003 is being requested in order to strengthen the only nationally competitive source of funds for research on viticulture. This program supports East and West Coast competitive grants programs managed by Cornell University and the University of California. All federal funds are matched by the wine industry. Research supported through this program is important to California's world-renowned wine and grape industries.