

Working Draft

Talking Points

In Support of Formula Funds

by
Tom Fretz and Wallace Huffman

- The State Agricultural Experiment Stations in conjunction with USDA continues to be the only organization undertaking public sector agricultural research in a number of areas including: minor crop improvement, water quality assessment, atmospheric deposition, pesticide clearance on minor crops, rural and community development, agricultural policy, etc. These and many other areas of research and development will in time be put at significant risk should the Federal Formula Funds be redirected to a competitive portfolio.
- Since the 1980s, efforts have been underway to repair and strengthen the unique federal-state partnership that focuses on agricultural research, education and extension. First, the amendment to Title XIV of the National Agricultural Research, Extension, and Teaching Policy Act in 1981 reaffirmed the importance of the state-federal agricultural science partnership, hailed by Congress as having been “*eminently successful*” in providing “*the most productive and efficient food and agricultural system in the world*” which served as “*the basis of our national affluence*”. This act referenced “*the varied, dispersed, and in many cases, site-specific needs of American agriculture*” as the feature that made the “*unique federal-state partnership arrangement*” so necessary for success. This language is an important and relevant today as it was in 1981.
- It is important to look at the mission and vision statement of CSREES and to the former CSRS for background. The recently published CSREES Strategic Plan for F 2004-2009 states that the vision for the agency as “*Agriculture is a knowledge-based, global enterprise, sustained by the innovation of scientist and educators*” , and that the Mission of the Agency, is to “*advance knowledge for agriculture, the environment, human health and well-being, and communities.*” Core Functions of the Agency in the 2004-2009 Strategic Plan include the following “*Program leadership to identify, develop and manage programs to sponsor university-based and other institutional education, research and extension.*” This plan supersedes an earlier strategic planning effort that sought to rebuild ties and support with the state agricultural experiment station directors through its mission statement, “*to advance science and technology in support of agriculture, forestry, people and communities: in partnership with the state agricultural experiment station system, colleges, and universities and other research organizations, and in concert with the Secretary of Agriculture and the intent of Congress.*” To fulfill its mission, CSRS identified three goals in the mid-1980s: Obtaining federal resources for the

acquisition of new knowledge, promoting excellence in the research system, *and improving cooperation between the various research partners*. We would again suggest that this is as true today as in the past.

- It is interesting to note that the new Strategic Plan of CSREES (CSREES 2004) is a 37 page document that reads primarily as a research agency running extramural competitive grant programs in research, extension, and education. Listed 11th among 15 key external factors that might constrain progress toward the agency's performance goals is "*coordination and cooperation of state partners*." Curiously, this document makes little mention of maintaining or strengthening the federal-state partnership in research, extension, and education, as it sets the course for the agency. We believe that this is counter to the intent of Congress.
- When speaking of formula funds for research, arguments must be crafted that document how Cooperative Extension and its delivery of research based information would be impacted should the federal formula funds be eliminated or otherwise directed to a national competitive program. A balanced portfolio has been a hallmark of our system of agricultural research and outreach funding to the state's agricultural experiment stations and cooperative extension systems nationwide. The system's goals should be to maintain a balanced portfolio, without which, it will become increasingly difficult for extension to remain relevant and to deliver research based information and knowledge to stakeholders.
- We recommend that an effort be made to develop and articulate the concept of Federal Formula funds as "*Foundation*" or "*Base*" funds, that are, but one component of a blended or mixed portfolio. While there is a tendency to speak of Federal Formula Funds without reference to the other funding sources that contribute to the full portfolio, e.g., State, Grant and special appropriations, it is time that the system engage in a conversation about renaming Federal Formula Funds in a manner that better describes their use and function, e.g., providing the *base* or *foundation* for our system so that we are able to rapidly respond to local, regional and national needs.
- Federal Formula Funds provide the agricultural experiment stations the means to rapidly respond in addressing and meeting local or regional issues in a time sensitive fashion, e.g., soybean rust, plum pox, avian influenza, etc. In each case rapid responses would have been impossible if the system had to rely solely on an external competitive grants-driven process for funding.
- At every opportunity we need to make sure that those to whom we are speaking are aware that the formula driven federal funds (Hatch, McIntire-Stennis and the Animal Health and Disease funds) are expended in a fashion that are relevancy-driven, not curiosity-driven as is the case for other competitive-based research portfolios of NSF and NIH. It is this relevancy-driven research agenda that meets the overall mission and vision of CSREES, addresses stakeholder needs and has

resulted in large social rates of return on resources invested relative to other alternatives.

- If the Federal Formula Funded programs were eliminated and replaced with a competitive grants program, this would mean that the states would no longer need to match these funds. The two combined together would greatly change the funding environment for the Agricultural Experiment Stations and the Cooperative Extension Service. Any discussion relative to alternatives to the current Federal Formula Funds should begin with a discussion of the impact on the state matching requirements and the statutory requirement.

Prepared: 09/15/05

File: 091505 revised formula funds talking points