

Core Messages on the Proposed Formula Fund Cuts

On balance the President's budget is bad for the land-grant university system.

- The President's Budget Request provides funding increases for several CSREES accounts that are also on NASULGC's "core initiatives" list. [Provide an example or two.]
- However, Hatch (agriculture) and McIntire-Stennis (forestry) funds would be cut by 50 percent in F.Y. 2006 and zeroed-out in F.Y. 2007. Animal Health & Disease would be eliminated in F.Y. 2006.
- These formula funds ensure experiment station financial stability from year-to-year and essential infrastructure to respond to emergency situations. [Provide state \$ match and/or leverage data.]
- The Administration's alternative — increasing the NRI and creating a new State Ag Experiment Stations Competitive Grants Program — would destabilize many agriculture and forestry programs. Universities in small states would be hit especially hard, but job losses will occur in every state. [Provide local employment impact data.]
- The existing mix of formula fund and competitive grant programs provides a minimum level of support for agricultural research stations in all 50 states and the territories. Eliminating formula funds from the mix will, therefore, jeopardize the national agricultural research network. [If your SAES is in jeopardy say so.]
- Formula funds support faculty who also have teaching and public outreach responsibilities. Thus, the President's proposal threatens the land-grant university system's integrated mission of research, education, and extension. [Provide examples of joint appointments, etc.]

The land-grant university system remains essential to America's well-being.

- Three-quarters of the nation's public agricultural research is conducted at land-grant universities.
 - Some of the land-grant system's direct benefits to society:
 - We improve the quality and marketability of U.S. agricultural products.
 - We protect America's food supply from natural and man-made threats.
 - We show land owners how to improve and conserve, soil, water, and the environment.
 - We unlock plant, animal, and human science mysteries.
 - We teach nutritional literacy in ways that improve public health.
 - We help American food and fiber producers feed, clothe, and shelter people in the United States and around the globe.
- [Include local examples for each "benefit" you cite.]
- And we do all this while training future agricultural researchers, teachers, extension agents, farmers, and others in industries essential to our nation's continued economic vitality.
 - A recent study by economists Huffman (Iowa State) and Evenson (Yale)* found that between 1970 and 2000, investment of taxpayer funds for Ag research in state agricultural experiment stations at land-grant universities contributed significantly to the increase in agricultural productivity, producing an **annual** return to society of approximately 50 percent.

Ultimately it is the people served by the system who will suffer the most harm.

- Formula funded research is different from competitively funded research. Formula funded projects, for example, often have a much longer time horizon than projects funded through the NRI and similar programs. [Provide examples.]
- By law, 25% of Hatch funds must support multistate research projects. Most multistate projects are focused on problems that are not national in scope but are nonetheless multistate and of great regional importance. [Provide appropriate examples.]
- Summarizing the differences: competitive grant projects are usually focused on short-term national problems whereas formula funded research is often longer-term and focused on the more specialized priorities of local, state, and regional stakeholders. [Cite some good examples.]
- The Huffman-Evenson study also examined the precise scenario included the President's budget — a reduction in federal formula funds with increases in competitive grant programs — and concluded that such a shift would lower agricultural productivity in general and benefit only three states while reducing funds for the remaining contiguous 45.

* Huffman, Wallace E. and Evenson, Robert E., "New Econometric Evidence on Agricultural Total Factor Productivity Determinants: Impact of Funding Composition," Iowa State University, Economics Working Paper #03029, (Revised: October 2004).