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Appropriations Policy Brief

H.R. 5384—Agriculture Appropriations Act for FY 2007

BY THE NUMBERS:

In Millions of Dollars

	FY06	FY07 Bush Request	FY07 Committee	Cmte v. Request	Cmte v. FY06
Appropriations	18,432	18,068	18,404	+336	-28
<i>Mandatory Offsets</i>	-1,659	-652	-592	+60	+1,067
<i>Emergency Approps</i>	784	0	0	0	-784
TOTAL	17,557	17,416	17,812	+396	+255

Excluding Emergency Appropriations, the Committee Bill is:

- \$1 billion or 6.1% more than last year
- \$396 million or 2.3% more than the request

Budget Compliance: According to CBO, the bill is within the 302(b) allocation of the Agriculture and Rural Development Appropriations Subcommittee and thus complies with the Budget Act. The bill relies on \$0.6 billion (see discussion below) in mandatory offsets to pay for higher discretionary spending. The rule governing consideration of the bill is expected to protect these offsets from being struck on the floor. If not, and the offsets are struck, the bill would violate the Budget Act.

Unauthorized Appropriations: According to the Committee report, the bill appropriates \$110 million for unauthorized programs. The Rules of the House prohibit this practice, but the rule governing consideration of the bill waives this restriction.

Comparison to the RSC Budget:

Overview: The RSC budget provided \$829 billion in discretionary spending for FY 2007, compared to the \$873 billion allotted in the House-reported resolution (H.Con.Res. 376). While the RSC budget did not apportion this discretionary spending level by subcommittee—the 302(b) allocation process—it did call for many program reductions within the jurisdiction of the Agriculture and Rural Development Subcommittee.

The Foreign Agricultural Service: The FAS maintains attachés at 97 foreign posts to assist overseas development of markets for U.S. farm commodities—largely through collecting information regarding a foreign government’s policies, market conditions, etc. This function could be performed by the private sector that benefits from such services. The RSC budget calls for a 30-percent reduction in such attaches and a 10-percent reduction in all other activities, except the general sales manager. Instead, H.R. 5384 provides \$156.5 million for the FAS, an *increase* of \$10.1 million over FY 2006.

Federal Support for Agricultural Research and Extension Activities: The Department of Agriculture conducts and supports agricultural research and education. Such research and grants provided by the Agricultural Research Service (ARS), the Cooperative State Research, Education, and Extension Service (CSREES), and the Economic Research Service (ERS) replace funding from the private sector. Requiring the government to scale down this research would permit the private sector to finance more of its own research. The RSC budget would reduce funding by the ARS by 10 percent; it would eliminate all special research grants within the CSREES, thereby requiring all grants to be awarded competitively. H.R. 5384 provides \$1.2 billion for ARS (-\$56 million from FY 2006), \$1.2 billion for CSREES (-\$12 million from FY 2006), and \$81 million for ERS (+6 million from FY 2006).

Public Law 480, Title I Program: The Public Law 480 program provides below-market loans to purchasers of U.S. agriculture commodities in developing countries as a form of export promotion. According to GAO, this subsidy’s “importance in helping develop long-term U.S. agricultural markets had not been demonstrated,” especially troubling since the program dates back to 1954. H.R. 5384 *eliminates* P.L. 480, Title I funding.

Payments to Socially Disadvantaged Farmers and Ranchers. The Socially Disadvantaged Farmers and Ranchers Competitive Grant Program provides funds to land-grant, Hispanic-serving, and Native American-serving institutions, to assist “socially disadvantaged farmers” who own and operate farms. This program is duplicative since these same farmers are eligible for all other farm programs. H.R. 5384 provides \$6.9 million for the program in FY 2007.

Funding for the National Agricultural Statistics Service: The Service provides estimates of acreage, yield, and production of crops, stocks, and value of farm commodities, and numbers of inventory values of livestock items. Data on crops and livestock products are covered in over 500 reports issued each year. The RSC budget would reduce funding for the Service by 20 percent. H.R. 5384 provides \$148.7 million for FY 2007 (+\$9 million from FY 2006).

Bureaucracy in the Department of Agriculture: The RSC budget reduces funding to administer the Department of Agriculture. Specifically, funding is reduced for the Office of the Secretary by 10%. H.R. 5384 provides \$5.5 million for the Office, an *increase* of \$423 million over FY 2006.

Watershed Surveys and Planning Program (NRCS). Enacted in 1954, the purpose of this program is to assist federal, state, and local agencies and tribal governments in protecting watersheds from damage caused by erosion, floodwater, and sediment and to conserve and develop water and land resources. Conservation programs are conducted through a number of accounts within the Natural Resources Conservation Service, and current conservation operations within the Department of Agriculture could be combined and reprioritized. Both the RSC budget and the President proposed eliminating this program. H.R. 5384 would provide \$6 million for it, the same level as in FY 2006.

Watershed and Flood Prevention Operations (NRCS). This program provides technical and financial assistance to local communities to plan, design, and construct flood prevention, water supply, and water quality improvement projects. By agreement with the Army Corps of Engineers, this program funds only operations in small, rural watersheds and in communities with small populations. In the 2004 Budget, OMB compared the cost effectiveness of the Corps of Engineers, Natural Resources Conservation Service (NRCS), and Federal Emergency Management Agency flood damage reduction programs. Evaluation of projects completed over a five-year period demonstrated that NRCS's program provided the fewest benefits per dollar. The Administration also supports cancellation of the program to help fund higher priority and more cost effective programs. The RSC budget would eliminate the Watershed and Flood Prevention Operations program. H.R. 5384 would provide \$40 million, \$34 million less than FY 2006.

Resource Conservation and Development Program. The purpose of the Resource Conservation and Development (RC&D) program is to accelerate the conservation, development and utilization of natural resources, improve the general level of economic activity, and to enhance the environment and standard of living in designated RC&D areas. Conservation programs are conducted through a number of accounts within the Natural Resources Conservation Service, and current conservation operations within the Department of Agriculture could be better combined and reprioritized. The RSC budget would eliminate this program. However, H.R. 5384 would provide \$50.8 million for it, the same level as in FY 2006.

Items of Note:

Peanut Storage Extension: Extends the peanut storage and handling fee program through 2007. The program, which was set to expire in 2006, provides federal funding to store and handle peanuts placed in the marketing loan program. The extension has no cost in FY 2007 (because the payments would be made after the harvest in FY08), but CBO assumes it will cost \$77 million in FY 2008. The effect of this provision is to ensure that the cost of the program is assumed in CBO's baseline (and therefore disguised as an extension of current law) during consideration of the next farm bill.

MILC Extension: Extends the Milk Income Loss Contract Program (MILC) for one month—from August 31, 2007 to September 30, 2007. The extension would cost \$40 million in FY07 (offset by other savers in the bill), and \$3.8 billion over ten years. The cost for the remaining nine fiscal years is **not** offset by the bill. The effect of this provision is to ensure that the cost of the program is assumed in CBO's baseline (and therefore disguised as an extension of current law) during consideration of the next farm bill.

Drug Reimportation: Prohibits the FDA from using funds to prevent an individual, wholesaler, or pharmacist from importing prescription drugs from other countries.

Program Terminations: According to the Committee, H.R. 5384 terminates seven discretionary programs, saving \$113.7 million.

Mandatory Reductions Providing Discretionary Offsets: Includes numerous changes to existing mandatory spending programs, newly authorized in the 2002 farm program, that generate savings for discretionary spending contained in the bill. The Committee adopted \$576 million in such savings (slightly less than the President proposed).

Outsourcing/A-76 Activities: Prohibits funds for Circular A-76 activities (governing the federal government’s outsourcing policies) until the Secretary has submitted to the Committees on Appropriations of both Houses of Congress, a report on the Department’s contracting out policies, including agency budgets for contracting out.

Colorado Land Lease: Allows the Secretary to lease 40 acres of land to Colorado State University for its Shortgrass Steppe Biological Field Station.

MS Land Conveyance: Allows the Secretary to convey 19 acres to Mississippi State University when vacated by Agriculture Research Service (ARS).

Tobacco Research: Prohibits ARS funding from being used for research related to the production, processing, or marketing of tobacco or tobacco products.

Animal ID Program: Provides \$33.1 million for ARS to implement the National Animal ID Program. However, none of the funds could be spent until the Secretary submits a detailed plan for the program, including proposed legislative changes, cost estimates, and means for evaluating the program.

Future User Fee Proposals: Prohibits funds to pay the salary of any employee who works on the President’s FY07 budget submission if it assumes new revenues stemming from user fee proposals that have not been enacted prior to the submission (unless the submission also identifies which spending proposals should not be enacted in the absence of the new revenues).

Hunger Fellowship Program: Provides \$2.5 million for Bill Emerson and Mickey Leland Hunger Fellowships.

National Sheep Industry Improvement Center: Provides \$250,000 for the Center. According to its website, “The National Sheep Industry Improvement Center (NSIIC) was established by Congress to provide financial assistance for the enhancement and marketing of sheep or goat products in the United States with an emphasis on infrastructure development.”

Designation of Communities as Rural: Designates the following cities, townships, and municipalities as “rural areas” or otherwise eligible for various federal grant and loan programs: Atascadero (CA), Paso Robles (CA), Freeport (IL), and Kitsap (WA).

Chinese Poultry Exports: Prohibits funding to implement the final rule published on April 24, 2006, to add the People’s Republic of China to the list of countries eligible to export poultry products to the United States.

Earmarks:

Note: According to the House Appropriations Committee, H.R. 5384 includes \$435 million in Member project funding which is \$35 million below last year’s House bill level of \$460 million and \$277 million below last year’s conference agreement of \$812 million.

Included in the bill **TEXT:**

- \$1 million for the Ohio Livestock Expo Center in Springfield, OH
- \$410,000 to acquire “fourband digital color infrared imagery of the entire state of Mexico”

Included in the Committee Report (not an exhaustive list):

- \$244,077 for bee research in Weslaco, TX
- \$24.2 million for eradication and control for Glassy-winged Sharpshooters/Pierce's Disease
- \$20 million for eradication and control of Emerald Ash Borer
- \$6.5 million for eradication and control of Sudden Oak Death
- \$19.9 million for eradication and control of Asian Long-horned Beetle
- \$150,000 for blackbird control in LA
- \$940,000 for brown tree snake management in Guam
- \$1.7 million for cereal crops in Fargo, ND
- \$790,744 for coffee and cocoa research in Beltsville, MD
- \$490,354 for corn rootworm research in Ames, IA
- \$373,824 for grapefruit juice/drug interaction research in Temple, TX
- \$668,570 for diet nutrition and obesity research in New Orleans, LA
- \$387,976 for manure management research (National Swine Research Center) in Ames, IA
- \$365,156 for potato breeding research in Aberdeen, ID
- \$1.9 million for red imported fire ants, in Stoneville, MS
- \$450,000 for oyster post-harvest treatment in Florida
- \$447,009 for Barley Food Health Benefits in Beltsville, MD
- \$1.5 million for construction of an entrance off Bladensburg Road for the National Arboretum in DC
- \$365,156 for potato breeding research in Aberdeen, ID
- \$878,046 for Catfish Genome research in Auburn, Alabama
- \$3.6 million for climate forecasting in Florida
- \$2.5 million for cotton research in Texas
- \$1.1 million for the Center for Innovative Food Technology in Ohio
- \$162,000 on top of last years earmark, for the Children's Nutrition Research Center in Houston, TX for obesity research
- \$584,089 for aerial application research in College Station, TX
- \$784,244 for Appalachian horticulture research in Poplarville, MS
- \$72, 552 Aquaculture Fisheries Center in Pine Bluff, AR
- \$628,843 aquaculture research in Aberdeen, ID
- \$242,486 for cotton genetics research in Florence, SC
- \$392,832 for citrus waste utilization in Winter Haven, FL
- \$628,843 for grape genetics in Geneva, NY
- \$573,689 for grape rootstock in Geneva, NY
- \$3.7 million for formosan termite research in New Orleans, LA
- \$1.2 million for mosquito trapping research/west nile virus research in Gainesville, FL
- \$2.5 million for the National Soil Dynamics Lab in Auburn, AL
- \$1.6 million for the Plant Stress and Water Conservation Lab in Lubbock, TX
- \$1.7 million for rangeland resources research in Las Cruces, NM
- \$408,589 for soybean and nitrogen fixation research in Raleigh, NC
- \$413,654 for wheat quality research in Wooster, OH
- \$1.5 million for the Rice Research Unit in Beaumont, TX
- \$584,911 for the Arkansas Children's Nutrition Center
- \$4.2 million for the Delta Nutrition Intervention Initiative

- \$2.2 million for Pierce’s disease research in CA
- \$682,000 for the regional barley gene mapping project in Oregon
- \$750,000 for human nutrition research in Iowa
- \$1.5 million for pasteurization of shell eggs in MI
- \$311,986 for late blight fungus research in Orono, ME
- \$2 million for catfish health research in Stoneville, MS
- \$420,028 for wheat quality research in Manhattan, KS
- \$1.2 million for wolf predation management, of which \$1 million is for WI, MN, and MI, and \$175,000 is for NM and AZ
- \$300,000 for beaver management in NC
- \$325,000 for crop and aquaculture losses in southeast MO
- \$1.3 million for predator control programs in MT, ID, and WY
- \$300,000 for beaver management in WI
- \$244,077 for bee research in Weslaco, TX
- \$1.0 million for bovine genetics in Beltsville, MD

Funding Summaries:

In thousands

	FY 2006 Enacted	FY 2007 Request	FY 2007 Cmte	Cmte Vs. FY 2006	Cmte Vs. Request
Agriculture Programs					
Office of the Secretary.....	5,076	11,540	5,499	423	-6,041
Executive Operations.....	165,036	181,381	127,352	-37,684	-54,029
Hazardous Materials Management.....	11,880	12,020	12,020	140	0
Economic Research Service.....	75,172	82,544	80,963	5,791	-1,581
Agriculture Statistics Service.....	139,293	152,584	148,719	9,426	-3,865
Agriculture Research Service S&E.....	1,123,654	1,001,385	1,057,000	-66,654	55,615
Cooperative State Research, Education & Extension..	1,182,650	1,023,077	1,170,812	-11,838	147,735
Outreach to Socially Disadvantaged Farmers.....	5,940	6,930	6,930	990	0
Animal & Plant Health Inspection Service S&E.....	807,306	945,153	898,116	90,810	-47,037
Agriculture Marketing Service.....	114,486	86,938	104,928	-9,558	17,990
Grain Inspection, Packer & Stockyards Admin.....	38,059	21,844	39,737	1,678	17,893
Food Safety & Inspection Service.....	829,378	757,470	853,249	23,871	95,779
Farm Service Agency S&E.....	1,019,700	1,091,359	1,053,760	34,060	-37,599
Loan Subsidies.....	149,788	113,912	149,306	-482	35,394
Agriculture Credit Insurance Expenses.....	309,465	319,657	315,258	5,793	-4,399
Risk Management Agency.....	76,278	80,797	77,197	919	-3,600
Conservation Programs					
Office of the Under Secretary.....	737	957	810	73	-147
Conservation Operations.....	831,124	744,877	791,498	-39,626	46,621
Watershed Surveys & Planning.....	6,022	0	6,022	0	6,022
Watershed & Flood Prevention.....	74,250	0	40,000	-34,250	40,000
Watershed Rehabilitation.....	31,245	15,300	31,245	0	15,945
Resource Conservation.....	50,787	25,933	50,787	0	24,854
Rural Development					
Office of the Under Secretary.....	629	823	692	63	-131
Rural Community Advancement Program.....	694,922	600,762	699,893	4,971	99,131
Salaries & Expenses (Including Transfers).....	495,877	500,326	474,951	-20,926	-25,375

Rural Housing Loan Authorization.....	5,027,750	5,057,622	5,059,625	31,875	2,003
Rental Assistance Program.....	646,571	486,320	335,400	-311,171	-150,920
Mutual & Self-Help Housing Grants.....	33,660	37,620	37,260	3,600	-360
Rural Housing Assistance Grants.....	43,536	40,590	40,590	-2,946	0
Farm Labor Program Account.....	30,856	33,798	47,525	16,669	13,727
Rural Business-Cooperative Loan Authorization.....	58,622	68,577	68,577	9,955	0
Rural Development Loan Fund.....	19,316	19,901	19,371	55	-530
Rural Cooperative Development Grants.....	29,193	27,225	9,913	-19,280	-17,312
Rural Empowerment Zone Grants.....	11,088	0	11,088	0	11,088
Renewable Energy Programs.....	22,770	10,163	20,000	-2,770	9,837
Rural Utility Loan Authorization.....	6,076,760	4,527,799	5,377,197	-699,563	849,398
Rural Utility Loan Subsidy.....	6,309	3,322	4,219	-2,090	897
Dist. Learning, Telemedicine, Broadband Loan Auth...	519,750	356,419	503,535	-16,215	147,116
Dist. Learning & Telemedicine Loans Subsidies.....	49,624	35,576	44,486	-5,138	8,910

Domestic Food Programs

Office of the Under Secretary.....	593	732	652	59	-80
WIC.....	5,204,430	5,200,000	5,244,000	39,570	44,000
Commodity Assistance Program.....	177,572	70,370	189,370	11,798	119,000

Foreign Assistance

Foreign Agriculture Service.....	146,222	157,486	156,486	10,264	-1,000
McGovern-Dole Int'l School Lunch Program.....	99,000	99,000	100,000	1,000	1,000
PL 480 Program Appropriation.....	1,218,062	1,221,151	1,225,751	7,689	4,600

FDA

Salaries & Expenses Including Fees.....	1,823,751	1,916,329	1,914,382	90,631	-1,947
Buildings & Facilities.....	7,920	4,950	4,950	-2,970	0

Other & General Provisions

Commodity Futures Trading Commission.....	97,402	127,000	109,402	12,000	-17,598
Hunger Fellowships.....	2,500	0	2,500	0	2,500
National Sheep Industry Improvement Center.....	1,238	0	250	-988	250
Denali Commission.....	743	0	0	-743	0
Specialty Crop Grants.....	6,930	0	15,600	8,670	15,600
Fruit & Vegetable Pilot Program.....	6,000	0	25,000	19,000	25,000