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Appropriations Policy Brief

H.R. 2744 — Agriculture Appropriations Act for FY 2006

BY THE NUMBERS:

In Millions of Dollars

	FY05	FY06 Bush Request	FY06 Committee	Cmte v. Request	Cmte v. FY05
Appropriations	18,253	18,259	18,262	+3	+9
Mandatory Offsets	-1,438	-1,341	-1,430	-89	+8
Emergency Approps	436	0	0	0	-436
TOTAL	17,251	16,918	16,832	-86	-419

Excluding Emergency Appropriations and Mandatory Offsets, the Committee Bill is:

- \$9 million more than last year
- \$3 million 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 \$1.4 billion (see discussion below) in mandatory offsets to pay for higher discretionary spending. The rule governing consideration of the bill protects these offsets from being struck on the floor.

Unauthorized Appropriations: According to the Committee report, the bill appropriates \$148 million for unauthorized programs. The Rules of the House prohibit this practice, but the rule governing consideration of the bill waived this restriction.

Presidential Terminations and Reductions:

Overview:

- The President proposed a total of \$1.74 billion in terminations and reductions to programs within the Agriculture Appropriations Subcommittee's jurisdiction.
- The Committee terminated 3 of the 3 programs the President proposed to terminate and reduced funding for all but one of those proposed to be scaled back (one program was increased). As a result, the Committee achieves \$1.49 billion in savings, \$250 million less than the President requested with regard to these selected programs.

AMS Biotechnology Program: Eliminates \$4 million in funding for the Agricultural Marketing Service's (AMS) biotechnology program. Created in 2002 to develop AMS's capacity to test non-grain commodities for bio-engineered traits, the Administration found a lack of demand for the service in the private sector.

High Energy Cost Grants: Eliminates \$28 million in funding for the Rural Utility Service's High Energy Cost Grants program, as requested by the Administration. Established in 2001, this program provides grants to areas where the cost to deliver energy is significantly higher than the average (only Alaska, Hawaii, and few other areas qualify). The Administration found the program to be duplicative of other RUS programs.

NRCS Watershed and Flood Prevention Operations: Reduces funding for the National Resources Conservation Services (NRCS) Watershed and Flood Prevention Operations program from \$75 million to \$60 million. This program provides technical and financial assistance to communities to design and construct flood protection and water quality improvement projects in small communities. The Administration proposed to terminate this program because it funds many privately owned projects, which are not Federal responsibilities, and OMB determined that it is the least cost effective Federal flood damage reduction program.

Research and Extension Grant Earmarks: Increases funding for the National Review Initiative (NRI) by \$20 million from \$180 million to \$200 million. This grant program provides resources for various research activities, such as improving asparagus technology, developing alternative salmon products, etc. The Administration proposed to "terminate" \$180 million worth of such earmarks but requested that this funding be used to pay for an increase in the NRI. The Committee funded the NRI at \$50 million *less* than the request. **Note:** The figures above do not count this Administration proposal since the funds were meant to be redirected to the same type of federal activity at a higher level of funding.

Agriculture Research Service (ARS): Reduces ARS funding by \$67 million to \$1 billion for in-house research by federal scientists on agricultural issues, such as productivity and human nutrition. Much of this research is earmarked (pgs. 12-22). The Administration requested a larger reduction, \$106 million, in order to focus resources on higher priority projects.

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 \$1.4 billion in such savings (slightly more than the President proposed).

These changes include the following reductions:

- \$200 million from the Environmental Quality Incentives Program (EQUIP)
- \$120 million from value-added grants to local communities for marketing assistance
- \$300 million from the Initiative for Future Agriculture Food Systems (competitive research grants)
- \$210 million in watershed improvement funding
- \$100 million from the Rural Strategic Investment Program (economic development funding)
- \$90 million from the Bioenergy Program (funds to agriculture producers of biodiesel and ethanol)
- \$50 million from the mandatory loan program to encourage the rollout of broadband access in rural areas.

- \$89 million from the Rural Business Investment Program (economic development) and
- \$40 million from rural firefighter assistance grants.

NRCS Conservation Operations: Reduces funding from \$831 million to \$794 million for the NRCS Conservation Operations account, which provides technical assistance to states and localities running conservation programs. The Administration proposed to reduce such funding further to \$768 million citing a large number of un-requested congressional earmarks.

NRCS Resource Conservation and Development Program: Maintains funding for the Resource Conservation and Development Program, which provides resources to local communities for economic development, at \$51 million. The Administration proposed to reduce funding for the program to \$26 million, saving \$25 million under a new proposal to phase out federal support for certain local planning areas continuing to receive funding after 20 years.

Water and Waste Disposal Grants and Loans: Increases funding for the Rural Community Advancement Program's water and waste disposal grants and loans from \$520 million to \$562 million (an increase of \$42 million). This program provides resources to rural communities with populations of less than 10,000 to develop and finance water and waste disposal systems. The Administration proposed reducing the program's funding to \$446 million, saving \$74 million, citing relatively low interest rates that are allowing communities to rely on loans instead of grants.

Items of Note:

Country of Origin Labeling: Prohibits the use of funds to implement the Country of Origin Labeling (COOL) on meat and meat products.

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.

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

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.

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: Bridgeton (NJ), Kingston (NC), Portsmouth (OH), Bloomington (IL), Hidalgo (TX), Elgin (OK), Lone Grove (OK), and Vega Baja, Manati, Guayama, Fajardo, Humacao, and Naguabo (Puerto Rico).

Earmarks:

Included in the bill **TEXT**:

- \$10 million for Florida citrus and lime growers for tree replacement resulting from citrus canker. \$30 million was provided in FY05, but the Administration did not request this funding for either FY05 or FY06.
- \$1 million for the Indian Creek Watershed Flood Prevention Project, Kane County, IL
- \$50,000 for the Hickory Creek Special Drainage District, Bureau County, IL
- \$1 million for the Ohio Livestock Expo Center in Springfield, OH

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

- \$775,000 for research on the Asian longhorned beetle and Emerald Ash borer
- \$500,000 for research on varroa mites at Baton Rouge, LA
- \$3.3 million for bovine spongiform encephalopathy (BSE) research: \$1.8 million for Ames, IA; \$1 million for Pullman, WA; and \$500,000 for Albany, CA
- \$300,000 for the U.S. Horticultural Research Laboratory at Fort Pierce, FL
- \$75,000 for alternative crop research development in Beltsville, MD
- \$100,000 for corn rootworm research in Ames, IA
- \$100,000 for invasive aquatic weeds research in Ft. Lauderdale, FL
- \$1.4 million for research on dietary intake, nutrient content and obesity issues:
- \$256,000 for integrated fruit and vegetable research at the University of Georgia
- \$1.2 million wolf predation management
- \$152,000 for blueberry and cranberry research, ME
- \$453,000 for fish and shellfish technologies, VA
- \$580,000 for human nutrition, NY
- \$579,000 for the International Arid Lands Consortium, AZ
- \$265,000 for peach tree short life, SC
- \$1.2 million for the Rural Policies Institute (NE, IA, MO)
- \$6.4 million for wood utilization (OR, NC, MS, MN, ME, MI, ID, TN, AK, WV)

Funding Summaries:

In thousands

	FY 2005 Enacted	FY 2006 Request	FY 2006 Cmte	Cmte Vs. FY 2005	Cmte Vs. Request	Cmte Vs. FY 2005	Cmte Vs. Request
Agriculture Programs							
Office of the Secretary.....	5,083	5,127	5,127	44	0	0.87%	0.00%
Executive Operations.....	192,866	199,892	186,631	-6,235	-13,261	-3.23%	-6.63%
Office of Assistant Secretary for Civil Rights.....	811	821	811	0	-10	0.00%	-1.22%
Office of Civil Rights.....	19,730	20,109	20,109	379	0	1.92%	0.00%
Office of Assistant Secretary for Administration.....	664	676	676	12	0	1.81%	0.00%
Agriculture Buildings and Facilities.....	162,559	221,924	183,133	20,574	-38,791	12.66%	-17.48%
Hazardous Materials Management.....	15,408	15,644	15,644	236	0	1.53%	0.00%
Office of Assistant Secretary (Congress. Relations)...	3,821	3,846	3,821	0	-25	0.00%	-0.65%
Office of Communications.....	9,290	9,509	9,509	219	0	2.36%	0.00%
Office of the Inspector General.....	77,663	81,045	79,626	1,963	-1,419	2.53%	-1.75%
Office of the General Counsel.....	35,574	40,263	38,439	2,865	-1,824	8.05%	-4.53%

	FY 2005 Enacted	FY 2006 Request	FY 2006 Cmte	Cmte Vs. FY 2005	Cmte Vs. Request	Cmte Vs. FY 2005	Cmte Vs. Request
Office of Under Secretary for Research & Education.	587	598	598	11	0	1.87%	0.00%
Economic Research Service.....	74,170	80,749	75,931	1,761	-4,818	2.37%	-5.97%
Agriculture Statistics Service.....	128,444	145,159	136,241	7,797	-8,918	6.07%	-6.14%
Agriculture Research Service.....	1,288,335	1,060,907	1,122,775	-165,560	61,868	-12.85%	5.83%
Cooperative State Research, Education & Extension..	1,161,726	1,018,191	1,128,010	-33,716	109,819	-2.90%	10.79%
<i>Outreach to Socially Disadvantaged Farmers.....</i>	5,888	5,935	5,935	47	0	0.80%	0.00%
Office of the Under Secretary for Marketing.....	715	724	724	9	0	1.26%	0.00%
APHIS S&E.....	813,033	860,158	828,631	15,598	-31,527	1.92%	-3.67%
Agriculture Marketing Service.....	94,708	101,516	95,434	726	-6,082	0.77%	-5.99%
Grain Inspect., Packer & Stockyards Admin. S&E.....	37,001	15,717	38,400	1,399	22,683	3.78%	144.32%
Office of the Under Secretary for Food Safety	590	602	590	0	-12	0.00%	-1.99%
Food Safety & Inspection Service.....	817,170	710,717	837,264	20,094	126,547	2.46%	17.81%
Office of the Under Secretary for Foreign Services...	626	635	635	9	0	1.44%	0.00%
Farm Service Agency	1,003,604	1,055,475	1,028,088	24,484	-27,387	2.44%	-2.59%
Loan Subsidies.....	156,548	154,092	151,358	-5,190	-2,734	-3.32%	-1.77%
Agriculture Credit Insurance Expenses.....	299,350	317,137	305,127	5,777	-12,010	1.93%	-3.79%
Risk Management Agency.....	71,468	87,806	77,806	6,338	-10,000	8.87%	-11.39%
Conservation Programs							
Office of the Under Secretary.....	627	635	627	0	-8	0.00%	-1.26%
Conservation Operations.....	830,661	767,783	793,640	-37,021	25,857	-4.46%	3.37%
Watershed Surveys & Planning.....	7,026	5,141	7,026	0	1,885	0.00%	36.67%
Watershed & Flood Prevention.....	74,971	0	60,000	-14,971	60,000	-19.97%	
Watershed Rehabilitation.....	27,280	15,125	27,000	-280	11,875	-1.03%	78.51%
Resource Conservation.....	51,228	25,600	51,360	132	25,760	0.26%	100.63%
Rural Development							
Office of the Under Secretary.....	627	635	627	0	-8	0.00%	-1.26%
Rural Community Advancement Program.....	710,321	521,689	657,389	-52,932	135,700	-7.45%	26.01%
Salaries & Expenses (Including Transfers).....	490,134	514,975	501,368	11,234	-13,607	2.29%	-2.64%
Rural Housing Loan Authorization.....	4,683,277	4,965,577	5,079,349	396,072	113,772	8.46%	2.29%
Rental Assistance Program.....	587,264	650,026	650,026	62,762	0	10.69%	0.00%
Mutual & Self-Help Housing Grants.....	33,728	34,000	34,000	272	0	0.81%	0.00%
Rural Housing Assistance Grants.....	43,640	41,000	41,000	-2,640	0	-6.05%	0.00%
Farm Labor Program Account.....	33,845	32,728	32,728	-1,117	0	-3.30%	0.00%
Rural Business-Cooperative Loan Authorization.....	58,742	59,215	59,215	473	0	0.81%	0.00%
Rural Business Loan Subsidy.....	15,741	14,718	14,718	-1,023	0	-6.50%	0.00%
Rural Cooperative Development Grants.....	23,808	21,000	24,000	192	3,000	0.81%	14.29%
Rural Empowerment Zone Grants.....	12,400	0	10,000	-2,400	10,000	-19.35%	
Renewable Energy Programs.....	22,816	10,000	23,000	184	13,000		130.00%
Rural Utility Loan Authorization.....	5,606,040	3,548,875	5,507,860	-98,180	1,958,985	-1.75%	55.20%
<i>Rural Utility Loan Subsidy.....</i>	5,117	6,252	6,372	1,255	120	24.53%	1.92%
<i>Dist. Learning Loan Subsidies & Grants.....</i>	55,973	34,973	44,723	-11,250	9,750	-20.10%	27.88%
Domestic Food Programs							
Office of the Under Secretary.....	590	599	599	9	0	1.53%	0.00%
WIC.....	5,235,032	5,510,000	5,257,000	21,968	-253,000	0.42%	-4.59%
Commodity Assistance Program.....	177,367	177,935	178,797	1,430	862	0.81%	0.48%
Foreign Assistance							
Foreign Agriculture Service.....	136,719	148,792	148,224	11,505	-568	8.42%	-0.38%
McGovern-Dole Int'l School Lunch Program.....	86,800	100,000	100,000	13,200	0	15.21%	0.00%

	FY 2005 Enacted	FY 2006 Request	FY 2006 Cmte	Cmte Vs. FY 2005	Cmte Vs. Request	Cmte Vs. FY 2005	Cmte Vs. Request
PL 480 Program Appropriation.....	1,293,028	965,365	1,187,459	-105,569	222,094	-8.16%	23.01%
FDA							
Salaries & Expenses Including Fees.....	1,776,784	1,849,676	1,837,928	61,144	-11,748	3.44%	-0.64%
Buildings & Facilities.....	0	7,000	0	0	-7,000		100.00%
Other & General Provisions							
Commodity Futures Trading Commission.....	93,572	99,386	98,386	4,814	-1,000	5.14%	-1.01%
Hunger Fellowships.....	2,480	0	2,500	20	2,500	0.81%	
Citrus Canker compensation.....	29,760	0	10,000	-19,760	10,000	-66.40%	
Tree Assistance.....	14,912	0	0	-14,912	0	100.00%	0.00%
Sheep Industry Improvement Center.....	992	0	500	-492	500	-49.60%	
Milk Processing and Packaging Facilities.....	992	0	0	-992	0	100.00%	
Alaska Private Lands Wildlife Management.....	496	0	0	-496	0	100.00%	
Livestock Expo Center.....	992	0	1,000	8	1,000	0.81%	
Wisconsin Federal of Cooperatives.....	2,232	0	0	-2,232	0	100.00%	
Florida Citrus Promotion.....	5,592	0	0	-5,592	0	100.00%	
Data Mining and Warehousing Activities.....	0	3,600	0	0	-3,600		0.00%
Virginia Horse Center.....	992	0	0	-992	0	100.00%	
Denali Commission.....	1,488	0	0	-1488	0	100.00%	0.00%

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