

**House Report 106-619 - AGRICULTURE, RURAL DEVELOPMENT, FOOD  
AND DRUG ADMINISTRATION, AND RELATED AGENCIES  
APPROPRIATIONS BILL, 2001**

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**ADDITIONAL VIEWS OF HON. DAVID R. OBEY AND HON.  
MARCY KAPTUR**

Regrettably, this bill falls short of meeting basic needs in the programs it covers. In addition, it contains some very harmful legislative riders--most notably involving restrictions on discussions and research in the area of global climate change and on programs to ensure that the eggs we eat are free from harmful bacteria. During committee consideration, Democrats offered several amendments to try to make up some of the most important shortfalls. Unfortunately, most of these amendments were defeated.

The bill also does very little to address the crises of low prices, low incomes, and economic decline that is plaguing much of rural America. Because these problems tend to involve fundamental issues of federal farm policy, in many ways the Agriculture Committee is a better forum than the Appropriations Committee for debating the causes and fashioning basic solutions. There are indications that the Agriculture Committee may be prepared to consider a farm assistance package this year--something which it did not do in 1998 or 1999. We would welcome that development and look forward to the ensuing debate. However, to the extent that the task of fashioning emergency assistance for farmers and ranchers once again falls to the Appropriations Committee, we will do our utmost to try to ensure that the assistance is distributed fairly and broadly and goes to where it is most needed.

While emergency aid may seem to have dominated the work of the Agriculture Appropriations subcommittee in the past two years, we must not lose sight of the important and wide-ranging programs covered by the regular appropriations in this bill. In addition to activities that directly help farmers and ranchers, the bill also funds most federal food safety efforts, regulation of the safety and effectiveness of drugs and medical devices by the FDA, nutrition programs for children and the elderly, housing, water and sewer and economic development programs available throughout rural and small town America (both on and off farms), and conservation programs of vital importance to protecting water quality and preventing erosion and other environmental damage.

In short, this bill is important not just to people who live and work on farms, but to everyone who has an interest in safe food, clean water, protection from dangerous and ineffective drugs, meeting the nutritional needs of vulnerable low-income children and senior citizens, and preventing the spread of agricultural pests and diseases that can threaten urban trees and gardens as well as farmers' crops.

As we will describe below, the FY 2001 Agriculture Appropriations bill reported by the committee falls short of meeting many of these needs. In saying so, we mean no criticism of Chairman Skeen and the others involved in developing this bill. They did the best they could with the hand that was dealt them. Rather, the fundamental problem is that the congressional budget resolution--which reflects and implements the budgetary policies and priorities of the majority party in Congress--has allowed insufficient resources for this bill and for the other appropriations measures that meet major domestic needs.

Overall, the budget allocation that the Agriculture subcommittee was given allows an increase of \$431 million in non-emergency discretionary appropriations over the previous year's level. In percentage terms, that's growth of about 3 percent--barely enough to keep up with inflation, and well below the growth rate of the economy. In fact, if one takes into account that some of the basic on-going programs covered by the bill were funded in part by emergency appropriations last year, the year-to-year increase is probably closer to \$200 million or about 1.5 percent. And compared to the President's budget request for fiscal year 2001, the bill is short by \$1.1 billion.

Following are some of the practical consequences of these shortfalls.

#### *Food safety*

For the Agriculture Department's Food Safety and Inspection Service (FSIS)--which is responsible for inspecting and ensuring the safety of all domestic and imported meat and poultry products--the bill falls short of the President's budget request by more than \$14 million. Pay costs make up

about three quarters of this agency's budget, and the increase provided by the bill is not enough to cover the higher pay and benefit costs resulting from the pay raises received by all federal employees. To cover the costs of basic inspections of processing plants, the bill would require the FSIS to reduce assistance for state-run meat and poultry inspection systems, or cut back on inspections of imports or on laboratory operations, or take other problematic steps. And the improvements and initiatives that the Administration had proposed--such as risk assessment studies, upgrades to egg safety, and expanded collaboration with state and local food safety programs--will be almost impossible to achieve under this appropriation.

To its credit, the bill does fully fund the budget request for the Food and Drug Administration (FDA) operating account--other than the request for tobacco-related programs. These appropriations for regulation on food and drug safety are badly needed, and we hope they can be preserved in conference.

On the other hand, the bill falls short in other food safety areas within the Agriculture Department, in addition to the inadequate appropriation for the

Food Safety and Inspection Service just discussed. For example, it fails to provide for an important initiative within the Agricultural Marketing Service to begin a systematic program of testing fruits and vegetables to assess levels and patterns of microbiological contamination, as well as failing to provide requested funds for food safety research.

During the Committee markup, Representative DeLauro offered an amendment to bring funding for FSIS up to the Administration's request (using emergency appropriations). That amendment was defeated by a vote of 20 to 24 (roll call number 8).

#### *Farmers and consumers both squeezed by the middleman*

Many believe that a major cause of family farmers' current difficulties is the increasing squeeze they face as the markets that they sell their products into and buy their seed and other inputs from become more and more dominated by a handful of large corporations. Many formerly independent producers are simply becoming contractors for agri-business corporations, which can essentially dictate the terms on which these farmers and ranchers operate and the prices they will pay and receive. The Clinton Administration once again requested some modest funding increases to provide the Agriculture Department with some additional staff and a bit more resources to analyze and investigate the growing concentration of economic power in agricultural markets and to take action against abusive practices that violate existing law. This bill denies most of these requested increases, providing only \$1.4 million of the \$7.1 million increase requested for the Grain Inspection, Packers, and Stockyards Administration (GIPSA) and no increase at all for the Department's Office of General Counsel.

#### *Funding to investigate and respond to market concentration*

When the bill was considered by the Appropriations Committee, Representative Obey offered an amendment to provide an additional \$13.7 million (on an emergency basis), to help the federal government respond to market concentration and abusive practices in agriculture. That amendment was defeated by a vote of 21 to 28 (roll call number 1).

Addressing the problems of concentration in agriculture will also require substantive legislation to strengthen the enforcement powers of the federal government. However, more funds and more staff to better enforce existing law would have been a useful first step, and we regret that the committee refused to take that step.

#### *Assistant to producer cooperatives*

Another useful step that could be taken to help small and medium-sized producers reposition in today's marketplace would be to make some funding available to enhance and expand producer-owned cooperatives. These co-ops

can provide alternative processing and marketing facilities, to help add value to crops and provide markets not under the control of giant agri-business corporations. In our view, it is more prudent to provide relatively modest funding now to enable producers to derive income from the marketplace than to once again later in the year provide billions in ill-targeted emergency economic assistance.

During the committee markup of this bill, Representative Kaptur offered an amendment to provide \$80 million in emergency funds to be used for equity capital and grants to establish and upgrade farmer-owned cooperatives and other cooperatives that would help create market-oriented opportunities in rural America. The amendment was similar to a proposal made by the Clinton Administration, as part of its farm safety net initiative. The Kaptur amendment was defeated, however, by a vote of 19 to 26 (roll call number 6).

#### *Animal and plant pests and diseases*

Various parts of the country are facing serious outbreaks of agricultural pests and diseases. Many of these problems recently arrived from outside the U.S. Citrus canker is devastating fruit trees in parts of Florida--including trees in urban yards as well as in commercial groves. The Asian Longhorned beetle--which evidently entered the country in wood packing material from China--is killing hardwood trees in New York and Illinois, and threatens to spread further. Plum pox--which destroys peaches, plums, and other stone fruits--has turned up in Pennsylvania (apparently the first appearance in the United States of this disease which is normally found in Europe and the Middle East). Bovine tuberculosis is threatening to spread in Michigan. Pierce's disease is becoming an increasing serious problem for the California grape industry. And the list could go on.

To help detect and eradicate these and other pests, the Administration requested a substantial increase for the Agriculture Department's Animal and Plant Health Inspection Service (APHIS). This bill, however, underfunds that request by \$42 million. In fact, since the committee provided increases above the President's request for certain line items within APHIS (such as boll weevil control and wildlife services), the measure falls short of the amounts requested to deal with emerging pest and disease problems by about \$53 million.

Rep. Kaptur offered an amendment during committee markup to provide \$53 million in emergency appropriations to bring the bill up to the Administration's request for effectively dealing with these problems. That amendment was defeated 22 to 28 (roll call number 3).

#### *Natural Resources Conservation Service*

The Agriculture Department's Natural Resources Conservation Service (NRCS, formerly known as the Soil Conservation Service) provides advice and technical assistance to farmers and ranchers in designing and implementing conservation measures on their land. In some cases, this assistance is needed to help comply with requirements of federal farm programs; in other cases, farmers and ranchers are simply seeking help in preventing soil erosion and otherwise preserving and enhancing their land. This is an extremely popular program in farm country, and the Agriculture Subcommittee received letters from many Members and constituents urging a substantial increase in funding.

The President's budget proposed an \$86 million increase for NRCS conservation operations, including \$28 million more for basic on the ground technical assistance, \$20 million for assistance to animal feeding operations in devising and implementing waste management plans, and \$13 million for other purposes under the President's Clean Water Act in Plan, as well as funding for several other initiatives.

The bill, however, provides only \$16 million of the \$86 million requested increase. Most of that amount is allocated to partially fund the proposed increase for animal feeding operations, and to various specific projects designated in the committee report. According to NRCS, the bill's funding level would require its conservation staff to be reduced by 261 positions below the FY 2000 level. Given the importance of NRCS services--not just to farmers and ranchers but also to attaining clean water and other environmental protection goals--the bill is taking a large step in the wrong direction.

### *Rural development*

The bill, as reported by subcommittee, did provide increases (totaling about \$163 million above FY 2000) for rural development programs, and Chairman Skeen is to be commended for finding the funds to make that

possible. However, most of the increases are needed just to offset higher credit subsidy costs resulting from higher interest rates, and therefore do little more than keep levels of loans and loan guarantees from declining.

An amendment offered by Representative Maurice Hinchey during the full committee markup (roll call number 7) added another \$57 million for rural water and waste grants, community facilities grants, and rural business enterprise and rural business opportunity grants--all programs that fill vital needs. (These increases were financed by reducing the commissions paid by the federal government to agents who sell crop insurance.)

Even after the Hinchey amendment, however, the bill remains about \$180 million below the President's request for rural development. Some of the largest shortfalls come in rural housing programs, as well as rural

development loans (the 'intermediary relending' program) and assistance for development of cooperatives. Given the needs that exist in rural America, it is unfortunate that the Majority's budget program does not allow more funding for rural housing and economic development.

#### *Other funding issues*

There are several other funding issues and problems in this bill. For example, it provides \$37 million less than requested by the Administration for overseas food assistance under title II of the PL 480 'Food for Peace' program. Not only does this program help meet real human needs in areas suffering from food shortages and disasters, but it also helps farmers by removing surplus commodities from U.S. markets and thereby relieving downward pressures on prices. At a time of disastrously low prices for many commodities, we should be doing more--not less--to help reduce domestic surpluses by putting them to use in meeting urgent humanitarian needs overseas.

The measure also underfunds a number of accounts that pay the salaries of USDA employees. It is understandable that, in a time of tight budgets, Congress tends to put money into priorities other than basic 'salaries and expenses' appropriations. However, such a policy also leads to serious problems. Among other things, federal employees receive cost-of-living pay raises each year, and unless increases are provided to cover the cost of those raises and associated benefit costs, it becomes necessary to reduce staffing levels. While some staff reductions can be offset by increased efficiency, it will be very hard to prevent cost that have been occurring at USDA from having a harmful impact on delivery of services and oversight and management of programs and resources.

#### *Language regarding Kyoto Protocol*

During subcommittee markup of this bill, an amendment was adopted adding language to the bill that seeks to restrict use of funds for mechanisms related to addressing the threat of global climate change. This amendment was adopted on a straight party-line vote, with all Republican Members voting 'Yes', and all Democrats voting 'No'.

The provisions thereby added to this bill go well beyond compromise language included in previous years' appropriations bills, which prohibited use of funding 'to propose or issue rules, regulations, decrees, or orders for the purpose of implementation, or in preparation for implementation of the Kyoto Protocol'. Rather, the new language seems to prohibit any spending to discuss, research, or work on developing approaches such as carbon emissions trading systems or the Clean Development Mechanism that could be used to implement any system for reduction of greenhouse gases and global warming that might be agreed on in the future.

The new restrictions are ironic, considering that objections to the Kyoto Protocol as it now exists tend to focus on inadequate participation by the developing world and potentially high costs to the U.S. economy. Little progress can be made toward solving those problems and improving the Kyoto Protocol if the executive branch is forbidden to work on or discuss mechanisms that could help reduce costs and increase participation by developing nations. Including such restrictions in an agriculture appropriations bill seems especially unfortunate, since there appears to be an important and positive role that could be played by farmers and farmland in addressing global warming problems.

We can imagine no useful purpose for including this new restrictive language in the agriculture appropriations bill, and will work to ensure that

any measure enacted into law contains no restrictive language that goes beyond what was agreed to last year.

### *Egg safety*

A second unfortunate provision added to the bill in subcommittee is legislative language restricting the actions that can be taken by the Food and Drug Administration and the Agriculture Department to reduce bacterial contamination and improve the safety of eggs. Among other things, this language requires the government to pay producers and packers of eggs for the costs of any tests they might be required to conduct to detect the presence of *Salmonella* bacteria. The government does not reimburse other industries or food producers for tests required to ensure that their products are safe for consumers, but rather treats food safety costs as part of the basic costs of production. It is not clear why eggs should be treated differently. In addition, the bill language seeks to limit the number of tests that can be required and the circumstances under which the government can require eggs to be pasteurized because of suspected bacterial contamination.

In essence, this language makes various scientific and policy judgments about egg safety. These are judgments which the Appropriations Committee does not have the background or expertise to make--certainly not based on just a few minutes of debate during markup and without the benefit of hearings on the subject. While the amendment may have been intended to reduce the possibility that unnecessary costs could be imposed on the egg industry by new food safety rules, this kind of legislative rider on an appropriations bill is absolutely the wrong way to go about achieving that goal. Instead, the federal agencies involved should be allowed to continue their public rulemaking process, with appropriate oversight by the congressional committees having expertise and jurisdiction over the issues.

### *Effort to supplement funding for 1999 disaster loss assistance*

Finally, we regret the committee's defeat of an amendment offered by Representative Chet Edwards during consideration of this bill. The amendment would have added \$284 million to emergency appropriations made last Fall to assist farmers who suffered losses due to droughts, floods and other natural disasters during the 1999 crop year.

Losses eligible for this assistance have turned out to be larger than anticipated, and the amounts appropriated last year have proved insufficient to compensate farmers under the basic formula for this program. Because appropriations were less than the amounts needed under the formula for 1999, payments had to be pro-rated, with farmers receiving only 69.6 percent of the amounts for which they would otherwise be eligible. A similar, but less severe situation arose in the disaster assistance program for the 1998 crop year, in which farmers received only 84.9 percent of the amounts for which they were eligible.

The Edwards amendment would have added funds to the 1999 disaster loss program, in order to bring payments up to 1998 levels. In other words, farmers who lost crops due to natural disasters in 1999 would have received a supplemental payment, so that they would receive the same percentage compensation as farmers who lost crops in 1998. It seems only fair to treat both groups alike, and the extra assistance could have been put to good use by farmers who suffered severe losses in the droughts, storms and floods of 1999. Unfortunately, however, the Edwards amendment was defeated by a vote of 18 to 27 (roll call number 5).

The following table, based on Agriculture Department data, shows payments under the existing 1999 crop loss program made to farmers in each state as of May 11, 2000, along with an estimate of the additional amounts that farmers in the state would have received under the Edwards amendment.



ESTIMATED EFFECTS OF EDWARDS AMENDMENT ON DISASTER LOSS ASSISTANCE  
 PAYMENTS TO FARMERS BY STATE  
 [In millions of dollars]

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 State                    Payments received under existing appropriation Est.  
 additional payments under Edwards amdt.  
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Alabama	\$19.9
\$4.4	
Alaska	*
*	
Arizona	3.4
0.7	
Arkansas	23.0
5.1	
California	59.7
13.1	
Colorado	13.3
2.9	
Connecticut	4.1
0.9	
Delaware	1.5
0.3	
Florida	10.8
2.4	
Georgia	73.2
16.1	
Hawaii	*
*	
Idaho	9.4
2.1	
Illinois	12.6
2.8	
Indiana	15.5
3.4	
Iowa	15.3
3.4	
Kansas	31.6
7.0	
Kentucky	41.1
9.0	
Louisiana	13.5
3.0	
Maine	1.9
0.4	
Maryland	7.7
1.7	
Massachusetts	4.7
1.0	
Michigan	7.5
1.6	
Minnesota	47.8
10.5	
Mississippi	20.7
4.5	

Missouri	39.6
8.7	
Montana	31.2
619	
Nebraska	20.3
4.5	
Nevada	0.1
*	
New Hampshire	0.7
0.2	
New Jersey	10.6
2.3	
New Mexico	4.2
0.9	
New York	13.4
2.9	
North Carolina	61.9
13.6	
North Dakota	141.8
31.2	
Ohio	23.0
5.0	
Oklahoma	31.7
7.0	
Oregon	14.1
3.1	
Pennsylvania	30.0
6.6	
Puerto Rico	11.8
2.6	
Rhode Island	0.8
0.2	
South Carolina	26.3
5.8	
South Dakota	40.4
8.9	
Tennessee	29.1
6.4	
Texas	188.6
41.5	
Utah	1.5
0.3	
Vermont	2.3
0.5	
Virginia	15.1
3.3	
Washington	19.8
4.3	
West Virginia	3.4
0.8	
Wisconsin	6.9
1.5	
Wyoming	1.2
0.3	

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