

# APPROPRIATIONS ANALYSIS

## BY THE COMMITTEE ON THE BUDGET, REPUBLICAN CAUCUS

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### FISCAL YEAR 2008 AGRICULTURE APPROPRIATIONS BILL (H.R. 3161)

30 July 2007

#### SUMMARY

The fiscal year 2008 Department of Agriculture, Rural Development, Food and Drug Administration, and Related Agencies appropriations bill provides \$19 billion in net discretionary budget authority [BA], an amount equivalent to the subcommittee's allocation and \$20 billion in discretionary outlays, \$155 million below its allocation. This represents an increase of \$982 million in BA over the President's request, and \$1 billion above the 2007 regular level.

Under the Democratic Budget Resolution, (S.Con.Res. 21), non-emergency discretionary spending will be increased by \$81.4 billion compared with 2007 (including \$26 billion for domestic programs) – growing more than 9 percent, or more than three times the rate of inflation. This is on top of the \$6 billion Majority added to the current-year omnibus, and the \$17 billion in non-war non-emergency spending they added to the Iraq war supplemental.

The President has stated he will veto appropriations bills that exceed his requested spending levels.

**Table 1: Agriculture appropriations bill**  
(fiscal years; millions of dollars)

|                  | 2007 Level <sup>a</sup> | President 2008 | 302(b) for 2008 | H.R. 3161 |
|------------------|-------------------------|----------------|-----------------|-----------|
| Budget Authority | 18,531                  | 17,835         | 18,817          | 18,817    |
| Outlays          | 19,478                  | 19,233         | 20,027          | 19,872    |

<sup>a</sup> Excludes supplementals.

#### COST AND BUDGET COMPLIANCE

The bill funds the activities of the Department of Agriculture, as well as Rural Development, the Food and Drug Administration, and a number of smaller agencies. As reported, H.R. 3161 is consistent with its 302(b) allocation, specifically providing \$18.8 billion in discretionary BA and \$19.9 billion in outlays.

The bill complies with the budget resolution and the Congressional Budget Act, providing net discretionary BA equivalent to the subcommittee's 302(b) allocation but \$155 million below the

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amount allocated for outlays. It remains within its allocation, however, by making changes to various mandatory programs, offsetting \$536 million in discretionary BA and \$162 million in outlays spending elsewhere in the bill.

The bill does not contain either advance appropriations or emergency-designated spending.

## DISCUSSION

As noted, the bill is an increase of \$1 billion in BA above the regular 2007 enacted level, and \$982 million, or 5.5 percent, above the President's 2008 request.

Key provisions in the bill include:

- **An Increase for the Department of Agriculture, and Rural Development.** The bill provides \$17 billion for the U.S. Department of Agriculture [USDA], compared with \$16 billion requested by the President. Within this amount is \$904 million for an array of U.S. Department of Agriculture [USDA] rural development programs, 16 percent above the President's request in this area. The Office of Management and Budget has found that several of these programs, such as the Community Facilities Program, are only moderately effective and others, such as the Rural Business Enterprise Grant Program, that have not demonstrated results.
- **An 8.2-Percent Increase for the FDA.** The bill provides \$1.7 billion for the Food and Drug Administration. This is an increase of \$129 million (8.2 percent) from the 2007 level, and \$62 million (3.8 percent) from the President's request.
- **A Reduction for the CFTC Compared With the President.** The Commodity Futures Trading Commission [CFTC] regulates futures contracts on financial, energy, and agricultural products traded in the United States. In recent years, the volume of trading conducted on U.S. futures markets has grown tremendously, particularly in energy and financial markets. To address this important regulatory challenge, the President requested \$116 million for the CFTC, an increase of 18 percent over last year. The bill provides \$103 million, an increase of 5 percent.
- **A Mandatory Spending Increase.** The bill expands the mandatory Simplified Summer Food Service Program, raising outlays by \$67 million over 10 years (2008-17). Normally, such mandatory spending increases would have to be offset under the House pay-as-you-go [PAYGO] rule. But the rule does not apply to appropriations bills.
- **Unrealistic Offsets.** The bill employs two forms of questionable offsets to finance \$201 million in real spending.
  - First, it rescinds \$147 million in budget authority for the USDA's Funds for Strengthening Markets, Income and Supply (Section 32) program, and \$34 million in certain rural development funds. But these will not yield any outlay savings, because the Congressional Budget Office has determined that the fund would not have been obligated.

- Second, the bill recycles a \$20-million cut in the Environmental Quality Incentives Program that was included in the Farm Bill passed by the House last week. Overall, the bill uses these gimmicks and recycled offset to finance \$201 million in real spending.
- **An Increase for WIC.** The bill provides \$5.6 billion for the Special Supplemental Nutrition Program for Women, Infants, and Children [WIC], an 8-percent increase over 2007. The President proposed an increase of 3.5 percent.

**APPROPRIATIONS TO DATE**

This is the eleventh appropriations bill to reach the House floor, and the ninth to exceed the President’s request (the exceptions are State and Foreign Operations and Legislative Branch). The eleven bills cumulatively increase spending by \$24.9 billion over the President’s request. For the remaining bill left to be introduced, there is \$460.4 billion remaining in the allocation to the Committee on Appropriations pursuant to the budget resolution (see Table 2).

**Table 2: Cumulative Cost of Appropriations Bills**  
(fiscal years; discretionary budget authority in billions of dollars)

|                                   | Fiscal Year 2008<br>Budget Authority | Fiscal Year 2008<br>President's Request | Dollar Increase<br>Over President | Increase Over<br>2007 Enacted <sup>c</sup> |
|-----------------------------------|--------------------------------------|---|-----------------------------------|--|
| 302(a) Allocation                 | 954.1 <sup>a</sup>                   | 932.8                                   | 21.3                              | 81.4                                       |
| Homeland Security                 | 36.3                                 | 34.2                                    | 2.1                               | 4.4  |
| MilCon/VA                         | 64.7                                 | 60.7                                    | 4.0                               | 15.0                                       |
| Energy and Water                  | 31.6                                 | 30.5                                    | 1.1                               | 1.3  |
| State and Foreign Ops             | 34.2                                 | 34.9                                    | -0.7                              | 2.9  |
| Legislative Branch <sup>b</sup>   | 3.1                                  | 3.4                                     | -0.3                              | 0.1  |
| Interior and Environment          | 27.6                                 | 25.7                                    | 1.9                               | 1.2  |
| Financial Services                | 21.4                                 | 21.3                                    | 0.1                               | 1.8  |
| Labor, HHS, Education             | 151.7                                | 140.9                                   | 10.8                              | 7.0  |
| Transportation, HUD               | 50.7                                 | 48.0                                    | 2.7                               | -0.6                                       |
| Commerce, Justice, Science        | 53.6                                 | 51.4                                    | 2.2                               | 1.6  |
| Agriculture                       | 18.8                                 | 17.8                                    | 1.0                               | 0.3  |
| <b>Total House-Passed to Date</b> | <b>493.7</b>                         | <b>468.8</b>                            | <b>24.9</b>                       | <b>35.0</b>                                |

Note: Figures exclude emergencies.

<sup>a</sup> Includes cap adjustment

<sup>b</sup> Excluding Senate

<sup>c</sup> 2007 figures are rebaselined

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