

June 28, 2001

Policy Brief..... Fiscal Year 2002 Agriculture Appropriations

BY THE NUMBERS:

Budget Authority in Thousands of Dollars

	FY '01	FY '02 Request	FY '02 Cmte Bill
Appropriations	15,290,000*	15,408,786	15,519,000
Emergency Spending	3,425,700**	0	150,000
Grand Total	18,715,700	15,408,786	15,669,000

*CBO, **Derived From CBO and Appropriations Cmte Figures

Excluding Emergency Spending, the Committee bill is \$229 million or 1.5% above last year.

Including Emergency Spending, the bill is \$3.047million or 16.3% below last year. It should be noted, however, that the House just passed an additional \$5.5 billion in emergency agriculture assistance.

The bill is \$260 million or 1.7% above President Bush's Request. Increases above the President's request include \$104 million for the Agriculture Research Service and \$124 million for Cooperative State Research.

AREAS OF CONCERN:

Emergency Spending: The bill as reported included \$150 million in emergency spending for apple farmers. The use of emergency spending would cause us to exceed the spending limits established in the Budget Resolution. The Rule self-executes an amendment striking the emergency designation, but leaving the spending in place. The Appropriations Committee will be required to reduce spending in other bills to pay for this increase.

Unreal Offsets: The bill includes a rescission of \$45 million in Agriculture Conservation Program Funding that was appropriated in 1995 for a program that was terminated in 1997. These funds were not going to be spent under current law and should not be used to offset new spending.

Backdoor Financing: The Committee has proposed to transfer funds from the Commodity Credit Corporation in order to increase overall funding for Animal Plant Health & Inspection. Currently such transfers are only authorized for emergencies. The use of this transfer to finance non-emergency discretionary programs is viewed by some as an attempt to evade the budget caps.

Electricity Loans: The Committee has proposed increasing the loan authorization levels for the Rural Utility Electrification Program by \$1.5 billion. The current loan limit is \$2.6 billion and the President proposed the same level. This increase in government-subsidized loans is direct competition with the private sector. Furthermore, the Administration has expressed concerns about the ability of the Rural Utility Service staff to administer this level of loans, thus increasing the likelihood of default and increasing the risk to taxpayers.

FUNDING SUMMARIES:

Budget Authority in Thousands of Dollars

	FY 2001 Enacted	FY 2002 Request	FY 2002 Cmte	Cmte Vs. FY 2001	Cmte Vs. Request	Cmte Vs. FY 2001	Cmte Vs. Request
Agriculture Programs							
Office of the Secretary.....	2,908	2,992	3,015	107	23	3.68%	0.77%
Executive Operations.....	81,691	102,357	102,692	21,001	335	25.71%	0.33%
Other Operations, Building, & Administration.....	265,997	274,557	275,409	9,412	852	3.54%	0.31%
Hazardous Materials Management.....	15,665	15,665	15,665	0	0	0.00%	0.00%
Outreach to Socially Disadvantaged Farmers.....	2,993	2,993	2,993	0	0	0.00%	0.00%
Inspector General.....	68,715	70,839	71,429	2,714	590	3.95%	0.83%
Economic Research Service.....	66,891	67,200	67,620	729	420	1.09%	0.63%
Agriculture Statistics Service.....	100,550	113,786	114,546	13,996	760	13.92%	0.67%
Agriculture Research Service.....	970,872	946,053	1,050,227	79,355	104,174	8.17%	11.01%
Cooperative State Research, Education & Extension..	979,403	862,572	986,836	7,433	124,264	0.76%	14.41%
Animal & Plant Health Inspection Service.....	539,245	708,114	594,575	55,330	-113,539	10.26%	-16.03%
Agriculture Marketing Service.....	66,538	72,777	73,121	6,583	344	9.89%	0.47%
Grain Inspection, Packer & Stockyards Admin.....	31,350	32,907	33,117	1,767	210	5.64%	0.64%
Food Safety & Inspection Service.....	695,171	715,542	720,652	25,481	5,110	3.67%	0.71%
Farm Service Agency.....	829,556	942,023	948,986	119,430	6,963	14.40%	0.74%
Loan Subsidies.....	116,733	185,377	185,377	68,644	0	58.80%	0.00%
Agriculture Credit Insurance Expenses.....	268,861	280,595	282,769	13,908	2,174	5.17%	0.77%
Risk Management Agency.....	65,453	74,752	75,142	9,689	390	14.80%	0.52%
Conservation Programs							
Office of the Under Secretary.....	709	730	736	27	6	3.81%	0.82%
Conservation Operations.....	712,545	773,454	782,762	70,217	9,308	9.85%	1.20%
Watershed Surveys & Planning.....	10,844	10,960	11,030	186	70	1.72%	0.64%
Watershed & Flood Prevention.....	99,224	100,413	105,473	6,249	5,060	6.30%	5.04%
Resource Conservation.....	41,923	43,048	48,361	6,438	5,313	15.36%	12.34%
Forestry Incentives.....	6,311	0	0	-6,311	0	-100.00%	
Rescission.....	0	0	-45,000	-45,000	-45,000		

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Rural Development							
Office of the Under Secretary.....	604	623	628	24	5	3.97%	0.80%
Rural Community Advancement Program.....	760864	692125	767765	6,901	75,640	0.91%	10.93%
Salaries & Expenses.....	579682	595882	600833	21,151	4,951	3.65%	0.83%
<i>Rural Housing Loan Authorization.....</i>	<i>4,476,160</i>	<i>4,470,648</i>	<i>4,470,648</i>	<i>-5,512</i>	<i>0</i>	<i>-0.12%</i>	<i>0.00%</i>
Rural Housing Loan Subsidy.....	254080	243887	243887	-10,193	0	-4.01%	0.00%
Rental Assistance Program.....	678504	693504	693504	15,000	0	2.21%	0.00%
Mutual & Self-Help Housing Grants.....	33925	33925	33925	0	0	0.00%	0.00%
Rural Housing Assistance Grants.....	43903	38914	38914	-4,989	0	-11.36%	0.00%
Farm Labor Program Account.....	29934	28431	31431	1,497	3,000	5.00%	10.55%
<i>Rural Business-Cooperative Loan Authorization.....</i>	<i>53141</i>	<i>53137</i>	<i>53137</i>	<i>-4</i>	<i>0</i>	<i>-0.01%</i>	<i>0.00%</i>
Rural Business Loan Subsidy.....	23345	20110	20110	-3,235	0	-13.86%	0.00%
Rural Cooperative Development Grants.....	6486	6486	7500	1,014	1,014	15.63%	15.63%
Rural Empowerment Zone Grants.....	0	14967	14967	14,967	0		0.00%
<i>Rural Utility Loan Authorization.....</i>	<i>3,110,321</i>	<i>3,110,292</i>	<i>4,610,292</i>	<i>1,499,971</i>	<i>1,500,000</i>	<i>48.23%</i>	<i>48.23%</i>
Rural Utility Loan Subsidy.....	40285	5725	5725	-34,560	0	-85.79%	0.00%
<i>Rural Telephone Bank Loan Authorization.....</i>	<i>174,615</i>	<i>0</i>	<i>174,615</i>	<i>0</i>	<i>174,615</i>	<i>0.00%</i>	
Rural Telephone Bank Loan Subsidy.....	2584	0	2584	0	2,584	0.00%	
Distance Learning & Telemedicine Grants.....	26941	26941	26941	0	0	0.00%	0.00%
Domestic Food Programs							
Office of the Under Secretary.....	569	587	592	23	5	4.04%	0.85%
WIC.....	4,043,086	4,137,086	4,137,086	94,000	0	2.32%	0.00%
Commodity Assistance Program.....	139,991	139,991	152,813	12,822	12,822	9.16%	9.16%
Food Donation Programs.....	150,751	150,749	150,749	-2	0	0.00%	0.00%
Foreign Assistance							
Foreign Agriculture Service.....	115,170	121,563	122,631	7,461	1,068	6.48%	0.88%
PL 480 Program.....	971,217	971,376	980,049	8,832	8,673	0.91%	0.89%
FDA							
Salaries & Expenses.....	1,066,173	1,173,673	1,180,623	114,450	6,950	10.73%	0.59%
Drug Reimportation.....	22,949	2,950	2,950	-19,999	0	-87.15%	0.00%
Buildings & Facilities.....	31,281	34,281	34,281	3,000	0	9.59%	0.00%
Total, FDA.....	1,120,403	1,210,904	1,217,854	97,451	6,950	8.70%	0.57%
General Provisions							
Hunger Fellowships.....	1,996	1,996	4,000	2,004	2,004	100.40%	100.40%
Sheep Industry Improvement Center.....	5,000	0	1,000	-4,000	1,000	-80.00%	
Assistance to Apple Farmers.....	NA	0	150,000		150,000		

LEGISLATIVE LANGUAGE:

Prohibitions:

Continues a prohibition on the use of funds to implement the **Kyoto Protocol**

Includes a new provision prohibiting the use of funds to carry out a “**check-off**” **program** (mandatory assessment against agriculture producers which funds a commodity promotion, research, and consumer information program) unless the program has been approved by the affected producers (approved via vote). This provision effectively ends the **pork check-off** program which a majority of producers recently voted to terminate, but which the Administration is continuing.

Designation of Communities As Rural:

Designates, notwithstanding any other provision of law, the City of Cabot, Arkansas and the City of Coachella, California as rural areas eligible for loans and grants under the Rural Advancement Program

Designates, notwithstanding any other provision of law, the City of Casa Grande, Arizona as meeting the requirements of a rural area for the purpose of the Rural Housing Act.

Designates, notwithstanding any other provision of law, the City of Saint Joseph, Missouri as eligible for rural grants and loans.

Designates, notwithstanding any other provision of law, the City of Hollister, California as eligible rural housing programs.

The bill does NOT contain previously carried provisions limiting funding for the American Heritage River Program.

EARMARKS:

The bill earmarks millions of dollars for specific agriculture research projects. According to OMB, the Committee has included approximately \$150 million in unrequested research project funding, \$30 million higher than the level provided last year.

Among the Hundreds of Earmarks:

- Wool Research: \$300,000
- Wood Utilization Research: \$5,773,000
- Midwest Poultry Consortium (IA): \$500,000 (new)
- Cotton Fiber Quality (GA): \$500,000 (new)
- Asparagus Technology & Production: \$225,000

The bill also earmarks funds for specific rural development programs.
