# United States Senate

COMMITTEE ON
AGRICULTURE, NUTRITION, AND FORESTRY
WASHINGTON, DC 20510–6000
202–224–2035
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March 2, 2006

The Honorable Judd Gregg
Chairman
Committee on the Budget
United States Senate
Washington, DC 20510

The Honorable Kent Conrad
Ranking Democratic Member
Committee on the Budget
United States Senate
Washington, DC 20510

Dear Mr. Chairman and Senator Conrad:

This letter provides the views of the Senate Committee on Agriculture, Nutrition and Forestry regarding the fiscal year 2007 (FY07) Budget Resolution. These views are provided in response to your February 8, 2006, letter and are in accordance with the requirements of the Congressional Budget Act. We thank you for this opportunity to provide these data, views and recommendations regarding the FY07 budget resolution process.

Our Committee's jurisdiction includes a number of important mandatory spending programs including farm income support, agricultural trade, conservation, rural economic development, research, crop insurance, food stamps and child nutrition. We strive, on an ongoing basis, to ensure that these programs meet critical national needs and provide the maximum possible benefit per taxpayer dollar expended. Many of these programs are scheduled to expire next year and will be thoroughly reviewed as part of the omnibus farm bill reauthorization process.

Mandatory spending under the Agriculture Committee's jurisdiction totaled $69.248 billion in FY05. Importantly, the January 2006 CBO baseline projects that mandatory spending under our jurisdiction will grow slowly – only 1.6 percent per year – to $82.86 billion by fiscal year 2016 assuming that current law governing these programs continues without change. By contrast, all other mandatory spending in the federal budget was $1.251 trillion in FY05, and CBO projects that this non-Agriculture Committee mandatory spending will grow considerably more rapidly – 6.3 percent per year – to $2.444 trillion by fiscal year 2016.

Moreover, the CBO baseline does not reflect provisions of S. 1932, the recently enacted Deficit Reduction Act of 2005. Agriculture Committee programs provided $2.709 billion, or 7 percent, of the bill's $38.810 billion in savings over the 5-year period covering FY06 – FY10 even though our programs account for only 4.7 percent of all mandatory spending projected over that period. S. 1932 made significant multi-year reductions in Agriculture Committee mandatory spending for several programs, and these are in addition to annual reductions in many of these programs in recent agriculture appropriations bills, including a cut of $1.666 billion in budget authority in mandatory programs in the FY06 agriculture appropriations bill enacted last fall.

We respectfully request that the FY07 Budget Resolution not require a new round of reductions in Agriculture Committee mandatory spending programs this year. We strongly believe it is simply not realistic, substantively or politically, to expect additional reductions from these mandatory spending programs this year. Many farmers are facing reduced income prospects this year due to higher production expenses related, in part, to higher fuel and energy prices and due to lower market prices expected for many commodities. Reductions in farm commodity programs at this time would worsen farm income prospects further. Likewise, further reductions are not warranted for mandatory funding for conservation, rural development, research and energy programs, given their importance to farmers and rural communities.

The Food Stamp program, which currently serves 26 million people and helps cushion the impact of economic downturns for needy and low income Americans, was not changed by S. 1932. Protecting Food Stamps from spending cuts was a decision that received broad bipartisan support in the Senate last year, and that sentiment enjoys the same broad bipartisan support this year.

The 2002 farm bill added countercyclical income support to farm commodity programs. As a result, producers broadly support the current farm programs. To this point, the annual cost to the taxpayer under the present Farm Bill has been less on average than the spending under the 1996 Farm Bill whose farm programs the Congress repeatedly augmented with emergency income support legislation. Commodity Credit Corporation farm income stabilization support and related outlays, including farm disaster payments, have averaged $14.2 billion over the four-year FY02 – FY05 period since the 2002 farm bill was enacted, 28 percent lower than average outlays over the immediately preceding four years covering fiscal years 1998 – 2001.

Moreover, it is possible that new disciplines will be imposed on farm support programs both here and abroad as part of a new World Trade Organization (WTO) Doha Round agricultural trade agreement which negotiators are seeking to conclude by the end of 2006. If so, the Agriculture Committee may need to adjust U.S. farm income support programs to conform to a new WTO agreement. However, any required changes need not be considered until at least 2007.

We also ask that the FY07 Budget Resolution provide for adequate discretionary spending for the important programs within our Committee's jurisdiction that rely on annual appropriations. For programs in our jurisdiction, the President's FY07 budget request assumes reduced levels of discretionary funding along with offsets from mandatory spending and new user fees. The FY07 Budget Resolution should allow for adequate levels of discretionary spending for programs within our Committee's jurisdiction to avoid impairing our mandatory programs and to allow the Department of Agriculture and other agencies to fulfill their critical responsibilities.

Thank you for this opportunity to provide data, views and recommendations regarding the FY07 budget resolution process.

Sincerely,

Saxby Chambliss
Chairman

Tom Harkin
Ranking Democratic Member