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# United States Senate

COMMITTEE ON  
AGRICULTURE, NUTRITION, AND FORESTRY

WASHINGTON, DC 20510-6000

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**February 20, 2004**

**The Honorable Don Nickles  
Chairman  
The Honorable Kent Conrad  
Ranking Democratic Member  
Committee on the Budget  
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 FY 2005 Budget Resolution. These views are provided in response to your February 2, 2004, letter and are in accordance with requirements of the Congressional Budget Act.**

**The Agriculture Committee has jurisdiction over a number of mandatory spending programs including farm income support, agricultural trade, conservation, crop insurance, and nutrition programs. The crop insurance program was strengthened with major legislation in 2000. Farm income support, agricultural trade and food aid, conservation, nutrition and other programs were begun or reauthorized with major improvements less than two years ago as part of the Farm Security and Rural Investment Act of 2002 (FSRIA).**

**After last year's recovery in the U.S. farm economy, the Agriculture Department projects that U.S. net cash farm income will decline moderately in 2004 from last year's relatively high level but will remain just below its average level of the past decade. Livestock producers' cash receipts are expected to be somewhat lower in 2004 in the aftermath of the December 2003 discovery of a single dairy cow with bovine spongiform encephalopathy (BSE) in Washington State. Crop producers' cash receipts, on the other hand, are expected to be higher due to relatively favorable market prices for major crops. USDA's forecast assumes that normal weather conditions will prevail during the upcoming 2004 and subsequent crop growing seasons and that the FSRIA will not be changed. Farmers are counting on crop insurance and the farm bill's counter-cyclical income support program to help them successfully manage the weather and price risks that have always characterized agricultural markets. The Agriculture Department continues to work to implement the farm bill. The Committee continues to support the implementation of the farm bill as enacted, and believes that rewriting it at this point would impair its**

**functioning and slow the implementation process, thus causing confusion and uncertainty for farmers and ranchers, their suppliers and rural communities.**

**CBO recently lowered projected Function 350 Commodity Credit Corporation farm support and related outlays by \$4.8 billion in fiscal year 2004 and by a cumulative \$9.5 billion over 2004-2006 in its January 2004 baseline compared to its August 2003 baseline, due largely to the more favorable crop price outlook. The cumulative five-year (2002-2006) cost of the FSRIA's farm support program is now projected to be \$70.2 billion, \$14.6 billion less than CBO projected over the same period in its August 2002 baseline, shortly after enactment of the FSRIA. Farm program cost projections for 2005 and 2006 are, of course, subject to considerable uncertainty. Nonetheless, if the current projection holds, the FSRIA's farm program will have an annual average cost to taxpayers of \$14.0 billion over its first five years, well below the \$19.7 billion average annual cost of comparable programs over 1998-2001 when the previous farm bill's farm program was repeatedly augmented by supplemental farm economic assistance. The Committee will monitor the FSRIA's farm support, agricultural trade, and conservation programs to ensure the law delivers the maximum benefit per taxpayer dollar expended.**

**The conservation title of the FSRIA authorized Commodity Credit Corporation mandatory funding to carry out several conservation programs, including technical assistance. However, the availability of these mandatory funds for conservation technical assistance has been severely limited by the Administration's interpretation of a separate provision of law in the CCC Charter Act. The CBO baseline reflects this interpretation as well. The fiscal year 2003 omnibus appropriations bill fixed this problem for most conservation programs, but the problem remains for the Conservation Reserve Program (CRP) and the Wetlands Reserve Program (WRP). It is very unlikely that new discretionary funding to fill this need will become available in the current budget environment. We request that the budget resolution provide additional mandatory funding for CRP and WRP technical assistance so that these conservation programs can be implemented as was envisioned by the FSRIA.**

**This year the Committee will reauthorize the child nutrition programs. These programs provide school meals, after-school nutrition, meals in poor areas during the summer, and food and nutritional support to pregnant women and their infants and children, and enhance welfare reform by providing food to day care homes and centers. The Committee has received several suggestions for improvements to child nutrition programs and hopes that additional mandatory funding for these programs can be provided to make them more effective in achieving their objectives. The Committee also faces a mandatory spending score for simply extending several existing programs due to baseline construction rules. Additional mandatory funding is needed to avoid this problem. At a minimum, we request that the budget resolution provide additional mandatory funding so that existing child nutrition programs can be extended without terminating the benefits to current program beneficiaries.**

**After weathering financial problems of the late 1990s in Asia and other countries and below-average world economic growth at the beginning of this decade, U.S.**

**agricultural exports are approaching the record level attained in 1996. However, U.S. exports in 2004 will face pressure as a result of problems such as the December 2003 BSE case and the avian influenza outbreak in February and could suffer if reductions are required in important agricultural trade programs such as the Market Access Program and the Foreign Market Development Program. Export revenues account for about a quarter of total agricultural sector receipts, so it is crucial that the Federal government maintain support for this activity.**

**As your Committee considers the aggregate discretionary spending levels in the FY 2005 Budget Resolution, we ask you to keep in mind the several important items that are funded in the agriculture appropriations bill. These include rural economic development, funding for agricultural research and biomass and renewable energy research and development and protecting the safety of our Nation's food supply. The budget proposes reduced mandatory funding in certain farm bill programs and new user fees, which if incorporated in the Committee's discretionary spending assumptions, would make it difficult for Congress to pass an agriculture appropriations measure this year. We hope the discretionary allocation in the resolution will be sufficient to avoid these problems. The Committee supports USDA efforts related to bio-terrorism and is acutely aware of the need for expedited animal and plant disease research (including substantial improvements in our facilities), which many experts view as a true emergency. The Committee will continue to review and monitor spending in both the farm and food and nutrition areas.**

**Sincerely,**



**Thad Cochran  
Chairman**



**Tom Harkin  
Ranking Democratic Member**