



SUSTAINABLE AGRICULTURE COALITION

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Analysis Shows Omnibus Bill Re-Opens Farm Bill to Tune of \$527 Million: Deep Cuts in Conservation, Rural Development, and Ag Research

The fiscal year 2004 omnibus appropriations House-Senate conference report pending before Congress cuts previously approved mandatory farm bill spending by \$527 million, according to an analysis by the Sustainable Agriculture Coalition.

The big losers are conservation programs, cut by \$285 million, rural development, cut by \$155 million, and agricultural research, cut by \$87 million. Left unscathed by the omnibus are commodity subsidies, which, at three-quarters of total farm bill mandatory funding, are the largest farm bill ticket item.

In percentage terms, the farm bill conservation title funding is sliced by 17%, the rural development title by 91%, and the research title by 73%.

"The Coalition opposes re-opening the farm bill, but if it is going to be re-opened, all programs should be on the table," said the Coalition's Ferd Hoefner. "Slashing programs that stimulate rural business and community development and improve agriculture's environmental performance while giving a free pass to six and seven figure payments to the nation's largest farms is bad policy and out of keeping with strongly-held public preferences."

Included in the slicing and dicing for 2004 is a 63% cut in the Value-Added Producer Grants program, which aims to improve family farm income and viability and strengthen rural farm-related businesses and coops, a 73% cut in the Initiative for Future Agriculture and Food Systems, which includes research and extension funding specifically targeted to small and medium-sized farms and rural communities, and a 30% cut in the Wildlife Habitat Incentives Program, which pays farmers to protect and restore habitat.

Agriculture appropriators were forced under the terms of this year's funding allocations to reduce discretionary spending from FY 03 levels by \$393 million, or closer to \$900 million when factoring in the loss of certain accounting gimmicks used in FY 03 but unavailable in FY 04. The extremely low allocation virtually guaranteed that placing limitations on programs with mandatory funding would be pursued in order to avoid cuts in regular discretionary program spending and special congressional earmarks.

"The 2002 farm bill would not have passed Congress without its significant funding increases for conservation, rural development and other non-commodity titles," noted Hoefner. "Ironically, it may also be the case that a FY 2004 agriculture spending bill cannot be passed without subtracting some of the very same funds. Until Congress gets serious about real farm policy reform, they will continue to be faced with the perceived necessity of diluting programs that support rural economic growth, family farm survival, and natural resource protection."

The Coalition's analysis is based on Congressional Budget Office figures for the 2002 farm bill and the funding cuts detailed in the omnibus appropriations bill filed on November 25 and made public December 1.

The omnibus conference report is expected to be approved by the House on Monday, December 8 though its fate in the Senate remains unclear. The Senate convenes on the 9th to consider the matter, but there are doubts that anything will be decided until late January.

The Sustainable Agriculture Coalition represents farmer, rural and conservation organizations that advocate public policies supporting the long-term economic and environmental sustainability of agriculture, natural resources and rural communities.

FY 04 Omnibus Appropriations Bill

Reductions to 2002 Farm Bill Spending

(Budget Authority -- \$ millions)

Farm Bill Program Area	Farm Bill FY 04 Baseline #	\$ Reduction in Omnibus Bill	Percentage Reduction
Commodity Programs	17,280	0	0%
FSA Conservation Program (CRP)	1,829	0	0%
Shared FSA/NRCS Conservation Program (GRP)	95	0	0
NRCS Conservation Programs	1,634	*285	17%
Rural Development	170	155	91%
Ag Research, Ed, Ext.	123	87	73%

-- The farm bill baseline figures are from the Congressional Budget Office, March 2003 scoring of 2002 farm bill programs.

* -- Included in the \$285 million are \$180 million in direct cuts plus \$105 million in indirect cuts which will result from the failure of the omnibus to solve the ongoing conservation technical assistance funding crisis. The omnibus provides no funding for technical assistance for the Conservation Reserve Program and Wetlands Reserve Program, resulting in a \$105 million shortfall (according to USDA estimates) in technical assistance funding for farm bill programs. The Administration, faced with the same situation in FY 03, obtained the technical assistance funding by robbing farmer financial assistance funds from the Farmland Protection Program, Wildlife Habitat Incentives Program, and Environmental Quality Incentives

Program. During conference deliberations, Senate Agriculture and Agriculture Appropriations members proffered a bipartisan amendment to supply the \$105 million directly, thereby avoiding the necessity of further conservation financial assistance cuts, but the proposed amendment was rejected by the House majority leadership.

FY 04 Omnibus Appropriations Bill

Selected Specific Program Reductions to Farm Bill Funding

(Budget Authority -- \$ millions)

Farm Bill Program	Farm Bill FY 04 Baseline #	\$ Reduction in Omnibus Bill	Percentage Reduction
Conservation			
Wetlands Reserve (WRP)	282	69	24%
Conservation Security Program (CSP)	87	46	53%
Environmental Quality Incentives Program (EQIP)	1,000	25	2.5%
Wildlife Habitat Incentives (WHIP)	60	18	30%
Farmland Protection (FPP)	125	13	10%
Ground and Surface Water Conservation	60	9	15%
Agricultural Management Assistance (AMA)	20	0	0%
Subtotal - conservation	1,634	180	11%
Rural Development			
Value-Added Producer Grants	40	*25	63%
Rural Broadband Access	20	20	100%

Rural Strategic Investment Program	100	100	100%
Rural Firefighters	10	10	100%
Subtotal - rural development	170	155	91%
Ag Research			
Initiative for Future Ag and Food Systems (IFAFS)	120	*87	73%
Organic Research and Extension	3	0	0%
Subtotal - research	123	87	71%
Total	1,907	422	22%

-- The farm bill baseline figures are from the Congressional Budget Office, March 2003 scoring of 2002 farm bill programs.

* -- In the case of VAPG and IFAFS, the omnibus zeroes out all of the mandatory farm bill funding, but then also appropriates more limited discretionary funding for the essentially the same program. For the purposes of this analysis, we have counted the new discretionary funding as if it were the same as mandatory funding. We have not included the additional 0.59% cut included in the omnibus for all government discretionary programs other than Defense and Military Construction, though that additional across the board cut would logically apply to these two programs if they are made discretionary.