

DRAFT

February 27, 2008

The Honorable John M. Spratt, Jr.
Chairman
Committee on the Budget
U.S. House of Representatives
Washington, D. C.

Dear Mr. Chairman:

Pursuant to section 301(d) of the Congressional Budget Act of 1974 and clause 4(f) of House Rule X, we are including below the recommendations of the Committee on Agriculture with respect to programs within the Committee's jurisdiction.

The Committee on Agriculture appreciates this opportunity to share its views and estimates for the fiscal year 2009 budget cycle. Key provisions of the Farm Security and Rural Investment Act of 2002 (2002 Farm Bill) expired on September 30, 2007 and a number of programs in that Act have been extended until March 15, 2008. The Farm Bill establishes a safety net for agriculture producers, assists their effort to conserve natural resources, and provides for the nutritional needs of the nation's poorest. The primary focus of our Committee continues to be the enactment of legislation to succeed the 2002 Farm Bill.

The 2002 Farm Bill was enacted with broad support and proved popular in the countryside. During 2006, our Committee held field hearings throughout the nation in preparation for drafting of a new Farm Bill and many witnesses from all geographic areas testified to the value of the 2002 bill's provisions.

When the 2002 Farm Bill was written, the baseline for agricultural safety net programs and their expected cost was \$140 billion over ten years. As we pointed out to you in the Committee's Views and Estimates letter a year ago, the CBO baseline (which assumes continuation of current programs), reported that the comparable amount for the coming ten years is \$80 billion. That the program remains popular while also achieving substantial savings for taxpayers is a particularly telling sign of the success of the 2002 Farm Bill's policies.

The Administration's Farm Bill proposal recommends additional budgetary resources for particular Farm Bill areas including renewable fuels, the fruit and vegetable

industry, the dairy farm industry, the Food Stamp program, and agricultural conservation programs.

In the area of farm conservation, the 2002 Farm Bill provided the largest funding increase for such programs in the Agriculture Department's history. Even so, there is widespread agreement that further expansion is appropriate. America's farmers and ranchers are increasingly faced with the costs of compliance with environmental mandates from the Federal, state, and local authorities. During the Agriculture Committee's hearings in the last two years, row crop producers, fruit and vegetable growers and livestock owners -- virtually food and fiber producers of all types -- demonstrated the dramatic costs they incur in order to stay in compliance with burgeoning environmental regulations.

As you know, the Agriculture Committee worked last year to develop a bill that addresses many of the priorities expressed at the Committee's hearings and by the Administration. When it was reported from the Committee, the bill had broad bipartisan support. It passed the House on July 27, 2007. The Senate version passed on December 14 and work continues on the process of reconciling differences.

Many of the points in this letter were made to your Committee a year ago and the supporting conditions have not changed substantially. Though we argued that additional budgetary resources for the Farm Bill would represent a cost-effective and justifiable investment, the Concurrent Resolution on the Budget did not include an allocation of budget authority for those purposes. Instead, section 307 of S. Con. Res. 21 established a \$20 billion "Deficit-neutral reserve fund for the Farm Bill" -- one of 23 reserve funds included in the resolution.

The extent to which reserve funds raised stakeholder expectations that increased funding would be available the Farm Bill is not known. But it became clear that many were apparently unaware of the requirement that additional spending from a reserve fund not increase the deficit. In other words, for funding to increase for one committee, it must decrease for another committee or another committee must transfer some of its revenue stream. The large number of reserve funds included in the resolution presented problems. In this funding process, committee has been pitted against committee, the House has been pitted against the Senate, and the Congress has been pitted against the Administration. The process of simply determining the funding level has been a hurdle for the Farm Bill in each stage of its consideration.

Developing major legislation is difficult enough without imposing additional funding obstacles. The Agriculture Committee feels strongly that additional investments in Farm Bill programs are clearly justified. But we also believe that the ad hoc process of determining offsets and transfers inherent in the Reserve Fund framework is flawed and we urge that your Committee reconsider its use. We believe that the budget resolution is the proper place to decide the cross-jurisdictional arrangement of funding priorities, and

to ensure budgetary certainty at the outset of a bill's development. Despite our concerns with the Reserve Fund framework, we appreciate very much your willingness to work with us during the past year.

The Committee on Agriculture is mindful of the difficult task you face in developing the Budget Resolution for FY 2009. We are grateful for your consideration of the views we have presented, and look forward to providing assistance in preparation of a responsible budget resolution.

Sincerely,

Collin C. Peterson
Chairman

Bob Goodlatte
Ranking Minority Member