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SPECIAL REPORT: Agriculture Appropriations for FY 2005 (Senate Version) and California Implications - November 2004

SENATE FISCAL YEAR 2005 APPROPRIATIONS BILL FOR THE DEPARTMENTS OF AGRICULTURE, RURAL DEVELOPMENT, AND RELATED AGENCIES

On September 8, 2004, the Senate Committee on Appropriations reported its version of the Fiscal Year 2005 appropriations bill for the Departments of Agriculture, Rural Development, and Related Agencies (including the Food and Drug Administration), S. 2803. The Senate Committee Report accompanying the bill is S. Rept. 108-340. The full Senate has yet to act on the bill; it is likely that the appropriations in this bill will be included in an omnibus appropriations bill to be considered by Congress late in 2004 or early in 2005. The House passed its version of the FY05 bill on July 13, 2004 by a vote of 389 to 31.

The following represents a quick analysis of the bill from a California perspective as prepared by the California Institute. We apologize for any errors or omissions in our discussion of these documents, and would appreciate any input/feedback/corrections. The ordering of items generally reflects their presence in the bill and does not mean to imply any relative importance.

This appropriations analysis is available on the California Institute web site at <http://www.calinst.org/pubs/ag05s.htm> and a printable version in Adobe Acrobat (pdf) format is available at <http://www.calinst.org/pubs/ag05s.pdf>. Analysis of the House version of the bill is also available on the California Institute web site, in html text format at <http://www.calinst.org/pubs/ag05h.htm> and in pdf format at <http://www.calinst.org/pubs/ag05h.pdf>

DEPARTMENT OF AGRICULTURE

AGRICULTURAL PROGRAMS

The bill provides funding of \$26.9 billion dollars for Agricultural programs, which is \$5.8 billion less than FY04 funding levels.

Agricultural Research Service

The Committee funds the Agricultural Research Service, which is responsible for basic, applied and developmental agricultural research, at \$1.1 billion, which is \$7.7 million more than FY04 funding levels and \$103 million than the Administration's budget request. Among a large variety of research efforts, the following affect California:

- Animal Waste Treatment An increase of \$50,000 in funding.
- Arid Lands Research Level funding from FY04

- Ecology of Tamarix Level funding from FY04
- Glassy Winged Sharpshooter and Pierce's Disease Level funding for the Agriculture Research Service installation in Parlier, CA. The Glassy-Winged Sharpshooter and the disease it transmits, Pierce Disease, is a grave threat to citrus and grape production in California.
- Improved Animal Waste Management Level funding from FY04
- Red Imported Fire Ants Level funding from FY04
- Sudden Oak Disease Syndrome Level funding from FY04. This is an essential issue for California, whose Oak trees have been decimated by the disease.

The bill also includes continuation for the following California programs:

- Broomweed Biological Controls Albany, CA
- Food Safety for Listeria and E.coli Albany, CA
- Greenhouse Lettuce Germplasm Salinas, CA
- Olive Fruit Fly Parlier, CA
- Organic Minor Crop Research Salinas, CA
- Pierce Disease/Glassy-Winged Sharpshooter Davis, CA; Parlier, CA
- Post-Harvest and Controlled Atmosphere Chamber (lettuce) Salinas, CA
- Sustainable Vineyard Practices Davis, CA
- Sustainable Viticulture Research Davis, CA
- Verticillium Wilt Salinas, CA
- Water Management Research Laboratory Brawley, CA

Finally, the bill provides funding for two building projects in California:

- Grape Genomics Research Center Davis, CA - \$2.7 million
- U.S. Agricultural Research Station Salinas, CA - \$4.5 million

Cooperative State Research, Education, and Extension Service

The bill funds the Cooperative State Research, Education, and Extension Service at \$628 million, which is \$8 million greater than comparable FY04 appropriations and \$127 million more than the President's request. California receives a number of special research grants:

- Exotic pest disease - \$1.8 million
- Ozone air quality - \$425,000
- Pierce's Disease - \$2.2 million
- Sudden oak death - \$99,000
- Viticulture consortium (shared between CA, NY, PA) - \$1.7 million

Animal and Plant Health Inspection Service

The bill funds the Animal and Plant Health Inspection Service (APHIS) at \$787 million, which is \$70 million more than FY04 funding and \$41 million less than the budget request. The APHIS is responsible for protecting the animal and plant resources of the Nation from diseases and pests.

California receives a number of APHIS earmarks, including:

- \$500,000 for Import inspection to enhance inspection and surveillance activities related to products entering the State of California.
- level funding for the California County Pest Detection Augmentation Program
- an increase of \$750,000 for research into Pierce's disease
- \$2.1 million for research into the imported fire ant

Food Safety and Inspection Service

The Committee funds the Food Safety and Inspection Service at \$824 million, which is \$43 million more than FY04 funding levels and \$15 million less than the budget request.

Risk Management Agency

The Committee recommends funding of \$72 million for the Risk Management Agency (RMA), which is \$1 million greater than FY04 funding and \$19 million less than the Administration request. The Committee encourages the development of a crop insurance program for avocados to cover losses due to quarantines, and to do so in close cooperation with the California avocado industry.

CONSERVATION PROGRAMS

The bill funds all conservation programs at \$994 million dollars, which is \$32 million below FY04 funding.

Natural Resources Conservation Service

The bill funds the Natural Resources Conservation Service at \$846 million, which is \$2 million less than FY 04 appropriations and \$135 million more than the President's request. This agency provides financial and technical assistance to enhance agricultural productivity and to protect the natural resource base. California does not receive any of the specific earmarks outlined in the bill.

RURAL DEVELOPMENT PROGRAMS

The bill funds rural development programs at \$2.4 billion, which is \$6 million less than FY04 funding.

Rural Community Advancement Program

The Committee funds the Rural Community Advancement Program at \$733 million, which is \$19.5 million below FY04 funding and \$192 million greater than the President's request.

The Committee is aware of and encourages the Department to consider applications for water and waste disposal loans and grants for three projects in CA:

- Calaveras County Water District
- Laytonville Waste Water Treatment Project
- Lake County Full Circle Project

Rural Housing Service

The Committee funds the Rural Housing Service at \$1.4 billion, which is \$7.5 million more than FY04 funding.

DOMESTIC FOOD PROGRAMS

The bill funds all Domestic Food Programs at \$50.5 billion, which is \$3.2 billion greater than FY04 comparable funding.

Child Nutrition Programs

The Committee recommends funding for Child Nutrition Programs of \$11.4 billion, which is \$37 million less than FY04 and equal to the President's budget request. Funding under this program includes:

- \$6.8 billion for the National School Lunch Program

- \$1.8 billion for the School Breakfast Program
- \$2.0 billion for the Child and Adult Care Food Program

Formula distributions under the National School Lunch Program (NSLP) depend on the number of children served meals who live in families at certain thresholds above poverty. Free lunches are served to children from families earning at or below 130 percent of the poverty line, and reduced-price meals are served to children from families earning at or below 185 percent of the poverty line. California is home to an above-average share of the nation's children in both eligibility categories, so the state receives approximately 14 percent of NSLP funding.

Special Supplemental Nutrition Program for Women Infants and Children (WIC)

The bill appropriates \$5.2 billion for WIC, which is \$506 million more than FY04 funding and \$288 million greater than the President's request. Poverty is also a significant factor in WIC distributions, resulting in an above-average distribution of funding to California.

Food Stamp Program

The bill funds the food stamp program, which accounts for more than half of the Domestic Food Programs account, at \$33.6 billion, which is \$3 billion more than FY04 funding and the same as the budget request.

FOOD AND DRUG ADMINISTRATION

The bill funds the Food and Drug Administration at \$1.8 billion, which is \$127 million more than FY04 funding levels and \$29 million less than the Administration request. According to the report, the Committee recognizes the interest in creating a new Center of Excellence at the University of California at Davis, but is unable to provide funding