

July 11, 2014

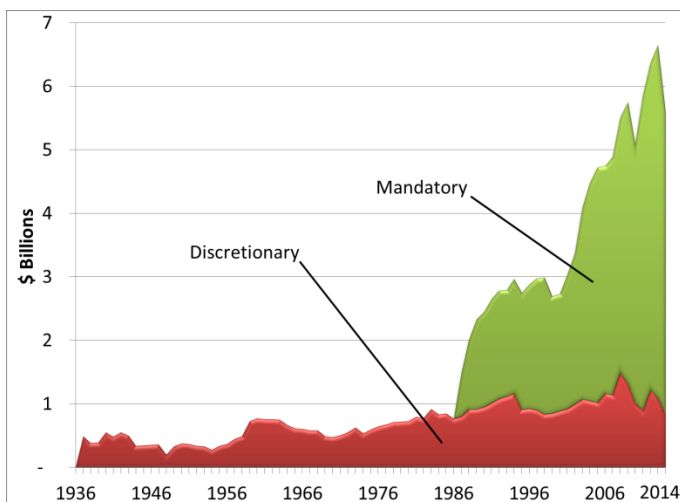
# Reductions to Mandatory Agricultural Conservation Programs in Appropriations Law

Federal spending for agricultural conservation programs (programs that assist agricultural producers with correcting and preventing natural resource concerns) generally comes in two forms: (1) discretionary spending provided through annual appropriations acts, and (2) mandatory spending authorized and paid for in multiyear legislation (e.g., farm bills). Historically, mandatory agricultural funding was reserved for the farm commodity programs, but it has expanded in recent years to include conservation, rural development, research, and bioenergy programs. This expansion has generated both concern and support. Some consider the expansion to be beyond the scope of the authorizing committee’s jurisdiction, while others prefer the stability of mandatory funding to that of the appropriations process.

## Mandatory Conservation Spending

Large backlogs of interested and eligible producers led to new and expanded farm bill conservation programs with mandatory spending authority beginning in the mid-1980s. Currently, the level of mandatory spending for conservation is roughly five times that of discretionary conservation spending (**Figure 1**).

**Figure 1. Spending on USDA Conservation Programs**



**Source:** CRS, updated from George A Pavelis, Douglas Helms, and Sam Stalcup, “Soil and Water Conservation Expenditures by USDA Agencies, 1935-2010,” USDA, Natural Resources Conservation Service (NRCS), *Historical Insights* Number 10, Washington, DC, May 2011. Not adjusted for inflation.

The Agricultural Act of 2014 (2014 farm bill, P.L. 113-79) reauthorized mandatory spending for a number of agricultural conservation programs through FY2018.

## The Origin of CHIMPS

The rise in the number of agricultural programs with mandatory budget authority from the authorizing committees has not gone unnoticed or untouched by appropriators. In recent years, appropriations bills have reduced some mandatory program spending below authorized levels. These reductions, estimated by the Congressional Budget Office (CBO), are commonly referred to as “changes in mandatory program spending” (CHIMPS). CHIMPS can offset discretionary spending that otherwise would be above discretionary budget caps.

**CHIMPS = Changes In Mandatory Program Spending**

Similarly, authorizing committees also have reduced mandatory spending levels from their initially enacted levels. Authorizers may make such reductions either to offset spending increases for other mandatory programs within their jurisdiction or to get credit for budget reconciliation requirements. Authorizing committee CHIMPS are not discussed in this document. For additional information and analysis, see CRS Report R41245, *Reductions in Mandatory Agriculture Program Spending*.

## CHIMPing Conservation

Mandatory conservation spending generally has increased annually. Nonetheless, the full potential of authorized mandatory conservation spending has not been realized because many conservation programs have been reduced or capped through annual appropriations acts since FY2003.

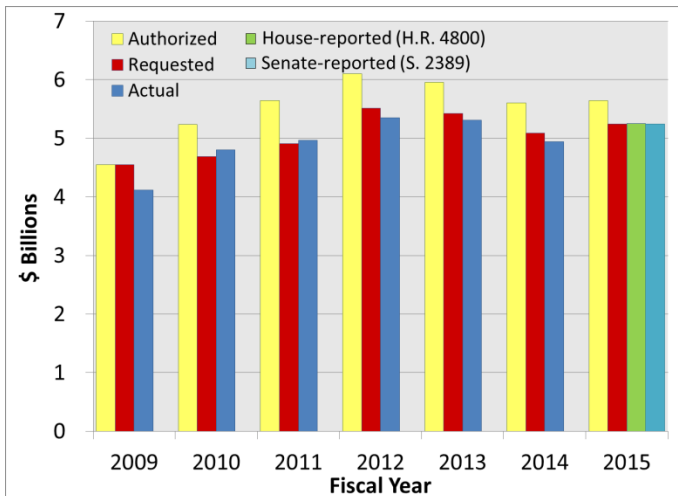
### At the Administration’s Request

Many conservation program CHIMPS are at the request of the Administration. Both the Bush and Obama Administrations have requested reductions in recent years (**Figure 2**). The mix of programs and amount of reduction varies from year to year.

### Through Appropriations Law

When appropriators limit mandatory spending, they usually do not change the text of the authorizing law. Their action has the same effect as changing the law, but only for the one year to which the appropriation applies. Appropriators put limits on mandatory programs by using language such as: “None of the funds appropriated or otherwise made available by this or any other Act shall be used to pay the salaries and expenses of personnel to carry out section [ ... ] of Public Law [ ... ] in excess of \$[ ... ].”

**Figure 2. Mandatory Conservation Program Funding**



Source: CRS.

Notes: Reductions from authorized levels include CHIMPS and sequestration. FY2014 includes CHIMPS prior to enactment of the 2014 farm bill. FY2015 includes sequestration estimates.

### Budget Sequestration—A Further Reduction

Budget sequestration continues to impact a number of mandatory programs and reduces the authorized level available to programs. During the 2014 farm bill debate, sequestration reduced the overall baseline prior to the bill’s enactment. Sequestration combined with the farm bill’s other reductions resulted in a net reduction of over \$6 billion over 10 years for mandatory conservation programs.

The 2013 budget agreement (P.L. 113-67) stopped sequestration for discretionary accounts, but continues to impact mandatory programs. The pending FY2015 appropriations bills (H.R. 4800 and S. 2389) include sequestration estimates, making the CHIMPS to conservation seem less than previous years (Figure 3). However, the overall impact to conservation programs (CHIMPS + sequestration) is similar to previous years—a reduction from the authorized level.

### Concluding Thoughts

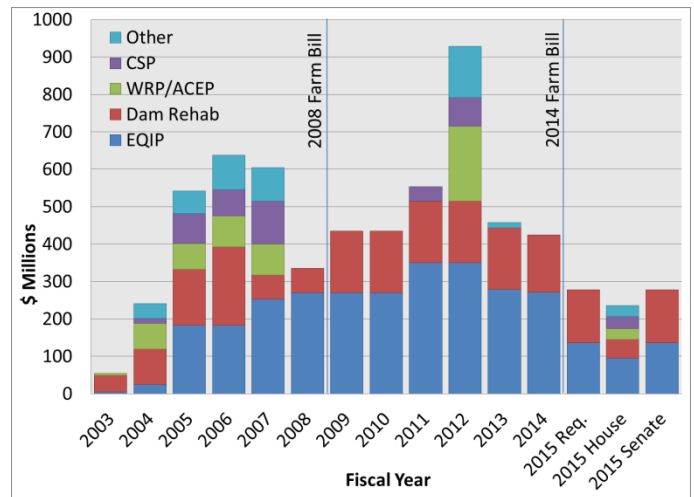
Initially, CHIMPS in appropriations law were fiercely opposed by conservation advocates. And while conservation programs continue to have broad support against CHIMPS, the outcry has lessened slightly to include a certain level of acceptance. Some believe that the agriculture committees might anticipate some level of CHIMPS when they establish spending levels in an omnibus farm bill.

Secondly, CHIMPS are not uniform among programs. Some programs, such as the Conservation Reserve Program (CRP), have not been reduced by appropriators in recent years, while others, such as the Environmental Quality Incentives Program (EQIP), have been repeatedly reduced below authorized levels (reductions total \$2.7 billion from FY2004 through FY2014, Figure 3). Other programs, such as the Watershed Rehabilitation Program (Dam Rehab),

have never been allowed to spend their mandatory authority.

Budgetary scoring methods have also led to what some argue as “double counting” for CHIMPS of authorizations that do not expire after one year (authorizations “to be available until expended”). For example, the Dam Rehab program is currently authorized to receive \$153 million to remain available until expended. CHIMPS only apply for the current fiscal year and do not typically change or permanently cancel the statutory funding authority. Therefore the full amount of funding (minus any sequestration) is restored the following fiscal year and can be reduced again. Thus, successive years’ CHIMPS can be greater than the original authorization.

**Figure 3. CHIMPS to Conservation Programs in Appropriations Law**



Source: CRS.

Notes: Does not include sequestration. FY2008 and FY2014 include CHIMPS prior to enactment of the 2008 and 2014 farm bills. CSP = Conservation Stewardship Program, WRP = Wetlands Reserve Program (now authorized as the Agricultural Conservation Easement Program, or ACEP).

Finally, conservation advocates contend that these CHIMPS are significant changes from the intent of the authorizing law (farm bill), undercutting many of the programs that generated political support for the farm bill’s initial passage. They also point out that savings generated from conservation CHIMPS are not necessarily used for other conservation or environmental activities. Those interested in reducing agricultural expenditures counter that even with these reductions, overall funding for conservation has not been reduced since it is still increasing over time, albeit not as much as authorized.

### More Information

For more analysis, see CRS Report R43110, *Agriculture and Related Agencies: FY2014 and FY2013 (Post-Sequestration) Appropriations* and CRS In Focus IF00023, *FY2015 Agriculture and Related Agencies Appropriations*.

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