



Supplemental Appropriations Proposed for Agriculture

name redacted

Specialist in Agricultural Policy

name redacted

Specialist in Agricultural Conservation and Natural Resources Policy

name redacted

Specialist in Nutrition Assistance Policy

name redacted

Analyst in Agricultural Policy

name redacted

Analyst in Agricultural Policy

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Crop and livestock losses from the 2017 hurricane season and wildfires in the West have created a demand for agricultural disaster assistance. To date, Congress has enacted two supplemental appropriations, but neither included funding for agricultural-related losses.

On November 17, 2017, the Administration made a third supplemental appropriations request. Overall, it included \$44 billion of additional appropriations, offset by \$59 billion of reductions. For analysis of the request see CRS Insight IN10832, *Proposed Offsets Exceed Spending for Agriculture in the Administration's Disaster Assistance Request*, and CRS Insight IN10834, *Supplemental Appropriations*

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and the 2017 Hurricane Season.

On December 18, 2017, H.R. 4667 was introduced in the House, a third supplemental appropriation. The House bill includes funding for several new and existing agriculture and disaster assistance programs (**Table 1**). Some provisions could have long-term implications because they change farm bill statutes. We discuss four of the more noteworthy issues.

Table 1. Proposed Supplemental Funding for Agriculture

(budget authority in millions of dollars)

Program	Admin. Request	H.R. 4667	
		FY2018	10 years FY2018- FY2027
Agricultural Assistance			
Block Grants for Agricultural Disasters	—	2,600.0	2,600.0
Requirement to purchase crop insurance for two years		0.0	68.0
Watershed and Flood Prevention Operations	500.0	541.0	541.0
Emergency Conservation Program	375.0	400.0	400.0
Emergency Forest Restoration Program	50.0	—	—
Rural Water and Waste Disposal Program	—	165.5	165.5
Emergency Assistance for Livestock, Honey Bees, and Farm-Raised Fish	40.0	20.0 ^a	200.0 ^a
Agricultural Research Service Buildings and Facilities	21.7	22.0	22.0
Commodity Assistance Program (food assistance)	—	24.0	24.0
Rural Housing Service Multifamily Housing	4.3	18.7	18.7
Food and Drug Administration Buildings and Facilities	—	7.6	7.6
Office of Inspector General	1.0	2.5	2.5
Subtotal, Division A		3,801.2	4,049.2
Cottonseed as covered commodity	—	-57.0	-1.0
Eliminate limit on Livestock Gross Margin Insurance	—	0.0	308.0
National Accuracy Clearinghouse (SNAP)	—	0.0	-579.0
Subtotal, Division C		-57.0	-272.0
Subtotal	992.0	3,744.2	3,777.2
Agricultural Offsets			
Extend sequestration two more years through FY2027	-2,600.0 ^b	—	—
Offsets to unobligated agriculture appropriations	-3,026.0	—	—
Subtotal	-5,626.0	—	—
Total, Agriculture	-4,634.0	3,744.2	3,777.2

Source: CRS, compiled from OMB, “Letter regarding additional funding” November 17, 2017, and CBO, Cost Estimate for “Rules Committee Print 115-50, Containing the Text of H.R. 4667.”

Notes:

- a. This program has existing mandatory authority of \$20 million for each fiscal year. H.R. 4667 would increase the funding to \$40 million annually, an increase of \$20 million for each year FY2018 and thereafter.

- b. Accounts in Agriculture appropriations bear \$1.3 billion of sequestration in FY2018 (OMB, “Report to the Congress,” May 23, 2017). We use this to estimate the two-year Agriculture share from extending sequestration.

Block-Grants for Agricultural Losses

H.R. 4667 would provide \$2.6 billion to the Secretary of Agriculture to cover crop, tree, bush, vine, and livestock losses that were not covered under the Federal Crop Insurance Program (crop insurance) and the Noninsured Crop Disaster Assistance Program (NAP). Assistance would be through block grants to eligible states. Historically, assistance for production losses has been provided directly from the U.S. Department of Agriculture (USDA) to eligible farmers and ranchers. The requirement to implement this assistance through states that have not run such programs could delay implementation and add complexity for participants.

The proposed new program would limit payments to no more than 85% of losses, including payments from crop insurance and NAP. For producers that did not purchase crop insurance or NAP in advance of the natural disasters, payments are limited to 65% of losses. All participants would be required to purchase crop insurance or NAP for the next two years.

Because crop insurance and NAP are federally administered programs, data needed to calculate payments under the block grants are not currently available to states. Also, the new program would cover the losses of farmers who chose not to purchase insurance, as well as those who did, creating a potential moral hazard for future participation. It is unclear whether the new program would duplicate payments made under other existing disaster programs (e.g., Tree Assistance Program and Livestock Indemnity Program) that were not specifically mentioned under the 85/65 loss coverage limitation.

Treatment of Cotton Seed

Section 3001 of H.R. 4667 would amend the 2014 farm bill to add cottonseed as a “covered commodity” and make cotton eligible for farm commodity supports such as Price Loss Coverage (PLC). Cotton had long been a covered commodity, but was removed by the 2014 farm bill in order to comply with a World Trade Organization dispute settlement. The current farm safety net for cotton, including a new insurance program, is perceived by many as insufficient and a high-profile farm bill issue.

The cottonseed provision in the supplemental would establish a reference price, loan rate, and payment yield that are higher than proposed in the Senate committee-reported Agriculture appropriations bill (S. 1603). The Congressional Budget Office (CBO) score of the provision is essentially budget neutral over 10 years, and a small savings in FY2018.

Livestock Related Expenditures

Section 3002 of H.R. 4667 would remove the \$20 million cost limitation on the livestock margin insurance programs that allow producers to manage price risk by insuring their margins (market value minus feed costs). The USDA Risk Management Agency offers margin insurance policies for cattle, dairy, and swine. In 2016, dairy producers represented 93% of livestock gross margin liability. Stakeholders have advocated for an increase or removal of the cap to enhance their risk management opportunities. CBO projects the cost of removing the cap to be \$308 million over 10 years.

National Accuracy Clearinghouse

Section 3003 of H.R. 4667 would require USDA to expand the National Accuracy Clearinghouse (NAC), currently a five-state pilot, and would require all Supplemental Nutrition Assistance Program (SNAP)

state agencies to participate. Under current SNAP law, individuals are not to apply for or receive benefits from more than one state agency concurrently. NAC was begun in 2013 to test a strategy for reducing such duplicate enrollment. NAC currently gathers and analyzes SNAP enrollment data from five participating states (Alabama, Florida, Georgia, Louisiana, and Mississippi).

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