ADDITIONAL VIEWS TO ACCOMPANY
Letter Transmitting FY 2007 Budget Views and Estimates Of the House Committee on Agriculture

The Committee on Agriculture Views and Estimates letter does a fine job of explaining the importance of programs in its jurisdiction. It also makes it clear why the 2007 Budget discussion would not be an appropriate occasion to make further cuts in those programs. While we support those views, we take this opportunity to add some detail regarding these programs in light of the fact the President has recommended a number of specific, damaging cuts.

The President's proposals for agriculture are largely the same as those dismissed last year by Congress during the reconciliation process.

The President has not only repeated his proposal to eliminate Categorical Eligibility for Food Stamp recipients (which would cut 300,000 people off from Food Stamps and was rejected by Congress), he also has proposed the elimination of the Commodity Supplemental Food Program. This would terminate direct food package delivery to 420,000 seniors and 46,000 low-income women, infants and children, which is done at a cost of less than $20 per participant per month. The proposal would be a particular hardship on elderly and low-income rural participants.

The President's budget proposal also cuts funding for farm bill conservation programs. It restricts the program that protects farm and ranchland from urban encroachment and cuts funding for wildlife habitat by more than half. Watershed programs designed to protect life and property have been zeroed out in this budget. In addition, the Administration's long overdue call for full enrollment in the Wetlands Reserve Program cannot make up for the wetlands that have been lost or whose benefits have not been fully restored because the program has been so neglected.

In his **State of the Union** address, the President called for energy independence and endorsed the use of switch grass as an energy source. In direct conflict with that statement, however, the President zeroes out funding for the Bioenergy Program -- a program that encourages the growth of our domestic biodiesel industry. We agree with the President's State of the Union statement but are concerned that his budget directly contradicts the goal of energy independence he espoused..

The proposals to cut farm program spending appear to be part of the President's strategy of sacrificing farm support in order to blindly pursue access to international markets that are of questionable value to American agriculture. This sacrifice is especially acute, when, as noted in our letter to the Budget Committee, the Department of Agriculture (USDA) projects farm income to fall 23 percent, farm payments to decline by 20 percent and production expenses to increase by 19 percent since 2002.

Moreover, these proposed cuts fall especially hard on those producers who were struck by disaster last year. The Agriculture Committee had the opportunity to provide assistance to those affected, but chose not to do so, based on assurances that the Administration's program of assistance would be forthcoming. Not only has there been no program for production or economic losses, but these budget cuts are salt in the wounds opened by disastrous weather conditions and high energy costs.

Through FY2005, USDA's commodity and conservation programs have cost $17 billion less than was projected when the Farm Bill was passed in 2002. Spending has declined by more than any budget reductions proposed by the President would have caused. The lesson from this experience is that, left to run by itself, this Farm Bill will provide needed assistance to producers and do so in a reasonable and cost-conscious manner.

The President's proposal to cut agriculture is poorly timed because it fails to acknowledge the particular uncertainties American producers face today while they await the completion of multilateral trade negotiations. Talks under the Doha Round are focused very closely on agricultural policies and the US as well as other nations have proposed dramatic changes in the domestic policies of participating nations, as well as in import and export policies. A strong case can be made that no changes should be made in Farm Bill policies until the Doha Round has been completed and the rules that apply are clear. Not only should the Budget Committee firmly reject the President's proposed cuts in farm policy, the Congress should also enact legislation that keeps the current Farm Bill in place until trade negotiations are complete.

The proposals in the President's budget are poorly conceived and badly timed. The Committee on the Budget should reject them.

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