

Proposed Offsets Exceed Spending for Agriculture in the Administration's Disaster Assistance Request

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On November 17, 2017, the Office of Management and Budget (OMB) released the Administration's [request for a third round of supplemental funding](#) in response to natural disasters in 2017. The total request includes \$44 billion of additional appropriations for disasters during 2017, offset by \$59 billion of reductions to budget authority for previous appropriations (\$15 billion) and a two-year extension of sequestration on mandatory spending (\$44 billion) from FY2025 to FY2027.

Accounts in the jurisdiction of Agriculture appropriations would receive an additional of \$992 million for disaster recovery but be reduced over time by \$5.6 billion. Proposed reductions include \$3 billion through rescissions of prior appropriations and an estimated \$2.6 billion share from extending sequestration on mandatory spending in the jurisdiction of Agriculture appropriations ([Table 1](#)). The result, therefore, would be a net \$4.6 billion reduction from agriculture accounts.

Disaster Assistance

Accounts in the jurisdiction of Agriculture appropriations would receive \$992 million in the Administration's supplemental request. This is the first time in 2017 that agriculture accounts would be included in supplemental appropriations. The assistance is primarily for two agricultural land rehabilitation programs—the Emergency Watershed Protection Program (\$500 million) and the Emergency Conservation Program (\$375 million).

Other agricultural disaster assistance programs would receive supplemental funding in lower amounts, including the Emergency Forest Restoration Program for private lands (\$50 million) and the Emergency Assistance for Livestock, Honey Bees, and Farm-Raised Fish program (\$40 million). The request would also target funding to repair U.S. Department of Agriculture research buildings damaged by recent hurricanes and provide additional authority for multifamily housing loan programs in rural areas.

Stakeholders have called for other types of agricultural assistance, but these programs were not included in the Administration's request. These include amounts for [citrus and specialty crop production](#) damaged by Hurricane Irma and [livestock and cotton production](#) damaged by Hurricane Harvey, particularly for losses not covered by existing [agriculture disaster assistance programs](#).

Offsets

The Administration proposes to offset the additional spending on supplemental appropriations with cancellations of unobligated balances from prior appropriations and by extending by two years to FY2027 the sequestration on mandatory spending as part of the Budget Control Act of 2011 ([P.L. 112-25](#)). Thus, for agriculture, offsets would exceed supplemental assistance.

Cancellations of unobligated balances from prior appropriations affecting agriculture total \$3 billion, of which about \$1.4 billion come from conservation programs. The offsets also include an \$800 million rescission from the Special Supplemental Nutrition Program for Women, Infants, and Children (WIC) and a \$196 million rescission from the rural development [cushion of credit account](#), which contains advance payments by borrowers that earns interest to fund Rural Economic Development loans. The WIC and cushion of credit rescissions are also proposed in the FY2018 Agriculture appropriations bills ([H.R. 3268](#), [S. 1603](#)). Using offsets in supplemental appropriations that are proposed for the FY2018 appropriation may make the latter more challenging, since those offsets would no longer be available. The proposed cancellation of \$212 million from Agricultural Research Service (ARS) buildings and facilities was in the Administration's FY2018 budget request, but appropriators chose not to include it in their bills.

Because agriculture spending relies heavily on mandatory spending, and mandatory spending continues to have annual sequestration from the Budget Control Act, [agriculture is particularly affected](#) by extending sequestration as an offset to pay for current spending. To date, sequestration on mandatory spending has been extended by four years from its original FY2021 sunset. The Administration's current proposal to extend sequestration does not mention the effect on program areas. A CRS tabulation of sequestration in FY2018 on accounts in the jurisdiction of Agriculture appropriations is \$1.3 billion. With this as an annual estimate of the agriculture share in sequestration, the proposal to extend sequestration by two more years could result in an estimated \$2.6 billion of additional sequestration from

mandatory agriculture accounts in FY2026 and FY2027, assuming program and funding continuity.

As noted, these offsets (\$5.6 billion) from agriculture would exceed the addition (\$992 million) to agricultural accounts for disaster assistance by more than \$4.6 billion.

Table 1. Effect on Agriculture from Administration's Request for Disaster Assistance

(million dollars; accounts in the jurisdiction of Agriculture appropriations)

Program	Amount
Disaster Assistance	
Watershed and Flood Prevention Operations (hurricane debris removal and repairs)	+500.0
Emergency Conservation Program (hurricane damage repairs)	+375.0
Emergency Forest Restoration Program (hurricane damage restoration)	+50.0
Emergency Assistance for Livestock, Honey Bees, and Farm-Raised Fish program	+40.0
ARS Buildings and Facilities (hurricane damage repairs)	+21.7
Rural Housing Service Multifamily Housing (supports \$20 million of direct loans)	+4.3
Office of Inspector General (oversight)	+1.0
Subtotal	+992.0
Offsets	
Extend Joint Committee sequestration on mandatory programs two more years through FY2027	-2,600.0 ^a

Conservation programs (unobligated, \$400 million pre-2014, \$230 million CSP, \$551 million RCPP)	-1,419.0
WIC (as proposed in Agriculture appropriations)	-800.0
ARS Buildings and Facilities (delay modernization, as proposed in Administration's budget)	-212.0
Emergency Watershed Program (unobligated balances)	-204.0
Rural Economic Development Grants (cushion of credit, as proposed in Agriculture appropriations)	-196.0
Watershed and Flood Prevention Operations (unobligated balances)	-90.0
APHIS (unobligated balances from emergency preparedness and health programs)	-72.0
Rural Business Program (unobligated balances in Business and Industry loans and other grants)	-25.0
Rural Energy Savings Program (as proposed in Senate Agriculture appropriations)	-8.0
Subtotal	-5,626.0
Agriculture programs total	-4,634.0

Source: CRS, compiled from [OMB, "Letter regarding additional funding and reforms to address impacts of recent natural disaster," November 17, 2017.](#)

Notes: WIC = Special Supplemental Nutrition Program for Women, Infants, and Children; CSP = Conservation Stewardship Program; RCPP = Regional Conservation Partnership Program; APHIS = Animal and Plant Health Inspection Service.

a. Accounts with mandatory spending in the jurisdiction of Agriculture appropriations bear \$1.3 billion of sequestration in FY2018 ([OMB, "Report to the Congress on the Joint](#)

[Committee Reductions for FY2018," May 23, 2017](#)). We use this one-year amount to estimate the two-year Agriculture share of the \$44.4 billion offset from extending sequestration, assuming program and funding continuity.