

# Coburn Amendments to Emergency War Supplemental

**AMENDMENT 657** — To provide for emergency farm relief in a fiscally responsible manner.

**What the amendment does-** This amendment strikes all non-essential items in the farm title so that scarce resources can be maximized for crop and livestock disaster assistance (that language is verbatim to the underlying bill); Requires the emergency funding be paid for from existing Department of Agriculture funds.

Using estimates provided in the committee report, the Coburn amendment will reduce the size of the farm package by approximately \$380 million by focusing farm relief exclusively on crop and livestock disaster assistance. The Coburn amendment will still allow for \$1.6 billion for livestock assistance and \$2.1 billion for crop disaster assistance (total- \$3.7 billion) Most important, the Coburn amendment ensures that relief is entirely paid for in advance and not added to debt. Because the amendment requires the emergency be paid for with existing resources, we remove the entire \$4.2 billion cost from the supplemental.

## An Overview of the Emergency Farm Relief Act of 2007 (Title IV of the Supplemental)

**\$4.151 Billion** total; Of which the following amounts are appropriated (according to the Senate Committee report):

- \$2.09 Billion for Crop Disaster Assistance;  
If the producer participated in an insurance program or the Non-Insured Assistance Program (created for

those not eligible for insurance), he will receive a payment equal to 55 percent of the established crop price; Those who didn't not participate in crop insurance or NAP, payment set at 20 percent of established crop price.

- \$1.64 billion for Livestock Assistance;  
This includes a recommended \$1.498 million for the Livestock Compensation Program (for higher feed prices and actual feed losses); It also includes \$32 million for the Livestock Indemnity Program (LIP). Payment rates for the LIP “shall not be less than 30 percent of the market value...” Finally, this amount includes \$13 million for the Ewe Lamb Replacement and Retention Program.

(The Coburn Amdt (657) amendment strips everything after this point)

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- \$6 million for flooded Crop & Grazing Land in North Dakota;
  - \$24 million for sugar beet and sugar cane disaster assistance. Secretary is required to give \$3 million of this amount to Hawaiian sugar cane growers;
  - \$100 million for Small Business Economic Loss Grant Program. Eligible states are those that had at least 50 percent of their counties declared agricultural disaster areas. The grants will go to state agricultural departments for payments to small businesses. Minimum amount of grant to states set at \$500,000. State to provide direct payments to small businesses that suffered “material economic losses as a direct result of weather related

agricultural losses to the crop or livestock production sectors.” Businesses must have less than \$15 million in average annual gross income, of which 75 percent must be related to production agriculture or agriculture support industries. The business had at 50 percent total economic loss related to the prescribed conditions.

- \$40 million for the “Tree Assistance Program” The bill defines “tree” as a tree including Christmas, ornamental, nursery and potted tree, *and* a bush including a shrub, nursery shrub or nursery bush, ornamental shrub, potted bush and potted shrub, and a vine including nursery and ornamental vines. The payments will be made in accordance with 2002 Farm Bill Tree Assistance provision, which allows payments to commercial producers of the above describes trees at a rate equal to 75 percent of the cost of replacing lost trees (must have lost at least 15 percent of crop). Although not explicitly stated, this is probably a California request.
- \$35 million for the Emergency Conservation Program (ECP) in disaster counties, \$50 Million for Emergency Watershed Program (EWP). ECP is used in disaster counties to assist farmers with urgent conservation needs like removing debris, rebuilding fences and water for livestock. EWP is administer by soil conservationists and is intended to provide technical and cost share assistance to reduce future threats “to life and property.” This may include vegetation cover, streambank protection and stabilizing gullies, ditches and levees;

- \$20 million for “Insect Infestation” in Nevada, Idaho and Utah. To be used to “survey and control insect infestations in impacted region. Apparently, this area has historically suffered from large scale insect outbreaks that have seriously impacted crops in the region.
- \$30 million for “Administration” for the hiring of additional Farm Service Agency personnel and computer upgrades.

Why aren't we paying for this emergency provision?

- As we considered a nearly identical version of this farm emergency package late last year, we were told by our colleagues on the other side that they wanted to pay for this emergency upfront. On December 5, 2006, Senator Conrad and Dorgan made the following statements<sup>1</sup>:

**Mr. CONRAD**

I am very much in sympathy with the Senator (Coburn) on the notion of paying for this.

I appreciate very much that the Senator knows I wish to pay for this as well. We have a way to do a pay-for, but I am precluded by the rules from offering it.

On the question of paying for it, I have complete agreement with the Senator from Oklahoma. I wish the rules permitted us to offer an amendment to pay for it.

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<sup>1</sup> Congressional Record: Pages: S11149- S11150 <http://www.congress.gov/cgi-bin/query/D?r109:1:./temp/~r10915Fmr3>: December 05, 2006

**Mr. DORGAN**

I don't have disagreements about the issue of the pay-for here...

I suggest perhaps we do a unanimous consent on the pay-for. If he doesn't, I know a politician who will easily pay for it. **I will do a unanimous consent to pay for it.**

**These things ought to be paid for.**

**We have had hundreds of billions of dollars come through here with hardly a blink, none of it paid for. That ought to change. I am with the Senator from Oklahoma. Let's try to change that.**

**The fact is, this does not have a pay-for, not because Senator Conrad doesn't want it there or I don't want it there; it ought to be there.**

- In opposing the Grassley amendment (repeal of the Alternative Minimum Tax) *last week* during consideration of the Budget Resolution, Senator Conrad stated:  
“Unfortunately, this amendment is not paid for. It would plunge us back into deficit. I urge my colleagues to vote no.”<sup>2</sup>
- We have had other opportunities to pay for this disaster package, without adding it to the national credit card. Just last month, a Coburn amendment to the FY 2007 Continuing Resolution would have added **\$1 billion** in needed funds for the current farm emergency, and it was completely paid for. The Democrat majority objected and refused to allow a simple vote on the measure.<sup>3</sup>

Coburn amendment to supplemental.

February 14, 2007-- Vote on Coburn Amendment #251 to the Continuing Resolution, which would have added a billion towards emergency agriculture relief—all paid for.

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<sup>2</sup> [http://frwebgate.access.gpo.gov/cgi-bin/getpage.cgi?dbname=2007\\_record&page=S3679&position=all](http://frwebgate.access.gpo.gov/cgi-bin/getpage.cgi?dbname=2007_record&page=S3679&position=all)  
March 23, 2007- Statement of Senator Kent Conrad

<sup>3</sup> [http://frwebgate.access.gpo.gov/cgi-bin/getpage.cgi?dbname=2007\\_record&page=S1944&position=all](http://frwebgate.access.gpo.gov/cgi-bin/getpage.cgi?dbname=2007_record&page=S1944&position=all)  
February 14, 2007- Congressional Record

Mr. COBURN. Mr. President, I ask unanimous consent that the pending amendments be set aside and my amendment **No. 251** that will apply \$1 billion for the farmers who are in dire need in this country today be called up.

The PRESIDING OFFICER. In my capacity as a Senator from Vermont, **I object**.

Today, we have an opportunity to responsibly help our farmers with needed aid, and pay for it upfront—without asking the next generation to pay it back with interest. How?

- First, the Coburn amendment removes all extraneous materials within the current farm emergency package. We must concentrate our scarce resources on those most in need—crop and livestock assistance. I would suggest the following as examples of proposed spending that is better left for debate in the 2008 appropriations cycle or in the 2007 Farm Bill:

**Tree Assistance Program (TAP)**- This bill spends \$40 million in taxdollars to compensate growers of Christmas, ornamental, nursery and potted trees. The National Christmas Tree Association estimates that real trees brought in about \$1.37 Billion in sales for the most recent year available (2005)<sup>4</sup>.

**\$30 million for additional Farm Service Agency** employees to administer the emergency aid and for computer upgrades. Keep in mind, USDA has nearly 100,000 employees, 11,000 are located in the Washington, DC Metropolitan Statistical Area.

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<sup>4</sup> [http://www.christmastree.org/statistics\\_consumer.cfm#retail](http://www.christmastree.org/statistics_consumer.cfm#retail)

Also, it is important to note that the computer upgrades is a long term issue that has plagued FSA for many years. The system—meant to be a primary interface for farmers doing business with FSA, regularly crashes. The problem has been known for sometime. The Government Accountability Office (GAO) has raised red flags about FSA computer systems dating back to at least 1992<sup>5</sup> The current malfunction has been known since last year. Congress needs to do more oversight before we throw more money at a problem whose size and scope aren't fully known.

**\$20 million for Insect Infestation in Nevada, Utah and Idaho-** This is a known threat where significant research is already ongoing. While the devastation to croplands is a serious matter, we have known about insect threats in the region for as long as farming has existed there. For instance, the Mormon Cricket: “got its name in 1848 when swarms invaded the fields of Mormon settlers in Utah. According to lore, the settlers prayed for divine assistance that arrived in the form of gulls, which ate the insects and saved the crops.”<sup>6</sup>

**\$100 million for States to make direct payments to small businesses-** This is intended to help small businesses that are heavily reliant on production agriculture. Businesses all across rural America are struggling. As a matter of fairness, how can we single out small businesses that are more reliant on the agricultural sector? When oil was at \$8-10 barrel in the 1990's, no one was scurrying to help as pipeline and drilling rig yards turned into scrap/rust yards

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<sup>5</sup> <http://archive.gao.gov/t2pbat6/146816.pdf>

<sup>6</sup> <http://www.cnn.com/2003/US/West/06/13/mormon.crickets.ap/>

throughout Oklahoma and Texas, and as business after business went under.

**\$24 million for sugar beet and sugar cane disaster assistance (\$3 Million set aside for Hawaiian growers)**- “The USDA estimated in 2002 Americans consumed about 45 pounds of sugar per person.<sup>7</sup>” The American Sugar Alliance estimates that Americans consumes roughly 10 millions tons a year. The industry claims this type of assistance is necessary to maintain a healthy domestic sugar industry.

- Second, to ensure that we pay for this emergency up-front, we must re- prioritize our spending within the USDA—which according to its own Chief Financial Officer **would rank as the sixth largest company in the United States**, if the agency were a private enterprise.<sup>8</sup> The Coburn amendment will require the emergency provision be paid with existing resources.

. Considering the following:

- The Office of Management and Budget (OMB) estimates that USDA has a total of \$7.48 billion in unobligated balances (unspent money) in 2007. The actual number for 2006 was \$10.58 billion.<sup>9</sup>
- This includes: \$394 million for procurement and construction; \$3 billion for the Food Stamp program; \$304 Million for “Salaries and Expenses;” \$59 million for “Rural Economic Development Grants;” and \$26 million for “Ocean Freight Differential Grants.”<sup>10</sup>

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<sup>7</sup> [http://www.sugaralliance.org/desktopdefault.aspx?page\\_id=97](http://www.sugaralliance.org/desktopdefault.aspx?page_id=97)

<sup>8</sup> <http://www.ocfo.usda.gov/>

<sup>9</sup> <http://www.whitehouse.gov/omb/budget/fy2008/pdf/balances.pdf>

<sup>10</sup> Ibid

- According to the Office of Personnel Management (OPM), USDA has 95,289 employees; **11,367 in the Washington, DC Metropolitan Statistical Area.**<sup>11</sup>
- USDA programs are responsible for high improper payment rates<sup>12</sup>. According a report recently issued by the agency’s Chief Financial Officer, the agency is responsible for over **\$4.6 billion in improper payments**, including \$1.9 billion in “incorrect disbursements” and another \$2.6 billion in “incorrect paperwork.”
  - The **Food Stamp** program reports a 5.84 percent error rate, resulting \$1.65 billion in improper payments; The **Loan Deficiency Payment** program reports an improper payment rate of 9.25 percent, resulting in \$443 million in improper payments; and the **FSA Disaster Program** reports a 12 percent improper payment rate resulting in \$291 million in improper payments.
- Travel and Conferences-

USDA Conference Spending 2000-2006

Year	Amount reported in '05	Amount reported 8/30/06
2000	\$6,675,134	\$6,675,134
2001	\$8,167,978	\$6,005,287
2002	\$14,715,056	\$10,621,506

<sup>11</sup> <http://www.opm.gov/feddata/html/2006/january/table2.asp>

<sup>12</sup> <http://www.ocfo.usda.gov/usdarpt/pdf/par2006.pdf>

2003	\$15,201,711	\$13,537,628
2004	\$19,595,914	\$15,946,157
2005	\$10,194,054	\$18,348,119
2006		\$19,440,333* Reported 2/12/07
Total	\$74,549,847	\$90,574,164

- Consider this small sample of multi-year earmarks in recent appropriations bills:

- \$350,000 for the "World Food Prize" for outstanding work in food assistance;
- \$1.5 million for construction of an entrance to the U.S. National Arboretum;
- More than \$1 million for alternative salmon products, including \$450,000 for development of baby food containing salmon;
- \$591,000 for the Montana Sheep Institute;
- \$295,000 for wool research;
- \$232,000 for the National Wild Turkey Federation;
- \$100,000 to establish a farm-raised catfish grading system; and

### USDA to seek extra money to fix computer glitch

By Jerry Hagstrom, [CongressDaily](#)

In what appeared to be an acute embarrassment for the Bush administration, Agriculture Secretary Mike Johanns acknowledged Tuesday that the Farm Service Agency computer system that provides payments to farmers has broken down and that he will have to ask Congress for a special allocation to fix it.

Since the 1930s, USDA has operated a system of offices in every county in the country to which farmers go to register their acreage and sign up for subsidies and disaster aid. In past years, the administration has argued that USDA could close or consolidate county offices because farmers could file online. Congress, however, has resisted those closures.

Johanns did not mention the computer problem in his formal testimony on the fiscal 2008 budget before the Senate Agriculture Appropriations Subcommittee. But he did respond when Agriculture Appropriations Subcommittee ranking member Robert Bennett, R-Utah, noted that he had been receiving complaints from farmers who had been told they should attempt to use the FSA computer system only at certain hours.

Bennett added that he assumed Johanns has a plan to deal with the problem since the administration did not ask for money to address it in the budget.

Johanns told Bennett that he was going to have to ask for "help" with the computer system.

"Does 'help' mean money?" Bennett asked.

"It always does in government," Johanns replied, adding that within three weeks USDA would make a "business case" for its request.

Johanns said the FSA software began to malfunction in 2006 when the agency was trying to use the system for the milk income loss contract program, and that the situation had only gotten worse.

Johanns said that when a farmer puts information into the system, that information is forwarded to the FSA computing center in Kansas City, but that if the agency does not process the information within a certain period of time "the information is knocked out." The computer system is "dark" part of the day in parts of the country, Johanns added.

Johanns said that he would ask for money for a "short-term response," but that it would take three years to build a proper computer system for FSA.

When asked after the hearing if farmers should give up trying to file applications online, Johanns said, "Today would not be a good day to flex your muscles with our system."

*This document is located at <http://www.govexec.com/dailyfed/0207/022807cdam3.htm>*

OTHER ACCOMPANYING INFORMATION

Detailed Breakout of Improper Payment Rates Reported in FY 2006 (\$ in millions)

	2006 Outlays	2006 Rate	2006 Improper Payments	Incorrect Disbursements (Dollars)	Incorrect Disbursements (Percentage)	Incomplete Paperwork (Dollars)	Incomplete Paperwork (Percentage)
Marketing Assistance Loan (FSA)	\$7,950	20.26%	\$1,611	\$17	0.21%	\$1,594	20.05%
Loan Deficiency Payments (FSA)	\$4,790	9.25%	\$443	\$53	1.11%	\$390	8.14%
Direct and Counter-Cyclical (FSA)	\$8,546	4.96%	\$424	\$67	0.78%	\$357	4.18%
Conservation Reserve Program (FSA)	\$1,815	3.53%	\$64	\$10	0.55%	\$54	2.98%
FSA Disaster (FSA)	\$2,365	12.30%	\$291	\$56	2.37%	\$235	9.94%
Noninsured Assistance (FSA)	\$109	22.94%	\$25	\$3	2.75%	\$22	20.18%
Food Stamp (FNS)	\$28,160	5.84%	\$1,645	\$1,645	5.84%	\$0	0.00%
Women, Infants, and Children (FNS)	\$3,525	0.60%	\$21	\$21	0.60%	\$0	0.00%
Child and Adult Care Food (FNS)	\$2,065	1.80%	\$16	\$16	0.77%	\$0	0.00%
Wildland Fire Suppression Management (FS)	\$725	2.49%	\$7	\$0	0.10%	\$7	2.39%
Rental Assistance (RD)	\$569	3.49%	\$22	\$22	3.87%	\$0	0.00%
Federal Crop Insurance Corporation (RMA)	\$3,206	1.92%	\$62	\$62	1.93%	\$0	0.00%
Farm Security and Rural Investment/ Conservation Security	\$2,695	0.22%	\$3	\$2	0.09%	\$1	0.02%
<b>Total</b>	<b>\$66,520</b>	<b>6.97%</b>	<b>\$4,634</b>	<b>\$1,975</b>	<b>2.97%</b>	<b>\$2,659</b>	<b>4.00%</b>

Future Reduction Targets for Improper Payments (\$ in millions)

Program	FY 2007 Estimates			FY 2008 Estimates			FY 2009 Estimates		
	Outlays	IP%	IP\$	Outlays	IP%	IP\$	Outlays	IP%	IP\$
Marketing Assistance Loan Program, FSA/CCC	4,565	18.00%	685	3,205	14%	256	10,050	10.00%	251
Food Stamp Program, FNS [Note #8]	30,588	6.20%	1,896	32,168	5.8%	1,866	TBD	5.7%	TBD
National School Lunch & School Breakfast Programs, FNS [Note #8]	7,623	TBD	TBD	7,777	TBD	TBD	TBD	TBD	TBD
Women, Infants and Children, FNS [Note #8]	5,170	TBD	TBD	5,185	TBD	TBD	TBD	TBD	TBD
Child and Adult Care Food Program, FNS [Note #8]	2,074	N/A	N/A	2,074	N/A	N/A	TBD	TBD	TBD
Milk Income Loss Contract Program, FSA/CCC	351	16.00%	56	330	9.00%	30	N/A	N/A	N/A
Loan Deficiency Payments, FSA/CCC	4,839	9.00%	436	4,258	6.00%	255	5,257	4.00%	131
Direct and Counter-Cyclical Payments, FSA	8,962	6.00%	538	7,317	5.00%	439	6,483	4.00%	259
Conservation Reserve Program, FSA/CCC	1,973	8.20%	158	2,100	6.00%	168	2,236	4.00%	56
Disaster Programs, FSA [Note #9]	159	17.00%	27	192	18.00%	33	N/A	N/A	N/A
Noninsured Assistance Program, FSA/CCC	102	26.00%		312			309	17.00%	
Wildland Fire Suppression Management, FS	407	1.00%	4	410	0.80%	3	406	0.60%	2
Rental Assistance Program, RD	769	3.44%	26	781	2.94%	23	793	2.44%	19
Federal Crop Insurance Corporation Program Fund, RMA [Note #10]	3,321	4.70%	156	3,300	4.60%	152	3,300	4.50%	149
Farm Security and Rural Investment Programs	291	0.80%	2	482	0.60%	2	556	0.50%	2