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March 13, 2009

The Honorable John M. Spratt, Jr.
Chairman
Committee on the Budget
U.S. House of Representatives
Washington, D.C. 20515

Dear Mr. Chairman:

Pursuant to section 301(d) of the Congressional Budget Act of 1974 and clause 4(f) of House Rule X, we are including below the recommendations of the Committee on Agriculture with respect to programs within the Committee's jurisdiction. The Committee on Agriculture appreciates this opportunity to share its views and estimates for the fiscal year 2010 budget cycle.

The Committee's legislative agenda and budget considerations for the upcoming year are very much colored by the fact that that we are just nine months beyond enactment of the Food, Conservation, and Energy Act (FCEA) of 2008—a time period which is just half the eighteen months it took to fund and develop the Act. Some programs whose regulations have been delayed are not even operating yet.

Final passage of the FCEA was supported by over 1,000 organizations from across the policy spectrum. Substantial bi-partisan majorities in both the House (317-109) and the Senate (80-14) supported passage.

One reason for these substantial majorities for the FCEA was that the Agriculture (and other) Committees worked very hard to ensure that any increases in spending above baseline levels were offset with reductions elsewhere. As scored by the Congressional Budget Office against the official scoring baseline, the final bill saved $67 million over five years and $110 million over ten years.

The current economic crisis is making benefits provided by the FCEA increasingly essential to many families' existence. The number of Supplemental Nutrition Assistance Program (SNAP—formerly the Food Stamp Program) recipients just hit a record high of 31.8 million in December, 2008 (the latest data available). Producers in both the crop and livestock sectors have seen prices decline dramatically from last summer's record high levels. In many cases, production costs that also hit record high levels last summer have not declined as much as prices—setting up a classic cost-price squeeze.

Given these political and economic realities, the Committee believes that program benefits of the FCEA should be maintained so that families facing adverse economic conditions—many through no fault of their own—can be helped as intended. We believe that it would be unwise to reopen the FCEA to reduce program benefits—especially through proposals similar to those that, during the FCEA debate, were considered and rejected.

Though the 5-year farm bill was enacted just last year, enactment was later than normal. Following the traditional farm bill cycle, the Committee expects to begin hearings during this Congress in preparation for drafting the next farm bill. The 2012 bill will be here sooner than many realize. Changes in program benefits can—and should—wait until then.

Our position regarding changes in program benefits does not mean that the Committee should do nothing to further capture economies and efficiencies in delivering benefits. Doing so is an important aspect of reducing waste in government spending.

In order to reduce waste and promote program efficiency, modernization of the Farm Service Agency (FSA) computer system is essential. The FSA relies on one of the oldest technology infrastructures within the Department of Agriculture (and, arguably, some of the oldest in the Federal Government). The aging technology infrastructure and equipment at FSA create inefficiencies and threaten the delivery of fundamental services to producers. The FSA computer system is used to administer 35 benefit programs which deliver approximately $15 to $25 billion per year to farmers and ranchers. The programs include 12 Production and Emergency Disaster Programs, 10 Conservation / Environmental Programs, 9 Price Support Programs, and 4 Compliance/ Reporting Functions. The Agriculture Appropriations Subcommittee is pursuing the funding needed to solve this critical issue and we will continue to work together with them.

On February 12, 2009, the Committee ordered reported H.R. 977, The Derivatives Markets Transparency and Accountability Act of 2009. The bill's amendments to the Commodity Exchange Act are designed to promote fair and transparent derivatives markets, and to give Federal regulators effective tools to guard against fraud and manipulation. If enacted, H.R. 977 should improve oversight and enforcement mechanisms that should help forestall future needs to interject massive taxpayer resources into rescuing financial institutions.

In these tough economic times it is critically important to identify waste, fraud, and abuse in government programs. Doing so is important to the nation's hard-working taxpayers who deserve value and efficiency. Every dollar of waste, fraud, and abuse identified and eliminated will help our short- and long-term deficit and debt problems.

The Committee will soon begin hearings on waste, fraud, and abuse in programs under our jurisdiction. The Committee has long viewed eliminating waste, fraud, and abuse in government programs as a critical aspect of our oversight responsibilities.

That is why when problems have been identified, we have moved quickly to address them through legislation, when needed, or by working with Administration officials to make changes in rules and regulations. The Committee's commitment to correcting problems is confirmed by our record. Here are a few examples:

The FCEA of 2008 provided a permanent, mandatory funding stream to ensure the continuation of a very successful data mining project that has identified schemes and devices used by some agents, adjusters, and producers to defraud the Federal crop insurance program. In prior acts, the Congress limited double insurance on the same acres in the same season and required that social security or tax identification numbers be used to track producers who previously would switch agents or companies for fraudulent activities.

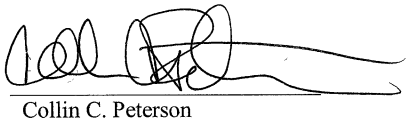
Fraud in both the commodity programs and crop insurance has been reduced by a statutory requirement that producer information be reconciled between the Farm Service Agency's commodity programs and the Risk Management Agency's crop insurance programs.

Trafficking in SNAP benefits (formerly food stamps) has been reduced substantially by requirements that EBT (electronic benefit transfer) cards be used to deliver benefits. The Committee has also legislated policies that tighten program administration to ensure that certain classes of ineligible persons (such as prisoners) do not receive SNAP benefits.

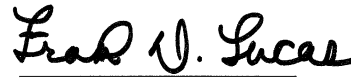
The Committee hopes that these new oversight hearings will, as have past hearings, help identify needed legislative and/or administrative remedies that will help programs under our jurisdiction operate more efficiently and effectively.

In closing, the Committee on Agriculture is mindful of the many challenges that the Committee on the Budget faces in developing the Budget Resolution for FY 2010. Given current economic conditions, doing so clearly represents a daunting task. We are grateful for your consideration of the views we have presented and look forward to providing assistance in preparation of a responsible budget resolution.

Sincerely,



Collin C. Peterson
Chairman



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