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Funding Plant and Animal Health Emergencies: Transfers from the Commodity Credit Corporation

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Funding Plant and Animal Health Emergencies: Transfers from the Commodity Credit Corporation

Summary

The Secretary of Agriculture has the authority to transfer funds from the Commodity Credit Corporation (CCC) to the Animal and Plant Health Inspection Service (APHIS) for emergency control programs. The Secretary's use of this authority has increased in recent years, and has become an issue within government concerning the method for funding plant and animal health programs.

The authority to transfer money for plant and animal health emergencies is found both in annual appropriations acts and in the *U.S. Code*. Discretion rests with the Secretary of Agriculture, who is subject to limited review when making transfers.

The definition and use of the word "emergency" have caused particular concern. Some parties interpret emergency to include only the initial occurrence of an outbreak. Others interpret emergency to include any outbreak that "threatens agricultural production" for which officials deem appropriations insufficient.

CCC transfers represent a significant source of funding for APHIS activities. Nearly all CCC transfers go to the pest and disease management function. CCC transfers rose from \$31 million in FY1998 to a high of \$378 million in FY2003, an increase of 1,100% in six years. From FY1998 to FY2003, CCC transfers averaged \$217 million annually, almost 10 times as much as over the FY1990-FY1998 period.

In recent years, the Office of Management and Budget has been concerned over the continuing and growing use of CCC funds for the eradication of plant and animal pests and diseases, which OMB says should be funded through regular appropriations after the initial outbreak. However, congressional appropriations committees have consistently reiterated that the Secretary should use the authority to transfer CCC funds, and USDA has continued its past practice of fund use.

Analysis of CCC transfers for plant and animal health emergencies from FY1998 to FY2004 leads to several observations. First, the number and value of CCC transfers has risen substantially since FY1998. Second, most of the amount transferred each year goes to just one or two emergencies. Third, several eradication programs were short-term and funded only by CCC transfers, while other programs consistently have received CCC transfers in addition to appropriations. Finally, some programs receive large, initial CCC transfers followed by progressively smaller transfers as appropriations gradually take their place.

Examples of pest and disease programs receiving CCC transfers in recent years include Asian longhorned beetle, avian influenza, BSE, citrus canker, emerald ash borer, glassy-winged sharpshooter, plum pox, and sudden oak death.

This report will be updated as events warrant.

Contents

Federal Sources for Plant and Animal Health Funds	1
Importance of CCC Transfers to APHIS	2
Authority for CCC Transfers	4
In Appropriations Acts	4
In Statute	4
For Plant Pests and Diseases	4
For Animal Pests and Diseases	5
Secretarial Discretion and Limited Review	5
Debate Between Congress and the Administration	6
OMB Position	6
Appropriations Committee Position	6
USDA Positions	7
CCC Transfers Since 1998	8
Growth in Size and Number	12
One-Time Crises	12
Ongoing Programs	12
Relation to Budget Requests and Appropriations	12
Transfers That Decline Over Time	13

List of Figures

Figure 1. CCC Transfers and APHIS Appropriations	2
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List of Tables

Table 1. CCC Transfers and APHIS Appropriations, FY1998-2004	3
Table 2. APHIS Programs Receiving CCC Transfers: Budget Requests, Appropriations, and CCC Transfers, FY1998-FY2005	9

Funding Plant and Animal Health Emergencies: Transfers from the Commodity Credit Corporation

Federal Sources for Plant and Animal Health Funds

The Secretary of Agriculture has the authority to transfer funds from the Commodity Credit Corporation (CCC) to the Animal and Plant Health Inspection Service (APHIS) for emergency control programs. The Secretary's use of this authority has increased in recent years, and has become an issue within government concerning the method for funding plant and animal health programs.

Within the U.S. Department of Agriculture (USDA), APHIS is responsible for protecting U.S. agriculture from foreign pests and diseases, responding to domestic animal and plant health problems, and facilitating agricultural trade through science-based standards.¹

APHIS receives an annual appropriation from Congress for pest and disease management, including many allocations for specific outbreaks.² But in emergencies, such as unforeseen disease outbreaks or when resources for existing eradication programs are deemed not to be sufficient, the Secretary of Agriculture may transfer funds from the CCC or other USDA accounts.

The CCC is a wholly owned government corporation with the authority to have up to \$30 billion in outstanding debt to the U.S. Treasury.³ These borrowed funds are used widely throughout USDA to finance farm commodity programs, various conservation and trade programs, and emergency spending. The CCC repays the funds it borrows from the Treasury through a periodic congressional appropriation

¹ Although some early versions of the Homeland Security Act of 2002 (P.L. 107-296) would have moved all of APHIS to the new Department of Homeland Security (DHS), the act left the majority of APHIS intact at USDA because of its scientific expertise and importance to agriculture in general. The act did transfer most of agricultural border inspection function (including about 2,680 inspectors) from APHIS to DHS. However, APHIS retains a presence in border security through pre-inspections abroad, inspecting passengers and cargo entering the mainland Hawaii and Puerto Rico, and consulting with DHS on agricultural inspection issues. For more information, see CRS Report RL32399, *Border Security: Inspections Practices, Policies, and Issues*, by Ruth Wasem et al.

² See CRS Report RL32301, *Appropriations for FY2005: U.S. Department of Agriculture and Related Agencies*, by Ralph Chite et al.

³ See CRS Electronic Briefing Book on Agriculture, "Commodity Credit Corporation (CCC) Spending," by Ralph Chite, at [<http://www.congress.gov/brbk/html/ebagr31.html>]; and the CCC Charter Act at [http://www.fsa.usda.gov/cc/cce_charter.htm].

so that its \$30 billion debt limit is not depleted. Congress generally provides this infusion through the regular annual USDA appropriation. Because of the difficulty in estimating its funding needs due to uncontrollable variables such as crop and weather conditions, the CCC receives a “current indefinite appropriation,” which allows the CCC to receive “such sums as are necessary” during the fiscal year.

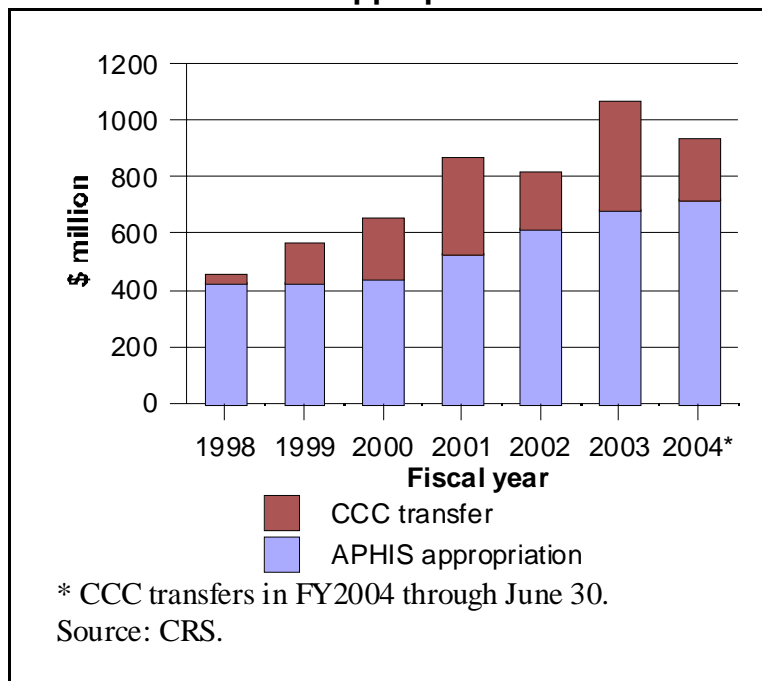
Importance of CCC Transfers to APHIS

Since 1948, the Secretary of Agriculture has had the authority to supplement APHIS appropriations for plant and animal pest and disease eradication programs by transferring money from other USDA accounts.

From FY1990 to FY1998, CCC transfers to APHIS averaged \$22 million annually and addressed one or two emergencies per year.⁴ From FY1998 to FY2003, CCC transfers averaged \$217 million annually, almost 10 times as much, and have addressed as many as 11 emergencies per year. Specifically, CCC transfers rose from \$31 million in FY1998 to a high of \$378 million in FY2003 (see **Figure 1, Table 1**), an increase of 1,100% in six years.

CCC transfers represent a significant source of funding for APHIS activities, especially compared to appropriated funds. Nearly all CCC transfers go to the pest and disease management function, since those programs address eradication and control issues directly.

Figure 1. CCC Transfers and APHIS Appropriations



⁴ See CRS Report RL31466, *Homeland Security Department: USDA Issues*, by Jean Rawson.

Over the FY1998-FY2004 period, CCC transfers were more than the amounts appropriated for pest and disease management (116%), and 28% of the total appropriation for all APHIS activities (see **Table 1**).

In recent years, pest and disease management has become the largest line item in the APHIS budget, rising from a \$96 million appropriation in FY1998 to \$335 million in FY2004. Thus, in the past two years, pest and disease management has consumed about 60% of total APHIS spending (appropriations and CCC transfers, but excluding border inspection user fees).

Table 1. CCC Transfers and APHIS Appropriations, FY1998-2004
(\$ million)

APHIS Functions	Fiscal Year							Total
	2004*	2003	2002	2001	2000	1999	1998	1998-2004
CCC Transfers to APHIS	218	378	200	335	217	143	31	1,522
APHIS Salaries & Expenses:								
Pest and Disease Exclusion	151.6	146.5	229.4	211.2	200.5	195.1	190.8	1,325
Monitoring and Surveillance	138.5	132.9	89.9	84.5	79.1	75.7	73.7	674
Pest and Disease Management	335.2	321.3	221.1	162.1	90.5	89.5	96.2	1,316
Animal Care	16.8	16.8	15.6	12.5	10.5	9.5	9.5	91
Scientific, Technical Services	74.3	65.2	60.4	55.0	53.0	51.9	52.9	413
Other	4.3	4.7	4.1	5.3	7.6	4.1	3.1	33
Subtotal: Salaries, Expenses	721	687	620	531	441	426	426	3,852
Total APHIS	939	1,066	821	866	659	569	457	5,375
CCC Transfers as % of Pest and Disease Management	65%	118%	91%	207%	240%	160%	32%	116%
CCC Transfers as % of Total	23%	35%	24%	39%	33%	25%	7%	28%

* CCC transfers in FY2004 reflect announcements through June 30, 2004.

Source: Compiled by CRS using APHIS budget office spreadsheet (7/13/2004).

Authority for CCC Transfers

The authority to transfer money for plant and animal health emergencies is found both in annual appropriations acts and in the *U.S. Code*. Such authorities date back to 1948.

In Appropriations Acts

The FY2004 Consolidated Appropriations Act (P.L. 108-199) provides the following language regarding transfers from other USDA accounts to APHIS. Similar language has appeared in appropriations from previous years, and remains in the House-passed FY2005 appropriation bill (H.R. 4766).

Provided further, that, in addition, in emergencies which threaten any segment of the agricultural production industry of this country, the Secretary may transfer from other appropriations or funds available to the agencies or corporations of the Department such sums as may be deemed necessary, to be available only in such emergencies for the arrest and eradication of contagious or infectious disease or pests of animals, poultry, or plants, and for expenses in accordance with sections 10411 and 10417 of the Animal Health Protection Act (7 U.S.C. 8310 and 8316) and sections 431 and 442 of the Plant Protection Act (7 U.S.C. 7751 and 7772), and any unexpended balances of funds transferred for such emergency purposes in the preceding fiscal year shall be merged with such transferred amounts. (P.L. 108-199)

In Statute

The Plant Protection Act (P.L. 106-224, Title IV, Sec. 402, June 20, 2000) and the Animal Health Protection Act (P.L. 107-171, Title X, Sec. 10402, May 13, 2002) provide the authorities for APHIS to conduct animal and plant health monitoring and surveillance, and to regulate and enforce such programs, including pest and disease management and eradication. These acts replace previous authorities dating back several decades, and combine such authorities into a more unified framework.

For Plant Pests and Diseases. Transfers for plant pests and diseases are addressed in 7 U.S.C. 7772 (Title 7: Agriculture, Chapter 104: Plant Protection, Subchapter IV: Authorization of Appropriations):

7 U.S.C. 7772

(a) *Authority to transfer certain funds.* In connection with an emergency in which a plant pest or noxious weed threatens any segment of the agricultural production of the United States, the Secretary may transfer from other appropriations or funds available to the agencies or corporations of the Department of Agriculture such amounts as the Secretary considers necessary to be available in the emergency for the arrest, control, eradication, and prevention of the spread of the plant pest or noxious weed and for related expenses.

(b) *Availability.* Any funds transferred under this section shall remain available for such purposes without fiscal year limitation.

(c) *Secretarial discretion.* The action of any officer, employee, or agent of the Secretary in carrying out this Act,¹ including determining the amount of and making any payment authorized to be made under this chapter, shall not be

subject to a review of longer than 60 days by any officer or employee of the Federal Government other than the Secretary or the designee of the Secretary. (Pub. L. 106-224, title IV, Sec. 442, June 20, 2000, 114 Stat. 455; Pub. L. 107-171, title VII, Sec. 7504(b), May 13, 2002, 116 Stat. 466.)

¹ This Act, referred to in (c), probably should read “this title” meaning title IV of Pub. L. 106-224, June 20, 2000, known as the Plant Protection Act.

For Animal Pests and Diseases. Using similar language to that above, transfers for animal pests and diseases are addressed in 7 U.S.C. 8316 (Title 7: Agriculture, Chapter 109: Animal Health Protection, Sec. 8316: Authorization of Appropriations):

7 U.S.C. 8316

(b) *Transfer of funds.*

(1) *In general.* In connection with an emergency under which a pest or disease of livestock threatens any segment of agricultural production in the United States, the Secretary may transfer from other appropriations or funds available to the agencies or corporations of the Department of Agriculture such funds as the Secretary determines are necessary for the arrest, control, eradication, or prevention of the spread of the pest or disease of livestock and for related expenses.

(2) *Availability.* Any funds transferred under this subsection shall remain available until expended, without fiscal year limitation.

(3) *Reviewability.* The action of any officer, employee, or agent of the Secretary in carrying out this section (including determining the amount of and making any payment authorized to be made under this chapter) shall not be subject to review of longer than 60 days by any officer or employee of the Federal Government other than the Secretary or the designee of the Secretary.

(c) *Use of funds.* In carrying out this chapter, the Secretary may use funds made available to carry out this chapter for (1) the employment of civilian nationals in foreign countries; and (2) the construction and operation of research laboratories, quarantine stations, and other buildings and facilities for special purposes.

(Pub. L. 107-171, title X, Sec. 10417, May 13, 2002, 116 Stat. 507.)

Secretarial Discretion and Limited Review

Discretion over the need and size of CCC transfers rests with the Secretary of Agriculture, and the Secretary’s decision is subject to limited review (a maximum of 60 days) by others in the government. For plants, this discretion is discussed in paragraph (c) of 7 U.S.C. 7772; for animals, in paragraph (b)(3) of 7 U.S.C. 8316.

The time limit is intended to ensure a rapid government response to agricultural health issues. Such review became important in the spring of 2004 when the White House’s Office of Management and Budget (OMB) delayed the release of funds for emerald ash borer (OMB’s position is discussed in the next section). USDA announced a \$28.2 million transfer on March 23, 2004, but administrative issues with OMB were cleared only on May 28.⁵

⁵ The Detroit News, “Federal funds to fight ash borer coming, USDA promises,” May 29, 2004, [<http://www.detnews.com/2004/metro/0405/30/metro-167621.htm>].

Debate Between Congress and the Administration

The definition and use of the word “emergency” have caused particular concern, especially given the word’s use in both statute and appropriations acts to authorize such transfers. Some parties interpret the term to include only the initial occurrence of an outbreak. Others read the authorization more generally and allow an emergency to include any outbreak that “threatens agricultural production” for which officials deem current appropriations are insufficient for eradication and control.

OMB Position

In recent years, OMB has been concerned about the continuing and growing use of CCC funds for the eradication of plant and animal pests and diseases, which OMB says should be funded through regular appropriations after the initial outbreak.

The FY 2004 Budget requested full funding for a number of important pest eradication programs, such as the Asian Longhorned Beetle, Citrus Canker, and tropical bont tick. Because the Committee’s failure to provide the requested funding will result in a need to transfer mandatory funding from the Commodity Credit Corporation, the Administration has included these additional costs in its scoring of the Committee bill. (OMB Statement of Administrative Policy on S. 1427, November 5, 2003)

OMB has called the use of CCC funds for anything but unforeseen emergencies, and especially ongoing eradication programs beyond the first or second year, “backdoor financing” that avoids the discipline of the budget process.

The FY 2002 Budget proposed that ongoing projects to combat plant pest and disease infestations be funded through the normal discretionary appropriations process. The Committee chose not to accept this approach and instead recommended that the majority of the funding be provided through transfer from the Commodity Credit Corporation (CCC). Authority to transfer funding from CCC is intended for use in emergency situations. Using this emergency authority for eradication efforts, which can be predicted, planned for, and will continue for several years, is inconsistent with the clear intent of the provision authorizing these transfers. Therefore, using emergency funding for anything other than truly unforeseen crises can be viewed as backdoor financing that avoids the discipline of the discretionary budget caps. (OMB, Statement of Administrative Policy on S. 1191, October 25, 2001, and H.R. 2330, June 27, 2001)

Appropriations Committee Position

In report language, Congressional appropriations committees have consistently reiterated that the Secretary should use the authority to transfer CCC funds for animal and plant health emergencies. The reports repeatedly reject attempts by the Administration to change the authority or ongoing process for funding emergency eradication efforts. For the FY2002 appropriation, the House report contained more extensive comments than usual for the justification to transfer CCC funds. Typically, such report language is limited to the first sentence below.

The Committee expects the Secretary of Agriculture to continue to use the authority provided in this bill to transfer funds from the Commodity Credit Corporation for the arrest and eradication of animal and plant pests and diseases that threaten American agriculture. By providing funds in this account, the Committee is enhancing the work that has begun to combat emergency outbreaks.

The Committee notes that funds appropriated in this bill are subject to obligation within the fiscal year for which they are appropriated while funds transferred from the CCC are available until expended. For example, according to USDA's fiscal year 2002 budget justifications, there is about \$65,000,000 in CCC funds that was transferred in fiscal year 2000 that was still available for obligation as of April 9, 2001. If those funds had been appropriated, they would not have been available in fiscal year 2001. The use of the Secretary's emergency authority places the Department in a better position to respond to emergencies, more so than the annual budget and appropriations cycle that takes about 18 months to complete. (H.Rept. 107-116, to accompany H.R. 2330)

USDA Positions

In the past few years, USDA has taken several positions. In its FY2002 budget request, USDA proposed creating a large, appropriated emergency fund for ongoing plant and animal health emergencies.⁶ The request included \$196 million in appropriations for ongoing emergencies that were previously funded by CCC transfers.⁷ The request was not funded by Congress.

Since the 2002 budget, USDA has not proposed such a large emergency fund, although it has proposed more modest increases in appropriations for several pest and disease programs, purportedly to reduce CCC transfers. With current budgetary pressures, OMB has signaled in recent comments about the FY2005 budget that it may be less interested in a large contingency fund for plant and animal health.

Consistent with the need for responsible spending restraint, the Administration urges the Congress to fully fund unavoidable obligations and not to include any emergency funding, including contingent emergencies. (OMB Statement of Administrative Policy on H.R. 4766, July 13, 2004)

Other Administration efforts to change the policy for CCC transfers were attempted in FY2003 and FY2004. For FY2003, the Administration proposed deleting the authority in appropriations language for emergency transfers and putting new criteria into the Agricultural Risk Protection Act.⁸ Although appropriators rejected that proposal, USDA again proposed appropriations language for FY2004

⁶ This request differed from the contingency fund of about \$4 million annually that APHIS has had for many years. The contingency fund is used for initial surveys or administrative work on new outbreaks, and is not large enough, or intended, for the actual eradication efforts and producer compensation programs, which can cost tens or hundreds of millions of dollars.

⁷ *Explanatory Notes for the President's FY2002 Budget Request*, p. 14-17.

⁸ *Explanatory Notes for the President's FY2003 Budget Request*, p. 14-17.

that did not include the usual authority for making emergency transfers.⁹ Again, Congress rejected the proposal.

In the FY2005 budget request, USDA proposes addressing the definition of emergency by deleting “in emergencies” and replacing it with “for sudden, urgent, and unforeseen circumstances.”¹⁰ The House-passed version of the agriculture appropriations bill (H.R. 4766) continues to use the old language.

Despite these past Administration positions to reduce CCC transfers, USDA has continued to use its authority and has even drawn more heavily upon the CCC. This points out that even within the Administration, USDA and OMB can have conflicting positions on the delivery of programs, even when the Administration’s budgetary and legislative requests appear more unified.

CCC Transfers Since 1998

Table 2 presents all CCC transfers for plant and animal health emergencies from FY1998 to FY2004 (FY2003 is the last complete year; FY2004 transfers are through June 30). The table includes any eradication effort having a CCC transfer during the period, and is thus a subset of all APHIS pest and disease management programs. To help compare the importance of CCC activity for a particular eradication program, the table includes the budget request (including the FY2005 request) and the appropriated amount.

Table 2 reveals several examples that relate to Congressional, USDA, and OMB positions. These are summarized below and discussed in greater detail after the table.

- The number and value of CCC transfers have risen substantially since 1998.
- Each year, most of the amount transferred goes to just one or two emergencies (e.g., BSE in 2004, Exotic Newcastle in 2003, avian influenza in 2002).
- Several control programs were short-term and funded only by CCC transfers (e.g., Belgian sheep TSE, Exotic Newcastle, hog cholera, Mormon cricket).
- Some programs consistently have received CCC transfers (e.g., Asian longhorned beetle, citrus canker, fruit fly).
- Some programs receive large CCC transfers followed by progressively smaller transfers as appropriators have time to respond through the budget cycle and formal budget requests come from the Administration (e.g., Pierce’s disease, Asian longhorned beetle, and citrus canker, and possibly sudden oak death and emerald ash borer).

⁹ *Explanatory Notes for the President’s FY2004 Budget Request*, p. 14-16.

¹⁰ *Explanatory Notes for the President’s FY2005 Budget Request*, p. 15-22.

**Table 2. APHIS Programs Receiving CCC Transfers:
Budget Requests, Appropriations, and CCC Transfers, FY1998-FY2005**
(\$ million)

Table 2. APHIS Programs With CCC Transfers, FY1998-FY2005	Fiscal Year								Total
	FY2005 est.	FY2004*	FY2003	FY2002	FY2001	FY2000	FY1999	FY1998	FY1998- FY2004*
Asian Longhorned Beetle									
Request	9.3	39.8	49.2	51.8	4.6	2.1			147.5
Appropriation	tbd	30.0	26.2	16.9	2.1	2.1	0.0	1.3 ^a	78.6
CCC Transfer	tbd		7.0	27.6	49.6	14.1	6.9		105.2
Avian Influenza									
Request	12.8	2.0							2.0
Appropriation	tbd	1.0							1.0
CCC Transfer	tbd	13.7	-16.8^b	85.2					82.1
Belgian Sheep TSE CCC Transfer					1.6	2.1			3.7
Bovine Spongiform Encephalopathy									
Request	17.0	8.3	8.4	^c	^c	^c	^c	^c	16.8
Appropriation	tbd	8.3	8.4	^c	^c	^c	^c	^c	16.8
CCC Transfer	tbd	74.9							74.9
Chronic Wasting Disease									
Request	20.1	15.0	7.2						22.2
Appropriation	tbd	18.5	14.8						33.4
CCC Transfer	tbd		10.4	12.2	2.7				25.2
Citrus Canker									
Request	52.5	56.1	59.4	37.0	20.5				173.0
Appropriation	tbd	33.4	25.6	9.1	0.0				68.2
CCC Transfer	tbd	13.3	30.4	23.1	117.5	90.8	25.0		300.1
Emerald Ash Borer									
Request	12.5								0.0
Appropriation	tbd	1.5							1.5
CCC Transfer	tbd	43.4	14.6						57.9
Exotic Newcastle CCC Transfer	tbd		220.2						220.2
Hog Cholera CCC Transfer	tbd			4.1			5.3		9.4

Table 2. APHIS Programs With CCC Transfers, FY1998-FY2005	Fiscal Year								Total
	FY2005 est.	FY2004*	FY2003	FY2002	FY2001	FY2000	FY1999	FY1998	FY1998- FY2004*
Infectious Salmon Anemia									
Request	1.0								0.0
Appropriation	tbd								0.0
CCC Transfer	tbd			8.3					8.3
Karnal Bunt									
Request	0.9	0.9	0.9			0.5			2.2
Appropriation	tbd	0.9	0.9						1.7
CCC Transfer	tbd		0.6	4.3	7.3			18.6	30.8
Fruit Fly Exclusion									
Request	63.5	61.3	64.0	56.0	55.1	25.2	22.3	21.0	304.9
Appropriation	tbd	56.7	61.7	39.0	32.5	25.5	23.0	21.0	259.4
CCC Transfer	tbd	9.8	20.4	14.1	33.6	21.1	25.7	12.4	137.2
Mormon Cricket									
CCC Transfer	tbd	20.0							20.0
National Animal ID									
Request	33.2								0.0
Appropriation	tbd								0.0
CCC Transfer	tbd	18.8							18.8
Pierce's Disease (Glassy-winged Sharpshooter)									
Request	24.0	8.5	8.5	4.0					21.0
Appropriation	tbd	22.1	17.5	8.5		0.4 ^a			48.5
CCC Transfer	tbd	5.2	8.8	8.7		22.3			45.0
Plum Pox									
Request	3.5	3.5	5.6						9.0
Appropriation	tbd	3.5	4.0						7.5
CCC Transfer	tbd	3.5			2.1	16.9			22.4
Pseudorabies									
Request	4.4	4.3	4.5	34.6	4.0	4.6	4.6	4.5	61.0
Appropriation	tbd	4.3	4.3	4.2	4.0	4.6	4.6	4.5	30.3
CCC Transfer	tbd				56.3	40.0	80.0		176.3
Rabies									
Request	21.4	19.8	25.5	16.5					61.7
Appropriation	tbd	21.1	19.8	11.8	1.5	1.5	1.5	1.3	58.3
CCC Transfer	tbd		4.9	6.6	4.2				15.7

Table 2. APHIS Programs With CCC Transfers, FY1998-FY2005	Fiscal Year								Total
	FY2005 est.	FY2004*	FY2003	FY2002	FY2001	FY2000	FY1999	FY1998	FY1998- FY2004*
Scrapie									
Request	20.9	17.1	22.6	21.0	8.0	3.0	3.2	2.9	77.9
Appropriation	tbd	15.6	15.4	3.1	3.0	3.0	3.0	2.9	46.0
CCC Transfer	tbd			6.0		10.0			16.0
Spring Viremia of Carp									
Request	1.0								0.0
Appropriation	tbd								0.0
CCC Transfer	tbd		11.7						11.7
Sudden Oak Death									
Request	2.0								0.0
Appropriation	tbd	4.5 ^d	1.7	0.8 ^a					7.0
CCC Transfer	tbd	15.5							15.5
Tuberculosis (bovine)									
Request	20.9	15.1	20.1	18.6	5.0	4.9	5.0	4.9	73.6
Appropriation	tbd	14.8	14.8	8.7	5.5	4.9	4.9	4.9	58.6
CCC Transfer	tbd		65.9		60.2				126.1
Subtotal of selected programs above									
Requests	321	252	276	239	97	40	35	33	973
Appropriations	tbd	236	215	102	49	42	37	36	717
CCC Transfers	tbd	218	378	200	335	217	143	31	1,522
	Number								
Number of programs with CCC transfers	tbd	10	11	11	10	8	5	2	22

Source: Compiled by CRS using APHIS budget office spreadsheet (7/13/2004).

* CCC transfers in FY2004 reflect announcements through June 30, 2004.

^a Transferred from the appropriated contingency fund (see note 6 on page 7).

^b Balance moved from Avian Influenza to Exotic Newcastle Disease.

^c Before FY2003, BSE activity was funded from the APHIS Health Monitoring and Surveillance function without specific requests or allocations.

^d Includes \$2 million transferred from the contingency fund, and \$0.5 million miscellaneous.

Growth in Size and Number

As mentioned above, CCC transfers to APHIS have grown from \$31 million in FY1998 to \$378 million in FY2003. In the nearly seven fiscal years from October 1, 1998 to June 30, 2004, CCC transfers exceeded \$1.5 billion. This is 116% of the cumulative APHIS appropriation for pest and disease management (see **Table 1**). The number of transfers and programs has grown also. In 1998, CCC transfers assisted with 2 eradication programs. In FY2003, CCC transfers supplemented 11 programs (see **Table 2**).

Programs to compensate producers for plants and animals that are destroyed are one reason that CCC transfers are particularly large in certain years. Such compensation programs quickly amount to tens and sometimes hundreds of millions of dollars.

Each year, the majority of the CCC transfers go to just one or two emergency programs. In FY2004, the largest transfers to date are for BSE and the associated animal ID issue. In FY2003, it was for Exotic Newcastle disease; in FY2002, for avian influenza; and in FY2000-FY2001, for citrus canker.

One-Time Crises

Some eradication efforts have received CCC funding for one-time crises, and do not have ongoing appropriations or budget requests (e.g., Belgian sheep TSE, Exotic Newcastle disease, hog cholera, and Mormon cricket).

Ongoing Programs

A few ongoing eradication programs (such as Asian longhorned beetle, citrus canker, and fruit fly) have consistently received CCC transfers annually with appropriated funds. These longer-term programs are some examples of the OMB criticism of backdoor financing.

Relation to Budget Requests and Appropriations. Continuing the example, USDA budget requests for Asian longhorned beetle and citrus canker have exceeded Congressional appropriations, but CCC transfers have more than made up the difference. Although some may conclude that Congressional underfunding has precipitated the need for CCC transfers, this is not necessarily the case.

The time line of budget requests for a future fiscal year (e.g., a request for FY2005 that is placed in February 2004) may occur before CCC transfers are initiated for the current fiscal year (e.g., March-September 2004). Thus an apparent “underfunding” in FY2005 appropriations may be due to reasonable adjustments made during the appropriations process given CCC transfers after the budget request.

Consequently, the reality of the lengthy budget process may be used in support of the timeliness argument that Congress has made for CCC transfers, especially during rapidly evolving outbreaks. However, for outbreaks that are known and not evolving in size and control methods, continuing CCC transfers could indicate that requests or appropriations were not forecast adequately.

Transfers That Decline Over Time. Some eradication programs receive large CCC transfers in the early years, with smaller transfers in subsequent years. For example, initial control activity for Pierce's disease (a.k.a., glassy-winged sharpshooter/GWSS) was funded with large CCC transfers in FY2000, followed by small and growing appropriations, and subsequently larger budget requests after FY2002. Half of the total CCC transfers occurred in the first year, with subsequent CCC transfers being much smaller and more activity being supported by appropriations.

Even programs with large and ongoing transfers (such as Asian longhorned beetle and citrus canker) have seen transfers decline as appropriations and budget requests have risen.

Similar examples may include sudden oak death and emerald ash borer. USDA did not make a specific budget request for sudden oak death until FY2005, even though Congress appropriated funds in both FY2003 and FY2004. Following a rapid geographic spread of sudden oak death in the spring of 2004, the Secretary transferred a large amount from CCC in FY2004, without needing to wait for the appropriations process. With emerald ash borer, CCC transfers occurred for two years before the Administration included a request.

In conclusion, depending on which eradication programs are chosen, examples of CCC transfers for plant and animal health emergencies may be used in support of opposing opinions about the efficacy of transfers. Certainly, the total number and value of CCC transfers has risen substantially since 1998, although most of the amount transferred each year goes to just one or two emergencies.

CCC transfers have been particularly effective for several one-time, short-term emergency responses that have been funded with only CCC transfers, before appropriations could have been enacted. However, some longer-term eradication programs continue to receive CCC transfers year after year, raising the issue of budget requests and appropriations. Finally, some programs receive large initial CCC transfers followed by progressively smaller transfers as appropriations gradually take their place — a more likely outcome as response needs evolve and become known.