



Updated May 15, 2017

Reductions to Mandatory Agricultural Conservation Programs in Appropriations Law

Federal spending for agricultural conservation programs—which assist agricultural producers with correcting and preventing natural resource concerns—generally takes two forms: (1) discretionary spending provided through annual appropriations acts and (2) mandatory spending authorized and paid for in multiyear legislation (e.g., farm bills). Historically, mandatory agricultural funding was reserved for the farm commodity programs, but it has expanded in recent years to include conservation, rural development, research, and bioenergy programs. This expansion has generated both concern and support. Some consider the expansion to be beyond the scope of the authorizing committee’s jurisdiction, while others prefer the stability of mandatory funding to that of the appropriations process.

Mandatory Conservation Spending

Large backlogs of interested and eligible producers led to new and expanded farm bill conservation programs with mandatory spending authority beginning in the mid-1980s. Currently, the level of mandatory spending for conservation is roughly five times that of discretionary agricultural conservation spending.

The Agricultural Act of 2014 (2014 farm bill, P.L. 113-79) reauthorized mandatory spending for a number of agricultural conservation programs through FY2018.

The Origin of CHIMPS

The rise in the number of agricultural programs with mandatory budget authority established by the authorizing committees has not gone unnoticed or untouched by appropriators. In recent years, appropriations bills have reduced some mandatory program spending below authorized levels. These reductions, estimated by the Congressional Budget Office, are commonly referred to as “changes in mandatory program spending” (CHIMPS). CHIMPS can offset discretionary spending that would otherwise be above discretionary budget caps.

CHIMPS = Changes In Mandatory Program Spending

Similarly, authorizing committees have also reduced mandatory spending levels from their initially enacted levels. Authorizers may make such reductions either to offset spending increases for other mandatory programs within their jurisdiction or to get credit for budget reconciliation requirements. Authorizing committee CHIMPS are not discussed in this document.

CHIMPing Conservation

Mandatory conservation spending has generally increased annually. Nonetheless, the full potential of authorized mandatory conservation spending has not been realized

because many conservation programs have been reduced or capped through annual appropriations acts since FY2003.

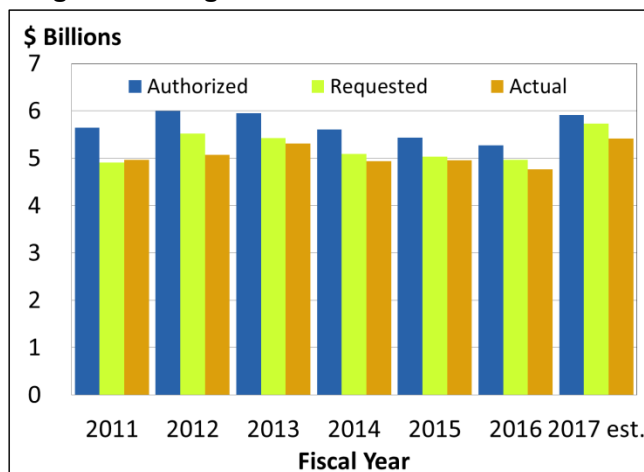
At the Administration’s Request

Many conservation program CHIMPS are at the request of the Administration. Both the Bush and the Obama Administrations have requested reductions in recent years (**Figure 1**). The mix of programs and the amount of reduction vary from year to year.

Through Appropriations Law

When appropriators limit mandatory spending, they usually do not change the text of the authorizing law. Their action has the same effect as changing the law but only for the one year to which the appropriation applies. Appropriators put limits on mandatory programs by using language such as “None of the funds appropriated or otherwise made available by this or any other Act shall be used to pay the salaries and expenses of personnel to carry out section [...] of Public Law [...] in excess of \$[...].”

Figure 1. Estimated Mandatory Conservation Program Funding



Source: CRS.

Notes: Reductions below authorized levels include CHIMPS and sequestration. FY2014 includes CHIMPS prior to enactment of the 2014 farm bill.

The Rise of Rescissions

Unlike CHIMPS, which apply only to the current fiscal year and do not typically change or permanently cancel the statutory funding authority, a rescission is a permanent cancellation of funds. The 2014 farm bill amended mandatory funding provisions for several conservation programs, allowing unobligated funds from previous years to be carried forward until expended or expired. Prior to this carryover provision, most mandatory conservation

funding was for one fiscal year. Therefore, CHIMPS effectively cancelled the funding permanently. The new carryover provision allows not only unobligated funding to be carried forward to the next fiscal year but also the portion of the authorization blocked by the prior year's CHIMPS as well. Therefore, the full amount of funding (minus any sequestration) is restored the following fiscal year and could potentially be reduced again.

This has led to a number of proposed rescissions in annual appropriations bills. A rescission permanently cancels funds, preventing the funding from being carried forward to the next fiscal year. For example, the House-reported bill (H.R. 5054) included \$173 million in CHIMPS for FY2017, and the Senate-reported bill (S. 2956) included \$252 million—or an approximate \$80 million greater reduction to authorized levels for FY2017. The difference, however, is that the House bill also incorporated \$98 million in rescissions, compared to no rescissions in the Senate bill. Thus the House bill would have reduced the total funding for conservation more than the Senate bill would have. Ultimately, the enacted FY2017 appropriation (P.L. 115-31) includes \$235 million in CHIMPS and no rescissions.

Budget Sequestration: A Further Reduction

Budget sequestration continues to impact a number of mandatory programs and reduces the authorized level available to programs. During the 2014 farm bill debate, sequestration reduced the overall baseline prior to the bill's enactment. Sequestration, combined with the farm bill's other reductions, resulted in a net reduction of over \$6 billion over 10 years for mandatory conservation programs.

Currently, sequestration does not directly reduce discretionary accounts but continues to impact mandatory programs. Sequestration is calculated on the authorized funding level and before CHIMPS. This leaves less authority for CHIMPS to conservation than previous years (**Figure 2**). However, the overall impact to conservation programs (CHIMPS + sequestration) is similar to previous years—a reduction from the authorized level.

The 2014 farm bill carryover provision is also impacted by sequestration. Not only are current-year mandatory funds subject to sequestration, but so are unobligated prior-year funds that are carried forward.

Concluding Thoughts

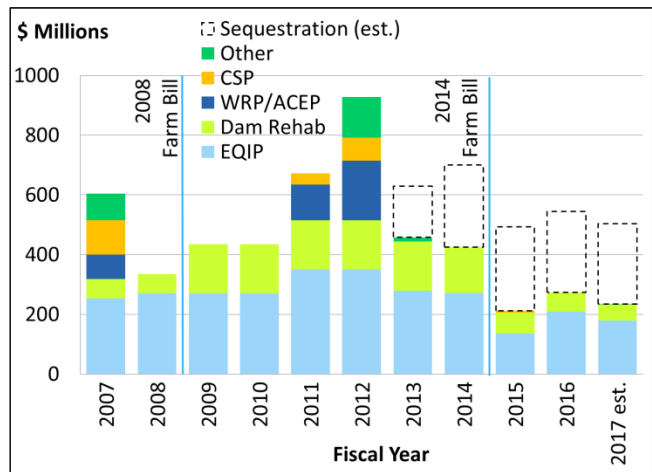
Initially, CHIMPS in appropriations law were fiercely opposed by conservation advocates. And while conservation programs continue to have broad support against reductions (now including sequestration and rescissions), the outcry has lessened slightly, possibly indicating a certain level of acceptance. Some believe that the agriculture committees might anticipate some level of funding authority reduction when they establish spending levels in an omnibus farm bill.

Additionally, reductions are not uniform among programs. Some programs, such as the Conservation Reserve Program (CRP), have not been reduced by CHIMPS or sequestration in recent years (CRP is statutorily exempt from

sequestration). Others, such as the Environmental Quality Incentives Program (EQIP), have been repeatedly reduced below authorized levels (**Figure 2**). Some programs, such as the Watershed Rehabilitation Program (Dam Rehab), have rarely been allowed to spend their mandatory authority.

Budgetary scoring methods have also led to what some argue is “double counting” for CHIMPS of authorizations that do not expire after one year. The new carryover provisions for farm bill conservation programs will allow unobligated and “CHIMPed” funding (minus any sequestration) to be restored the following fiscal year and can potentially be reduced again. Thus, successive years' CHIMPS can score savings for prohibiting spending of the same money over multiple years unless the funding is rescinded.

Figure 2. CHIMPS to Conservation Programs in Appropriations Law



Source: CRS. Sequestration estimates are from the Office of Management and Budget's *Reports to the Congress on the Joint Committee Sequestration*.

Notes: FY2008 and FY2014 include CHIMPS prior to enactment of the 2008 and 2014 farm bills, respectively. CSP = Conservation Stewardship Program, WRP = Wetlands Reserve Program (now authorized as the Agricultural Conservation Easement Program, or ACEP).

Finally, conservation advocates contend that these reductions are significant changes from the intent of the authorizing law (farm bill), undercutting many of the programs that generated political support for the farm bill's initial passage. They also point out that savings generated from conservation funding reductions are not necessarily used for other conservation or environmental activities. Those interested in reducing agricultural expenditures counter that even with these reductions, overall funding for conservation has not been significantly reduced and has increased in recent years, albeit not as much as authorized.

Megan Stubbs, Specialist in Agricultural Conservation and Natural Resources Policy

IF10041

Disclaimer

This document was prepared by the Congressional Research Service (CRS). CRS serves as nonpartisan shared staff to congressional committees and Members of Congress. It operates solely at the behest of and under the direction of Congress. Information in a CRS Report should not be relied upon for purposes other than public understanding of information that has been provided by CRS to Members of Congress in connection with CRS's institutional role. CRS Reports, as a work of the United States Government, are not subject to copyright protection in the United States. Any CRS Report may be reproduced and distributed in its entirety without permission from CRS. However, as a CRS Report may include copyrighted images or material from a third party, you may need to obtain the permission of the copyright holder if you wish to copy or otherwise use copyrighted material.