

# CRS Report for Congress

Received through the CRS Web

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

**Updated October 19, 2005**

Jim Monke  
Analyst in Agricultural Policy  
Resources, Science, and Industry Division  
Geoffrey S. Becker  
Specialist in Agricultural Policy  
Resources, Science, and Industry Division

# 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 authorizing statutes. 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 to APHIS transfers go to the pest and disease management function. Such CCC transfers rose from \$31 million in FY1998 to a high of \$378 million in FY2003, an increase of 1,100% in six years, before declining to \$168 million in FY2005. From FY1998 to FY2005, CCC transfers averaged \$211 million annually, almost 10 times as much as over the FY1990-FY1998 period.

In recent years, the Office of Management and Budget (OMB) has been concerned over the frequent use of CCC transfers for the eradication of plant and animal pests and diseases, which OMB has said 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 using the funds.

Analysis of CCC transfers for plant and animal health emergencies from FY1998 to FY2005 leads to several observations. First, the number and value of CCC transfers rose substantially from FY1998 to FY2003. Second, 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, bovine spongiform encephalopathy ("mad cow disease"), citrus canker, emerald ash borer, glassy-winged sharpshooter, plum pox, and sudden oak death.

This report will be updated if significant developments ensue.

## 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 .....	5
For Animal Pests and Diseases .....	5
Secretarial Discretion and Limited Review .....	6
Debate Between Congress and the Administration .....	6
Appropriations Committee Position .....	6
Administration Positions .....	7
CCC Transfers Since 1998 .....	9
Growth in Size and Number .....	9
One-Time Crises .....	10
Ongoing Programs .....	10
Relation to Budget Requests and Appropriations .....	10
Transfers That Decline Over Time .....	11

## List of Figures

Figure 1. CCC Transfers and APHIS Appropriations .....	2
--	---

## List of Tables

Table 1. CCC Transfers and APHIS Appropriations, FY1998-2005 .....	3
Table 2. APHIS Programs Receiving CCC Transfers: Budget Requests, Appropriations, and CCC Transfers, FY1998-FY2005 .....	12

# 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 increased in recent years, becoming 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.<sup>1</sup>

APHIS receives an annual appropriation from Congress for pest and disease management, including many allocations for specific outbreaks.<sup>2</sup> This annual appropriation is granted by Congress as new budget authority, typically as part of USDA's regular appropriation measure for any given fiscal year. 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) to supplement these annually appropriated funds.

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.<sup>3</sup> 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

---

<sup>1</sup> The Homeland Security Act of 2002 (P.L. 107-296) transferred most of the agricultural border inspection function (including about 2,680 inspectors) from APHIS to the Department of Homeland Security (DHS). Most of APHIS was left intact because of its scientific expertise and importance to agriculture in general. APHIS retains a presence in border security through pre-inspections abroad, inspecting passengers and cargo entering the mainland from Hawaii and Puerto Rico, and cooperating with DHS to determine border inspection practices. For more information, see CRS Report RL32521, *Agroterrorism: Threats and Preparedness*, by Jim Monke.

<sup>2</sup> See for example CRS Report RL32904, *Agriculture and Related Agencies: Appropriations for FY2006*, coordinated by Jim Monke.

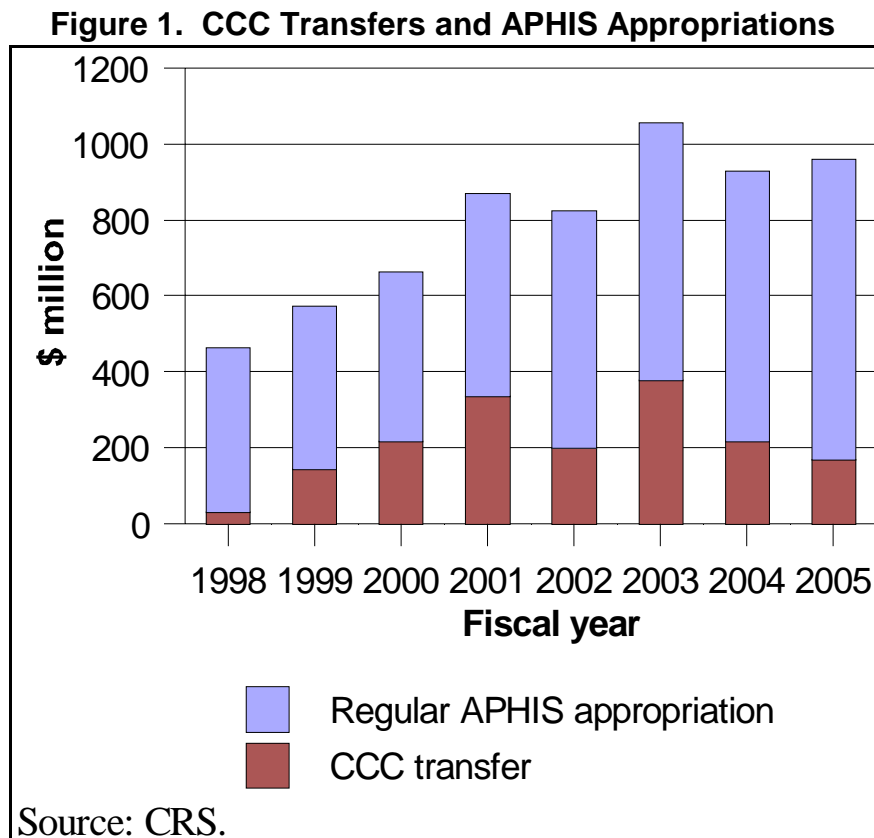
<sup>3</sup> The CCC Charter Act can be viewed at [[http://www.fsa.usda.gov/ccc/ccc\\_charter.htm](http://www.fsa.usda.gov/ccc/ccc_charter.htm)].

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

The Secretary of Agriculture has had the authority since 1948 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.<sup>4</sup> From FY1998 to FY2005, CCC transfers averaged \$211 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. They declined to \$218 million and 10 emergencies in FY2004, and then to \$168 million and five emergencies in FY2005.



<sup>4</sup> CRS Report RL31466, *Homeland Security Department: U.S. Department of Agriculture Issues*, by Jean M. Rawson.

Over the FY1998-FY2005 period, the \$1.69 billion of CCC transfers matched the \$1.69 billion amount appropriated for pest and disease management, and were 27% of the total available to APHIS from appropriations and the CCC (see **Table 1**).

In recent years, pest and disease management has become the largest line item in the APHIS budget, rising from a \$101 million appropriation in FY1998 to \$361 million in FY2005. As a share of APHIS regular salary and expense appropriation, pest and disease management now accounts for 46% of APHIS activity, up from 23% in FY1999. If CCC transfers are counted with regularly appropriated pest and disease management, the share amounts to 55% to 65% of total APHIS spending (appropriations and CCC transfers) over the past three years.

**Table 1. CCC Transfers and APHIS Appropriations, FY1998-2005**  
(\$ million)

APHIS Activity	Fiscal year								Total
	2005	2004	2003	2002	2001	2000	1999	1998	1998-2005
<b>CCC Transfers</b>	<b>168</b>	<b>218</b>	<b>378</b>	<b>200</b>	<b>335</b>	<b>217</b>	<b>143</b>	<b>31</b>	<b>1,690</b>
<b>APHIS Salaries &amp; Expenses (S&amp;E):</b>									
Pest and Disease Management	361.0	331.1	317.2	225.2	166.2	95.0	93.6	100.7	1,690
Pest and Disease Exclusion	151.1	151.6	146.5	229.4	211.2	200.5	195.1	190.8	1,476
Monitoring and Surveillance	193.0	138.5	132.9	89.9	84.5	79.1	75.7	73.7	867
Animal Care	17.0	16.8	16.8	15.6	12.5	10.5	9.5	9.5	108
Scientific, Technical Services	75.4	70.1	61.0	60.4	55.0	53.0	51.9	52.9	480
<b>Subtotal: S&amp;E*</b>	<b>791</b>	<b>712</b>	<b>679</b>	<b>625</b>	<b>535</b>	<b>446</b>	<b>430</b>	<b>431</b>	<b>4,648</b>
<b>Total: CCC+ S&amp;E</b>	<b>959</b>	<b>930</b>	<b>1,057</b>	<b>825</b>	<b>870</b>	<b>663</b>	<b>573</b>	<b>462</b>	<b>6,339</b>
<b>Percent</b>									
Pest and Disease Management as % of Salaries and Expenses	46%	46%	47%	36%	31%	21%	22%	23%	36%
CCC + Pest and Disease Management as % of total	55%	59%	66%	52%	58%	47%	41%	29%	53%
CCC Transfers as % of Pest and Disease Management	47%	66%	119%	89%	202%	229%	153%	31%	100%
CCC Transfers as % of total	18%	23%	36%	24%	39%	33%	25%	7%	27%

**Source:** Compiled by CRS using APHIS budget office spreadsheets (7/13/2004 and 10/7/2005).

\* Includes some additional miscellaneous expenses not reflected in above categories.

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

The CCC account is considered, for congressional scorekeeping purposes, to be mandatory (entitlement) spending. This is in contrast to APHIS's annual appropriation for salaries and expenses, which is considered, for scorekeeping purposes, to be discretionary spending. The Appropriations Committees write the spending levels for discretionary programs, which, in the case of APHIS, comes annually as part of the regular fiscal year appropriation bill for USDA. (Mandatory spending levels are generally determined by multi-year authorizing laws, which generally are handled by the authorizing committees, including the House and Senate Agriculture Committees.) To the extent that funds for an activity can be drawn from an account like the CCC on the mandatory side of the federal budget, the money won't have to be taken from the discretionary side of the budget (i.e., annual appropriations).

## **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 authorizing statutes for animal and plant health programs. Such authorities date back to 1948.

### **In Appropriations Acts**

The pending FY2006 USDA appropriation (H.R. 2744, both the House- and Senate-passed versions) includes the following language regarding transfers from other USDA accounts to APHIS. Identical or similar language has appeared in appropriations from previous years, including the FY2004 and the FY2005 Consolidated Appropriations Acts (P.L. 108-199 and P.L. 108-447):

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.

### **In Statute**

The Plant Protection Act (P.L. 106-224, Title IV, Section 402, June 20, 2000) and the Animal Health Protection Act (P.L. 107-171, Title X, Section 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,<sup>1</sup> 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.)

<sup>1</sup> 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, 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 for 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, for example, 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, 2004.<sup>5</sup>

## **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, interpreting an emergency to mean any outbreak that "threatens agricultural production" for which officials deem current appropriations are insufficient for eradication and control.

## **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

---

<sup>5</sup> 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>].

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.)

More recently, both the House and Senate reports accompanying the FY2006 USDA appropriation (H.R. 2744) again express similar views on use of the CCC, as follows.

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, but not replacing, the use of Commodity Credit Corporation funding for emergency outbreaks. (H.Rept. 109-102)

The Committee encourages the Secretary to continue use of contingency funding from Commodity Credit Corporation monies, as in past fiscal years, to cover needs as identified in the President's budget and any additional emergencies as the Secretary determines necessary. (S.Rept. 109-92).

## **Administration Positions**

In past years, OMB has expressed concern about the continuing and growing use of CCC funds for the eradication of plant and animal pests and diseases, which OMB has said should be funded through regular appropriations after the initial outbreak.

The FY2004 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 FY2002 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)

In the past few years, USDA itself has taken several positions. In its FY2002 budget request, USDA proposed creating a large, appropriated emergency fund for ongoing plant and animal health emergencies. The request included \$196 million in appropriations for ongoing emergencies that were previously funded by CCC transfers.<sup>6</sup> 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.<sup>7</sup> Although appropriators rejected that proposal, USDA again proposed appropriations language for FY2004 that did not include the usual authority for making emergency transfers.<sup>8</sup> Again, Congress rejected the proposal.

In the FY2005 budget request, USDA proposed addressing the definition of emergency by deleting “in emergencies” and replacing it with “for sudden, urgent, and unforeseen circumstances.”<sup>9</sup> The final version of the FY2005 agriculture appropriations bill (P.L. 108-447) does not adopt this newer language.

The FY2006 budget request proposed the same language change.<sup>10</sup> As before, neither the House nor Senate-passed version of the FY2006 USDA appropriations bill (H.R. 2744) contains the proposal.

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

---

<sup>6</sup> *Explanatory Notes for the President's FY2002 Budget Request*, pp. 14-17. This request differed from the contingency fund of about \$4 million annually that APHIS has had for many years, and that Congress continues to provide via annual appropriations. 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.

<sup>7</sup> *Explanatory Notes for the President's FY2003 Budget Request*, pp. 14-17.

<sup>8</sup> *Explanatory Notes for the President's FY2004 Budget Request*, pp. 14-16.

<sup>9</sup> *Explanatory Notes for the President's FY2005 Budget Request*, pp. 15-22.

<sup>10</sup> *Explanatory Notes for the President's FY2006 Budget Request*, pp. 15-37. As of this writing, H.R. 2744 was awaiting House-Senate conference.

might suggest, in part, that even within the Administration, USDA and OMB can have conflicting positions on the delivery of programs, even when the Administration's official budgetary and legislative requests appear more unified. It also likely reflects the fact that Congress (through annual appropriations and its instructions in accompanying report language) ultimately controls federal spending. As already noted, congressional appropriations committees have consistently reiterated that the Secretary should use the authority to transfer CCC funds, and the Secretary has done so.

## CCC Transfers Since 1998

**Table 2** presents all CCC transfers for plant and animal health emergencies from FY1998 to FY2005. 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 and the congressionally appropriated amount. (For FY2006 only, the table shows the Administration request and, respectively, the amounts in the House/Senate-passed bills.)

**Table 2** reveals several examples that relate to Congressional and Administration positions. These are summarized below and then discussed in detail.

- The number and value of CCC transfers had risen substantially since 1998 through 2003.
- Each year, a significant amount of the total 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).

## Growth in Size and Number

As mentioned above, CCC transfers to APHIS grew from \$31 million in FY1998 to \$378 million in FY2003. In the eight fiscal years from October 1, 1998 to September 30, 2005, CCC transfers exceeded \$1.6 billion. This is 100% 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 two eradication programs. In FY2003, CCC transfers supplemented 11 programs (see end of **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. Compensation programs quickly amount to tens and sometimes hundreds of millions of dollars.

Each year, the majority of the CCC transfers go to just a few emergency programs. In FY2005 the largest transfers were for citrus canker and for BSE. In FY2004, the largest transfers were for BSE and the associated animal ID issue. In FY2003, it was for Exotic Newcastle disease; in FY2002, for avian influenza; 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 have been due to reasonable adjustments made during the appropriations process after CCC transfers occurred.

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.

As noted earlier, to the extent that funds are taken from a mandatory spending account like the CCC, the money won't have to be taken from the discretionary side of the budget. This could be viewed as effectively “freeing up” discretionary funds that could be used by appropriators for other purposes, some have contended.

Another longstanding appropriations issue is Congress's use of earmarks. For example, APHIS requests, and receives in its annual appropriation, money for a program called emerging plant pests (EPP). Congress provided \$101 million for this program in FY2005, and a similar level is in both the pending House and Senate-passed appropriations for FY2006 (H.R. 2744). (USDA-APHIS requested nearly \$127 million for the program in FY2006.) The accompanying House and Senate reports each stipulate how much APHIS should devote from this program to several specific pests, such as the Asian long-horned beetle, sudden oak death, the glassy-winged sharpshooter, and emerald ash borer.

APHIS likely would be spending (and in fact has proposed) such money on eradication and control of most, if not all, of these pests — even if Congress had not required it. Nonetheless the earmarks, which consume the lion's share of the total emerging plant pests program level, in effect can limit the agency's future discretion in how to allocate the EPP appropriation. Indeed, the committees have addressed the need for any additional pest or disease funding by expressly asking the Secretary to use the CCC account (see pp. 6-7).

**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.

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 ongoing CCC transfers, 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.

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

APHIS Programs with CCC transfers	Fiscal year									Total
	FY2006*	FY2005	FY2004	FY2003	FY2002	FY2001	FY2000	FY1999	FY1998	FY1998-FY2005
Asian Longhorned Beetle										
Request	14.4	9.3	39.8	49.2	51.8	4.6	2.1			156.8
Appropriation	15.3/23.9	28.9	30.0	26.2	16.9	2.1	2.1	0.0	1.3 <sup>a</sup>	107.5
<b>CCC Transfer</b>	<b>tbd</b>			<b>7.0</b>	<b>27.6</b>	<b>49.6</b>	<b>14.1</b>	<b>6.9</b>		<b>105.2</b>
Avian Influenza (lo)										
Request	22.8	12.8	2.0							14.8
Appropriation	22.8/11.8	22.8	1.0							23.8
<b>CCC Transfer</b>	<b>tbd</b>		<b>13.7</b>	<b>-16.8<sup>b</sup></b>	<b>85.2</b>					<b>82.1</b>
Avian Influenza (hi)										
<b>CCC Transfer</b>		<b>-1.0<sup>d</sup></b>	<b>4.9</b>							3.9
Belgian Sheep TSE										
<b>CCC Transfer</b>						<b>1.6</b>	<b>2.1</b>			<b>3.7</b>
Bovine Spongiform Encephalopathy										
Request	17.2	17.6	8.4	8.4	<sup>c</sup>	<sup>c</sup>	<sup>c</sup>	<sup>c</sup>	<sup>c</sup>	34.4
Appropriation	17.2/17.2	17.0	8.4	8.4	<sup>c</sup>	<sup>c</sup>	<sup>c</sup>	<sup>c</sup>	<sup>c</sup>	33.8
<b>CCC Transfer</b>	<b>tbd</b>	<b>42.1</b>	<b>74.9</b>							<b>117.0</b>
Chronic Wasting Disease										
Request	16.9	20.1	15.0	7.2						42.3

CRS-13

APHIS Programs with CCC transfers	Fiscal year									Total
	FY2006*	FY2005	FY2004	FY2003	FY2002	FY2001	FY2000	FY1999	FY1998	FY1998-FY2005
Appropriation	16.9/18.8	18.7	18.5	14.8						52.1
<b>CCC Transfer</b>	<b>tbd</b>			<b>10.4</b>	<b>12.2</b>	<b>2.7</b>				<b>25.2</b>
Citrus Canker										
Request	39.2	52.5	56.1	59.4	37.0	20.5				225.5
Appropriation	36.6/40	36.3	33.4	25.6	9.1	0.0				104.5
<b>CCC Transfer</b>	<b>tbd</b>	<b>93.8</b>	<b>13.3</b>	<b>30.4</b>	<b>23.1</b>	<b>117.5</b>	<b>90.8</b>	<b>25.0</b>		<b>393.9</b>
Emerald Ash Borer										
Request	30.0	12.5								12.5
Appropriation	14/6	5.0	1.5							6.5
<b>CCC Transfer</b>	<b>tbd</b>	<b>18.8</b>	<b>43.4</b>	<b>14.6</b>						<b>76.7</b>
Exotic Newcastle										
<b>CCC Transfer</b>		<b>-6.0<sup>d</sup></b>	<b>-2.0</b>	<b>220.2</b>						<b>212.2</b>
Hog Cholera										
<b>CCC Transfer</b>					<b>4.1</b>			<b>5.3</b>		<b>9.4</b>
Infectious Salmon Anemia										
Request		1.0								1.0
Appropriation										0.0
<b>CCC Transfer</b>					<b>8.3</b>					<b>8.3</b>
Karnal Bunt										
Request	2.5	0.9	0.9	0.9			0.5			3.1
Appropriation	2.8/	0.9	0.9	0.9						2.6
<b>CCC Transfer</b>	<b>tbd</b>			<b>0.6</b>	<b>4.3</b>	<b>7.3</b>			<b>18.6</b>	<b>30.8</b>
Fruit Fly Exclusion										
Request	60.0	63.5	61.3	64.0	56.0	55.1	25.2	22.3	21.0	368.4
Appropriation	60/58.4	57.9	56.7	61.7	39.0	32.5	25.5	23.0	21.0	317.3



## CRS-14

APHIS Programs with CCC transfers	Fiscal year									Total
	FY2006*	FY2005	FY2004	FY2003	FY2002	FY2001	FY2000	FY1999	FY1998	FY1998-FY2005
<b>CCC Transfer</b>	<b>tbd</b>	<b>18.9</b>	<b>9.8</b>	<b>20.4</b>	<b>14.1</b>	<b>33.6</b>	<b>21.1</b>	<b>25.7</b>	<b>12.4</b>	<b>156.1</b>
Mormon Cricket										
Request	4.4	4.4	4.3	4.2						12.9
Appropriation	4.4/5.6	5.5	5.5	4.3						15.3
<b>CCC Transfer</b>	<b>tbd</b>		<b>20.0</b>							<b>20.0</b>
National Animal ID										
Request	33.3	33.2								33.2
Appropriation	33.3/32.9	33.2								33.2
<b>CCC Transfer</b>	<b>tbd</b>		<b>18.8</b>							<b>18.8</b>
Pierce's Disease (Glassy-winged Sharpshooter)										
Request	20.8	24.0	8.5	8.5	4.0					45.0
Appropriation	24/24.5	23.0	22.1	17.5	8.5		0.4 <sup>a</sup>			71.5
<b>CCC Transfer</b>	<b>tbd</b>		<b>5.2</b>	<b>8.8</b>	<b>8.7</b>		<b>22.3</b>			<b>45.0</b>
Plum Pox										
Request	2.2	3.5	3.5	5.6						12.5
Appropriation	2.2./2.2	3.4	3.5	4.0						10.9
<b>CCC Transfer</b>	<b>tbd</b>					<b>2.1</b>	<b>16.9</b>			<b>19.0</b>
Pseudorabies										
Request	4.4	4.4	4.3	4.5	34.6	4.0	4.6	4.6	4.5	65.4
Appropriation	4.4/4.4	4.3	4.3	4.3	4.2	4.0	4.6	4.6	4.5	34.6
<b>CCC Transfer</b>	<b>tbd</b>	<b>-6.4<sup>d</sup></b>				<b>56.3</b>	<b>40.0</b>	<b>80.0</b>		<b>169.9</b>
Rabies										
Request	25.6	21.4	19.8	25.5	16.5					83.1
Appropriation	25.6/21.6	23.1 <sup>a</sup>	21.1	19.8	11.8	1.5	1.5	1.5	1.3	81.4
<b>CCC Transfer</b>	<b>tbd</b>			<b>4.9</b>	<b>6.6</b>	<b>4.2</b>				<b>15.7</b>

## CRS-15

APHIS Programs with CCC transfers	Fiscal year									Total
	FY2006*	FY2005	FY2004	FY2003	FY2002	FY2001	FY2000	FY1999	FY1998	FY1998-FY2005
Scrapie										
Request	19.3	20.9	17.1	22.6	21.0	8.0	3.0	3.2	2.9	98.7
Appropriation	19.3/19	17.8	15.6	15.4	3.1	3.0	3.0	3.0	2.9	63.8
<b>CCC Transfer</b>	<b>tbd</b>	<b>-0.7<sup>d</sup></b>			<b>6.0</b>		<b>10.0</b>			<b>15.3</b>
Spring Viremia (Carp)										
<b>CCC Transfer</b>				<b>11.7</b>						<b>11.7</b>
Sudden Oak Death										
Request	1.4	1.5	2.0							3.5
Appropriation	3/3.1	3.0	3.1	1.7	0.8 <sup>a</sup>					8.6
<b>CCC Transfer</b>	<b>tbd</b>	<b>9.5</b>	<b>15.5</b>							<b>25.0</b>
Tuberculosis (bov.)										
Request	16.7	20.9	15.1	20.1	18.6	5.0	4.9	5.0	4.9	94.5
Appropriation	15/15	14.8	14.8	14.8	8.7	5.5	4.9	4.9	4.9	73.4
<b>CCC Transfer</b>	<b>tbd</b>			<b>65.9</b>		<b>60.2</b>				<b>126.1</b>
White Spot Syndrome										
<b>CCC Transfer</b>		<b>-0.1<sup>d</sup></b>	<b>0.7</b>							<b>0.6</b>
<b>Subtotal of selected programs above</b>										
Requests		324	258	276	239	97	40	35	33	1,303
Appropriations		316	240	215	102	49	42	37	36	1,037
<b>CCC Transfers</b>		<b>168</b>	<b>218</b>	<b>378</b>	<b>200</b>	<b>335</b>	<b>217</b>	<b>143</b>	<b>31</b>	<b>1,690</b>
<b>Number of programs with CCC transfers</b>		<b>5</b>	<b>10</b>	<b>11</b>	<b>11</b>	<b>10</b>	<b>8</b>	<b>5</b>	<b>2</b>	<b>22</b>

**Source:** Compiled by CRS using APHIS budget office spreadsheets (7/13/2004 and 10/7/2005) and *Explanatory Notes for the President's FY2006 Budget*. FY2006: House and Senate report language, respectively; final action was pending as of this writing.

## CRS-16

- a. Transferred from the appropriated contingency fund (see note 6 on page 8). FY2005, \$1.5 million of total represents such a transfer from this contingency fund.
- b. Balance moved from Avian Influenza to Exotic Newcastle Disease.
- c. Before FY2003, BSE was funded from APHIS Health Monitoring and Surveillance function without specific requests or allocations.
- d. In FY2005, APHIS redirected \$1 million from High Pathogen (hi) Avian Influenza, \$4.2 million from Exotic Newcastle Disease, and \$2.75 million from pseudorabies to BSE testing.  
Also in FY2005, APHIS redirected an additional \$1.7 million from Exotic Newcastle Disease, \$3.7 million from pseudorabies, \$689,000 from scrapie, and \$91,000 from white spot syndrome to citrus canker.