



Agri-Pulse update

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House and Senate reach budget conference agreement

Senate and House negotiators reached an agreement on a \$2.9 trillion budget plan for fiscal year 2008, including a \$20 billion reserve fund for agriculture. The agreement also would allow \$954 billion in discretionary spending---\$21 billion more than President Bush requested—and sets the stage for a veto threat on future appropriations bills.

“This budget provides a fiscally responsible plan for our country,” said Senate Budget Committee Chairman Kent Conrad (D-ND). “It balances the budget by 2012. It provides for an extension of middle-class tax cuts. And it funds the nation’s priorities, including a strong national defense, improving veterans’ health care, expanding children’s health care, and increasing our investment in education. **We’ve been placed in a deep hole. This plan will begin to dig us out.**”

For agricultural interests, the measure provides no new funding unless cuts are made elsewhere or new revenues are found. The resolution creates a pay-as-you-go rule in the Senate that would require new mandatory spending or tax cuts to be offset. The House adopted its pay-as-you-go rule earlier this year.

During a press conference yesterday, Senate Agriculture Committee Chairman Tom Harkin (D-IA) described the reserve fund for agriculture as essentially “funny money.” However, in a statement issued today, his response was much more diplomatic and upbeat.

“The budget resolution provides up to \$20 billion in a deficit neutral reserve fund for the farm bill. This will give us considerable new funding provided we find offsets in the budget,” explained Harkin. **“That is a challenge given the tight budget situation.** Nevertheless, I can justify additional spending to address our farm, food and energy needs and will continue working to secure additional funding as we move forward.”

Sen. Judd Gregg (R-NH), who is the ranking minority member of the Senate Budget Committee, described the budget agreement as **“disappointing” and lamented the fact that the four GOP conferees to the budget conference were excluded from most meetings.**

“The Senate and House-passed budgets included the largest tax increase in U.S. history, billions in new spending, and no attempt to address the long-term fiscal crisis posed by entitlement programs. As one of four Republican conferees to the budget conference committee, I would have liked the opportunity to address the serious problems included in this budget.”

Final passage of the conference agreement is expected later this week.

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