



California Agricultural Commissioners and Sealers Association (CACASA)

Issue Fact Sheet

Issue: CCC Charter Act

Background: The Commodity Credit Corporation (CCC) was created to: stabilize, support, and protect farm income and prices; help maintain balanced and adequate supplies of agricultural commodities, products, foods, feeds, and fibers; and help in their orderly distribution. CCC buys and sells commodities and accumulates losses. Each year, Congress replenishes CCC losses. That replenishment is accomplished through mandatory spending which is not subject to normal appropriations limitations.

To fulfill its mission of protecting the country's animal and plant resources from pests and diseases, USDA-APHIS must be able to react immediately when pest or disease outbreaks pose a serious economic threat to American agriculture. Public Law 97-46, enacted September 25, 1981, granted the Secretary of Agriculture authority to assist in controlling and eradicating plant pests and contagious or infectious animal and poultry diseases. This Law also empowers the Secretary to transfer funds to APHIS for use in controlling outbreaks of insects, plant diseases, and animal and poultry diseases. Although the Secretary is authorized to transfer funds from any USDA agency or corporation, the funds are typically transferred from the Commodity Credit Corporation (CCC) and provided to APHIS as no-year funds. When the Secretary transfers money to APHIS from CCC, those transfers simply become part of the losses. APHIS' part of these losses is relatively small.

Section 10201 Pest and Disease Management and Disaster Recovery of the 2008 Food, Conservation, and Energy Act of 2008 (Public Law 110-246) directs the Secretary of Agriculture to make available CCC funds to implement the section incrementally, starting with \$12 million in fiscal year (FY) 2009, \$45 million in FY 2010, and \$50 million in FY 2011 and thereafter.

During the FY 2009 apportionment process, OMB raised a legal question regarding the use of CCC funds to pay administrative expenses. The legal question derived from language in the 1996 Farm Bill that prescribed, "After September 30, 1996, the total amount of all allotments and fund transfers from the Corporation under this section (including allotments and transfers for automated data processing or information resource management activities) for a fiscal year may not exceed the total amount of the allotments and transfers made under this section in fiscal year 1995."

In December 2008, OMB approved the APHIS' apportionment request to use \$12 million in FY09 from CCC, contingent upon resolution of the legality of using these funds to pay administrative expenses.

Status: On February 17, 2009, Congress adopted the American Recovery and Reinvestment Act (ARRA) of 2009 (Public Law No: 111-5) and included the following legislative language in Section 103 allowing CCC funds to be used for administrative costs for fiscal years 2009 and 2010.

Action Item: For FY 2011 and beyond, allow CCC-derived funds to be used for administrative costs in implementing Section 10201 of the 2008 Food, Conservation, and Energy Act of 2008 (Public Law 110-246).