



Analysis of the Omnibus Spending Package

Early yesterday morning, the House and Senate Appropriations Committees filed a \$1.15 trillion Omnibus spending bill for the remaining ten months of FY 2016 ending September 30, 2016. The bill includes funding for the 12 annual appropriations bills and reflects the increased domestic discretionary funding provided by the Bipartisan Budget Act of 2015, enacted on November 2.

The package is well over a thousand pages so below are some highlights in select areas.

Food and Drug Administration: Received a \$132 million increase over the FY 2015 enacted level (total budget of roughly \$4 billion). Notably, within the FDA's total budget, food safety activities are increased by \$104.5 million.

USDA: The bill provides \$21.75 billion in discretionary funding for the U.S. Department of Agriculture - \$925 million above the fiscal year 2015 enacted level and \$34 million below the president's budget request. Essentially, programs of consequence to WG members are fully funded in this budget.

Interior: In an effort to fix a long standing problem, the wildfire fighting and prevention budget was increased to \$4.2 billion for programs within the Department of the Interior and the Forest Service. This is \$670 million above the 2015 enacted level and includes \$1 billion in firefighting reserve funds. The bill also includes \$37 million as the federal share of the CALFED program which is designed to improve water management in the Delta. Finally, the WaterSmart program also received an additional \$50 million appropriation which will be used on water conservation technologies across the West.

Homeland Security: The bill provides \$819 million for cybersecurity operations, an increase of \$66 million over 2015 levels. This is meant to "improve the Federal Network Security and Network Security Deployment programs to help blunt cyberattacks and foreign espionage, and safeguard, enhance, and improve the Department's IT systems and cybersecurity capabilities." This increase is in response to the cyberattack that occurred on government networks last year. All government IT systems were taken down in an effort to repair holes which induced significant delays in the processing of H-2A applications. The increase in funding is meant to strengthen our systems to avoid future attacks and interruptions.

Obamacare: Three notable changes were made to Obamacare in this bill. First, the so-called "Cadillac" tax on high-cost benefit packages was delayed by two years. The Cadillac tax is a 40 percent nondeductible tax on employer-provided plans that provide high-cost benefits. The second big change, one publicly championed by the House GOP, was the elimination of the "risk corridor program," which was supposed to pay \$2 billion to insurance companies to defray the costs of transitioning to exchanges under Obamacare. But a Senate Democratic aide explained in news accounts the flip side of getting rid of risk corridors: The third change is the

inclusion of \$12 billion in tax breaks to health insurance companies. Democrats hope this change will reduce premiums for Americans insured in exchanges by 3 percent in 2017, when premium rates were otherwise expected to rise significantly. Looking at it another way, one way to lower premiums under Obamacare was eliminated in favor of another.

Policy Riders

Only two of the multiple contentious policy riders that held up negotiations for weeks made it into the final bill, namely reforms to the Visa Waiver program and a lift on the ban of exporting U.S. oil.

In order to advance a bill, one of the many major concessions in the negotiations was made by Republicans when they gave up provisions blocking EPA & Army Corp of Engineers implementation of the Waters of the U.S. (WOTUS) rule. It should be noted, however, that implementation of the WOTUS rule remains under a stay granted by a federal court. Also of note, there were no policy items included that addressed GMO labeling.

The bill contains some minor policy riders that are important. Significantly the bill repeals mandatory Country of Origin Labeling (COOL) requirements for certain meat products. The requirement is in violation of World Trade Organization trade standards, and would have resulted in + \$1 billion trade retaliation by other nations if continued. Repealing this provision as part of the bill will mean no retaliation by Mexico or Canada against American products- for the ag industry. Potatoes, cherries and apples were on the Canadian retaliatory tax list.

With respect to child nutrition, the bill provides local schools flexibility, and a potential exemption, to implement whole grain nutrition standards if the school can demonstrate a hardship when procuring whole grain products. The bill also ensures further reductions in new school nutrition sodium standards will not take effect until supported by more scientific studies. Critically for WG, a companion school lunch requirement that mandates schools serve fruits and vegetables as part of every meal was NOT changed, exempted or otherwise altered.

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