

Report for Congress

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Appropriations for FY2003: U.S. Department of Agriculture and Related Agencies

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Appropriations are one part of a complex federal budget process that includes budget resolutions, appropriations (regular, supplemental, and continuing) bills, rescissions, and budget reconciliation bills. The process begins with the President's budget request and is bounded by the rules of the House and Senate, the Congressional Budget and Impoundment Control Act of 1974 (as amended), the Budget Enforcement Act of 1990, and current program authorizations.

This report is a guide to one of the 13 regular appropriations bills that Congress passes each year. It is designed to supplement the information provided by the House and Senate Appropriations Subcommittees on Agriculture. It summarizes the current legislative status of the bill, its scope, major issues, funding levels, and related legislative activity. The report lists the key CRS staff relevant to the issues covered and related CRS products.

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Appropriations for FY2003: U.S. Department of Agriculture and Related Agencies

Summary

On February 4, 2002, the Administration released its FY2003 budget request, which included an estimated \$74.062 billion in budget authority for the U.S. Department of Agriculture (USDA) and related agencies. The requested funding for FY2003 is \$600 million above the total FY2002 appropriation of \$73.464 billion. The FY2002 total includes a regular appropriation of \$72.928 billion (P.L. 107-76) and a \$535 million supplemental in response to the terrorist attacks (P.L. 107-117). Requested discretionary spending is up \$870 million from the FY 2002 enacted level, primarily because of a \$400 million increase in spending within the WIC program, and a \$316 million requested increase in discretionary P.L. 480 overseas food aid.

On June 26, 2002, the agriculture subcommittee of the House Appropriations Committee completed markup of the FY2003 agriculture appropriations bill (unnumbered as yet). The full House Appropriations Committee completed its markup of the measure on July 11 with only a few report language amendments. The \$74.306 billion House committee measure is \$243 million above the Administration FY2003 request and \$243 million above the FY2002 level that includes supplementals. Of the total provided in the bill, \$17.6 billion is for discretionary programs, an amount equal to the allocation given to the subcommittee by the full committee and \$179 million above the Administration request for discretionary programs. House floor action on the measure is expected in mid-July. Senate committee action is expected during the week of July 22.

In its markup of the FY2003 agriculture appropriations bill, the House Appropriations Committee 1) rejected an Administration proposal to eliminate funding for three ongoing watershed programs and replace them with regular funding for the Emergency Watershed Program; 2) fended off proposed amendments to modify farm commodity program payment limits contained in the recently enacted 2002 farm bill and to provide assistance to specialty crop growers; 3) funded special research grants proposed to be terminated by the Administration, and eliminated funding for a mandatory research program; 4) expressed concern over an Administration proposal to reduce mandatory foreign food aid spending; 5) increased funding over FY2002 for food safety and animal and plant health inspection activities reflecting increased government responsibility to protect the food supply from terrorist attacks; and 7) increased USDA food and nutrition program spending by \$4 billion over FY2002, in line with the Administration request, including \$3.2 billion more for the food stamp program.

Separately, conferees are debating a second FY2002 supplemental appropriations measure (H.R. 4775) that will provide additional funding for the ongoing war against terrorism. Both measures contain funding for USDA and related agencies – \$105 million in the House-passed bill and \$405 million in the Senate-passed version. A multi-billion dollar emergency natural disaster assistance package for farmers, which is not currently included in either the House or Senate-passed version of H.R. 4775, might be offered as a floor amendment to the regular FY2003 agriculture appropriations bill.

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Appropriations for FY2003: U.S. Department of Agriculture and Related Agencies

Most Recent Developments

On July 11, 2002, the full House Appropriations Committee completed markup of the FY2003 agriculture appropriations bill (unnumbered, as yet). The House Appropriations Committee bill contains total funding of \$74.31 billion for USDA and related agencies, approximately \$243 million above the President's FY2003 request. The House measure is \$842 million above the FY2002 appropriated level that included \$535 million in emergency supplemental spending. Floor action on the bill is expected late in the week of July 15 or the week of July 22. Senate committee action on its version of the bill is expected by the end of July.

Meanwhile, conferees are working on a supplemental FY2002 funding measure (H.R. 4775) that will provide additional funds primarily for the ongoing war against terrorism. Included in both the House- and Senate-passed versions of the measure are additional funds for USDA and related agencies – \$105 million in the House bill and \$405 million in the Senate bill. Separately, the Farm Security and Rural Investment Act of 2002 (P.L. 107-171, the 2002 farm bill) was signed into law on May 13, 2002, authorizing certain USDA mandatory programs for the next 6 years.

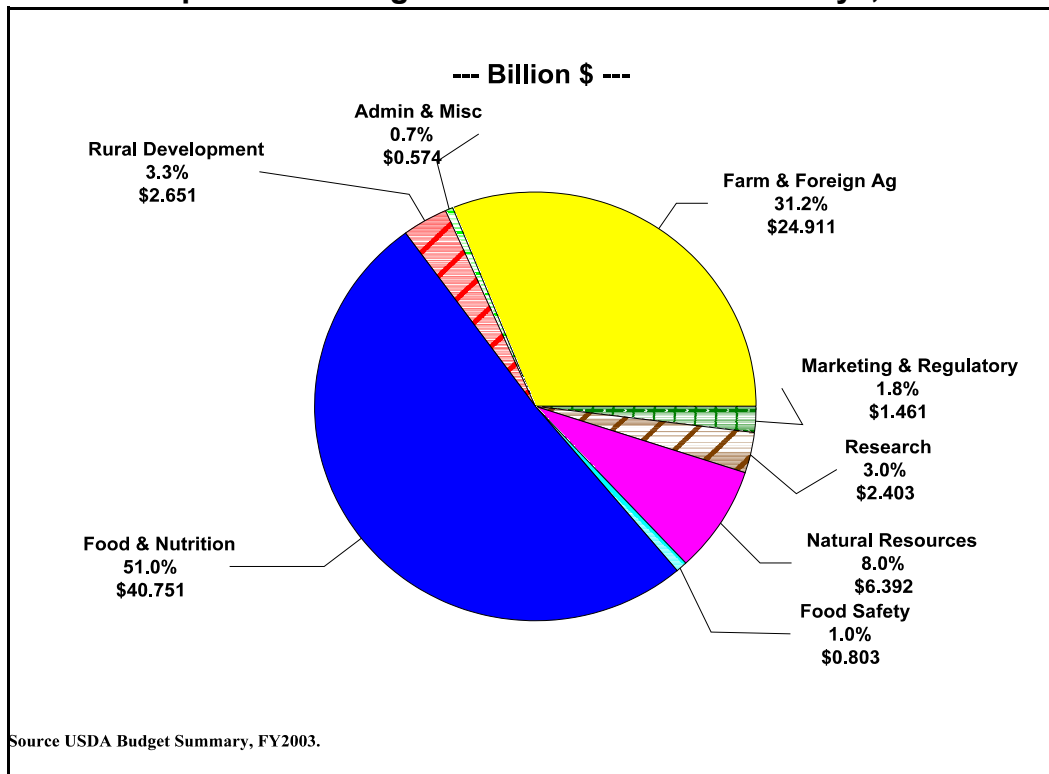
USDA Spending at a Glance

The U.S. Department of Agriculture (USDA) carries out its widely varied responsibilities through approximately 30 separate internal agencies and offices staffed by some 100,000 employees. USDA is responsible for many activities outside of the agriculture budget function. Hence, spending for USDA is not synonymous with spending for farmers.

USDA gross outlays for FY2001 (the most recently completed fiscal year) were \$79.95 billion. The mission area with the largest gross outlays (\$40.75 billion or 51% of spending) was for food and nutrition programs – primarily the food stamp program (the costliest of all USDA programs), various child nutrition programs, and the Women, Infants and Children (WIC) program. The second largest mission area in terms of total spending is for farm and foreign agricultural services, which totaled \$24.9 billion, or 31.2% of all USDA spending. Within this area are the programs funded through the Commodity Credit Corporation (e.g., the farm commodity price and income support programs and certain mandatory conservation and trade programs), crop insurance, farm loans, and foreign food aid programs.

USDA spending in FY2001 also included \$6.4 billion (8%) spent on an array of natural resource and environment programs, approximately three-fourths of which was for the activities of the Forest Service, and the balance for a number of discretionary conservation programs for farm producers. (USDA's Forest Service is funded through the Interior appropriations bill, and is the only USDA agency not funded through the annual agriculture appropriations bill.) USDA programs for rural development (\$2.65 billion in gross outlays for FY2001); research and education (\$2.4 billion); marketing and regulatory activities (\$1.46 billion); meat and poultry inspection (\$803 million); and departmental administrative offices and other activities (\$574 million) account for the balance of USDA spending.

Figure 1
U.S. Department of Agriculture Actual Gross Outlays, FY2001



Mandatory vs. Discretionary Spending

Approximately three-fourths of total spending within the U.S. Department of Agriculture is classified as mandatory, which by definition occurs outside the control of annual appropriations. Currently accounting for the vast majority of USDA mandatory spending are: the farm commodity price and income support programs (including ongoing programs authorized by the 1996 farm bill and emergency programs authorized by various appropriations acts); the food stamp program and child nutrition programs; the federal crop insurance program; and various agricultural conservation and trade programs.

Although these programs have mandatory status, many of these accounts ultimately receive funds in the annual agriculture appropriations act. For example,

the food stamp and child nutrition programs are funded by an annual appropriation based on projected spending needs. Supplemental appropriations generally are made if and when these estimates fall short of required spending. An annual appropriation also is made to reimburse the Commodity Credit Corporation for losses it incurs in financing the commodity support programs and the various other programs it finances.

The other 25% of the USDA budget is for discretionary programs, which are determined by funding in annual appropriations acts. Among the major discretionary programs within USDA are Forest Service programs; certain conservation programs; most of its rural development programs and research and education programs; agricultural credit programs; the supplemental nutrition program for women, infants, and children (WIC); the Public Law (P.L.) 480 international food aid program; meat and poultry inspection, and food marketing and regulatory programs. Funding for all USDA discretionary programs (except for the Forest Service) is provided by the annual agriculture appropriations act. Funding for Forest Service programs is included in the annual Interior appropriations act.

A key distinction between mandatory and discretionary spending involves how these two categories of spending are treated in the budget process. Congress generally controls spending on mandatory programs by setting rules for eligibility, benefit formulas, and other parameters rather than approving specific dollar amounts for these programs each year. Eligibility for mandatory programs is usually written into authorizing law, and any individual or entity that meets the eligibility requirements is entitled to the benefits authorized by the law. Spending for discretionary programs is controlled by annual appropriations acts. The thirteen subcommittees of the House and Senate Appropriations Committees originate bills each year which decide how much funding to devote to continuing current activities as well as any new discretionary programs.

Table 1. USDA and Related Agencies Appropriations, FY1994 to FY2002
(budget authority in billions of dollars)

	FY94	FY95	FY96	FY97	FY98	FY99	FY00	FY01	FY02
Discretionary	\$14.59	\$13.29	\$13.31	\$13.05	\$13.75	\$13.69	\$13.95	\$15.07	\$16.02
Mandatory	\$56.25	\$54.61	\$49.78	\$40.08	\$35.80	\$42.25	\$61.95	\$58.34	\$56.91
Total Budget Authority	\$70.84	\$67.90	\$63.09	\$53.12	\$49.55	\$55.94	\$75.90	\$73.41	\$72.93

Note: Includes regular annual appropriations for all of USDA (except the Forest Service), the Food and Drug Administration, and the Commodity Futures Trading Commission. Excludes all emergency supplemental appropriations.

Source: House Appropriations Committee.

Recent Congressional Action

FY2003 Budget Resolution

The full House approved its version of an FY2003 budget resolution (H.Con.Res. 353) on March 20, 2002. The Senate Budget Committee completed markup of its version of the resolution (S. Con. Res. 100) during the week of March 18, 2002. Senate floor action is pending. The budget resolution establishes a framework for all federal spending and revenue for FY2003 and does not require presidential approval. Although the FY2003 budget resolution has not been resolved, the House and Senate Appropriations Committees have made FY2003 discretionary spending allocations to each of their thirteen subcommittees to fund their respective annual appropriations bills. These so-called 302b allocations are based on the amount of total discretionary spending contained within the House and Senate versions of the FY2003 budget resolution. The agriculture subcommittee of the House Appropriations Committee received an allocation of \$17.601 billion for the funding of all USDA and related agency programs under the subcommittee's jurisdiction. Because total discretionary spending is higher in the Senate version of the budget resolution, the Senate Appropriations Committee allocated \$17.980 billion to its agriculture subcommittee.

FY2002 Supplemental Appropriations

An FY2002 supplemental appropriation measure is currently pending before Congress. The Administration had requested \$27.1 billion in emergency supplemental funding to continue the war on terrorism and provide additional assistance for New York City, and aviation security as well as other homeland security needs. Both the House and Senate versions of the bill contain more than the Administration request. The \$28.8 billion House bill (H.R. 4775) passed the full House by a 280-138 vote on May 24, 2002. The Senate version (originally introduced as S. 2551, but passed as a Senate amendment to H.R. 4775) was approved by a 71-22 vote on June 7, 2002. Funding requested and provided in these measures is in addition to \$20 billion in FY2002 supplemental funding already provided in an earlier supplemental measure (P.L. 107-117) primarily in response to the September 11, 2001 terrorist attacks. (See Table 3.)

Both the House- and Senate-passed versions of the pending supplemental measure contain funding for USDA and FDA. The only Administration request for new supplemental funding within USDA was \$75 million for the Special Supplemental Nutrition Program for Women, Infants, and Children (WIC) program to address rising caseload requirements. Both versions of H.R. 4775 concur with this request and provide additional funding for other various programs. In total, the House-passed bill provides FY2002 supplemental funding of \$105 million for USDA and related agencies; the Senate-passed measure provides \$405 million. The differences between the two measures are summarized in Table 2 below. Both measures also contain rescissions of USDA spending. The House measure includes a \$450 million reduction in the *authorized* mandatory spending level for the Export Enhancement Program (EEP) in FY2002 (from \$478 million to \$28 million), although *actual* spending for EEP has been close to \$0 in recent years.

A Senate amendment to provide emergency disaster assistance to crop and livestock farmers suffering losses due to drought, floods, and other natural disasters was introduced during debate on the supplemental, but was not offered on the Senate floor. Earlier, a \$2.3 billion assistance package was included in the Senate-passed version of the 2002 farm bill (P.L. 107-171), but was deleted by conferees. An attempt might be made to offer a disaster assistance amendment to the FY2003 agriculture appropriations bill on the Senate floor. The Administration is opposed to such emergency assistance, stating that adequate farm financial assistance has been provided through the recently enacted 2002 farm bill.

**Table 2. Pending FY2002 Supplemental Bill (H.R. 4775):
USDA and Related Agencies Provisions**

-million \$-

Department, Agency, Office or Programs	House- Passed	Senate- Passed
USDA		
Office of the Secretary Upgrades of facilities for homeland security	–	18.0
Agricultural Research Service Salaries and Expenses: (Animal and plant diseases) Buildings and Facilities: (Security for Ames, IA animal disease research facility)	– –	16.0 50.0
Cooperative State Research, Education, and Extension Service Extension Activities: National extension program of first response in rural areas in the event of a disaster	–	16.0
Animal and Plant Health Inspection Service Salaries and Expenses: Protection against bio-terrorism threats Buildings and Facilities: Security measures	10.0	60.0
Food Safety and Inspection Service: Foreign country equivalence agreements (House) International oversight activities for imported meat and poultry (Senate)	2.0	15.0
Natural Resources Conservation Service Emergency Watershed Program: Natural disasters	–	100.0
Food and Nutrition Service Women, Infants and Children (WIC) Program	75.0	75.0
Rural Community Advancement Program Protection of Rural Water Supplies from Terrorism	–	25.0
Rural Utilities Service Local Television Loan Guarantee Program	–	20.0
Agricultural assistance to producers along the Rio Grande due to failure of Mexico to deliver water under current treaty	–	10.0
USDA Total	87.0	405.0
Food and Drug Administration: Medical devices and radiological health	18.0	–
Grand Total before Rescissions: USDA and FDA	105.0	405.0
Rescissions: Export Enhancement Program limitation Rural Utilities Service	(450.0)	(20.0)

Table 3. FY2002 Enacted Supplemental Appropriations for USDA and Related Agencies, P.L. 107-117

-million \$-

Department, Agency, Office or Programs	Enacted Supplemental Level
USDA	
Office of the Secretary Facility security and other counter-terrorism needs	80.919
Agricultural Research Service Salaries and Expenses: (Security Needs) Buildings and Facilities: (Plum Island, NY and Ames, IA facilities)	40.0 73.0
Animal and Plant Health Inspection Service Salaries and Expenses: Quarantine inspection, pest detection, animal health monitoring Buildings and Facilities: Security measures	105.0 14.081
Food Safety and Inspection Service	15.0
Women, Infants and Children (WIC) Program	39.0
USDA Total	367.0
Food and Drug Administration: Salaries and Expenses: Vaccines, human drugs and devices, food safety activities, and physical security	151.1
Commodity Futures Trading Commission: Agency recovery in NYC following 9/11 and mitigation	16.9
Grand Total: USDA, FDA, CFTC	535.0

The 2002 Farm Bill (P.L. 107-171)

The President signed into law on May 13, 2002 the Farm Security and Rural Investment Act of 2002 (P.L. 107-171, the 2002 farm bill) which establishes federal farm policy for the next 6 years. The FY2002 budget resolution (H.Con.Res. 83) permitted the House and Senate Agriculture Committees to report omnibus farm legislation that increased mandatory spending by \$73.5 billion over 10 years (FY2002-2011) on USDA-administered farm, conservation, trade, food and nutrition and related programs. The Congressional Budget Office projects that the enacted 2002 farm bill will increase mandatory spending by \$44.1 billion over the 6-year life of the act and \$73.5 billion over 10 years, as permitted by the budget resolution. (For more information, see the CRS Electronic Briefing Book Page, *What is the Cost of the 2002 Farm Bill?*).

A number of provisions that were considered during the farm bill debate but were not included in the conference agreement might resurface as floor amendments to the FY2003 agriculture appropriations bill. These include possible consideration of a multi-billion dollar emergency disaster payment package for 2001 and/or 2002 crop and livestock losses; more stringent payment limitations for farm commodity price and income support programs; and a prohibition on meat packers from owning

livestock. For more information on the omnibus farm bill, see the CRS electronic resource, Agriculture Policy and the Farm Bill Briefing Book.

FY2003 Agriculture Appropriations Action

Administration's Request. As the first step in the FY2003 appropriations process, the Bush Administration released its budget request on February 4, 2002. Within the budget, the Administration requested FY2003 budget authority of \$74.064 billion for the U.S. Department of Agriculture and related agencies (which includes all of USDA except the Forest Service, and also includes the Food and Drug Administration and the Commodity Futures Trading Commission.) The \$74.064 billion requested for FY2003 is \$1.14 billion above the *regular* appropriations of \$72.928 billion made in FY2002 (P.L. 107-76). It is \$600 million above the *total* FY2002 appropriations of \$73.463 billion, which also includes a \$535 million supplemental appropriation (within P.L. 107-117) made to various USDA programs, FDA, and CFTC in response to the September 11 terrorist attacks.

The requested \$17.4 billion for discretionary accounts is \$1.4 billion above regular discretionary appropriations of \$16.0 billion made in FY2002, and \$870 million above the total appropriation of \$16.55 billion that includes the \$535 million supplemental. Accounting for \$368 million of the requested increase in discretionary spending for USDA and related agencies is the Administration's assumption of a legislative proposal that would require all federal agencies to assume the full cost of accruing employee pensions and retiree health benefits beginning in FY2003.¹

Table 4. Congressional Action on FY2003 Appropriations for the U.S. Department of Agriculture and Related Agencies

Subcommittee Markup Completed		House Report	House Passage	Senate Report	Senate Passage	Conference Report	Conference Report Approval		Public Law
							House	Senate	
6/26/02	**	** Markup completed 7/11/02	**	**	**	**	**	**	**

** = Pending

House Action. The agriculture subcommittee of the House Appropriations Committee and the full House Appropriations Committee completed their respective markups of the FY2003 agriculture bill (unnumbered as yet) for USDA and related agencies on June 26 and July 11, 2002, respectively.

¹ Although the total Administration request for FY2003 includes the estimated \$368 million to fund this proposal, this report (in conformance with the presentation of data by the House Appropriations Committee) does not allocate these requested funds across individual agencies.

Total appropriations in the House committee-reported bill are \$74.306 billion, of which \$17.601 billion are for discretionary programs, and \$56.705 billion for mandatory USDA programs. The \$17.601 billion for discretionary programs is exactly equal to the 302b allocation given to the subcommittee by the full committee, (see “FY2003 Budget Resolution” above), and \$180 million above the President’s request for FY2003. The discretionary level in the House bill is \$908 million higher than what was provided in FY2002 including supplementals, or \$1.4 billion higher than the regular FY2002 appropriations excluding emergency supplementals.

Senate Action. Senate subcommittee and full committee action on its version of the bill is tentatively scheduled for the week of July 22.

FY2003 Agriculture Appropriations: Proposed Spending Levels and Current Issues

The following sections compare the House Appropriations Committee reported bill with the Administration’s FY2003 request and the FY2002 enacted level for various mission areas and agencies within USDA, and for FDA. Also see the table at the end of the report for a tabular summary of the FY2003 request in comparison to the FY2002 appropriations. This report and the table will track congressional action on the FY2003 agriculture appropriations bill as the process continues and information is made available by the committees.

Farm Commodity Support

Most spending for USDA’s mandatory agriculture and conservation programs is funded through USDA’s Commodity Credit Corporation (CCC). The CCC is a wholly owned Government corporation. It has the legal authority to borrow up to \$30 billion at any one time from the U.S. Treasury. These borrowed funds are used to finance the spending of ongoing programs such as farm commodity price and income support activities (including annual production flexibility contract, or so-called AMTA, payments and loan deficiency payments); and various agricultural conservation and trade programs. The CCC has also been the funding source for a large portion of emergency supplemental spending over the years, particularly for ad-hoc farm disaster payments, and direct market loss payments to growers of various commodities which have been provided in response to low farm commodity prices. The CCC will also be the funding source for all mandatory farm commodity, conservation or trade programs authorized by the recently enacted 2002 farm bill (P.L. 107-171).

The CCC must eventually repay the funds it borrows from the Treasury. But, because the CCC never earns more than it spends, its losses must be replenished periodically through a congressional appropriation so that its \$30 billion borrowing authority (debt limit) is not depleted, which would render the corporation unable to function. Congress generally provides this infusion through the regular annual USDA appropriation law. Because of the degree of difficulty in estimating its funding needs, which is complicated by crop and weather conditions and other uncontrollable variables, the CCC in recent years has received a “current indefinite appropriation,” which in effect allows the CCC to receive “such sums as are

necessary” during the fiscal year for previous years’ losses and current year’s losses. Indefinite appropriations have become more common for the CCC in recent years, particularly in FY2000 when CCC net outlays in that year totaled \$32 billion. Without an indefinite appropriation, the CCC would have exhausted its \$30 billion borrowing limit.

For FY2003, the Administration requests an indefinite appropriation for the CCC estimated at \$16.285 billion, compared with an estimated \$20.279 billion for FY2002. The House Appropriations Committee reported bill concurs with this request and estimate.

Farm Disaster Assistance. The President’s request does not anticipate any emergency supplemental spending for economic or natural disaster assistance for farmers in either FY2002 or FY2003, which if enacted would alter CCC spending. The Administration contends that the \$73.5 billion in new farm bill spending over 10 years provides adequate financial assistance to farmers, and that additional ad hoc assistance is not necessary.

Conferees of the 2002 farm bill deleted a Senate provision that would have made available \$1.8 billion for 2001 crop year losses and \$500 million in livestock assistance. Instead the farm bill authorizes a permanent livestock disaster assistance program, subject to annual appropriations. The House Appropriations Committee reported bill makes available \$100 million in regular FY2003 discretionary spending for payments to livestock producers with 2002 livestock losses in a disaster designated area. The FY2003 appropriations measure does not contain any disaster assistance for crop farmers. An amendment to provide assistance to specialty crop growers (primarily fruits and vegetables) was defeated by a vote of 29-31 in the full House Appropriations Committee markup. Proponents of crop disaster assistance might offer a floor amendment to provide such aid. For information on available farm disaster assistance, see CRS Report RS21212, *Farm Disaster Assistance*.

Payment Limits. The 2002 farm bill established annual limits for recipients of farm commodity support payments. Supporters of payment limits argue that the federal government should not directly finance the consolidation of farms into larger and larger operations through commodity support programs. Critics of payment limits counter that all farms are in need of support when market prices decline, and larger farms should not be penalized for the economies of size they have achieved. An amendment to further limit a recipient’s total farm program payments might be offered to the FY2003 agriculture appropriations bill on the House floor. For more on this issue, see the CRS Electronic Briefing Book Page, *Commodity Program Payment Limits Under the 2002 Farm Bill*.

Crop Insurance

The federal crop insurance program is administered by USDA’s Risk Management Agency (RMA). It offers basically free catastrophic insurance to producers who grow an insurable crop. Producers who opt for this coverage have the opportunity to purchase additional insurance coverage at a subsidized rate. Most policies are sold and completely serviced through approved private insurance companies that have their program losses reinsured by USDA. The annual

agriculture appropriations bill makes two separate appropriations for the federal crop insurance program. It provides discretionary funding for the salaries and expenses of the RMA. It also provides “such sums as are necessary” for the Federal Crop Insurance Fund, which funds all other expenses of the program, including premium subsidies, indemnity payments, and reimbursements to the private insurance companies.

The House Appropriations Committee reported bill provides \$70.7 million for FY2003 RMA salaries and expenses, the only discretionary component of the federal crop insurance program. The House level is \$2.1 million below the Administration request of \$72.8 million only because the House bill does not concur with the Administration request to shift GSA rent expenses from a central account to individual agency accounts. The Administration request is \$4 million below the FY2002 appropriation of \$74.75 million. Most of the reduction in the FY2003 funding request is attributable to one-time costs in FY2002 for implementing the Agricultural Risk Protection Act (P.L. 106-224), which provided increased subsidies and made other enhancements to the crop insurance program.

For mandatory expenses of the crop insurance program (premium subsidy, program losses and reimbursements to private insurance companies), the Administration requests “such sums as are necessary” and estimates an FY2003 appropriation of \$2.89 billion, which is virtually equal to the FY2002 estimate of \$2.90 billion. The House Appropriations Committee reported bill concurs with the FY2003 request.

Annual spending on the crop insurance program is difficult to predict in advance and is dependent on weather and crop growing conditions. The crop insurance program received legislative enhancements in 2000 (P.L. 106-224) which have contributed to significantly higher farmer participation in the program. The Administration maintains that the increased participation has resulted in windfall profits for the private insurance companies. Hence, the budget request contains a legislative proposal to require private insurance companies to absorb more of the risk of the program by limiting their underwriting gains to 11.5% of retained premiums. The House Appropriations Committee reported bill does not concur with this proposal.

For more background on crop insurance, see CRS Report RL30739, *Federal Crop Insurance and the Agriculture Risk Protection Act of 2000 (P.L. 106-224)*.

Farm Service Agency

While the Commodity Credit Corporation serves as the *funding* mechanism for the farm income support and disaster assistance programs, the *administration* of these and other farmer programs is charged to USDA’s Farm Service Agency (FSA). In addition to the commodity support programs and most of the emergency assistance provided in recent supplemental spending bills, FSA also administers USDA’s direct and guaranteed farm loan programs, certain conservation programs and domestic and international food assistance and international export credit programs.

FSA Salaries and Expenses. This account funds the administrative expenses for program administration and other functions assigned to the FSA. These funds consist of appropriations and transfers from CCC export credit guarantees, from P.L. 480 loans, and from the various direct and guaranteed farm loan programs. All administrative funds used by FSA are consolidated into one account. For FY2003, the Administration requests an appropriation of \$993.6 million for FSA salaries and expenses, compared with \$939 million appropriated in FY2002. Most of the requested increase is attributable to increased pay costs and a lack of carryover funds from FY2002. (FY2002 funding was bolstered by a \$29 million carryover from FY2001. No carryover is expected into FY2003.) The requested level for FY2003 does not reflect any new activities associated with the recently enacted 2002 farm bill. The House Appropriations Committee-reported bill provides \$977 million, \$17 million less than the Administration request. Explaining the difference is that the President's request includes a one-time shift in funds of \$17 million for rental payments to GSA from a central USDA account to the FSA salaries and expenses account, which is not included in the Committee bill.

FSA Farm Loan Programs. Through FSA farm loan programs, USDA serves as a lender of last resort for family farmers unable to obtain credit from a commercial lender. USDA provides direct farm loans and also guarantees the timely repayment of principal and interest on qualified loans to farmers from commercial lenders. FSA farm loans are used to finance the purchase of farm real estate, help producers meet their operating expenses, and financially recover from natural disasters. Some of the loans are made at a subsidized interest rate. An appropriation is made to FSA each year to cover the federal cost of making direct and guaranteed loans, referred to as a loan subsidy. Loan subsidy is directly related to any interest rate subsidy provided by the government, as well as a projection of anticipated loan losses caused by farmer non-repayment of the loans.

For FY2003, the Administration requests an appropriation of \$212.2 million to subsidize the cost of total direct and guaranteed farm loans of \$3.8 billion. It also assumes \$28 million in loan subsidy will be carried over from FY2002 to support \$164 million in emergency disaster loans. Current appropriations for FY2002 were \$217 million in loan subsidy to support \$3.89 billion in total loans. Lending levels have been higher in recent years because an FY2000 supplemental act (P.L. 106-113) provided significant emergency funding for various USDA farm loan programs, from which balances were carried over into subsequent years. Supplemental funding has been provided in recent years for federal farm loans in response to low farm commodity prices, which have diminished the ability of farmers to secure commercial farm loans. The House Appropriations Committee bill also provides funding to support \$3.8 billion in FY2003 farm loans, as requested by the Administration.

Agricultural Trade and Food Aid

The House Appropriations Committee reported bill recommends budget authority of \$1.491 billion in FY2003 for USDA's international activities that are

subject to annual appropriations (P.L. 480 food aid, salaries and expenses of the Foreign Agricultural Service, and administrative expenses for managing export credit guarantee programs.) The House Committee level is \$367 million greater than enacted in FY2002 and \$41.5 million greater than requested by the President for FY2003. Almost all of the additional funding would go to food aid programs. Among its general provisions, the House Committee bill limits funding for one of USDA's export subsidy programs, the Export Enhancement Program (EEP), to not more than \$28 million in FY2003. These recommendations imply a program level of around \$6.0 billion for all of USDA's international activities—food aid, export credit guarantees, export market development, and export subsidies.² The Administration's budget estimate of a program level of \$6.45 billion for FY2003 was based on estimated spending for EEP of \$478 million. The program levels for USDA's international activities were estimated at \$6.4 billion in FY2002, and were \$5.22 billion in FY2001.

Increased budget authority requested for FY2003 reflects a decision by the Administration to phase out food aid that is dependent on surpluses and to pay for much of U.S. foreign food aid with discretionary rather than mandatory spending. Although the Committee bill recommends increases in budget authority for discretionary food aid programs, the Committee report also stresses the continuing importance of commodity assistance and the use of surplus commodities in U.S. food aid programs.

FAS Salaries and Expenses. The Foreign Agricultural Service (FAS) administers USDA's international programs. The administration of P.L. 480 Food for Peace, however, is shared between USDA and the U.S. Agency for International Development (USAID). USDA is responsible for Title I of P.L. 480, which provides low-interest, long-term loans to developing countries to finance the purchase of U.S. food products, while USAID is responsible for Title II (commodity donations) and Title III (a bilateral food grant program). FAS (and the Farm Service Agency—FSA) administer the export credit guarantee programs as well. For salaries and expenses of FAS, the House Committee bill recommends budget authority of almost \$130 million, compared with the President's request of \$131.6 million and the FY2002 enacted amount of \$121.8 million. In addition, the Committee recommends \$4.1 million for administrative expenses of FAS and FSA in connection with the export credit programs.

Foreign Food Aid: Funding and Issues. Within the \$1.491 billion of recommended budget authority requested for discretionary programs, the Committee bill provides \$1.357 billion for P.L. 480 (Food for Peace) programs, which have been the main channel for U.S. foreign food aid and are the largest appropriated international USDA program. The recommended amount is \$358 million greater

² Program level is an estimate of the value of all goods and services provided through USDA's international activities. Program level exceeds budget authority because certain significant federal credit programs, such as export credit guarantees funded through the borrowing authority of the Commodity Credit Corporation (CCC), do not require annual appropriations. Only administrative expenses and loan subsidies, not the value of the loan or guarantee, require an appropriation. In addition, CCC funded activities, such as EEP, MAP, and FMDP, which are included in program level, do not require annual appropriations.

than the FY2002 enacted amount and \$43 million greater than the President's FY2003 request. Compared to the budget request, the Committee bill increases Title II commodity donations by \$15 million and Title I loans by \$28 million. The budget request is estimated by USDA to support 3.7 million metric tons of P.L. 480 commodity assistance to developing countries in FY2003.

Despite the recommended increases in budget authority, the program level for all U.S. food aid would decline to \$1.2 billion, compared with an estimated \$1.61 billion in FY2002 and \$1.66 billion in FY2001. The reduction in program level is due to the Administration's decision to curtail sharply reliance on another food aid vehicle, Section 416(b) surplus commodity donations. Section 416 is funded through the borrowing authority of the Commodity Credit Corporation, and is therefore not subject to annual appropriations. The Administration expects to use only about \$50 million in Section 416 commodities (mostly surplus nonfat dry milk) in FY2003, compared with an estimated \$360 million in Section 416 commodities in FY2002 and \$634 million in FY2001.

Proposed reductions in Section 416 (which in past years have not necessarily been achieved) are rationalized by a recent Administration review of food aid that also recommended (and is in the budget) that all programs now run through private voluntary organizations (PVOs), cooperatives, and the World Food Program be placed in USAID, with USDA food aid activities confined to government-to-government programs. Consistent with this approach, the Administration shows no CCC funding in FY2003 for Food for Progress (FFP) which provides U.S. commodities to developing countries and emerging democracies. CCC funding of this program has averaged around \$100 million annually in recent years. Any FFP activity would be limited to government-to-government programs under P.L. 480 Title I. Reauthorization of the FFP program in the 2002 farm bill (P.L. 107-701), with continued reliance on CCC funding, complicates the efforts of the Administration to phase out CCC-funded food aid programs.

The Administration's decisions to phase out Section 416(b) commodity donations and to limit the proportion of commodities that are monetized (i.e., sold) to finance projects have provoked controversy. Food aid providers, such as private voluntary organizations (PVOs) and cooperatives, agribusiness suppliers of commodities to the food aid programs, and Members of Congress have criticized the Administration's decisions on food aid. These groups welcome the increase in Title II commodity donations, but maintain that the net effect of the Administration's decision will be to reduce U.S. foreign food aid. Reflecting these views, the House Committee report endorses the use of commodities (and monetization) in U.S. food aid programs and points out that it "expects" the Administration to take its views into consideration in administering food aid programs. While some food aid groups agree that food aid should not be based on the availability of surpluses (as is the case with Section 416(b)), they maintain that substantially more funds for food aid than requested by the President or provided in the House Committee bill are needed.

The use of commodity surpluses to augment U.S. food aid has been criticized by the European Union, Australia, and other agricultural exporting countries as an effort to circumvent U.S. World Trade Organization (WTO) export subsidy reduction commitments. These trading partners argue that much of U.S. food aid is being used

to manage supplies rather than to meet emergency needs and that large food aid shipments impede sales of agricultural products by and between developing countries. The issue of food aid and international agricultural trading rules is being pursued by U.S. trading partners in the new round of multilateral trade negotiations launched at the end of 2001.

Mandatory Trade Programs. In addition to Section 416(b) and Food for Progress, many other USDA international programs are not subject to direct annual appropriations, and instead are funded through CCC borrowing authority. About two-thirds of the proposed FY2003 program level, \$4.22 billion, would be for CCC export credit programs, which guarantee payment for commercial financing of U.S. agricultural exports. The export value of credit guarantees historically has not reached the levels anticipated in budget requests due to actual market conditions and credit needs.

U.S. export credit programs have also been raised as an issue in WTO agricultural trade negotiations. The EU and other trading partners charge that the program has a subsidy element (although it is much less than the subsidy represented by the EU's export restitution program) and gives the U.S. an unfair competitive advantage in exporting certain agricultural commodities. The U.S. has been engaged in negotiations on export credit programs in the Organization for Economic Cooperation and Development (OECD), but these negotiations did not succeed and have been suspended. Any changes in the U.S. program that might result from trade negotiations would have to withstand scrutiny by House and Senate Agriculture Committees which strongly support the programs as they are presently constituted.

For other CCC-funded programs, the Administration proposes \$90 million for the market access program (MAP) and \$28 million for the foreign market development cooperator program (FMDP), the same as current year funding. Both programs – which have been expanded significantly by the 2002 farm bill (P.L. 107-701) – assist trade associations and others to develop overseas markets for U.S. farm products. For one CCC-funded direct export subsidy program, the Export Enhancement Program (EEP), the House Committee bill limits spending to \$28 million. In contrast, the Administration had proposed \$478 million for EEP, the maximum permitted by the 1996 farm law and world trade obligations (although only about \$1 million annually has been used in recent years). For the other export subsidy program, the Dairy Export Incentive Program (DEIP), the President's budget anticipates that \$63 million would be provided also reflecting maximum permitted levels under trade obligations.

No additional funding is in the FY2003 budget request for the Global Food for Education Initiative (GFEI), a pilot school and child nutrition program begun by the Clinton Administration and expected to cost an estimated \$230 million. USDA said a decision on continuation will hinge on the results of an evaluation. However, the new farm bill (P.L. 107-171) mandates \$100 million of CCC funding to continue this program in FY2003 and "such sums as necessary" in fiscal years 2004-2007. Finally, the Administration proposes that all costs of the "cargo preference" law, which requires that 75% of all food aid be shipped on U.S. flag vessels when feasible, would be borne by USDA; currently, the U.S. Maritime Administration reimburses USDA for one-third of those costs.

Agricultural Trade with Cuba. Members who support the sale of U.S. agricultural products to Cuba (permitted now under provisions enacted as part of the FY2001 agriculture appropriations act (P.L. 106-387)) have indicated they plan to offer amendments to relax specific prohibitions included in the act. The House bill, as reported, does not include any Cuba trade provisions. Supporters of opening Cuba trade seek to repeal the permanent prohibition on the use of private U.S. financing to facilitate agricultural exports to Cuba, and to repeal the statutory ban on any ship that visits Cuba from calling on an American port for 180 days. Those supporting these changes view these restrictions as complicating and impeding trade that is now permitted. Currently, agricultural sales to Cuba are permitted only on a cash basis or if financed by third country banks. Under the recent exception made to the U.S. embargo on Cuba, the Cuban government since November 2001 has purchased on a cash basis \$90 million of U.S. agricultural commodities and food products. Despite the shipping ban provision, the Department of Treasury has authority to make exceptions, and issued licenses for ships to enter U.S. ports to load agricultural products for transport to Cuba. The Administration has indicated it would veto legislation that relaxes the embargo in any way including the private financing prohibition, until Cuban reforms occur. For more information, see the CRS electronic briefing book page, *Economic Sanctions and Agricultural Exports*.

For more information on agricultural trade and food aid, see CRS Issue Brief IB98006, *Agricultural Export and Food Aid Programs* and CRS Issue Brief IB10077, *Agricultural Trade Issues in the 107th Congress*.

Natural Resources and Environment

The natural resources and environment mission area within USDA is implemented through the programs of the Natural Resources Conservation Service (NRCS), the Farm Service Agency (FSA), and the Forest Service. (Funding for the Forest Service is provided in the annual Interior appropriations bill, and is not discussed further.) Conservation spending combines discretionary spending, requested by the Administration at \$1.05 billion for NRCS and FSA in FY2003, and mandatory funding, currently estimated at just over \$3.0 billion for FY2003, according to CBO estimates which includes \$1.0 billion in new spending authorized by the recently enacted 2002 farm bill (P.L. 107-171). Legislative authority for many of the mandatory conservation programs were slated to expire in FY2002. The new farm bill sets future authorization levels through FY2007 for these programs. Under this new law, overall mandatory conservation funding is expected to grow by about 80%, increasing by a total of \$9.2 billion through FY2007 (and \$17.1 billion through FY2011, assuming no changes in policy), according to CBO.

Discretionary Programs. The House Appropriations Committee reported bill provides \$1.02 billion for all discretionary conservation programs within USDA, \$30 million below the Administration request of \$1.05 billion, but \$58 million above the FY2002 appropriation of \$962.1 million. Explaining much of the difference between the House level and the request is a \$48.7 million request for Emergency Conservation Program that is not included in the House bill. The largest discretionary conservation program is Conservation Operations (CO), most of which supports technical assistance. The Administration recommends an appropriation of \$841 million for CO, up \$62 million or 8%, compared with the FY2002

appropriation of \$779 million. Of this increase, \$48 million would pay for technical assistance in helping animal feeding operations comply with clean water regulations. The House Appropriations Committee bill recommends a CO funding level of \$843.6 million for FY2003, which is \$64.6 million above FY2002 and \$2 million above the Administration's request. The committee report identifies almost 50 earmarks, many of which are extended from earlier years. Some earmarks are for specific projects or sites and others are for activities, such as providing \$3 million for animal feeding operation pilot projects. The House Committee recommends that the grazing lands conservation initiative continue to be funded as an earmark at \$21.5 million in FY2003, even though the recently enacted 2002 farm bill authorized appropriations of \$60 million annually.

The Administration requests no appropriation in FY2003 for its three ongoing watershed programs: Watershed and Flood Prevention Operations (\$106.6 million appropriated in FY2002), Watershed Surveys and Planning (\$11 million in FY2002) and Watershed Rehabilitation Program (\$10 million in FY2002). Instead, it requests \$110 million for Emergency Watershed Protection, which is the average of annual spending over the past 10 years, so that USDA would have funds on hand to provide immediate assistance after a natural disaster. (Currently, the emergency programs typically are funded in supplemental acts after a disaster strikes, so assistance may not be available for several months or longer after the damage occurs. For example, the Senate-passed FY2002 supplemental bill (H.R. 4775) would add \$100 million for the Emergency Watershed Program.) The House Appropriations Committee bill does not concur with the Administration request to consolidate accounts into the Emergency Watershed Protection account. Instead, the Committee recommends \$110 million for Watershed and Flood Prevention Operations, with numerous earmarks, \$11.2 million for Watershed Surveys and Planning, and no funding for Emergency Watershed Protection. It limits spending for technical assistance to \$45.5 million of the total and spending for activities related to protecting threatened and endangered species to \$1 million. Also, it concurs with the Administration request by not including any funding for the Watershed Rehabilitation Program.

The Administration also requests no funding in FY2003 for the Forestry Incentives Program, which is terminated by the 2002 farm bill. (It was funded at \$7 million in FY2002). The Emergency Conservation Program, an FSA-funded program which helps producers repair damaged farmland following a disaster, is usually funded through emergency supplemental appropriations. However, the Administration assumes that FY2003 spending will be the average of the past 10 years, \$48.7 million, and requests the availability of this level of funding in regular appropriations, which it says would enable it to more rapidly respond to emergencies. The Administration requests almost level funding for the Resource Conservation and Development Program, to support activities in designated RC&D districts, at \$49.1 million. The House Committee bill concurs by not providing any funding for the Forestry Incentive Program. But it differs from the request by not funding the Emergency Conservation Program and by providing an increase of more than \$7 million, to \$55.1 million, for the Resource Conservation and Development Program.

Mandatory Programs. Of the mandatory conservation programs administered by USDA and funded through the borrowing authority of the

Commodity Credit Corporation, the Administration assumes full funding of \$200 million for the Environmental Quality Incentives Program (EQIP) in FY2003 even though budget authority expires after FY2002 (under provisions in the 1996 farm bill). Most of the other mandatory conservation programs have either reached their authorized ceilings (set in dollars or acres), or have been unfunded because of limitations enacted each year in appropriations legislation. The largest mandatory conservation program is the Conservation Reserve Program (CRP), which pays farmers to retire from production highly erodible and environmentally sensitive land.

Late last year, USDA reported that there were about 35.1 million acres enrolled in the CRP, almost 10% of the country's cropland. It was approaching its ceiling of 36.4 million acres, which was raised to 39.2 million acres by the 2002 farm bill. The budget assumes FY2003 outlays of \$1.856 billion to fund existing and new contracts. Most other mandatory funding programs will grow rapidly; examples include the Wetlands Reserve Program, which will grow from 1.075 million acres (by 250,000 acres per year) to 2.275 million acres and the Environmental Quality Incentives Program, which will grow from \$200 million annually to \$1.3 billion annually, by the end of FY2007. Although the Administration stated its support for increased funding for conservation programs in its comments about the 2002 farm bill, its budget request for FY2003 does not include any of the anticipated increases.

The House Committee bill, as reported, limits EQIP funding to \$695 million in Section 746 (a savings of \$5 million from the authorized level) and limits WRP enrollment to 245,833 acres in Section 745 (a reduction of 4,177 acres from the authorized level, or \$5 million in savings). The Committee bills also limits expenditures for a new mandatory program, the Conservation Security Program, to a single state, Iowa, making it a pilot program (savings of \$3 million in FY2003). This program will provide assistance to farmers for the first time in FY2003 to install conservation practices on land in production.

For more information on USDA conservation issues, see CRS Issue Brief IB96030, *Soil and Water Conservation Issues*, and for more information on the farm bill conservation provisions, see CRS Report RL31486, *Resource Conservation Title of the 2002 Farm Bill: A Comparison of New Law with Bills Passed by the House and Senate, and Prior Law*.

Agricultural Research, Education, and Economics

The House Appropriations Committee report bill provides \$2.370 billion for USDA's four research, education, and economics (REE) agencies in FY2003. This is \$14 million above the Administration's request but \$46 million below the FY2002 combined total of \$2.417 billion in regular and emergency appropriations (\$2.3 billion provided under regular annual appropriations, and \$113 million in supplementals.)

Four agencies carry out USDA's REE function. The Department's in-house research agency is the Agricultural Research Service (ARS), which provides scientific support to USDA's action and regulatory agencies and conducts long term, high risk, basic and applied research on subjects of national and regional importance. The National Agricultural Library merged with ARS in the 1994 USDA

reorganization. The Cooperative State Research, Education, and Extension Service (CSREES) is USDA's liaison with state-level research, education, and extension programs at the land grant Colleges of Agriculture. The Economic Research Service (ERS) provides economic analysis of agriculture issues using its databases as well as data collected by the National Agricultural Statistics Service (NASS). ARS, CSREES, ERS, and NASS are under the Undersecretary for Research, Education, and Economics.

Agricultural Research Service (ARS). The House Committee bill provides \$1.1 billion for ARS, USDA's in-house science agency. Of that amount, \$1 billion would support ARS's research programs, and \$95.3 million supports modernizing and building ARS facilities. This represents a 2% increase in research funding and a 20% decrease in facilities funding from the FY2002 regular appropriation. In FY2002, supplemental funding provisions in P.L. 107-117 provided \$50 million to ARS for constructing a high security bio-containment facility at its National Animal Disease Center in Ames, Iowa, and \$23 million for upgrading its foreign animal disease research lab on Plum Island, New York. The President's budget requested \$971.4 million for ARS research and \$16.6 million for construction projects for FY2003.

For FY2003, the Administration proposed reducing spending in certain core research areas by \$15 million and closing certain labs, in order to increase funding for ARS research in selected high priority areas. As in past years, the House Committee bill does not concur with proposed terminations and closures and "directs the continuation of these important research laboratories and fully restores funding of \$15 million identified for reduction...." The Committee also inserted language in the report blocking the expenditure of any funds to conduct a review of the quality and relevance of ARS research, stating that the National Academy of Science is due to release a similar study sometime in 2002.

Congressional Response to Bioterrorism. The Senate-passed version of the pending FY2002 emergency supplemental appropriations bill for antiterrorism activities (passed as a Senate amendment to H.R. 4775) would appropriate an additional \$18 million for the Office of the Secretary to use to expedite the upgrading of biosecurity at USDA (primarily ARS) facilities, and to establish a consolidated database of biological agents located at field laboratories across the country. The measure also would make available an additional \$16 million for ARS bioterrorism-related research on animal and plant pathogens, BSE-related animal diseases, a foot-and-mouth disease vaccine, and plant and cattle genome research to enhance disease resistance. Finally, the Senate measure would appropriate an additional \$50 million for modernizing the ARS/APHIS animal disease lab in Ames, Iowa. The House-passed supplemental bill (also H.R. 4775) does not contain any provisions affecting USDA's research, extension, and economics agencies.

Separately, the recently enacted Public Health Security and Bioterrorism Response Act of 2002 (P.L. 107-188) authorizes appropriations of \$180 million for ARS research labs in Plum Island, NY and Ames, IA in the current fiscal year and "such sums as are necessary" for FY2003 through FY2006. The act also authorizes \$190 million for FY2003 and such sums as are necessary for future years for the Secretary to use: (1) to support ARS, APHIS, Forest Service, and federal-state

cooperative research on bioterrorism prevention, preparedness, and response; (2) to strengthen coordination with U.S. intelligence agencies; and (3) to develop an early warning surveillance system for agricultural bioterrorism.

Cooperative State Research, Education, and Extension Service (CSREES). The House Appropriations Committee bill for FY2003 provides \$1.062 billion for CSREES, the agency through which USDA sends federal funds to land grant Colleges of Agriculture for state-level research, education and extension programs. This amount is roughly 4% higher than both the current year appropriation (\$1.024 billion) and the Administration's request (\$1.017 billion).

The House Committee bill provides slight increases in the formula funds for: (1) core research and extension programs at 1862 land grant institutions -- \$182 million (+ \$2 million); (2) forestry research -- \$23 million (+ \$1.1 million); (3) research at 1890 (historically black) land grant colleges -- \$36 million (+ \$1.4 million); (4) extension at 1890 colleges -- \$32 million (+ \$0.8 million); and (5) extension at 1862 institutions -- \$277 million (+ \$1.1 million). The Administration had proposed level funding for these programs, and recommended \$1.017 billion overall for CSREES, a \$7 million decrease.

The Committee bill restores virtually all of the Special Research (earmarked) grants that the Administration had proposed for termination, providing \$102.8 million (\$97 million in FY2002). The Committee also continues funding for an additional group of earmarked grants under the "Federal Administration" portion of the CSREES budget, providing \$27.1 million for those research projects (\$21.7 million in FY2002). Finally, the Committee bill provides \$130 million for the National Research Initiative Competitive Research Grants (NRI) program. The NRI is funded at \$120 million in FY2002, and the Administration had proposed doubling that amount for FY2003.

The Committee bill is in agreement with the FY2003 budget request in blocking the expenditure of \$120 million in mandatory funds for the Initiative for Future Agriculture and Food Systems that was created in separate legislation in 1998. P.L. 107-171, the recently enacted law that will guide U.S. farm policy through 2007, reauthorizes the Initiative and gradually increases its funding from \$120 million to \$200 million annually in FY2006-07.

Congressional Response to Bioterrorism. The Public Health Security and Bioterrorism Preparedness and Response Act of 2002 (P.L. 107-188) authorizes such sums as are necessary for (1) grants not to exceed \$50,000 to land grant colleges of agriculture to review security standards and practices at their facilities; and (2) grants not to exceed \$100,000 to agricultural producer groups to develop and implement on-farm biosecurity education programs.

The Senate-passed FY2002 supplemental appropriations bill (H.R. 4775), would appropriate an additional \$16 million to enhance extension activities related to homeland security in rural areas, including expansion of the Extension Disaster Education Network to serve as a rural first-response program.

Economic Research Service (ERS) and National Agricultural Statistics Service (NASS). The House Committee bill provides \$73.3 million for ERS, \$6 million more than in FY2002 but \$5.9 million less than the President's request (\$79.2 million). All of the difference between the House level and the request is explained by the Administration request to transfer funds from a central account to each individual agency to cover rent paid by each agency to GSA. For NASS, the House bill provides \$137.9 million, an increase of \$24 million over FY2002, but \$5.8 million less than the budget request. The Committee concurs with the Administration's proposal to designate \$41.3 million of the appropriation to support NASS's administration of the 2002 Census of Agriculture, a \$16 million increase over FY2002 funding for Census activities.

Food Safety and Inspection

USDA's Food Safety and Inspection Service (FSIS) is responsible for the mandatory inspection of meat, poultry, and processed egg products to insure their safety, wholesomeness, and proper labeling. The House Appropriations Committee bill provides \$755.8 million for FSIS in FY2003, which is \$40 million more than FY2002 (FSIS received \$715.6 million in regular appropriations plus \$15 million in emergency supplemental appropriations under P.L. 107-117). FSIS also would have access to an additional \$101 million in user fee income to support its inspection activities. The Committee level is nearly identical to the President's request for FY2003, except that it does not concur with the President's request for an additional \$7.3 million in appropriations to accommodate a one-time shift of funds to cover rental payments to GSA.

The Administration's budget request proposed to revise the current user fee system to reduce the rates charged for overtime inspection and instead increase the industry's reimbursement to the government for inspection on second and third shifts. The budget also included a proposal to assess processing establishments an annual licensing fee. The House Committee bill is silent on both these issues.

The recently enacted Public Health Security and Bioterrorism Preparedness and Response Act of 2002 (P.L. 107-188) authorizes a \$15 million appropriation in FY2002, and such sums as necessary thereafter, for enhancing FSIS's ability to inspect domestic and imported meat and poultry. Separately, the House-passed supplemental appropriations bill (H.R. 4775) would provide \$2 million to FSIS to cover the costs of reviewing foreign countries' meat and poultry inspection regimes and visiting additional foreign plants specifically to address post-September 11 concerns. The Senate-passed version would appropriate an additional \$15 million for the same purpose.

Marketing and Regulatory Programs

USDA's marketing and regulatory programs (MRP) are administered by three agencies: the Agricultural Marketing Service (AMS), the Animal and Plant Health Inspection Service (APHIS), and the Grain Inspection, Packers, and Stockyards Administration (GIPSA). The stated mission of these programs is to "expand

domestic and international marketing of U.S. agricultural products and to protect the health and care of animals and plants, by improving market competitiveness and the farm economy for the overall benefit of both consumers and American agriculture.” For FY2003, the Administration requested \$900.7 million for USDA’s three marketing and regulatory agencies compared with a total FY2002 appropriation of \$860.1 million (regular appropriation of \$741 million, and an emergency supplemental appropriation of \$119.1 million, intended to protect the food supply against agricultural terrorist threats). The House Appropriations Committee bill provides \$873.1 million for MRP, or \$13 million over FY2002 regular and supplemental appropriations.

Animal and Plant Health Inspection Service. The largest appropriation for marketing and regulatory programs goes to USDA’s Animal and Plant Health Inspection Service (APHIS), the agency responsible for protecting U.S. agriculture from foreign pests and diseases. The Administration requested an FY2003 appropriation of \$767.1 million for APHIS, compared with a total FY2002 appropriation of \$746.8 million (including a supplemental appropriation of \$119.1 million.) The House Appropriations committee bill provides \$736 million, which is \$115 million above FY2002 and \$31 million below the FY2003 Administration request. Most of the shortfall from the Administration request is attributed to the requested one-time shift in funds (\$26.7 million) to cover GSA rental costs, which is not included in the Committee proposal. The Administration’s proposed increase in total funding reflects the agency’s new responsibilities to protect against acts of terrorism. The House Committee bill also provides for increases in APHIS’ salaries and expenses for stepped-up border inspections, and for the Animal Health Monitoring and Surveillance (AHM&M) activities. In addition, the Committee bill includes increased funding for the boll weevil and Johne’s disease programs, and for Wildlife Services programs.

The President also requested increased appropriations to fund new emergency pest programs, such as the current “chronic wasting disease” outbreak in deer and elk, and for controlling other invasive species. In recent times, these programs have been funded mostly under the Secretary’s emergency authorities through the Commodity Credit Corporation (CCC). Similar requests for additional appropriations in lieu of CCC funds were advanced by the previous Administration. The Administration is concerned about the rising cost of emergency pest outbreaks (\$235 million in FY2001), and expects to seek public comment on ways to share these costs with the states and the private sector. The House Appropriations Committee, as Congress routinely has done in the past, has rejected this request, and instead encourages USDA to continue use of the CCC funding mechanism to address emergency needs.

Recently, three Congressional measures (H.R. 4660, H.R. 5005 and S. 2452) and the Bush Administration proposed the transfer of APHIS to a new Department of Homeland Security. (See CRS Report RL31466, *Homeland Security Department: U.S. Department of Agriculture Issues*). Although enactment of these measures could impact future appropriation measures, the current appropriations’ process is proceeding in accordance with the President’s FY2003 budget request.

Agricultural Marketing Service. AMS is responsible for promoting U.S. agricultural products in domestic and international markets, and for facilitating the marketing and distribution of agricultural products. The Administration requested FY2003 appropriations of \$91.7 million for AMS, compared with \$86.8 million in FY2002. These levels include Section 32 funds, and payments to states and territories. Not included in the appropriated level are \$190 million in user fees. The President's request included for expanding global marketing opportunities for agricultural commodities and to improve the Federal Seed program which monitors and controls seed labeling for domestic and foreign sales. The House Committee bill provides \$91.96 million for AMS (i.e., \$5.2 million over FY2002 levels, and \$0.3 million over the Administration's request). Included in the Committee markup report are provisions for increased funding of the Pesticide and Microbiological Data programs.

Grain Inspection, Packers, and Stockyards Administration. GIPSA establishes the official U.S. standards, inspection and grading for grain and other commodities, and ensures fair-trading practices. GIPSA has also been working to improve monitoring of livestock markets, where concentration has raised concerns about decreasing competition. The Administration requested \$41.2 million for GIPSA in FY2003, up \$8.1 million from the \$33.1 million provided in FY2002. The Administration request included a proposed increase of \$29 million in new user fees, which if enacted would fund Packers and Stockyards Act inspections, and grain standard testing activities. Similar requests for new user fees by the Clinton Administration (e.g., FY2000 and FY2001) were not acted upon by Congress. The House Committee bill increases GIPSA funding to \$44.5 million, an increase of \$11.4 million over FY2002. Committee provisions include directing the Secretary to conduct a 2-year study on packer ownership of livestock (\$4.5 million). A floor amendment might be offered to ban meatpackers from owning or controlling livestock within 14 days of slaughter.

Rural Development

USDA's rural development mission is to enhance rural communities by targeting financial and technical resources in areas of greatest need. Three agencies, established by the Agricultural Reorganization Act of 1994 (P.L.103-354), are responsible for the mission area: the Rural Housing Service (RHS), the Rural Business-Cooperative Service (RBS), and the Rural Utilities Service (RUS). An Office of Community Development provides community development support through Rural Development's field offices. The mission area also administers the rural portion of the Empowerment Zones and Enterprise Communities Initiative and the National Rural Development Partnership.

The House Appropriations Committee reported bill recommends \$2.823 billion in budget authority for FY2003 to support a \$9.677 billion loan authorization level for rural economic and community development programs. This is \$242 million more than was enacted for FY2002 and \$236 million more than requested by the Administration for FY2003. The Committee bill provides \$2.425 billion more in loan authorization than requested, but \$240.4 million less in loan authorization than enacted for FY2002.

Rural Community Advancement Program (RCAP). The RCAP, authorized by the 1996 farm bill (P.L. 104-127), consolidates funding for 13 rural development loan and grant programs into three accounts: Community Facilities, Rural Utilities, and Business and Cooperative Services. RCAP was designed to provide greater flexibility in targeting financial assistance to local needs and permits a portion of the various accounts' funds to be shifted from one funding stream to another. The House Committee bill provides \$950.3 million in budget authority for the three RCAP accounts, \$158.8 million more than requested and \$143.7 more than enacted for FY2002.

The Committee recommends funding of \$42.0 million for the Community Facilities account, approximately one-half of the enacted level for FY2002; \$814.9 million for the Rural Utilities account; and \$93.4 million for the Rural Business Services account. Almost all of the House recommended RCAP authorization supports water and waste disposal grants in the Rural Utilities account. Bill language further earmarks RCAP funding for Native American Tribes, the Mississippi Delta Region, the *Colonias*, and rural empowerment zones and enterprise communities. The Committee also directs that \$5.25 million of the funding for rural waste systems be designated for Rural Community Assistance Programs.

The Senate-passed version of the FY2002 supplemental appropriations bill (H.R. 4775) would appropriate an additional \$25 million in emergency spending to RCAP's rural utilities account. Up to \$5 million of this supplemental funding would be provided to conduct a national assessment of the vulnerability of rural water systems to terrorist/criminal attack. The remainder of the funds are to be used to provide grants for upgrading the security of rural community water systems.

Rural Housing Service. The House Committee bill provides \$1.576 billion for the RHS in FY2003 to support a total rural housing loan and grant level of \$4.551 billion. This amount is \$47.5 million more in budget authority than requested for FY2003, and \$101 million more than enacted for FY2002. The bill recommends \$303.57 million in housing loan subsidies. This is \$57.7 million more than was enacted for FY2002 and \$53.8 more than requested. For the Rural Rental Assistance program, the House Committee bill provides \$722 million, which is \$10 million more than requested, and \$21 million more than enacted. Language is included which provides that agreements entered into during the current fiscal year be funded for a five-year period. Until the Department completes a review, however, direct loans under the multi-family Section 515 rural rental assistance program would be limited to repair and rehabilitation. The Committee also recommends a \$3.4 million increase in farm labor housing grants and an increase of \$4.2 million in loan subsidies for the program.

Rural Utilities Service. The House Committee bill recommends FY2003 funding of \$99.9 million in budget authority to support a loan level of \$5.1 billion for rural utility programs. This amount is \$15.3 million more than requested and \$20 million less than enacted in FY2002. Rural electric and telecommunications loan levels, the major RUS account, would decline by \$49.8 million over FY2002 levels and increase by \$1.4 billion over the amount requested. Bill language also includes a provision providing for the continuation that waives population limits for any RUS

borrowers within 100 miles of New York City to respond to the consequences of September 11.

For the Rural Telephone Bank (RTB), the Committee provides for a loan level of \$174.6 million, compared with no funding in the Administration request. In furtherance of the privatization of the RTB, the Committee also includes the same provision from FY2002 limiting the retirement of Class stock. The Committee does not concur with an Administration legislative proposal to use unobligated balances of the RTB Liquidation Account to pay for administrative expenses of the RTB.

In other RUS programs, the Committee recommends a loan authorization level of \$380 million for the Distance Learning and Telemedicine program, \$223 million more than requested and the same as enacted for FY2002. No funding is recommended for the Local Television Loan Guarantee program, whose loan level was authorized at \$258 million in FY2002. Through rescission, the Senate-passed FY2002 supplemental appropriations bill (H.R. 4775) would provide \$20 million for the Local Television Loan Guarantee Program account, funding to remain available until expended. Direct authorization of \$80 million for local television broadcast loan guarantees is also included in of the recently enacted farm bill (P.L.107-171, *Section 6404*).

Rural Business-Cooperative Service. The House Appropriations Committee bill provides \$50.66 million for the RBS accounts to support rural business development and expansion. This is \$14.87 million more than requested and approximately the same as enacted for FY2002. The Committee bill proposes rescission of \$3.2 million of funds derived from interest on the cushion of credit payments in FY2003 under the Rural Economic Development Loans account. It also permits the RBS to transfer funds for Guaranteed Business and Industry loans to Direct Business and Industry loans.

The Committee also provides an appropriation of \$14.97 million for the Empowerment Zone/Enterprise Community Initiative, compared with no funding requested by the Administration. The Committee further recommends that cooperative programs, especially those in value-added production, receive high priority in RBS funding decisions. Funding for Rural Cooperative Development Grants in the House bill is \$9 million, an increase of \$1.25 million above FY2002 and the same as requested by the Administration.

For more information on USDA rural development programs, see “Rural Development”, CRS Electronic Briefing Book page.

Food and Nutrition

For FY2003, the Administration requests an appropriation of \$41.87 billion for all USDA food and nutrition programs, an increase of about \$4 billion above the FY2002 appropriation. The House Appropriations Committee bill provides \$100.3 million more than the Administration for these programs for a total of \$41.97 billion. These programs provide federal funding and commodities to states for food assistance to low-income individuals and families

The Administration budget recommends a total of \$26.25 billion for *food stamps and related programs* for FY2003, \$3.25 billion more than FY2002. The House Appropriations Committee bill provides \$64 million more than the Administration request, or \$26.31 billion. The difference in FY2003 spending is for Nutrition Assistance for Puerto Rico and Samoa and for the Emergency Food Assistance Program (TEFAP). Respectively, these two programs would receive \$1.377 billion and \$100 million under the Administration proposal, and \$1.401 billion and \$140 million under the House Committee bill. According to the Committee report, these programs need a higher amount because of additional mandatory spending requirements for these programs under the 2002 farm bill (P.L. 107-171). The Administration and House Appropriations Committee recommend the same amount for the Food Stamp program and its counterpart Food Distribution Program on Indian Reservations (FDPIR) – \$22.77 billion. A \$2 billion contingency reserve also is proposed by both the Administration and House appropriators to cover unanticipated food stamp expenses. The Administration budget anticipates food stamp participation growth of about 800,000 in FY2003, or about 4% above FY2002 for a total of 20.6 million persons in FY2003. The 2002 farm bill (P.L.107-171) restores food stamp eligibility for legal immigrants residing in the U.S. for at least 5 years and changes the quality control system, employment rules, and deductions.

The Administration proposed an FY2003 appropriation of \$10.58 billion for all *child nutrition programs*. The House Committee bill concurs with this request. This is \$489 million more than FY2002 appropriations and is expected to maintain full program participation for the school lunch, breakfast, child and adult care food, summer food service, and special milk programs, as well as other related support activities.

The *special nutrition program for women, infants and children (WIC)* would receive an appropriation of \$4.751 billion under the Administration FY2003 budget. This represents an increase of \$364 million from the total FY2002 appropriation of \$4.387 billion. The FY2002 level includes an emergency supplemental appropriation of \$39 million made available to WIC as part of the FY2002 supplemental law (P.L. 107-117) enacted in response to the September 11 terrorist attacks.³ It also includes a \$150 million contingency reserve. The House Appropriations Committee bill provides \$4.776 billion, or \$25 million more than the Administration request for WIC for FY2003. Both proposals contain the \$150 million contingency reserve fund. According to USDA estimates, WIC is expected to serve a monthly average of 7.8 million low-income pregnant and postpartum mothers and young children under the Administration FY2003 proposed funding level.

Funding for the *Commodity Assistance Program* (the phrase used by appropriators to refer to the *Commodity Supplemental Food Program (CSFP)* and administrative funds for *TEFAP*) would decline under the Administration proposal – from \$149.5 million in FY2002 to \$145 million in FY2003. The House

³ On March 20, 2002, the Administration requested a second supplemental of \$75 million for the WIC program. Both the House-and Senate-passed versions of the pending FY2002 supplemental measure (H.R. 4775) concur with this request.

Committee increases funding for these two programs to \$170 million in FY2003; of this amount, \$120 million would go for the CSFP and \$50 million for TEFAP administrative expenses. The Committee recommends that all of the increase go for the CSFP; TEFAP administrative costs would remain at the FY2002 level of \$50 million.

No FY2003 funding is requested in the USDA budget for the *elderly nutrition program*, a food donation program that provides mostly cash-in-lieu of commodities to support meal programs for senior citizens. The Administration proposes to merge this program with the larger meal programs operated for senior citizens under the Older Americans Act by the Department of Health and Human Services. House appropriators have agreed to the Administration proposal to zero out elderly program funding in the USDA appropriation (\$149.7 million in FY2002). *Pacific Island and Disaster Assistance* would continue to be funded at \$1.081 million under both the Administration request and the House Committee bill.

Other nutrition program provisions in the House Committee bill would: (1) provide \$4 million for Bill Emerson and Mickey Leland Hunger Fellowships, (2) permit the USDA Secretary to use up to \$10 million of food stamp funds for costs associated with the distribution of commodities, and (3) prohibit the use of any child nutrition, WIC, or food stamp funds from being used to conduct studies or evaluations, with some exceptions.

Food and Drug Administration

The Food and Drug Administration (FDA), an agency of the Department of Health and Human Services, is responsible for the regulation and safety of foods, drugs, biologics (vaccines), and medical devices. The agency's funding comes from a combination of congressional appropriations and user fees, primarily fees collected for the review of pharmaceuticals. The total amount of drug user fees to be collected is set each year in FDA's annual appropriations act. The bill reported by the House Appropriations Committee provides for a total FY2003 FDA funding of \$1.385 billion, an increase of \$16 million or 1.1% above FY2002, and \$7 million or .5% above the FY2003 Administration request. Of this amount, the Committee provides \$1.377 billion for salaries and expenses, and \$8 million for the maintenance of buildings and facilities. The \$1.377 billion for salaries and expenses is \$193 million above the total of the FY2002 appropriation of \$1.184 billion and the \$151.1 million additional FY2002 emergency supplemental appropriated for bioterrorism activities. The \$8 million for buildings and facilities is \$26.3 million below the FY2002 appropriation of \$34.3 million. The total, including salaries and expenses, user fees, and facilities amounts to \$1.6 billion.

Within the user fee category, the House Committee bill provides \$222.9 million to be collected in FY2003 under the newly reauthorized Prescription Drug User Fee Act (PDUFA) for the review of drug applications. Since the agency's authority to collect user fees under PDUFA (now known as PDUFA III) would have expired on September 30, 2002, Congress reauthorized the law in May 2002. The reauthorization language was incorporated into the conference agreement on the Public Health Security and Bioterrorism Preparedness and Response Act of 2002

(P.L. 107-188). An additional \$23 million will be collected from mammography clinics and export certificates, bringing the user fee total to \$246 million in FY2003.

The House Committee bill supports the President's FY2003 budget request of \$159.1 million to fund counter-terrorism activities initiated by the agency during the previous year. Of the \$159 million, \$98 million is marked for counter-terrorism activities related to food safety, particularly the development of tests to detect bioterrorist agents and increase the safety of imported foods. The remaining funds would be used to support general bioterrorism activities. In FY 2002, supplemental funds for bioterrorism were used to hire 673 new employees and improve FDA's capacity to respond to terrorist threats. The Committee recognizes the training needs of these new field hires, and directs the agency to report to the Committee regarding its plans to ensure that training is given for the inspection of intentional and unintentional food adulterants.

The House Committee bill provides funding increases over FY2002 for several budget categories. For example, the Committee fully funds the Administration's \$8.3 million request to upgrade its financial management system, but expects the Department of Health and Human Services (DHHS) to brief the Committee on how the system will work, and wants quarterly progress reports, and cost estimates for the system's implementation. The Committee directs the FDA to continue funding the Office of Women's Health at \$1.5 million in FY2003, and to submit a report to the Committee on its efforts to compile agency-wide data, including demographic data, on the participation of women in clinical trials.

The committee prohibits the FDA from spending any money on several administrative actions involving agency personnel. One such restriction would keep the agency from transferring and consolidating FDA's Offices of Public Affairs and Legislation to within the Department of Health and Human Services. Since these offices handle assurances on the safety of food, drugs, vaccines, and medical devices, the FDA officials in these offices draw on the expertise found in other parts of the agency. Therefore the Committee did not agree to the consolidation and believes this office should continue to be part of FDA.

The reauthorization of PDUFA will likely reopen the debate on the issue of charging user fees for the approval of medical devices and animal drugs. An amendment establishing user fees for these products was offered, but was dropped during consideration of the bioterrorism bill (P.L. 107-188), which included the reauthorization of PDUFA. The proposal may re-emerge as a floor amendment to the FY2003 appropriations bill.

Food Issues

The House Committee bill contains no specified level of funding for food safety. However, the Committee does support activities such as interagency efforts to improve foodborne illness data under FoodNet. The Committee requests a summary, prior to the agency's FY 2004 appropriations hearings, of the case-controlled studies that link naturally-occurring bacterial pathogens to specific foods – i.e., *E. coli*, *Salmonella*, *Campylobacter*, and *Listeria* found on meat, poultry, eggs, seafood, fruits and vegetables. The Committee is particularly concerned about one

of these pathogens, *Listeria*, and directs the FDA and USDA to finalize the on-going risk assessment of this pathogen. In addition, the Committee supports further progress in the detection of the pathogens and therefore directs FDA to continue to evaluate new testing methods for pathogens in fresh fruits and vegetables at New Mexico State University.

The Committee said that it was not pleased with the agency's failure to produce a report, due by May 1, 2002, on how its money has supported activities of the National Antimicrobial Resistance Monitoring System (NARMS). The report was to have detailed how the FDA allocates money to NARMS activities and overhead costs, and was also to address interagency agreements and interactions with non-governmental institutions that support NARMS. The Committee directed the FDA to submit a report on NARMS activities within 60 days of enactment of the FY2003 appropriations bill.

The House Committee bill directs the FDA to spend \$250,000 to continue support for shellfish safety research and educational activities concerning shellfish safety in general, and more specifically to *Vibrio vulnificus*, a pathogen found in raw oysters. In addition, the Committee directed the agency to spend \$200,000 to continue its work with the Interstate Shellfish Sanitation Conference on the development of regulations, and information on shellfish.

The Committee also wants to ensure that FDA inspectors, when they inspect juice plants, help manufacturers understand the Hazard Analysis and Critical Control Point (HACCP) rule and how to comply with it, and reserve regulatory action for times when safety issues are present. Without setting a specific deadline, the Committee asked for a report on the Operational and Administrative System for Import Support (OASIS), FDA's import tracking system. The Committee also directs FDA to enforce the dietary supplement laws, and stop producers of the so-called herbal product "Siberian ginseng" from labeling and referring to their product as "ginseng."

The Committee commended FDA for its recent statement that adverse event reports (AERs) regarding dietary supplements containing ephedrine alkaloids do not alone provide a scientific basis for assessing the safety of these herbal and supplement products. Ephedrine alkaloid, a central nervous system stimulant, is an active ingredient in a variety of dietary supplements and over-the-counter medications. The Committee further agreed that the DHHS review of the scientific data is the appropriate response to the possible concerns raised by the AER reports. The Committee understood that the National Institutes of Health will use the review to guide an expanded research effort on ephedrine alkaloids, and that FDA will be guided by the review in regulatory discussions on ephedra products. The Committee also urged that following publication of the review, a dialogue take place between FDA and industry to determine any necessary actions or decisions regarding ephedra products, including the development of a standard label for warnings and contraindications.

Drug Issues

The House Committee recognizes that the timely approval of generic drugs is an important factor in addressing the rising cost of prescription drugs. To further this goal, the Committee recommends the full \$4.58 million request for FDA's generic drug programs. Moreover, within 90 days of enactment, the Committee expects the agency to come up with a plan describing how it will review 100% of Abbreviated New Drug Applications (ANDAs) for generic drugs within 180 days of submission, and the resources the program would need to upgrade inspections, infrastructure, and technological requirements. The committee recommends \$400,000 to continue FDA's education program about the importance of generic drugs, particularly studies on consumer education. Further, the Committee directs the agency to issue, and publish in the *Federal Register*, a final guidance for drug makers clarifying the requirements for submitting patent information for listing in the *Orange Book*, the place where FDA lists all patents for pharmaceuticals. The Committee also wants to ensure that the Office of Drug Safety receives \$5 million for FY2003 as authorized in the bioterrorism act to continue its post marketing surveillance for pharmaceuticals.

Medical Device Issues

For years, Congress has been concerned that the slow rate of review for new medical devices was having a negative impact on the health of Americans. In last year's appropriations conference report, FDA was directed to provide updates of its medical device review performance, as compared to statutory requirements for application decisions, to the Committee in January and July 2002. Thus far, the updates have not been provided. Thus, the Committee directed FDA to develop a plan to eliminate the medical device performance gap. The plan must include an estimate of the resources needed, and specify how the agency would meet its statutory timeframes for application reviews and inspections, and what infrastructure and technology upgrades would be required. The plan must be submitted within 90 days of enactment. The Committee also noted that many medical device applications are for combination products that require consultation with the Center for Biologics Evaluation and Research (CBER). The committee asked for a report by May 31, 2003, on the prevalence of combination products, and how the review times for these products compare with standard medical devices.

Biologics Issues

The Committee encourages CBER to allocate adequate resources to the Office of Blood Research and Review to promote the timely review of new intravenous immune globulin (IGIV) products that have been submitted for licensure using the revised clinical trial protocol. In addition, the Committee urges the FDA to develop a feasibility plan for a 'Fast-Track' program to facilitate the awarding of Investigational New Drug status to new vaccine candidates, particularly HIV vaccines, and submit a progress report towards implementing the program by March 1, 2003.

Table 5. USDA and Related Agencies Appropriations, FY2003 Request vs. FY2002 Enacted, Budget Authority
(\$ in millions)

Agency or Major Program	FY2002 Enacted (1)	FY2003 Administration Request (2)	FY2003 House Committee Bill	FY2003 Senate Bill	FY2003 Enacted
Title I — Agricultural Programs					
Agric. Research Service (ARS)				***	***
Regular Appropriation	1,098.5	988.0	1,097.5		
Emergency Supplemental	113.0	0	0		
Coop. State Research Education and Extension Service (CSREES)	1,024.4	1,017.4	1,062.3	***	***
Economic Research Service (ERS)	67.2	79.2	73.3	***	***
National Agricultural Statistics Service (NASS)	113.8	143.7	137.9	***	***
Animal Plant Health and Inspection Service (APHIS)				***	***
Regular Appropriation	627.7	775.3	749.1		
Emergency Supplemental	119.1	0	0		
Agric. Marketing Service (AMS)	86.8	91.7	92.0	***	***
Grain Inspection , Packers and Stockyards Admin. (GIPSA)	33.1	12.2 (3)	44.7	***	***
Food Safety and Insp. Serv (FSIS)				***	***
Regular Appropriation	715.6	763.0	755.8		
Emergency Supplemental	15.0	0	0		
Farm Service Agency (FSA) Salaries and Expenses	939.0	993.6	976.7	***	***
FSA Farm Loans - Subsidy Level	187.6	212.1	212.1	***	***
<i>*Farm Loan Authorization</i>	<i>3,890.7</i>	<i>3,802.0</i>	<i>3,802.0</i>	***	***
FSA Farm Loans- Salaries and Administrative Expenses	280.6	287.2	287.2	***	***
Emergency Conservation Program	0	48.7	0		
Risk Management Agency (RMA) Salaries and Expenses	74.75	72.8	70.7	***	***
Federal Crop Insur. Corp. Fund (4)	2,900.0	2,886.2	2,886.0	***	***
Commodity Credit Corp. (CCC) (4)	20,279.0	16,285.0	16,285.0	***	***
Other :				***	***
Regular Appropriation	478.5	541.0	642.7		
Supplemental Appropriation	80.9	0	0		
Total, Agricultural Programs				***	***
Regular Appropriation	29,227.7	25,197.0	25,373.4		
Supplemental Appropriation	328.0	0	0		

Agency or Major Program	FY2002 Enacted (1)	FY2003 Admini- stration Request (2)	FY2003 House Comm- ittee Bill	FY2003 Senate Bill	FY2003 Enacted
Title II — Conservation Programs					
Conservation Operations	779.0	841.0	843.6	***	***
Watershed Surveys and Planning	11.0	0	11.2		
Watershed & Flood Prevention	106.6	0	110.0		
Watershed Rehabilitation Program	10.0	0	0		
Emergency Watershed Protection	0	110.0	0		
Resource Conservation & Developm.	48.0	49.1	55.1		
Forestry Incentives Program	6.8	0	0		
Total, Conservation	962.1	1,000.9	1,020.6	***	***
Title III — Rural Development					
Rural Community Advancement Program (RCAP)	806.6	791.5	950.3	***	***
Salaries and Expenses	133.7	145.7	145.7	***	***
Rural Housing Service (RHS)	1,474.5	1,528.5	1,576.0	***	***
<i>* RHS Loan Authority</i>	<i>4,485.8</i>	<i>3,924.3</i>	<i>4,551.5</i>	<i>***</i>	<i>***</i>
Rural Business Cooperative Serv.	46.6	35.8	50.7	***	***
<i>* RBCS Loan Authority</i>	<i>53.1</i>	<i>55.0</i>	<i>55.0</i>	<i>***</i>	<i>***</i>
Rural Utilities Service (RUS)	120.0	84.6	99.9	***	***
<i>* RUS Loan Authority</i>	<i>5,378.6</i>	<i>3,272.6</i>	<i>5,070.7</i>	<i>***</i>	<i>***</i>
Total, Rural Development	2,581.9	2,587.1	2,823.3	***	***
<i>* Rural Development, Total Loan Authority</i>	<i>9,917.6</i>	<i>7,251.9</i>	<i>9,677.2</i>	<i>***</i>	<i>***</i>
Title IV — Domestic Food Programs					
Child Nutrition Programs	10,087.2	10,576.2	10,576.2	***	***
WIC Program				***	***
Regular Appropriation	4,348.0	4,751.0	4,776.0		
Supplemental Appropriation	39.0	0	0		
Food Stamp Program	22,992.0	26,249.7	26,313.7	***	***
Commodity Assistance Program (5)	149.5	145.0	170.0	***	***
Food Donation Programs	150.7	1.1	1.1		
Other	128.2	148.7	135.0	***	***
Total, Food Programs				***	***
Regular Appropriation	37,894.6	41,871.7	41,971.9		
Supplemental Appropriation	39.0	0	0		
Title V — Foreign Assistance					

Agency or Major Program	FY2002 Enacted (1)	FY2003 Administration Request (2)	FY2003 House Committee Bill	FY2003 Senate Bill	FY2003 Enacted
Foreign Agric. Service (FAS)	121.8	131.6	130.0	***	***
Public Law (P.L.) 480	998.7	1,314.0	1,357.1	***	***
CCC Export Loan Salaries	4.0	4.1	4.1	***	***
Total, Foreign Assistance	1,124.5	1,449.6	1,491.1	***	***
Title VI — FDA & Related Agencies					
Food and Drug Administration Regular Appropriation Supplemental Appropriation	1,218.0 151.1	1,377.4 0	1,384.7 0	***	**
Commodity Futures Trading Commission (CFTC) Regular Appropriation Supplemental Appropriation	70.7 16.9	46.9 0	80.0 0	***	***
Total, FDA & CFTC Regular Appropriations Supplemental Appropriations	1,288.7 168.0	1,424.3 0	1,464.6 0	***	***
Other Provisions (6)	107.9	0	118.2	***	***
Total, Including Emergency Spending, before adjustments					
	73,355.4	73,530.5	74,263.1	***	***
CBO Scorekeeping Adjustments (7)	108.4	531.8	42.8	***	***
Grand Total, Including Scorekeeping Adjustments, Excluding Emergency Spending	72,928.8	74,064.4	74,305.9	***	***
Grand Total, Including CBO Scorekeeping Adjustments and Emergency Spending	73,463.8	74,064.4	74,305.9	***	***

NA = Not yet available from the House Appropriations Committee

An item with a single asterisk (*) represents the total amount of direct and guaranteed loans that can be made given the requested or appropriated loan subsidy level. Only the subsidy level is included in the totals.

*** = Action Pending

(1) FY2002 enacted levels include amounts appropriated in the regular FY2002 agriculture appropriations act for USDA and related agencies (P.L. 107-76), and the \$535 million in emergency supplemental funding made available to USDA, FDA, and CFTC in P.L. 107-117 in response to the terrorist attacks.

(2) Agency totals do not include the cost of the Administration's legislative proposal to require all federal agencies to pay the full share of accruing employee pensions and annuitant health benefits beginning in FY2003. However, the CBO-estimated cost of this proposal (\$368 million in FY2003 for USDA, FDA, and CFTC) is included at the end of the table in the scorekeeping adjustments of the FY2003 request.

(3) The Administration's request assumes enactment of new inspection and licensing user fees totaling \$29 million.

(4) Under current law, the Commodity Credit Corporation and the Federal Crop Insurance Fund each receive annually an indefinite appropriation ("such sums, as may be necessary"). The amounts shown for both FY2002 and FY2003 are USDA estimates of the necessary appropriations.

(5) Includes an adopted \$3.3 million rescission in the FY2002 enacted level.

(6) Among other FY2002 provisions, includes \$75 million in apple market loss assistance, and an extension of the authority for the dairy price support program for 5 months (scored by CBO at \$15 million).

(7) Scorekeeping adjustments reflect the savings or cost of provisions that affect mandatory programs, plus the permanent annual appropriation made to USDA's Section 32 program. The cost of the Administration proposal to require all federal agencies to pay the full share of current employee pensions and annuitant health costs is also included in the scorekeeping adjustments of the FY2003 Administration request.

Source: Based on spreadsheets provided by the House Appropriations Committee

For Additional Reading

CRS Issue Brief IB98006. *Agricultural Export and Food Aid Programs.*

CRS Report 97-325. *Agricultural Research, Education, Extension and Economics Programs: A Primer.*

CRS Issue Brief IB10077. *Agricultural Trade Issues in the 107th Congress.*

CRS Report 98-25. *Child Nutrition Programs: Background and Funding.*

CRS Report RL31095. *Emergency Spending for Agriculture: A Brief History of Congressional Action, FY1989-2001.*

CRS Report RL30739. *Federal Crop Insurance and the Agriculture Risk Protection Act of 2000 (P.L. 106-224).*

CRS Issue Brief IB10099. *Food Safety and Protection Issues in the 107th Congress.*

CRS Report 98-59. *Food Stamps: Background and Funding.*

CRS Report RL31466, *Homeland Security Department: U.S. Department of Agriculture Issues*

Rural Development. CRS Electronic Briefing Book page.

CRS Issue Brief IB96030. *Soil and Water Conservation Issues.*

What is the Cost of the 2002 Farm Bill? CRS Electronic Briefing Book page.