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FY1998 USDA Budget and Appropriations: Domestic Food Programs

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Summary

The conference agreement on FY1998 agriculture appropriations (H.R. 2160) provides a total of \$37.2 billion in budget authority for domestic food assistance programs. These include the food stamp program, child nutrition programs, the special nutrition program for women, infants and children (WIC) and commodity donation programs. Conference agreement funding for these programs is \$2.6 billion less than the total budget authority requested by the Administration. The major areas of disagreement were how much to increase funding for the WIC program, and how much to set aside as reserve funds for food stamps and WIC. Total budget authority recommended by the Administration and the Congress for FY1998 is less than was provided for FY1997 (\$40.5 billion). In part this is because of better economic conditions, but more significantly, it is because FY1998 is the first full year reflecting the impact of the food program eligibility and benefit restrictions enacted under the 1996 welfare law.¹ The House approved the appropriations conference agreement on October 6. The Senate approved it on October 29, and it was submitted to the President on November 6. As of this report's date, it had not been signed, but there is every expectation that it will be.

Overview

No major program changes were assumed by the amounts proposed in the House and Senate-passed FY1998 agricultural appropriations bills, the conference agreement, or the Administration FY1998 budget. The House-passed bill (H.R. 2160) recommended total budget authority of \$37.2 billion for domestic food programs, approximately the same amount that was agreed to in the conference report. This is \$3.3 billion less than

¹ P.L.104-193 made major revisions to eligibility and benefits under the food stamp, child and adult care food and summer food service programs. For the food stamp program alone, spending was estimated to fall by a net total of \$23.3 billion through FY2002. The 1997 balanced budget Act (P.L.105-33) moderated some of the food stamp provisions in the 1996 law, at a CBO projected additional program cost of \$217 million in FY1998. This increase is not explicitly included in the FY1998 appropriation..

FY1997 spending (\$40.5 billion) for these programs and \$2.6 billion less than the Administration budget request (\$39.8 billion). The main funding difference between the two chambers' bills and the Administration was contingency reserve funds proposed for food stamps and for WIC. The Senate bill came closer than the House to the Administration proposed food stamp reserve of \$2.5 billion by providing \$1 billion for this purpose, but, like the House, rejected the \$100 million reserve for WIC. The conference agreement accepted the House bill reserve of \$100 million for food stamps, but no reserve for WIC. Another difference is displayed by the conference agreement to a House bill provision prohibiting any funds appropriated for food stamps, child nutrition programs, and WIC from being used for studies and evaluations. Instead, the conferees agreed to increase funding for the Economic Research Service by \$18.5 million (to \$71.6 million in FY1998) to conduct such studies and evaluations. Neither the Administration nor the Senate bill contained this proposal.

USDA Food Assistance Programs - Budget Proposal and Appropriations
(Budget authority - in millions)

Program	FY1997 Estimate ^{a/}	FY1998 Admin.	FY1998 Appropriation		
			House	Senate	Conference
Food Stamps: Total*	\$27,598.0	\$27,551.5	\$25,140.5	\$26,051.5	\$25,140.5
b/ Food Stamp Program	26,244.0	23,747.5	23,736.5	23,747.5	23,736.5
Reserve	100.0	2,500.0	100.0	1,000.0	100.0
Puerto Rico	1,174.0	1,204.0	1,204.0	1,204.0	1,204.0
c/ EFAP	80.0	100.0	100.0	100.0	100.0
Child Nutrition -Total*	8,653.3	7,782.8	7,767.0	7,769.1	7,767.8
School Lunch	5,236.4	4,327.8	4,327.8	4,327.8	4,327.8
School Breakfast	1,190.0	1,265.5	1,265.5	1,265.5	1,265.5
Child/Adult Care	1,525.7	1,411.6	1,411.6	1,411.6	1,411.6
Summer Food	254.9	277.3	277.3	277.3	277.3
Special Milk	19.4	19.7	19.7	19.7	19.7
d/Commodity/Comput.	304.1	337.2	337.2	337.2	337.2
State Admin.	104.1	112.8	112.8	112.8	112.8
e/ School Meals Init.	6.3	10.0	5.9	10.0	8.0
Coord. Review	4.0	4.1	4.1	4.1	4.1
Nutrition educ./train.	3.8	10.0	5.0	0	3.8
Nutrition studies	1.0	3.0	f/	3.0	f/
KY./IO.Demonstration	3.7	3.7	0	0	0
WIC	3,805.8	g/ 4,108.0	3,924.0	3,927.6	3,924.0
CAP h/ TOTAL	166.0	131.0	141.0	148.6	141.0
CSFP i/	76.0	86.0	96.0	103.6	96.0
EFAP/ Soup kitchens i/	90.0	45.0	45.0	45.0	45.0
Food Donations Total:	141.3	141.2	146.2	141.2	141.2
Elderly Commodities	140.0	140.0	145.0	140.0	140.0
Needy Family Program	1.3	1.2	1.2	1.2	1.2
Food Program Admin . j/	106.1	105.5	104.1	107.7	107.6
TOTAL*	\$40,470.5	\$39,820.0	\$37,222.8	\$38,145.7	\$37,222.1

Sources: USDA, FY1998 Budget Explanatory Notes and House and Senate Appropriations Committee reports on H.R. 2160 and S. 1033, Agriculture, Rural Development, and Related Agency Appropriations (House Report 105-178, Senate Report 105-51, and House Report 105-252). Budget authority is NOT the same as obligations or program levels.

See footnotes on next page.

a/ FY1997 subtotals reflect the actual amounts appropriated, with adjustments as relevant to reflect supplemental appropriations. Individual program amounts are, for the most part, estimates of how much of the appropriated amount is expected to be spent for each activity. Final amounts by individual program are not yet available

b/ Includes appropriations to pay for state administrative costs (just over \$2 billion in FY1997) and for the food distribution program on Indian Reservations (FDPIR), which operates as an alternative to food stamps for Indians living on or near Indian reservations (an estimated \$65 million in FY1997). Does not include funding for Pacific Island Assistance which is shown under Food donations - needy family program.

c/ The 1996 welfare reform law mandated that \$100 million of food stamp appropriations be used annually to buy commodities for emergency feeding organizations participating in the emergency food assistance program (EFAP) which also receives funds under appropriations for the Commodity Assistance Program (see below). FY1997 supplemental appropriations law lowered the original \$100 million of food stamp funds to be used for EFAP in FY1997 to \$80 million.

d/ These amounts include funding for computer support (\$6.96 million in FY1997). They do NOT include some \$400 million worth of commodities donated at no cost to the child nutrition account to meet the commodity entitlement for child nutrition program lunches, nor the value of bonus commodities donated in order to prevent waste or spoilage of government acquired commodities.

e/ The Administration proposed renaming this Team Nutrition for FY1998. Funding covers food service training grants to states, technical assistance materials, the Food Service Management Institute cooperative agreement, print and electronic resources systems, and other activities.

f/ The House-passed bill did not provide funding for nutrition studies, and recommended consolidating all funding for child nutrition and WIC studies and evaluations under the Economic Research Service, which was adopted by Conferees.

g/ The Administration request includes a \$100 million reserve fund for WIC. This was not agreed to by the Congress.

h/ Commodity Assistance Program - a grouping of programs combined for appropriations purposes: the commodity supplemental food program (CSFP), and the emergency food assistance (and soup kitchen-food bank) program (EFAP). The Administration proposed to include the elderly nutrition program and Pacific Island program in this grouping for FY1998. The Congress did not approve this. The Administration also proposed discontinuing discretionary CAP funding to buy commodities for the EFAP, which the Congress did approve.

i/ FY 1998 amounts for individual programs are estimates. They assume that the Administration will limit its funding of grants to States for the costs of distributing EFAP commodities to \$45 million, as they requested, and will provide the remainder for the CSFP. The \$100 million from food stamp appropriations to buy commodities for EFAP is not reflected in the EFAP amount (see food stamps). When provided it would bring total financial support for EFAP to \$145 million, assuming the Administration requests \$45 million from CAP funds for grants to states.

j/ \$2.2 million of FY1997 federal program administration funding was for the center for Nutrition Policy and Promotion. The Administration requested \$2.5 million for a separately funded Center for FY1998. The Congress did not agree to a separate appropriation for the Center, but funded it out of Program Administration funds.

* Amounts may not total exactly due to rounding.

Food Stamps

The conference agreement provides a total of \$25.1 billion in budget authority for food stamps and related programs. Most of this funding, \$23.7 billion, is for the food stamp program and its alternative, the food distribution program on Indian Reservations (FDPIR). The remainder provides \$1.2 billion for Nutrition Assistance for Puerto Rico, \$100 million in food stamp contingency reserve funds, and \$100 million to buy commodities for the emergency food assistance program (EFAP), which also receives funds under the Commodity Assistance Program (CAP). Total funding under the conference agreement is the same amount proposed by the House-passed bill, \$2.4 billion less than the Administration request of \$27.55 billion, and about \$911 million less than the \$26.05 billion proposed in the Senate-passed bill. The major difference is in the amount of funding for a food stamp reserve fund. The conference agreement provides \$100 million in reserve funding, as proposed by the House. This is the same amount that was provided for FY1997, \$2.4 billion less than the Administration request, and \$900 million less than the Senate proposal. Finally, the conferees accepted the House provision prohibiting food stamp funds from being used for studies and evaluations, and increased appropriations for the ERS to conduct this work.

The balanced budget measure signed by the President on August 5, 1997 (P.L.105-33) contains changes to the food stamp program that are projected to increase program costs by an additional \$1.5 billion over the next 5 years. These provisions are intended to moderate some of the \$23.3 billion in projected net reductions (through FY2002) in food stamp

spending enacted under last year's welfare reform law, and relate primarily to work requirements for able-bodied, non-elderly adults without dependents. CBO estimates that the new law will increase food stamp spending by a total of \$217 million in FY1998, which could mean higher program costs than can be covered by the FY1998 appropriations conference agreement. The possibility of greater than anticipated program participation declines this year, however, suggests the likelihood that FY1998 baseline spending estimates may be overstated. If so, this probably would allow enough cushion for conference agreement funding, which is based on these estimates, to cover the additional costs.²

WIC and Child Nutrition

Neither the Administration budget nor congressional appropriations proposed major program changes to WIC and child nutrition programs. The conference agreement increases FY1998 WIC budget authority by approximately \$118 million above FY1997 appropriations, or by about 3% to \$3.92 billion. Appropriators expect this level to maintain FY1998 program participation at the FY1997 monthly average level of 7.4 million participants, rather than to increase it, as was recommended by the Administration request (\$4.11 billion). The total for other child nutrition programs under the conference agreement (\$7.77 billion) is \$886 million, or about 10% less than the FY1997 appropriation for these programs. None of the funding appropriated for WIC and child nutrition programs is to be used for studies and evaluations, as formerly has been the case. Instead, the conferees proposed that such studies be conducted by the Economic Research Service (ERS) of USDA, and included additional funding to that agency for this purpose.

Substantially less child nutrition program account funding was proposed by the Administration and the Congress for FY1998 than that appropriated for FY1997. This is largely because 1996 welfare law cutbacks in subsidies for several programs (notably, the child and adult care food and summer food service programs) reduced these programs projected costs. During Senate floor debate over FY1998 appropriations, an amendment proposing to restore funding eliminated last year for school breakfast start-up grants was defeated.³ An amendment offered during House floor debate to increase WIC funding by \$24 million by reducing appropriations for crop insurance commissions also was unsuccessful.

WIC. The WIC program provides monthly food packages to low-income mothers and children at nutritional risk. Conferees adopted the House-proposed appropriation of \$3.924 billion for the WIC program for FY1998. They also agreed to the House provision prohibiting any WIC program funding from being used for studies and evaluations. The agreement permits up to \$12 million of the appropriation to be used to carry out the WIC Farmers Market Nutrition Program. The Conference agreement level for FY1998 represents an

² Meanwhile, an agricultural research bill (S.1150) approved by the Senate proposes to lower federal expenditures for the food stamp program by reducing administrative payments to states in order to help pay for agricultural research and child nutrition initiatives. The House-passed research bill (H.R.2543) does not contain this provision. Similar proposals to limit food stamp administrative funding to pay for other activities (e.g., crop insurance commissions) discussed in the House were deferred after CBO ruled this would constitute an "unfunded mandate." A Senate adoption bill (S.1195) contains a similar proposal to limit this funding to pay for its costs.

³ Restoration of this funding (\$5 million annually) and reimbursement of one additional meal or snack in summer food service and child and adult care food programs is in the agricultural research bill (S.1150) passed by the Senate.

increase of just over \$118 million above FY1997 WIC funding. This is \$84 million less than the Administration request for program funding and \$184 million less if one counts the Administration proposal for a \$100 million reserve fund.

For FY1998, the Administration proposed to “fully” fund WIC at a level of just over \$4.1 billion (including a \$100 million reserve fund). This would have increased FY1998 funding for the program by about \$302 million, or 8%, above FY1997 appropriations. The Administration projected that this would provide service to the 7.45 million women, infants, and children it calculates are eligible and likely to participate if the program is fully funded. The request included a \$100 million contingency reserve fund, in case unexpected costs or overly optimistic economic assumptions require more funding than originally anticipated, as happened in FY1997.⁴ Neither the House nor Senate appropriations measures approved this reserve fund, and the conference agreement level is expected to maintain FY1998 program participation at the FY1997 monthly average level of 7.4 million participants.

Child Nutrition Programs. Child nutrition programs provide federal assistance in the form of cash and commodities for meal service programs for children (e.g., in schools and child care facilities) and support related nutrition activities. (e.g., administrative funding, nutrition education, etc.). The FY1998 appropriations conference agreement split the difference in the total amounts recommended by House and Senate bills for child nutrition programs (i.e. school lunch, school breakfast, child and adult care food, summer food, etc.). It provides a total of \$7.768 billion instead of the \$7.767 billion proposed by the House and \$7.769 proposed by the Senate. The conference agreement total is \$885 million less than FY1997 budget authority because of the lower costs projected for several of these programs as a result of the 1996 welfare reform law changes projected carryover funds from FY1997. The \$3 million provided by the Senate bill for nutrition studies and surveys was dropped in the conference agreement, and the \$5 million provided by the House bill for nutrition education and training (NET) was lowered to \$3.75 million, the same as last year’s level. The House bill had provided \$5 million for NET grants, \$1.25 million more than FY1997, and \$5 million less than the Administration request. The school meals initiative (renamed Team Nutrition in the Administration request) was funded at \$5.9 million by the House bill and at \$10 million by the Senate bill; the conferees agreed to provide \$8 million. Both House- and Senate-passed bills funded the Center for Nutrition Policy Promotion at \$2.2 million (the FY1997 level) instead of the \$2.5 million requested by the Administration, and both provided this funding under food program administration, instead of the separate appropriations account requested by the Administration.

Commodity Donation Programs

Commodity donation programs provide USDA commodities and cash in lieu of commodities to: feeding programs operated by schools and child care facilities; emergency feeding organizations (like soup kitchens and food banks); Indian tribal organizations; senior citizens centers; commodity supplemental food programs; disaster relief agencies, and charitable institutions. Most USDA commodities are distributed to school feeding programs and are funded through the child nutrition program account. The remainder are funded under separate appropriations.

⁴ The Administration requested a FY1997 supplemental appropriation for WIC because of an unexpected shortage of funding due to higher than expected participation and food cost increases during FY1997. An increase of \$76 million was approved in the FY1997 supplemental appropriations act (P.L. 105-18).

The *emergency food assistance program (EFAP)* provides USDA commodities and cash grants to states for food distribution to needy populations. It is financed from food stamp appropriations (\$100 million annually) and from appropriations for the “Commodity Assistance Program” (CAP). The CAP is a grouping of commodity donation programs combined for appropriations purposes. For FY1998, the Administration proposed eliminating the portion of CAP spending used to buy commodities for the EFAP (\$45 million in FY1997). House and Senate appropriations bills adopted this proposal. For FY1998 this means that EFAP would receive a total of \$145 million: \$100 million of food stamp funds to buy commodities, and \$45 million of CAP funds for state administrative grants. This total represents a \$35 million decline in support from FY1997 when EFAP received \$170 million: \$80 million of food stamp funding to buy commodities (cut from \$100 million by FY1997 supplemental appropriations, P.L.105-18⁵), and \$90 million of CAP funding to provide grants to states for administrative costs (\$45 million) and to buy commodities (\$45 million).

The *commodity supplemental food program (CSFP)* provides federal cash and administrative funding to states for distributing monthly food packages to low-income, at risk mothers, young children, and elderly persons. This program receives its entire appropriation under the CAP appropriation. The Administration FY1998 budget requested \$86 million for the CSFP budget authority. This is \$10 million more than FY1997 budget authority, but \$6 million less than was available to the program last year because of some \$16 million in unobligated balances available to it at the start of FY1997. The conference agreement adopted the House figure of \$96 million, rather than the Senate proposal of \$103.6 million. This is \$10 million more than the Administration budget proposal; \$20 million more than the FY1997 appropriation, and about \$4 million more than was available to the CSFP last year.

The Congress rejected the Administration proposal to merge funding for the *elderly nutrition and Pacific Island (or needy family)* programs with funding for the EFAP and CSFP under a broadened CAP. Instead, both chambers maintained the separate “Food Donations” program category, that now includes only the elderly nutrition program and the needy family program for the Pacific Islands⁶. Budget authority for these programs proposed by the Administration was \$141.2 million (\$140 million for elderly feeding and \$1.2 million for the Pacific Islands). This was slightly less than FY1997 spending authority (\$141.3 million). The House-passed appropriation provided slightly more - \$146.2 million (\$145 million of which was for elderly nutrition). The Senate-passed bill agreed to the lower Administration request, as did the conferees.

For more information, see CRS Report 96-299ENR, *FY1997 USDA Budget: Food and Nutrition Programs*; CRS Report 97-566ENR, *The Emergency Food Assistance Program: Issues in the 105th Congress*; CRS Issue Brief 97050, *Agricultural Issues in the 105th Congress*; CRS Report 95-366EPW, *Food Stamp Reform: The Continuing Debate*; and CRS Report 97-108EPW, *Child Nutrition Issues in the 105th Congress*.

⁵ P.L.105-18, the emergency supplemental appropriation act designed primarily to provide flood relief reduced the \$100 million food stamp appropriation for EFAP by \$20 millions to help offset the cost of this legislation..

⁶ The Food Distribution Program on Indian Reservations (FDPIR) formerly was included in this appropriation category, but was removed after the law was changed to specify that it be funded from food stamp appropriations.