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Appropriations for FY2000: 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 Appropriations. 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 FY2000: U.S. Department of Agriculture and Related Agencies

Summary

On June 8, 1999, the full House completed its version of the FY2000 appropriations bill (H.R. 1906) for the U.S. Department of Agriculture (USDA) and related agencies. The Senate Appropriations Committee marked up and reported its version of the bill (S. 1233) on June 17, 1999. Preliminary floor debate on S. 1233 began during the week of June 21. Senate floor consideration is expected to resume during the week of August 2. Further action had been delayed because of controversial pending amendments not directly related to the bill. Two competing amendments would provide a multi-billion dollar emergency financial assistance package for farmers experiencing low commodity prices. A separate Senate amendment which would reauthorize a Northeast dairy compact, authorize a new compact in the South, and mandate certain reforms to federal milk pricing might also be considered on the Senate floor. Upper Midwest opponents of this dairy amendment have threatened to filibuster the bill if it is adopted.

Both the House and Senate measures provide $60.7 billion in budget authority for FY2000, approximately $1.1 billion below the Administration request and $5 billion above the regular (non-emergency) appropriations for FY1999. Just over three-fourths ($47 billion) of the total amount provided is classified as mandatory spending, which in essence is governed by authorizing statutes and is out of the direct control of appropriators. The remaining $13.88 billion in H.R. 1906 and $13.98 billion in S. 1233 are for discretionary programs, which require an annual appropriation.

Most of the difference between the FY1999 enacted level and the FY2000 figures is explained by a $5.9 billion increase in the requested appropriation for the Commodity Credit Corporation (CCC). The CCC, which is the funding mechanism for the commodity support programs and farm disaster assistance, borrows directly from the Treasury and subsequently requests an appropriation for a reimbursement of its net losses. CCC spending is expected to be at a 12-year high in FY1999, because of a weak farm economy and regional natural disasters. These events prompted Congress to approve supplemental spending, giving the CCC the authority to provide nearly $6 billion in emergency assistance to farmers in FY1999.

In order to stay within their allocations for discretionary spending, both H.R. 1906 and S. 1233 contain spending restrictions for several mandatory programs, including a new mandatory research program, three mandatory conservation programs, and for the Fund for Rural America. A House floor amendment sponsored by the Appropriations Committee chairman also was approved trimming $102.5 million from discretionary accounts, with most of the cuts absorbed by USDA building and facilities accounts and by salaries and expenses of the Food and Drug Administration (FDA). A separate House floor amendment was agreed to which prevents FDA from using any FY2000 funds for the approval of RU-486, or any other drug to induce abortion.

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Contents

List of Tables

Appropriations for FY2000: U.S. Department of Agriculture and Related Agencies

Most Recent Developments

The Senate is expected to resume consideration of its version of the FY2000 USDA and related agencies appropriations bill (S. 1233) during the week of August 2. Amendments addressing two controversial agricultural policy issues are expected to be considered. Both Republican and Democratic leaders could offer competing amendments to provide a multi-billion dollar emergency financial assistance package for farmers. A separate amendment that affects federal dairy policy also is likely to be offered.

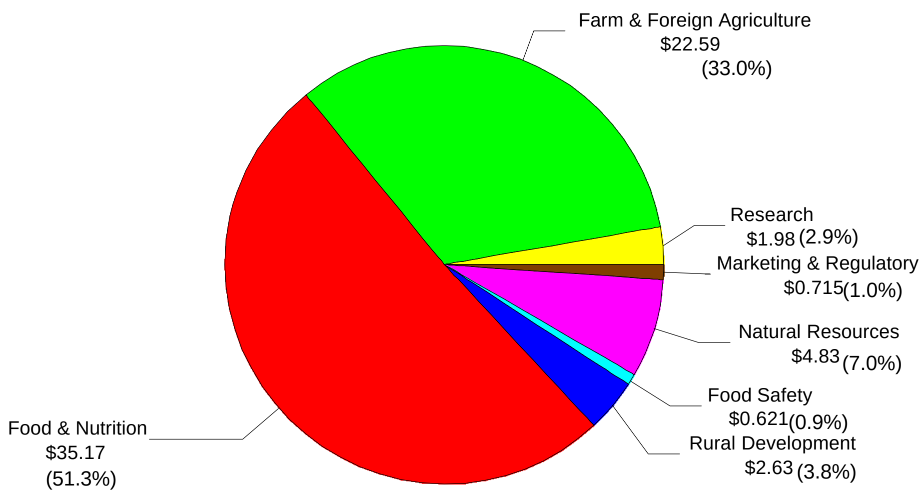
USDA Spending at a Glance

The U.S. Department of Agriculture (USDA) carries out its widely varied responsibilities through approximately 30 separate internal agencies 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, nor with the agriculture appropriations bill, which includes funds for non-USDA programs, notably the Food and Drug Administration (FDA).

USDA net outlays (after adjustment for offsetting receipts) for the current fiscal year (FY1999) is estimated by the Department at $63.4 billion. By far the largest outlay within the Department, $35.2 billion, or 51% of estimated total outlays in FY1999, is for its 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. Total estimated FY1999 outlays also include $22.6 billion (33%) for farm and foreign agricultural services. Within this mission area of USDA are the programs funded through the Commodity Credit Corporation (e.g., commodity support payments, the conservation reserve program, and certain trade programs), crop insurance, farm loans, and foreign food aid programs. An estimated $4.8 billion (7%) will be spent in FY1999 on an array of natural resource and environment programs, nearly three-fourths of which funds the Forest Service (which is funded through the Interior appropriations bill, not the agriculture appropriations bill), and the balance for a number of conservation programs for farm producers. USDA programs for research and education (an estimated $1.98 billion in outlays for FY1999), rural development ($2.63 billion), marketing and regulatory activities, ($715 million), and meat and poultry inspection ($621 million) account for most of the balance of USDA spending.

Figure 1. FY1999 Estimated USDA Outlays, by Mission Area

--- Billion $ ---



Source: USDA Budget Summary, FY2000

Mandatory vs. Discretionary Spending

Approximately three-fourths of total USDA spending is classified as mandatory, which by definition occurs outside the control of annual appropriations. 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. Currently accounting for the vast majority of USDA mandatory spending are the food stamp program (which accounts for nearly one-half of total USDA mandatory spending); child nutrition programs; the farm commodity price and income support programs; the federal crop insurance program; and the conservation reserve program (CRP).

Although they have mandatory status, the food and 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 is also made to reimburse the Commodity Credit Corporation for losses it incurs in financing the commodity support programs and the various other programs it finances. Historically, the farm commodity support programs were a larger portion of the USDA budget than they are currently. Spending levels among these programs were erratic and unpredictable, making total USDA spending highly variable. Some of this unpredictability was lessened by the enactment of the 1996 farm bill, which fixes the level of spending on direct payments to program crop producers, and no longer ties these payments to market conditions. However, emergency supplemental provisions in the FY1999 appropriations act made available nearly $6 billion in additional funding to farmers to help them recover from low commodity price and natural disasters.

Table 1. U.S. Department of Agriculture and Related Agencies Appropriations, FY1993 to FY1999
(budget authority in billions of dollars)

	FY93	FY94	FY95	FY96	FY97	FY98	FY99
Discretionary	$13.88	$14.59	$13.29	$13.31	$13.05	$13.75	$13.69
Mandatory	$46.88	$56.25	$54.61	$49.78	$40.08	$35.80	$42.25
Total Budget Authority	$60.75	$70.84	$67.90	$63.09	$53.12	$49.55	$55.94

Note: Includes funding for all of USDA except the Forest Service. Also includes the Food and Drug Administration, and the Commodity Futures Trading Commission. Emergency supplemental spending of $5.95 billion is not included in the FY1999 total.
Sources: Congressional Budget Office and House Appropriations Committee.

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 that are funded by the annual agriculture appropriations act are its rural development programs, research and education programs, agricultural credit, 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. FY1999 funding levels for all USDA discretionary programs (except for the Forest Service) were provided by the Omnibus Consolidated and Emergency Supplemental Appropriations Act, 1999 (P.L. 105-277). For more detailed information on the FY1999 act as it pertains to USDA, see CRS Report 98-201, *Appropriations for FY1999: U.S. Department of Agriculture and Related Agencies*.

The FY2000 Appropriations Bill for USDA and Related Agencies

Summary of Congressional Action

The President's budget for FY2000 submitted to Congress on February 1, 1999 requested appropriations of $62.4 billion for all programs that are to be funded under the FY2000 agriculture and related agencies appropriations bill. The total request included $61.2 billion for all of USDA (excluding the Forest Service), and $1.2 billion for the Food and Drug Administration and other agencies. The $62.4 billion request is $6.5 billion below the regular FY1999 appropriation, mainly because the reimbursement for the realized losses of the Commodity Credit Corporation is significantly higher than what was made available in FY1999.[1]

Table 2. Congressional Action on FY2000 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						House	Senate	
5/13/99	6/15/99	H.R. 1906 H.Rept. 106-157 5/24/99	Vote of 246-183 6/8/99	S. 1233 S. Rept. 106-80 6/17/99	**	**	**	**	**

** Pending

The full House approved its version of the FY2000 agriculture appropriations bill (H.R. 1906) on June 8, 1999 by a vote of 246-183. The House-passed measure provides a total of $60.915 billion in budget authority to USDA and related agencies, which is $1.31 billion below the Administration request and $4.98 billion above the FY1999 regular (non-emergency) appropriations. Of the $60.915 billion provided in H.R. 1906, $13.839 billion is for discretionary programs, a level that is $637 million below the Administration request, $253 million above the FY1999 annual appropriation, and $149 million below the $13.988 billion allocation given to the House agriculture subcommittee for its FY2000 appropriations bill.

H.R. 1906 was first debated on the House floor on May 25 and 26, 1999. Two amendments were adopted — a Sanders amendment that increased funding for elderly nutrition programs by $10 million, offset by a $13 million reduction in Agricultural Research Service programs, and a Coburn amendment to reduce funding for USDA's Chief Information Officer by $500,000. More than 100 other amendments were offered which would have reduced funding below the level in H.R. 1906 for numerous programs and agencies within USDA, which caused House leadership to suspend further consideration of the measure. A compromise was reached leading to the approval on June 8 of a floor amendment sponsored by the chairman of the Appropriations Committee which trimmed $102.5 million from discretionary accounts. Of this amount, $70.5 million was taken from USDA buildings and facilities accounts and $20 million from FDA salaries and expenses. A separate Coburn amendment also was agreed to by a 217-214 vote which prevents FDA from using any FY2000 funds for the approval of RU-486, or any other drug to induce abortion.

[1]The total FY1999 appropriation does not include emergency supplemental funding of $5.9 billion for farmer assistance provided in the omnibus FY1999 appropriations act, nor the $723 million in supplemental USDA funding and $1.25 billion in food stamp program rescissions contained in the Kosovo supplemental in May 1999.

The Senate version was first approved on June 15, 1999, by the Appropriations Committee's Subcommittee on Agriculture, Rural Development, and Related Agencies. The full committee then marked up and reported the bill (S. 1233; S.Rept. 106-80) on June 17, 1999. The bill contains new budget authority of $60.7 billion. Of this amount, $13.98 billion is for discretionary programs, a level that is about $190 million below the President's request for such programs, but close to the FY1999 level. Floor debate on S. 1233 began during the week of June 21, when most of the debate focused on proposed health care amendments that were not related to the USDA funding measure.

Emergency Farm Financial Assistance. Much of the debate in the House and Senate committees focused on whether the FY2000 agriculture appropriations bill adequately responds to the financial needs of the farm sector given the current state of the farm economy (continued low commodity prices and farm income for major commodities.) Proposals were defeated in the full House committee to create two separate emergency contingency funds, one for USDA farm loans and another for Section 32 purchases of farm commodities to strengthen markets.

In the Senate, an amendment was offered by Senator Harkin during subcommittee consideration that would have provided $6.5 billion in emergency aid to producers, including nearly $4 billion in market loss payments. However, the amendment was not accepted. The amendment was not offered during full committee markup on June 17, but Senator Harkin said he intended to offer it during floor debate on S. 1233.

When debate resumes, the Senate could consider competing amendments from Republican and Democratic Members which would provide a multi-billion dollar financial assistance package for farmers. A proposed Democratic package would provide nearly $10 billion in assistance, primarily through $6 billion in direct "income loss" payments to grain, cotton, dairy, and peanut farmers, $2.2 billion in natural disaster assistance, and $1.3 billion in emergency agricultural trade provision. A Republican proposal is expected but has not yet been released as of July 30.

To date, two emergency supplemental FY1999 funding packages for agriculture have been enacted, including $6 billion provided last fall and $574 million in the spring. For more information on pending emergency spending for farmers, see CRS Issue Brief IB10043, *Farm Economic Relief: Issues and Options for Congress.* For more information on recently enacted supplemental measures, see CRS Report 98-952, *Emergency Agricultural Provisions in the FY1999 Omnibus Appropriations Act (P.L. 105-277)*; and CRS Report RS20269, *Emergency Funding for Agriculture: A Brief History of Congressional Action, 1988-June 1999.*

Dairy Policy Amendment. Eastern dairy farmers have expressed strong dissatisfaction with a final proposal issued by USDA that would reduce minimum farm fluid milk prices in many regions of the country. Legislation to mandate an alternative pricing policy that would maintain minimum prices closer to current levels (option 1A) was recently reported by the House Agriculture Committee. Proponents in the House had considered offering this legislation as an amendment to the FY2000 agriculture appropriations, but decided to withhold an amendment pending the progress made on the legislation in the authorizing committee. Expected to be offered on the Senate floor when S. 1233 is debated is a Jeffords/Leahy amendment, which would mandate option 1A, reauthorize the Northeast dairy compact and authorize a new Southern dairy compact. Dairy compacts allow regions to establish minimum farm prices for fluid milk that are above federally mandated minimum levels. Wisconsin and Minnesota dairy farmers so strongly oppose dairy compacts that Upper Midwest Senators might filibuster the FY2000 USDA appropriations bill if the dairy amendment is adopted. (For more on dairy issues see, See CRS Issue Brief 97011, *Dairy Policy Issues*.)

The following is a review of the major provisions of the House-passed version of H.R. 1906 and the Senate committee-reported version of S. 1233, compared with the Administration request and the FY1999 levels.

Commodity Credit Corporation

Outlays for the farm commodity programs, farm disaster payments and certain farm export and conservation programs are funded through USDA's Commodity Credit Corporation (CCC). The CCC is a revolving financing mechanism within USDA, through which it supports more than a dozen specified commodities, including grains, cotton, milk, sugar, peanuts, and tobacco. The formulas that determine payments under these programs determined by statutes, and benefits have to be provided to any participating producer.[2]

The CCC receives its annual funding from a $30 billion line of credit with the U.S. Treasury. Therefore, the CCC does not require an annual appropriation, per se, to fund its financing activities. However, because CCC outstanding borrowing cannot exceed $30 billion, the annual appropriations bill usually contains funding for a "reimbursement of CCC net realized losses" so that the CCC can repay its debt to the Treasury and not exhaust its borrowing authority. This reimbursement is categorized as a mandatory expense and is not included toward the discretionary spending allocation given to the appropriations subcommittees.

As a general rule, the annual appropriation request for CCC is not a reflection of how much CCC spending will be in the appropriation year, but rather how much CCC losses were in the most recently completed fiscal year (i.e, the FY2000 appropriation would cover FY1998 losses.) However, USDA requested, and H.R. 1906 as passed provides, $14.368 billion to the CCC for FY2000, an amount that more than covers previous losses. Of this amount, USDA estimates that $9.3 billion will reimburse the CCC for its actual FY1998 operating losses, and $5 billion is required to partially cover anticipated FY1999 losses, so that the CCC does not deplete its $30 billion line of credit with the Treasury. USDA estimates total CCC spending of $18.2 billion in FY1999 and $12.4 billion in FY2000. Without an

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[2] In addition to the farm commodity programs, the CCC also serves as a funding mechanism for several USDA export subsidy programs, including the export enhancement program, export credit guarantees, and the market assistance program, and for an array of conservation programs, including the conservation reserve program, the wetlands reserve program, and the environmental qualities incentive program. (See "Agricultural Trade and Food Aid" and "Conservation" below for more details on these programs.)

appropriation in FY2000 to compensate for some of the FY1999 CCC spending, USDA estimates that CCC borrowing authority would be exhausted by the end of FY2000. CCC spending in FY1999 is expected to be the highest level in 12 years, mainly because farm commodity prices have been depressed, which prompted the authorization of nearly $6 billion in CCC-funded emergency income-support and disaster assistance payments in the FY1999 omnibus appropriations act. (See CRS Report 98-952, *The Emergency Agricultural Provisions in the FY1999 Omnibus Appropriations Act* for more details.)

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.

There are basically four sources of federal expenditures for the crop insurance program — USDA absorbs a large percentage of the program losses, compensates the reinsured companies for a portion of their delivery expenses, subsidizes the premium paid by participating producers, and pays the salaries and expenses of its administering agency within USDA. The program losses, premium subsidy, and delivery expense reimbursement to the private companies are mandatory expenditures funded through USDA's Federal Crop Insurance Fund, which receives "such sums as are necessary" annually to fund the program. The salaries and expenses of the RMA are a discretionary expense, and are dependent on annual appropriations.

The Administration estimates that the program will cost $1.71 billion in FY2000, compared with an estimated $1.61 billion in FY1999 and actual expenditures of $1.75 billion in FY1998. H.R. 1906, as passed by the House, provides the requested level of $1.71 billion within its mandatory accounts. Of the $1.71 billion estimated for FY2000, an appropriation of $997 million is required for the Crop Insurance Fund (which both H.R. 1906 and S. 1233 provide within their mandatory accounts); $640 million of the total would be funded through a carryover of unobligated funds from previous years. A separate appropriation of $70.7 million is requested for RMA's salaries and expenses. The House provides the requested amount, while S. 1233 as reported would freeze salary and expense spending at the FY1999 level of $64.0 million.

Despite major legislative reforms to the program in 1994, farmer dissatisfaction with the program, especially among those who have incurred multiple years of disasters, has grown in recent years. The enactment of nearly $6 billion in ad hoc emergency disaster and price relief payments in the omnibus FY1999 appropriations act also has spurred the Administration and Congress to seek new ways to enhance the crop insurance program. Several bills for reforming crop insurance have been introduced and are currently being discussed in the House and Senate Agriculture Committees. For more on the federal crop insurance program, see CRS Issue Brief IB10033, *Federal Crop Insurance: Reform Issues in the 106th Congress*.

Agricultural Credit

Through its Farm Service Agency (FSA), 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 qualified loans from commercial lenders, which 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.

Under budget rules adopted in 1990, federal agencies are required to estimate the cost of making a direct or guaranteed loan and record that cost as a budget outlay for the loan. The cost of making a loan 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.

The Administration requested an FY2000 appropriation of $77.3 million to support $3.0 billion in direct and guaranteed loans, which is the same amount provided by H.R. 1906, as passed by the House. The Senate-reported bill (S. 1233) provides $82.0 million ($4.7 million more than H.R. 1906 and the Administration request) to support a loan level of $3.08 billion. The Senate bill provides $9 million more than requested for guaranteed subsidized farm operating loans, which supports $102.5 million in additional loans. S. 1233 would provide $4.3 million less for emergency (EM) disaster loans than the Administration request, supporting $25 million in EM loans compared with a request for $53 million.

A three-part appropriation for farm loans has been made to date for FY1999 loan programs— a regular appropriation for FY1999 and two supplementals. In addition to a regular FY1999 appropriation of $89.7 million to support $2.285 billion in direct and guaranteed loans, an emergency supplemental appropriation of $31.4 million to provide $440 million in additional loans was also included in the omnibus FY1999 appropriations act. A second FY1999 supplemental of $109 million in loan subsidy to support $1.1 billion in additional loans was provided in the conference agreement on the Kosovo supplemental (H.R. 1141). This amount was requested to remedy the backlog of applications for loans, which occurred because of a shortage of funds and strong demand for subsidized credit caused by the weak farm economy. Total FY1999 appropriations (both regular and supplemental) are $230.1 million to support $3.825 billion in FSA farm loans.

An amendment was defeated in full committee markup of H.R. 1906 that would have created an emergency contingency fund of $94 million to support additional FSA farm loans of $1 billion in FY2000, should the regular FY2000 appropriation be inadequate and the President declare an emergency to activate the contingent funding.

Conservation

Conservation programs are administered by USDA's Natural Resources Conservation Service (NRCS) and Farm Service Agency (FSA). A portion of the NRCS funds are provided through annual appropriations. The FSA programs are funded through the Commodity Credit Corporation. The overall request for appropriations for NRCS is $816.1 million for FY2000, an increase of $23.7 million from FY1999. The House-passed FY2000 appropriations bill generally rejects the Administration proposals and provided for an increase over FY1999 funding by $6.9 million to $800.1 million in FY2000 within H.R. 1906. The Senate Committee appropriations bill also generally rejects the Administration proposals, and provides $808.1 million. Most of the $8 million difference between the House and the Senate bills is attributable to the Senate inclusion of $6.3 million for the forestry incentives program, which the House bill does not fund

NRCS. Within NRCS, the primary source of technical assistance to producers and landowners is Conservation Operations (CO). The Administration requests $680.7 million, an increase of $39 million for this activity. Portions of this increase would support the Administration's initiative on global climate change ($12 million for soil studies to provide accurate carbon data and $3 million for pilot and demonstration projects), and its Clean Water Action Plan ($20 million for competitive partnerships and $20 million for more assistance to animal feeding operations). These costs would be partially offset by a savings of $31 million for combined support services, a component of the Administration's co-location efforts at the field level.

H.R. 1906, as passed, includes an increase of $13 million over FY1999, one-third of the Administration request. The House Appropriations Committee did not comment on the Administration proposals, and rejected the proposed $31 million transfer. It limited enrollment in two programs, discussed below, to protect funding for technical assistance, and identified a number of mostly small earmarks. The Senate committee-reported bill (S. 1233) provides an increase of $15 million and generally rejects the Administration proposals. The committee report includes numerous funding recommendations.

Changes in other programs are smaller. Watershed and Flood Prevention Operations, which funds small watershed projects, would be $83 million under the FY2000 Administration request, a decrease of $16 million. (This excludes the $95 million provided in the emergency supplemental appropriations bill (H.R. 1141) approved this week.) Although many of the oldest watershed projects are reaching the end of their design life of 50 years, the budget request does not include any additional funding to address this issue. One program, the Forestry Incentives Program, would not be funded, for a savings of more than $6 million, and a new debt-for-nature program to assist minority farmers in the implementation of conservation practices, would be initiated with an appropriation of $5 million. In addition, the Administration proposed transferring $50 million from the Land and Water Conservation Fund to the Farmland Protection Program as a part of its Lands Legacy Initiative.

H.R. 1906, as passed, rejects the proposed reduction in the Watershed Program and placed a limit of $47 million on spending for technical assistance from this account so that the majority would go to projects. It agrees with the proposal to eliminate the Forest Legacy Program, but did not provide funding for the proposed debt-for-nature program and rejected the proposal to transfer funds into the Farmland Protection Program. The Senate Committee bill is the same as the House-passed bill, except that it funds the Forestry Incentives Program at the FY1999 level of $6.3

million. It also calls for a detailed analysis of aging flood control structures, with recommendations.

The allocations for four of the five NRCS programs funded through the CCC would also change in FY2000 in the Administration budget, including requests of: $300 million for the Environmental Quality Incentives Program (EQIP) (+$126 million); $209 million for the Wetlands Reserve Program (WRP) (+$77 million); $28 million for the Farmland Protection Program (FPP) (up from $0), and $10 million for the Wildlife Habitat Incentives Program (WHIP) (-$14 million). EQIP currently is capped at $200 million and would have required authorizing legislation for additional funding. In FY1998, the EQIP was able to accept only 36% of the 55,000 applications it received, and this program will become more important in addressing animal agriculture issues. FPP and WHIP would require authorizing legislation, since all authorized appropriations have been allocated . The request for the WRP would allow it to enroll 200,000 acres and reach its enrollment ceiling 2 years before the deadline.

H.R. 1906, as passed, rejects these proposed increases for EQIP, WRP and FPP, and did not comment on the WHIP proposal. As noted above, the limits on EQIP and WRP were justified to provide more funding for technical assistance at the field level. WRP enrollment was limited to 120,000 acres. H.R. 1906 also specifies that no funds should be made available for the other CCC-funded conservation program, the Conservation Farm Option. The Senate Committee bill contains identical provisions for EQIP and the Conservation Farm Option, and limited WRP enrollment to 180,000 acres

The budget proposals, and related changes in NRCS and FSA conservation programs would reduce NRCS staffing by approximately 10%, or an estimated 1,055 positions. In April, NRCS temporarily halted technical assistance in support of new enrollments into the CRP, while it reviewed its funding and staffing situation. The recently passed emergency supplemental appropriations act for FY1999 (P.L. 106-31, H.R. 1141), includes $28 million for NRCS in FY1999 and $35 million in FY2000, which will allow it to fully support CRP enrollment for these two fiscal years without significant reductions in field staff, according to an agency analysis.

FSA Conservation Programs. FSA administers the largest conservation program, the Conservation Reserve Program (CRP). CRP, which is funded through the CCC, offers multi-year rental agreements to producers who retire highly erodible and other environmentally sensitive lands from production. The program level would grow by $20 million in FY2000, to $1.596 billion, under the Administration request. This budget estimate assumes that enrolled acreage will grow from 31.1 million acres in FY1999 to 34.4 million acres in FY2000, and that enrollment of buffers under a continuous enrollment option will grow from 2.4 million acres at the end of FY1999 to 3.5 million acres in FY2000. Neither the House Appropriations Committee nor the Senate Appropriations Committee commented on the CRP enrollment forecast, but the House subcommittee did approve an amendment to extend the deadline for thinning pines planted on CRP lands.

The Clinton Administration's Lands Legacy Initiative would provide just over $1 billion for resource protection, including $268 million for USDA programs.

Agriculture programs that would receive increased funding include the Forest Legacy Program (to acquire easements on private lands), the Urban and Community Forestry Program (to provides grants to states and localities for urban and community forests and related green spaces), a new smart growth partnership loan program (a revolving loan program to subsidize land acquisition and management), Forest Service land acquisitions, and a portion of the funding for the FPP, mentioned above. Most of these funds would come from the Land and Water Conservation Fund, which is authorized at $900 million.

USDA would receive a total of $717 million for another initiative, the Clean Water Action Plan, an increase of $262 million over FY1999. Of this proposed increase, Forest Service programs would receive $89 million while NRCS would receive $169 million, primarily through the proposed increase of $126 million for the EQIP. Neither appropriation bill provided funding to the NRCS proposals under the Clean Water Action Plan.

Agricultural Trade and Food Aid

The international activities of USDA include programs that provide foreign food aid, guarantee the commercial financing of U.S. agricultural exports, subsidize U.S. agricultural exports, and support the development of overseas markets for U.S. agricultural products. Direct appropriations are required for some or some portion of these programs, while others are carried out with funds from the Commodity Credit Corporation, appropriations for which are handled separately.[3] The programs subject to annual appropriations include P.L. 480 foreign food aid, salaries and expenses incurred in administering export credit guarantees, and the salaries and expenses of USDA's Foreign Agricultural Service, which administers USDA's international activities. Programs funded by the Commodity Credit Corporation include separately authorized foreign food aid programs and USDA's export subsidy and market development programs.

Appropriated Programs. For the international programs requiring direct appropriations, the Administration requests budget authority of $1.057 billion in FY2000 which would support a program level of $5.563 billion. Program level exceeds outlays because, for federal credit programs, which are a substantial component of USDA's activities, only administrative expenses and loan subsidies, not the value of the loan or guarantee, require an appropriation. The budget authority requested for these programs in FY2000 is $139.9 million below FY1999. The supported program level would be $1.3 billion less than the estimated program level for FY1999 of $6.853 billion. The larger FY1999 program levels derive from the augmentation of P.L. 480 Title I with borrowing from the CCC to help finance expanded food aid to Russia, and larger than usual export credit guarantees to economically depressed Asian markets. The FY2000 House appropriations bill (H.R. 1906), as passed, provides $1.157 billion for appropriated international programs. The bill fully funds the Administration request and provides an additional $100 million

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[3]See the above section of this report on the Commodity Credit Corporation for a discussion on how the CCC is used to fund various USDA programs and how it is reimbursed in appropriations legislation.

for P.L. 480 loans and commodity donations beyond the Administration request. The Senate committee bill (S. 1233) provides for an appropriation of $1.062 billion. The Senate Committee report notes, however, that despite cuts in budget authority for P.L. 480 (which account for most of the difference between the two bills), the program levels financed would be equal to those in FY1999.

P.L. 480. The usual source of foreign food aid is P.L. 480 or the Food for Peace Program. Food aid is provided through three program authorities. Title I provides for sales of U.S. agricultural commodities to developing countries through concessional financing, i.e., long-term, low interest loans. Title II provides for commodity donations for feeding programs or in response to extraordinary relief requirements. Title III provides for bilateral grants of food aid to be used for development activities in least-developed countries. Title I is administered by USDA, while Titles II and III are administered by the U.S. Agency for International Development.

The President requests an appropriation of $915 million for P.L. 480 in FY2000 which includes $128 million for Title I, $787 million for Title II, and no funds for Title III. The requested appropriation for FY2000 is $141.7 million less than that enacted in the regular FY1999 appropriation. The program level, or value of goods and services, provided under P.L. 480 in FY2000 will be greater than the direct appropriation because some Title I spending (an estimated $22 million in FY2000) is funded through the Commodity Credit Corporation.

H.R. 1906, as passed by the House, would provide an FY2000 appropriation for P.L. 480 of $1.015 million, $100 million more than requested by the President. The bill did not concur with the President’s request for Title II, which would have reduced funding for that program by $100 million in FY2000, but instead kept Title II funding at the FY1999 enacted level of $837 million. H.R. 1906 did concur with the President’s request to eliminate funding for Title III. The House committee report notes the inclusion in its bill of language that would allow transfers of funds, not to exceed 15% among Titles I, II, and III of P.L. 480. S. 1233 recommends an appropriation of $922.9 million (program level of $946 million) for P.L. 480. The bill would increase the President's budget request (program level) for Title I by $8.8 million, but reduce the Title II appropriation by $50 million. Despite this cut the Senate Appropriations Committee expects that the budget authority recommended, together with carryovers, will enable USDA to maintain P.L. 480 program levels in FY2000 at the FY1999 level. S. 1233 also zeros out funding for Title III commodity grants.

Not included in FY1999 totals is emergency funding of $149 million for Title II commodity donations provided in supplemental appropriations. These funds are designated for humanitarian food relief for Kosovar refugees.

Export Credit Guarantees. The budget requests a program level of $4.5 billion for the CCC export credit programs, which guarantee payment for commercial financing of U.S. agricultural exports. The two most important export credit guarantee programs are the GSM-102 (short-term guarantees) and GSM-103 (intermediate-term guarantees) programs. Although the FY2000 estimate is $200 million below the FY1999 estimate, guarantees to finance exports to financially strapped Asian countries would remain at a high level in FY2000. Budget authority of only $4.085 million is requested for salaries and expenses of FAS and the Farm Service Agency (FSA), the administering agencies for CCC credit guarantees. For administrative expenses of CCC export credit guarantee programs, H.R. 1906, as passed, provides the amount requested in the President's budget. The Senate Committee bill (S. 1233) reduces the appropriation for administrative expenses, but estimates that the program level would still be $4.5 billion.

FAS. USDA's Foreign Agricultural Service (FAS) implements the international programs. The President's request for budget authority includes a direct appropriation of $137.768 million for FAS. H.R. 1906 concurs with the President's budget request. The House committee report calls upon FAS to "allocate all resources necessary to advance the interests of American farmers, ranchers and consumers in the next round of trade negotiations under the framework of the World Trade Organization negotiations...(including) the reallocation of current spending, if necessary." S. 1233 would provide funding at the FY1999 level, which would be $1.6 million below the Administration request.

CCC-Funded Programs. International programs for which separate budget authority is not required in appropriations legislation but which also are administered by FAS include: the separately authorized Food for Progress Program and Section 416 (of the Agricultural Act of 1949) commodity donations; two direct subsidy programs, the Export Enhancement Program (EEP) and the Dairy Export Incentive Program (DEIP); and the Market Access Program (MAP) which funds overseas development of export markets. Funding for these programs is from the CCC. For these activities, however, the President's budget includes program level estimates. The estimated program level for these activities in FY2000 is $777 million which is $776 million less than the estimated program level of $1.554 billion for the same set of activities in FY1999, (excluding the costs of approximately $695 million of wheat and wheat products purchased by the CCC under its surplus removal authority and made available for donation under Section 416).

In the past, limits on program levels for CCC-funded programs have been included in general provisions of appropriations legislation. The House-passed bill and the Senate-committee bill, however, do not include such provisions. By not including any limitations on CCC-funded programs, the two bills give the Administration considerable flexibility in administering these programs. An amendment to prohibit any funding for MAP was defeated on the House floor.

Section 416., a prominent component of the President's Food Aid Initiative in FY1999, would fall from $1.47 billion (commodity value plus ocean freight and overseas distribution costs) to $49 million in FY2000. Food for Progress (FFP), which provides U.S. farm commodities to developing countries that promote free enterprise, would spend an estimated $91 million for commodities and transportation services in FY2000. FFP was estimated at $133 million in FY1999.

Export Enhancement Program. The budget proposes limiting EEP to $494 million, $85 million less than authorized in the FAIR Act. The "savings" would be used to offset increased mandatory spending for other, unspecified agricultural programs. Although EEP spending is estimated at $494 million in FY2000, it is important to note that EEP spending was only $2 million in FY1998 and that no EEP subsidies have been awarded thus far in FY1999. Moreover, USDA has indicated its reluctance to use EEP in the current economic environment for fear that using it might further depress export prices, especially if used for wheat and feed grains. FY2000 DEIP subsidies are estimated at $99 million, nearly the same level estimated for FY1999.

The Market Access Program. MAP uses CCC funds to help finance overseas marketing activities of various groups, including private companies that qualify as small businesses under the Small Business Act. The budget proposes FY2000 funding at the maximum authorized level, $90 million, the same level as in FY1999. MAP has been a frequent but unsuccessful target of budget cutters in search of funds to offset increased spending for other programs. A second export market activity, the Foreign Market Development Program (FMDP), or Cooperator Program, has been funded out of direct appropriations for FAS. FMDP supports market development for generic commodities by nonprofit commodity and agricultural trade associations. The budget proposes a program level of $27.5 million of CCC funds for FMDP in FY2000. Funding FMDP with CCC funds would remove the program from the list of those requiring the enactment of budget authority. The House Appropriations Committee report, noting USDA's proposed funding change for FMDP, directed the Department to notify it before making such a change. A Chabot amendment that would have prohibited any MAP funding in FY2000 was defeated on the House floor during debate on H.R. 1906 by a vote of 72-355.

Sanctions Reform. In House Appropriations Committee markup of the FY2000 agriculture appropriations bill, a Nethercutt amendment was offered to exempt food and medicine from unilaterally imposed U.S. sanctions or embargoes. A DeLay amendment to the amendment would have precluded Cuba from benefitting from any such exemption. The original Nethercutt amendment was defeated in committee, reintroduced during House floor debate on H.R. 1906, and subsequently withdrawn.

Agricultural Research, Education, and Economics

S. 1233, as reported by the Senate Appropriations Committee, contains $1.96 billion for USDA's four research, education, and economics (REE) agencies, which is $58 million more than the House-passed bill (H.R. 1906), $24 million less than the Administration request, and $28 million more than FY1999. Report language accompanying S. 1233 (S. Rpt. 106-80) would permit $50 million to be spent in FY2000 on the Initiative for Future Agriculture and Food Systems that was authorized in the Agricultural Research, Extension, and Education Reform Act of 1998 (P.L. 105-185). House report language would prohibit USDA from making expenditures under that authority. However, the House and Senate reports concur on prohibiting spending on the Fund for Rural America ($60 million, of which somewhat less than half would be available for research grants). The FY1999 omnibus appropriations act (P.L. 105-277) prohibited expenditures on both the Initiative and the Fund for Rural America.

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). S. 1233, as reported, provides $862.5 million for the Agricultural Research Service. Of that amount, $809.5 million would support ARS's research programs and $53 million would pay for the renovation and construction of ARS buildings and facilities. The Senate measure represents a $24 million increase in ARS research support above FY1999, and a $27.4 million increase over the budget request. H.R. 1906, as passed by the House, would provide $823.4 million for ARS, all of which would support research (zero funding for facilities construction).

The Administration had proposed several research projects for termination in order to target a $76 million increase to its high-priority research areas: human nutrition, food safety, biological pest control, emerging plant and animal diseases and genetics, sustainable ecosystems, and global climate change. S. 1233 would redirect $7.3 million from terminated projects to priority projects that it has designated in report language, and would specifically allocate $10 million of increased ARS funds to projects in support of the President's Initiative on Food Safety. The House measure, H.R. 1906, would provide level funding for all the projects that the Administration proposed for termination, thus reducing the amount the agency could allocate to the priority research the Administration identified.

Cooperative State Research, Education, and Extension Service (CSREES). S. 1233 would appropriate $931.5 million for CSREES. This amount is $12 million more than FY1999, but $12 million less than the President's FY2000 budget request. Of the total, $474.4 million would support the agency's research and education programs in the states, $421.6 would support the education outreach programs of the Cooperative Extension System, and $35.5 million would support a program of integrated research and extension programs authorized under the Agricultural Research, Education, and Extension reform Act of 1998. The House bill would appropriate $906.3 million for CSREES. Both the House and Senate bills would maintain level funding for payments to states under the Hatch Act of 1887 (for research) and the Smith-Lever Act of 1914 (for extension), as well as funds for forestry research and for extension at the 1862 and 1890 (historically black) land grant schools.

Economic Research Service (ERS) and National Agricultural Statistics Service (NASS). S. 1233 would provide $65.4 million in funding for ERS ($338,000 less than FY1999 but $9.8 million more than the budget request), and $99.4 million for NASS (-$4.6 million from FY1999 and -$1.2 million from the budget request).

Marketing and Regulatory Programs

The mission of USDA's marketing and regulatory programs — 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) — is to "facilitate the domestic and international marketing of U.S. agricultural products and to ensure the health and care of animals and plants while improving market competitiveness and the economy for the overall benefit of both consumers and American agriculture," according to USDA. APHIS spending accounts for most of the marketing and regulatory program budget.

Animal and Plant Health Inspection Service. S. 1233, as reported, would provide a total of $444.6 million for APHIS, of which $437.4 would support the agency's programs to protect U.S. agriculture from foreign diseases and pests, and $7.2 million would support the renovation of APHIS facilities. The Senate bill would permit the agency to spend an additional $90 million collected in user fees for inspection services at U.S. ports of entry. APHIS's FY1999 appropriation is $425.8 for programs, $7.7 million for facilities, and provides for the expenditure of $88 million in user fees.

The House bill would appropriate $444 million for salaries and expenses, $7.2 million for facilities, and permit an additional $87 in user fees to support agency activities. Neither S. 1233 nor H.R. 1906 adopt the Administration's proposal to increase certain other APHIS user fees.

Agricultural Marketing Service. S. 1233, as reported by the Committee, would increase AMS's budget authority by $2.4 million for FY2000, to $51.2 million. H.R. 1906 calls for a $1.8 million increase, to $62.8 million. The Administration had requested a 21% increase (to $73.8 million) to support activities related to the Food Quality Protection Act of 1996, the President's Food Safety Initiative, and completing the implementation of the National Organic Program, among other activities.

Grain Inspection, Packers, and Stockyards Administration. S. 1233 would provide $24.3 million for GIPSA programs, a level about $2 million lower than both the FY1999 appropriation and the Administration's budget request. The House bill adopts the President's budget request of $26.4 million. Both measures assume that GIPSA will collect $42.6 million in user fees for its grain weighing and inspection services, resulting in a program level of approximately $70 million.

Food Safety

Food safety is among the three goals that USDA Secretary Dan Glickman has set forth for the Department under the Government Performance and Results Act. In addition, USDA is a key agency in the President's Food Safety Initiative, which was launched in 1997. In order to elevate the Department's role in this mission area, the Administration in 1995 established an Office of the Under Secretary for Food Safety. The Food Safety and Inspection Service (FSIS) is the only agency in USDA's food safety mission area. FSIS is responsible for the mandatory inspection of meat, poultry and processed egg products to ensure their safety, wholesomeness, and proper labeling.

FSIS and the industry are now implementing a comprehensive new system to reduce pathogens in meat and poultry products through a preventive approach known as hazard analysis critical control point, or HACCP. This system is to supplement, not replace, existing inspection procedures. Some observers are concerned about FSIS's ability to properly implement and enforce HACCP, arguing that the agency's budget already is under pressure to meet its traditional inspection obligations with the annual appropriation it receives from Congress.

Food Safety and Inspection Service. S. 1233 would provide $638.4 million for FSIS in FY2000, an amount that represents a 3.5% increase over the FY1999 appropriation of $617 million. The Senate provision is $14.6 million lower than that contained in H.R. 1906, which concurs with the Administration's request of $653 million. Both the House and Senate measures assume that the agency will collect an estimated $89 million in user fees for overtime and holiday inspection services. S. 1233, as reported, would provide $2.9 million to support FSIS's activities under the President's Food Safety Initiative. In contrast, H.R. 1906 adopts the Administration's proposal to allocate $13 million to such activities, including strengthening cooperative FSIS/state emergency response to foodborne illness outbreaks and increasing the number of inspectors.

Rural Development

The Department's rural development assistance is made available to states, local governments, businesses, cooperatives, and individuals through programs administered by three agencies: Rural Utilities Service (telecommunications, water quality, electricity, and solid and waste water disposal), Rural Housing Service (housing and community facilities), and the Rural Business-Cooperative Service (rural business loans and grants).

For all rural development programs in FY2000, the Senate committee-approved bill (S. 1233) recommends a total rural development appropriation of $2,184.4 billion. The House-passed FY2000 appropriations bill (H.R. 1906) would provide $2.133.9 billion in budget authority, which is $51 million less than in S. 1233 , $141 million more than requested by the Administration, and $41 million less than the FY1999 funding level. The House-passed version of H.R. 1906 would provide approximately $249.5 million in subsidies to support estimated direct and guaranteed loan levels totaling $7.687 billion while the Senate version would provide $220 million in subsidies to support direct and guaranteed loan authority of $6,57 billion. The Administration's budget request included $ 215.4 million in subsidies in support of $6.087 billion in direct and guaranteed loans. The subsidy level in H.R. 1906 is $49 million more than that proposed by the Senate Committee's version of the bill and is $28.2 million below the FY1999 level of $261.2 million, supporting a loan level that would be $40 million below the $2.175 billion established for FY1999.

For FY2000, H.R. 1906, as passed by the House, would allocate$1.304 billion of total rural development budget authority for activities administered by the Rural Housing Service. This, in part, would support RHS loan authority of $4.832 billion.

S. 1233 would allocate $1.311 billion for RHS activities. This includes $182 million in subsidies to support $4.595 billion in loan authority. The Administration's proposal included $1.146 billion in funds for RHS activities and expenses in support of $4.575 billion in loan authority. The level in H.R. 1906 is $35.6 million more than the $1.269 billion appropriated in FY1999, which would support $580 million in additional loan authority.

H.R. 1906, as passed by the House, would provide $103.3 million in Rural Utilities Service assistance, which includes $15.8 million in support of $2.786 billion in loan authority. This is $3 million more than the $100.3 million provided in S. 1233, $26 million less than the FY1999 funding level of $129 million. The FY1999 loan subsidy level of $47.6 million is substantially above the $19.1 million subsidy level proposed by the House or the $18.3 million provided in S. 1233. H.R. 1906 recommends transferring the Alternative Agriculture Research and Commercialization Corporation (AARCC) revolving fund from the Rural Business-Cooperative Service to RUS, but provides no new funding for FY2000. S. 1233 would provide the Corporation with $3.5 million for FY2000 activities, the same amount as FY1999, but below the Administration request of $10 million.

H.R. 1906, as passed by the House, recommends $60.2 million in budget authority for the Rural Business-Cooperative Service, compared with $54.6 million in S. 1233. Under the President's proposal, the Rural Business-Cooperative Service would receive $63.2 million in budget authority, $7 million more than allocated in FY1999. The House-passed version of H.R. 1906, also recommends $67.5 million in loan authority, which would be supported by $26 million in subsidies while the Senate Committee's version of the bill would appropriate $20.1 million in subsidies to support $53.2 million in loan authority. For FY1999, RB-CS subsidies totaled $20.4 million and supported a loan level of $48 million.

A portion of the funds allocated to the three rural development agencies are to be made available under the Department's Rural Community Advancement Program (RCAP). This program gives USDA the flexibility of reallocating up to 25% of each state's rural development funding among certain RCAP-linked programs. The House bill recommends $669.1 million for RCAP activities, compared with $718.3 million recommended by S. 1233, $722.7 million appropriated in FY1999, and $670 million proposed by the Administration for FY2000. RCAP includes water and waste disposal loans, loan guarantees, and grants; solid waste management grants; community facilities grants, direct loans, and loan guarantees; business and industry loans and loan guarantees; rural business opportunity grants; and rural business enterprise grants.

In addition:

- both bills (H.R. 1906 and S. 1233) would prohibit all spending for the Fund for Rural America, which has mandatory spending authority of $60 million for FY2000;

- both bills include $20 million in RCAP water and sewer assistance for colonias along the United States-Mexico border, and $20 million for water and sewer assistance fro rural and native villages in Alaska;

- the House-passed bill would provide$3.2 billion in loan guarantees in support of the President's National Homeownership Initiative for rural areas, including $9.8 million for empowerment zones and enterprise communities, while S. 1233 recommends $11.2 million in support of such activities in empowerment zones and enterprise communities;

- both bills include $1 million in rural and self-help housing grants for empowerment zones and enterprise communities;

- both bills include $45 million in RCAP funds for empowerment zones and enterprise communities;

- the House-passed version of H.R. 1906 would provide $3.5 million in rural housing assistance grants for empowerment zones and enterprise communities while S. 1233 provides $1.2 million for empowerment zones and enterprise communities ;

- H.R. 1906, as passed, would provide $4.3 million in rural development loan subsidies to support $10 million in direct loans for rural empowerment zones and enterprise communities, while S. 1233 recommends $3.2 million in subsidies to support $7.2 million in direct loans for businesses in empowerment zones and enterprise communities;

- H.R. 1906 includes $6 million in RCAP funds for the Rural Community Development Initiative intended to provide technical assistance to rural community development organizations;

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- H.R. 1906 includes$512 million in water and waste disposal grants while S. 1233 recommends $524 million; and

- the House-passed bill includes $16 million in Distance Learning and Telemedicine grant assistance, while S. 1233 recommends $12.5 million in such assistance with both bills recommending$700,000 in loan subsidy in support of $200 million in loan authority.

Food and Nutrition Service

The President's budget for FY2000 requests budget authority of $41.382 billion for USDA domestic food assistance programs. This includes funding for the food stamp program, the largest of all food assistance programs, for meal programs in schools and child caring facilities (e.g. school lunch and breakfast, child care food and summer food, and special milk programs), and for supplemental feeding programs for low-income women, infants, and children (WIC). It also would cover spending for commodity assistance programs serving the elderly, needy, and homeless. It does not include federal salaries and expenses and the cost of program administration.

The amount requested for FY2000 is $6.6 billion more than the amount enacted for FY1999 (including a food stamp rescission of $1.25 billion in the FY1999 supplemental act (P.L. 106-31)). Most of the difference is due to the Administration request for $4.8 billion in advance funds for the food stamp program for FY2001 in case appropriations are not enacted prior to the beginning of that year. Another difference from FY1999 spending is the Administration request for a $1 billion contingency reserve fund for the food stamp program in FY2000, which is $900 million more than the reserve approved by the Congress for FY1999. Other differences between FY1999 funding and the Administration request for FY2000 include: (1) an increase of $388 million for child nutrition programs to reflect program participation growth and inflation adjustments to meal reimbursements; (2) a $181.5 million increase for the WIC program; (3) a $24 million increase for the commodity assistance program; and (4), a $10 million increase each for the elderly feeding program and the Emergency Food Assistance Program (EFAP).

The House-passed version of the FY2000 agriculture appropriations bill (H.R. 1906) recommends budget authority totaling $35.531 billion for all food and nutrition programs. The Senate-reported version (S. 1233) provides a total of $35.546 billion. Both bills provide about $5.9 billion less than the Administration request. Most of the difference is related to the rejection of the Administration proposal for $4.8 billion in advance food stamp funding and approval of $100 million in contingency reserve funds for food stamps, instead of the $1 billion requested by the Administration.

For the *food stamp and related programs*, the Administration budget proposed $27.3 billion; the House-passed and Senate-reported bills recommend $21.6 billion. The congressional bills provide: (1) the same as the Administration for food stamp expenses ($20.1 billion); (2) $100 million for the food stamp contingency reserve, instead of the $1 billion proposed by the Administration; (3) no advance funding for FY2001 (compared with $4.8 billion proposed by the Administration); and (4) $1.27 billion, the same as the Administration, for Nutrition Assistance for Puerto Rico. The House bill provides $99 million ($1 million less than the Administration) for EFAP mandatory commodities and $1 million (from EFAP mandatory funds) for Leland-Emerson Hunger Fellowships awarded by the Congressional Hunger Center. The Senate-reported bill provides $97 million for EFAP and uses the $3 million difference from the Administration request to fund the Leland-Emerson Hunger Fellowships.

No major policy changes are proposed by the Administration for *child nutrition programs* (including the school lunch, breakfast, child and adult care, summer and special milk programs). They would receive total funding of $9.565 billion in the Administration budget request. This is about $384 million more than projected FY1999 spending for these programs and includes $13 million for a new school breakfast pilot projects authorized for six school districts under the 1998 child nutrition reauthorization act. It also includes $2 million for the Nutrition Education and Training (NET) program, which was not funded in FY1999 appropriations, and returns funding for nutrition studies and evaluations of programs to the Food and Nutrition Service (FNS) from the Economic Research Service (ERS). House funding for child nutrition programs in H.R. 1906, as passed by the House, is slightly less ($18 million) than the Administration request — $9.547 billion. For the most part the difference reflects rejection of the Administration proposals to fund the school breakfast pilot projects and the NET program. The Administration also requested funding to FNS for nutrition studies and evaluations, which the House preferred to have consolidated with funding for studies of other nutrition programs under the ERS. The Senate-reported bill provides $9.560 billion for child nutrition programs. This includes $13 million for the school breakfast demonstration project and reflects the major differences from the House bill. The Senate bill does not fund the NET program, but report language directs USDA to produce a comprehensive report on nutrition education.

The Administration proposed $4.105 billion for the *special supplemental nutrition program for women, infants and children (WIC)* in FY2000. H.R. 1906 funds WIC at $ 4.005 billion in FY2000, which is $81 million more than the amount provided in FY1999, and $100.5 million less than the Administration request. The Senate-reported bill funds WIC at $4.038 billion, or about $33 million more than the House bill. Neither the House nor Senate bills approve the Administration request to fund the *Farmers' Market Nutrition Program (FMNP)* from Commodity Assistance Program (CAP) funds instead of WIC funds, and continue to require that $10 million of WIC funding be used within 45 days of enactment for the FMNP. The FMNP provides WIC participants in some areas with vouchers to buy fresh foods at farmers markets. The House and Senate bills assume that there will be $125 million in unexpended, or carryover funds from FY1999 available for the program in FY2000, and that this, together with the appropriated funds will be sufficient to maintain a monthly average WIC caseload of 7.4 million participants.

The Administration proposal would fund *Commodity Assistance Programs (CAPs)* at a total of $155.2 million for FY2000, $20 million of which would be for the FMNP (described above). The remainder would provide $90.2 million for the commodity supplemental food program (CSFP), $4.2 million more than the FY1999 appropriation, and $45 million for state administrative grants for the emergency food assistance program (EFAP), the same amount as in FY1999. The House approved version of H.R. 1906 included a total of $151 million for CAPs, $20 million more than FY1999. The Senate-reported bill provides $131 million for CAPs, $20 million less than the House. As mentioned above, neither chambers approved funding WIC farmers market coupons under this budget category. The Sanders amendment adopted on the House floor increased CAP funding by an additional $10 million above the Committee recommended level to $151 million, which is $4.2 million below the Administration request.

Food donations programs for selected groups (the elderly and needy families) would receive $151.1 million in FY2000 under the Administration proposal, $10 million more than was provided in FY1999. The House approved and Senate-reported measures include $141.1 million for these programs, the same amount as in FY1999.

Food and Drug Administration

The Food and Drug Administration (FDA) is funded through both congressional appropriations and user fees whose total level of collections is set each year by the USDA and related agencies appropriations act. For FY2000, the House-passed bill (H.R. 1906) recommends a program level of $1.198 billion for FDA salaries and expenses for activities such as pre-market approval of drugs and devices, collecting reports of injury from products under FDA regulatory jurisdiction, and carrying out food safety efforts. This amount would be made up of a direct appropriation of $1.053 billion and $145.4 million to be collected in fees under the Prescription Drug User Fee Act (PDUFA). An additional $31.75 million was requested for FDA building and facilities, for a total requested FY2000 appropriation of $1.142 billion. The House-passed bill provides a total appropriation of $1.084 billion. The President had requested a total of $1.270 billion which includes user fee revenues; however, H.R. 1906 as passed, provides $57 million less than the Administration request for FY2000.

The Senate committee bill (S. 1233) recommends a program level of $1.181 billion for FDA salaries and expenses, $17 million less than the House. This amount would be composed of a direct appropriation of $1.036 billion for salaries and expenses and of user fees collected under PDUFA ($145.4 million). The Committee also recommended that of this amount, FDA use $95 million for rental payments to GSA, the same level as proposed in the budget, and $11.671 million more than FY 1999.

The House increased the buildings and facilities account by $20.4 million over the FY1999 appropriation to a total of $31.75 million, as requested by the Administration. Included is approval of the full $3 million requested for completion of the final phase of the renovations at the National Center for Toxicological Research in Jefferson, Arkansas. The Senate committee did not mention the Center; rather it provided $8.35 million for buildings and facilities; $3 million less than the 1999 appropriations and $23.4 million less than the President's request and the House recommendation.

The House provided full funding, or $30 million in additional funds for the President's food safety initiative. The Senate committee recommended a $25 million increase. The Senate committee wants FDA to continue to support the cooperative research on molluscan shellfish safety with $250,000, and to continue its education program to decrease consumption of raw shellfish without specifying a funding level.

Within the $30 million appropriations provided for food safety, H.R. 1906 provides $3 million for the National Center for Food Safety and Technology, and the accompanying committee report directs FDA to report by March 1, 2000, on the activities the agency has taken to improve the coordination and cooperation with the U.S. Customs Service over imported foods. The General Accounting Office (GAO) had identified deficiencies in this relationship. The Senate is aware of potential adulteration problems with imported ginseng and wants FDA to take swift action to alleviate any public concerns or adverse impact on domestic producers. With these same appropriations, the House wants $100,000 to be used to fund a design contest to find solutions to microbial contamination of ground water use and treatment by the Waste-management Education and Research Consortium (WERC). The Senate committee wants FDA to publish by March 2000 a feasibility study on appropriate methods of informing consumers of bottled water contents.

The Presidential request had asked to have a voluntary fee-for-service seafood inspection program transferred to FDA from the National Marine Fisheries Service. H.R. 1906 did not include funds nor authorizing language for this transfer stating that the matter should be addressed by the authorizing committees (the House Agriculture, Commerce, and Resources Committees). The Senate did not mention this request.

The House also is concerned about the development of resistance in food borne and other bacteria to antibiotics used to treat humans and used for livestock production. The House report required FDA to report by January 2000, on the status of FDA's development of regulations on electronic data submission requirements. The data is to show the use of antibiotics in animals and whether these same antibiotics could compromise human therapies in the United States. It noted that the April 1999 GAO report explained how USDA and FDA opinions differ about the potential risks associated with the uses of approved antibiotics in U.S. animals and to what extent on-farm antibiotic use contributes to resistance. The committee directs FDA and USDA to develop a joint strategy for addressing resistance and to report to the committee by January 2000 on that strategy, and the cost and duration of a risk assessment. The risk assessment is to compare the level of risk posed by such use to humans to the risk posed by not using antibiotics on the farm. The risk assessment should also explain how the risk assessment results can be used as the basis for regulations governing the approval and use of on-farm antibiotics. The Senate committee did not mention this issue.

The House questioned whether the agency had used "sound science" in a proposed 1997 rule on the use of ephedrine alkaloids (naturally occurring chemical stimulants) in dietary supplements. It decided to ask FDA to postpone finalizing the proposed rule until the agency provides more scientific evidence to ensure strict compliance with the Dietary Supplement Health and Education Act. The proposed rule would have considered dietary supplements containing more than 8 milligrams of ephedrine alkaloids per serving to be "adulterated." It also would have required supplements containing ephedrine alkaloids to give appropriate warnings on the label. The House directed the agency to report back within six months on the methodology the agency would use to enforce this proposed rule. The Senate did not mention this issue.

In the next five years, the Office of Generic Drugs will need additional help to review generic drug applications initiated after about $22 billion of brand name drugs come off patent. H.R. 1906, as passed, provides $1.9 million so the Office could hire at least 11 more reviewers to process these applications. The Senate committee agreed with the House and recommended a funding level of $1.9 million and the hiring of 11 more reviewers. In addition, the Senate committee commends the aquaculture drug industry for conducting studies and research supporting New Animal Drug Applications. They recommend that FDA use $200,000 of the $1.6 million appropriations increase to hire two new full-time employees in the Center of Veterinary Medicine to review aquaculture drug applications.

The House supports the President's proposal to fund FDA's ongoing Pre-market Notification Program for food additive petitions through user fees. Report language requests that FDA negotiate soon with the industry on a legislative proposal to authorize such user fees and submit a proposal to the House Commerce Committee, so that the program can be implemented in FY2000.

The Senate took a different approach. The Senate committee prohibited FDA from developing, establishing, or operating any "general user fee" program. In fact the committee stated that it prohibits FDA from developing, establishing, or operating any program of user fees that would be considered "general user fees" which would be collected to finance regular FDA activities such as medical and radiological device reviews, generic and animal drug approvals, food related reviews such as import inspections, and post-market surveillance of products. The committee explained that the Administration should submit legislative proposals to the appropriate authorizing committees and not have authorization assumed in the appropriations request.

Both H.R. 1906, as passed, and the Senate committee bill (S. 1233) maintain funding at the FY1999 level of $34 million for the President's youth tobacco prevention activities for FY2000. The President had requested a doubling of this amount. The House decided to withhold additional funding until the Supreme Court reviews a decision by a federal appeals court holding that FDA has no authority to regulate tobacco products. Within 90 days of enactment of this appropriation, FDA is to report on the effect on reducing tobacco sales to minors through the use of drivers licenses or other identification cards. It is also to determine the cost of imposing requirements for an identification system on both large and small retailers, whether such a system would work in all states, and if these systems could be circumvented. The Senate requires a similar report but gives the agency 180 days from enactment. It also wants the report to identify privacy issues of concern if any. The House would also require FDA to explore the possibility of providing immediate results of compliance checks to retailers, and to develop a pilot program to test this concept. The program should ensure the safety of minors involved in the attempted purchase and not allow clerks to notify other retailers in the same area that FDA is carrying out compliance checks. The Senate committee agrees that FDA should promptly notify tobacco retailers of violations and required FDA to compile data and report by November 1, 1999, on the average time it takes to notify retailers of the first and subsequent violations from the date of the compliance check. It also wants FDA to report on the types of information retailers receive regarding the violation, and whether notices go also to corporate headquarters.

An amendment adopted on the House floor (Coburn) prohibits FDA from using any of its FY 2000 funds "for testing, development, or approval (including approval of production, manufacturing, or distribution) of any drug for the chemical inducement of abortion." In September 1996, FDA had issued a "conditional approval" to the Population Council for the drug mifepristone, or RU-486, to be used for the termination of early pregnancy. In doing this, FDA concluded that mifepristone is safe and effective, but additional information on issues such as manufacturing and labeling must be submitted and evaluated before the agency determines whether or not the drug can be marketed in the United States. FDA has yet to make its determination, and the ban in the appropriations bill, if enacted, would prevent FDA from approving drugs such as mifepristone, or any other drug to induce abortion, with FY 2000 funds. The Senate committee did not mention this issue.

The Senate did, however, include instructions with the $11.4 million increase for premarket application review, that FDA divide this total increase into two parts with $5.4 million to be used for reviewing food additive petitions, and $6 million to fully implement the food contact substances program as authorized in the Food and Drug Administration Modernization Act of 1997 (FDAMA). This Act created an approval mechanism for food contact substances whereby the sponsor or manufacturer could notify the agency of the identity, its intended use, and submit all necessary information showing that the substance was safe. The mechanisms addressed congressional concern that the time the agency spent reviewing food contact substance petitions was disproportionate to the amount of risk they represented.

The Senate committee wants FDA to continue the FY 1999 level of funding and provide $700,000 for clinical pharmacology competitive grants.

The Senate committee also encourages FDA to enforce good manufacturing practices and work with interested people, including CDC and the National Hemophilia Foundation to investigate possible contamination of blood and blood products. It urges FDA to develop industry guidance for the use of polymerase chain reaction techniques to screen for and detect known infectious diseases. It also encourages FDA to require manufacturers track blood-derived products to ensure patient notification can be carried out in case of an adverse event.

Agricultural Provisions in the FY1999 Supplemental Appropriations Act (P.L. 106-31, H.R. 1141)

On May 21, 1999, the President signed into law an FY1999 emergency supplemental act (P.L. 106-31, H.R. 1141) which provides a total of $15 billion in supplemental funding, primarily for military and humanitarian operations in Kosovo ($12 billion) and disaster aid to hurricane victims in Central America and tornado victims in the Midwest ($2 billion). The House and Senate approved the conference agreement on H.R. 1141 on May 18 and May 20, respectively. Included in the $15 billion is $573.9 million in supplemental funding for USDA programs mainly to assist farmers adversely affected by natural disasters and/or low commodity prices.

P.L. 106-31 contains funding of $105.6 million to support $1.1 billion in additional direct and guaranteed farm loans administered by USDA's Farm Service Agency (FSA), $4 million in administrative expenses for FSA loans, and $42.75 million in supplemental funding for the salaries and expenses of FSA, which also administers the farm commodity support programs and farm disaster payment programs within USDA.

Supplemental funding was requested for FSA farm loans as farmer demand for these subsidized loans has outstripped available funding for FY1999. Farmers who cannot qualify for commercial credit depend on FSA farm loans as a source of funding for their operating expenses, demand for which are highest during the spring planting season, and for real estate and emergency disaster loans.

In addition to the credit funds, P.L. 106-31 also contains $145 million for Section 32 purchases to stabilize prices for farm commodities, $95 million to rebuild watersheds damaged by natural disasters, $70 million to assist livestock producers who lost on-farm feed to a disaster, among other agricultural provisions, for a total of $573.9 million in domestic assistance through USDA programs. (See Table 2.) Supplemental funding of $149.2 million is also provided for Title II of the P.L. 480 program, to be used primarily to provide food aid to the Balkans. (Title II is funded through USDA, but administered by the U.S. Agency for International Development.)

A total of $2 billion in reductions were made to spending in federal programs in order to partially compensate for the new spending provided in P.L. 106-31. Among the rescissions was a $1.25 billion cut from unspent surplus balances in the USDA-administered food stamp program.

Conferees on the measure rejected a Senate proposal to provide more than $5 billion in income loss and disaster assistance payments to farmers. Farm prices for major agricultural commodities are expected to remain low through this year, prompting some members to seek supplemental funding to make direct payments to farmers. Majority leadership opposed major supplemental funding for farm relief at this time, contending that the situation should be re-evaluated later this summer when the prospects for this year's crop will be better known. Emergency supplemental funding of $5.9 billion had already been provided for farm economic and disaster assistance in the omnibus FY1999 appropriations act (P.L. 105-277), primarily for 1998 economic and disaster losses.

Table 3. Agricultural Provisions in the FY1999 Supplemental Appropriations Act (P.L. 106-31, H.R. 1141)
($ in millions)

Provision	Amount Provided
Office of Secretary: Emergency Grants to Migrant and Seasonal Farm Workers (Primarily California and Florida)	20.0
Farm Service Agency (FSA): Salaries and Expenses (Expedite Delivery of Disaster Assistance)	42.753
FSA Direct and Guaranteed Farm Loans Loan Subsidies Expenses *(Loan Authorization)*	 105.6 4.0 *(1,095.0)*
Commodity Credit Corporation (CCC): Livestock Assistance Program (for producers suffering loss of on-farm feed to natural disasters)	70.0
CCC: Livestock Indemnity Program (Payments for livestock mortality, caused by disaster, Fall 1998)	3.0
Section 32 purchases to stabilize farm commodity prices	145.0
CCC: Conservation Reserve Program (For conservation technical assistance) (An additional $35 million also approved for FY2000.)	28.0
FSA: Emergency Conservation Program (For flood cleanup of farmland)	28.0
Natural Resources Conservation Service (NRCS): Watershed and Flood Prevention Operations (Rebuild watersheds damaged by disasters)	95.0
Rural Community Advancement Program (RCAP): Loans and grants for rural utilities	30.0
Rural Housing Service (RHS) Loans and Grants: Rural Single Family Housing Loans *(Loan Authorization)* (Hurricane assistance to Puerto Rico)	 2.534 *(11.0)*
Total Domestic Assistance (USDA, excluding Forest Service)	**573.887**
P.L. 480 — Title II (Humanitarian food aid for the Balkans)	149.2
Grand Total of New Spending for USDA (excluding Forest Service)	**$723.087**
Rescission: Food Stamp Program (Unobligated balances)	**$1,250.0**

Table 4. U.S. Department of Agriculture and Related Agencies Appropriations, FY1999 Enacted vs. FY2000 Proposed
($ in millions)

Agency or Major Program	FY1999 Enacted	FY2000 Admini-stration Request	FY2000 House-Passed Bill	FY2000 Senate Com-mittee	FY2000 Enacted
Title I — Agricultural Programs-					
Agric. Research Service (ARS)	842.0	881.4	823.4	862.5	—
Coop. State Research Education and Extension Service (CSREES)	919.2	943.4	906.3	931.5	—
Economic Research Service (ERS)	65.8	55.6	70.3	65.4	—
National Agricultural Statistics Service (NASS)	104.0	100.6	100.6	99.4	—
Animal Plant Health and Inspection Service (APHIS)	433.5	442.6	451.2	444.6	—
Agric. Marketing Service (AMS)	61.0	73.8	62.8	64.9	—
Grain Inspection , Packers and Stockyards Admin. (GIPSA)	26.8	26.4	26.4	24.3	—
Food Safety and Insp. Serv (FSIS)	617.0	653.0	653.0	638.4	—
Farm Service Agency (FSA)	716.9	799.3	799.3	797.3	—
FSA Farm Loans - Subsidy Level	89.7	77.3	77.3	82.0	—
**Farm Loan Authorization*	*2,285.0*	*3,008.7*	*3,008.7*	*3,083.3*	—
Farm Loans- Salaries and Administrative Expenses	379.2	214.2	214.2	214.2	—
Risk Management Agency (RMA) Salaries and Expenses	64.0	70.7	70.7	64.0	—
Federal Crop Insur. Corp. Fund	1,504.0	997.0	997.0	997.0	—
Commodity Credit Corp. (CCC)	8,439.0	14,368.0	14,368.0	14,368.0	—
Other	333.8	470.8	340.5	347.0	—
Total, Agricultural Programs	**14,482.0**	**20,174.1**	**19,961.5**	**20,000.5**	**—**
Title II -Conservation Programs					
Conservation Operations	641.2	680.7	654.2	656.2	—
Total, Conservation Programs	**793.1**	**866.8**	**800.0**	**808.1**	**—**
Title III - Rural Development					
Rural Community Advancement Program (RCAP)	722.7	670.1	669.1	718.0	—
Rural Housing Service (RHS) (1)	1,269.4	1,145.7	1,303.3	1,310.9	—
** RHS Loan Authority*	*4,251.7*	*4,575.1*	*4,832.7*	*4,594.7*	—
Rural Business Cooperative Serv.	52.9	63.2	60.2	54.6	—
** RBCS Loan Authority*	*48.0*	*67.5*	*67.5*	*53.3*	—
Rural Utilities Service (RUS)	129.7	114.7	103.3	100.3	—
** RUS Loan Authority*	*1,869.0*	*1,445.0*	*2,786.5*	*1,919.0*	—
Total, Rural Development (1)	**2,175.2**	**1,994.4**	**2,136.5**	**2,184.4**	**—**
** Rural Development, Total Loan Authority*	*6,168.7*	*6,087.5*	*7,686.7*	*6,567.0*	—

Agency or Major Program	FY1999 Enacted	FY2000 Admini-stration Request	FY2000 House-Passed Bill	FY2000 Senate Com-mittee	FY2000 Enacted
Title IV - Domestic Food Programs					
Child Nutrition Programs	9,176.9	9,565.0	9,547.0	9,560.0	—
WIC Program	3,924.0	4,105.5	4,005.0	4,038.1	—
Food Stamp Program (1)	21,355.1	22,484.4	21,577.4	21,563.7	—
Commodity Donation Programs	272.1	306.3	292.1	272.1	—
Other	109.2	120.5	109.1	112.1	—
Total, Food Programs (1)	**34,816.6**	**36,581.7**	**35,530.7**	**35,546.1**	**—**
Title V - Foreign Assistance					
Foreign Agricultural Service (FAS)	136.2	137.8	137.8	136.2	—
Public Law (P.L.) 480	1,056.7	915.0	1,015.3	922.9	—
CCC Export Loan Salaries (2)	3.8	4.1	4.1	3.8	—
Total, Foreign Assistance	**1,196.7**	**1,056.9**	**1,157.2**	**1,062.9**	**—**
Title VI - FDA & Related Agencies					
Food and Drug Administration	982.2	1,141.7	1,084.7	1,043.9	—
Farm Credit System Financial Assistance Corporation	2.6	—	—	—	—
Commodity Futures Trading Commission (CFTC)	61.0	67.7	65.0	61.0	—
Total, FDA & Related Agencies	**1,046.1**	**1,209.4**	**1,149.7**	**1,104.9**	**—**
Titles VII and VIII— Emergency Appropriations					
P.L. 105-277 (Supplemental)	5,916.7	—	—	—	—
P.L. 106-31 (Supplemental)	700.6	—	—	—	—
Total, Emergency Spending	**6,617.3**	**—**	**—**	**—**	**—**
USDA Total Incl. Supplemental (1)	**61,127.6**	**61,883.2**	**60,736.6**	**60,710.1**	**—**
Subtotal - Before CBO Scorekeeping Adjustments, Excluding Supplemental (3)	**54,510.4**	**61,883.2**	**60,736.6**	**60,710.1**	**—**
CBO Scorekeeping Adjustments (3)	177.7	557.5	221.5	335.5	—
Grand Total, After Scorekeeping Adjustments, Excludes Supplem.	**54,688.1**	**62,483.7**	**60,958.1**	**61,045.7**	**—**

Note: An item with an 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. NA = Not yet available.

(1) The Administration total does not include an advance appropriation request of $4.8 billion for the food stamp program for FY2000, or a $200 million request for rural housing programs.
(2) The CCC export loan account does not include the loan subsidy for export programs, which is funded through the CCC.
(3) Scorekeeping adjustments reflect the savings or costs of provisions that affect mandatory programs, plus the permanent annual appropriation made to USDA's Section 32 program.
(4) Preliminary.

Source: House and Senate Appropriations Committees