Order Code RL31001

CRS Report for Congress
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Appropriations for FY2002: U.S. Department of Agriculture and Related Agencies

Updated December 3, 2001

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

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

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Appropriations for FY2002: U.S. Department of Agriculture and Related Agencies

Summary

On November 28, 2001, the President signed into law the FY2002 agriculture appropriations act (P.L. 107-76, H.R. 2330), which provides $75.902 billion in budget authority for the U.S. Department of Agriculture and related agencies. The amount provided in the act is $118 million below the Senate-passed level, $1.3 billion above the House-passed level, $1.6 billion above the Administration request, and $2.5 billion above the enacted FY2001 level (excluding FY2001 supplementals).

The House- and Senate-passed versions of H.R. 2330 differed by about $1.5 billion going into conference. The largest dollar difference between the two bills was that the Senate bill provided a food stamp contingency reserve of $2 billion, while the House bill contained $1 billion, as recommended by the Administration. Conferees concurred with the Senate level of $2 billion for the reserve.

Among other major differences resolved by conferees -- conferees dropped a provision only in the House bill that would have allowed consumers to import FDA-approved drugs into the United States. Conferees also provided $75 million in market loss assistance for apple growers, compared with $150 million in the House-passed bill and no funding in the Senate bill. The Senate-passed bill contained significantly more funding for USDA rural development programs, particularly for the Rural Community Advancement Program (RCAP), with $1.0 billion in the Senate bill compared with $767.5 million in the House bill. Conferees provided $806 million for RCAP and $2.581 billion for all rural development programs, levels much closer to the House bill than the Senate. Conferees also extended the dairy price support program through May 31, 2002, a provision found in neither bill.

As in previous years' appropriations measures, P.L. 107-76 limits funding for several USDA mandatory programs and applies the savings toward discretionary spending. This includes a prohibition of all FY2002 funding for the Fund for Rural America, the research-oriented Initiative for Future Agriculture and Food Systems, and the Conservation Farm Option. P.L. 107-76 also assumes no new funding for several mandatory conservation programs that have exhausted their authorized funding. Report language in both the House and the Senate encourages USDA to continue funding the Global Food for Education Initiative, which was funded at $300 million in FY2001.

Separate from the appropriations process, but related to federal farm spending, a supplemental authorization act (P.L. 107-25) enacted on August 13, 2001, provided $5.5 billion to help farmers recover from low commodity prices. The supplemental (P.L. 107-38) enacted in response to the terrorist attacks has provided $72 million to date for P.L. 480 food assistance for Afghans, with a portion of the funding in the act unallocated.

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Division abbreviations: RSI = Resources, Science and Industry; DSP= Domestic Social Policy.

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Most Recent Developments

On November 28, 2001, the President signed into law the FY2002 agriculture appropriations act (P.L. 107-76, H.R. 2330) that provides $75.902 billion in budget authority for the U.S. Department of Agriculture and related agencies. The total amount provided is $118 million below the Senate-passed level, $1.3 billion above the House-passed level, $1.6 billion above the Administration request, and $2.5 billion above the enacted FY2001 level (excluding FY2001 supplementals).

Separately, on September 18, 2001, a supplemental appropriations act (P.L. 107-38) was signed into law providing $40 billion in emergency funding for disaster assistance to regions affected by terrorist acts and to augment anti-terrorist activities. The allocation of a portion of these funds is yet to be determined. However, to date, USDA has received $72 million in supplemental funding for P.L. 480 food aid grants for Afghan refugees.

USDA Spending at a Glance

The U.S. Department of Agriculture (USDA) carries out its widely varied responsibilities through approximately 30 separate internal agencies and offices staffed by some 100,000 employees. USDA is responsible for many activities outside of the agriculture budget function. Hence, spending for USDA is not synonymous with spending for farmers, nor with the agriculture appropriations bill, which includes funds for non-USDA programs, notably the Food and Drug Administration (FDA).

USDA gross outlays for FY2000 (the most recently completed fiscal year for which data are available) were $80.8 billion.[1] The mission area with the largest gross outlays was for farm and foreign agricultural services, which totaled $37.2 billion, or 46% of total spending. Within this area are the programs funded through the Commodity Credit Corporation (e.g., commodity support programs, the conservation reserve program, and certain trade programs), crop insurance, farm loans, and foreign food aid programs. Another $32 billion or 40% of USDA spending is for food and nutrition programs -- primarily the food stamp program (the costliest of all USDA programs), various child nutrition programs, and the Women, Infants and Children (WIC) program.

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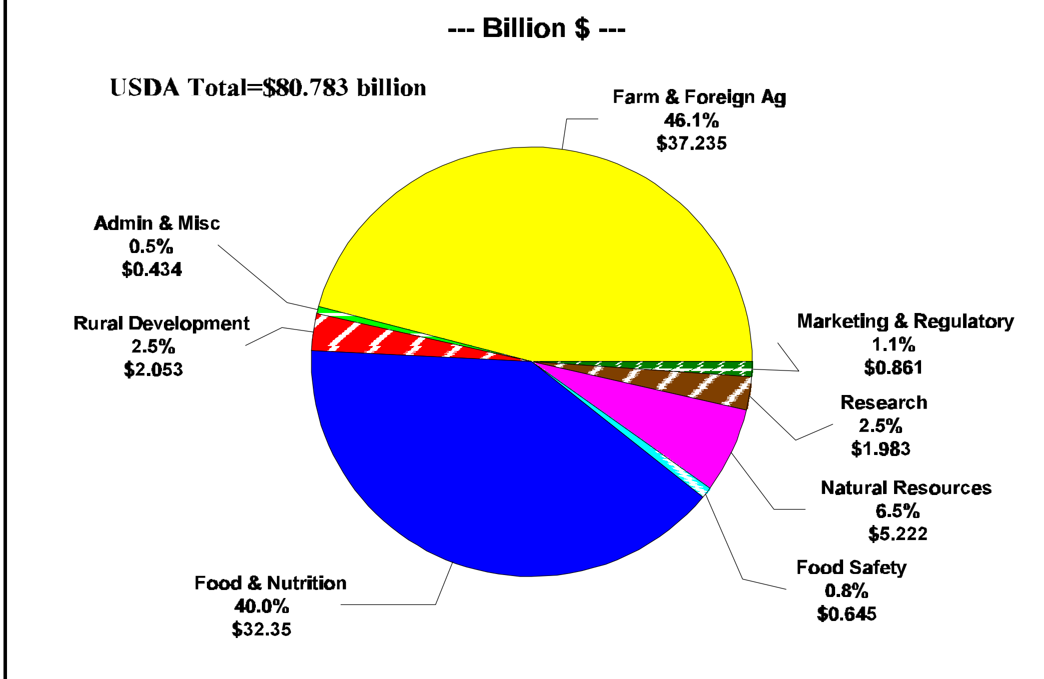
[1] USDA gross outlays do not include an estimated $5.2 billion of offsetting receipts of the department. Inclusion of receipts would result in net outlays of $75.7 billion, instead of gross outlays of $80.8 billion.

FY2000 gross outlays also included $5.2 billion (6.5%) spent on an array of natural resource and environment programs, approximately three-fourths of which was spent on the activities of the Forest Service, and the balance for a number of conservation programs for farm producers. (USDA's Forest Service is funded through the Interior appropriations bill, and is the only USDA agency not funded through the agriculture appropriations bill.) USDA programs for rural development ($2.05 billion in gross outlays for FY2000); research and education ($1.98 billion); marketing and regulatory activities ($861 million); meat and poultry inspection ($645 million); and departmental administrative offices and other activities ($434 million) account for the balance of USDA spending.

Figure 1
U.S. Department of Agriculture Gross Outlays, FY2000



Source USDA Budget Summary, FY2002.

Mandatory vs. Discretionary Spending

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

Approximately three-fourths of total USDA spending is classified as mandatory, which by definition occurs outside of the direct 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 a large portion of USDA mandatory spending are the farm commodity price and income support programs, which are funded through USDA's Commodity Credit Corporation (CCC). Other separately funded mandatory programs include the food stamp program, child nutrition programs and the federal crop insurance program, and certain foreign trade and conservation programs.

Although these programs have mandatory status, many of these accounts ultimately receive funds in the annual agriculture appropriations act. For example, the food stamp and child nutrition programs are funded by an annual appropriation based on projected spending needs. Supplemental appropriations generally are made if and when these estimates fall short of required spending. An annual appropriation also is made to reimburse the Commodity Credit Corporation for losses it incurs in financing the commodity support programs and the various other programs it finances.

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

	FY94	FY95	FY96	FY97	FY98	FY99	FY00	FY01	FY02
Discretionary	$14.59	$13.29	$13.31	$13.05	$13.75	$13.69	$13.95	$15.07	$16.02
Mandatory	$56.25	$54.61	$49.78	$40.08	$35.80	$42.25	$61.95	$58.34	$59.88
Total Budget Authority	$70.84	$67.90	$63.09	$53.12	$49.55	$55.94	$75.90	$73.41	$75.90

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

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. Current (FY2001) funding for all USDA discretionary programs (except for the Forest Service) is provided by the FY2001 agriculture appropriations act (P.L. 106-387).

Agriculture and the FY2002 Budget Resolution

The FY2002 budget resolution (H.Con.Res. 83), adopted by Congress last May, currently guides federal spending and revenue for the next 10 years. The budget resolution, which does not require Presidential approval, provides a blueprint for all federal spending, including agriculture. The level of mandatory farm commodity support spending and mandatory agriculture conservation spending allowed by H.Con.Res. 83 sets the fiscal parameter for the agriculture committees as they design the next farm bill.

H.Con.Res. 83, as adopted, increased baseline budget spending for mandatory agriculture and conservation programs by $5.5 billion in FY2001 and by $7.35 billion in FY2002. This is in addition to the baseline spending estimate of $21.5 billion in FY2001 and $14.3 billion in FY2002 for mandatory agriculture programs, allowed under current law. The budget resolution assumes that most of the funds will be used to provide income assistance to farmers. However, discretion is given to the agriculture committees to report legislation that increases spending on any mandatory programs under their jurisdiction by these amounts.

For FY2003-FY2011, the budget resolution created a reserve fund of $66.15 billion over a nine-year period (FY2003-2011) for mandatory agriculture programs. The reserve fund will be made available to the agriculture committees when legislation to authorize a new multi-year farm bill is reported. (The House completed action on its version of the farm bill on October 5, 2001.) The availability of the reserve fund also is contingent on there being a projected on-budget, non-Medicare surplus to cover these new expenditures.

FY2001 Supplemental Authorization Bill (H.R. 2213). In response to the increased allocation to the agriculture committees for FY2001 granted by the FY2002 budget resolution, Congress completed action before the August recess on a measure (P.L. 107-25, H.R. 2213) that provides $5.5 billion in FY2001 economic assistance to help agricultural producers recover from continued low farm commodity prices. Of the total amount provided, $4.6 billion was to be paid directly to growers of wheat, feed grains, cotton and rice; $423.5 million to oilseed growers; $54.2 million to peanut growers; $129 million to tobacco growers; $16.9 million to wool and mohair growers; $84.7 million to cottonseed growers; and $159.4 million to specialty crop growers (primarily fruits and vegetables). The budget resolution requires that the funds be disbursed before the end of the fiscal year (September 30, 2001).

Earlier, the Senate Agriculture Committee had reported a measure (S. 1246) that would have provided total farm assistance of $7.5 billion ($5.5 billion in FY2001 and $2 billion in FY2002). The bill was blocked from Senate floor consideration by Senate Republicans who felt that the spending was excessive. The Administration had also threatened to veto any bill that provided more than $5.5 billion in assistance. A cloture vote failed by a vote of 49-48 on August 3, 2001, and was followed by a unanimous consent agreement to accept H.R. 2213, as passed by the House.

The 2002 Farm Bill and the Budget. The full House has passed (H.R. 2646) and the Senate Agriculture Committee has reported (S. 1731) their respective versions of an omnibus farm bill that will establish agricultural policy for a multi-year period. As estimated by the Congressional Budget Office, both bills would increase spending over 10 years (FY2002-2011) by nearly the full $73.5 billion made available by the FY2002 budget resolution (i.e., $7.35 billion in FY2002, plus the $66.15 billion reserve fund allocated for FY2003-2011.) The new, 10-year estimated spending of $73.5 billion in both bills is in addition to the $70 billion in estimated farm commodity support spending and $21.4 billion in mandatory conservation programs spending already allowed for FY2002-2011 under current law. For more information, see CRS Report RL31195, *The 2002 Farm Bill: Overview and Status*.

Terrorism Response. On September 18, 2001, a supplemental appropriations act (P.L. 107-38) was signed into law providing $40 billion in emergency funding for disaster assistance to regions affected by the September 11th terrorist acts and to augment anti-terrorist activities. The allocation of a portion of these funds is yet to be determined. However, to date, USDA has received $72 million for P.L. 480 food aid grants for Afghan refugees. According to the Office of Management and Budget, USDA currently spends approximately $50 million in regular appropriations annually to combat terrorism, primarily through its research and inspection agencies, in an effort to prevent, deter and detect biological agents and pathogens that could be used to adversely affect the U.S. food supply.

The Administration has requested that $51.7 million of the available $40 billion in supplemental funding be allocated to USDA, of which a portion would be used to: enhance security at its facilities ($17.2 million); construct a research facility for bio-hazardous material ($14.1 million); improve response to food supply threats and other bioterrorism protection activities ($13.9 million). Separately, the Administration has also requested $34.6 million from the funds for the Food and Drug Administration to expedite the evaluation and approval process of vaccines and biologics.

FY2002 Agriculture Appropriations Action

Chronology

Administration Request. On April 9, 2001, the Administration presented its detailed budget request for all federal spending for FY2002, including spending for the U.S. Department of Agriculture and related agencies. For all of USDA (except the Forest Service, which is funded through the Interior appropriations bill) and related agencies (Food and Drug Administration and Commodity Futures Trading Commission), the Administration requested an FY2002 appropriation of $74.29 billion. The requested amount is up approximately $875 million from the regular FY2001 appropriation of $73.416 billion. However, it is about $2.65 billion less than the FY2001 appropriation when $3.6 billion in one-time emergency supplemental funding is counted. The Administration request does not assume the recurrence of emergency funding in FY2002.

House Subcommittee Action. On June 6, 2001, the agriculture subcommittee of the House Appropriations Committee completed markup of the USDA and related agencies appropriations bill for FY2002. The subcommittee measure recommended an appropriation of $74.40 billion, including $58.884 billion for USDA mandatory programs, and $15.519 billion for discretionary programs. The $15.519 billion recommended by the subcommittee was equal to the allocation given to the subcommittee for discretionary programs, and was $111 million above the Administration request and $443 million above the regular (non-emergency appropriation) for FY2001. The subcommittee adopted report language stating that the committee "expects" USDA to fund the Global Food for Education Initiative in FY2002 at the FY2001 level of $300 million, using USDA's Commodity Credit Corporation as the funding source. An amendment to require USDA to fund the program was defeated out of concern that the $300 million cost of the program would be scored against the subcommittee's $15.519 billion allocation. A separate amendment to require FDA to study the effects of irradiation on food was also adopted in subcommittee, but was deleted by the full committee. An amendment to allocate funds to combat terrorist actions against agricultural research installations was defeated by both the subcommittee and the full committee.

House Full Committee Action. The full House Appropriations Committee completed markup of the measure on June 13, 2001, and subsequently reported the bill (H.R. 2330, H. Rept. 107-116) on June 27, 2001. The full committee adopted an amendment to provide $150 million in emergency assistance to apple growers who experienced a loss of markets to their 2000 crop, caused by either low commodity prices or production lost to a natural disaster. This adopted amendment increased the bill total to $74.55 billion. However, as adopted, the $150 million in emergency apple payments would not have counted towards the $15.519 billion allocation for discretionary programs in the bill. This emergency designation concerned fiscal conservatives who felt that such spending violated the terms of the current budget resolution, thus causing a delay in consideration of the bill on the House floor. The emergency designation for the apple assistance was subsequently removed in an amendment adopted as part of the rule (H. Res. 183) for consideration of the bill, and the allocation to the bill for discretionary spending was increased by $150 million.

An amendment to extend authority for the Northeast dairy compact and authorize a Southern dairy compact was offered in committee and subsequently withdrawn. An attempt to require USDA to fund the Global Food for Education Initiative (similar to the subcommittee rejected amendment) was defeated in full committee. Emergency spending of $500 million for USDA to promote biofuels research was also rejected in committee. The full committee adopted an amendment to prohibit any funding for the administration of the pork checkoff program.

House Floor Action. The House began floor consideration of H.R. 2330 on June 28, 2001, before adjourning for the July 4 recess. During the debate on June 28, the House adopted two separate amendments that earmark FDA spending for certain purposes. One adopted amendment provides an additional $2.5 million to expedite the consideration of generic drug applications, and the other allocates an additional $5 million for research on antimicrobial resistance. When floor consideration of the measure resumed on July 11, the House debated 23 additional amendments, before passing the measure by a vote of 414-16. Among the adopted amendments was a provision that allows individuals to import non-narcotic, FDA-approved prescription drugs. An earlier floor amendment that would have allowed individuals and businesses to re-import drugs originally manufactured in the U.S. was defeated. Also adopted on the House floor was a $10 million increase in elderly nutrition programs, and a $5.4 million increase for rehabilitating aging dams, both of which were offset by reductions in other USDA spending. Attempts to eliminate mandatory emergency spending for wool and mohair producers and all spending for overseas promotion of U.S. agricultural products through the Market Access Program, were defeated on the House floor.

Senate Committee Action. On July 16, 2001, the agriculture subcommittee of the Senate Appropriations Committee referred an FY2002 appropriations bill for USDA and related agencies to the full Senate Appropriations Committee without conducting a formal subcommittee markup. The full committee marked up the measure on July 17, 2001 and reported S. 1191 on July 18. Only a manager's en bloc amendment was adopted in full committee markup, which made several minor changes to report language.

Senate Floor Action. On October 25, 2001, the full Senate approved the Senate Appropriations Committee-reported version of the FY2002 agriculture appropriations bill, with amendments, by a vote of 91-5.[2] As passed, the Senate bill provides a total appropriation of $76.02 billion, which is $1.47 billion above the House-passed bill, $1.73 billion above the Administration request, and $2.6 billion above the regular non-emergency appropriations in FY2001. Most of the difference between the Senate bill and the House-passed bill and the Administration request is that the House and the Administration recommend a mandatory spending food stamp contingency reserve of $1 billion, while the Senate-passed bill recommends $2 billion. Of the total appropriation, the Senate bill provides $16.14 billion for discretionary programs, which is $468 million above the House level of $15.67 billion, and $728 million above the Administration request.

Before voting on the measure, the Senate adopted 35 amendments in two en-bloc votes. The first six amendments adopted en bloc were all technical corrections to the committee bill language. Only one of the 29 amendments adopted in the second en-bloc vote added to the total cost of the bill – an increase of $1.9 billion in mandatory funding for the food stamp reserve fund from $100 million in the Senate-reported bill to $2 billion. Several of the adopted amendments increased spending in one account and offset the new spending with reductions in other accounts. These included: a $5 million increase in funding for research at the 1890 land grant institutions, offset by reductions in other research accounts; a $5 million increase in conservation spending to fund a pilot program to monitor migratory bird harvest, offset by a $5.3 million reduction in USDA in-house research spending; and a $1 million increase in FDA spending on dietary supplement labeling offset by a like decrease in the salaries and expenses for the federal crop insurance program.

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[2]The Senate adopted the Senate-reported bill (S. 1191) as a substitute amendment to the House-passed bill (H.R. 2330). Hence, both the House- and Senate-passed bills are numbered as H.R. 2330.

Other Senate-adopted floor amendments made policy changes without affecting spending levels, including: a postponement of the assessment required of sugar processors until September 2002; the deletion of bill language that would have prohibited the use of any funds to implement the Kyoto Protocol to control greenhouse gas emissions; a prohibition on the labeling of certain imported fish as catfish; and a one-year extension through 2002 for eligibility for available disaster funding for citrus canker eradication.

Conference Committee. On November 8, 2001, conferees approved a conference agreement (H. Rept. 107-275) that will provide $75.902 billion in FY2002 for the U.S. Department of Agriculture and related agencies. The conference agreement level is $118 million below the Senate-passed level, $1.3 billion above the House-passed level, $1.6 billion above the Administration request, and $2.5 billion above the enacted FY2001 level (excluding FY2001 supplementals). The conference agreement was adopted without amendment by the full House on November 13, 2001 (vote of 379-33) and by the Senate on November 15 (vote of 92-7). The President signed H.R. 2330 into law (P.L. 107-76) on November 28, 2001.

Table 2. Congressional Action on FY2002 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	
6/6/01	(1)	H.R. 2330, H.Rept. 107-116 6/27/01	Vote of 414-16 7/11/01	S. 1191, S. Rept. 107-47 7/18/01	Vote of 91-5 10/25/01	H. Rept. 107-275, Reported 11/9/01	Vote of 379-33 11/13/01	Vote of 92-7 11/15/01	P.L. 107-76 11/28/01

(1) = The Senate bypassed subcommittee markup and conducted full committee markup on 7/17/01.

** = Pending

The following sections review the major provisions of P.L. 107-76 and compare them with the House- and Senate-passed versions of H.R. 2330 and the Administration request, for the major mission areas within USDA.

Farm Commodity Support

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

The CCC must eventually repay the funds it borrows from the Treasury. But, because the CCC never earns more than it spends, its losses must be replenished periodically through a congressional appropriation so that its $30 billion borrowing authority (debt limit) is not depleted, which would render the corporation unable to function. Congress generally provides this infusion through the regular annual USDA appropriation law. Because of the degree of difficulty in estimating its funding needs, which is complicated by crop and weather conditions and other uncontrollable variables, the CCC in recent years has received a "current indefinite appropriation," which in effect allows the CCC to receive "such sums as are necessary" during the fiscal year for previous years' losses and current year's losses. Indefinite appropriations have become more common for the CCC in recent years, particularly in FY2000 when CCC net outlays in that year totaled $32 billion. Without an indefinite appropriation, the CCC would have exhausted its $30 billion borrowing limit.

The Administration estimates that the CCC will require an appropriation of $23.1 billion in FY2002, compared with $25.3 billion in FY2001. P.L. 107-76 concurs with the request. A general provision in P.L. 107-76 extends the authority for the dairy price support program through May 31, 2002 at the current level of support. Neither version of the bill contained this provision. The program was slated to expire at the end of 2001. A multi-year extension is being considered along with other farm commodity programs in the context of the pending omnibus farm bill, versions of which have passed the House (H.R. 2646) and have been reported in the Senate (S. 1731). P.L. 107-76 also provides $75 million in market loss assistance to apple growers to help them recover from low market prices. The Senate-passed version contained $150 million in assistance; the House-passed version contained no assistance.

Crop Insurance

The federal crop insurance program is administered by USDA's Risk Management Agency (RMA). It offers basically free catastrophic insurance to producers who grow an insurable crop. Producers who opt for this coverage have the opportunity to purchase additional insurance coverage at a subsidized rate. Most policies are sold and completely serviced through approved private insurance companies that have their program losses reinsured by USDA. The annual agriculture appropriations bill makes two separate appropriations for the federal crop insurance program. It provides discretionary funding for the salaries and expenses of the RMA. It also provides "such sums as are necessary" for the Federal Crop Insurance Fund, which funds all other expenses of the program, including premium subsidies, indemnity payments, and reimbursements to the private insurance companies.

For FY2002, P.L. 107-76 concurs with the Administration request for $74.752 million for the FY2002 salaries and expenses of the RMA, the only discretionary component of the federal crop insurance program. This funding level is $9.3 million above the FY2001 appropriation of $65.45 million. Most of the additional funding is requested for improvements in information technology systems. The Senate-passed bill would have provided $1 million less than the request to offset an increase in FDA spending for product labeling of dietary supplements.

For mandatory expenses of the crop insurance program (premium subsidy, program losses and reimbursements to private insurance companies), the Administration estimates an FY2002 appropriation of $3.04 billion, which is $232 million above its FY2001 estimate of $2.80 billion. P.L. 107-76 concurs with this estimate, and provides "such sums as may be necessary." The act includes a House provision that reduces from $10 million to $3.6 million the available FY2002 mandatory funding for crop insurance education and information programs, as an offset for new conservation spending on the repair of watershed dams. P.L. 107-76 also includes a Senate provision that requires USDA to provide similar insurance coverage for sweet potatoes as other potatoes.

Total estimated FY2001 and FY2002 crop insurance spending is significantly higher than the actual mandatory spending of $2.3 billion in FY2000, primarily because of major legislative changes made to the program in 2000 in P.L. 106-224, which became effective in the 2001 crop year. This legislation provided an additional $8.2 billion in new mandatory spending to the crop insurance program over 5 years (FY2001-2005), primarily in the form of additional premium subsidy to participating farmers. For more information on the crop insurance legislation, see CRS Report RL30739, *Federal Crop Insurance and the Agriculture Risk Protection Act of 2000 (P.L. 106-224)*.

Farm Service Agency

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

FSA Salaries and Expenses. This account funds the administrative expenses for program administration and other functions assigned to the FSA. These funds consist of appropriations and transfers from CCC export credit guarantees, from P.L. 480 loans, and from the various direct and guaranteed farm loan programs. All administrative funds used by FSA are consolidated into one account. P.L. 107-76 concurs with the Administration request and the Senate-passed level for an appropriation of $939 million for Farm Service Agency salaries and expenses for FY2002. In FY2001, FSA received a regular appropriation of $826.6 million and a subsequent supplemental of $50 million to hire additional employees to administer the agency's implementation of disaster payments and other emergency farm assistance programs. The amount provided by P.L. 107-76 for FY2002 reflects the continued need for employing additional temporary staff. Not included in the appropriation is an ongoing transfer of $276 million to FSA salaries and expenses from various export and farm credit program accounts that are administered by FSA.

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

For FY2002, P.L. 107-76 provides an appropriation of $187 million to support a direct and guaranteed FSA loan volume of $3.890 billion, in concurrence with the Senate-passed level. The House-passed bill would have provided the Administration-requested appropriation of $185.4 million to fund $3.855 billion in FSA farm loans. P.L. 107-76 also includes a Senate provision that allows horse breeders with losses caused by mare reproductive loss syndrome to be eligible for FSA emergency disaster loans.

In FY2001, a regular appropriation of $117 million was made to support $3.09 billion in total farm loans. However, the FY2001 loan authority was supplemented by an emergency appropriation, which when combined with the regular FY2001 appropriation, was expected to result in a total FY2001 loan volume of $4.25 billion. Contributing to the need for supplemental funding were widespread natural disasters and the continued weak state of the farm economy which caused more farmers to qualify for federal credit programs.

Agricultural Trade and Food Aid

For the international activities of USDA that are funded through annual appropriations (discretionary programs), P.L. 107-76 provides FY2002 budget authority of $1.124 billion. Most of this goes to fund P.L. 480 foreign food aid. This amount is slightly higher than the FY2001 enacted amount and the President's budget request, both of approximately $1.09 billion. Many of USDA's international programs are not subject to direct annual appropriations, but are funded through the borrowing authority of USDA's Commodity Credit Corporation (CCC). These "mandatory" programs include export credit guarantees, export subsidies, export market development, and foreign food aid programs other than P.L. 480.

Discretionary Programs. Within the $1.124 billion for discretionary programs, P.L. 107-76 provides budget authority of $998.6 for P.L. 480 (Food for Peace) programs, normally the main channel for U.S. foreign food aid and the largest appropriated international USDA program. The FY2001 level and the President's FY2002 request both were approximately $971 million. Not included in these figures is supplemental spending of $72 million allocated to P.L. 480 food aid grants to date, as part of the supplemental appropriations act (P.L. 107-38) that provides $40 billion for disaster assistance and anti-terrorism activities in response to the September 11 terrorist attacks. For the salaries and expenses of USDA's Foreign Agricultural Service (FAS) which implements the international programs, P.L. 107-76 provides budget authority of $121.8 million. The FY2001 level was $115.2 million, and the FY2002 Administration request was $121.6 million.

Mandatory (CCC-Funded) Programs. Of the $5.8 billion in the President's requested FY2002 program level[3] (value of goods and services supported by funding) for all USDA international activities, $3.9 billion would be for CCC export credit programs, which guarantee payment for commercial financing of U.S. agricultural exports. The FY2002 request for such guarantees is approximately $100 million greater than the FY2001 level. P.L. 107-76 provides an appropriation of $4 million for the salaries and expenses of those who administer the export credit programs. Loan subsidy costs of export credit guarantees are provided through a permanent, indefinite appropriation and not by an annual appropriation. The actual level of credit guarantees will depend on market conditions and the demand for export financing.

Two other CCC-funded programs help to develop markets for agricultural exports. For the Market Access Program (MAP), the Administration estimates spending of $90 million, the maximum allowed under the 1996 farm law. MAP has been a frequent but unsuccessful target of budget cutters who label it "corporate welfare," and of some Members in search of funds to offset increased spending for other programs. A House floor amendment that would have prohibited any MAP funding in FY2002 was defeated by a vote of 85-341. The Foreign Market Development Cooperator Program (FMDP) would require outlays of $28 million in FY2002. Both the House-passed farm bill, H.R. 2646 and the Senate Agriculture Committee reported version of the bill (S. 1731) would increase funding for both of these export market development programs.

The Export Enhancement Program (EEP) and the Dairy Export Incentive Program (DEIP), also funded through the CCC, are USDA's only current direct export subsidy programs. The Administration proposed EEP spending at $478 million, the maximum authorized in the 1996 farm law and under the World Trade Organization (WTO) Agreement on agriculture. However, USDA has used minimal EEP funds in recent years (only $1 million in FY2000 and $6.9 million in FY2001) because, according to USDA, global supply and demand conditions do not favor its use. Proposals have been made to divert unused EEP funding authorizations to other export programs, notably to MAP and FMDP if their funding authority is increased as proposed (see above).

For DEIP, the Administration proposed a program level of $42 million, an increase from the current FY2001 estimate of $32 million. This level of DEIP reflects limits imposed by WTO commitments, an end to the "roll-over" authority in the WTO Agricultural Agreement, which allowed countries to draw on unused subsidy authority from previous years, and improved world market conditions for skim milk powder. The Senate Appropriations Committee report indicates that it "expects" the

[3]Program levels exceed outlays because for federal credit programs, such as CCC export credit guarantees, which are a substantial portion of USDA's international activities, only administrative expenses and loan subsidies, not the value of the loan or guarantee, require an appropriation. In addition, CCC funded activities, such as EEP, MAP, and FMDP, which are included in program level, do not require annual appropriations.

Administration to use fully its DEIP authority. Further, it expresses its concern that the program has lost a "substantial percentage" of its WTO-permitted tonnage every year because not all foreign sales of DEIP-awarded export sales are completed due to buyer cancellations and other factors. The report directs USDA to prepare a plan to ensure that all lost tonnage be reallocated during the applicable export year so that it is not lost due to the WTO provision ending roll-over authority.

In other report language, the Senate committee directs FAS to increase its efforts to educate foreign trading partners regarding the "safety of biotechnology and the thoroughness of the U.S. regulatory oversight of biotechnology."

Section 416(b) commodity donations and food aid provided under the Food for Progress (FFP) program are also CCC-funded. The Administration notes that for Section 416(b) commodity donations to private voluntary organizations and foreign governments, the level of programming in FY2002 will be determined based on availability of uncommited CCC commodity inventory. Section 416(b) donations were valued at more than $565 million in FY2001 (commodity value only). Allocations of commodities under Section 416(b) could augment the FY2002 program level and outlays for international activities. FFP, which provides U.S. farm commodities to developing countries and emerging democracies, would require an estimated $94 million in FY2002. All of Section 416(b) and much of FFP are funded by the CCC. P.L. 107-76 requires that up to $25 million worth of Section 416 tonnage be made available to foreign countries to mitigate the effects of HIV and AIDS on communities and families. In another area, P.L. 107-76 allows $4 million for the Congressional Hunger Center's Emerson-Leland Hunger Fellowships.

The House Appropriations Committee directs USDA to make decisions about foreign commodity donations by February 15 of each year. The House committee also directs the Department, as it reviews international commodity assistance, to take into account the committee's beliefs that commodity assistance "is a prudent way to help move commodities that are in surplus and urgently needed." Meanwhile, Senate committee report language emphasizes that the U.S. Agency for International Development (US AID) should ensure that more P.L. 480-Title II resources are directed toward development programs that address chronic hunger and its root causes in areas with inadequate food security. The 1996 farm law generally requires that a minimum of three-fourths of tonnage under Title II (which authorizes commodity donations for humanitarian and development aid) be used for addressing chronic hunger and food security problems, a goal that the committee report in effect underscores. Other Senate report language urges USDA to continue to emphasize purchases of value-added rice for food aid.

The conference report to P.L. 107-76 urges the Secretary of Agriculture "in the strongest possible terms" to use available authorities to continue a Global Food for Education Initiative begun in FY2000 during FY2002. An unsuccessful subcommittee and full committee amendment to the House version of the FY2002 agriculture appropriations bill would have required USDA to fund the second year of this pilot international food for education program at the FY2001, CCC-funded level of $300 million. Instead of the bill amendment, the subcommittee included in report language that it "expects" the Administration to fund the program in FY2002 at $300 million. Opponents to the amendment to require funding were concerned that the $300 million would be scored towards the subcommittee's allocation for discretionary spending, which would have required a comparable offset in order to stay within budget. Senate report language also expresses support for the initiative. Both the House-passed farm bill, H.R. 2646, and the trade title of the Senate Agriculture Committee version of the farm bill (S. 1731), authorizes the establishment of an international food for education program.

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

Conservation and Environment

Discretionary Programs. P.L. 107-76 provides $962.1 million for discretionary USDA conservation programs. This amount is less than the Senate-passed version ($985.4 million) and more than the House-passed version ($909.0 million). The discretionary conservation funding in P.L. 107-76 is greater than both the $928.6 million requested by the Administration, and the FY2001 total of $907.1 million. (The House total does not include a $45 million rescission for the Agricultural Conservation Program, a cost sharing program which was terminated by the 1996 farm bill. The conference committee rejected this proposal.) Almost all discretionary conservation funding is administered by the Natural Resources Conservation Service.

For the core technical assistance effort, the Conservation Operations Program, P.L. 107-76 provides $779.0 million, which is less than would have been provided by either the Senate ($807.5 million) or the House ($782.8 million). These amounts are all higher than the Administration request of $773.5 million and the FY2001 appropriated level of $712.5 million.

Using Conservation Operations funds to provide technical assistance in support of the Conservation Reserve Program (CRP) has been contentious because it has reduced the funds available for other programs and activities. (The CRP is a mandatory program that allows eligible farmers to retire from production highly erodible and environmentally sensitive farmland, and in return receive technical assistance and annual rental payments to establish and maintain permanent vegetative cover.) P.L. 107-76 concurs with a solution approved by the Senate to allow the Secretary to transfer to the CRP up to $13 million from the Environmental Quality Incentive Program (EQIP) (a mandatory conservation cost-sharing program). It rejects another Senate solution that would have applied up to $18 million in savings from limiting enrollment in specified components of the CRP, as well as the solutions proposed by the Administration and the House.

The conference committee did not comment on most of the numerous conservation operations earmarks identified in both the House and Senate committee reports. The final act does provide $21.5 million for the Grazing Land Conservation Initiative, which splits the difference between the House bill ($20.0 million) and the Senate bill ($23.0 million). Conferees also added report language for 4 earmarks.

P.L. 107-76 provides funding levels for other conservation line items that are at least at the level of the lower of the two chambers. These amounts (and the approved levels in both chambers, the Administration request, and the FY2001 funding levels) include:

- $11.0 million for Watershed Surveys and Planning (the same as approved by both chambers and in the Administration request, and an increase from $10.8 million in FY2001);
- $106.6 million for Watershed Projects (The Senate approved the Administration-requested amount of $100.4 million, while the House provided $111.1 million; all of these amounts are greater than $99.2 million in FY2001);
- $48.0 million for the Resource Conservation and Development Program (the same as the Senate approved, and slightly below the $48.4 million that the House approved, but a large increase from both the Administration request of $43.9 million and the $41.9 million in FY2001); and
- $6.8 million for the Forestry Incentive Program ($1 million less than the Senate level, while the House endorsed the Administration proposal by providing no funding. (The Clinton Administration had made the same proposal the three preceding years.))

The Senate and House both included numerous earmarks in their versions of the bills, especially in the Watershed Operations portion. P.L. 107-76 includes a $45.5 million limitation on technical assistance under the Watershed and Flood Prevention Operations Program. It also concurs with the Senate by adding a new separate line item for rehabilitating aging watershed projects and providing $10 million. The House had sought to provide new budget authority of $5.4 million within Watershed Operations for rehabilitation. The conference agreement includes report language for the Resource Conservation and Development Program to fund as many applications as possible.

Also, P.L. 107-76 provides no new funding for emergency programs, although it does earmark a small amount to Arkansas to complete a project from available emergency funds. The Administration had not requested funding for any of the emergency conservation programs, which would have been replaced by a proposed government-wide National Emergency Reserve that could be tapped for these and other government emergencies. Neither chamber acted on the Reserve proposal, and do not provide any funding for emergency agricultural conservation programs.

Mandatory Programs. For the mandatory conservation programs that are funded through the borrowing authority of the Commodity Credit Corporation and not subject to annual appropriations, the Administration proposal did not assume the recurrence of the several single year increases provided in FY2001 under various emergency supplemental measures. Conservation advocates had sought increases for these programs for several years, and the Clinton Administration and Congress both supported them in FY2001, probably because of the emerging budget surplus and because some of these programs had reached their mandated enrollment or funding caps set in the 1996 farm bill. The Bush Administration proposed no new funding for these programs rather than sustaining them at higher but unauthorized levels.

Supporters of these programs have characterized the Administration proposals as reductions.

P.L. 107-76 endorses positions approved by both the House and Senate to provide no additional funding for these programs beyond authorized levels in FY2002. The mandatory programs that have already reached their authorized enrollment or funding caps, include: the Wetlands Reserve Program (capped at 1,075,000 acres); the Wildlife Habitat Incentives Program (capped at $50 million); and the Farmland Protection Program (capped at $35 million). P.L. 107-76 contains a general provision to prohibit the use of any funds to implement a fourth mandatory program, the Conservation Farm Option, for which the Administration had not sought any funding.

Another mandatory, CCC-funded conservation program, the Environmental Quality Incentives Program (EQIP), which provides cost-sharing, technical, and educational assistance to reduce soil, water, and related natural resource problems, is currently authorized at $200 million annually. EQIP had been limited to $174 million annually in recent years by annual appropriations acts, including FY2001. Subsequently, for FY2001, Congress provided additional EQIP funding of $46 million. P.L. 107-76 provides full funding for FY2002, but allows the Secretary to transfer up to $13 million of that amount for technical assistance to implement the CRP, as mentioned above. The Administration had proposed to fund EQIP at $174 million in FY2002, but both chambers supported full funding. The Senate bill would have allowed up to $26 million to be applied to technical assistance to implement the CRP. Future funding for EQIP and all other mandatory conservation programs will be addressed by the next omnibus farm bill by the end of FY2002.

For more information on USDA conservation issues, see CRS Issue Brief IB96030, *Soil and Water Conservation Issues*.

Kyoto Protocol. Both the House and Senate appropriations bills, as reported, contained a general provision that would have prohibited USDA from taking any action to implement the 1997 Kyoto Protocol. However, floor amendments to strike this provision were adopted in both chambers. Hence, P.L. 107-76 contains no such prohibition. The Kyoto protocol addresses ways to control greenhouse gas emissions and global warming. For more information, see CRS Report RL30692, *Global Climate Change: the Kyoto Protocol*.

Agricultural Research, Education, and Economics

P.L. 107-76 contains $2.3 billion for USDA's four research, education, and economics agencies for FY2002, reflecting only incremental differences from both the House- and Senate-passed bills and a $186 million (+8.7%) increase over FY2001.

The conferees settled upon the House-passed level of $67.2 million for USDA's Economic Research Service (ERS), and upon the Senate-passed level of $113.8 million for the National Agricultural Statistics Service (NASS). Within the NASS appropriation, the conference reports designates $25.3 million for the agency's work on the Census of Agriculture, a $10 million increase over FY 2001.

P.L. 107-76 provides a total appropriation of $1.1 billion (+13%) for USDA's in-house science agency, the Agricultural Research Service (ARS). This amount is almost identical to the Senate bill and $48 million above the House measure. Of the $1.1 billion, $980 million (+9%) supports ARS's research programs, and $119 million (+60%) pays for modernizing and building ARS facilities.

P.L. 107-76 provides more money to the Cooperative State Research, Education and Extension Service (CSREES) than was contained in either the House- or Senate-passed bills. CSREES is the agency through which USDA funds land grant colleges for state-level research, education, and extension programs. CSREES receives $1.024 billion (+4.6% from FY2001) in P.L. 107-76, $37.5 million more than was in the House measure, and $5.6 million more than the Senate bill. Of the total, $542.1 million is allocated to research and education activities (+7%), $439.5 million to extension programs (+1.6%), and $42.8 million to integrated research and extension programs (+2.3%). P.L. 107-76 provides level funding for the formula-funded programs – $180 million for experiment station research; $275.9 million for state extension programs; $21.9 million for forestry research; and $5.1 million for veterinary research. The 1890 (historically black) land grant colleges of agriculture receive $34.6 million for research and $31.2 million for extension programs as the result of the conferees' adoption of a Senate amendment that redirects $5 million in funds to the 1890 schools from the National Research Initiative (NRI) competitive grants program and from ARS. P.L. 107-76 appropriates $120.1 million to the NRI program, a 13.6% increase over FY2001. For congressionally designated special research grants, P.L. 107-76 also appropriates more money – $97.4 million – than was in either the House- or Senate-passed bill (in the $82-85 million range).

P.L. 107-76 prohibits a continuation of mandatory funding ($120 million) to support the Initiative for Future Agriculture and Food Systems in FY2002. The Senate measure would have permitted the use of second-year obligational authority over FY2001 funds to operate the program in 2002, but the conferees adopted the House-passed provision, which provides money only for personnel to continue administration of the grants that already have been funded under this program, not for additional grants.

For more background information on USDA research programs, see CRS Report 97-325, *Agricultural Research, Education, Extension and Economics Programs: A Primer*.

Food Safety

USDA's Food Safety and Inspection Service (FSIS) is responsible for the mandatory inspection of meat, poultry, and processed egg products to ensure their safety, wholesomeness, and proper labeling. In contrast to budget requests of previous Administrations, the Bush Administration did not propose to change the funding source for FSIS programs from federal appropriations to user fees collected from the meat and poultry packing industry. P.L. 107-76 provides $715.6 million for FSIS for FY2002. This amount is virtually the same as the Senate-passed appropriations bill and represents a $21 million increase over FY2001. The House bill contained $720.7 million. Conference agreement language also permits FSIS to credit $1 million in fees collected for laboratory accreditation to the agency's food inspection activities, in addition to the estimated additional $101 million that will be collected in user fees for overtime and holiday inspection services. (For appropriations actions relating to FDA food safety activities, see the "Food and Drug Administration" section below.)

Marketing and Regulatory Programs

USDA's marketing and regulatory programs (MRP) are administered by three agencies: the Agricultural Marketing Service (AMS), the Animal and Plant Health Inspection Service (APHIS), and the Grain Inspection, Packers, and Stockyards Administration (GIPSA). The stated mission of these programs is to "expand domestic and international marketing of U.S. agricultural products and to protect the health and care of animals and plants, by improving market competitiveness and the farm economy for the overall benefit of both consumers and American agriculture." The Administration's FY2002 aggregate budget request for MRP is $828.3 million, or $172 million over the FY2001 appropriation level. P.L. 107-76 provides MRP funding of $748.2 million for FY2002 ($92 million over the FY2001 enacted appropriation, and $80.1 million below the Administration's request).

Animal and Plant Health Inspection Service. APHIS, which is responsible for protecting U.S. agriculture from foreign pests and diseases, accounts for most of the MRP proposed spending. The FY2002 Administration request was $703 million in authority for salaries and expenses ($173.6 million over FY2001 appropriations). This request reflects increased concern over foreign outbreaks of new or introduced animal diseases such as foot-and-mouth disease and mad cow disease. In addition to the regular FY2001appropriation of $529.4 million for APHIS, $326 million were provided in emergency supplemental funding, an amount that is not contemplated by the FY2002 Administration request.

For FY2002, P.L. 107-76 provides $620.5 million in APHIS salaries and expenses (+$91.1 million over FY2001), but $82.5 million below the Administration's request. P.L. 107-76 includes $84.8 million for Agricultural Quarantine Inspection (AQI) fees, and substantially increase funding over FY2001 levels for Emerging Plant Pests ($43.1 million), and for the Boll weevil eradication program ($77.4 million). Appropriations for emerging plant pests include $8.5 million earmarked for the control of the glassy-winged sharpshooter, and $31 million for the control of citrus canker, the Asian longhorned beetle, the plum pox virus, and Mormon crickets. Sizable increases for scrapie and pseudorabies eradication programs sought by the Administration are not supported in P.L. 107-76. A new program to control Johne's Disease is created under pest and disease management ($2.4 million). New funding of $850,000 is also available for the control of Chronic Wasting Disease (CWD) of deer and elk, a disease related to "mad cow" disease. P.L. 107-76 also includes a buildings and facilities measure for constructing a "one stop" facility at the Miami International Airport that will house several airport-related operations.

Earlier this year, an outbreak of foot and mouth disease (FMD) in Europe forced APHIS to take extraordinary actions to keep the disease out of the United States. To cover unforeseen expenditures related to FMD, the Administration asked for $35 million as part of it FY2001 supplemental appropriations request. A separate supplemental appropriations act (P.L. 107-20) provided $5 million to guard against the threat of FMD and other animal diseases. For more on FMD, see CRS Report RS20890, *Foot and Mouth Disease: A Threat to U.S. Agriculture*.

On July 31, 2001, the United States District Court for the District of Columbia found that USDA's exclusion of commercial dealers who sell dogs and cats directly to the public from their own premises, (so-called "puppy mills"), was in violation of Congress' express intent under the Animal Welfare Act (AWA). The Act excludes "retail pet stores" from its minimum humane care and handling requirements, and it was USDA's position that these home dealers were to be considered as retail pet stores. USDA has not decided whether or not to appeal that decision. The court's decision raised some speculation that FY2002 appropriations would reflect the need for increased funding for APHIS to enforce AWA in its expanded form. P.L. 107-76 contains no such provisions.

Agricultural Marketing Service. AMS is responsible for promoting U.S. agricultural products in domestic and international markets, and for facilitating the marketing and distribution of agricultural products, For FY2002, the Administration requested $86.65 million (+$6.7 million from FY2001 appropriations). P.L. 107-76 provides $86.7 million. P.L. 107-76 also provides fully the Administration's request for $13.9 million in Section 32 funds. (Under Section 32, USDA buys surplus perishable commodities as one means of strengthening farm prices by encouraging consumption and exports of agricultural commodities. For more on Section 32, see CRS Report RS20235, *Farm and Food Support Under USDA's Section 32 Program*.

P.L. 107-76 also provides $14.3 million, the full Administration request, for the Pesticide Data Program; $6.2 for the food-related Microbiological Data Program; and $5.98 million for operating the Mandatory Price Reporting Program. A House amendment, adopted in full committee and retained by conferees, prohibits USDA from using appropriated funding for administering the pork "check-off" program. A number of check-off programs are administered by AMS and are funded through assessments on producers of certain commodities. Proceeds are used for generic advertising and market research for that commodity. Pork producers voted last year in a referendum to terminate the pork check-off program. However, a pork industry organization funded by the checkoff program filed suit seeking a temporary order restraining termination of the program. The current Administration reinstated the assessment earlier this year.

Grain Inspection, Packers, and Stockyards Administration. GIPSA establishes the official U.S. standards, inspection and grading for grain and other commodities, and ensures fair-trading practices. GIPSA has also been working to improve monitoring of livestock markets, where concentration has raised concerns about decreasing competition. The Administration requested $32.9 million for FY2002, a $1.6 million increase above FY2001 appropriations. P.L. 107-76 provides slightly higher funding levels for GIPSA ($33.1 million). Higher funding in the Senate reflects increased interest to enhance market concentration and anti-competitive investigative activities at the agency. For more on antitrust issues in agriculture, see CRS Report RS20562, *Merger and Antitrust Issues in Agriculture*.

Rural Development

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

P.L. 107-76 appropriates $2.582 billion to support $9.918 billion in loan authorization for Rural Economic and Community Development Programs, in addition to various grant programs. This appropriation is $100.8 million more than enacted for FY2001, $211.8 million less than the Senate bill, $93.5 million more than the House bill, and $180.4 million more than the Administration request.

Rural Community Advancement Program (RCAP). The RCAP, authorized by the 1996 farm bill (P.L. 104-127), supports a Community Facilities program and consolidates funding for 12 rural development loan and grant programs administered by the RUS and RBS. RCAP was designed to provide greater flexibility in targeting financial assistance to local needs and permits a portion of the various accounts' funds to be shifted from one funding stream to another. While the FY2002 budget proposal would maintain most rural development programs at the same general levels as provided through the regular appropriations for FY2001, the budget proposal did not assume additional funding to continue programs at levels that were augmented through FY2001 emergency supplemental measures.

P.L. 107-76 provides $940.3 million for RCAP, including $133.7 million in salaries and expenses. This is $197.6 million less than the Senate bill, $38.1 million more than the House bill, $114.4 million more than the Administration request, and $49.2 million more than the amount enacted for RCAP in FY2001. The major difference in the final act and the Senate-passed bill is the $195.2 million reduction in water and waste grants and loans in P.L. 107-76. Conferees also included Senate language that allows funds provided for RCAP *guaranteed* business and industry loans to be transferred to *direct* business and industry loans as deemed necessary by the Secretary and with prior approval of the Committees on Appropriations.

P.L. 107-76 also concurs with the Senate provision of $25 million for the Economic Impact Initiative Grants program for areas of extreme unemployment and severe economic depression, and $30 million for a High Energy Costs Grant program under the Community Facilities portion of RCAP. Also adopted by conferees were provisions recommending $6 million in funding for the Rural Community Development Initiative, and $2 million in grants to counties in the Mississippi Delta region. P.L. 107-76 also includes Senate language for up to $24 million for water and waste disposal systems for rural and native villages in Alaska, and $20 million for water and waste disposal systems for *colonias*. P.L. 107-76 does not include Senate language specifying RCAP program levels within the total funds made available to Native American Tribes. Conferees did adopt language providing $11 million for the

Circuit Rider program in 15 states; and provides $5.2 million in technical assistance to rural water and waste systems.

Rural Utilities Service. P.L. 107-76 appropriates $119.9 million to support a grant and loan authorization level of $5.379 billion for rural utilities. This program level includes $4.071 billion in loan authorization for rural electric systems, $494.8 million in loan authority for telecommunications, $300 million in loan authorization for distance learning and telemedicine, and $80 million for broadband telecommunication access.

P.L. 107-76 provides $49.4 million in grants and subsidy costs for the distance learning and telemedicine program, $2.5 million less than the Senate bill and $22.5 million more than the House measure and the budget request. The House bill noted that contingent upon authorization, $1.9 million would be transferred from distance learning and telemedicine to broadband telecommunication grants, and $100 million would be provided for broadband loans. Of the total funds provided, P.L. 107-76 makes available $22.5 million for a program to finance broadband transmission and local dial-up Internet service for rural areas of which at least $12.5 million is to be made available for grants.

The Rural Telephone Bank (RTB) was required by law to begin privatization in FY1996. P.L. 107-76 provides $3.7 million in direct loan subsidies for the RTB, $3.7 million more than the budget request, $1.5 million more than the House bill, and the same as the Senate bill. The final act includes the same provision from FY2001 that limits retirement of Class A stock of the RTB to 5 percent. The $3.7 million appropriation supports a loan authorization level of $174.6 million.

The Local Television Loan Guarantee program is authorized by P.L. 106-533, Title X, Local TV Act. P.L. 107-76 provides $20 million to support a loan authorization of $258.1 million for local television, which is $258.1 more than the House bill and budget request and $64.5 million less than the Senate bill. Funding facilitates access, on a technologically neutral basis, to signals of local television stations for households located in non-served and under-served areas.

Rural Housing Service. P.L. 107-76 provides $1.475 billion for the Rural Housing Service (RHS) to support a loan authorization level of $4.485 billion. Total authorization for RHS is $16.1 million more than the budget request, $9.9 million more than the House bill, $6.5 million less than the Senate bill, and $25.8 million more than the FY2001 enacted appropriation. P.L. 107-76 provides $35 million for Mutual and Self-Help Housing Grants, as proposed by the Senate measure. Conferees provided $701 million for the Rental Assistance Program, an increase of $7.5 million over the House bill and the budget request and $7.5 million less than the Senate bill.

P.L. 107-76 contains $1.369 billion for the Rural Housing Insurance Fund which includes most of the RHS loan portfolio. This is $9.5 million less than the Senate-passed measure and $8.8 million more than the House-passed measure. P.L. 107-76 includes loan subsidies of $245.9 million for activities under this program account, $2 million less than the Senate measure and $2 million more than the House measure. P.L. 107-76 also recommends $31.4 million for the Farm Labor Program the same as the House and $3 million more than the Senate bill, an increase of $2.4 million over FY2001 and $4.1 million more than the budget request.

Rural Business-Cooperative Service (RBS). For the RBS, P.L. 107-76 provides $46.6 million to support a loan authorization of $53.1 million and $42.8 million in grants and direct loan subsidies. This is $1.2 million more than the budget request and virtually the same as the House and Senate bills. For the Rural Economic Development Loans program account, the House and Senate bills and the conference agreement are in accord.

P.L. 107-76 provides $7.7 million for Rural Cooperative Development Grants; $2.5 million is provided for a cooperative agreement for the Appropriate Technology Transfer to Rural Areas program. Conferees also adopt Senate language that $1.5 million is available to cooperatives or associations of cooperatives whose primary focus is to provide assistance to small-scale, minority producers.

EZ/EC Initiative. The final appropriations act and the House- and Senate-passed measures concur with the budget request for an appropriation of $14.9 million to support the Rural Empowerment Zones/Enterprise Communities (EZ/EC) Initiative. The budget requested $14.967 million in grants for Round II of the EZ/EC Initiative. This funding is in addition to funding targeted to EZ/EC under USDA's ongoing rural development programs, which is estimated to be about $172 million for FY2002. The House-passed bill provided part of that funding ($1.1 million) under the Rural Economic Area Partnership Zones account under RCAP. The Senate-passed measure directed the Department to continue the Partnership program.

Fund for Rural America. Consistent with provisions in the House and Senate measures, P.L. 107-76 contains a general provision that prohibits any funds from being used to pay salaries and expenses to carry out programs under the Fund for Rural America, except those funds necessary to administer previously awarded grants. Congress had also prohibited the Fund from carrying out programs in FY2000 from the $60 million available in 1999. The FY2001 agriculture appropriations act contained language releasing $30 million of the unobligated FY2000 funds each year for FY2001 and FY2002. In FY2001, $20 million was allocated to support on-going rural development and $10 million was allocated on a competitive basis to support proposals that (1) increased economic opportunities in farming and rural communities and (2) expanded locally-owned, value-added processing. The $30 million carried forward from FY2000 to FY2002 plus the $60 million appropriated for FY2001 and FY2002 that is now prohibited from use permits the Congressional Budget Office to score a $150 million reduction for FY2002 from the Fund for Rural America.

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

Food and Nutrition

P.L. 107-76 funds all food and nutrition programs at a total of $37.85 billion for FY2002. This is approximately $1.2 billion more than the Administration request and House proposal, and $115 million more than the Senate proposal. Food and nutrition programs include the food stamp program, child nutrition programs (school lunch, breakfast, etc.), the special supplemental nutrition program for women, infants and children (WIC) and several commodity donation programs. The Administration request for FY2002 was $2.52 billion (or 7.4%) higher than estimated budget authority for these programs for FY2001. Budget authority in P.L. 107-76 for these programs is $3.72 billion (or about 11%) higher than FY2001.

Food Stamps. The food stamp program is the largest of the domestic food assistance programs. P.L. 107-76 funds this program at a total of $22.99 billion for FY2002, the same amount proposed by the Senate, and $1 billion more than the Administration request and House proposal. This reflects a $2.87 billion increase above the FY2001 level, and includes a food stamp reserve fund of $2 billion (as compared to the $100 million reserve for FY2001, and a $1 billion reserve proposed by the House and Administration). Also included in the food stamp appropriations are funds for the cost of food benefits to food stamp participants; employment and training; administrative costs; funding to buy commodities for the emergency food assistance program (EFAP); and Nutrition Assistance for Puerto Rico, which is an alternative to the food stamp program. The $19.56 billion for food stamp expenses in P.L. 107-76 reflects projections of modest food price inflation, and participation growth of 800,000, for an estimated total of 18.4 million participants in FY2002. This amount also includes funding for the Food Distribution Program on Indian Reservations (FDPIR), which is an alternative to food stamps on or near Indian Reservations.

P.L. 107-76 also includes additional funding from the food stamp appropriation (up to $3 million) to buy bison meat for the FDPIR. Additional funding is also provided for a food stamp reserve fund ($2 billion) to be used if participation exceeds projected estimates; for Nutrition Assistance for Puerto Rico ($1.34 billion), and to buy commodities for the EFAP ($100 million). The $1.34 billion for nutrition assistance for Puerto Rico is slightly more than the FY2001 level of $1.301 billion. Funding to buy EFAP commodities is provided at the same level as FY2001. (For background information, see CRS Report 98-59, “Food Stamps: Background and Funding.”)

Child Nutrition Programs. The House-passed bill concurred with the Administration recommendation for budget authority of $10.088 billion for child nutrition programs for FY2002, a 5.5% increase from the FY2001 level. The conferees agreed to the slightly lower ($10.087 billion) amount in the Senate-passed bill. The FY2002 funding levels anticipate projected inflation adjustments to meal reimbursements and program participation shifts and do not reflect some $400 million worth of commodities provided to child nutrition programs at no charge from Section 32 surplus purchases and CCC-held stocks. No major program changes are envisioned. Conferees agreed to fund a new program, entitled School Lunch Program Integrity, at $2 million in FY2002, but as part of the Food program administration account, rather than as part of child nutrition appropriation as proposed by the House.

P.L. 107-76 also provides $500,000 for a school breakfast start-up program in the state of Wisconsin. The pilot project with the Alisal Union School District in Salinas, California that combines school lunch and Summer food service administration is continued, and conference report language directs the USDA (FNS) to clarify guidance materials issued on "Buy American" with respect to procurement. For more background, see CRS Report 98-25, *Child Nutrition Programs: Background and Funding.*

WIC Program. P.L. 107-76 includes WIC program funding of $4.348 billion for FY2002. This is approximately $211 million more than the House-passed bill and Administration recommendation, and $101 million more than the Senate-passed bill. The amount requested by the Administration assumed a carryover of $100 million in FY2001 unspent funds, and was projected by USDA to cover the cost of food price inflation and maintain average monthly participation of 7.25 million women, infants and children, the same level as in FY2001. The amount in P.L. 107-76 is approximately $305 million more than FY2001 funding. Conferees agreed to require the Secretary to obligate $10 million for the farmers market nutrition program within 45 days of enactment, and up to an additional $15 million to this program if the Secretary determines the such funds are not needed to meet WIC caseload requirements. The farmers' market is authorized under the WIC statute and makes available federal funds of up to $20 per WIC participant, per year, to be used to buy fresh foods at farmers' markets. The House-passed bill had *permitted* the Secretary to obligate up to $25 million for the farmers market program; the Senate had *required* the Secretary to obligate $20 million. The House bill also directed $15 million of WIC funds not needed to maintain the "current" caseload, be used to carry out activities under a new Senior Farmers' Market program. This program was not authorized by statute but was initiated by the Clinton Administration in January, 2001. It was funded using Commodity Credit Corporation funds and awarded $15 million in grant funds to states to assist low-income seniors buy fresh produce from farmers' markets. Concerned that this program would not be continued, the Committee decided to use WIC funds not needed to maintain caseload to continue it. Conferees rejected the House proposal to provide up to $15 million of WIC funds for a senior farmers market program, but did require that $10 million of funds appropriated for commodity assistance programs (see below) be used for this purpose.

Commodity Assistance Program. P.L. 107-76 provides a total of $152.8 million (the House recommended level) for the commodity assistance program. This is a title in appropriations bills that includes the Commodity Supplemental Food Program (CSFP) and the Emergency Food Assistance Program (EFAP).[4] P.L. 107-76 adds a new program to the mix by requiring that $10 million (instead of the $15 million proposed by the House) be used to fund senior farmers' market activities.[5] It also specifies that $20.8 million of the appropriated amount be used for the

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[4] There is no"Commodity Assistance Program" authorized by statute. Rather it is a name used by appropriators to represent two separately authorized programs, the CSFP and EFAP.

[5] This puts into statute explicit authority for program activities funded for FY2001 through the Commodity Credit Corporation and initiated in January 2001 by the Clinton Administration.

administrative costs of operating the CSFP. There is no specification as to how much of the remainder ($121.99 million) should be used to buy commodities for the CSFP or to make grants to states for the administrative costs of the EFAP, However, this balance is $2.7 million more than the $119.2 million in FY2001 estimated budget authority for these two programs ($74.2 million for CSFP commodity and $45 million for EFAP administrative grants). P.L. 107-76 is silent on proposals in both the House and Senate-passed bills that raised funding for EFAP administrative grants from $45 to $50 million. Such an increase would require some reduction in FY2001 budget authority for CSFP commodity purchases because of the earmarks for the senior farmers' market program and CSFP administrative funding. The conferees agreed to rescind $3.3. million from unobligated CSFP balances available at the beginning of FY2002, instead of the $5.3 million proposed by the Administration and Senate.

Food Donation Programs. Other commodity distribution programs – the Pacific Island Assistance (PIA) program and the Nutrition Program for the Elderly (NPE) – will receive a total of $150.75 million under the conference agreement. This is the same amount provided for these programs for FY2001. It reflects the Administration request and Senate proposed level, but is less than the level in the House-passed bill, which would have increased funding for the elderly nutrition program by $10 million above FY2001 under an amendment adopted during floor debate. Reportedly, the new spending in the House-passed bill was to have been offset by a similar reduction in spending for agriculture buildings and facilities and rental payments. Of the lower amount agreed to by the conferees, $1.08 million is for the PIA program, and $149.67 million for the nutrition program for the elderly, which distributes commodities, or cash-in-lieu of commodities for program serving meals to senior citizens.

Food and Drug Administration

Overview

The Food and Drug Administration (FDA), an agency within the Department of Health and Human Services, is responsible for regulating the safety of foods, drugs, biologics, and medical devices. Its funding comes from a combination of congressional appropriations and drug user fees whose total collections are set each year by the annual appropriations act. The conference report on H.R. 2330 provides total appropriations of $1.345 billion for FY 2002 to fund FDA's programs, an increase of $10 million (less than 1%) over the President's request of $1.335 billion. Of the total amount, the conference committee recommended that $1.184 billion be used for salaries and expenses, and set a cap of $161.7 million to be collected from fees under the Prescription Drug User Fee Act (PDUFA). In addition, the conference agreement designated $4 million for moving FDA's Center for Drug Evaluation and Research to new facilities in White Oak, Maryland.

P.L. 107-76 provides full funding of the President's requests for certain activities: a $45.2 million pay-related increase; $15 million for activities related to Bovine Spongiform Encephalopathy (i.e., "mad cow disease"); $10.3 million to increase domestic, foreign, and border inspections; $10 million to reduce adverse events associated with medical products; $10 million to protect volunteers in clinical research trials; $9.4 million to expand food safety efforts; and $3.1 million for centralizing the agency's current financial management system.

The conference agreement instructs the FDA to limit user fee collections under the Mammography Quality Standards Act to $15.59 million, and fees collected from export certificates to $6.18 million. The agreement also prohibits FDA from developing, establishing, or operating any other user fee program. After prior approval by the appropriations committees, the conference agreement allows funds to be transferred among specified activities.

Food Issues

Of the funds available for food safety activities, the conferees want FDA to spend $3 million to continue funding food safety research at the National Center for Food Safety and Technology in Illinois. They also want FDA to support Codex Alimentarius Commission activities with $2.1 million. The conference report directs FDA to spend $250,000 of food safety funds to continue support for its shellfish safety research, and educational activities related to shellfish safety in general. In addition, the conferees directed the agency to use $200,000 to continue its work with the Interstate Shellfish Sanitation Conference on the development of seafood safety regulations as well as consumer information on *Vibrio vulnificus*, a pathogen found in raw oysters. The conferees want a report by December 1, 2002, on the adequacy of the program in educating at-risk individuals, their caretakers, and to ensure that the goals of the seafood education program are clear. Also, the conferees prohibited FDA from using funds to allow the importation of fish labeled "catfish" unless the fish is from the family *Ictacuridae*.

The conferees want FDA to use its food safety funds for several specified projects. They want the agency to continue to contract with a laboratory at New Mexico State University to evaluate new testing methods for pathogens in fresh fruit and vegetables; to continue support of the Waste Management and Education Research Consortium; and to contract for the inspection of food and seafood processors in the state of Alaska. The agreement provides $221,884 to pay for more than 250 of these inspections.

The conference agreement asked that FDA provide a 15-day advance notice whenever the agency decides to finalize its January 2001 draft guidance on the voluntary labeling of bio-engineered foods and wants the agency to publish expeditiously a final version of this draft guidance. The Conferees provided $1 million from food safety funds to be used to analyze risks associated with biotech foods and develop criteria for evaluating the safety of these foods in animal feed. It also directs the agency to fund efforts to educate foreign governments on the safety of biotechnology. (For more information, see CRS Report RL30198, "*Food Biotechnology in the United States: Science, Regulation, and Issues*.)

The conference agreement also asked the agency to meet with stakeholders early in the process of developing petitions to irradiate foods, to speed up the review of petitions once they are submitted, and to ensure that labeling on irradiated foods can be understood by the general public. Consistent with this interest, the conferees directed FDA to report to the appropriations committees by February 1, 2002, on the results of focus groups' recommendations on irradiated food labeling and how these recommendations will be integrated into final decisions. The conferees declined to earmark $250,000 for FDA food labeling activities; instead they want food import inspections to be given higher priority on the agency's inspection agenda.

The conferees expressed concern over the agency's lack of enforcement of standards of identity for milk protein concentrates in standardized cheese. The committee noted that GAO had uncovered a sharp increase in concentrated milk protein imports that may not meet FDA's regulatory standards. To address this concern, the conferees asked the agency to report to Congress by May 1, 2002, on how it is enforcing these standards of identity on milk protein used in cheese. The conferees also noted that FDA consider a petition requesting a new standard of identity for yogurt and asks that the agency report on the petition's status by June 1, 2002.

In 1999, the General Accounting Office report on dietary supplements said that the Adverse Event Reporting (AER) system used by FDA to monitor the safety of dietary supplements needed improvement. More recently, the Office of the Inspector General within HHS, made a similar recommendation regarding the AER system as well. To address these concerns, the conferees directed the FDA to follow the recommendations made by these reports as part of the agency's overall plan to consolidate and improve its adverse reaction reporting systems, and required the agency to use $1.5 million to strengthen its data collection AERs for dietary supplements. The conferees added $1 million to be used by the agency to continue collaboration with the National Center for Natural Products Research in Oxford, Mississippi to review botanical ingredients in dietary supplements. Also, the conference agreement added $500,000 for FDA to enhance enforcement of statutory requirements related to the enforcement of product labeling of dietary supplements.

Recognizing that some individuals with latex allergies can suffer an allergic reaction when they come in contact with food that has been prepared by handlers wearing latex gloves, the conferees encourage FDA to add latex to its list of food allergies and to report back to the Committee in 9 months on the incidence of latex allergies related to food handling, how FDA is monitoring the situation, and how it plans to eliminate exposure to latex from gloves used in food handling if needed. The report also encourages FDA to promulgate regulations to prevent cross-contamination of food by undeclared food allergens and to report how they will address these concerns in a report to the appropriations committees by March 1, 2002.

Drug Issues

The conference rejected a House amendment, offered by Representative Gutknecht and included within the House appropriations bill, that would have allowed consumers, either in person or by mail, to import FDA-approved drugs, made in FDA-approved facilities, into the United States for personal use. (For a more detailed discussion on the drug re-importation issue, see CRS Report RS20996, *Prescription Drugs: Importation for Personal Use*.

The conference committee recognized that the timely approval of generic drugs is an important factor in addressing the rising cost of prescription drugs. As such, the committee provided an increase of $2.5 million above the FY 2001 level ($15.4 million) for the generic drugs program and generic drug education. This amount included a $250,000 increase for generic drug education activities, for a total of $400,000 for a generic drug public education campaign. The conferees directed the Office of Generic Drugs to allocate $1 million to monitor the listing of drug patents in the Approved Drug Products With Therapeutic Equivalence Evaluations (also known as the Orange Book).

To strongly encourage FDA to make safe and effective animal drugs available, the conferees urge the agency to review animal drug applications in a timely, efficient manner to meet statutory time frames for their review, and to report to the appropriations committees prior to the FY2003 appropriations hearings on its completed reviews. The conferees also expect the agency to produce a detailed report by May 1, 2002, on how its funding has supported activities of the National Antimicrobial Resistance Monitoring System (NARMS). The report must include detail on how FDA funds are allocated to NARMS, its activities and overhead costs and address the inter-agency agreements and interactions with non-governmental institutions which support NARMS activities. (For more information, see CRS Report RL30814, "*Antimicrobial Resistance: An Emerging Public Health Issue*").

The conferees were concerned that FDA does not pay enough attention to gender-based research, and that a number of drugs, recently withdrawn from the market for safety reasons, have had a disproportionate impact on women. In response, the committee directed the FDA to develop an agency-wide database system focused on women's health activities to include demographic data on clinical trials. They also want the agency to begin a capability assessment for each of its main Centers and the Office of the Commissioner. This assessment will review currently available critical clinical trial databases, coordinate data collection, and identify areas where data gaps exist. To achieve these goals, the conferees allocated $500,000 to the Office of Women's Health, and directed the agency to submit a report by June 3, 2002, on the current pilot program and on the capability assessment.

The conference agreement included $13.2 million for the Orphan Products Grants Program, a $ 1 million increase over FY2001. The grants program was authorized under the Orphan Drug Act, which Congress enacted in 1983 to provide drug companies with tax and marketing incentives to develop drugs to treat rare diseases. Of the $1 million increase for the grants program, the conferees agreed that $850,000 should be directed towards grants and $150,000 for administrative expenses.

The conference agreement requires that FDA submit a report by July 1, 2002 addressing whether the agency's policies governing the dissemination of information about off-label (i.e., non-FDA approved) drug use violate the First Amendment (i.e., infringement of free speech), and what actions it has taken to address these policies.

Biologics Issues

The conference committee agreed to a $500,000 increase to the Center for Biologics Evaluation and Research so that it could modify its gene therapy system to meet congressional intent to track individual patient's health status in the short and long term. Also, the committee directed FDA to submit quarterly reports to the appropriations committees on the establishment of a new tracking system.

Concerned about the safety of blood products and that FDA never finalized its proposed rule to require manufacturer tracking, the committee urged the agency to complete implementation of this blood product safety mechanism.

For years, Congress has been concerned about the transmission of Creutzfeldt-Jakob disease (CJD) and its related non-human counterpart, mad cow disease. Processing multiple tissues from multiple donors could pose a substantial risk of transmitting CJD to patients receiving tissue transplants. Pooling or batch processing could also result in the transmission of other diseases. Recently, FDA has proposed new rules for tissue processing that would prohibit the pooling of tissue from multiple donors, but allow for waivers under certain circumstances. The conferees felt that the agency should only grant waivers from the pooling prohibition, if it would be shown that the products are safe and potent as tissue products that have been processed without pooling. The conference committee urged FDA to encourage medical innovation and to use a balanced, science-based process to evaluate applications for waivers. Also, the committee directed FDA to provide the appropriations committees with quarterly reports on the status of such waivers.

Medical Devices

Congress has been concerned for years about high rupture rate of silicone breast implants, and FDA's past decision to allow the marketing of saline filled implants. In previous years, Congress has directed the agency to monitor breast implant manufacturers' patient information brochures, informed consent documents, and package inserts to be sure that the information they contain is medically accurate. The conferees asked FDA to work with manufacturers to ensure that women receive full and accurate information before enrolling in any study or undergoing implant surgery.

Congress is also concerned that the slow rate of review for new medical devices is having a negative impact on the health of Americans. As a remedy, the conferees agreed to an increase of $13.9 million to fund FDA's Device and Radiological Health program areas, an amount the committee feels is consistent with agency estimates for bringing review times within statutory requirements.

Congress has expressed concern that some reprocessors of medical devices are obtaining the devices they collect for reprocessing by sorting through medical waste. As an enforcement remedy, the conferees directed the FDA to take appropriate enforcement actions against businesses that use inappropriate and unsanitary methods to procure used devices. It also wants the agency to make sure that all reprocessors are aware of which collection methods it considers appropriate and sanitary. Also, the committee urged the FDA to require a pre-market submission for each model of a device that is to be reprocessed, if an application was required for the original device.

Buildings and Facilities

The conference agreement provided $34.3 million for buildings and facilities, of which $23 million is to be used to complete construction of the FDA laboratory in Los Angeles. The conferees denied funding for any closures or relocation of FDA offices in St. Louis, Missouri, and denied funds to be used to reduce staff levels at FDA offices in Michigan or to reassign employees in the office in Detroit, Michigan.

Table 3. USDA and Related Agencies Appropriations, FY2002 vs. FY2001

($ in millions)

Agency or Major Program	FY2001 Enacted (1)	FY2002 Admini-stration Request	FY2002 House-Passed Bill	FY2002 Senate-Passed Bill	FY2002 Enacted
Title I — Agricultural Programs-					
Agric. Research Service (ARS)	970.9	946.1	1,050.2	1,099.1	1,098.5
Coop. State Research Education and Extension Service (CSREES)	979.4	862.6	986.8	1,018.7	1,024.4
Economic Research Service (ERS)	66.9	67.2	67.6	67.2	67.2
National Agricultural Statistics Service (NASS)	100.6	113.8	114.5	113.8	113.8
Animal Plant Health and Inspection Service (APHIS)	544.2	708.1	594.6	607.9	627.7
Agric. Marketing Service (AMS)	80.0	86.7	87.1	86.7	86.8
Grain Inspection , Packers and Stockyards Admin. (GIPSA)	31.4	32.9	33.1	34.0	33.1
Food Safety and Insp. Serv (FSIS)	695.2	715.5	720.7	715.7	715.6
Farm Service Agency (FSA) Salaries and Expenses	826.6	939.0	946.0	939.0	939.0
FSA Farm Loans - Subsidy Level	116.7 (1)	185.4	185.4	187.6	187.6
**Farm Loan Authorization*	*3,090.2 (1)*	*3,855.0*	*3,855.0*	*3,890.7*	*3,890.7*
FSA Farm Loans- Salaries and Administrative Expenses	268.9	280.6	282.8	280.6	280.6
Risk Management Agency (RMA) Salaries and Expenses	65.5	74.75	75.1	73.75	74.75
Federal Crop Insur. Corp. Fund (2)	2,804.7	3,037.0	3,037.0	3,037.0	3,037.0
Commodity Credit Corp. (CCC) (2)	25,264.4	23,116.0	23,116.0	23,116.0	23,116.0
Other	437.8	470.7	462.6	472.3	471.7
Total, Agricultural Programs	**33,212.9**	**31,636.3**	**31,759.5**	**31,849.4**	**31,873.7**
Title II -Conservation Programs					
Conservation Operations	712.5	773.5	782.8	807.5	779.0
Total, Conservation Programs	**907.1**	**928.6**	**909.0**(3)	**985.4**	**962.1**
Title III - Rural Development					
Rural Community Advancement Program (RCAP)	760.9	692.1	767.5	1,004.1	806.6
Salaries and Expenses	130.1	133.7	134.7	133.7	133.7
Rural Housing Service (RHS)	1,448.7	1,458.4	1,464.6	1,481.0	1,474.5

Agency or Major Program	FY2001 Enacted (1)	FY2002 Administration Request	FY2002 House-Passed Bill	FY2002 Senate-Passed Bill	FY2002 Enacted
** RHS Loan Authority*	*4,476.2*	*4,470.6*	*4,470.6*	*4,501.0*	*4,485.8*
Rural Business Cooperative Serv.	33.5	45.3	46.3	46.8	46.6
** RBCS Loan Authority*	*53.1*	*53.1*	*53.1*	*53.1*	*53.1*
Rural Utilities Service (RUS)	107.4	71.4	74.7	127.5	120.0
** RUS Loan Authority*	*3,684.9*	*3,610.3*	*4,184.9*	*4,463.2*	*5,378.6*
Total, Rural Development	**2,481.1**	**2,401.5**	**2,488.4**	**2,793.7**	**2,581.9**
** Rural Development, Total Loan Authority*	*8,214.2*	*8,034.1*	*9,708.7*	*10,017.3*	*9,917.6*
Title IV - Domestic Food Programs					
Child Nutrition Programs	9,541.5	10,088.7	10,088.7	10,087.2	10,087.2
WIC Program	4,043.1	4,137.1	4,137.1	4,247.1	4,348.0
Food Stamp Program	20,119.2	21,992.0	21,992.0	22,992.0	22,992.0
Commodity Donation Programs	290.7	285.4(4)	313.6	285.4(4)	300.3(4)
Other	117.4	126.1	127.2	122.9	128.1
Total, Food Programs	**34,111.7**	**36,629.4**	**36,658.6**	**37,739.9**	**37,855.6**
Title V - Foreign Assistance					
Foreign Agric. Service (FAS)	115.2	121.6	122.6	121.6	121.8
Public Law (P.L.) 480	971.2	971.4	980.0	1,002.5	998.7
CCC Export Loan Salaries	3.8	4.0	4.0	4.0	4.0
Total, Foreign Assistance	**1,090.2**	**1,097.0**	**1,106.7**	**1,128.1**	**1,124.5**
Title VI - FDA & Related Agencies					
Food and Drug Administration	1,097.5	1,210.9	1,217.9	1,218.0	1,218.0
Commodity Futures Trading Commission (CFTC)	67.9	70.4	70.7	70.4	70.7
Total, FDA & Related Agencies	**1,165.3**	**1,281.3**	**1,288.6**	**1,288.4**	**1,288.7**
Other Provisions	**69.9**	**2**	**149.0**	**12.6**	**107.9(5)**
Emergency USDA Spending	**3,638.9**	**0**	**0**	**0**	**0**
Bill Totals Including Emergency Spending	**76,659.6**	**73,976.1**	**74,359.8**	**75,797.5**	**75,794.4**
Subtotal - Before CBO Scorekeeping Adjustments, Excluding Emergency Spend. (6)	**73,020.7**	**73,976.1**	**74,359.8**	**75,797.5**	**75,794.4**
CBO Scorekeeping Adjustments (6	383.4	317.4	193.4	223.4	108.3
Grand Total, After Scorekeeping Adjustments, Excludes Supplem.	**73,404.1**	**74,293.5**	**74,553.2**	**76,020.9**	**75,902.8**

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.

(1) The FY2001 appropriated loan subsidy and the loan authority levels for Farm Service Agency loan programs do not include emergency supplemental funds carried over from FY2000. Estimated carryover into FY2001 is loan subsidy of approximately $96 million to support additional loan authority of $1 billion.

(2) Under current law, the Commodity Credit Corporation and the Federal Crop Insurance Fund each receive annually an indefinite appropriation ("such sums, as may be necessary"). The amounts shown for both FY2001 and FY2002 are USDA estimates of the necessary appropriations.

(3) Total includes a requested $45 million rescission of the Agricultural Conservation Program.

(4) Includes a proposed rescission of $5.3 million to the Commodity Assistance Program for FY2002 in the Administration request and the Senate-passed bill, and an adopted $3.3 million rescission in the conference agreement.

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

(6) 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.

Source: Based on spreadsheets provided by the House Appropriations Committee

For Additional Reading

CRS Report RL31195, *The 2002 Farm Bill: Overview and Status*.

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

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

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

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

CRS Issue Brief IB97011. *Dairy Policy Issues*

CRS Report RS20235. *Farm and Food Support Under USDA's Section 32 Program*.

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

CRS Issue Brief IB98009. *Food Safety Issues of the 107th Congress*.

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

CRS Report RS20890. *Foot and Mouth Disease: A Threat to U.S. Agriculture*.

CRS Report RL30692. *Global Climate Change: the Kyoto Protocol*.

CRS Report RS20562. *Merger and Antitrust Issues in Agriculture*.

CRS Report RS20996. *Prescription Drugs: Importation for Personal Use*.

Rural Development. CRS Electronic Briefing Book page.

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

Supplementary Farm Support Payments for 2001. CRS Electronic Briefing Book page.