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

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

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

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

Summary

On February 20, 2003, the President signed into law the FY2003 omnibus appropriations act (P.L. 108-7, H.J.Res. 2), containing funding for agencies and programs within the eleven regular FY2003 appropriations bills that were unresolved in the 107th Congress. For the U.S. Department of Agriculture (USDA) and related agencies, P.L. 108-7 contains a total regular annual appropriation of $74.25 billion, of which $56.7 billion is for mandatory programs and $17.55 billion is for discretionary programs. The $17.55 billion in discretionary funds is $805 million below the Senate-passed version of H.J.Res. 2 and $56 million below the House-reported version of H.R. 5263, but $124 million above the Administration's FY2003 request and $1.27 billion above the enacted FY2002 level including FY2002 supplementals. Not included in the totals is the effect of a 0.65% across-the-board rescission to almost all discretionary programs funded by P.L. 108-7, which could reduce USDA and related agencies appropriations by approximately $85 million in FY2003. Also separate from the regular appropriations is a provision in P.L. 108-7 for $3.1 billion in FY2003 agricultural disaster assistance, primarily for farmers and ranchers affected by a natural disaster in 2001 or 2002. The cost of the disaster assistance is offset by a comparable reduction in a mandatory conservation program over a 10-year period.

Among its other major provisions affecting USDA agencies and programs, P.L. 108-7: 1) provides $1.45 billion in foreign food aid under P.L. 480 Title II, including $250 million in supplemental funding that is available through FY2004, and requires USDA to supply a minimum of 400,000 tons of commodities under a separate mandatory food aid program; 2) prohibits the use of discretionary funds to administer any mandatory conservation programs; 3) limits spending on certain mandatory trade, conservation and research programs and applies the savings from these reductions to spending on discretionary programs; 4) rejects an Administration proposal to require private crop insurance companies to absorb more of the cost of the federal crop insurance program; 5) provides supplemental funding to help the Farm Service Agency administer disaster and farm bill programs; 6) funds special research grants proposed to be terminated by the Administration; 7) increases funding over FY2002 for food safety and animal and plant health inspection activities, reflecting increased government responsibility to protect the food supply from terrorist attacks; and 8) increases USDA food and nutrition program spending by $4 billion over FY2002, in line with the Administration request, including $3.2 billion more for the food stamp program.

Included in the bill totals is $1.4 billion in appropriations for the largest related agency, the Department of Health and Human Services' Food and Drug Administration. This appropriation includes $159 million as requested by the Administration for FDA's counter-terrorism activities. FDA also is authorized to collect $270.5 million in various user fees to supplement its appropriation, including a new medical device user fee.

Key Policy Staff

Area of Expertise	Name	CRS Division	Telephone
USDA Budget/Farm Spending and Coordinator	(name redacted)	RSI	7-....
Conservation	(name redacted)	RSI	7-....
Agricultural Trade and Food Aid	(name redacted)	RSI	7-....
Rural Development	(name redacted)	RSI	7-....
Domestic Food Assistance	Jean Yavis Jones (name redacted)	RSI DSP	7-.... 7-7325
Agricultural Research and Food Safety	(name redacted)	RSI	7-....
USDA Marketing and Regulatory Programs	(name redacted)	RSI	7-....
Food and Drug Administration	(name redacted) B. Randall	DSP DSP	7-.... 7-7046

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

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Most Recent Developments

On February 20, 2003, the President signed into law the FY2003 omnibus appropriations act (P.L. 108-7, H.J.Res. 2), which includes $74.25 billion in regular FY2003 funding for USDA and related agencies. Of this amount, $17.545 billion is for discretionary programs. Not included in the total is $3.1 billion in supplemental disaster assistance provided by the measure, primarily for farmers and ranchers affected by a natural disaster in 2001 or 2002.

USDA Spending at a Glance

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

USDA gross outlays for FY2002 (the most recently completed fiscal year) were $79.95 billion, including regular spending and supplemental spending for homeland security following the September 11, 2001 terrorist attacks. The mission area with the largest gross outlays ($37.5 billion or 50% of spending) was for food and nutrition programs – primarily the food stamp program (the costliest of all USDA programs), various child nutrition programs, and the Women, Infants and Children (WIC) program. The second largest mission area in terms of total spending is for farm and foreign agricultural services, which totaled $22.9 billion, or 31% of all USDA spending. Within this area are the programs funded through the Commodity Credit Corporation (e.g., the farm commodity price and income support programs and certain mandatory conservation and trade programs), crop insurance, farm loans, and foreign food aid programs.

Note: Both the conference agreement on the FY2003 omnibus appropriations act (P.L. 108-7, H.J.Res. 2) and the Senate-passed version of H.J.Res. 2 contained an across-the-board rescission of discretionary accounts in the measure, to offset the cost of various provisions. Figures in this report do not include the effect of the 0.65% rescission in the final law (which exempted the WIC program from the rescission), nor the CBO-estimated 2.85% rescission in the Senate-passed version of H.J.Res. 2. The effect of the rescissions on individual accounts currently is unavailable.

USDA spending in FY2002 also included $7.0 billion (9%) for an array of natural resource and environment programs, approximately three-fourths of which was for the activities of the Forest Service, and the balance for a number of discretionary conservation programs for farm producers. (USDA's Forest Service is funded through the Interior appropriations bill, and is the only USDA agency not funded through the annual agriculture appropriations bill.) USDA programs for rural development ($2.72 billion in gross outlays for FY2002); research and education ($2.2 billion); marketing and regulatory activities ($1.5 billion); meat and poultry inspection ($717 million); and departmental administrative offices and other activities ($454 million) account for the balance of USDA spending.

Mandatory vs. Discretionary Spending

Approximately three-fourths of total spending within the U.S. Department of Agriculture is classified as mandatory, which by definition occurs outside the control of annual appropriations. Currently accounting for the vast majority of USDA mandatory spending are: the farm commodity price and income support programs (including ongoing programs authorized by the 2002 farm bill and emergency

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programs authorized by various appropriations acts); the food stamp program and child nutrition programs; the federal crop insurance program; and various agricultural conservation and trade programs.

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

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

Table 1. USDA and Related Agencies Appropriations, FY1995 to FY2003
(budget authority in billions of dollars)

	FY95	FY96	FY97	FY98	FY99	FY00	FY01	FY02	FY03
Discretionary	$13.29	$13.31	$13.05	$13.75	$13.69	$13.95	$15.07	$16.02	$17.55
Mandatory	$54.61	$49.78	$40.08	$35.80	$42.25	$61.95	$58.34	$56.91	$56.70
Total Budget Authority	$67.90	$63.09	$53.12	$49.55	$55.94	$75.90	$73.41	$72.93	$74.25

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 mandatory emergency supplemental appropriations.
Source: House Appropriations Committee.

Note: Both the conference agreement on the FY2003 omnibus appropriations act (P.L. 108-7, H.J.Res. 2) and the Senate-passed version of H.J.Res. 2 contained an across-the-board rescission of discretionary accounts in the measure, to offset the cost of various provisions. Figures in this report do not include the effect of the 0.65% rescission in the final law (which exempted the WIC program from the rescission), nor the CBO-estimated 2.85% rescission in the Senate-passed version of H.J.Res. 2. The effect of the rescissions on individual accounts currently is unavailable.

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.

FY2003 Agriculture Appropriations Action

Administration's Request. As the first step in the FY2003 appropriations process, the Bush Administration released its budget request on February 4, 2002. Within the budget, the Administration requested FY2003 budget authority of $74.062 billion for the U.S. Department of Agriculture and related agencies (which includes all of USDA except the Forest Service, and also includes the Food and Drug Administration and the Commodity Futures Trading Commission.) The $74.062 billion requested for FY2003 is $814 million above the FY2002 enacted appropriation of $73.187 billion. (The FY2002 enacted level includes two supplemental appropriations acts (P.L. 107-117 and P.L. 107-206), making nearly $500 million in net supplemental appropriations to various USDA programs, and FDA and CFTC ,in response to the September 11, 2001 terrorist attacks.)

The requested $17.421 billion for discretionary accounts was $1.145 billion above the total FY2002 discretionary appropriation of $16.276 billion. Accounting for $368 million of the requested increase in discretionary spending for USDA and related agencies is the Administration's assumption of a legislative proposal that would require all federal agencies to assume the full cost of accruing employee pensions and retiree health benefits beginning in FY2003, which ultimately was not adopted by appropriators.[1]

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

Note: Both the conference agreement on the FY2003 omnibus appropriations act (P.L. 108-7, H.J.Res. 2) and the Senate-passed version of H.J.Res. 2 contained an across-the-board rescission of discretionary accounts in the measure, to offset the cost of various provisions. Figures in this report do not include the effect of the 0.65% rescission in the final law (which exempted the WIC program from the rescission), nor the CBO-estimated 2.85% rescission in the Senate-passed version of H.J.Res. 2. The effect of the rescissions on individual accounts currently is unavailable.

Table 2. Congressional Action on FY2003 Appropriations for the U.S. Department of Agriculture and Related Agencies

Subcommittee Markup Completed		House Report	House Passage	Senate Report	Senate Passage	Conference Report	Conference Report Approval		Public Law
House	Senate						House	Senate	
6/26/02	7/23/02	H.R. 5263 (H.Rept. 107-623) 7/26/02	(1)	S. 2801 (S.Rept. 107-223) 7/25/02	(1)	H.Rept. 108-10 to H.J.Res. 2 2/13/03	338-83 2/13/03	76-20 2/13/03	P.L. 108-7 2/20/03

(1) The 107th Congress adjourned without passage of H.R. 5263 or S. 2801 by its respective chambers. The 108th Congress considered the FY2003 appropriations for USDA and related agencies in the context of an omnibus appropriations bill (H.J.Res. 2) which the Senate amended and passed on January 23, 2003.

House Action. The agriculture subcommittee of the House Appropriations Committee and the full House Appropriations Committee completed their respective markups of the FY2003 agriculture bill for USDA and related agencies on June 26 and July 11, 2002, respectively. The bill (H.R. 5263) and report (H.Rept. 107-623) were filed by the full committee on July 26, 2002. No floor action was held on the bill.

Total appropriations in H.R. 5263, as reported, were $74.306 billion, of which $17.601 billion were for discretionary programs, and $56.705 billion for mandatory USDA programs. The $17.601 billion for discretionary programs was exactly equal to the 302b allocation given to the subcommittee by the full committee, and $180 million above the President's request for FY2003. The discretionary level in the House bill was $1.325 billion higher than the regular FY2002 appropriations, including supplementals.

When the 108th Congress convened in early January 2003, the full House adopted a continuing resolution (H.J.Res. 2), which also was intended to serve as a vehicle for completing final funding decisions on the 11 remaining regular appropriations bills, including agriculture. Although the House-adopted version of H.J.Res. 2 was a temporary resolution extending funding through January 31, 2003, the Senate-amended version was an omnibus appropriations measure that included the full-text of each of the outstanding regular bills, as amended. Until H.J.Res. 2 was enacted, FY2003 spending for USDA and related agencies was governed temporarily by eight continuing resolutions enacted periodically over the first five months of FY2003,

Senate Action. The Senate Appropriations Committee completed subcommittee and full committee markup during the week of July 22, 2002, and reported its version of the FY2003 agriculture appropriations bill (S. 2801, S.Rept 107-223) on July 25. S. 2801, as reported, provided total funding of $74.66 billion, which was $354 million above the House bill, $598 million above the Administration

Note: Both the conference agreement on the FY2003 omnibus appropriations act (P.L. 108-7, H.J.Res. 2) and the Senate-passed version of H.J.Res. 2 contained an across-the-board rescission of discretionary accounts in the measure, to offset the cost of various provisions. Figures in this report do not include the effect of the 0.65% rescission in the final law (which exempted the WIC program from the rescission), nor the CBO-estimated 2.85% rescission in the Senate-passed version of H.J.Res. 2. The effect of the rescissions on individual accounts currently is unavailable.

request, and $1 billion above the FY2002 enacted level including supplementals. Of the total amount provided in S. 2801, $17.98 billion was for discretionary programs, compared with $17.6 billion in the House bill, $17.4 billion in the Administration's request and $16.55 billion provided in FY2002.

The 107th Congress adjourned without completing action on S. 2801 or any other FY2003 agriculture spending bill. In early January 2003, Senate appropriators combined the FY2003 agriculture appropriations bill with ten other unresolved appropriations bills, as amended, into an omnibus package which was adopted as a substitute amendment (S.Amdt. 1) to H.J.Res. 2. H.J.Res. 2 was further amended on the Senate floor, and adopted by the Senate on January 23, 2003. Funding levels for USDA and related agencies in H.J.Res. 2 were relatively close to the funding levels in S. 2801 for ongoing USDA programs. However, separate adopted amendments in H.J.Res. 2 provided $3.1 billion in farm economic and disaster assistance, and $500 million in additional P.L. 480 funds for emergency famine relief in Africa. The $3.1 billion in farm assistance was offset by an across-the-board reduction in all discretionary programs in the measure. No offsets were provided for the supplemental P.L. 480 food aid.

Conference Action. Conference action on the FY2003 omnibus appropriations bill (H.J.Res. 2) was completed on February 13, 2003, when the conference report (H.Rept. 108-10) was adopted by the House by a vote of 338-83, and later the same day by the Senate by a vote of 76-20. The President signed the measure into law (P.L. 108-7) on February 20, 2003. The final omnibus law combines the 11 appropriations bills that were not completed by the 107th Congress, with various other spending provisions, including a supplemental $3.1 billion disaster assistance package for farmers and ranchers. For the regular annual appropriations for USDA and related agencies, P.L. 108-7 contains budget authority of $74.25 billion, of which $17.55 billion is for discretionary programs and $56.70 billion is for mandatory programs. The discretionary appropriation in the final measure is $56 million below the House-reported (H.R. 5263) level and $805 million below the Senate-passed level (H.J.Res. 2), but $124 million above the Administration request and $1.27 billion above the enacted FY2002 level including supplementals. The FY2003 totals do not include the $3.1 billion in disaster assistance that was adopted in a separate title of the bill. Spending for disaster assistance was offset by a comparable reduction in estimated spending for a mandatory conservation program over a 10-year period. The appropriated totals do not reflect the effect of a 0.65% across-the-board in almost all discretionary programs in the omnibus measure, which if applied equally to all USDA and related agency programs, would reduce appropriations by approximately $85 million. (The WIC program is the only USDA discretionary account that is specifically exempted from the rescission.)

Note: Both the conference agreement on the FY2003 omnibus appropriations act (P.L. 108-7, H.J.Res. 2) and the Senate-passed version of H.J.Res. 2 contained an across-the-board rescission of discretionary accounts in the measure, to offset the cost of various provisions. Figures in this report do not include the effect of the 0.65% rescission in the final law (which exempted the WIC program from the rescission), nor the CBO-estimated 2.85% rescission in the Senate-passed version of H.J.Res. 2. The effect of the rescissions on individual accounts currently is unavailable.

FY2003 Agriculture Appropriations: Proposed Spending Levels and Current Issues

The following sections compare the enacted conference agreement on the FY2003 omnibus appropriations bill (P.L. 108-7), with the Senate-passed version of the bill (H.J.Res. 2), the House-reported agriculture appropriations bill in the 107th Congress (H.R. 5263), the Administration's FY2003 request, and the FY2002 enacted level for various mission areas and agencies within USDA, and for the Food and Drug Administration. Also see the table at the end of the report for a tabular summary of P.L. 108-8, the House and Senate measures, the FY2003 request, and the FY2002 enacted appropriation levels, including supplementals. This report will continue to track congressional action on FY2003 agriculture appropriations as the process continues.

Farm Commodity Support

Most spending for USDA's mandatory agriculture and conservation programs, as authorized by the 2002 farm bill (P.L. 107-171), 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 Direct and Counter-cyclical Payments and Milk Income Loss Contract 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.

Note: Both the conference agreement on the FY2003 omnibus appropriations act (P.L. 108-7, H.J.Res. 2) and the Senate-passed version of H.J.Res. 2 contained an across-the-board rescission of discretionary accounts in the measure, to offset the cost of various provisions. Figures in this report do not include the effect of the 0.65% rescission in the final law (which exempted the WIC program from the rescission), nor the CBO-estimated 2.85% rescission in the Senate-passed version of H.J.Res. 2. The effect of the rescissions on individual accounts currently is unavailable.

For FY2003, the Administration requested an indefinite appropriation for the CCC estimated at $16.285 billion, compared with an estimated $20.279 billion for FY2002. The FY2003 omnibus appropriations act (P.L. 108-7) concurs with this request and estimate. Not included in this amount is a separate supplemental appropriation of $3.1 billion in P.L. 108-7 for farm disaster assistance, which is to be funded through the borrowing authority of the CCC. (See below.)

Farm Disaster Assistance

With a large portion of the nation in extreme and severe drought for the past two years, many farm groups were seeking supplemental federal disaster assistance for 2001 and 2002 crop and livestock losses. The omnibus appropriations act (P.L. 108-7) contains an estimated $3.1 billion in economic and disaster assistance for agricultural producers in a separate title of the act (Division N, Title II). A similar amount was provided in the Senate-passed version of the measure (H.J.Res. 2). No comparable provisions were considered in the House. The cost of the package is offset by a spending limitation placed on a farm bill-authorized conservation program, the Conservation Security Program, over the next 10 years. The Administration did not request any assistance, and insisted during the congressional debate that any assistance Congress provided must be offset with comparable reductions in other farm spending.

The following is a breakdown of the major provisions in the disaster assistance provisions in P.L. 108-7.

Crop Disaster Assistance. P.L. 108-7 contains "such sums as are necessary" from the Commodity Credit Corporation to fully fund a disaster payment formula that is similar to the payment formula last used for ad-hoc 2000 crop disaster payments. Regardless of whether a farmer is in a declared disaster area, a producer can be eligible for assistance if individual crop losses were in excess of 35% in either 2001 or 2002. For losses in excess of the 35% threshold, an eligible producer can receive a payment equal to 50% of the relevant price for the commodity. Producers who had the opportunity to insure the crop and waived insurance for that year will be slightly penalized and receive a payment equal to 45% of the relevant price. All commercially grown crops are eligible for a payment under this formula except for sugar and tobacco, which have separate disaster payment programs in the program. All producers must choose between a 2001 payment or a 2002 payment, and may not receive a payment for both years' losses. The act limits the amount of the disaster payment so that the payment, in combination with crop insurance payments and the value of the crop that was not lost, cannot exceed 95% of the value of the crop had there been no losses. A participating producer also must agree to purchase crop insurance for the next two crop years, or, when insurance is not available, purchase coverage under the noninsured assistance program for two years. ***Congressional***

Note: Both the conference agreement on the FY2003 omnibus appropriations act (P.L. 108-7, H.J.Res. 2) and the Senate-passed version of H.J.Res. 2 contained an across-the-board rescission of discretionary accounts in the measure, to offset the cost of various provisions. Figures in this report do not include the effect of the 0.65% rescission in the final law (which exempted the WIC program from the rescission), nor the CBO-estimated 2.85% rescission in the Senate-passed version of H.J.Res. 2. The effect of the rescissions on individual accounts currently is unavailable.

Budget Office cost estimate: $2.115 billion (subject to change, since "such sums as are necessary" are available for this provision.)

Livestock Assistance. P.L. 108-7 provides ***$250 million*** to compensate for 2001 or 2002 livestock forage or feed losses caused by a natural disaster. The program will be administered in the same fashion as the ad-hoc 1999 Livestock Assistance Program (LAP). To receive LAP assistance, a producer must be in a disaster-declared county (declared by the President or the Secretary of Agriculture) and must choose between 2001 or 2002 losses. The measure also removes date restrictions for eligibility for the Livestock Compensation Program (LCP), which USDA administratively implemented in 2002. The CBO-estimated cost of the LCP provision is ***$100 million***. USDA funded the LCP through the use of Section 32 funds, which are traditionally used to make surplus commodity purchases. The omnibus act requires any new spending to come from the Commodity Credit Corporation, instead of Section 32, and reimburses Section 32 with ***$250 million*** in CCC funds to compensate for a portion of the past payments of the program.

Other Assistance. P.L. 108-7 also provides various forms of assistance to certain commodities, including: 1) ***$60 million*** in disaster payments to sugar beet producers; 2) a CBO-estimated ***$60 million*** in payments to sugarcane producers and processors for hurricane losses; 3) a CBO-estimated ***$54 million*** to compensate tobacco producers for losses associated with quota reductions, pests and diseases; and 4) ***$18.2 million*** to compensate Florida citrus growers whose trees were quarantined for citrus canker.

Crop Insurance

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

The omnibus appropriations act (P.L. 108-7) provides an FY2003 appropriation of $70.708 million for RMA salaries and expenses, the only discretionary component of the federal crop insurance program. This appropriation is the same as in the Senate-passed version of the omnibus measure (H.J.Res. 2), slightly below the

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House-reported (H.R. 5263) level of $72.771 million. The House and Senate and final levels for FY2003 are slightly below the Administration request only because neither bill concurs with the Administration request to shift GSA rent expenses from a central account to individual agency accounts. The Administration request was $4 million below the FY2002 appropriation of $74.75 million. Most of the reduction in the FY2003 funding request is attributable to one-time costs in FY2002 for implementing the Agricultural Risk Protection Act (P.L. 106-224), which provided increased subsidies and made other enhancements to the crop insurance program.

For mandatory expenses of the crop insurance program (premium subsidy, program losses and reimbursements to private insurance companies), the Administration requests "such sums as are necessary" and estimated an FY2003 appropriation of $2.89 billion, which was virtually equal to the FY2002 estimate of $2.90 billion. P.L. 108-7 concurs with the FY2003 request.

Annual spending on the crop insurance program is difficult to predict in advance and is dependent on weather and crop growing conditions. The crop insurance program received legislative enhancements in 2000 (P.L. 106-224) which have contributed to significantly higher farmer participation in the program. The Administration maintains that the increased participation has resulted in windfall profits for the private insurance companies. Hence, the FY2003 budget request contained a legislative proposal to require private insurance companies to absorb more of the risk of the program by limiting their underwriting gains to 11.5% of retained premiums. P.L. 108-7 does not address this proposal, and to date, no legislative action has occurred. Senate report language accompanying S. 2801 directed USDA to follow current procedures in the Standard Reinsurance Agreement between private companies and USDA before any risk-sharing changes are made.

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

Farm Service Agency

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

FSA Salaries and Expenses. This account funds the 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,

Note: Both the conference agreement on the FY2003 omnibus appropriations act (P.L. 108-7, H.J.Res. 2) and the Senate-passed version of H.J.Res. 2 contained an across-the-board rescission of discretionary accounts in the measure, to offset the cost of various provisions. Figures in this report do not include the effect of the 0.65% rescission in the final law (which exempted the WIC program from the rescission), nor the CBO-estimated 2.85% rescission in the Senate-passed version of H.J.Res. 2. The effect of the rescissions on individual accounts currently is unavailable.

and from the various direct and guaranteed farm loan programs. All administrative funds used by FSA are consolidated into one account. For FY2003, the FY2003 omnibus appropriations act (P.L. 108-7) provides an annual appropriation of $976.7 million for FSA salaries and expenses. Separately in the act, FSA is authorized to tap the Commodity Credit Corporation for up to an additional $70 million to cover the administrative costs associated with implementing the $3 billion farm disaster assistance package in the act, as well as the ongoing farm commodity support programs. The regular appropriation of $976.7 million is equal to the amount provided in the House-reported appropriations bill (H.R. 5263) and $10.2 million below the Senate-passed (H.J.Res. 2) level of $986.9 million. The Senate measure also contained the $70 million supplemental authority.

The Administration had requested an FY2003 appropriation of $993.6 million for FSA salaries and expenses, compared with $939 million appropriated in FY2002. Most of the requested increase was attributable to increased pay costs and a lack of carryover funds from FY2002. (FY2002 funding was bolstered by a $29 million carryover from FY2001. No carryover was expected into FY2003.) The requested level for FY2003 did not reflect any new activities associated with the recently enacted 2002 farm bill (P.L. 107-171). The farm bill provides $50 million in new mandatory no-year funding for FSA salaries and expenses to administer new farm bill programs. Neither P.L. 108-7 nor the House-reported or Senate-passed measure concurs with the President's request to increase the FSA appropriation by $17 million over FY2002 to cover FSA rental payments to GSA, which are currently paid out of a central USDA account.

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.

The omnibus appropriations act (P.L. 108-7) provides an appropriation of $228.3 million to subsidize the cost of total direct and guaranteed farm loans of $3.937 billion for FY2003. The appropriation is midway between the $212.1 million (supporting $3.8 billion in total loans) in the House-reported bill (H.R. 5263) and the Administration request and the $243 million ($4.01 billion in loans) in the Senate-passed measure (H.J.Res. 2). The enacted FY2003 level will allow FSA to make

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available nearly twice the level of direct operating loans than in FY2002 ($104.4 million in FY2003 vs. $54.6 million authorized in FY2002.)

FSA farm loan levels have been higher in recent years because an FY2000 supplemental act (P.L. 106-113) provided significant emergency funding for various USDA farm loan programs, from which balances were carried over into subsequent years. Supplemental funding has been provided in recent years for federal farm loans in response to low farm commodity prices, which have limited the ability of farmers to secure commercial farm loans.

Agricultural Trade and Food Aid

USDA's agricultural trade and food aid activities include some programs that are funded by appropriations and others that are funded through the borrowing authority of the CCC. The FY2003 omnibus appropriations act (P.L. 108-7) deals mainly with programs for which appropriations are required. CCC-funded activities are dealt with primarily in budget proposals submitted by the President, although general provisions in the annual appropriations act occasionally address funding levels and other aspects of the CCC-funded programs.

Adding together appropriations and estimated spending for CCC-funded activities (some additional food aid programs, market development, export subsidies, export credit guarantees) results in a program level of about $6.1 billion for all USDA international activities for FY2003.[2] The program level for USDA's international activities was estimated at about $5.5 billion in FY2002. The program level reflects not only increased spending for food aid, but also Congress's rejection in the 2002 farm bill of many of the food aid reforms proposed by the Administration in its FY2003 budget proposals.

FAS Salaries and Expenses. The Foreign Agricultural Service (FAS) administers USDA's international programs (both appropriated and CCC-funded). The administration of P.L. 480 Food for Peace, however, is shared between USDA and the U.S. Agency for International Development (USAID). USDA is responsible for Title I of P.L. 480, which provides low-interest, long-term loans to developing

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

Note: Both the conference agreement on the FY2003 omnibus appropriations act (P.L. 108-7, H.J.Res. 2) and the Senate-passed version of H.J.Res. 2 contained an across-the-board rescission of discretionary accounts in the measure, to offset the cost of various provisions. Figures in this report do not include the effect of the 0.65% rescission in the final law (which exempted the WIC program from the rescission), nor the CBO-estimated 2.85% rescission in the Senate-passed version of H.J.Res. 2. The effect of the rescissions on individual accounts currently is unavailable.

countries to finance the purchase of U.S. food products, while USAID is responsible for Title II (commodity donations) and Title III (a bilateral food grant program). (FAS also administers several food aid programs financed with CCC-funds) For salaries and expenses of FAS, P.L. 108-7 provides $129.9 million, which is $8.1 million above the FY2002 enacted amount and about $1.5 million less than requested by the President.

Foreign Food Aid: Funding and Issues. P.L. 480 food aid accounts for $1.343 billion (more than 90%) out of an appropriation of $1.477 billion for discretionary agricultural trade programs. P.L. 108-7 contains an appropriation of $1.477 billion for USDA's international activities that are subject to annual appropriations (P.L. 480 food aid, salaries and expenses of the Foreign Agricultural Service, and administrative expenses for managing export credit guarantee programs). Of that amount, $1.2 billion is authorized for humanitarian commodity donations under P.L. 480 Title II. In addition, P.L. 108-7 includes a supplemental appropriation of $250 million for emergency relief activities under P.L. 480, which will remain available through FY2004. Not counting the additional $250 million, the total for appropriated international programs is $344 million greater than enacted for FY2002 with most of the increase going to humanitarian food donations. Additional spending for humanitarian relief is a response to the Administration's decision to phase out food aid based on commodity surpluses and to estimates by U.S. and international food aid agencies of large, urgent food needs in Sub-Saharan Africa, North Korea, Afghanistan and elsewhere. In light of estimated food needs around the world, the issue of food aid spending for emergency relief could be revisited during the 108th Congress.

The increase in food aid appropriations in the FY2003 omnibus appropriations act is in response both to large estimated global food needs and to the Administration's decision to phase out food aid based on commodity surpluses or CCC funding. Proposed reductions in Section 416(b) (which uses surplus commodities and CCC funds) are based on the Administration's review of food aid that also recommended (in the FY2003 budget proposal) that all programs now run through private voluntary organizations (PVOs), cooperatives, and the World Food Program be placed in USAID, with USDA food aid activities confined to government-to-government programs. Consistent with this approach, the Administration recommended in the FY2003 budget proposal an increase in P.L. 480 Title II commodity donations to compensate partially for the phase-out of Section 416(b) commodity donations.

Initial Administration budget proposals also excluded any CCC funding in FY2003 for Food for Progress (FFP) which provides U.S. commodities to developing countries and emerging democracies. CCC funding of this program has averaged around $100 million annually in recent years. Under the President's proposals, any FFP activity would have been be limited to government-to-government programs

Note: Both the conference agreement on the FY2003 omnibus appropriations act (P.L. 108-7, H.J.Res. 2) and the Senate-passed version of H.J.Res. 2 contained an across-the-board rescission of discretionary accounts in the measure, to offset the cost of various provisions. Figures in this report do not include the effect of the 0.65% rescission in the final law (which exempted the WIC program from the rescission), nor the CBO-estimated 2.85% rescission in the Senate-passed version of H.J.Res. 2. The effect of the rescissions on individual accounts currently is unavailable.

financed with money appropriated for P.L. 480 Title I. However, reauthorization of the FFP program in the 2002 farm bill (P.L. 107-171), with continued reliance on CCC funding, complicated the efforts of the Administration to phase out CCC-funded food aid programs. P.L. 108-7 goes further and amends the FFP statue by requiring a minimum volume of 400,000 metric tons of commodities (which effectively entails CCC funding) and by requiring the President to enter into FFP agreements not only with foreign governments, but also with PVOs, coops, and intergovernmental organizations. Consequently, the President's FY2003 estimates for international programs now include $158 million of CCC funding for FFP.

On the international level, the use of commodity surpluses to augment U.S. food aid has been criticized by the European Union, Australia, and other agricultural exporting countries as an effort by the United State to circumvent U.S. World Trade Organization (WTO) export subsidy reduction commitments. These trading partners argue that much of U.S. food aid is being used to manage supplies rather than to meet emergency needs and that large food aid shipments impede sales of agricultural products by and between developing countries. The issue of food aid and international agricultural trading rules is being pursued by U.S. trading partners in the new round of multilateral trade negotiations launched at the end of 2001.

Consistent with its phase-out of Section 416(b), the President's budget assumes that $118 million will be available for programming under Section 416(b) in FY2003. That would consist almost entirely of surplus nonfat dry milk held in CCC inventories. In contrast, $175 million of commodity assistance and transport/distribution costs under Section 416(b) were funded in FY2002 and $948 million in FY2001.

Mandatory Trade Programs. In addition to Section 416(b) and Food for Progress (discussed above), many other USDA international programs are funded through CCC borrowing authority. By far the largest component of program level is accounted for by an estimated $4.225 billion of CCC export credit guarantees, which guarantee payment for commercial financing of U.S. agricultural exports. The actual export value of credit guarantees made available in FY2003 will depend ultimately on market conditions and demands for credit. Historically, the value of such guarantees has rarely reached (or exceeded) the levels anticipated in budget requests.

U.S. export credit programs have also been raised as an issue in WTO agricultural trade negotiations. The EU and other trading partners charge that the program has a subsidy element (although it is much less than the subsidy represented by the EU's export restitution program) and gives the U.S. an unfair competitive advantage in exporting certain agricultural commodities. The United States took part in negotiations on export credit programs in the Organization for Economic Cooperation and Development (OECD), but these negotiations did not succeed and

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were suspended. Any changes in the U.S. program that might result from trade negotiations would have to overcome strong congressional support of these programs as they are presently constituted.

Two other CCC-funded programs assist trade organizations in their efforts to develop markets overseas for U.S. agricultural products. For the Market Access Program (MAP), the Administration assumes spending of $110 million and for the Foreign Market Development (or "Cooperator") Program (FMDP), $34 million. These amounts are authorized in the 2002 farm bill (P.L. 107-171).

For one CCC-funded direct export subsidy program, the Export Enhancement Program (EEP), the conference report limits CCC spending to $28 million. For its reduction from the level authorized in the farm bill ($478 million), P.L. 108-7 scores savings of $450 million. In the past, the Congressional Budget Office (CBO) has scored no savings for proposed cuts to EEP funding since actual spending in the program has been negligible (e.g., $1 million in FY2001, $0 in FY2002). However, the conference report estimate of savings is based on Office of Management and Budget's (OMB) scoring method (rather than CBO's) which allows dollar-for-dollar savings for cuts from the authorized EEP level. For the other export subsidy program, the Dairy Export Incentive Program (DEIP), the President's budget anticipates that $57 million would be provided, an estimate that reflects the maximum permitted under international trade agreements.

The 2002 farm bill established a new food aid program, the McGovern-Dole International Food for Education and Child Nutrition Program (IFED), and mandated that $100 million of CCC-funding be made available for FY2002. In subsequent fiscal years (FY2004-FY2007), "such sums as necessary" would be appropriated. IFED began as a pilot project during the Clinton Administration and was financed by $300 million in CCC-funds and commodities. Consistent with farm bill requirements, the Administration indicates that $100 million of CCC funds would be expended on IFED in FY2003.

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

Natural Resources and Environment

The natural resources and environment mission area within USDA is implemented through the programs of the Natural Resources Conservation Service (NRCS), the Farm Service Agency (FSA), and the Forest Service. (Funding for the Forest Service is provided in the annual Interior appropriations bill, and is discussed in CRS Report RL31306, *Appropriations for FY2003; Interior and Related*

Note: Both the conference agreement on the FY2003 omnibus appropriations act (P.L. 108-7, H.J.Res. 2) and the Senate-passed version of H.J.Res. 2 contained an across-the-board rescission of discretionary accounts in the measure, to offset the cost of various provisions. Figures in this report do not include the effect of the 0.65% rescission in the final law (which exempted the WIC program from the rescission), nor the CBO-estimated 2.85% rescission in the Senate-passed version of H.J.Res. 2. The effect of the rescissions on individual accounts currently is unavailable.

Agencies.) Conservation spending combines discretionary spending, which is just over $1 billion in the FY2003 omnibus appropriations act (P.L. 108-7), and mandatory funding, which is funded through the Commodity Credit Corporation, and is estimated at almost $3.0 billion, according to the January 2003 Congressional Budget Office (CBO) estimate.

Mandatory conservation spending includes $1 billion in new spending authorized by the recently enacted 2002 farm bill (P.L. 107-171). The new farm bill provides legislative authority, including funding levels, for many of the mandatory conservation programs through FY2007. When Congress was considering this law, the CBO estimated that overall mandatory conservation funding would grow by about 80%, increasing by a total of $9.2 billion through FY2007 (and $17.1 billion through FY2011, assuming an extension of current policies, without modification, through that year.)

Discretionary Programs. The FY2003 omnibus appropriations act (P.L. 108-7) provides $1.028 billion for all discretionary conservation programs within USDA, which is $7 million higher than the House committee-reported bill (H.R. 5263), $9 million less than the Senate-passed measure (H.J.Res. 2), and $22 million below the Administration request of $1.049 billion. Much of the difference between the congressional levels and the Administration request was a $48.7 million request for the Emergency Conservation Program (funded under the Farm Service Agency) that was not included in P.L. 108-7 or either chamber's measure. The FY2003 enacted level is a decrease of $29 million from the FY2002 appropriation of $1.056 billion, which included $94 million of supplemental spending provided for watershed and flood prevention in P.L.107-206.

The largest discretionary conservation program is Conservation Operations (CO), most of which supports technical assistance. P.L. 108-7 provides $825 million for CO in FY2003, which is less than the Administration request of $841 million, but a significant increase from the $779 million provided in the FY2002 appropriation. A large portion of the requested increase, $48 million, would have paid for technical assistance in helping animal feeding operations comply with clean water regulations. P.L. 108-7 provides less than either the House-reported bill ($844 million) or the Senate-passed measure ($840 million). The conference report accompanying the law identifies 114 earmarks for CO with a total cost of more than $110 million. Some of these are new this year, while others had been specified in appropriations bills in previous years. Reports accompanying bills emerging from both chambers each identified numerous earmarks; S. 2801, for example, includes 83 earmarks allocating about $90 million. Some earmarks are for specific projects or sites and others are for activities. The largest earmark in the law, $21.5 million, is for the grazing lands conservation initiative. The conference report also identifies partners to be involved in many of these projects and activities. P.L. 108-7, drawing from the House bill, requires NRCS to treat earmarks as additions to each state's allocation.

Note: Both the conference agreement on the FY2003 omnibus appropriations act (P.L. 108-7, H.J.Res. 2) and the Senate-passed version of H.J.Res. 2 contained an across-the-board rescission of discretionary accounts in the measure, to offset the cost of various provisions. Figures in this report do not include the effect of the 0.65% rescission in the final law (which exempted the WIC program from the rescission), nor the CBO-estimated 2.85% rescission in the Senate-passed version of H.J.Res. 2. The effect of the rescissions on individual accounts currently is unavailable.

For watershed activities, P.L. 108-7 provides $110 million for Watershed and Flood Prevention Operations ($200 million appropriated in FY2002, including a $94 million supplemental appropriation provided in P.L. 107-206), $11.2 million for Watershed Surveys and Planning ($11 million in FY2002) and $30 million for Watershed Rehabilitation Program ($10 million in FY2002). It identifies several earmarks in the general provisions and in the conference report. The Administration requested no appropriation in FY2003 for these three watershed programs. Instead, it proposed a new approach, requesting $110 million for Emergency Watershed Protection, which is the average of annual spending over the past 10 years, so that USDA would have funds on hand to provide immediate assistance after a natural disaster. (Currently, emergency programs typically are funded in supplemental acts after a disaster strikes, so assistance may not be available for several months or longer after the damage occurs.)

Neither chamber concurred with this Administration request to consolidate three accounts into the Emergency Watershed Protection account. Instead, the House recommended $110 million for Watershed and Flood Prevention Operations (with numerous earmarks), $11.2 million for Watershed Surveys and Planning, and no funding for Emergency Watershed Protection or Watershed Rehabilitation, while the Senate recommended $105 million for Watershed and Flood Prevention Operations (with numerous earmarks), $11.0 million for Watershed Surveys and Planning, and no funding for Emergency Watershed Protection, and also $30 million for Watershed Rehabilitation. P.L. 108-7 includes provisions from both bills that limit spending for technical assistance to $45.5 million of the total for Watershed and Flood Prevention Operations, and limit expenditures related to protecting threatened and endangered species to $1 million.

P.L. 108-7 provides no funds for the Emergency Conservation Program, an FSA-administered program which helps producers repair damaged farmland following a disaster. Traditionally, this program has been funded through emergency supplemental appropriations. Congress rejected an Administration proposal to move to a new funding approach. This proposal assumed that FY2003 spending would be the average of the past 10 years, $48.7 million, and requests this level of funding in the regular FY2003 appropriations, so that it can more rapidly respond to emergencies.

P.L.108-7 provides $51 million for the Resource Conservation and Development (RC&D) Program to support activities in designated RC&D districts. This amount is almost $2 million more than the Administration request of $49.1 million and $1 million more than the Senate provided, but $4.1 million less than the House-reported level. The act does not provide any funding for the Forestry Incentive Program administered by NRCS, which was eliminated by the 2002 farm bill.

Note: Both the conference agreement on the FY2003 omnibus appropriations act (P.L. 108-7, H.J.Res. 2) and the Senate-passed version of H.J.Res. 2 contained an across-the-board rescission of discretionary accounts in the measure, to offset the cost of various provisions. Figures in this report do not include the effect of the 0.65% rescission in the final law (which exempted the WIC program from the rescission), nor the CBO-estimated 2.85% rescission in the Senate-passed version of H.J.Res. 2. The effect of the rescissions on individual accounts currently is unavailable.

Technical Assistance Funding. In late 2002, the Office of Management and Budget, supported subsequently by the Department of Justice, issued an opinion that technical assistance funding for mandatory programs remains limited under a cap that has been placed in section 11 of the Commodity Credit Corporation charter under prior law. Members had thought that the issue had been resolved through language included in the 2002 farm bill and were supported in this conclusion by an opinion issued by the General Accounting Office. The Administration proposed to address this limit in FY2003 through a January 2003 proposal to create a new farm bill technical assistance line item, and to fund it at $333 million in FY2003. It stated that this line item combined with other funding would be adequate to fully fund all technical assistance necessary to implement all mandatory and discretionary conservation programs. Congress strongly rejected this proposal. Section 213 of the disaster assistance package (Division N, Title II) in P.L. 108-7 amends the farm bill by specifically prohibiting the use of discretionary funds to implement any mandatory conservation programs.

Mandatory Programs. The Administration's FY2003 request was submitted prior to enactment of the 2002 farm bill, which reauthorized and greatly increased funding for many conservation programs slated to expire at the end of FY2002. Although the Administration had stated its support for authorizing higher annual mandatory conservation funding levels in the 2002 farm bill, its request for FY2003 did not include any of the anticipated reauthorizations or increases, except that it requested then-level funding at $200 million for the Environmental Quality Incentives Program (EQIP), a cost sharing program to pay for installing conservation practices. Most of the other mandatory conservation programs had either reached their authorized ceilings (set in dollars or acres), or had been unfunded because of limitations enacted in previous appropriations legislation.

The $3.1 billion in agricultural disaster assistance provided in P.L. 108-7 is offset by limiting spending on the new Conservation Security Program (CSP). The CSP has not yet been implemented, but was designed to pay farmers to institute and maintain conservation practices on land that is producing food and fiber. The limitation in P.L. 108-7 prohibits any funding in FY2003 and limits total ten-year funding (FY2004-2013) to $3.773 billion, providing an offset of $3.105 billion over the time period. The farm bill had called for this program to be implemented in FY2003. The House-reported bill would have limited this program to a single state, Iowa, making it a pilot program with savings of $3 million, while the Senate-passed bill would have made it available in all states.

P.L. 108-7 includes three other provisions that either limit or prohibit funding for certain mandatory conservation programs. The act: 1) limits FY2003 enrollment in the Wetlands Reserve Program to 245,833 acres instead of the 250,000 acres authorized in the farm bill (savings of $5 million); 2) limits FY2003 funds for the EQIP to $695 million instead of the $700 million authorized in the farm bill; and 3)

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prohibits the use of any of the $45 million in mandatory funds authorized in FY2003 for the Small Watershed Rehabilitation Program. (However, the act does provide $30 million in discretionary funding for the Small Watershed Rehabilitation Program.)

The FY2003 omnibus appropriations act does not comment on the most costly mandatory conservation program, the Conservation Reserve Program (CRP). It is administered by FSA and pays farmers to retire from production highly erodible and environmentally sensitive land. Late last year, USDA reported that there were about 35.1 million acres enrolled in the CRP, almost 10% of the country's cropland. It has been approaching its ceiling of 36.4 million acres, which was raised to 39.2 million acres by the 2002 farm bill. The budget assumes FY2003 outlays of $1.856 billion to fund existing and new contracts. Most other mandatory funding programs will grow rapidly, as they were reauthorized by the 2002 farm bill. Examples include the Wetlands Reserve Program, which will grow from 1.075 million acres (by 250,000 acres per year) to 2.275 million acres and the EQIP, which will grow from $200 million in FY2001 to $1.3 billion in FY2007.

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

Agricultural Research, Education, and Economics

The FY2003 omnibus appropriations act (P.L. 108-7) provides $2.506 billion for USDA's four research, education, and economics (REE) agencies in FY2003, compared with $2.517 billion in the Senate-passed bill (H.J.Res. 2) and $2.379 billion in the House-reported bill (H.R. 5263). The Administration had requested $2.232 billion. The final law is $61 million above the FY2002 enacted level (including supplementals for counter-terrorism activities).

Four agencies carry out USDA's REE function. The Department's in-house research agency is the Agricultural Research Service (ARS), which provides scientific support to USDA's action and regulatory agencies and conducts long-term, high risk, basic and applied research on subjects of national and regional importance. The Cooperative State Research, Education, and Extension Service (CSREES) is the agency through which USDA sends federal funds to land grant Colleges of Agriculture for state-level research, education and extension programs. The Economic Research Service (ERS) provides economic analysis of agriculture issues using its databases as well as data collected by the National Agricultural Statistics Service (NASS).

Note: Both the conference agreement on the FY2003 omnibus appropriations act (P.L. 108-7, H.J.Res. 2) and the Senate-passed version of H.J.Res. 2 contained an across-the-board rescission of discretionary accounts in the measure, to offset the cost of various provisions. Figures in this report do not include the effect of the 0.65% rescission in the final law (which exempted the WIC program from the rescission), nor the CBO-estimated 2.85% rescission in the Senate-passed version of H.J.Res. 2. The effect of the rescissions on individual accounts currently is unavailable.

Agricultural Research Service (ARS). The FY2003 omnibus appropriations act provides $1.172 billion in total for ARS. Of that amount, $1.053 billion supports ARS's research programs (a $73 million increase from the regular FY2002 appropriation), and $119.5 million supports modernizing and building ARS facilities (a $0.5 million increase from the regular FY2002 appropriation). Overall, however, ARS will receive $64 million less in FY2003, if the additional $138 million ARS received in supplemental funding is included in the FY2002 agency total.[3] P.L. 108-7 provides virtually level funding with the Senate-passed omnibus measure for ARS research, and an increase over both the Senate-passed and House-reported measures in funds available for facilities construction ($95 million and $101 million, respectively). The Administration requested $971.4 million for ARS research and $16.6 million for ARS construction projects for FY2003.

The conference report contains language calling for the continuation of all ARS research projects and locations that the Administration had recommended for termination or consolidation and closure. Conferees also adopted a provision from the House-reported spending bill that blocks the expenditure of any funds to conduct a review of the quality and relevance of ARS research. Congress first authorized the USDA secretary to request the National Academy of Sciences to conduct this review in the Agricultural Research, Extension, and Education Reform Act of 1998 (P.L. 105-185). However, the NAS study, which was released in December 2002, is instead a review of the effect of publicly funded research on the structure of U.S. agriculture. The 2002 farm bill (P.L. 107-171) reauthorized the ARS study as originally conceived, but the language in the final FY2003 appropriations law states that USDA should have time to review the existing NAS study before asking NAS to undertake another.

The Public Health Security and Bioterrorism Response Act of 2002 (P.L. 107-188) authorized additional appropriations for ARS in FY2003-06 to upgrade bioterrorism-related research facilities in Plum Island, NY and Ames, IA. The Act also authorized $190 million in FY2003 to be shared among ARS, APHIS, the Forest Service, and cooperators in the states for research on bioterrorism prevention, preparedness, and response, among other things. The FY2003 omnibus appropriations act does not contain any appropriations under that authority.

Cooperative State Research, Education, and Extension Service (CSREES). P.L. 108-7 provides $1.125 billion for CSREES support of research

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[3] P.L. 107-117 provided $50 million to ARS for constructing a high security bio-containment facility at its National Animal Disease Center in Ames, Iowa, $23 million for upgrading its foreign animal disease research lab on Plum Island, New York, and $40 million for bioterrorism research. P.L. 107-206 provided an additional $25 million to Ames, Iowa.

Note: Both the conference agreement on the FY2003 omnibus appropriations act (P.L. 108-7, H.J.Res. 2) and the Senate-passed version of H.J.Res. 2 contained an across-the-board rescission of discretionary accounts in the measure, to offset the cost of various provisions. Figures in this report do not include the effect of the 0.65% rescission in the final law (which exempted the WIC program from the rescission), nor the CBO-estimated 2.85% rescission in the Senate-passed version of H.J.Res. 2. The effect of the rescissions on individual accounts currently is unavailable.

and extension programs at the land grant colleges of agriculture. The Senate-passed omnibus measure would have provided $1.156 billion, and the House-reported measure would have appropriated $1.07 billion. The Administration had requested $1.021 million. The $1.125 billion enacted total is a $97 million increase (almost 10%) over the FY2002 appropriation, most of which is allocated to research and education programs ($79 million) and extension programs ($14 million), with a $4 million decrease in funding for integrated research and extension programs.

P.L. 108-7 adopted the Administration's request for: (1) $180.1 million (FY2002 level) in formula funds for core research and extension programs at 1862 land grant institutions; and (2) $21.8 million (FY2002 level) in formula funds for forestry research. The final law provided $35.6 million (+$1 million from FY2002) for research at 1890 (historically black) land grant colleges; $32.1 million for extension at 1890 colleges (+$1 million from FY2002), and $453.5 million (higher than FY2002 and both the House-reported and Senate-passed measures) for extension at 1862 institutions.

The final FY2003 spending act increases funding for Special Research (earmarked) grants to $112.3 million, an amount higher than both the House-reported and the Senate-passed measures ($102.8 million and $103.8 million, respectively). The Administration had proposed termination of most Special Research grants, with a funding recommendation of $3.3 million. FY2002 funding was $97 million. P.L. 108-7 also provides $30 million for an additional group of earmarked grants under the "Federal Administration" portion of the CSREES budget, which is more than included in either chamber's initial bill, and more than in FY2002 ($21.7 million). The FY2003 budget request was $9.7 million. Finally, the conferees agreed to provide $167.1 million for the National Research Initiative Competitive Research Grants (NRI) program, compared with $124.3 million in the Senate-passed omnibus measure, $130 million in the House-reported bill, and $120 million in FY2002. The Administration had proposed doubling that amount – to $240 million – for FY2003.

The conference report retains the earlier concurrence between the House and Senate bills, and with the FY2003 budget request, to block the expenditure of $120 million in mandatory funds for the Initiative for Future Agriculture and Food Systems that was created in separate legislation in 1998. The 2002 farm bill (P.L. 107-171), reauthorizes the Initiative and gradually increases its authorized funding from $120 million to $200 million annually in FY2006-07.

The Public Health Security and Bioterrorism Preparedness and Response Act of 2002 (P.L. 107-188) provides authority for security improvements at land grant college facilities and development of on-farm biosecurity education programs. The FY2003 omnibus appropriations act contains no appropriations under this authority.

Note: Both the conference agreement on the FY2003 omnibus appropriations act (P.L. 108-7, H.J.Res. 2) and the Senate-passed version of H.J.Res. 2 contained an across-the-board rescission of discretionary accounts in the measure, to offset the cost of various provisions. Figures in this report do not include the effect of the 0.65% rescission in the final law (which exempted the WIC program from the rescission), nor the CBO-estimated 2.85% rescission in the Senate-passed version of H.J.Res. 2. The effect of the rescissions on individual accounts currently is unavailable.

Economic Research Service (ERS) and National Agricultural Statistics Service (NASS). P.L. 108-7 provides $69.1 million for ERS, representing an increase from the Senate-passed measure ($65.1 million) and a decrease from the House-reported bill ($73.3 million) and the budget request ($79.2 million). FY2002 ERS funding was $67.2 million. The conferees did not include the Administration's request (which was included in the House-reported bill) to transfer funds from a central account to each individual agency to cover rent paid by each agency to GSA. For NASS, the conference report contains $139.4 million, which is only slightly below the Senate-passed measure ($140.9 million), but above the House-reported level of $137.8 million. The FY2002 appropriation was$113.8 million, and the budget request was $143.7 million. P.L. 108-7 reflects earlier House and Senate concurrence on allocating $41.3 million of the NASS appropriation for the agency's work on the 2002 Census of Agriculture, as the Administration requested.

Food Safety and Inspection

USDA's Food Safety and Inspection Service (FSIS) is responsible for the mandatory inspection of meat, poultry, and processed egg products to insure their safety, wholesomeness, and proper labeling. The FY2003 omnibus appropriations act (P.L. 108-7) contains the Senate-proposed $759.8 million for FSIS, which is higher than the $755.8 million in H.R. 5263 and fully funds the President's budget request. The FY2002 funding level (including a $15 million supplemental) was $730.6 million. FSIS also will have access in FY2003 to an additional $101 million in user fee income to support its inspection activities. P.L. 108-7 includes $5 million specifically for FSIS to hire at least 50 additional personnel to enforce the Humane Methods of Slaughter Act. A provision in the Senate-passed measure calling for more stringent monitoring of foreign establishments exporting meat and poultry to the United States, is not included.

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 FY2003 omnibus appropriations act (P.L. 108-7) provides $868.1 million for USDA's three marketing and regulatory agencies, which is about $18 million below the amounts contained in the House-reported (H.R. 5263) and Senate-passed measure

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(H.J.Res. 2). The amount provided in P.L. 108-7 is also $11 million below the Administration request of $879.2 million, but close to the total FY2002 appropriation of $867.3 million (including FY2002 emergency supplemental appropriations of $119.1 million, intended to protect the food supply against agricultural terrorist threats).

Animal and Plant Health Inspection Service. The largest appropriation for marketing and regulatory programs goes to USDA's Animal and Plant Health Inspection Service (APHIS), the agency responsible for protecting U.S. agriculture from foreign pests and diseases. P.L. 108-7 contains $735.5 million for APHIS. This amount is $11.3 million lower that the FY2002 total ($746.8 million), which included supplemental appropriations of $119.1 million under P.L. 107-117. Disregarding the supplementals, the FY2003 appropriation represents a $105 million increase in funds for APHIS salaries and expenses over FY2002, and a $2.8 million increase for facilities renovation. The Administration had requested an FY2003 appropriation of $775.3 million for APHIS (which included a one-time shift of $26.7 million to cover GSA rental costs, which was not adopted in the conference report). Both the House-reported appropriations bill (H.R. 5263) and the Senate-passed omnibus measure would have provided $749 million. The conferees did not include a Senate proposal to increase APHIS salaries and expenses by $17 million for stepped-up border inspections. That appropriation has been used in the past primarily for purchasing new equipment and training inspectors (including new additions to the Beagle Brigade), whereas the inspection service itself is paid entirely for by user fees collected from passengers, importers, and shippers at U.S. ports of entry. The inspection function, equipment, Beagle Brigade, and up to 3,200 employees have been transferred to the new Department of Homeland Security under P.L. 107-296. USDA is retaining control of the user fees collected and is to repay DHS for the costs that the new department incurs for providing border inspection services from that account. USDA expects to collect approximately $275 million in user fees in FY2003. Beginning in FY2004, appropriations for equipment, dogs, and training will be made under the new Department's budget authority. (See CRS Report RL31466, *Homeland Security Department: U.S. Department of Agriculture Issues*).

P.L. 108-7 contains a $62.1 million increase for APHIS Animal Health Monitoring and Surveillance activities ($133.2 million total), in order to increase the agency's surveillance against and readiness for a biological attack against U.S. agriculture. In addition, the report includes a $37.8 million increase for managing emerging plant pests($75.3 million total), an $18.2 million increase for managing Johne's disease ($21 million total), and an $20.2 million increase for Wildlife Services (predator control) programs($69 million total).

P.L. 108-7 also provides $15 million for management of chronic wasting disease (CWD) in domestic and wild deer and elk in different regions of the United States, and contains language requiring APHIS to expand laboratory testing capacity for the

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disease by establishing protocols with and providing funding for commercial labs that have rapid testing capabilities. Conferees did not adopt a House-reported proposal to require USDA and the U.S. Department of Interior (Fish and Wildlife Service and Park Service) to submit a detailed joint budget request for an FY2004 CWD program. Likewise, proposals to appropriate additional funds for CWD research were not included in the final measure.

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. P.L. 108-7 provides $92.0 million for AMS as proposed by the House, a level which is just above the $91.7 million proposed by the Senate and requested by the Administration. The FY2002 level was about $86.8 million. Conference agreement report language calls for $15.8 million to be used for the pesticide data program, of which not less than $1 million is to be added to existing funds for the drinking water initiative.

AMS is responsible for the so-called Section 32 program, a permanent appropriation (but separate from the annual USDA appropriations bill) that since 1935 has earmarked the equivalent of 30% of annual customs receipts to support the farm sector through a variety of activities. As is customary, most of the money for FY2003 (approximately $4.7 billion of the $5.8 billion total) has been transferred to the Food and Nutrition Service to help pay for child nutrition programs, and another $75 million was transferred to the Commerce Department to pay for fisheries activities. Much the remainder is available to AMS to cover a variety of obligations, including: planned and "emergency" farm commodity purchases, which in turn are used to supplement the resources of domestic feeding programs; AMS administrative expenses for marketing order oversight; and other activities.

There was widespread concern that there might not be adequate funds for these various activities – particularly the "emergency" commodity purchases that arise during the course of the fiscal year – after the Department said in the fall of 2002 that it would use Section 32 funds to pay up to $937 million for a special livestock disaster assistance program. Department officials subsequently reported that they had made a number of adjustments in other USDA spending accounts for FY2003 that, they said, would enable them to cover both the disaster program and the other, more "traditional" Section 32 activities. Furthermore, a provision (Section 204) of the agricultural disaster assistance title (Title II) of the FY2003 omnibus appropriations act requires the Secretary of Agriculture to transfer $250 million from the CCC to Section 32 "to carry out emergency surplus removal of agricultural commodities." Separately, a general provision (section 720) in the regular agriculture appropriations section of P.L. 108-7 prohibits the "reprogramming" of any funds provided in the act from one program to another, unless the House and Senate Appropriations Committees are notified 15 days in advance of such reprogramming. (For more

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background on Section 32, see CRS Report RS20235, *Farm and Food Support Under USDA's Section 32 Program*.)

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 also has been seeking to improve its understanding and oversight of livestock markets, where increasing concentration and other changes in business relationships have raised concerns among some producers about the impacts on competition and on the prices they receive. P.L. 108-7 provides $39.95 million for GIPSA in FY2003 instead of $44.7 million as proposed by the House and $44.5 million as proposed by the Senate. The Administration had requested $12.2 million for GIPSA in FY2003, down $20.9 million from the $33 million provided in FY2002. To cover the shortfall, the Administration had included a proposed increase of $29 million in new user fees, which if enacted would have been used to fund Packers and Stockyards Act inspections, and grain standard testing activities. P.L. 108-7 does not assume adoption of such user fees. The final law does include language, as proposed by the House, directing the Secretary to conduct a 2-year study on packer ownership of livestock ($4.5 million). For more information, see CRS Issue Brief IB10063, *Animal Agriculture Issues in the 107th Congress*.

Rural Development

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

The FY2003 omnibus appropriations act (P.L. 108-7) provides $2.795 billion in budget authority for rural economic and community development programs, which is between the $2.739 billion recommended in the Senate-passed measure (H.J.Res. 2) and $2.823 billion in the House-reported measure. The Administration's budget request was $2.587 billion. The FY2003 enacted level is $225.3 million more than was enacted for FY2002 (including a rescission). It supports a loan authorization level of $12 billion in direct and guaranteed rural development loans, considerably higher than the budget request of $7.251 billion. Accounting for most of the difference between P.L. 108-7 and the request is the additional loan authority in P.L. 108-7 for unsubsidized guaranteed housing loans and electric utility loans. The

Note: Both the conference agreement on the FY2003 omnibus appropriations act (P.L. 108-7, H.J.Res. 2) and the Senate-passed version of H.J.Res. 2 contained an across-the-board rescission of discretionary accounts in the measure, to offset the cost of various provisions. Figures in this report do not include the effect of the 0.65% rescission in the final law (which exempted the WIC program from the rescission), nor the CBO-estimated 2.85% rescission in the Senate-passed version of H.J.Res. 2. The effect of the rescissions on individual accounts currently is unavailable.

House proposed a loan authorization level of $9.677 billion, and the Senate proposed a level of $9.857 billion.

Rural Community Advancement Program (RCAP). The RCAP, authorized by the 1996 farm bill (P.L.104-127), consists of consolidated funding for 12 rural development loan and grant programs in three accounts: Community Facilities, Rural Utilities, and Business and Cooperative Development. 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. P.L. 108-7 provides $907.7 million in budget authority for the three RCAP accounts, $42.6 million less than proposed by the House, $40.5 million more than proposed by the Senate, and $116.2 million more than the Administration request.

P.L. 108-7 provides funding of $96.8 million for the Community Facilities account, over twice the level recommended by the House and just slightly less than the amount proposed by the Senate. For the Rural Utilities account, it provides $723.2 million, $40.4 less than the Senate and about $92 million less than the House measure. P.L. 108-7 provides $87.7 million for the Rural Business Development account, $5.7 million less than the House proposal and approximately $1 million less than the Senate measure. The majority of the RCAP authorization supports water and waste disposal grants in the Rural Utilities account. Within that account, P.L. 108-7 also earmarks $18.3 million for technical assistance grants for rural water and waste systems and adopts House and Senate recommendations for $12.1 million for the circuit rider program. The House measure contained a provision for $17.5 million in technical assistance for water and waste water, but the Senate measure had no similar provision.

As with both the House-reported bill and Senate-passed measure, P.L. 108-7 also earmarks $30 million of RCAP funding for water and waste disposal programs in Alaskan native villages, $24 million for Federally Recognized Native American Tribes, $2 million for the Delta Regional Authority, and $25 million for *colonias* along the U.S.-Mexican border. Funding for the *colonias* is $5 million more than proposed by the Senate and the same as that proposed by the House. P.L. 108-7 also includes Senate language providing $30 million for grants to rural communities with high-energy costs and $25 million for facilities in rural communities suffering extreme unemployment and severe economic depression. The House measure did not contain these latter two provisions.

P.L. 108-7 also designates $7 million for the Rural Community Development Initiative, $1 million of which is provided to a demonstration program for Replicating and Creating Rural Cooperative Home Based Health Care. The House and Senate measures proposed $6 and $10 million respectively for the Initiative. P.L. 108-7 adopts language from the House measure designating $37.6 million for the

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Empowerment Zones/Enterprise Communities (EZ/ECs) and areas designated as Rural Economic Area Partnerships (REAP) Zones. The Administration's budget did not request direct EZ/EC funding, and the Senate measure did not designate funding to the program.

Rural Housing Service. P.L. 108-7 provides a total appropriations of $305.5 million for the Rural Housing Insurance Fund Program account instead of $303.6 million proposed by the House and $282.5 million proposed by the Senate. The appropriation supports a total rural housing loan authorization level of $5.8 billion, which is greater than the $3.9 billion proposed by the Senate and requested by the Administration, and the $4.5 billion proposed by the House. P.L. 108-7 permits $5.5 billion for Section 502 direct and guaranteed loans, $35 million for Section 504 housing repair loans, $5 million for Section 524 site loans, $12 million for credit sales of acquired land, and $5 million for Section 523 self-help housing and land development loans. Other than the increase for Section 502 loan level, P.L.108-7 concurs with the Senate's proposed funding levels. It also provides $100 million in Section 538 multi-family loan guarantees and $4.5 in loan subsidies, as proposed by the House measure and budget request. The Senate measure did not recommend any loan authority for Section 538 multi-family housing guarantees. The budget request for Section 538 housing guarantees was $100 million, approximately the same as the House proposal.

P.L.108-7 provides $202 million in direct loan subsidies for Section 502 single family housing, about $17 more than the budget request and $8 million more than the Senate measure proposed. The House measure proposed $210 million for Section 502 loans. P.L. 108-7 provides $115 million in loan authorization for Section 515 housing, nearly double the budget request and $4.2 million less than the House proposal. The Senate proposed $120 million for Section 515 rental housing. P.L.108-7 further provides $54 million in direct loan subsidies for Section 515 rental housing, the same as proposed by the House, but nearly double the budget request.

P.L. 108-7 also adopted Senate language that permits loans for new construction of Section 515 housing. The Administration had requested that there be no new construction of Section 515 rental housing. P.L. 108-7 also adopts Senate language stating that a priority should be placed on long-term rehabilitation needs in the multi-family housing portfolio and encourages the Department to study Section 515 costs in comparison to other federal programs serving the same eligible rural population. For Section 504 housing repairs, P.L. 108-7 provides $10.8 million, the same as the House and Senate measures and the budget request.

For Section 521 rental assistance, P.L. 108-7 provides $726 million, $4 million more than the House bill and $4 million less than proposed by the Senate measure. P.L. 108-7 provides $36.3 million for the Farm Labor Program grants and direct loans, instead of $38 million proposed by the House and $34.6 million provided by

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the Senate measure and requested by the Administration. For rural housing assistance grants, the Conference Agreement concurs with the House bill and the Administration request by providing $42.5 million. P.L. 108-7 adopts the House and Senate proposals for $35 million for the mutual and self-help housing grants, $1 million more than requested. It also earmarks $11.6 million in rural housing loans until June 2003 for empowerment zones, enterprise communities, and REAP Zones.

Rural Utilities Service. P.L. 108-7 provides a total subsidy of $12.5 million for programs under the Rural Electrification and Telecommunications Loan Program, the same as proposed in House and Senate measures and the budget request. The Agreement provides for an estimated loan authorization level of $5.6 billion as proposed by the Senate instead of $4.5 billion proposed by the House. The loan authorization is nearly $2.4 billion more than requested. Part of the loan authorization also includes $1 billion for guaranteed underwriting of credit payments under Section 313A of the Rural Electrification Act of 1936. (*7 U.S.C. 940(c)*), as proposed by the Senate measure.

For the Rural Telephone Bank (RTB), P.L. 108-7 adopts the Senate measure's proposed loan level of $174.6 million, $23 million less than the House proposal. There was no Administration request.

In other RUS programs, P.L. 108-7 provides loan subsidies and grants of $56.9 million for the Distance Learning and Telemedicine program, instead of $44.1 million as proposed by the House and $51.9 as proposed by the Senate. P.L. 108-7 adopts the House proposed loan authorization level of $380 million. The Senate proposal was for $129.5 million and the budget request was for $156.5 million. As proposed by both House and Senate measures, P.L. 108-7 provides no funding for the Local Television Loan Guarantee program. Direct authorization of $80 million for local television broadcast loan guarantees is included in the 2002 farm bill (P.L.107-171).

Rural Business-Cooperative Service. P.L. 108-7 provides $19.3 million in loan subsidies to support $40 million in loan authorization for the Rural Development Loan Fund. These amounts are the same as the House and Senate measure and the same as requested. Earmarks make portions of this account available to Federally Recognized Native American Tribes, EZ/ECs, and Mississippi Delta counties. Rural Cooperative Development Grants are funded at $9 million, the same as proposed by House and Senate measures and as requested by the Administration. P.L. 108-7 also adopts both House and Senate proposals for $15 million to EZ/EC areas. The Administration requested no direct funding for the EZ/EC program.

Other Spending Provisions. As in both the House and Senate measures, P.L. 108-7 provides no funding for the National Rural Development Partnership,

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which was authorized in the 2002 farm bill. It also concurs with the Senate -passed measure in prohibiting the expenditure of funds to carry out the following two mandatory programs authorized by the 2002 farm bill (P.L.107-171): (1) the Rural Strategic Investment Program (authorized at $100 million), and (2) the Rural Firefighters and Emergency Personnel Training Program (authorized at $10 million). The House-reported bill did not contain any provisions to limit or prohibit funding for any mandatory rural development program.

Food and Nutrition

The FY2003 omnibus appropriations act (P.L. 108-7) provides a total appropriation of $41.89 billion for all USDA food and nutrition programs. These programs provide federal funding and commodities to states for food assistance to children in schools and other children's facilities, and for low-income individuals and families. The FY2003 appropriation is $21 million above the original Administration request, but $79 million below the House-reported level in H.R. 5263, and $34 million below the Senate-passed level in H.J.Res. 2.

Food Stamps. P.L. 108-7 provides $26.313 billion for food stamps and related programs. This includes food stamp program expenses, a reserve fund, nutrition assistance for Puerto Rico and Samoa and funding to buy commodities for the emergency food assistance program (TEFAP). The enacted FY2003 level is the same as the House-reported level, and is $24 million more than the Senate-passed level, $64 million more than the Administration request, and $3.25 billion more than FY2002. The House and Senate measures and the Administration request were in agreement on the amounts for food stamp expenses and the food distribution program on Indian Reservations (FDPIR) ($22.773 billion) and the food stamp reserve ($2.0 billion). For other related programs, P.L. 108-7 provides $1.401 billion for Puerto Rico and American Samoa as proposed by the House, instead of $1.377 billion as requested by the Administration and proposed by the Senate. According to the House committee report, this is because of additional mandatory spending required for these programs under the 2002 farm bill (P.L. 107-171). P.L. 108-7 also provides $140 million for the emergency food assistance program, as proposed by both the House and Senate, rather than the FY2003 request and FY2002 enacted level of $100 million.

The Administration budget anticipated food stamp participation growth of about 800,000 in FY2003, or about 4% above FY2002 for a total of 20.6 million persons in FY2003. Conference report language allows up to $10 million of the TEFAP funds to be used for administrative costs.

Child Nutrition. For all child nutrition programs, P.L. 108-7 provides $10.580 billion, the same as the Senate-passed level and $4 million above the House-reported level and the Administration request. The difference is an additional $4 million in

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discretionary spending for – school breakfast program start-up grants ($3 million), the Food Works of Vermont Common Roots program ($200,000), and an archive resource center at the National Food Service Management Institute ($500,000). The funding levels projected by the Administration for meal service programs are expected to maintain full program participation. Independent verification of school food service claims, proposed by both the House and Senate measures, is funded in the finally enacted measure at $5.08 million.

WIC. P.L. 108-7 provides for a total FY2003 appropriation of $4.696 billion for the special nutrition program for women, infants and children (WIC), which is $289 million more than the FY2002 level of $4.462 billion (including supplementals), $55 million less than was recommended by the Senate bill, and $180 million less than recommended by the House bill. The final amount includes a reserve fund of $125 million, as recommended by the Administration. (WIC is the only discretionary account that is exempted from the provision in P.L. 108-7 that requires a .65% across-the-board-cut in other discretionary program spending to keep the omnibus measure within budget targets.) The Administration request was projected to be able to serve a monthly average of 7.8 million low-income pregnant and postpartum mothers and young children. The Administration revised its original WIC proposal, recommending that $25 million be taken its previous proposed $150 million reserve fund in order to help offset proposed increases in spending for conservation technical assistance and EEOC salaries and expenses. Administration officials report that this reserve will not be needed and therefore no loss occurs to the program for this change. WIC reserve funds are provided in case costs to maintain caseload are higher than projected.

Commodity Assistance Program. P.L. 108-7 provides FY2003 funding of $164.5 million for the Commodity Assistance Program (the term used by appropriators to refer to the Commodity Supplemental Food Program (CSFP) and for administrative funds for the TEFAP). This appropriation is $19.5 million more than requested and $15 million above FY2002, but $5.5 million less than the House bill and $2.5 below the Senate measure. The House Appropriations Committee recommended that all of its proposed increase go for the CSFP; EFAP administrative costs would have remained at the FY2002 level of $50 million. The Senate measure proposed $167 million, less than the House level, and required that $5 million of the amount provided be used for senior farmers' market activities.

Food Donation Programs. No FY2003 funding is provided in USDA appropriations for the *elderly nutrition program* (or nutrition services incentive program), a food donation program that provides mostly cash-in-lieu of commodities to support meal programs for senior citizens. P.L. 108-7 concurs with an Administration proposal to merge this program with the larger meal programs operated for senior citizens under the Older Americans Act by the Department of Health and Human Services. FY2002 funding for the elderly nutrition program was

Note: Both the conference agreement on the FY2003 omnibus appropriations act (P.L. 108-7, H.J.Res. 2) and the Senate-passed version of H.J.Res. 2 contained an across-the-board rescission of discretionary accounts in the measure, to offset the cost of various provisions. Figures in this report do not include the effect of the 0.65% rescission in the final law (which exempted the WIC program from the rescission), nor the CBO-estimated 2.85% rescission in the Senate-passed version of H.J.Res. 2. The effect of the rescissions on individual accounts currently is unavailable.

$149.7 million. Pacific Island and Disaster Assistance (the Needy Family Program) will continue to be funded at $1.081 million under P.L. 108-7, in concurrence with the Administration request and both the House and Senate proposals.

Other Provisions. P.L. 108-7 adopted a House provision that prohibits the use of any child nutrition, WIC, or food stamp funds from being used by the Food and Nutrition Service (FNS) to conduct studies or evaluations, with some exceptions. In its general provisions, P.L. 108-7 funds the Bill Emerson and Mickey Leland Hunger Fellowships at $3 million, compared with $4 million in the House bill and $2.5 million in the Senate measure. Senate provisions earmarking $1 million of the $3.3 million school breakfast start-up grant program for Wisconsin and setting aside $200,000 for a Common Roots program also were adopted in the final measure.

Food and Drug Administration

The Food and Drug Administration (FDA), an agency in the Department of Health and Human Services (DHHS), is responsible for the regulation and safety of foods, drugs, biologics (mainly vaccines), and medical devices. The agency is funded by a combination of congressional appropriations and user fee revenues, assessed primarily for the pre-market review of pharmaceuticals and medical device products. The amount of drug user fees to be collected each year is set in FDA's annual appropriations act. The FY2003 omnibus appropriations act (P.L. 108-7) provides $1.661 billion to fund FDA for FY2003. This amount includes a total appropriation of $1.391 billion (including $1.383 billion for salaries and expenses and $8 million for the maintenance of buildings and facilities. The balance of $270.5 million is for various user fee collections. By comparison, the House-reported bill (H.R. 5263), including salaries and expenses, drug user fees, and facilities came to $1.608 billion. The Senate omnibus measure (H.J.Res. 2) , which also added revenues from a new medical device user fees, provided $1.665 billion.

The Prescription Drug User Fee Act (PDUFA), reauthorized in 2002 as part of the Public Health Security and Bioterrorism Preparedness and Response Act of 2002 (P.L. 107-188), allows FDA to collect user fees for the review of drug and biologic applications. P.L. 108-7 set these fees at $222.9 million for FY2003. Also, the new Medical Device User Fee and Modernization Act (MDUFA) of 2002 (P.L. 107-250), signed by the President in October 2002, authorized FDA to charge user fees for medical device applications as well. P.L. 108-7 set the FY2003 user fee assessments for medical devices at $25.1 million. The agency also collects user fees from mammography clinics and export certificates, and P.L. 108-7 set their FY2003 total at $22.5 million.

Note: Both the conference agreement on the FY2003 omnibus appropriations act (P.L. 108-7, H.J.Res. 2) and the Senate-passed version of H.J.Res. 2 contained an across-the-board rescission of discretionary accounts in the measure, to offset the cost of various provisions. Figures in this report do not include the effect of the 0.65% rescission in the final law (which exempted the WIC program from the rescission), nor the CBO-estimated 2.85% rescission in the Senate-passed version of H.J.Res. 2. The effect of the rescissions on individual accounts currently is unavailable.

For FDA counter-terrorism activities, the conference report mirrors the President's FY2003 budget request, and provides $159 million to continue activities initiated by the agency during the previous year relating to the safety of food, pharmaceutical products, and physical security.

Conferees also provided FY2003 funding for a number of specific budget categories. For instance, conferees provided $3 million to continue support for the Office of Women's Health and directed the agency to provide concise information to women and health professionals about hormone replacement therapy. Moreover, the conferees urged the FDA to work with physicians, women's health groups, and federal agencies to conduct a public awareness campaign about the use of hormone therapy, including the treatment of menopausal symptoms. The conference agreement provided $5 million to support the agency's adverse event monitoring system (AERS), along with $8.3 million to upgrade its financial management system. Also, the conferees prohibited FDA from relocating its Offices of Public Affairs and Legislative Affairs to the Department of Health and Human Services.

Food Issues

P.L. 108-7 funded a number of initiatives related to food safety. It provided a $1 million increase for the FDA's Center for Food Safety & Applied Nutrition's Adverse Event Reporting System (CAERS), to ensure prompt identification of and response to adverse health events related to foods, including dietary supplements. It also provided $250,000 for the development of advanced testing methods for foods at New Mexico State University. Acknowledging FDA's role in international trade issues, the conferees stipulated that the agency spend at least $2.1 million of appropriated funds to support activities of the Codex Alimentarious Commission, the international food standard setting organization.

Drug Issues

The House and Senate have, for years, recognized that the timely approval of generic drugs is an important factor in addressing the rising cost of prescription drugs. To this end, the adopted conference agreement provided $44.5 million, an increase of $5.3 million over the FY2002 baseline level of $39.2 million, and $750,000 more than the Administration's budget request. Further, the conferees recommended that FDA spend no less than $400,000 to continue its generic drug education activities, particularly for increased consumer education. Conferees also provided $5 million for the agency's Office of Drug Safety to continue post-marketing surveillance for pharmaceuticals. Moreover, the conferees said that print advertisements for pharmaceuticals should provide information relating to the side effects, contraindications, and effectiveness in a format that is useful to consumers consistent with existing law, and encouraged the agency to work with consumers and

Note: Both the conference agreement on the FY2003 omnibus appropriations act (P.L. 108-7, H.J.Res. 2) and the Senate-passed version of H.J.Res. 2 contained an across-the-board rescission of discretionary accounts in the measure, to offset the cost of various provisions. Figures in this report do not include the effect of the 0.65% rescission in the final law (which exempted the WIC program from the rescission), nor the CBO-estimated 2.85% rescission in the Senate-passed version of H.J.Res. 2. The effect of the rescissions on individual accounts currently is unavailable.

industry as it moves towards finalizing its April 2001 draft guidance on print advertising for pharmaceuticals. Additionally, the conference agreement stipulated that FDA is to spend no less than $13.4 million for grants and contracts under the Orphan Drug Act.

Medical Device Issues

The conferees were concerned about delays in review of new medical devices and the impact this was having on the health of Americans. Last year, in the FY2002 appropriations conference report, Congress directed FDA to upgrade its medical device review performance, compared to the 180-day statutory requirements for application decisions. Today, applications for medical devices are often for combination products that involve consultation with FDA's Center for Biologics Evaluation and Research (CBER). The conference agreement makes $25.1 million in new medical device user fees available for the agency, as proposed by the Senate. This provision was not in the House bill, since it preceded passage of the authorizing legislation. As such, the device program including user fees is $208.7 million, a $29.2 million increase over the FY2002 regular appropriations. The conferees expected that this investment will significantly reduce review times for medical devices.

The conferees noted that DHHS is currently working to ensure that health care providers and first responders are vaccinated in the event of a public health emergency. Recognizing that a small percentage of health care workers are allergic to natural rubber, the conferees urged the Secretary to ensure that alternatives are readily accessible to individuals who are allergic to the gloves normally provided. Also, the conferees urged the FDA to finalize its 1999 proposed regulations to classify all surgeons' and patient examining gloves as Class II medical devices.

Biologics Issues

The conference report noted that FDA had not finalized its proposed rule to require manufacturer tracking of blood-derived products and prompt patient notification of adverse events. As such, they directed the FDA to submit a report on the status of the rule by March 1, 2003.

Note: Both the conference agreement on the FY2003 omnibus appropriations act (P.L. 108-7, H.J.Res. 2) and the Senate-passed version of H.J.Res. 2 contained an across-the-board rescission of discretionary accounts in the measure, to offset the cost of various provisions. Figures in this report do not include the effect of the 0.65% rescission in the final law (which exempted the WIC program from the rescission), nor the CBO-estimated 2.85% rescission in the Senate-passed version of H.J.Res. 2. The effect of the rescissions on individual accounts currently is unavailable.

Table 3. USDA and Related Agencies Appropriations for FY2003
(Budget Authority, in Millions of $)

Agency or Major Program	FY2002 Enacted (1)	FY2003 Administration Request (2)	FY2003 House Comm. Bill (H.R. 5263)	FY2003 Senate-Passed Omnibus (H.J.Res. 2) (3)	FY2003 Enacted (4)
Title I — Agricultural Programs					
Agric. Research Service (ARS)					
Regular Appropriation	1,098.5	988.0	1,097.5	1,154.6	1,172.3
Supplemental Appropriations	138.0	0	0	0	0
Coop. State Research Education and Extension Service (CSREES)	1,027.6	1,020.6	1,070.5	1,155.9	1,124.5
Economic Research Service (ERS)	67.2	79.2	73.3	65.1	69.1
National Agricultural Statistics Service (NASS)	113.8	143.7	137.9	140.9	139.4
Animal Plant Health and Inspection Service (APHIS)					
Regular Appropriation	627.7	775.3	749.1	748.9	735.5
Supplemental Appropriation	119.1	0	0	0	0
Agric. Marketing Service (AMS)	86.8	91.7	92.0	91.7	92.0
Grain Inspection , Packers and Stockyards Admin. (GIPSA)	33.1	12.2 (5)	44.7	44.5	40.0
Food Safety and Insp. Serv (FSIS)					
Regular Appropriation	715.6	763.0	755.8	759.8	759.8
Supplemental Appropriation	15.0	0	0	0	
Farm Service Agency (FSA) Salaries and Expenses	939.0	993.6	976.7	986.9	976.7
FSA Farm Loans - Subsidy Level	187.6	212.1	212.1	243.8	228.3
**Farm Loan Authorization*	*3,890.7*	*3,802.0*	*3,802.0*	*4,065.7*	*3,937.0*
FSA Farm Loans- Salaries and Administrative Expenses	280.6	287.2	287.2	287.2	287.2
Emergency Conservation Program	0	48.7	0	0	0
Risk Management Agency (RMA) Salaries and Expenses	74.75	72.8	70.7	70.7	70.7
Federal Crop Insur. Corp. Fund (6)	2,900.0	2,886.0	2,886.0	2,886.0	2,886.0

Note: Both the conference agreement on the FY2003 omnibus appropriations act (P.L. 108-7, H.J.Res. 2) and the Senate-passed version of H.J.Res. 2 contained an across-the-board rescission of discretionary accounts in the measure, to offset the cost of various provisions. Figures in this report do not include the effect of the 0.65% rescission in the final law (which exempted the WIC program from the rescission), nor the CBO-estimated 2.85% rescission in the Senate-passed version of H.J.Res. 2. The effect of the rescissions on individual accounts currently is unavailable.

Agency or Major Program	FY2002 Enacted (1)	FY2003 Administration Request (2)	FY2003 House Comm. Bill (H.R. 5263)	FY2003 Senate-Passed Omnibus (H.J.Res. 2) (3)	FY2003 Enacted (4)
Commodity Credit Corp. (CCC) (6)	20,279.0	16,285.0	16,285.0	16,285.0	16,285.0
Other : Regular Appropriation Supplemental Appropriation	 478.5 80.9	 541.0 0	 642.7 0	 600.5 0	 579.2 0
Total, Agricultural Programs **Regular Appropriation** **Supplemental Appropriations**	 **28,899.7** **353.0**	 **25,197.0** **0**	 **25,373.4** **0**	 **25,521.5** **0**	 **25,445.7** **0**
Title II — Conservation Programs					
Conservation Operations	779.0	841.0	843.6	840.0	825.0
Watershed Surveys and Planning	11.0	0	11.2	11.0	11.2
Watershed & Flood Prevention Regular Appropriation Supplemental Appropriation	 106.6 94.0	 0 0	 110.0 0	 105.0 0	 110.0 0
Watershed Rehabilitation Program	10.0	0	0	30.0	30.0
Emergency Watershed Protection	0	110.0	0	0	0.0
Resource Conservation & Developm.	48.0	49.1	55.1	50.0	51.0
Forestry Incentives Program	6.8	0	0	0	0
Total, Conservation **Regular Appropriation** **Supplemental Appropriation**	 **962.1** **94.0**	 **1,000.9** **0**	 **1,020.6** **0**	 **1,036.9** **0**	 **1,028.0** **0**
Title III — Rural Development					
Rural Community Advancement Program (RCAP)	806.6	791.5	950.3	867.2	907.7
Salaries and Expenses	133.7	145.7	145.7	127.5	145.7
Rural Housing Service (RHS)	1,474.5	1,528.5	1,576.0	1,585.3	1,577.7
** RHS Loan Authority*	*4,485.8*	*3,924.3*	*4,551.5*	*3,932.2*	*5,844.9*
Rural Business Cooperative Serv.	46.6	35.8	50.7	50.8	50.7
** RBCS Loan Authority*	*53.1*	*55.0*	*55.0*	*55.0*	*55.0*

***Note:** Both the conference agreement on the FY2003 omnibus appropriations act (P.L. 108-7, H.J.Res. 2) and the Senate-passed version of H.J.Res. 2 contained an across-the-board rescission of discretionary accounts in the measure, to offset the cost of various provisions. Figures in this report do not include the effect of the 0.65% rescission in the final law (which exempted the WIC program from the rescission), nor the CBO-estimated 2.85% rescission in the Senate-passed version of H.J.Res. 2. The effect of the rescissions on individual accounts currently is unavailable.*

Agency or Major Program	FY2002 Enacted (1)	FY2003 Administration Request (2)	FY2003 House Comm. Bill (H.R. 5263)	FY2003 Senate-Passed Omnibus (H.J.Res. 2) (3)	FY2003 Enacted (4)
Rural Utilities Service (RUS) Regular Appropriation Rescission	 120.0 (12.0)	 84.6 0	 99.9 0	 107.9 0	 112.7 0
** RUS Loan Authority*	*5,378.6*	*3,272.6*	*5,070.7*	*5,870.3*	*6,120.7*
Total, Rural Development **Regular Appropriation** **Rescission**	 **2,581.9** **-12.0**	 **2,587.1** **0**	 **2,823.3** **0**	 **2,739.5** **0**	 **2,795.2** **0**
** Rural Development, Total Loan Authority*	*9,917.6*	*7,251.9*	*9,677.2*	*9,857.4*	*12,020.6*
Title IV — Domestic Food Programs					
Child Nutrition Programs	10,087.2	10,576.2	10,576.2	10,580.2	10,580.2
WIC Program Regular Appropriation (7) Supplemental Appropriations	 4,348.0 114.0	 4,751.0 0	 4,776.0 0	 4,751.0 0	 4,696.0 0
Food Stamp Program Regular Appropriation Rescission	 22,992.0 -24.0	 26,249.7	 26,313.7	 26,289.7	 26,313.7 0
Commodity Assistance Program (8)	149.5	145.0	170.0	167.0	164.5
Food Donation Programs	150.7	1.1	1.1	1.1	1.1
Food Program Administration	127.5	148.0	134.4	136.9	136.6
Total, Food Programs **Regular Appropriation** **Supplemental Appropriations** **Rescission**	 **37,855.6** **114.0** **-24.0**	 **41,871.7** **0** **0**	 **41,971.9** **0** **0**	 **41,926.6** **0** **0**	 **41,892.6** **0** **0**
Title V — Foreign Assistance					
Foreign Agric. Service (FAS)	121.8	131.6	130.0	131.2	129.9
Public Law (P.L.) 480	998.7	1,314.0	1,357.1	1,328.4	1,343.4
CCC Export Loan Salaries	4.0	4.1	4.1	4.1	4.1
Total, Foreign Assistance	**1,124.5**	**1,449.7**	**1,491.1**	**1,964.4**	**1,477.4**
Title VI — FDA & Related Agencies					

Note: Both the conference agreement on the FY2003 omnibus appropriations act (P.L. 108-7, H.J.Res. 2) and the Senate-passed version of H.J.Res. 2 contained an across-the-board rescission of discretionary accounts in the measure, to offset the cost of various provisions. Figures in this report do not include the effect of the 0.65% rescission in the final law (which exempted the WIC program from the rescission), nor the CBO-estimated 2.85% rescission in the Senate-passed version of H.J.Res. 2. The effect of the rescissions on individual accounts currently is unavailable.

Agency or Major Program	FY2002 Enacted (1)	FY2003 Admini-stration Request (2)	FY2003 House Comm. Bill (H.R. 5263)	FY2003 Senate-Passed Omnibus (H.J.Res. 2) (3)	FY2003 Enacted (4)
Food and Drug Administration Regular Appropriation Supplemental Appropriation	 1,218.0 151.1	 1,377.4 0	 1,384.7 0	 1,394.5 0	 1,390.7 0
Commodity Futures Trading Commission (CFTC) Regular Appropriation Supplemental Appropriation	 70.7 16.9	 46.9 0	 80.0 0	 94.0 0	 86.0 0
Total, FDA & CFTC **Regular Appropriations** **Supplemental Appropriations**	 **1,288.7** **168.0**	 **1,424.3** **0**	 **1,464.6** **0**	 **1,488.5** **0**	 **1,476.7** **0**
Title VII – General Provisions (9)	**-327.1**	**0**	**118.2**	**524.5**	**275.5**
Total, before adjustments: **Regular Appropriations** **Supplemental Appropriations** **Rescissions** **Grand Total**	 **72,590.7** **535.0** **-47.3** **73,078.4**	**73,530.5** **0** **0** **73,530.5**	 **74,268.1** **0** **-5** **74,263.1**	 **74,701.1** **0** **0** **74,701.1**	 **74,391.1** **0** **0** **74,391.1**
CBO Scorekeeping Adjustments (10)	108.4	531.8	42.8	-329.8	-141.2
Grand Total, Including CBO Scorekeeping Adjustments and Emergency Spending	**73,186.8**	**74,062.4**	**74,305.9**	**75,030.9**	**74,249.9**
Addendum: **Division N, Title II (P.L. 108-7) Disaster Assistance Provisions (11)**	**0**	**0**	**0**	**3,100.0**	**3,084.0**

Source: Based on spreadsheets provided by the House Appropriations Committee
An item with a single asterisk (*) represents the total amount of direct and guaranteed loans that can be made given the requested or appropriated loan subsidy level. Only the subsidy level is included in the totals.

*** = Action Pending

(1) FY2002 enacted levels include amounts appropriated in the regular FY2002 agriculture appropriations act for USDA and related agencies (P.L. 107-76), the $535 million in emergency supplemental funding in P.L. 107-117, and the $158 million in net non-contingent appropriations (after $44 million in rescissions) made in P.L. 107-206.

(2) Agency totals do not include the cost of the Administration's legislative proposal to require all federal agencies to pay the full share of accruing employee pensions and annuitant health benefits beginning in FY2003. However, the

Note: Both the conference agreement on the FY2003 omnibus appropriations act (P.L. 108-7, H.J.Res. 2) and the Senate-passed version of H.J.Res. 2 contained an across-the-board rescission of discretionary accounts in the measure, to offset the cost of various provisions. Figures in this report do not include the effect of the 0.65% rescission in the final law (which exempted the WIC program from the rescission), nor the CBO-estimated 2.85% rescission in the Senate-passed version of H.J.Res. 2. The effect of the rescissions on individual accounts currently is unavailable.

CBO-estimated cost of this proposal ($368 million in FY2003 for USDA, FDA, and CFTC) is included at the end of the table in the scorekeeping adjustments of the FY2003 request.

(3) H.J.Res. 2, as passed by the Senate, includes an estimated across-the-board 2.9% rescission in all discretionary accounts in the resolution. To date, it is not certain how the rescission would affect individual accounts. Therefore, this table does not reflect the rescission on USDA and related agency programs and accounts. Recorded in this column are the two adopted floor amendments that affect USDA spending : $3.1billion in disaster assistance and $500 million in P.L. 480 international food aid.

(4) P.L. 108-7 includes a 0.65% across-the-board cut of all discretionary accounts funded by the omnibus FY2003 appropriations act, with the exception of the WIC program, which is specifically exempted. This table does not reflect the effect of the 0.65% rescission on individual accounts, nor does the total reflect the rescission. If the rescission were applied equally to all accounts, total reductions in spending to USDA and related agencies would be approximately $85 million.

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

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

(6)The Administration request does not include a January 2003 budget amendment to reduce the WIC reserve request by $25 million in FY2003, from the original requested amount.

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

(8) Among the enacted FY2002 "general provisions" are $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). The enacted other provisions for FY2003 include $250 million in emergency foreign food assistance through P.L. 480 Title II (compared with $500 million in the Senate-passed version.)

(9) Scorekeeping adjustments reflect the savings or cost of provisions that affect mandatory programs, plus the permanent annual appropriation made to USDA's Section 32 program. The cost of the Administration proposal to require all federal agencies to pay the full share of current employee pensions and annuitant health costs is also included in the scorekeeping adjustments of the FY2003 Administration request. Appropriators included in FY2003 House and enacted scorekeeping adjustments the savings attributed to limiting expenditures on the Export Enhancement Program. Similar savings in FY2002 were included in "general provisions" by appropriators.

(10) P.L. 108-7 includes $3.1 billion in farm disaster assistance for 2000 and 2001 crop livestock losses. The cost of this assistance in the final law was offset by a limitation placed on mandatory spending for the Conservation Security Program over a ten-year period (FY2004-2013). This supplemental spending does not appear in the grand total listed above.

For Additional Reading

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

CRS Report 98-325. *Agricultural Research, Education, Extension and Economics Programs: A Primer*.

Note: Both the conference agreement on the FY2003 omnibus appropriations act (P.L. 108-7, H.J.Res. 2) and the Senate-passed version of H.J.Res. 2 contained an across-the-board rescission of discretionary accounts in the measure, to offset the cost of various provisions. Figures in this report do not include the effect of the 0.65% rescission in the final law (which exempted the WIC program from the rescission), nor the CBO-estimated 2.85% rescission in the Senate-passed version of H.J.Res. 2. The effect of the rescissions on individual accounts currently is unavailable.

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

CRS Issue Brief IB10063, *Animal Agriculture Issues in the 107th Congress*

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

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

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

CRS Report RS21212. *Farm Disaster Assistance.*

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

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

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

CRS Report RL31486, *Resource Conservation Title of the 2002 Farm Bill: A Comparison of New Law with Bills Passed by the House and Senate, and Prior Law*

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

Note: Both the conference agreement on the FY2003 omnibus appropriations act (P.L. 108-7, H.J.Res. 2) and the Senate-passed version of H.J.Res. 2 contained an across-the-board rescission of discretionary accounts in the measure, to offset the cost of various provisions. Figures in this report do not include the effect of the 0.65% rescission in the final law (which exempted the WIC program from the rescission), nor the CBO-estimated 2.85% rescission in the Senate-passed version of H.J.Res. 2. The effect of the rescissions on individual accounts currently is unavailable.