Agriculture and Related Agencies: FY2010 Appropriations

Jim Monke, Coordinator
Specialist in Agricultural Policy

September 4, 2009

Congressional Research Service
7-5700
www.crs.gov
R40721

CRS Report for Congress
Prepared for Members and Committees of Congress

c11173008

Summary

The Agriculture appropriations bill includes all of the U.S. Department of Agriculture (USDA) except the Forest Service, plus the Food and Drug Administration (FDA). Appropriations jurisdiction for the Commodity Futures Trading Commission (CFTC) remains with the House Agriculture appropriations subcommittee, but moved to the Senate Financial Services appropriations subcommittee in FY2008. Since FY2008, enacted CFTC appropriations have alternated between the Agriculture and Financial Services bills.

The FY2010 Agriculture appropriations bill was passed by the Senate on August 4, 2009 (as an amendment to H.R. 2997; originally reported as S. 1406, S.Rept. 111-39). The House passed its version on July 9, 2009 (H.R. 2997, H.Rept. 111-181).

The House-passed bill contains $123.8 billion, 14% more than FY2009. Mandatory appropriations total $100.8 billion, $13 billion more than FY2009 (+15%). Discretionary appropriations total $23.0 billion, $2.3 billion more than FY2009 (+11%). Most of the mandatory growth is due to rising demand for domestic nutrition assistance. The largest increases in discretionary appropriations also are for nutrition assistance, both domestic and foreign. Most other programs see an increase in funding over FY2009.

The Senate-passed bill contains $124.3 billion, including $350 million of emergency spending. After adding CFTC funding to make the total comparable to the House bill, the total becomes $124.5 billion, $659 million more than the House-passed bill. The Senate bill contains more than the House bill primarily for emergency dairy support ($350 million), rural development ($206 million), agricultural research ($85 million), animal and plant health programs ($30 million), and conservation ($29 million). The House and Senate bills' totals are nearly identical for FDA and foreign assistance. CFTC appropriations—not part of the Senate Agriculture appropriations jurisdiction—account for $16 million of the $659 million difference. The Senate bill is notably lower than the House bill for USDA's general building and facilities account (-$52 million) and commodity assistance in the nutrition programs (-$22 million). It also places more limits on mandatory programs (an extra -$76 million).

Both the House and Senate bills generally follow the Administration's request for $123.9 billion for accounts in the House bill. The House and Senate bills are nearly identical to the Administration's request on mandatory appropriations and within 1% of the Administration's request on total discretionary appropriations (before adding the Senate's emergency spending).

Among the more publicized and notable policy differences is the treatment of poultry imports from China. The House-passed bill includes a provision that would continue to prohibit the Department of Agriculture from implementing a rule to allow certain poultry imports from China. In contrast, the Senate bill would permit such imports, but only under specified preconditions. The debate centers on the level of trade restrictions imposed by legislation, and the potential impacts under global trade rules.

Another important difference between the House and Senate bills for conferees to resolve is $350 million of disaster assistance for dairy price support in the Senate bill, designated as emergency funding. None of this money is in the House bill.

Contents

Figures

Tables

Contacts

Most Recent Developments

The FY2010 Agriculture appropriations bill was passed by the Senate on August 4, 2009 (as an amendment to H.R. 2997; originally reported as S. 1406, S.Rept. 111-39). The House passed its version on July 9, 2009 (H.R. 2997, H.Rept. 111-181).

The House-passed bill contains $123.8 billion, 14% more than FY2009. Mandatory appropriations total $100.8 billion, $13 billion more than FY2009 (+15%). Discretionary appropriations total $23.0 billion, $2.3 billion more than FY2009 (+11%). Most of the mandatory growth is due to rising demand for domestic nutrition assistance. The largest increases in discretionary appropriations also are for nutrition assistance, both domestic and foreign. Most programs see an increase in funding over FY2009.

The Senate-passed bill contains $124.3 billion, including $350 million of emergency spending. After adding CFTC funding to make the total comparable to the House bill, the total becomes $124.5 billion, $659 million more than the House-passed bill. The Senate bill contains more than the House bill for emergency dairy support, rural development, agricultural research, animal and plant health programs, and conservation. The House and Senate bills' totals are nearly identical for FDA and foreign assistance.

Scope of the Agriculture Appropriations Bill

The Agriculture appropriations bill—formally known as the Agriculture, Rural Development, Food and Drug Administration, and Related Agencies Appropriations Act—covers funding for the following agencies and departments:

- all of the U.S. Department of Agriculture (except the Forest Service, which is funded by the Interior appropriations bill),
- the Food and Drug Administration (FDA) in the Department of Health and Human Services, and
- in the House, the Commodity Futures Trading Commission (CFTC); in the Senate, CFTC appropriations are handled by the Financial Services appropriations subcommittee.

Jurisdiction for the appropriations bill rests with the House and Senate Committees on Appropriations, particularly each committee's Subcommittee on Agriculture, Rural Development, Food and Drug Administration, and Related Agencies. These committees are separate from the agriculture authorizing committees—the House Committee on Agriculture and the Senate Committee on Agriculture, Nutrition, and Forestry.

USDA Activities

The U.S. Department of Agriculture (USDA) carries out widely varied responsibilities through about 30 separate internal agencies and offices staffed by some 100,000 employees. USDA spending is not synonymous with farm program spending. USDA also is responsible for many activities outside of the agriculture budget function, such as conservation and nutrition assistance.

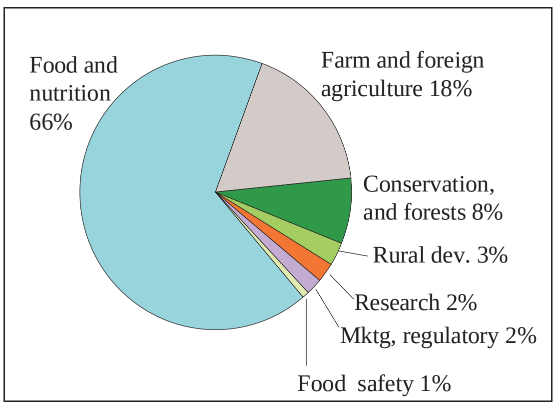
USDA reports that its regular budget authority for FY2009 is $114.6 billion, excluding supplemental appropriations.[1] Food and nutrition programs constitute the largest mission area, with $76 billion, or 66% of the total, to support the food stamp program, the nutrition program for Women, Infants, and Children (WIC), and child nutrition programs (**Figure 1**).

The second-largest mission area, with $21 billion (18%) in budget authority, is farm and foreign agricultural services. This mission area includes the farm commodity price and income support programs of the Commodity Credit Corporation, certain mandatory conservation and trade programs, crop insurance, farm loans, and foreign food aid programs.

Other USDA activities include natural resource and environmental programs (8% of the total), rural development (3%), research and education programs (2%), marketing and regulatory programs (2%), and food safety (1%). About two-thirds of the budget for natural resources programs (the third-largest slice in **Figure 1**) goes to the Forest Service (about $7 billion), which is funded through the Interior appropriations bill. The Forest Service is the only USDA agency not funded through the Agriculture appropriations bill; it also accounts for about one-third of USDA's personnel, with nearly 34,000 staff years in FY2009.

Figure 1. USDA Budget Authority, FY2009

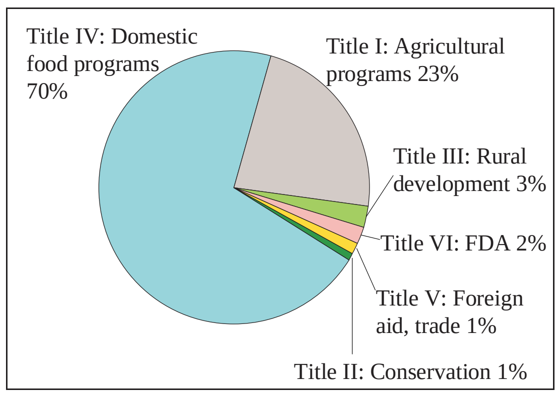
($114.6 billion, excluding supplementals)



Source: CRS, using USDA *FY2010 Budget Summary*, May 2009.

Figure 2. Agriculture and Related Agencies Appropriations, FY2009

($108.3 billion, excluding supplementals)



Source: CRS, using committee print for P.L. 111-8.

Comparing USDA's organization and budget data to the Agriculture appropriations bill in Congress is not always easy. USDA defines its programs using "mission areas" that do not always correspond to categories in the Agriculture appropriations bill. Spending may not match up between USDA summaries and the appropriations bill for other reasons. For example, foreign agricultural assistance programs are a separate title in the appropriations bill (Title V in **Figure 2**); foreign assistance programs are joined with domestic farm support in USDA's "farm and foreign agriculture" mission area (the second-largest slice in **Figure 1**). Conversely, USDA has separate mission areas for agricultural research and marketing and regulatory programs (two of the smaller slices in **Figure 1**), but both are joined with other domestic farm support programs in Title I of the appropriations bill (the second-largest slice in **Figure 2**). The type of funding (mandatory vs. discretionary) is also important. Conservation in the appropriations bill (Title II)

[1] USDA, *FY2010 Budget Summary and Annual Performance Plan*, May 2009, p. 4-5.

includes only discretionary programs, whereas USDA's natural resources mission area includes both discretionary and mandatory conservation programs in addition to the Forest Service.

Related Agencies

In addition to the USDA agencies mentioned above, the Agriculture appropriations subcommittees have jurisdiction over appropriations for the Food and Drug Administration (FDA) of the Department of Health and Human Services (HHS) and—in the House only—the Commodity Futures Trading Commission (CFTC, an independent financial markets regulatory agency). The combined share of FDA and CFTC funding in the overall Agriculture and Related Agencies appropriations bill is about 2% (see Title VI in **Figure 2**).

Jurisdiction over CFTC appropriations is assigned differently in the House and Senate. In the House, appropriations jurisdiction for CFTC remains with the Agriculture appropriations subcommittee. In the Senate, jurisdiction moved to the Financial Services appropriations subcommittee with the FY2008 appropriations cycle. Despite the differences in jurisdiction, the Consolidated Appropriations Act for FY2008 still put CFTC appropriations with the Agriculture appropriations bill. In FY2009, the CFTC appropriation was placed in the Financial Services appropriations act.

These agencies are included in the Agriculture appropriations bill because of their historical connection to agricultural markets. However, the number and scope of non-agricultural issues has grown at these agencies in recent decades. Some may argue that these agencies no longer belong in the Agriculture appropriations bill. But despite the growing importance of non-agricultural issues, agriculture and food issues are still an important component of FDA's and CFTC's work. At FDA, medical and drug issues have grown in relative importance, but food safety responsibilities that are shared between USDA and FDA have been in the media during recent years and are the subject of legislation and hearings. At CFTC, the market for financial futures contracts has grown significantly compared with agricultural futures contracts, but volatility in agricultural commodity markets has been a subject of recent scrutiny at CFTC and in Congress.

Discretionary vs. Mandatory Spending

Discretionary and mandatory spending are treated differently in the budget process. Discretionary spending is controlled by annual appropriations acts and consumes most of the attention during the appropriations process. The subcommittees of the House and Senate Appropriations Committees originate bills each year that provide funding and direct activities among discretionary programs. Eligibility for mandatory programs (sometimes referred to as entitlement programs) is usually written into authorizing laws, and any individual or entity that meets the eligibility requirements is entitled to the benefits authorized by the law. Congress generally controls spending on mandatory programs by setting rules for eligibility, benefit formulas, and other parameters, not through appropriations.

Approximately 19%-20% of the Agriculture appropriations bill is for discretionary programs, and 80%-81% is classified as mandatory.

Major discretionary programs include certain conservation programs, most rural development programs, 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. The discretionary accounts also include FDA and CFTC appropriations.

The 2008 farm bill (the Food, Conservation, and Energy Act of 2008, P.L. 110-246) determines most of the parameters for mandatory spending in the Agriculture appropriations bill. The vast majority of USDA's mandatory spending is for the food and nutrition programs (e.g., food stamps), the farm commodity price and income support programs, the federal crop insurance program, and various agricultural conservation and trade programs (nearly all of **Figure 1**'s largest two pie pieces). Some mandatory spending, such as the farm commodity program, is highly variable and driven by program participation rates, economic and price conditions, and weather patterns. But in general, mandatory spending has tended to rise over time, particularly as food stamp participation and benefits have risen.

Although these programs have mandatory status, many of these accounts receive funding 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 these estimates fall short of required spending. The Commodity Credit Corporation operates on a line of credit with the Treasury, but receives an annual appropriation to reimburse the Treasury and to maintain its line of credit.

Outlays, Budget Authority, and Program Levels

In addition to the difference between mandatory and discretionary spending, three other terms are important to understanding differences in discussions about the federal spending: budget authority, outlays, and program levels.

1. *Budget authority* is how much money Congress allows a federal agency to commit to spend. It represents a limit on funding and is generally what Congress focuses on in making most budgetary decisions. Most of the amounts mentioned in this report are budget authority.
2. *Outlays* are how much money actually flows out of an agency's account. Outlays may differ from appropriations (budget authority) because, for example, payments on a contract may not flow out until a later year. For accounts that require multi-year contracts for construction or delivery of services, budget authority may be committed (contracted) in one fiscal year and outlays may be spread across several fiscal years. But for many accounts, especially those tied to salaries and normal operating expenses, outlays closely track budget authority.
3. *Program levels* reflect the activities supported or undertaken by an agency. An agency's program level may be much higher than its budget authority for several reasons.
    - User fees support some activities (e.g., food or border inspection).
    - The agency makes loans; for example, a large loan authority (program level) is possible with a small budget authority (loan subsidy) because the loan is expected be repaid. The appropriated loan subsidy makes allowances for defaults and interest rate assistance.
    - Transfers are available from other agencies or funds are carried forward from a previous fiscal year.

Action on FY2010 Appropriations

The FY2010 Agriculture appropriations bill was passed by the House on July 9, 2009 (H.R. 2997, H.Rept. 111-181), and was passed by the Senate on August 4, 2009 (as an amendment to H.R. 2997; originally reported as S. 1406, S.Rept. 111-39). **Table 1** summarizes the steps in the passage of the bill in each chamber.

Table 1. Congressional Action on FY2010 Agriculture Appropriations

Subcommittee Markup		House Report	House Passage	Senate Report	Senate Passage	Conf. Report	Conference Report Approval		Public Law
House	Senate						House	Senate	
6/11/09 Voice vote	— Polled out	6/18/09 H.R. 2997 H.Rept. 111-181 Voice vote	7/9/09 H.R. 2997 Vote of 266-160	7/7/09 S. 1406 S.Rept. 111-39 Vote 30-0	8/4/09 H.R. 2997 Vote 80-17	—	—	—	—

Source: CRS.

House Action

The House Agriculture Appropriations Subcommittee marked up the FY2010 Agriculture appropriations bill on June 11, 2009. The bill was reported by the full Appropriations Committee a week later by voice vote (H.R. 2997, H.Rept. 111-181). The full House passed the bill on July 9, 2009, by a vote of 266-160 after adopting five budget-neutral amendments. A restrictive rule for floor consideration was adopted by the House Committee on Rules (H.Res. 609), allowing consideration of only a certain number of preprinted amendments.

The Administration supported passage of the House bill, although it noted concern about a provision restricting imports of poultry products from China.[2]

Senate Action

The Senate Appropriations Committee reported its version of the FY2010 Agriculture appropriations bill (S. 1406, S.Rept. 111-39) on July 7, 2008. The full committee bypassed subcommittee action by “polling” the bill out of subcommittee—a procedure that permits a bill to advance if subcommittee members independently agree to move it along. This expedited committee procedure was formerly uncommon for the Agriculture appropriations bill, but was used for the FY2009 agriculture appropriations bill. The full Senate passed the bill on August 4, 2009—as an amendment to H.R. 2997—by a vote of 80-17 after adopting 18 amendments. Most of the amendments did not change dollar amounts in the bill; those that did were budget-neutral—with the exception of a dairy price support disaster assistance provision, which received a three-fifths vote to waive budget rules and allow the bill to exceed its discretionary budget cap.

[2] Office of Management and Budget, “Statement of Administration Policy on H.R. 2997,” July 7, 2009, at http://www.whitehouse.gov/omb/assets/sap_111/saphr2997r_20090707.pdf.

The Administration supported passage of the Senate bill, although it again noted concern about the restrictions on imports of poultry products from China.[3]

Among the more publicized and notable policy differences is the treatment of poultry imports from China. The House-passed bill includes a provision that would continue to prohibit the USDA Food Safety and Inspection Service (FSIS) from implementing a rule to allow certain poultry products from China to be imported into the United States. In contrast, the Senate-passed bill would permit such imports, but only under specified preconditions. The debate centers on the level of trade restrictions imposed by legislation, and the potential impacts under global trade rules. Many food safety advocates support language banning the poultry imports and asserting that China lacks effective food safety protections. However, a coalition of U.S. exporters is opposed to the provision, fearing that it could lead to trade retaliation by China on their products.[4]

Another important difference between the House and Senate bills for conferees to resolve is $350 million of disaster assistance for dairy price support in the Senate bill, designated as emergency funding. None of this money is in the House bill. The Senate bill's approach also differs from past disaster assistance provisions, which either provided funds to the Secretary or instructed payments to come from the Commodity Credit Corporation, rather than increasing Farm Service Agency salaries and expenses as in the Senate-passed bill.[5]

Funding Levels

Both discretionary and mandatory Agriculture appropriations have increased over the last decade (**Table 2**, **Figure 3**). Since 2000, discretionary agriculture appropriations have grown at a 5.1% average annualized rate, and mandatory appropriations have grown at a 5.0% average annualized rate. These data include the general level of increase in the House and Senate bills for FY2010, and CFTC funding.[6]

If the general level of inflation is subtracted, both discretionary and mandatory appropriations still have experienced positive "real" growth—that is, growth above the rate of inflation since 2000 (**Figure 4**). Discretionary agriculture appropriations grew at a 2.6% inflation-adjusted annual rate over the 10-year period; 2.4% for mandatory appropriations.

For FY2010, the Administration's request for accounts in the Agriculture appropriations bill was $123.9 billion, 14% higher than the enacted FY2009 appropriation. The Administration requested 11.7% more for discretionary appropriations, and 15% more for mandatory appropriations. Both the House and Senate bills generally follow this total amount. They are nearly identical to the Administration's request on mandatory appropriations and within 1% of the Administration on discretionary appropriations (before including the Senate's disaster funding).

[3] Office of Management and Budget, "Statement of Administration Policy on H.R. 2997/S. 1406," July 30, 2009, at http://www.whitehouse.gov/omb/assets/sap_111/saphr2997s_20090730.pdf.

[4] For more background, see CRS Report R40706, *China-U.S. Poultry Dispute*, by Geoffrey S. Becker.

[5] The purpose of the disaster provision is explained briefly in the "Farm Service Agency" section later in this report.

[6] To facilitate comparison, all totals discussed in this section (unless otherwise indicated) include appropriations for the Commodity Futures Trading Commission (CFTC) regardless of jurisdiction. In the House, CFTC jurisdiction rests with the Agriculture appropriations subcommittee; in the Senate, jurisdiction rests with the Financial Services subcommittee. The consolidated FY2009 appropriation put CFTC funding in Financial Services, but if final placement alternates annually between subcommittees, the FY2010 Agriculture bill may include CFTC as it did in FY2008.

Table 2. Agriculture and Related Agencies Appropriation Totals: FY2001-FY2010

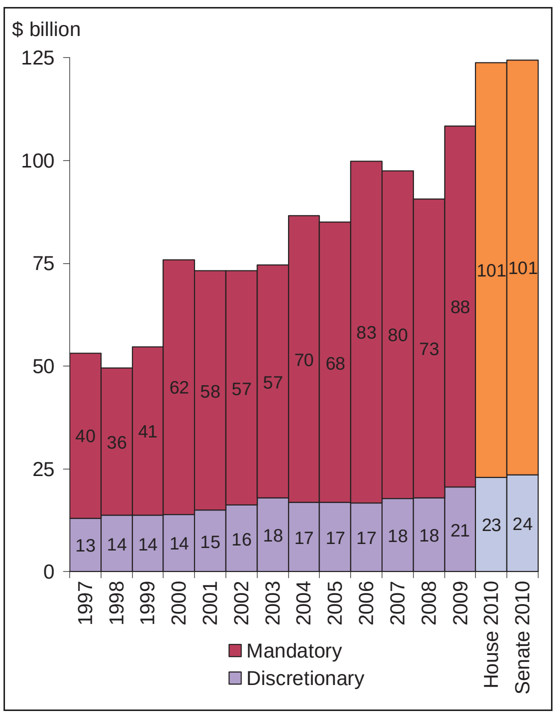
(fiscal year budget authority in billions of dollars)

										2010	
	2001	2002	2003	2004	2005	2006	2007	2008	2009	House	Senate
Mandatory	58.3	56.9	56.7	69.7	68.3	83.1	79.8	72.7	87.8	100.8	100.8
Discretionary	15.0	16.3	17.9	16.8	16.8	16.8	17.8	18.0	20.7	23.0	23.7
Total	**73.3**	**73.2**	**74.6**	**86.6**	**85.1**	**99.8**	**97.6**	**90.7**	**108.5**	**123.8**	**124.5**
Percent discretionary	20%	22%	24%	19%	20%	17%	18%	20%	19%	19%	19%

Source: CRS, using tables from the House and Senate Appropriations Committee.

Notes: Includes regular annual appropriations for all of the USDA (except the Forest Service) and the Food and Drug Administration. For consistency, funding is included for the Commodity Futures Trading Commission, regardless of where it was funded. Reflects rescissions. Excludes emergency supplemental appropriations.

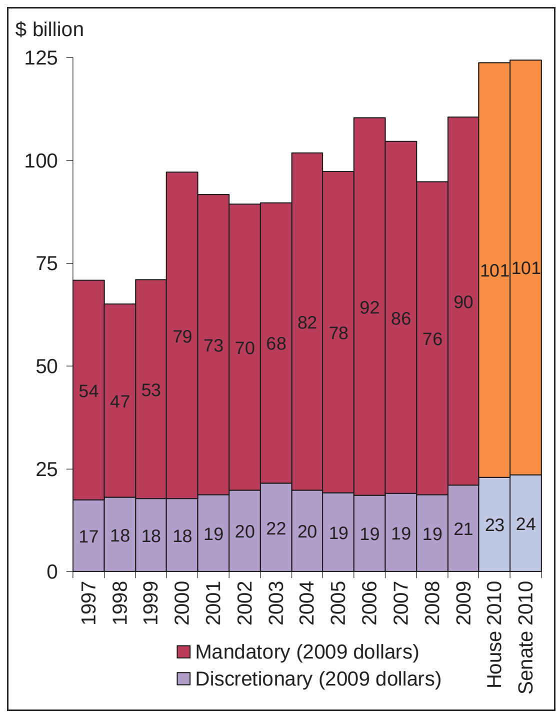
Figure 3. Agriculture Appropriations: FY1997-FY2010



Source: CRS.

Notes: Includes regular annual appropriations only. Includes USDA (except the Forest Service), Food and Drug Administration, and Commodity Futures Trading Commission (regardless of where funded). Fiscal year budget authority.

Figure 4. Agriculture Appropriations in Constant 2009 Dollars



Source: CRS.

Notes: Fiscal year budget authority deflated using the GDP price deflator.

The House-passed bill (H.R. 2997) contains $123.8 billion, only 0.1% less than the Administration's request and 14% more than FY2009.

- Mandatory appropriations in the House bill are $100.8 billion, which is $13 billion more than FY2009 (+15%). More than two-thirds of this increase is for domestic nutrition assistance ($9.2 billion increase, +13% over FY2009) and most of the rest is for farm commodity programs ($2.8 billion increase, +25% over FY2009). Demand for nutrition assistance programs has risen sharply during the current recession. Farm commodity program outlays are expected to rise since commodity prices have fallen below support levels from historical highs a year ago, and will likely trigger government payments.
- Discretionary appropriations in the House-passed bill are $23.0 billion, $2.3 billion more than FY2009 (+11%). The largest discretionary increases also are for nutrition assistance: $716 million for domestic nutrition assistance (+10% over FY2009), and $577 million for foreign food assistance (+38% over FY2009). Food and Drug Administration appropriations and miscellaneous discretionary agriculture programs comprise most of the rest of the discretionary increase (**Table 3**).

The Senate-passed Agriculture appropriations bill (amendment to H.R. 2997) contains $124.3 billion. After adding CFTC funding that is in the Financial Services Appropriations bill to make the total comparable with everything that is included in the House-passed bill, the total is $124.5 billion, $659 million more than the House-passed bill.

- The House and Senate bills are identical in the total amounts for mandatory appropriations.
- The $659 million extra in the Senate bill's discretionary appropriations (including CFTC) is 2.9% more than the House's discretionary appropriation total.
  - Slightly more than half of this difference is for emergency disaster funding for dairy price support ($350 million, part of the of the $427 million difference in agricultural programs at the top of **Table 3**).
  - Nearly one-third of the difference between the House and Senate is additional funding for rural development ($206 million over the House, +7%).
  - Most of the rest of the difference is additional funding for agricultural research ($85 million), animal and plant health programs ($30 million), and conservation ($29 million).
  - The House and Senate bills' totals are nearly identical for FDA and foreign assistance. CFTC appropriations—not part of the Senate Agriculture appropriations markup—account for $16 million of the $659 million difference.
  - The Senate bill is notably lower than the House bill for USDA's general building and facilities account (-$52 million) and commodity assistance in the nutrition programs (-$22 million; detailed in **Table 4**). It also places more limits on mandatory programs (an extra -$76 million).

Table 3. Agriculture and Related Agencies Appropriations, by Title: FY2009-FY2010

(budget authority in millions of dollars)

	FY2009	FY2010		Change	
Title in Appropriations Bill	**P.L. 111-8**	**House-passed**	**Senate-passed**	**House over FY2009**	**Senate over House**
Agricultural Programs	25,727	29,850	30,277	4,123	427
Mandatory	18,877	22,702	22,702	3,824	0
Discretionary	6,850	7,148	7,575[a]	298	427[a]
Conservation Programs	969	986	1,015	17	29
Rural Development	2,732	2,841	3,046	108	206
Domestic Food Programs	76,155	86,096	86,087	9,941	-9
Mandatory	68,921	78,146	78,146	9,225	0
Discretionary	7,234	7,950	7,941	716	-9
Foreign Assistance	1,499	2,076	2,079	577	3
FDA	2,051	2,350	2,350	299	0
CFTC	(146)[b]	161	(177)[b]	15	16
General Provisions	-820	-517	-530[c]	303	-14
Total in Agriculture appropriations					
Mandatory	87,798	100,848	100,848	13,050	0
Discretionary	20,516	22,995	23,477	2,479	482
Total in Agriculture appropriations	**108,315**	**123,843**	**124,325**	**15,529**	**482**
CFTC in Financial Services appropriations	146	na	177		
Grand Total (adding CFTC to all)					
Mandatory	87,798	100,848	100,848	13,050	0
Discretionary	20,662[d]	22,995	23,654[d]	2,333	659
Grand Total (adding CFTC to all)	**108,461**[d]	**123,843**	**124,502**[d]	**15,383**	**659**

Source: Compiled by CRS from H.R. 2997, H.Rept. 111-181, S.Rept. 111-39, S. 1432, and S.Rept. 111-43. Excludes supplemental appropriations.

Notes: Amounts for FY2009 do not include supplemental appropriations. A table in S.Rept. 111-39 has greater totals for FY2009 because it includes supplemental appropriations.

a. Includes $350 million of emergency disaster assistance for dairy price support.

b. Amount was in Financial Services appropriations. Noted here for comparison with the House Agriculture appropriations bill.

c. This amount corrects an apparent error in S.Rept. 111-39. It is $20 million less than the amount shown in S.Rept. 111-39 because the Senate's General Provisions limitation on the Environmental Quality Incentives Program (EQIP) is the same as in the House bill—a limit of $1.18 billion from a mandatory $1.45 billion authorization, resulting in a $270 million reduction (not the $250 million reduction shown for EQIP in S.Rept. 111-39).

d. Includes CFTC funding that is not part of this Agricultural appropriation. Allows for a more equal comparison with the House bill.

The totals in the FY2010 Agriculture appropriations bill are more transparent this year than in previous years. The tables published at the end of the report language include items for FY2010 that were formerly categorized as "scorekeeping adjustments" and not necessarily published. These include about $1 billion of Section 32 funds that are now listed under the Agricultural Marketing Service in the table, and about $400-$500 million of reductions in mandatory programs that are now included under General Provisions. The prior extensive use of scorekeeping adjustments sometimes required analysts to use terms like "allowed" and "official" discretionary appropriations to reconcile various published totals. However, the new approach in the FY2010 bills is more straightforward.

Table 3 summarizes the totals of the FY2010 Agriculture appropriations bill by title or broad program, comparing FY2009 to the House-passed and Senate-passed totals. **Table 4** provides more detail, including accounts and agencies within each title, as well as the Administration's request, and supplemental appropriations enacted for FY2009. The supplemental appropriations are included for comparison—especially since some were relatively large in the economic stimulus act—but are not included in the fiscal year totals because the primary purpose of this report is to compare the regular annual appropriation across years. Descriptions of the issues within each agency's appropriation follow later in this report.

Table 4. Agriculture and Related Agencies Appropriations, by Agency and Program: FY2009-FY2010 Regular and Supplementals

(budget authority in millions of dollars)

	FY2009		FY2010			Change			
	Regular	Supp.	Regular			House over FY2009		Senate over House	
Agency or Major Program	P.L. 111-8	P.L. 111-5, P.L. 111-32	Admin. request	House-passed	Senate-passed	Dollar	Percent	Dollar	Percent
Title I: Agricultural Programs									
Offices of Secretary and Chief Economist	15.8		23.0	19.3	19.3	3.4	22%	0.1	0.3%
Chief Information Officer	17.5		63.6	48.5	63.6	31.0	177%	15.0	31%
Office of Homeland Security	1.0		3.0	2.5	1.9	1.5	156%	-0.6	-25%
Office of Inspector General	85.8	22.5[c]	88.8	89.3	88.0	3.5	4%	-1.3	-1%
Other Departmental administration offices[d]	140.0		167.2	159.4	160.0	19.5	14%	0.6	0%
Buildings, facilities, and rental payments	244.2	24.0[c]	346.2	326.5	274.5	82.2	34%	-52.0	-16%
Under Secretaries (four offices in Title I)[a]	2.6		3.5	2.7	3.5	0.1	2%	0.8	32%
Research, Education and Economics									
Agricultural Research Service	1,187.2	176.0[c]	1,153.4	1,192.6	1,228.7	5.4	0.5%	36.1	3%
National Institute of Food and Agric.	1,222.2		1,166.8	1,257.0	1,306.0	34.9	3%	49.0	4%
Economic Research Service	79.5		82.5	82.5	82.1	3.0	4%	-0.4	-1%
National Agric. Statistics Service	151.6		161.8	161.8	161.8	10.3	7%	0.0	0%
Marketing and Regulatory Programs									
Animal & Plant Health Inspection Svc.	881.4		877.1	885.7	916.1	4.3	0.5%	30.4	3%
Agric. Marketing Service	105.3		112.2	112.2	112.2	6.9	7%	0.0	0%
Section 32 (permanent)	1,169.0		1,300.0	1,300.0	1,300.0	131.0	11%	0.0	0%
Grain Inspection, Packers, Stockyards	40.3		42.0	42.0	41.6	1.6	4%	-0.4	-1%
Food Safety									
Food Safety & Inspection Service	971.6		1,018.5	1,018.5	1,018.5	47.0	5%	0.0	0%

Agency or Major Program	FY2009 Regular P.L. 111-8	FY2009 Supp. P.L. 111-5, P.L. 111-32	FY2010 Regular Admin. request	FY2010 Regular House-passed	FY2010 Regular Senate-passed	Change: House over FY2009 Dollar	Change: House over FY2009 Percent	Change: Senate over House Dollar	Change: Senate over House Percent
Farm and Commodity Programs									
Farm Service Agency Salaries & Exp.[e]	1,487.6	50.0[c]	1,579.9	1,574.4	1,574.9	86.8	6%	0.5	0.03%
FSA: for dairy support (emergency)					350.0			350.0	
FSA Farm Loans: Subsidy Level	147.4	91.3[f]	109.1	104.1	104.1	-43.3	-29%	0.0	0%
Farm Loans: Loan Authority[g]	3,427.6	983.0[f]	4,109.5	4,151.4	4,149.5	723.8	21%	-1.9	-0.05%
Dairy indem.; state mediation; water[b]	11.1		10.3	9.9	10.3	-1.1	-10%	0.4	4%
Risk Mgt. Agency Salaries & Exp.	77.2		80.3	80.3	79.4	3.1	4%	-0.9	-1%
Federal Crop Insurance Corp.[h]	6,582.9		7,502.6	7,502.6	7,502.6	919.7	14%	0.0	0%
Commodity Credit Corp.[h]	11,106.3	732.0[c]	13,878.1	13,878.1	13,878.1	2,771.7	25%	0.0	0%
Subtotal									
Mandatory	**18,877.2**	**732.0**	**22,701.6**	**22,701.6**	**22,701.6**	**3,824.4**	**20%**	**0.0**	**0%**
Discretionary	**6,850.2**	**363.8**	**7,068.1**	**7,148.3**	**7,575.5**	**298.1**	**4%**	**427.2**	**6%**
Subtotal	**25,727.4**	**1,095.8**	**29,769.8**	**29,849.9**	**30,277.1**	**4,122.5**	**16%**	**427.2**	**1.4%**
Title II: Conservation Programs									
Conservation Operations	853.4		867.2	874.4	898.8[i]	21.0	2%	24.4	3%
Watershed & Flood Prevention	24.3	290.0[c]	0.0	20.0	24.4	-4.3	-18%	4.4	22%
Watershed Rehabilitation Program	40.0	50.0[c]	40.2	40.2	40.2	0.2	0.4%	0.0	0%
Resource Conservation & Development	50.7		0.0	50.7	50.7[i]	0.0	0%	0.0	0%
Under Secretary, Natural Resources	0.8		0.9	0.8	0.9	0.0	2%	0.1	16%
Subtotal	**969.2**	**340.0**	**908.3**	**986.1**	**1,015.0**	**16.9**	**2%**	**29.0**	**3%**

Agency or Major Program	FY2009 Regular P.L. 111-8	FY2009 Supp. P.L. 111-5, P.L. 111-32	FY2010 Regular Admin. request	FY2010 Regular House-passed	FY2010 Regular Senate-passed	Change: House over FY2009 Dollar	Change: House over FY2009 Percent	Change: Senate over House Dollar	Change: Senate over House Percent
Title III: Rural Development									
Salaries and Expenses	192.5		196.0	196.0	207.2	3.5	2%	11.3	6%
Rural Housing Service	1,753.7	330.0[c]	1,894.6	1,803.1	1,883.2	49.3	3%	80.1	4%
RHS Loan Authority[g]	8,122.9	12,643.0[c]	8,103.5	8,122.8	14,004.0	-0.1	-0.001%	5,881.3	72%
Rural Business-Cooperative Service	132.0	150.0[c]	256.6	163.2	256.8	31.1	24%	93.7	57%
RBCS Loan Authority[g]	1,085.4	2,990.0[c]	1,406.4	1,132.9	1,406.4	47.5	4%	273.4	24%
Rural Utilities Service	653.4	3,880.0[c]	667.9	677.9	698.3	24.5	4%	20.4	3%
RUS Loan Authority[g]	7,765.5	2,820.0[c]	8,918.9	8,787.2	9,418.9	1,021.7	13%	631.7	7%
RD Under Secretary	0.6		0.9	0.7	0.9	0.0	2%	0.2	36%
Subtotal	**2,732.3**	**4,360.0[c]**	**3,015.9**	**2,840.8**	**3,046.5**	**108.5**	**4%**	**205.7**	**7%**
Subtotal, RD Loan Authority[g]	**16,973.8**	**18,453.0[c]**	**18,428.7**	**18,042.9**	**24,829.3**	**1,069.1**	**6%**	**6,786.4**	**38%**
Title IV: Domestic Food Programs									
Child Nutrition Programs	14,951.9	100.0[c]	16,797.2	16,799.6	16,801.6	1,847.7	12%	2.0	0%
WIC Program	6,860.0	500.0[c]	7,777.0	7,541.0	7,552.0	681.0	10%	11.0	0.1%
Food Stamp Act Programs	53,969.2	19,991.0[c]	61,351.8	61,351.8	61,351.8	7,382.6	14%	0.0	0%
Commodity Assistance Programs	230.8	150.0[c]	233.4	255.6	233.4	24.8	11%	-22.2	-9%
Nutrition Programs Admin.	142.6		150.1	147.8	147.8	5.2	4%	0.0	0%
Office of Under Secretary	0.6		0.8	0.6	0.8	0.0	2%	0.2	30%
Subtotal									
Mandatory	**68,921.2**	**20,091.0[c]**	**78,144.1**	**78,146.4**	**78,146.4**	**9,225.3**	**13%**	**0.0**	**0%**
Discretionary	**7,234.0**	**650.0[c]**	**8,166.3**	**7,950.0**	**7,941.0**	**716.0**	**10%**	**-9.0**	**-0.1%**
Subtotal	**76,155.2**	**20,741.0[c]**	**86,310.4**	**86,096.4**	**86,087.4**	**9,941.3**	**13%**	**-9.0**	**-0.01%**

Agency or Major Program	FY2009 Regular P.L. 111-8	FY2009 Supp. P.L. 111-5, P.L. 111-32	FY2010 Regular Admin. request	FY2010 Regular House-passed	FY2010 Regular Senate-passed	Change: House over FY2009 Dollar	Change: House over FY2009 Percent	Change: Senate over House Dollar	Change: Senate over House Percent
Title V: Foreign Assistance									
Foreign Agric. Service	165.4		180.4	177.1	180.4	11.7	7%	3.2	2%
Public Law (P.L.) 480	1,228.6	700.0[j]	1,692.8	1,692.8	1,692.8	464.2	38%	0.0	0%
McGovern- Dole Food for Education	100.0		199.5	199.5	199.5	99.5	100%	0.0	0%
CCC Export Loan Salaries	5.3		6.8	6.8	6.8	1.5	28%	0.0	0%
Subtotal	**1,499.4**	**700.0[j]**	**2,079.5**	**2,076.3**	**2,079.5**	**576.9**	**38%**	**3.2**	**0.2%**
Title VI: FDA & Related Agencies									
Food and Drug Administration	2,051.4		2,350.1	2,350.1	2,350.1	298.7	15%	0.0	0%
Commodity Futures Trading Commission	(146.0)[k]		160.6	160.6	(177.0)[k]	14.6	10%	16.4	10%
Title VII: General Provisions									
Section 32 rescission	-293.5		-43.0	-52.0	-52.0	241.5	-82%	0.0	0%
Limit mandatory programs	-484.0		-582.0	-435.0	-511.0[l]	49.0	-10%	-76.0	17%
Hunger fellowships	2.3			2.5	3.0			0.5	20%
Food bank infrastructure					7.0			7.0	
Durum wheat quality					4.0			4.0	
Geographic disadvantaged farmers					2.6			2.6	
Food aid products					4.0			4.0	
Other general provisions	-45.0		-49.9	-32.4	12.0			44.4	-137%
Subtotal	**-820.2**		**-674.9**	**-516.9**	**-530.4[l]**	**303.3**	**-37%**	**-13.5**	**3%**
TOTALS:									
Total in Agriculture appropriations	**108,314.7[m]**	**27,236.8[n]**	**123,919.7**	**123,843.2**	**124,325.2**	**15,528.6**	**14%**	**482.0**	**0.4%**
CFTC in Financial Services appropriations	146.0[k]		na	na	177.0[k]				
Grand Total (adding CFTC to all)	**108,460.7[o]**		**123,919.7**	**123,843.2**	**124,502.2[o]**	**15,382.6**	**14%**	**659.0**	**0.5%**

	FY2009		FY2010			Change			
	Regular	Supp.	Regular			House over FY2009		Senate over House	
Agency or Major Program	**P.L. 111-8**	**P.L. 111-5, P.L. 111-32**	**Admin. request**	**House-passed**	**Senate-passed**	**Dollar**	**Percent**	**Dollar**	**Percent**
RECAPITULATION:									
I: Agricultural Programs	25,727.4	1,095.8	29,769.8	29,849.9	30,277.1	4,122.5	16%	427.2	1.4%
Mandatory	18,877.2	732.0	22,701.6	22,701.6	22,701.6	3,824.4	20%	0.0	0%
Discretionary	6,850.2	363.8	7,068.1	7,148.3	7,575.5	298.1	4%	427.2	6%
II: Conservation Programs	969.2	340.0	908.3	986.1	1,015.0	16.9	2%	29.0	3%
III: Rural Development	2,732.3	4,360.0	3,015.9	2,840.8	3,046.5	108.5	4%	205.7	7%
IV: Domestic Food Programs	76,155.2	20,741.0	86,310.4	86,096.4	86,087.4	9,941.3	13%	-9.0	-0.01%
Mandatory	68,921.2	20,091.0	78,144.1	78,146.4	78,146.4	9,225.3	13%	0.0	0%
Discretionary	7,234.0	650.0	8,166.3	7,950.0	7,941.0	716.0	10%	-9.0	-0.1%
V: Foreign Assistance	1,499.4	700.0	2,079.5	2,076.3	2,079.5	576.9	38%	3.2	0.2%
VI: FDA	2,051.4		2,350.1	2,350.1	2,350.1	298.7	15%	0.0	0%
CFTC	(146.0)[k]		160.6	160.6	(177.0)[k]	14.6	10%	16.4	10%
VII: General Provisions	-820.2		-674.9	-516.9	-530.4[l]	303.3	-37%	-13.5	3%
Total in Agriculture appropriations									
Mandatory	**87,798.4**	**20,823.0**	**100,845.7**	**100,848.1**	**100,848.1**	**13,049.7**	**15%**	**0.0**	**0%**
Discretionary	**20,516.3**	**6,413.8**	**23,074.0**	**22,995.2**	**23,477.2**	**2,478.9**	**12%**	**482.0**	**2%**
Total in Agriculture appropriations	**108,314.7**	**27,236.8**	**123,919.7**	**123,843.2**	**124,325.2**	**15,528.6**	**14%**	**482.0**	**0.4%**
CFTC in Financial Services appropriations	146.0		na	na	177.0				
Grand Total (adding CFTC to all)									
Mandatory	**87,798.4**	**20,823.0**	**100,845.7**	**100,848.1**	**100,848.1**	**13,049.7**	**15%**	**0.0**	**0%**
Discretionary	**20,662.3**[o]	**6,413.8**	**23,074.0**	**22,995.2**	**23,654.2**[o]	**2,332.9**	**11%**	**659.0**	**3%**
Grand Total (adding CFTC to all)	**108,460.7**[o]	**27,236.8**[n]	**123,919.7**	**123,843.2**	**124,502.2**[o]	**15,382.6**	**14%**	**659.0**	**0.5%**

Source: Compiled by CRS from H.R. 2997, H.Rept. 111-181, S.Rept. 111-39, S. 1432, and S.Rept. 111-43.

Notes: Amounts in the regular FY2009 column do not include supplemental appropriations. A table in S.Rept. 111-39 has greater totals for FY2009 because it includes supplemental appropriations. The total supplemental appropriation enacted in FY2009 (even if multi-year) is shown in a separate column in this table.

a. Includes four Under Secretary office: Research, Education and Economics; Marketing and Regulatory Programs; Food Safety; and Farm and Foreign Agriculture.

b. Includes Dairy Indemnity Program, State Mediation Grants, and Grassroots Source Water Protection Program.

c. In P.L. 111-5.

d. Includes the National Appeals Division; Office of Budget and Program Analysis; Advocacy and Outreach; Chief Financial Officer; Assistant Secretary for Civil Rights; Office of Civil Rights; Assistant Secretary for Administration; Hazardous materials management; Departmental administration; Assistant Secretary for Congressional Relations; Office of Communications; and General Counsel.

e. Includes regular FSA salaries and expenses, plus transfers for farm loan program salaries and expenses and farm loan program administrative expenses. Amounts transferred from the Foreign Agricultural Service for export loans and P.L. 480 administration are included in the originating account.

f. In two parts: in P.L. 111-5, $20 million of budget authority to support $173 million of loan authority; in P.L. 111-32, $71 million to support $810 million of loans.

g. Loan authority is the amount of loans that can be made or guaranteed with a loan subsidy. Loan authority is not added in the budget authority subtotals or totals.

h. Commodity Credit Corporation and Federal Crop Insurance Corporation receive "such sums as necessary." Estimates are used in the appropriations bill reports.

i. In the Senate bill, Resource Conservation and Development funding is part of Conservation Operations. Amounts in this table are adjusted to show it separately.

j. In P.L. 111-32.

k. Amount was in Financial Services appropriations. Noted here for comparison with the House Agriculture appropriations bill.

l. This amount corrects an apparent error in S.Rept. 111-39. It is $20 million less than the amount shown in S.Rept. 111-39 because the Senate's General Provisions limitation on the Environmental Quality Incentives Program (EQIP) is the same as in the House bill—a limit of $1.18 billion from a mandatory $1.45 billion authorization, resulting in a $270 million reduction (not the $250 million reduction shown for EQIP in S.Rept. 111-39).

m. Amount does not include supplemental appropriations. In the Senate report, supplemental appropriations are included in the FY2009 amounts (specifically, the amount of supplemental funds scored for FY2009 only). Supplemental appropriations are a separate column in this table (the full amount of supplemental funds).

n. Subtotal from P.L. 111-5 is $26.5 billion, and from P.L. 111-32 is $771 million.

o. Includes CFTC funding that is not part of this Agricultural appropriation. Allows for a more equal comparison with the House bill, which does include CFTC.

Limits on Mandatory Program Spending

In recent years, appropriators have placed limitations on mandatory spending authorized in the farm bill. Mandatory programs usually are not part of the annual appropriations process since the authorizing committees set the eligibility rules and payment formulas in multi-year authorizing legislation (such as the 2008 farm bill). Funding for mandatory programs usually is assumed to be available based on the authorization without appropriations action.

Passage of a new farm bill in 2008 made more mandatory funds available for programs that appropriators or the Administration may want to reduce, either because of policy preferences or jurisdictional issues between authorizers and appropriators.

Historically, decisions over government expenditures are assumed to rest with the appropriations committees. The current tension over who should fund certain agriculture programs—appropriators or authorizers—has roots dating to the 1930s and the creation of the farm commodity programs. Outlays for the farm commodity programs were highly variable, difficult to predict and appropriate, and based on multi-year programs that resembled entitlements. Thus, a mandatory funding system—the Commodity Credit Corporation (CCC)—was created to remove the unpredictable funding issue from the appropriations committee. This separation worked for many decades. But the dynamic changed particularly in the late 1990s and the 2002 farm bill when authorizers began writing farm bills using mandatory funds for programs that typically were discretionary. Appropriators had not funded some of these programs as much as authorizers had desired, and agriculture authorizing committees wrote legislation with the mandatory funding at their discretion. Thus, tension arose over who should fund these typically discretionary activities: authorizers with mandatory funding sources at their disposal, or appropriators having standard appropriating authority. Does creation of the CCC in the 1930s for the hard-to-predict farm commodity programs justify modern mandatory spending on programs that are not highly variable and typically considered discretionary?[7]

Appropriator-placed limits on mandatory programs have affected conservation, rural development, bioenergy, and research programs. The limits have not affected the farm commodity programs or the nutrition assistance programs such as food stamps, both of which are generally accepted by appropriators as legitimate mandatory programs.

When the appropriators limit mandatory spending, they do not change the authorizing law. Rather, appropriators have put limits on mandatory programs by using appropriations language such as: “None of the funds appropriated or otherwise made available by this or any other Act shall be used to pay the salaries and expenses of personnel to carry out section [...] of Public Law [...] in excess of $[...].” These provisions usually have appeared in Title VII, General Provisions, of the Agriculture appropriations bill.

For FY2010, the House-passed bill contains $435 million in reductions from two mandatory conservation programs. This is a smaller reduction than the $511 million of reductions proposed in the Senate-passed bill, which contains the same conservation program limitations[8] plus a $76

---

[7] Summarized from Galen Fountain, Majority Clerk of the Senate Agriculture Appropriations Subcommittee, “Funding Rural Development Programs: Past, Present, and Future,” p. 4, at the 2009 USDA Agricultural Outlook Forum, February 22, 2009, at http://www.usda.gov/oce/forum/2009_Speeches/Speeches/Fountain.pdf.

[8] This amount corrects an apparent error in a table in S.Rept. 111-39. The Senate bill’s General Provisions limitation on the Environmental Quality Incentives Program (EQIP) is the same as in the House bill—a limit of $1.18 billion from a (continued...)

million limitation on a fruit and vegetable program for schools.[9] The Administration proposed even greater reductions totaling $582 million from nine mandatory programs (**Table 5**).

Table 5. FY2009 Reductions in Mandatory Programs

(dollars in millions)

Program (authorizing section in farm bill P.L. 110-246)	Authorization in 2008 farm bill available in FY2010	FY2010 Admin. request	FY2010 House-passed	FY2010 Senate-passed
Conservation programs				
Environmental Quality Incentives Program (Sec. 2501)	1,450	-250	-270	-270[a]
Dam Rehabilitation Program (Sec. 2803)	165	-30	-165	-165
Wetlands Reserve Program (Sec. 2201)	473	-184		
Farmland Protection Program (Sec. 2401)	150	-30		
Wildlife Habitat Incentive Program (Sec. 2602)	85	-43		
Agricultural Management Assistance program (Sec. 2801)	15	-5		
Healthy Forest Reserve (Sec. 8205)	10	-5		
Subtotal of these 7 conservation programs	**2,348**	**-547**	**-435**	**-435**[a]
Plant and animal protection programs				
Plant Pest, Disease Management, and Disaster Prevention (Sec. 10201)	45	-30		
National Clean Plant Network (Sec. 10202)	5	-5		
Subtotal of these 2 plant and animal protection programs	**50**	**-35**		
Specialty crops programs				
Fruit and vegetables in schools program (Sec. 4304)	101			-76
Total authorization in these 10 mandatory programs	**2,499**			
Total reduction in mandatory programs		**-582**	**-435**	**-511**[a]

Source: CRS, based on P.L. 110-246; H.R. 2997, H.Rept. 111-181, and S.Rept. 111-39.

a. This amount corrects an apparent error in S.Rept. 111-39. It is $20 million less than the amount shown in S.Rept. 111-39 because the Senate's General Provisions limitation on the Environmental Quality Incentives Program (EQIP) is the same as in the House bill—a limit of $1.18 billion from a mandatory $1.45 billion authorization, resulting in a $270 million reduction (not the $250 million reduction shown for EQIP in S.Rept. 111-39).

(...continued)

mandatory $1.45 billion authorization, resulting in a $270 million reduction (not the $250 million reduction shown for EQIP in S.Rept. 111-39).

[9] The underlying law (Section 4304 of the farm bill) provides funds at the beginning of every school year (each July), e.g., $65 million in July 2009 and $101 million in July 2010. However, as was done for FY2009, the Senate bill proposes to delay the availability of much of the $101 million scheduled for July 2010 until October 2010. It would make $74 million available *during* FY2010 ($49 million from the delayed July 2009 distribution plus $25 million as the first installment of the July 2010 amount). As a result, the Senate bill would effectively allocate the total mandatory annual spending for the program by fiscal year rather than school year, with no reduction in overall support.

Limits on mandatory programs in the FY2009 appropriation are comparable to the $484 million of reductions in the enacted FY2009 Agriculture appropriation bill that affected the same three programs as in the FY2010 Senate-passed bill. The proposed reductions, however, are not as large as those during the height of the 2002 farm bill period that reached $1.5 billion in FY2006. Since appropriators had garnered a reputation for limiting various mandatory programs in the 2002 farm bill, authorizers in the agriculture committees chose to reduce or eliminate those programs when savings needed to be scored during budget reconciliation in 2005. Thus, as the 2002 farm bill ended by the FY2008 appropriations cycle, relatively little authorization was left among the mandatory programs that the appropriators had limited from FY2003 to FY2006. Nonetheless, passage of the 2008 farm bill—with a host of new and reauthorized mandatory conservation, research, rural development, and bioenergy programs—creates new possibilities for appropriators to limit mandatory programs.

Earmarks

Both the House and Senate adopted earmark disclosure rules in 2007 that require enacted appropriations acts—in the report language—to disclose "earmarks and congressionally directed spending items." The disclosure includes the agency, project, amount, and requesting Member(s). This list of earmarks is self-identified by Congress. Prior to FY2008, earmark lists were subject to agency or analyst definitions as to what constituted an earmark.

Earmarks specified in a conference report generally are not considered to have the same force of law as if they were in the text of the law itself. But in the past, executive branch agencies usually have followed such directives since, when they testify before Congress, they do not wish to explain why congressional directives were not followed. The FY2008 Consolidated Appropriations Act varied in its treatment of earmarks in the bill text—some were mentioned in the text of the law, some were incorporated by specific reference to the report language, and others were printed in the report language without reference in the act. For the agriculture earmarks, only three out of 623 were in the text of the FY2008 bill; the rest were in report language without being referenced in the statute. In January 2008, President Bush issued Executive Order 13457 instructing agencies not to honor earmarks unless they are in the text of the law beginning in FY2009. In the FY2009 appropriations acts, appropriators responded to the executive order by incorporating by reference in the statute the earmarks in the report language.[10]

The final number and amount of earmarks for FY2010 is yet to be determined. Separate House and Senate earmark totals cannot yet be compared to prior years. Some earmarks are unique each bill. Other earmarks are included in both bills but may have different amounts in each bill. Thus, the total number and amount of earmarks for FY2010 will likely be less than the sum of earmarks in the separate House and Senate bills due to double counting. At this point, the House bill contains 322 earmarks totaling $219 million. The Senate bill contains 296 earmarks totaling $220.7 million. Eventual conference report language will disclose the final FY2010 earmark list to compare with FY2008 and FY2009.

[10] For example, the bill text of P.L. 111-8 appropriates $1.14 billion for the Agricultural Research Service, "of which $112,571,000 shall be for the purposes, and in the amounts, specified in the table titled 'Agricultural Research Service, Salaries and Expenses, Congressionally-designated Projects' in the explanatory statement described in section 4 (in the matter preceding division A of this consolidated Act)."

For FY2009, Congress disclosed 521 earmarks for Agriculture and Related Agencies, down by nearly 102 earmarks from FY2008 (-16%). The total amount of these earmarks was $379.6 million, down 6% from the amount in FY2008. Three USDA agencies—CSREES, ARS, and NRCS—account for nearly 90% of the earmarks for Agriculture and Related Agencies (**Table 6**).

FY2009 earmarks for Agriculture and Related Agencies range from $9.5 million for an Agricultural Research Service dietary research project to $36,000 for an Animal and Plant Health Inspection Service disease project. The median earmarked project size was $376,000. University and extension service-based earmarks remained fairly constant into FY2009, declining 5% by number and 9% by amount from FY2008. Although the number of in-house USDA Agricultural Research Service earmarks decreased by 47%, the amount of ARS earmarks increased 10%. Conservation earmarks decreased 16% by number and 23% by amount.

Table 6. Earmarks Disclosed by Congress

	Number			Amount ($ million)		
Agency	**FY2008**	**FY2009**	**Change**	**FY2008**	**FY2009**	**Change**
Cooperative State Research, Education, and Extension Service						
Special Research Grants	191	183	-4%	92.4	84.5	-9%
Federal Administration	49	46	-6%	32.5	28.8	-11%
Extension	28	25	-11%	10.4	9.4	-10%
Subtotal, CSREES	**268**	**254**	**-5%**	**135.4**	**122.7**	**-9%**
Agricultural Research Service						
Salaries and Expenses	146	78	-47%	102.1	112.6	10%
Buildings and Facilities	25	24	-4%	47.1	46.8	-1%
Subtotal, ARS	**171**	**102**	**-40%**	**149.2**	**159.3**	**7%**
Natural Resources Conservation Service						
Conservation Operations	90	75	-17%	43.5	31.7	-27%
Watershed and Flood Prevention	25	22	-12%	28.0	23.6	-16%
Subtotal, NRCS	**115**	**97**	**-16%**	**71.5**	**55.3**	**-23%**
Other agencies						
Animal and Plant Health Inspection Service	57	53	-7%	27.5	24.0	-13%
Food and Drug Administration	9	9	0%	11.9	11.1	-7%
Rural Development	2	5	150%	4.5	4.9	9%
Food and Nutrition Service	1	1	0%	2.5	2.3	-5%
Total, Agriculture and Related Agencies	**623**	**521**	**-16%**	**402.4**	**379.6**	**-6%**

Source: CRS, compiled from "Disclosure of Earmarks and Congressionally Directed Spending Items" in committee prints accompanying P.L. 110-161 and P.L. 111-8.

USDA Agencies and Programs

For the U.S. Department of Agriculture (USDA), the Agriculture and Related Agencies appropriations bill covers all of USDA except for the Forest Service. This amounts to about 94% of USDA's total appropriation. The Forest Service is funded through the Interior appropriations bill. The order of the following sections reflects the order that the agencies are listed in the Agriculture appropriations bill. See **Table 4** for more details on the amounts for specific agencies.

Agricultural Research, Education, and Extension

Four agencies carry out USDA's research, education, and economics (REE) mission:

- The **Agricultural Research Service (ARS)**, the Department's intramural science agency, conducts long-term, high-risk, basic and applied research on food and agriculture issues of national and regional importance.
- The **Cooperative State Research, Education, and Extension Service (CSREES)—**replaced by the **National Institute of Food and Agriculture (NIFA)** by the 2008 farm bill[11]—distributes federal funds to the land grant colleges of agriculture to provide partial support for state-level research, education, and extension programs.
- The **Economic Research Service (ERS)** provides economic analysis of agriculture issues for public and private decisions on agriculture, natural resources, food, and rural America.
- The **National Agricultural Statistics Service (NASS)** collects and publishes current national, state, and county agricultural statistics. NASS also is responsible for administration of the Census of Agriculture, which occurs every five years and provides comprehensive data on the U.S. agricultural economy.

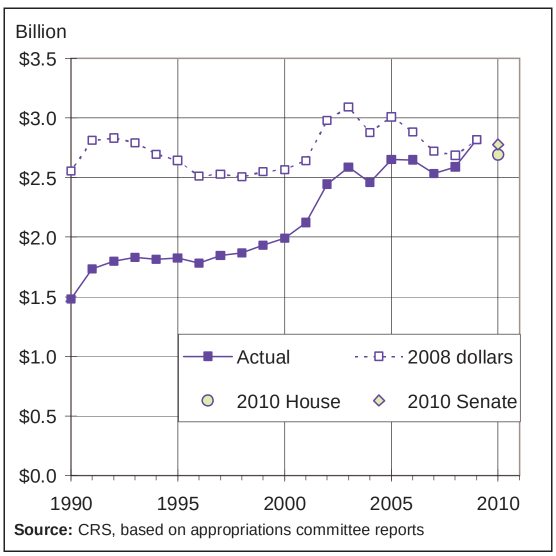
The 2008 farm bill institutes significant changes in the structure of the REE mission area, but retains and extends the existing authorities for REE programs. The farm bill called for the establishment of a new agency called the National Institute of Food and Agriculture (NIFA) by October 1, 2009, which will replace CSREES. In addition, one program planning staff, called the Research, Education, and Extension Office (REEO), will coordinate the activities of ARS, ERS, NASS, and NIFA. Future budget requests for this mission area are to be in the form of a single line item. The 2008 farm bill also provides mandatory funds for an expanded number of competitive grant programs, including the Agriculture and Food Research Initiative (AFRI), which will be administered by NIFA, although it repeals the mandatory-funded Initiative for Future Agriculture and Food Systems (established in 1998 legislation, but for which funding was repeatedly blocked).

[11] Section 7511(f)(2) of the Food, Conservation, and Energy Act of 2008 (the 2008 farm bill) amends the Department of Agriculture Reorganization Act of 1994 (7 U.S.C. 6971) by establishing an agency to be known as the National Institute of Food and Agriculture (NIFA). By October 1, 2009, the Secretary shall transfer to NIFA any and all authorities administered by the Administrator of the Cooperative State, Research, Education and Extension Service.

When adjusted for inflation, USDA-funding levels for agriculture research, education, and extension have remained relatively flat from 1970 to 2000.[12] From FY2001 through FY2003, supplemental funds appropriated specifically for anti-terrorism activities, not basic programs, accounted for most of the increases in the USDA research budget. Funding levels since have trended downward to historic levels (**Figure 5**), although ARS received supplemental funding for buildings and facilities in FY2009. ARS and CSREES account for most of the research budget and their appropriations generally have tracked each other (**Figure 6**).

In an effort to find new money to boost the availability of competitive grants in the REE mission area, the House and Senate Agriculture Committees have tapped sources of available funds from the mandatory side of USDA's budget and elsewhere (e.g., the U.S. Treasury) twice since 1997. However, in every year except FY1999, the annual Agriculture appropriations act prohibited the use of those mandatory funds for the purposes the agriculture committees intended. On the other hand, in many years during the FY1999-FY2006 period, appropriations conferees provided more discretionary funds for ongoing REE programs than were contained in either the House- or Senate-passed versions of the bills. Nonetheless, once adjusted for inflation, these increases are not viewed by some as significant growth in spending for agricultural research. Agricultural scientists, stakeholders, and partners express concern for funding over the long term.

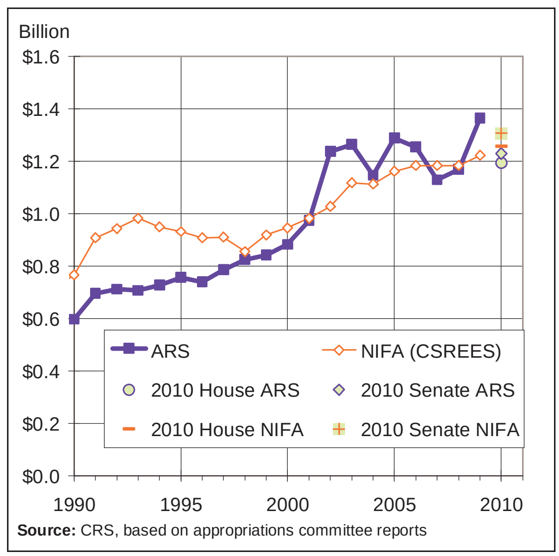
Figure 5. USDA Research Budget: FY1990-FY2010



Source: CRS, using appropriations committee data.

Notes: Includes supplemental appropriations.

Figure 6. ARS and CSREES Budget: FY1990-FY2010



Source: CRS, using appropriations committee data.

Notes: Includes supplemental appropriations.

Agricultural Research Service

The House bill provides a total of $1.19 billion for USDA's in-house science agency, the Agricultural Research Service (ARS), which is 3.4% more than the Administration's request, and a less than 1% increase to the regular amount available in FY2009. The research priorities in the

[12] Based on analysis of USDA data.

House bill coincided with the Administration's, and included initiatives on preventing childhood obesity, developing new bio-energy feedstocks, assessing and managing climate change, and reducing world hunger. The President's request included no funds for upgrading laboratories and facilities, and it decreased funding for crop and livestock production and protection programs, which accounts for the $39 million difference when compared to the House bill. The Senate bill provides $1.23 billion for ARS and similarly prioritizes bio-energy and human nutrition issues including obesity. The Senate bill also increases funding for research on colony collapse disorder (CCD) and its impacts on pollinator species, and for efforts to speed development of wheat varieties resistant to Ug99, wheat stem rust. The Senate bill also includes funds to begin transitioning the activities of the Plum Island Animal Disease Center to the National Bio- and Agro-Defense Facility, which was selected by the Department of Homeland Security (DHS) to be located on the campus of Kansas State University.[13] Both the House and Senate bills do not support the Administration's proposal to transfer the Office of Pest Management Policy from ARS to the Office of the Chief Economist.

National Institute of Food and Agriculture

The 2008 farm bill establishes a new agency called the National Institute of Food and Agriculture (NIFA), which will replace the Cooperative State Research, Education, and Extension Service (CSREES). The farm bill requires that the Secretary transfer all authorities administered by CSREES to NIFA by October 1, 2009. Like CSREES, NIFA will be the primary extramural funding agency for food and agricultural research at the USDA, and its mission continues to be to work with university partners to advance research, extension, and higher education in the food and agricultural sciences and related environmental and human sciences to benefit people, communities, and the nation. NIFA will administer competitive grants, special research grants, federal administration grants, and the so-called formula funds for research and extension.[14]

The House bill provides a total of $1.26 billion for NIFA, or a 2.8% increase over FY2009 and a 7.7% increase over the Administration's request for FY2010 (**Table 7**). The Senate bill provides $1.31 billion, or an additional 3.9% over the House-passed bill, where much of this increase is due to a higher allocation of resources to competitive grant programs The Administration requested $622.9 million for research and education, $487.0 million for extension activities, and $56.9 million for integrated activities.[15] The House bill provides $711.5 million, $485.5 million,

[13] However, funding for construction of the new facility was restricted in the FY2009 DHS appropriation (P.L. 110-329) until DHS conducted a risk assessment on whether foot-and-mouth disease research can be done safely on the mainland and the Government Accountability Office (GAO) reviewed the risk assessment. The GAO report (*Observations on DHS's Analysis Concerning Whether FMD Research Can Be Done as Safely on the Mainland as on Plum Island*, GAO-09-747, July 30, 2009, at http://www.gao.gov/new.items/d09747.pdf) concluded that DHS's assertion of safety is not supported (p. 46). Both the FY2010 House-passed and Senate-passed DHS appropriation (H.R. 2892) would continue the restriction on construction pending more reports (the House bill would require an outside/independent risk assessment; the Senate bill would require an internal mitigation assessment or response plan). For more background on the new research facility, see CRS Report RL34160, *The National Bio- and Agro-Defense Facility: Issues for Congress*, by Dana A. Shea, Jim Monke, and Frank Gottron.

[14] CSREES provides support for research and extension activities at land-grant institutions through grants to the states using statutory census-based formulas. For instance, federal funding for research at state agricultural experiment stations and for cooperative extension is authorized under the Hatch Act of 1887 and the Smith-Lever Act of 1914, respectively. Eligibility is limited to the cooperating institutions, most of which are 1862, 1890, and 1994 land-grant institutions.

[15] Integrated activities include competitive grants for cross-cutting work in areas such as water quality, food safety, organic agriculture, and pest management.

and $60 million for research, extension and integrated programs, respectively; and the Senate bill provides $757.8 million, $491.3 million, and $56.9 million, also respectively. The Administration's request for research and education activities was considerably lower than levels enacted in FY2009 because the Administration removed most of the special and federally administered grants. Both the House and Senate bills include funds for these earmarked grant programs, and the Senate bill in particular includes a substantial increase in funding for competitive grants program, specifically the Agriculture and Food Research Initiative (AFRI).

Table 7. National Institute of Food and Agriculture Appropriations, FY2009-2010

(budget authority in millions of dollars)

					Change			
		FY2010			House over FY2009		Senate over House	
NIFA activity	**FY2009**	**Admin. request**	**House-passed**	**Senate-passed**	**Dollar**	**Percent**	**Dollar**	**Percent**
Research and education	691.0	622.9	711.5	757.8	20.5	3.0	46.3	6.5
Extension	474.3	487.0	485.5	491.3	11.2	2.4	5.8	1.2
Integrated activities	56.9	56.9	60.0	56.9	3.1	5.4	-3.1	-5.2
Total	**1,222.2**	**1,166.8**	**1,257.0**	**1,306.0**	**34.8**	**2.8**	**49.0**	**3.9**

Source: Compiled by CRS, from H.R. 2997, H.Rept. 111-181, and S.Rept. 111-39.

The House and Senate bills both had modest increases for research and education activities provided for by formula fund programs. Both the House and Senate bills provide $215 million for the Hatch Act formula fund program that supports State Agriculture Experiment Stations (SAES), which is 3.8% over the $207.1 million enacted in FY2009 and the Administration's request for FY2010. The Administration requested $27.5 million for the McIntire-Stennis formula fund program for Cooperative Forestry Research, similar to FY2009 levels, while the House-passed bill provides $28.0 million and the Senate-passed bill provides $30 million. There were no real differences between the Administration's request and the levels requested in the House and Senate bills for other special programs such as the Improved Pest Control program or the Sustainable Agriculture programs.

The farm bill authorizes appropriations of $700 million annually for the newly created competitive grant program, called the Agriculture and Food Research Initiative (AFRI). The AFRI program is funded at $210 million in the House bill and at $295.1 million in the Senate bill, both increases over the $201.5 million enacted in FY2009 and the level requested by the Administration for FY2010. AFRI replaces two other grant programs: the Initiative for Future Agriculture and Food Systems (IFAFS), which has an emphasis on more applied research, and the National Research Initiative (NRI) competitive grants program, whose emphasis is more on fundamental, or basic, research. Both of these grant programs were eliminated in the 2008 farm bill.

All three FY2010 funding proposals increase the levels of funding for extension relative to FY2009. The Administration's request differs significantly from the House and Senate bills, however, in that it removes most federally administered grants and decreases the allocation of Smith-Lever formula funds (Sections 3(b) and (c)) for extension. The Administration's request instead includes additional funding for Smith-Lever 3(d) competitive programs, specifically $28.0

million for the Improve Rural Quality of Life program, which is part of the President's $70 million Rural Revitalization Initiative to improve the rural economy. The House and Senate bills do not include any funds for this rural economic development program.

Economic Research and Agricultural Statistics

The House-passed bill provides $82.5 million for USDA's Economic Research Service (ERS), which is basically equivalent to the Administration's request and 4% more than FY2009. The Senate-passed bill provides $82.1 million, a smaller increase of 3%.

National Agricultural Statistics Service

Similar to the President's request, both the House-passed and Senate-passed bills provide $161.8 million for the National Agricultural Statistics Service (NASS), which is an increase of $10.3 million above the amount available for FY2009. The increase includes $5.75 million for the restoration of the Agricultural Chemical Use program. Additional funds are included for the analysis of bio-energy production and utilization from agricultural systems.

For more information on USDA research, education, and extension programs, see CRS Report RL34352, *Agricultural Research, Extension, and Education: Farm Bill Issues*, by Melissa D. Ho.

Marketing and Regulatory Programs

Three agencies carry out USDA's marketing and regulatory programs mission area: the Animal and Plant Health Inspection Service (APHIS), the Agricultural Marketing Service (AMS), and the Grain Inspection, Packers, and Stockyards Administration (GIPSA).

Animal and Plant Health Inspection Service

The Animal and Plant Health Inspection Service (APHIS) is responsible for protecting U.S. agriculture from domestic and foreign pests and diseases, responding to domestic animal and plant health problems, and facilitating agricultural trade through science-based standards. APHIS has key responsibilities for dealing with such prominent concerns as avian influenza (AI), bovine spongiform encephalopathy (BSE or "mad cow disease"), bovine tuberculosis, a growing number of invasive plant pests—such as the Emerald Ash Borer, the Asian Long-horned Beetle, and the Glassy-winged Sharpshooter—and a national animal identification (ID) program for animal disease tracking and control, among other things. APHIS is also the USDA agency charged with administering the Animal Welfare Act (AWA), which seeks to protect pets and other animals used for research and entertainment.

Total appropriations for APHIS differ by $30.4 million between the House-passed ($885.7 million) and the Senate-passed ($916.1 million) bills. This difference is attributable to differences in APHIS "salaries and expenses:" $881.0 million (House bill) and $911.4 million (Senate bill).[16]

[16] During the Senate floor debate, S.Amdt. 2271 was approved to provide $2 million for the school community garden pilot program established under Section 18(g)(3) of the Richard B. Russell National School Lunch Act (42 U.S.C. 1769(g)(3)) garden pilot program, with an offset "derived by transfer of the amount made available under the heading 'Animal and Plant Health Inspection Service' of title I for 'salaries and expenses'." However, the engrossed (continued...)

Both bills authorize $4.7 million for buildings and facilities. Both the House-passed and Senate-passed bills provide more compared to the President's FY2009 budget request of $877.1 million and the FY2008 level of $881.4 million.

Within total APHIS appropriations, both the House- and Senate-passed bills highlight identical funding for certain identified programs, including $2.1 million to control of outbreaks of insects, plant diseases, animal diseases under emergency conditions; $23.4 million for the cotton pests program for cost share purposes or for debt retirement for active eradication zones; $60.2 million to prevent and control avian influenza; $22.5 million for animal care, and $10.1 million for management initiatives. The Senate-passed bill also would provide $18.1 million for certain congressionally designated projects and $7.3 million for a National Animal Identification System program (more than the House's zero amount, as discussed below).

Both the House and Senate bills identify some of the same requirements and restrictions within various provisions, including requirements on the transfer of funds to address emergencies, a requirement that matching state funds be at least 40% for formulating and administer a brucellosis eradication program, and limitations on the operation and maintenance of aircrafts and aircraft purchases. During the Senate floor debate, S.Amdt. 2241 was approved, increasing funding for USDA's tuberculosis program by $2 million to at least $17.8 million, including at least $3,000,000 for tuberculosis indemnity and depopulation.

Within the APHIS appropriation, the House-passed bill provides less than the Senate-passed bill for the following categories: pest and disease eradication ($163.4 million in the House compared to $166.7 million in the Senate bill); plant and animal health monitoring ($242.3 million in the House compared to $257.7 million in the Senate); pest and disease management ($359.4 million in the House; $366.6 million in the Senate); and scientific and technical services ($83.2 million in the House compared to $87.7 million in the Senate bill).

Among APHIS allocations noted in the Senate committee report were $14.0 million for Animal and Plant Health Regulatory Enforcement, which includes increased funding to hire and train investigators to address increased violations at major ports of entry referred by U.S. Customs and Border Protection and support Animal Welfare Act (7 U.S.C. 2131 et seq.) compliance inspections. The Senate report also recommends $28.1 million for pest detection, including $619,000 to continue the California County Pest Detection Augmentation Program for a statewide network of insect traps and other detection tools to serve as an early warning system against serious agricultural pests in the State of California, and $738,000 for import inspections at points of entry in California to prevent the establishment of serious agricultural and environmental invasive pests and diseases.

National Animal Identification System

Within the "Animal Health Monitoring and Surveillance" spending area, the largest difference between the House- and Senate-passed bills is attributable to appropriations for a National Animal Identification System (NAIS) program. Since FY2004, approximately $142 million has been appropriated for NAIS, including $14.5 million in FY2009. The Administration proposed

---

(...continued)

amendment as agreed to by the Senate continues to cite $911,394,000 for APHIS salaries and expenses.

slightly increasing the funding for NAIS to $14.6 million in FY2010. However, the House-passed bill would eliminate all funding for NAIS for FY2010 and the Senate would provide only half the requested amount.

In its report, the House Agriculture Committee stated that, until USDA provides specific details on implementing "an improved animal identification system, continued investments into the current NAIS are unwarranted." At the end of FY2008, 485,539 premises (or about 35%) were registered under NAIS, out of an estimated 1.4 million U.S. animal and poultry operations. USDA has stated that much higher levels of participation are needed to successfully implement NAIS.

The Senate-reported version of H.R. 2997 (S. 1406) originally provided for the entire $14.6 million proposed by the Administration.[17] An amendment to zero out Senate funding for NAIS failed to pass in committee; however, a floor amendment (S.Amdt. 2230; introduced by Senators Tester and Enzi) was passed on August 3, 2009, to reduce the Senate FY2010 funding to $7.3 million. The successful amendment explicitly restricts use of FY2010 funds to ongoing NAIS activities and purposes related to rulemaking for the program. House and Senate differences in NAIS funding for FY2010 will have to be resolved in conference. (See CRS Report RS22653, *Animal Identification: Overview and Issues*, by Geoffrey S. Becker.)

Emerging Plant Pests

The emerging plant pests (EPP) account within the "Pest and Disease Management" spending area is funded at $156.8 million in the House-passed bill and $159.3 million in the Senate-passed bill in FY2010. This compares with an Administration request of $143.8 million and a FY2009 level of $133.7 million. The respective committee reports further specify how most of this money should be divided among plant problems of major concern.

Both the House (H.Rept. 111-181) and Senate (S.Rept. 111-39) committee reports identify $23.0 million for Glassy-winged Sharpshooter/Pierce's Disease; $5.3 million for Sudden Oak Death;[18] $2.2 for Karnal Bunt; $8.3 million for Potato Cyst Nematode; $1.0 million for Light Brown Apple Moth; $1.5 million for Sirex Woodwasp; and $2.1 million for other miscellaneous pests and diseases. Differences in funding levels are as follows. The House committee identifies $43.7 million for citrus pests and diseases; $35.0 million for Asian Longhorned Beetle; and $34.7 million for Emerald Ash Borer. The Senate committee identifies $45.7 million for citrus pests and diseases; $30.0 million for Asian Longhorned Beetle; and $39.7 million for Emerald Ash Borer.[19] The Senate Committee report also provides $469,000 to be used for Varroa mite suppression in Hawaii, in connection with concerns about colony collapse disorder among honey bees.[20]

---

[17] The Senate committee report further recommends funding of $343,000 to allow additional producers to participate in the National Farm Animal Identification and Records Project, which electronically identifies individual animals and tracks their movements from birth to slaughter within 48 hours in order to combat animal disease outbreaks.

[18] Both committees also encourages APHIS to continue supporting projects to develop best management practices to manage Sudden Oak Death in nurseries.

[19] The Senate Committee notes that "further efforts are required to manage the spread of emerald ash borer and develop techniques and technologies to eradicate this species."

[20] Other funding to address colony collapse disorder is provided as part of USDA's Agricultural Research Service (ARS) funding for honey bee research.

More generally, the Administration and congressional appropriators have sparred for years over whether APHIS should—as appropriators have preferred—reach as needed into USDA's Commodity Credit Corporation (CCC) account for mandatory funds to deal with EPP and other plant and animal health problems on an emergency basis, or be provided the funds primarily through the annual USDA appropriation, as the Administration and OMB have argued. Both the House and Senate committee reports continue to state that the committees expect the Secretary of Agriculture to continue to use the authority provided in this bill to transfer CCC funds for activities related to the arrest and eradication of animal and plant pests and diseases. The House report further states that "by providing funds in this account, the Committee is enhancing, but not replacing, the use of CCC funding for emergency outbreaks."

Agricultural Marketing Service and Section 32

The Agricultural Marketing Service (AMS) is responsible for promoting the marketing and distribution of U.S. agricultural products in domestic and international markets. User fees and reimbursements, rather than appropriated funds, account for a substantial portion of spending by the agency. Such fees, which now cover AMS activities like product quality and process verification programs, commodity grading, and Perishable Agricultural Commodities Act licensing, total about $140 million.

AMS historically receives additional funding each year through two separate appropriations mechanisms—the direct annual USDA appropriation and a transfer from the so-called Section 32 account. [21]

For FY2010, both the House-passed and the Senate-passed agricultural appropriation bills provide $91 million (the same as the President's request), compared with $87 million in the enacted FY2009 omnibus bill and $77 million in actual FY2008 outlays. Also under the AMS Marketing Services account, $6.7 million is provided for the National Organic Program. Payments to states total $1.3 million under the Federal-State Marketing Improvement Program (FSMIP).

The Section 32 program is funded by a permanent appropriation of 30% of the previous calendar year's customs receipts, less certain mandatory transfers. Both the House and Senate-passed bills estimate the amount available to fund Section 32 activities at $1,300 million compared with $1,169 million in the FY2009 Omnibus Appropriations Act. This amount has been used, at the Secretary's discretion, primarily to fund commodity purchases for school lunch and other domestic programs and support farm prices, and to provide disaster assistance.

Rescissions of Section 32 carryover funds are generally used to achieve budgetary savings. The appropriation for FY2010 contains, under Title VII (General Provisions) a rescission of $52 million from unobligated balances carried over from FY2009.

[21] Section 32 funding comes from a permanent appropriation equivalent to 30% of annual U.S. Customs receipts. AMS uses these additional Section 32 monies (also not reflected in the above totals) to pay for a variety of programs and activities, notably child nutrition, and government purchases of surplus farm commodities not supported by ongoing farm price support programs. For an explanation of this account and more details on the farm bill change, see CRS Report RL34081, *Farm and Food Support Under USDA's Section 32 Program*, by Geoffrey S. Becker.

The 2008 farm bill also effectively sets new annual caps on how much Section 32 money is available for other activities, the most significant being the purchase of surplus agricultural commodities. These caps are intended as a way to fund a fresh produce program for school nutrition programs and a computer system for commodity purchase support; without raising spending above the budget baseline, as estimated by the Congressional Budget Office (CBO). The farm bill cap for FY2009 was set at $1,173 million; and the enacted omnibus lowered that to $1,072 million. The apparent effect of this reduction could be to free up additional Section 32 money (i.e., $101 million) that the committee presumably had redirected toward other programs in its bill. The farm bill cap for FY2010 is $1,199 million, and was not reduced in the House or Senate appropriation bills.

The 2008 farm bill also requires $199 million of Section 32 funds be used during FY2010 to purchase fruit, vegetables, and nuts for domestic food assistance programs.

Grain Inspection, Packers, and Stockyards Administration

One branch of the Grain Inspection, Packers, and Stockyards Administration (GIPSA) establishes the official U.S. standards for inspection and grading of grain and other commodities. Another branch is charged with ensuring competition and fair-trading practices in livestock and meat markets.

In FY2009, $40.3 million was provided for GIPSA salaries and expenses. Both the Administration and the House bill propose that FY2010 funding for GIPSA be increased by $1.6 million to $42 million, including $900,000 for increased staff for the Packers and Stockyards program to strengthen the agency's compliance, investigative, and enforcement activities in the field. In contrast, the Senate version proposes a slightly smaller funding increase of $1.2 million to $41.6 million for FY2010.

Agency activities also are supported by user fees, amounting to approximately $42.5 million annually or about half the agency's overall budget. The Administration again proposed additional user fees—to take effect after FY2010—to offset some grain inspection and Packers and Stockyards (P&S) activities, to recoup an estimated $27 million annually; the FY2010 report did not make note of this proposal, which would require authorizing legislation.

Meat and Poultry Inspection

USDA's Food Safety and Inspection Service (FSIS) conducts mandatory inspection of meat, poultry, and processed egg products to insure their safety and proper labeling. Both the House-passed and Senate-passed versions would provide $1.019 billion, which is the Administration-requested level and an increase over the enacted FY2009 level of $971.6 million.

This congressional appropriation would be augmented in FY2010 by existing (currently authorized) user fees, which FSIS had earlier estimated would total approximately $150 million. Neither the House nor Senate version recommends the adoption of a new user fee, proposed by the Administration, to be charged establishments involved in product retesting, recalls, or illness outbreaks. Estimated revenue from this fee, which would require new authorizing legislation, was $4 million.

As in past years, both versions of the bill would direct that $3 million of the total be obligated to maintain the Humane Animal Tracking System. Both also would require that a minimum number of staff positions be devoted solely to inspections and enforcement under the Humane Methods of Slaughter Act: the House-passed bill would set the minimum at 120 positions and the Senate bill at 150. The House bill contains a provision (not in the Senate version) that would continue a prohibition on the use of funds or user fees to inspect horses destined for human food.

The House and Senate bills differ over the issue of permitting poultry products to be imported into the United States from China. FSIS had published a final rule on April 24, 2006, that would allow certain poultry products processed in China to be imported into the United States. However, USDA appropriation measures for recent years have prohibited FSIS from using funds to implement the rule. The House-passed bill (Section 723) would continue this prohibition. The Senate version (Section 744) would permit such imports but only under specified preconditions. These conditions include a formal commitment in advance by the Secretary of Agriculture to conduct audits of Chinese inspection systems, on-site reviews of slaughter and processing facilities, laboratories, and other controls operations before any Chinese facilities can be certified to export "fully cooked poultry products" to the United States. The Secretary also must commit in advance "to implement a significantly increased level of port of entry inspection" and "to conduct information sharing" with other countries that permit Chinese poultry products regarding their audits and inspections of Chinese facilities.

Many food safety advocates are supportive of the House appropriations language banning the poultry rule, arguing that China—the third leading foreign supplier of food and agricultural imports into the United States—lacks effective food safety protections, and that the 2006 rule was rushed into approval without an adequate safety evaluation. Opponents of a ban, particularly those in the U.S. animal industries, argue that it undermines U.S. trade commitments, and already is leading to trade retaliation by the Chinese.

For details on the Chinese imports issue, see CRS Report R40706, *China-U.S. Poultry Dispute*, by Geoffrey S. Becker. For background on food safety generally, see CRS Report RL32922, *Meat and Poultry Inspection: Background and Selected Issues*, by Geoffrey S. Becker.

Farm Service Agency

USDA's Farm Service Agency (FSA) is probably best known for administering the farm commodity subsidy programs and the disaster assistance programs. It makes these payments to farmers through a network of county offices. In addition, FSA also administers USDA's direct and guaranteed farm loan programs, certain mandatory conservation programs (in cooperation with the Natural Resources Conservation Service), and certain international food assistance and export credit programs (in cooperation with the Foreign Agriculture Service).

FSA Salaries and Expenses

All of the administrative funds used by FSA to carry out its programs are consolidated into one account. A direct appropriation for FSA salaries and expenses pays to carry out the activities such as the farm commodity programs. Transfers are received for administration of CCC export credit guarantees, P.L. 480 loans, and the farm loan programs.

This section discusses amounts for regular FSA salaries and expenses, plus transfers for the salaries and expenses of the farm loan programs. Amounts transferred to FSA for export programs and P.L. 480 are included with the originating account.

The FY2010 amounts proposed in the House and Senate-passed bills for regular FSA salaries and expenses are nearly the same, at about $1.574 billion (before accounting for disaster relief in the Senate bill, discussed in the next paragraph). The Senate-passed bill would provide $519,000 more (+0.03%) than the House bill, due to amendments in the House bill that used FSA salaries expenses to offset increases elsewhere in the bill. These totals are about $5 million less than the Administration's request, but about $87 million more (+6%) than the regular FY2009 appropriation. The increase over FY2009 is for information technology improvements and routine pay cost (salary) adjustments.

Unlike recent appropriations bills through FY2008, the FY2010 bills do not contain language prohibiting closure of FSA county offices. That language was incorporated into the 2008 farm bill as a two-year prohibition, with certain exceptions (P.L. 110-246, Sec. 14212).

Dairy Disaster Assistance

In addition to the amounts above, the Senate-passed bill includes an additional $350 million in FSA salaries and expenses, ostensibly for dairy disaster assistance. The text of this Sanders amendment (S.Amdt. 2276) simply increases FSA salaries and expenses without stating a purpose, but floor statements and press releases by Senator Sanders indicate that the purpose is to increase dairy price support levels.[22] The amendment was one of the more controversial Senate floor amendments since it was designated emergency funding and was not offset elsewhere in the bill. The amendment itself was adopted by voice vote, after a procedural vote of 60-37 to waive budget rules to allow the bill to exceed its 302(b) appropriations subcommittee allocation. The House-passed bill does not have a similar provision.

In the past, other disaster assistance provisions provided funds to the Secretary or instructed payments to come from the Commodity Credit Corporation, rather than increasing FSA salaries and expenses.

For more background on the economic forces affecting the dairy sector, see CRS Report R40205, *Dairy Market and Policy Issues*, by Dennis A. Shields.

Information Technology

Both the House and Senate bills include the Administration's requested funding for FSA's computer infrastructure. The Administration requested $67.3 million for FY2010 for information technology ($20.4 million for stabilization, and $46.9 million for modernization). The House committee report requests a series of reports from UDSA on the progress of improvements to FSA's information technology, especially relating to department-wide computer improvements. It also requests reports on the use of past- and current-year information technology appropriations, noting the cost, schedule, and achievement of computer modernization milestones.

---

[22] *Congressional Record*, August 4, 2009, p. S8714. See also Senator Sanders's press release, "Senate Approves Help for Dairy Farmers," August 4, 2009, http://sanders.senate.gov/newsroom/news/?id=a8567c42-8810-4e1d-a752-5776662bc0ac.

For many years, FSA has had problems with an outdated mainframe computer system. Its service to farmers—particularly through its network of county offices where enrollment and verification occurs—has been jeopardized by computer malfunctions. At one time in 2007, the computer system would fail daily or county offices would be rationed in the amount of time they would be allowed to use or access their computers because of overloading the system. Data processing requirements are increasing with each farm bill, and the 2008 farm bill's new Average Crop Revenue Election (ACRE) and adjusted gross income limits are expected to further stress the antiquated computer system. For many years, FSA has sought increased funding for computers, and to some extent partial funding has been appropriated through annual appropriations bills, but the computer problems have continued.

Following the 2007 computer system failures, USDA developed a "stabilization and modernization" plan in consultation with industry experts.[23] The stabilization plan is meant to shore up the current computer system while upgrades are implemented and prepare it for migration to the new system. The modernization plan (called MIDAS, "modernize and innovate the delivery of agricultural systems") would replace antiquated mainframe hardware that relies on the outdated COBOL computer language with a modern Web-based system.

A May 2008 report by the Government Accountability Office (GAO) finds that the USDA plan addresses technical issues, but lacks details in the business plan for efficient implementation.[24]

The regular FY2009 FSA appropriation noted $22 million for information technology expenses and stabilization of the existing network, and the economic stimulus act (ARRA, P.L. 111-5) provided another $50 million for maintaining and modernizing FSA's computer system. These amounts address "stabilization" and a limited amount of "modernization" of the existing outdated USDA mainframe system. Additional appropriations for modernization (about $266 million) will be needed after FY2010, according to USDA's plans.[25]

FSA Farm Loan Programs

The USDA Farm Service Agency serves as a lender of last resort for family farmers unable to obtain credit from a commercial lender. USDA provides direct farm loans (loans made directly from USDA to farmers), and it also guarantees the timely repayment of principal and interest on qualified loans to farmers from commercial lenders. FSA loans are used to finance farm real estate, operating expenses, and recovery from natural disasters. Some 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 from

---

[23] USDA Farm Service Agency, *Farm Service Agency Modernization and IT Stabilization Plan: Response to Congressional Directives*, August 2008. FSA expects to fund an additional estimated $20 million in annual operations costs for MIDAS from its annual salaries and expenses appropriation.

[24] Government Accountability Office, *Agriculture Needs to Strengthen Management Practices for Stabilizing and Modernizing Its Farm Program Delivery Systems*, GAO-08-657, May 2008, at http://www.gao.gov/new.items/d08657.pdf.

[25] USDA, FY2010 USDA Budget Explanatory Notes for Committee on Appropriations, p. 18-15, at http://www.obpa.usda.gov/18fsa2010notes.pdf.

farmer non-repayment of the loans. The amount of loans that can be made—the loan authority—is several times larger than the subsidy level.

The House-passed and Senate-passed bills concur with the Administration's request and are identical for essentially all of the farm loan programs, except for the small Indian tribe land acquisition program. The bills contain $104 million of budget authority to support $4.15 billion of loan authority (**Table 8**). This is $722 million more of loan authority (+21%) than the regular loan authority for FY2009, but with $43 million less in budget authority (-29%).

The FY2010 bill incorporates for the first time the 2008 farm bill authorizations for the new conservation loan program and Indian highly fractured land loans. These programs account for nearly a quarter of the increase in loan authority over FY2009 ($160 million of the $722 million).

The rest of the increase over FY2009 is split among the traditional direct and guaranteed farm operating and farm ownership loan programs, with the biggest percentage increase going to the direct farm ownership program (up 77% over the regular FY2009 appropriation). Other loan program increases include a 21% increase in guaranteed farm ownership loans, 22% for direct farm operating loans, and 13% for guaranteed unsubsidized farm operating loans. These increases are needed to meet the increased demand for USDA loans and guarantees as a result of the global financial crisis (described below), but are not as large as the supplemental funding enacted for FY2009. The guaranteed interest assistance operating loan program is slated for nearly a 50% reduction, consistent with the internal transfer UDSA made from the program in FY2009, and the lower demand for the program in the current low interest rate environment.

FSA has experienced higher demand for its loans in FY2009, given the financial pressures of the global financial crisis.[26] An unusually high number of direct operating loan applications are from new customers: 45% this year compared with about 20% usually.[27]

Because of this increased demand, Congress made two supplemental appropriations in FY2009 for FSA farm loans and USDA made an internal transfer within the loan program. These supplemental appropriations and transfers more than doubled the loan authority for the direct loan programs and increased the guaranteed unsubsidized operating loan program by nearly 20%. By September 2009, USDA had used 93% of all its FY2009 loan authority, including supplemental appropriations and transfers (**Table 8**).

[26] See CRS Report RS21977, *Agricultural Credit: Institutions and Issues*, by Jim Monke.

[27] Doug Caruso, FSA Administrator, in testimony before the House Agriculture Subcommittee on Conservation, Credit, Energy and Research, June 11, 2009, at http://agriculture.house.gov/testimony/111/h061109sc/Caruso.doc.

Table 8. USDA Farm Loans: Budget and Loan Authority in FY2009

(dollars in millions)

FSA Farm Loan Program	FY2009					FY2010				Change	
	Regular Appropriation (P.L. 111-8)		Supplemental Appropriations (P.L. 111-5, P.L. 111-32) and USDA internal transfer[a]		Loan authority used through 9/1/09	House-passed		Senate-passed		FY2010 (Senate) over Regular FY2009	
	Budget Authority	Loan Authority	Budget Authority	Loan Authority		Budget Authority	Loan Authority	Budget Authority	Loan Authority	Budget Authority	Loan Authority
Farm ownership loans											
Direct	13	222	23	360	99%	16	393	16	393	3	171
Guaranteed	4	1,239			91%	6	1,500	6	1,500	1	261
Farm operating loans											
Direct	68	575	81[a]	683[a]	89%	33	700	33	700	-35	125
Guaranteed (unsubsidized)	25	1,017	5[a]	193[a]	100%	27	1,150	27	1,150	2	133
Guaranteed (interest assistance)	37	270	-17[a]	-120[a]	100%	20	144	20	144	-17	-126
Indian tribe land acquisition	0.2	4			0%	0	4	0	2	-0.2	-2
Indian highly fractured land loans						0.8	10	0.8	10	0.8	10
Boll weevil eradication loans	0	100			86%	0	100	0	100	0	0
Conservation loans											
Direct						1.1	75	1.1	75	1.1	75
Guaranteed						0.3	75	0.3	75	0.3	75
Total	**147**	**3,428**	**92**	**1,117**[a]	**93%**	**104**	**4,151**	**104**	**4,149**	**-43**	**722**

Source: CRS compilation from P.L. 111-5; P.L. 111-8; P.L. 111-32; H.R. 2997; H.Rept. 111-181; S. 1406; S.Rept. 111-39; USDA Farm Service Agency, "Funding," at http://www.fsa.usda.gov/FSA/webapp?area=home&subject=fmlp&topic=fun; and Associated Press, "Shift in Loan Funds could help Colorado farmers," May 9, 2009.

Notes: *Budget authority* reflects the cost of making loans, such as interest subsidies and default. *Loan authority* reflects the amount of loans that FSA may make or guarantee.

a. Incorporates CRS calculations for a portion of the USDA internal transfer, based on the common ratio of loan authority-to-budget authority for each loan type in P.L. 111-8 and P.L. 111-5. For a listing of the separate amounts in the supplementals and the USDA internal transfer, see CRS Report R40000, *Agriculture and Related Agencies: FY2009 Appropriations*, coordinated by Jim Monke.

Commodity Credit Corporation

The Commodity Credit Corporation (CCC) is the funding mechanism for the mandatory subsidy payments that farmers receive. (Discretionary appropriations for Farm Service Agency salaries and expenses pay for administration of the programs.) Most spending for USDA's mandatory agriculture and conservation programs was authorized by the 2008 farm bill (P.L. 110-246).[28]

The CCC is a wholly owned government corporation that has the legal authority to borrow up to $30 billion at any one time from the U.S. Treasury (15 U.S.C. 714 *et seq.*). These borrowed funds finance spending for programs such as farm commodity subsidies and various conservation, trade, and rural development programs. Emergency supplemental spending also has been paid from the CCC over the years, particularly for ad hoc farm disaster payments, for direct market loss payments to growers of various commodities in response to low farm commodity prices, and for animal and plant disease eradication efforts.

Although the CCC can borrow from the Treasury, it eventually must repay the funds it borrows. It may earn a small amount of money from activities such as buying and selling commodities and receiving interest payments on loans. But because the CCC never earns more than it spends, its borrowing authority must be replenished periodically through a congressional appropriation so that its $30 billion debt limit is not depleted. Congress generally provides this infusion through the annual Agriculture appropriation law. In recent years, the CCC has received a "current indefinite appropriation," which provides "such sums as are necessary" during the fiscal year.

Mandatory outlays for the commodity programs rise and fall automatically based on economic or weather conditions. Funding needs are difficult to estimate, which is a primary reason that the programs are mandatory rather than discretionary. More or less of the Treasury line of credit may be used year to year. Similarly, the congressional appropriation may not always restore the line of credit to the previous year's level, or may repay more than was spent. For these reasons, the appropriation to the CCC may not reflect the outlays of the CCC for the agricultural programs. Outlays (e.g., payments to farmers) in FY2010 will be funded initially through the borrowing authority of the CCC and reimbursed to the Treasury through a separate (and possibly future) appropriation.

USDA projects that CCC net expenditures will be $10.8 billion in FY2010, less than the $12.1 billion in FY2009 but more than the $8.2 billion in FY2008.[29]

To replenish CCC's borrowing authority with the Treasury, the FY2010 House and Senate bills concur with the Administration request for an indefinite appropriation ("such sums as necessary") for CCC. The appropriation is estimated to be $13.9 billion, up from an average of $12.3 billion in FY2008-09 but down from $23 billion in FY2007. With these amounts of outlays and appropriations, the CCC would have about $24 billion of its $30 billion line of credit available at the end of the FY2010, consistent with prior years.[30]

---

[28] For more information on the provisions of the farm bill, see CRS Report RL34696, *The 2008 Farm Bill: Major Provisions and Legislative Action*, coordinated by Renée Johnson.

[29] USDA-FSA, *Commodity Estimates Book: FY2010 President's Budget*, "Output 7: CCC Financing Status," May 7, 2009, at http://www.fsa.usda.gov/FSA/webapp?area=about&subject=landing&topic=bap-bu-ce.

[30] Ibid.

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. Policies are sold and completely serviced through approved private insurance companies that have their program losses reinsured by USDA and are reimbursed by the government for their administrative and operating expenses.

The annual Agriculture appropriations bill traditionally makes two separate appropriations for the federal crop insurance program. First, it provides discretionary funding for the salaries and expenses of the RMA. Second, it provides "such sums as are necessary" for the Federal Crop Insurance Fund, which finances all other expenses of the program, including premium subsidies, indemnity payments, and reimbursements to the private insurance companies.

For the salaries and expenses of the RMA, the House-passed bill (H.R. 2997) contains $80.3 million, the same as the Administration's request and 4% more than FY2009. The report language in the House-passed bill directs part of the funding increase for additional staff to enhance compliance and oversight work. The Senate-passed bill is $79.4 million, $0.9 million less than the House-passed bill. Both bills allow RMA to tap mandatory money made available under the Federal Crop Insurance Act for improving the agency's information management system.

Appropriators in both chambers have concurred with the Administration estimate of the need for an FY2010 appropriation of $7.5 billion for the Federal Crop Insurance Fund, although the amount actually required to cover program losses and other subsidies is subject to change based on actual crop losses and farmer participation rates in the program. The Administration's estimate for the fund is higher in FY2010 than in FY2009 as crop prices—and associated crop values and prospective losses—remain relatively high. Also, expenditures in FY2009 have been limited by relatively low loss ratios (indemnities paid divided by premiums collected) for 2008 crops. More than half of the crop insurance policies sold in recent years have been revenue products, which provide protection against both a loss of yield and a decline in commodity prices.

For more information on crop insurance, see CRS Report R40532, *Federal Crop Insurance: Background and Issues*, by Dennis A. Shields.

Conservation

The House- and Senate-passed bills provide increased funding for discretionary Natural Resource Conservation Service (NRCS) programs, rejecting many of the Administration's proposed reductions. Both bills make few changes to mandatory programs.

Discretionary Programs

The House-passed bill provides $986.1 total for FY2010 discretionary conservation programs and the Senate-passed bill provides $1.015 billion total. The House bill provides $16.9 million (+2%) more than was provided in FY2009 and $77.8 million more than was requested by the Administration. The Senate bill provides $45.8 million (+5%) more than was provided in FY2009, and $106.7 million more than was requested by the Administration. All the discretionary conservation programs are administered by NRCS.

Most of the increase was in appropriations for Conservation Operations (CO), the largest discretionary program. The Senate bill provides $949.6 million for FY2010, which was $96.2 million and above the FY2009 enacted level and $82.4 million more than requested by the Administration. The House-passed bill provides $874.4 million for FY2010 for CO, which was $21 million and above the FY2009 enacted level and $7.2 million more than requested by the Administration.

Unlike previous appropriations, the Senate bill includes funding for the Resource Conservation and Development (RC&D) program ($50.7 million) within CO. According to S.Rept. 111-39, NRCS may use up to $50.7 million of CO to fund "meritorious RC&D councils with a proven track record in promoting conservation, development and utilization of natural resources." The Administration proposed eliminating the RC&D program in FY2010, suggesting that, if passed, the Senate language would allow NRCS to fund the RC&D program at a lesser amount and use remaining funds throughout CO.

Additionally, S.Rept. 111-39 also requires that $21.7 million (2.2% of total CO funding) be available for congressionally designated projects. H.Rept. 111-181 requires that $21.2 million (2.4% of total CO funding) be available for congressionally designated projects (**Table 6**), and includes language directing NRCS to not reduce state funding allocations by the level of earmarks it receives and requires a report to the Committee on Appropriations about any changes to the formula or process by which these state allocations are made. Both bills specified that no more than $250,000 be available for alterations and improvements to buildings and other public improvements.

The House and Senate bills also maintain similar funding levels for other discretionary programs at levels enacted for FY2009, thus restoring funding for programs the Administration proposed to terminate, including the Watershed and Flood Prevention Operations (the House bill includes $20 million and Senate bill includes $24.4 million for FY2009) and the Resource Conservation and Development (RC&D) program ($50.7 million for FY2009). The House and Senate bills also specify that no more than $12 million and $15 million, respectively, of funds for Watershed and Flood Prevention Operations be used for technical assistance. Of the $24.3 million for the Watershed and Flood Prevention Operations, $8.7 million (44%) in the House bill and $16.8 million (69%) in the Senate bill are directed to congressionally designated projects (**Table 6**). No more than $3.1 million of funds for RC&D could be available for national headquarters activities under the House bill. The Administration proposed to reduce funding for the Watershed Rehabilitation Program to $40.2 million and both the House and Senate bills concur.

Mandatory Programs

Mandatory conservation programs are administered by NRCS and the Farm Service Agency (FSA). Funding comes from the Commodity Credit Corporation (CCC). The House and Senate bills reject most of the Administration's proposed reductions to mandatory conservation programs, which totaled $547 million. Overall, FY2010 funding for NRCS's mandatory spending programs in the House and Senate bills was reduced by $435 million (**Table 5**) from the FY2010 level authorized by the 2008 farm bill.

Specifically, funding levels for the Environmental Quality Incentives Program (EQIP) are limited to $1.18 billion for FY2010—a reduction of $270 million from the authorized level of $1.45 billion in the 2008 farm bill. Funding for the largest conservation program, FSA's Conservation Reserve Program (CRP), did not change and was estimated at about $1.9 billion for FY2010.

The Watershed Rehabilitation Program is authorized to receive mandatory funding in addition to the $40.2 million in discretionary funding for FY2010 as described above. The 2008 farm bill authorized $100 million of mandatory funding for FY2009 (available until expended). The enacted omnibus specified that no mandatory funds be used the Watershed Rehabilitation Program, which includes the authorized $100 million in FY2009 and $65 million in carryover from an FY2007 funding restriction. The FY2010 bills continue this restriction (**Table 5**).

Rural Development

Three agencies are responsible for USDA's rural development mission area:

- Rural Housing Service (RHS),
- Rural Business-Cooperative Service (RBS), and
- Rural Utilities Service (RUS).

An Office of Community Development provides community development support through field offices. This mission area also administers the rural portion of the Empowerment Zones and Enterprise Communities Initiative, Rural Economic Area Partnerships, and the National Rural Development Partnership.

Federal assistance for USDA Rural Development programs comes predominantly from loans and grants. Part of the rural development appropriation covers the federal cost of making loans, referred to as a loan subsidy. The amount of loan subsidies and grant support is expressed in the level of appropriated budget authority. Loan subsidy is directly related to any interest rate reduction provided by the government, as well as a projection of anticipated loan losses from non-repayment of the loans. The amount of loans that can be made, the loan authority, is several times larger than the subsidy.

For FY2010, the House-passed bill recommends $2.84 billion (4% more than FY2009) and the Senate-passed bill recommends $3.05 billion (7% more than FY2009) in discretionary budget authority to support USDA rural development loan and grant programs. Budget authority in the House and Senate bills would support approximately $18 billion and $25 billion respectively in loan authorization levels. The relatively large difference between the two levels of loan authorization is accounted for by the Senate bill's recommendation for $5.9 billion more in single family guaranteed loan authorization than the House bill. The Administration had requested $3.02 billion in budget authority, and $18.4 billion in loan authority For FY2009, the omnibus appropriations bill provided $2.73 billion in budget authority to support $17 billion in loan authorization.

Rural Housing Service

The House-passed bill recommends a $1.8 billion appropriation for Rural Housing Service (RHS) loans and grants, about 2.7% more (+$49.3 million) than enacted for FY2009, while the Senate-passed bill recommends $1.88 billion. This House recommendation would support a loan authorization level of $8.1 billion, the same as FY2009. The Senate measure would support $14 billion in housing loan authority, nearly $6 billion more than FY2009. This loan authorization difference is accounted for by the Senate-passed bill's recommendation of $12 billion for the Section 502 single family housing loan guarantee program.

Single-family housing loans (Section 502[31] direct and guaranteed loans) constitute the largest RHS loan account and represent 94% of the total housing loan authority in the Senate-passed bill and approximately 90% in the House-passed bill. Guaranteed loans under the Section 502 program account for about 85% of this total in both House and Senate measures ($6.2 billion and $12 billion respectively). The Section 502 direct loans comprise the other 15% of the total ($1.1 billion in the House-passed bill and $1.2 billion in the Senate-passed bill). The Section 502 program also received $200 million in supplemental funding under the American Recovery and Reinvestment Act of 2009 (ARRA) to support an additional $11.5 billion in direct and guaranteed loans. These funds will be obligated in FY2009 and FY2010.

Both the House- and Senate-passed bills recommend $968.6 million in budget authority for the rental assistance program (Section 521), an increase of $77.5 million over FY2009 (+8%). This is approximately $111 million less than requested by the Administration.

The House-passed bill recommends $45 million for mutual and self-help housing grants, approximately $6 million more than the Senate-passed bill ($38.7 million). The Senate bill's recommendation is the same as requested in the budget and the same as enacted for FY2009. For the rural housing assistance grants, the House-passed bill recommends $45 million and the Senate-passed bill recommends $41.5 million, the same as requested by the Administration and the same as enacted in FY2009.[32] For the farm labor account (Section 514/516), the House-passed bill would provide $22.5 million for loan subsidies and grants, about $4 million more than enacted for FY2008. The Senate-passed bill recommends $17 million for the program, the same as requested. For the multi-family housing revitalization program, the House-passed bill recommends $25 million, $5 million more than for FY2009. The Senate-passed bill recommends $20 million, the same as requested and the same as enacted for FY2009.

RHS also administers the Rural Community Facilities account. The House-passed bill recommends $51.1 million for the Community Facilities program to be allocated among direct loan subsidies ($3.9 million), guaranteed loan subsidies ($6.6 million), and grants ($20.4 million). The Senate-passed bill would provide $55 million and the same allocation. This is the same as the budget request. The recommended appropriation also includes grant funding for the Rural Community Development Initiative ($6.3 million in both House and Senate bills), Economic Impact Initiative grants ($10 million in the House-passed bill, $13.9 million in the Senate-passed bill), and tribal college grants ($4 million in both House and Senate bills). Total funding for the Rural Community Facilities program is approximately $138 million less than for FY2009 in the Senate-passed bill and $141 less in the House-passed bill.[33] The Community Facilities program, however, also received $130 million in supplemental budget authority for loans and grants under ARRA. These funds will be obligated in FY2009 and FY2010.

A general provision in the Senate-passed bill would permit USDA to fund projects in Massachusetts, Connecticut, and Rhode Island communities that had filed applications for

[31] Section references in this heading are to Title V of the Housing Act of 1949.

[32] Rural Housing Assistance supports very low-income housing repair grants and housing preservation grants. The program also supports supervisory and technical assistance grants and compensation for construction defects. No funding for FY2009 was recommended for these latter two programs.

[33] Prior to FY2008, 12 accounts in the Rural Community Advancement Program (RCAP) were combined into a single account with three funding streams: a Rural Community Facilities Account administered by RHS; a Rural Business Program Account administered by RBS, and a Rural Water and Waste Disposal Account administered by RUS. Beginning in FY2008, the former RCAP accounts are reported separately under the RHS, RBS, and RUS accounts.

community facility loans and grants prior to August 1, 2009, if their applications had been judged to be eligible by the USDA Rural Development field office.

Rural Business-Cooperative Service

For the Rural Business-Cooperative Service, the House bill recommends an appropriation of $163.2 million in budget authority ($31 million more than FY2009, +19%), which will support $1.13 billion in loan authority, $47.5 million more than FY2009. These amounts were less than the Administration's request, which was for $256.6 million in budget authority and $1.4 billion in loan authority. The Senate measure was the same as the Administration's request.

Both the House and Senate bills recommend $97.1 million for the Rural Business Program account (see footnote 33), nearly $10 million more than for FY2009 and the same as requested by the Administration. The recommended budget authority of both bills would provide $38.7 million for Rural Business Enterprise grants, $2.5 million for Rural Business Opportunity grants, $53 million in loan subsidies for Business and Industry (B&I) loan guarantees ($993.0 million in loan authorization), and $3.0 million for the Delta Regional Authority. These funding levels and loan authorization levels were the same as enacted for FY2009. In addition to the appropriations recommended in the House and Senate-passed bills, the Rural Business Enterprise program and the B&I loan guarantee program will receive $150 million in supplemental budget authority from ARRA.

Both the House and Senate-passed bills recommend no funding for the rural Empowerment Zone/Enterprise Communities (EZ/EC) grants programs ($8.1 million for FY2009), the same as the request. A general provision in the Senate-passed bill, however, would provide $499,000 for any rural development program in communities suffering from extreme outmigration and situated in areas designated as part of an Empowerment Zone under the Community Renewal Tax Relief Act of 2000 (Appendix G of P.L. 106-554).

The Rural Energy for America Program (REAP) encourages the use of renewable energy by farmers, ranchers, and rural small businesses through energy audits, direct loans, loan guarantees, and grants. The House-passed bill recommends $22 million (with half in grants and the rest in loan subsidies) for the Renewable Energy Program (Rural Energy for America). This recommended level is $17 million more than FY2009 and $46 million less than the budget request. The Senate-passed bill would provide an appropriation of $68.1 million ($34.5 grants, $33.6 loan subsidies), the same as the request. The farm bill also authorized $60 million in mandatory spending for the program in FY2010. The subsidies recommended in the House-passed bill would support $73.3 million in loan authority and the Senate-passed bill would provide $246.3 million in loan authority. The FY2009 loan authorization level was $28.4 million.

Appropriations are also recommended for the Biorefinery Assistance Program, which supports the development of new and emerging technologies for the development of advanced (non-corn) biofuels through grants and loans for biorefinery conversion and construction. The Senate-passed bill recommends $17.3 million in loan subsidies to support $48.9 million in loan authorization for the program, the same as requested by the Administration. There was no appropriation for the program in FY2009. The House-passed bill recommends no funding for the program.

The Microenterprise Investment Program was authorized in the 2008 farm bill. The Senate-passed bill would provide $22 million for the program, $11 million each for grants and loan subsidies. The loan subsidies would support a loan authorization level of $51.5 million. This is the same as requested by the Administration. The House-passed bill recommended no funding for the program.

The House bill also provides $30.6 million in Rural Cooperative Development Grants (+$18 million compared to FY2009) to support the Cooperative Development program ($5.4 million), Appropriate Technology Transfer for Rural Areas ($2.6 million), Value-Added Product Grants ($18.8 million), and Grants to Assist Minority Producers ($3.5 million). By comparison, the Senate bill recommends $38.8 million for the Rural Cooperative Development Grant program (Cooperative Development program ($10.4 million), Appropriate Technology Transfer for Rural Areas ($2.8 million), Value-Added Product Grants ($21.8 million), and Grants to Assist Minority Producers ($3.5 million). The House bill recommendation for Value-Added Product Grants is $15 million more than enacted for FY2009 and the Senate bill is $18 million more than for FY2009. The 2008 farm bill also included $15 million in mandatory spending for the program, to be available until expended. Both the House and the Senate-passed bills recommend $8.5 million in budget authority to support $33.5 million of loans for the Rural Development Loan Fund, the same loan authority as for FY2009, but $5.5 million less in loan subsidies.

A general provision in the Senate-passed bill directs the Government Accountability Office to prepare a report on developing the tourism potential of rural communities. The report would identify federal program that provide assistance to rural small businesses in developing marketing and promotion plans related to rural tourism.

Rural Utilities Service

The Rural Utilities Service (RUS) provides loan and grant assistance for rural electricity, telecommunications, and rural water/waste water under projects. For FY2010, the House-passed bill recommends $677.9 million in budget authority and $8.88 billion in loan authority. This is $1.02 billion more (+13%) in loan authorization than FY2009, and $24.5 (+4%) million more in budget authority. The Senate-passed bill recommends $631.7 million more in loan authority ($9.42 billion) and $20.4 million more in budget authority ($698.3 million) than the House-passed bill. . The House-passed bill recommends $10 million more in budget authority than the request, and the Senate-passed bill recommends $31 million more than the request.

Loan subsidies and grants under the Rural Water and Waste Disposal Program account (see footnote 33) represent the largest share of budget authority under RUS programs, about 82% of the total RUS appropriation. For the various water and waste disposal programs, the House-passed bill recommends $556.3 million in budget authority, the same as FY2009 and $10 million more than requested.[34] This budget authority would support $1.1 billion in direct and guaranteed loans, $1 billion more than FY2009 and the same as requested. The Senate-passed bill would provide $568.7 million in budget authority and $1.1 billion in loan authority, the same as the House-passed bill.[35] ARRA also includes a supplemental appropriation of $1.38 billion for water and waste water projects. This supplemental budget authority under ARRA will support a program level of $3.8 billion.

[34] The water and waste water account also include an appropriation ($17.5 million) for the High Energy Cost grant program.

[35] The 2008 farm bill (P.L. 110-246) also provided $120 million in budget authority for a one time funding of back-log water and waste water project applications.

A general provision in the Senate-passed bill would permit USDA to fund projects in Massachusetts, Connecticut, and Rhode Island communities that had filed applications for water and waste water loans and grants prior to August 1, 2009 if their applications had been judged to be eligible by the USDA Rural Development field office.

Funding in both the House and Senate bills would support water projects in areas where delivery of basic services is especially needed. The House-passed bill recommends $41.1 million for water and waste disposal systems in colonias and for Native American tribes. The bill also recommends $12.7 million for water projects in Empowerment Zones and Enterprise Communities and communities in Rural Economic Area Partnership Zones. The Senate-passed bill recommends $70 million for Native Americans, Native Alaskans, colonias, and Hawaiian Homelands. The Senate measure also requires USDA to provide a report on where water and waste water assistance has been provided and where additional resources are most needed. The FY2009 enacted bill also directed USDA to provide a report by November 2009 describing the quantitative measure used by USDA to determine the socioeconomic and geographic characteristics of the rural communities served by the water and waste water program and where additional resources were most needed.

The Senate-passed bill also recommends $17.5 million for the High Energy Cost Grant program, the same as for FY2009. The House-passed bill had recommended no funding for the program. The Administration had proposed eliminating the program because it was judged to duplicate funding under the electrification loan program. The program provides grants for a variety of energy projects where average home energy costs exceed 275% of the national average.

The House-passed bill recommends a loan authority level of $6.6 billion for rural electric loans. All but $100 million of the loan authority is for Federal Financing Bank direct loans. This loan level is the same as enacted for FY2009 and the same as the request. The Senate-passed bill would provide the same level of funding, but also includes $500 million in loan authority for guaranteed underwriting for a total loan authorization level of $7.1 billion

The House-passed bill includes $29 million in budget authority to support $400 million in broadband telecommunication loans. This is nearly double the budget authority for FY2009, but approximately the same loan authorization level. The Senate-passed would support $531.7 million in broadband loan authority on budget authority of $38.5 million. The House-passed bill also recommends $18 million in broadband grants. The Senate-passed bill would provide $13.4 million for grants, the same as FY2009 and the same as the request. Supplemental budget authority under ARRA will provide $2.5 billion for broadband infrastructure development, supporting $4.8 billion in new broadband infrastructure to rural areas.

For the Distance Learning/Telemedicine program, the House-passed bill recommends approximately $34.7 million in grant support, the same as for FY2009 and $5 million less than the request. The Senate-passed bill recommends $37.7 million for the grants program.

For more information on USDA rural development programs, see CRS Report RL31837, *An Overview of USDA Rural Development Programs*, by Tadlock Cowan.

Domestic Food Assistance

Funding for domestic food assistance represents over two-thirds of USDA's budget. These programs are, for the most part, mandatory entitlements; that is, funding depends directly on program participation and indexing of benefits and other payments. The biggest mandatory programs include the newly renamed Supplemental Nutrition Assistance Program (the SNAP, formerly the Food Stamp program), child nutrition programs, and The Emergency Food Assistance Program (TEFAP). The three main discretionary budget items are the Special Supplemental Nutrition Program for Women, Infants, and Children (the WIC program), the Commodity Supplemental Food Program (the CSFP), and federal nutrition program administration.

With marginal differences, the House and Senate bills provide an FY2010 total of $86.1 billion for domestic food assistance administered by the USDA.[36] This figure is some $200 million less than requested by the Administration and $9.9 billion above the FY2009 amount. Virtually all of the difference between the House/Senate appropriations total and the Administration's request is a smaller appropriation for the WIC program.

Programs under the Food and Nutrition Act (Formerly the Food Stamp Act)

Appropriations under the Food and Nutrition Act support (1) the regular Supplemental Nutrition Assistance Program (the SNAP), (2) a Nutrition Assistance Block Grant for Puerto Rico and small nutrition assistance grants to American Samoa and the Commonwealth of the Northern Mariana Islands (all in lieu of the SNAP), (3) the cost of food commodities and administrative/distribution expenses under the Food Distribution Program on Indian Reservations (the FDPIR), (4) the cost of commodities for TEFAP (but generally not administrative/distribution expenses, which are covered under the Commodity Assistance Program budget account), and (5) Community Food Projects and grants to improve access to the SNAP.

The House and Senate appropriations bills both agree with the Administration's requested funding for programs under the Food and Nutrition Act. They appropriate a total of $61.35 billion for FY2010 (including a $3 billion contingency reserve for the regular SNAP). They provide:

- $59.1 billion for the regular SNAP, including a $3 billion contingency reserve,
- $1.9 billion for Puerto Rico's grant, plus some $20 million for American Samoa and the Commonwealth of the Northern Mariana Islands,
- $113 million for the FDPIR,
- $253 million for TEFAP commodities (with permission to use up to 10% of this amount for distribution costs), and
- $5 million each for Community Food Projects and SNAP program access grants.

FY2010 funding requested by the Administration and provided in the House and Senate represents a $7.4 billion increase over the total amount available for FY2009. All of the components of this budget account (except funding for Community Food Projects and SNAP

[36] Not included in this appropriations figure is new funding provided through provisions, like increased SNAP benefits, in the 2009 American Recovery and Reinvestment Act (the ARRA; P.L. 111-5), commodity support provided under "Section 32" authority, and permanent appropriations and mandatory funding directed by underlying authorizing laws. The availability of this support is separate from, but recognized in, the regular appropriations decision process. See later section headed, "Special Program Initiatives, Policy Changes, and Other Funding Support." Also see the Section 32 discussion under the Agricultural Marketing Service (AMS) heading earlier in this report.

program access grants) received substantial boosts that recognized projected increases in participation and inflation indexing.

In addition to the regular FY2010 appropriation, the American Recovery and Reinvestment Act (the ARRA; P.L. 111-5) provided for substantial new FY2010 funding for the SNAP and the nutrition assistance grants for Puerto Rico and American Samoa. ARRA-added SNAP benefits and spending on SNAP administrative costs are estimated to total some $5.8 billion; Puerto Rico's grant are mandated to rise by about $130 million over what is provided for through the underlying law; and American Samoa will receive an extra $500,000.

Child Nutrition Programs

Appropriations under the child nutrition budget account fund a number of programs and activities covered by the Richard B. Russell National School Lunch Act and the Child Nutrition Act. These include the School Lunch and Breakfast programs, the Child and Adult Care Food Program (CACFP), the Summer Food Service program, the Special Milk program, assistance for child-nutrition-related state administrative expenses (SAE), procurement of commodities for child nutrition programs (in addition to those funded from separate budget accounts within USDA), state-federal reviews of the integrity of school meal operations ("Coordinated Reviews"), "Team Nutrition" and food safety education initiatives to improve meal quality and safety in child nutrition programs, and support activities such as technical assistance to providers and studies/evaluations. In addition to funding directly from the child nutrition appropriation, child nutrition efforts are supported by mandatory permanent appropriations and other funding sources; these are covered later in the section headed Special Program Initiatives, Policy Changes, and Other Funding Support.

For FY2010, the House and Senate differ only slightly from each other and the Administration's request. All three would provide a child nutrition total of $16.8 billion, a $1.8 billion increase over FY2009. The House and Senate bills are marginally higher than the Administration's proposed appropriation because (1) they both add $2.3 million for technical assistance to state and local administrators to promote payment accuracy and (2) the Senate bill includes $2 million for "community garden pilot projects."

While the child nutrition appropriation itself is not broken down program by program and funding can be shifted among program areas if needed, *estimates* for FY2010 funding of the more significant components of the child nutrition account are:

- $9.821 billion for the School Lunch program,
- $2.867 billion for the School Breakfast program,
- $2.687 billion for the CACFP,
- $793 million for procurement of commodities for child nutrition programs,
- $378 million for the Summer Food Service program, and
- $193 million for SAE.

The WIC Program

The House bill appropriates $7.541 billion for the WIC program in FY2010, $681 million more than the $6.860 billion made available in the FY2009 appropriation.[37] The Senate bill provides an appropriation totaling $7.552 billion These amounts are approximately $230 million below the Administration's request of $7.777 billion for FY2010. But the Administration's amount included $225 million to add to the contingency reserve, while neither the House nor the Senate provides for new contingency funding because, as noted in the committee reports accompanying their bills, an estimated $487 million is already available as a reserve for FY2010. Moreover, the Administration included some $162 million for generally unspecified "program improvements" and changes that may be made in upcoming WIC reauthorization legislation and this set-aside was not adopted by the House and Senate. The Senate bill provides an appropriation totaling $7.552 billion. In all three cases (House, Senate, and the Administration), supporters estimate that they are making available enough money to "fully fund" the program for all those eligible who will claim benefits—approximately 10 million women, infants, and children a month—although using somewhat different estimates of "need."

While generally accepting the Administration's allocation of WIC appropriations among the various activities that are covered, the House and Senate bills do not explicitly adopt the Administration's proposal for a $162 million set-aside for program improvements and changes related to upcoming reauthorization legislation. Instead, they include a number of spending directives within the overall appropriation. The House provides $125 million for potential WIC reauthorization initiatives, an increase in the value of the newly established WIC fruit and vegetable vouchers, an expansion of funding for management information and electronic benefit transfer systems, and more support for breastfeeding peer counseling efforts. The Senate makes $15 million available for WIC program performance evaluations and makes clear that $154 million is provided for program infrastructure development, management information systems, and breastfeeding support activities (in the process greatly increasing funding for management information systems and breastfeeding support over the Administration's request and FY2009). As with the House, it also makes funding available to increase the value of fruit and vegetable vouchers.

Commodity Assistance Program

Funding under the Commodity Assistance Program budget account supports several discretionary programs and activities: (1) the Commodity Supplemental Food Program (CSFP), (2) funding for TEFAP administrative and distribution costs, (3) the WIC Farmers Market Nutrition program, and (4) special Pacific Island assistance for certain nuclear-test-affected zones in the Pacific (the Marshall Islands) and in the case of natural disasters.

The House bill provides a total FY2010 appropriation of $256 million for the commodity assistance account. This is $25 million above the FY2009 amount and $22 million above the Senate's appropriation amount, which matches the Administration's request for $233 million.

[37] The FY2009 appropriation for the WIC program was supplemented with $500 million provided by the ARRA—$100 million of which went toward support for improved management information systems and $400 million of which was placed in the program's contingency reserve.

Of the total in the House bill, $180 million is allocated to support the CSFP—$20 million above the FY2009 figure and $17 million higher than the amount advanced by the Administration and the Senate. While the level proposed by the Senate and Administration is aimed at maintaining the existing CSFP caseload, the higher House appropriation envisions $12 million for expanding the caseload and $5 million to begin funding CSFP projects in newly participating states.

The House bill also differs from the Senate and the Administration in funding for TEFAP costs other than the value of federally provided commodities. As with the Administration and the Senate bill (and FY2009), it provides some $50 million for TEFAP administrative/distribution costs in FY2010. However, it adds a $5 million appropriation to fund infrastructure grants for TEFAP providers, while the Senate, in a separate provision of its bill, adds $7 million.

Following the Administration's request, both the House and Senate provide $20 million (as in FY2009) for the FY2010 WIC Farmers' Market Nutrition Program.

As with FY2009, the House, Senate, and Administration agree on making a total of $1 million available for Pacific Island assistance in FY2010.

Nutrition Programs Administration (and the Congressional Hunger Center)

This budget account covers spending for federal administration of all the USDA domestic food assistance program areas noted above, special projects for improving the integrity and quality of these programs, and the Center for Nutrition Policy and Promotion (CNPP).

For FY2010, the House and Senate provide $148 million, up from $143 million in FY2009 but $2 million less than the Administration called for. The Administration proposed some $5 million for new program integrity initiatives, but the House and Senate bills effectively allow for only about $3 million.

Discretionary grants to support the Congressional Hunger Center (and its Bill Emerson and Mickey Leland hunger fellowships) also have typically been administered out of this budget account. Because it views it as a congressional entity, the Administration has traditionally not requested funding for the center. However, as in the past, the House and Senate bills provide funding for FY2010—$2.5 million in the House (the same as FY2009) and $3 million in the Senate.

Special Program Initiatives, Policy Changes, and Other Funding Support

In addition to regular FY2010 appropriations, the House and Senate bills contain changes to program rules established in underlying legislative and regulatory authorities for domestic food assistance programs and provide money for newly authorized or unfunded existing initiatives. Substantial support also is available from sources outside the regular domestic food assistance portion of the annual appropriation.

Child Nutrition Programs

Section 729 of the House bill adds Connecticut and the District of Columbia to the ten states in which federal subsidies are offered for suppers served in after-school programs. Section 729 of the Senate bill adds one state, Wisconsin. The ten existing states are Delaware, Illinois, Maryland, Michigan, Missouri, New York, Oregon, Pennsylvania, Vermont, and West Virginia.

Section 732(a) of the Senate bill requires that military combat pay be disregarded in judging eligibility for free and reduced-price meals in child nutrition programs.

The WIC Program

Section 732(b) in the Senate requires that military combat pay be disregarded in determining eligibility for WIC benefits.

Both the House bill (Section 732) and the Senate bill (Section 743) would allow state WIC agencies to be authorized to exceed regulatory maximums on the amount of reconstituted liquid concentrate infant formula given to WIC participants.

Hunger-Free Community Grants

Section 4405 of the 2008 farm bill authorized Hunger-Free Community grants (1) to food program service providers and nonprofits for collaborative efforts to assess community hunger problems and to achieve "hunger-free" communities and (2) to emergency feeding organizations for infrastructure development. Funding is divided equally between these two initiatives and the federal match is limited to 80%. As recommended by the Administration, the House and Senate bills (as part of their appropriation for the Child Nutrition budget account) provide $5 million to fund this initiative in FY2010. The Senate bill also suspends the requirement that the grants be divided equally as set forth in the underlying law.

School Community Garden Pilot Program

Section 18(g) of the Richard B. Russell National School Lunch Act authorizes, but does not fund, pilot projects for school gardens (and other means of accessing local foods). The Senate bill (as part of its FY2010 appropriation for the Child Nutrition budget account) provides $2 million for school community garden pilots.

TEFAP Infrastructure Grants

Section 4202 of the 2008 farm bill authorized, but did not fund, grants to TEFAP emergency feeding organizations to improve the infrastructure for handling and delivering commodities. The House bill appropriates $5 million for this effort in FY2010 (as part of its Commodity Assistance Program appropriation). Section 737 of the Senate bill provides $7 million.

Other Funding Support

As in earlier years, domestic food assistance programs will receive substantial FY2010 support from sources other than noted above (direct appropriations and ARRA contributions).

- Food commodities are provided to child nutrition programs in addition to those purchased with appropriations from the Child Nutrition account. They are financed through the use of permanent appropriations under Section 32. For example, out of a total of about $1.1 billion in commodity support provided in FY2008, about $480 million worth came from outside the Child Nutrition account.

- The Fresh Fruit and Vegetable program offers fresh fruits and vegetables in selected elementary schools nationwide. It is financed with mandatory funding directed by the 2008 farm bill. The underlying law (Section 4304 of the farm bill) provides funds at the beginning of every school year (each July)—$65 million in July 2009, $101 million in July 2010. However, as was done for FY2009, the Senate bill proposes to delay the availability of much of the $101 million scheduled for July 2010 until October 2010. It would make $74 million available *during* FY2010 ($49 million from the delayed July 2009 distribution plus $25 million as the first installment of the July 2010 amount, **Table 5**). As a result, the FY2009 Agriculture Department appropriations measure and the FY2010 Senate bill effectively allocate the total annual spending for the Fresh Fruit and Vegetable program mandated by the farm bill by fiscal year rather than school year, with no reduction in overall support.
- The Food Service Management Institute (providing technical assistance to child nutrition providers) is funded through a permanent annual appropriation of $4 million a year.
- The Seniors Farmers' Market Nutrition program receives mandatory funding of some $21 million a year from outside the regular appropriations process under the terms of its underlying law.

Child nutrition law mandates annual funding for (1) grants to states to support administrative review of child nutrition operations ($4 million) and (2) an information clearinghouse ($250,000).

Agricultural Trade and Food Aid

The 2008 farm bill reauthorizes programs that promote U.S. commercial agricultural exports and that provide international food aid. The Foreign Agriculture Service (FAS) also helps to increase income and food availability globally by providing technical assistance to developing countries.

There are four primary USDA appropriations in the area of agricultural trade and food aid:

- The **Foreign Agricultural Service (FAS),** the primary USDA agency responsible for international activities, works to improve the competitive position of U.S. agriculture and products in the world market, and also administers USDA's export credit guarantee and food aid programs.
- The **Food for Peace Program (P.L. 480),** which is actually administered through the U.S. Agency for International Development (USAID), has a mission to combat hunger and malnutrition, and promote equitable and sustainable development and global food security.
- The **Commodity Credit Corporation (CCC) Export Credit Guarantee Program** provides payment guarantees for the commercial financing of U.S. agricultural exports.
- The **McGovern-Dole International Food for Education and Child Nutrition Program**, which was originally authorized by the 2002 farm bill, provides

donations of U.S. agricultural products and financial and technical assistance for school feeding and maternal and child nutrition projects in developing countries.

The Administration's total request for USDA's international activities in FY2010 is $2.079 billion, which is about $580 million, or 38% more than the enacted levels available in FY2009. The Senate-passed bill is the same as the Administration's request, while the House-passed bill is similar, except that it provides $3.3 million less to the Foreign Agriculture Service for salaries and administrative expenses. P.L. 480 Title II humanitarian food aid is by far the largest component of requested programmatic expenditures at $1.69 billion.

In addition, the President's budget allocates about $500 million in mandatory spending authorized in the 2008 farm bill, including programs for overseas market development, dairy export, international food assistance, and $90 million from the American Recovery and Reinvestment Act (ARRA) of 2009 for trade adjustment assistance for farmers.

Foreign Agriculture Service

The House-passed bill provides an appropriation of $177.1 million for FAS, an amount $11.7 million, or 7%, above the amount appropriated in FY2009 and $3.2 million, or 2% lower than the Senate-passed bill and the Administration's request. The budget increase would allow FAS to maintain and strengthen it's overseas presence so that FAS can continue to represent and advocate on behalf of U.S. agriculture. Funds would also go towards upgrading and rebuilding FAS's information technology infrastructure

Food for Peace Program (P.L. 480)

For 2010, the Administration's budget provides funding of nearly $1.7 billion for Food for Peace Title II food assistance, an increase of about $464 million, or 38%, over the levels enacted in FY2009. The House-passed and Senate-passed budget for the Food for Peace Program concur with the Administration's request. The increase in funding to the program is intended to reduce the need for future emergency supplemental funding (approximately $700 million in FY2009; P.L. 111-32) and reflects the fact that the global need for food assistance has increased substantially in recent years. The budget includes no funding for Title I credit sales and grants.

Unlike in the previous Administration, the Obama budget request did not propose to allow the Administrator of USAID to use up to 25% of Food for Peace Title II funds for local or regional purchases of commodities (i.e., non-U.S. commodities) to address international food crises. To date, Congress has not supported this request. Instead, for FY2010, the President requested that $300 million from the International Disaster Assistance Account within USAID be made available for local and regional procurement of food assistance to address food insecurity in emergency situations. The House bill on State, Foreign Operations Appropriations (H.R. 3081) provides $200 million for this purpose. In addition, the 2008 farm bill authorizes $60 million of CCC funds (e.g. not Title II appropriations), over four years for a pilot project to assess local and regional purchases of food aid for emergency relief. The President requested $25 million for this Local and Regional Commodity Procurement Pilot Program, which was allocated $5 million in FY2009.

McGovern-Dole Food for Education and Child Nutrition

The House-passed and Senate-passed bills both provide $199.5 million for the McGovern-Dole International Food for Education and Child Nutrition Program Grants, as similarly requested by the Administration. The 2010 budget provides for a major expansion in appropriated funding for the McGovern-Dole program, nearly a 100% increase above the level enacted in FY2009. The additional resources would build upon an existing expansion in programming, which was included as a one-time authorization in the 2008 farm bill, of $84 million of CCC funding to the program in FY2009.

The Senate-passed bill includes an appropriation to the Secretary of $4 million to award grants to develop and field test new food products designed to improve the nutritional delivery of humanitarian food assistance provided through the McGovern-Dole and the Food for Peace Title II programs. The bill directs the Secretary to use the authorities provided under the Research, Education, and Economics mission area and to give priority to proposals that demonstrate partnering with and in-kind support from the private sector. The Senate-passed bill also requires that all agencies with jurisdiction over international food assistance programs, specifically the Food for Peace Title II and the McGovern Dole Programs, provide a consensus report that discusses the impact of pre-positioning of food aid, longer-term contracting, and domestic procurement and transport of commodities, on program costs and logistics; the cause and frequency of delays in food aid delivery; and methodologies to improve interagency coordination for more timely and efficient delivery of food assistance. This report is due to the House and Senate Appropriations Committees by March 1, 2010.

Commodity Credit Corporation—Export Credit Guarantee Programs

Both the House-passed bill and the Senate-passed bill provide $6.8 million for administrative expenses of the CCC Export Credit Guarantee Program, which is similar to the amount requested by the Administration, and an increase of $1.5 million above the amount available in FY2009. The President's budget estimated this would support an overall program level of $5.5 billion for CCC export credit guarantees in FY2010, compared with $5 billion in FY2009.

In addition, consistent with provisions in the 2008 farm bill, the President's request for funding levels of other mandatory programs that promote export market development include $160 for the Market Access Program (MAP), $40 million less than the authorized level; $34.5 million for the Foreign Market Development Program; $8 million for the Technical Assistance for Specialty Crops (TASC) Program, up from $7 million in 2009; $10 million for the Emerging Markets Program; and $25 million for the Dairy Export Incentive Program (DEIP). Mandatory funding levels requested by the Administration for international food assistance programs include $146 million for Food for Progress; and $25 million for the Local and Regional Commodity Procurement Pilot Program. In addition, the American Recovery and Reinvestment Act of 2009 reauthorized the Trade Adjustment Assistance for Farmers (TAAF) program, which was originally authorized by the Trade Act of 2002, and provides funding of $90 million for FY2009 and FY2010.

For additional information on USDA's international activities, see CRS Report RL33553, *Agricultural Export and Food Aid Programs*, by Charles E. Hanrahan.

Author Contact Information

Jim Monke, Coordinator
Specialist in Agricultural Policy
jmonke@crs.loc.gov, 7-9664

Renée Johnson
Specialist in Agricultural Policy
rjohnson@crs.loc.gov, 7-9588

Melissa D. Ho
Analyst in Agricultural Policy
mho@crs.loc.gov, 7-5342

Geoffrey S. Becker
Specialist in Agricultural Policy
gbecker@crs.loc.gov, 7-7287

Megan Stubbs
Analyst in Agricultural Conservation and Natural Resources Policy
mstubbs@crs.loc.gov, 7-8707

Dennis A. Shields
Analyst in Agricultural Policy
dshields@crs.loc.gov, 7-9051

Joe Richardson
Specialist in Social Policy
jirichardson@crs.loc.gov, 7-7325

Tom Capehart
Specialist in Agricultural Policy
tcapehart@crs.loc.gov, 7-2425

Tadlock Cowan
Analyst in Natural Resources and Rural Development
tcowan@crs.loc.gov, 7-7600

Randy Schnepf
Specialist in Agricultural Policy
rschnepf@crs.loc.gov, 7-4277

Key Policy Staff

Area of Expertise	Name	Phone	E-mail
Agricultural Marketing Service	Tom Capehart	7-2425	tcapehart@crs.loc.gov
Animal and Plant Health Inspection Service	Renée Johnson	7-9588	rjohnson@crs.loc.gov
Animal identification	Randy Schnepf	7-4277	rschnepf@crs.loc.gov
Commodity Credit Corporation	Jim Monke	7-9664	jmonke@crs.loc.gov
Commodity Futures Trading Commission	Mark Jickling	7-7784	mjickling@crs.loc.gov
Conservation	Megan Stubbs	7-8707	mstubbs@crs.loc.gov
Crop insurance and disaster assistance	Dennis A. Shields	7-9051	dshields@crs.loc.gov
Farm Service Agency	Jim Monke	7-9664	jmonke@crs.loc.gov
Food and Drug Administration	Susan Thaul	7-0562	sthaul@crs.loc.gov
Food safety	Geoffrey S. Becker	7-7287	gbecker@crs.loc.gov
Grain Inspection, Packers, and Stockyards Admin.	Randy Schnepf	7-4277	rschnepf@crs.loc.gov
Horticulture	Renée Johnson	7-9588	rjohnson@crs.loc.gov
Nutrition and domestic food assistance	Joe Richardson	7-7325	jirichardson@crs.loc.gov
Organic agriculture	Renée Johnson	7-9588	rjohnson@crs.loc.gov
Research and extension	Melissa D. Ho	7-5342	mho@crs.loc.gov
Risk Management Agency	Dennis A. Shields	7-9051	dshields@crs.loc.gov
Rural Development	Tadlock Cowan	7-7600	tcowan@crs.loc.gov
Trade and foreign food aid	Melissa D. Ho	7-5342	mho@crs.loc.gov
USDA budget generally	Jim Monke	7-9664	jmonke@crs.loc.gov