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Agriculture and Related Agencies: FY2010 Appropriations

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Summary

The FY2010 Agriculture appropriations bill provides funding for all of the U.S. Department of Agriculture (USDA) except the Forest Service, plus the Food and Drug Administration (FDA) and the Commodity Futures Trading Commission (CFTC). Appropriations jurisdiction for the Commodity Futures Trading Commission (CFTC) is split between two subcommittees—the House Agriculture appropriations subcommittee and the Senate Financial Services appropriations subcommittee.

The FY2010 Agriculture appropriations bill (P.L. 111-80) was enacted on October 21, 2009. This is the first time that the bill was enacted separately since FY2006, and is the earliest that an Agriculture appropriations bill has been enacted since FY1999. The House passed the conference agreement (H.Rept. 111-279 to H.R. 2997) on October 7, 2009, by a vote of 263-162. The Senate passed it one day later on October 8 by a vote of 76-22.

The enacted appropriation contains $121.1 billion, 12% more than FY2009. This total, however, is roughly $3 billion less than the Administration's request or House- and Senate-passed amounts, primarily because of a downward re-estimate of the amount needed for domestic nutrition programs. Most programs see an increase in funding over FY2009. About two-thirds of the $121 billion total—$83 billion—is for domestic nutrition programs. The remaining one-third—$38 billion—supports the rest of USDA (including the farm commodity programs, but excluding the Forest Service), FDA, and CFTC.

Mandatory appropriations total $97.8 billion, $10 billion more than FY2009 (+11%). Nearly two-thirds of this increase is for domestic nutrition assistance ($6.2 billion increase, +9% over FY2009), and most of the rest is for farm commodity programs ($2.8 billion increase, +25% over FY2009) and crop insurance ($0.9 billion increase, +14% over FY2009). Demand for nutrition assistance programs has risen sharply during the current recession.

Discretionary appropriations total $23.3 billion, $2.7 billion more than FY2009 (+13%). This discretionary total is $325 million more than the Administration's request and $404 million more than the House-passed bill, but $253 million less than the Senate-passed bill. The largest discretionary increases are for nutrition assistance, including a $421 million increase for domestic nutrition assistance (+6% over FY2009) and a $590 million increase for foreign food assistance (+39% over FY2009). Discretionary support of agricultural programs increased by $486 million (+7% over FY2009); FDA by $306 million (+15% over FY2009); rural development by $246 million (+9% over FY2009); conservation by $40 million (+4% over FY2009); and CFTC by $23 million (+16% over FY2009).

Among the important differences between the House and Senate bills were supplemental dairy financial assistance and imports of poultry from China. Conferees maintained $350 million for dairy support in response to low prices, along the lines of the Senate bill, but split the amount with $60 million to purchase dairy products and $290 million for direct payments to farmers. Conferees also followed the Senate's approach regarding poultry imports to allow imports from China under specified preconditions.

The appropriation also includes extension of expiring authorities for child nutrition programs. These were due to expire at the end of FY2009, and P.L. 111-80 extends them to September 30, 2010.

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Most Recent Developments

The FY2010 Agriculture appropriations bill (P.L. 111-80) was enacted on October 21, 2009. The House passed the conference agreement (H.Rept. 111-279 to H.R. 2997) on October 7, 2009, by a vote of 263-162. The Senate passed it one day later on October 8 by a vote of 76-22.

The act contains $121.1 billion, 12% more than FY2009. Mandatory appropriations total $97.8 billion, $10 billion more than FY2009 (+11%). Discretionary funding totals $23.3 billion, $2.7 billion more than FY2009 (+13%) and $325 million more than the Administration's request. 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.

Among the important policy issues resolved in the act are dairy financial assistance and imports of poultry from China. P.L. 111-80 includes $350 million for dairy farmer assistance in response to low farm milk prices, along the lines of the Senate bill, to be split with $60 million to purchase dairy products and $290 million for direct payments to farmers. P.L. 111-80 also allows poultry imports from China under specified preconditions, along the lines of the Senate bill.

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—provides 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.

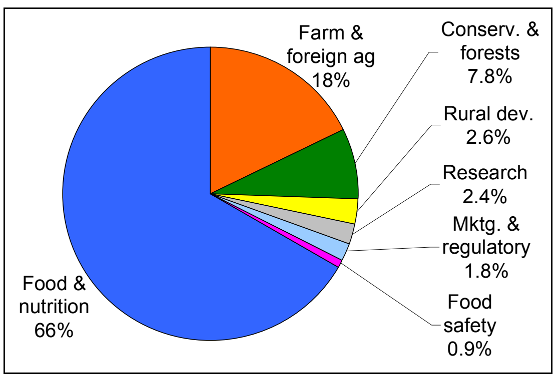
USDA reports that its regular budget authority for FY2009 was $114.6 billion, excluding supplemental appropriations.[1] Food and nutrition programs constitute the largest mission area, with $76 billion, or 66% of the total, to support the food stamp program, the Women, Infants, and Children (WIC) program, 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.[2]

Figure 1. USDA Budget Authority, FY2009

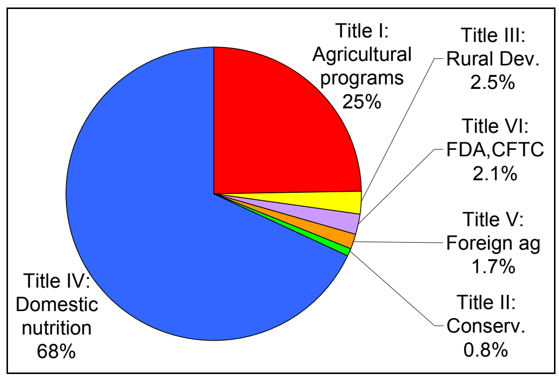
($114.6 billion, excluding supplementals)



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

Figure 2. Agriculture and Related Agencies Appropriations, FY2010

($121.1 billion, excluding supplementals)



Source: CRS, using P.L. 111-80 and **Table 2**.

Notes: Figure excludes general provisions and scorekeeping adjustments (-$0.29 billion net).

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, marketing and regulatory programs, and food

[1] USDA, *FY2010 Budget Summary and Annual Performance Plan*, May 2009, pp. 4-5, at http://www.obpa.usda.gov/budsum/FY10budsum.pdf.

[2] Ibid, at p. 112.

safety (three of the smaller slices in **Figure 1**), but these 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) 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. Final placement in recent appropriations acts has alternated annually between the subcommittees. The FY2010 appropriation put CFTC funding in the Agriculture bill; the consolidated FY2009 appropriation put CFTC in the Financial Services bill; and CFTC's FY2008 funding was in the Agriculture bill.

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 through authorizing committees that set 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 vast majority of USDA's mandatory spending is for food and nutrition programs—primarily the Supplemental Nutrition Assistance Program (SNAP, formerly food stamps) and child nutrition (school lunch)—along with 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. Formulas are set in the 2008 farm bill (P.L. 110-246). 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 construction or delivery of services, budget authority may be committed (contracted) in one fiscal year and outlays may be spread across several fiscal years.
3. *Program levels* reflect the activities supported or undertaken by an agency. A 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 received from other agencies, or funds are carried forward from a previous year.

Action on FY2010 Appropriations

The FY2010 Agriculture appropriations bill (P.L. 111-80) was enacted on October 21, 2009. The House passed the conference agreement (H.Rept. 111-279 to H.R. 2997) on October 7, 2009, by a vote of 263-162. The Senate passed it one day later on October 8 by a vote of 76-22. **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	9/30/09 H.R. 2997 H.Rept. 111-279	10/7/09 Vote of 263-162	10/8/09 Vote 76-22	10/21/09 P.L. 111-80

Source: CRS.

Before enactment of the FY2010 appropriation, agencies affected by the bill were funded at FY2009 levels[3] under a continuing resolution that ran until October 31, 2009 (P.L. 111-68).

The FY2010 appropriation marks a return to regular order for passing the Agriculture appropriations bill, which was last enacted separately in FY2006. In FY2009, neither the House nor Senate acted on a stand-alone version of the bill, and an Agriculture appropriations bill had not reached the Senate floor since the FY2006 bill (**Table A-1** in the appendix). The FY2010 appropriation is also the earliest that an Agriculture appropriations bill has been enacted since FY1999 (**Figure A-1**). **Table A-1** has links to each appropriation and annual CRS report.

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.[4]

A conference agreement was reported on September 30, 2009 (H.Rept. 111-279 to H.R. 2997). The House passed the conference agreement on October 7, 2009, by a vote of 263-162.

[3] The continuing resolution made exceptions to allow certain domestic nutrition programs to maintain program levels.

[4] 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.

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 supplemental dairy price support assistance provision, which received a three-fifths vote to waive budget rules and allow the bill to exceed its discretionary budget cap.

The Administration supported passage of the Senate bill, although it again noted concern about the restrictions on imports of poultry products from China.[5]

The Senate passed the conference agreement one day after the House on October 8, 2009, by a vote of 76-22.

Major Policy Differences

Among the more publicized and notable policy differences between the House- and Senate-passed bills was the treatment of poultry imports from China. The House-passed bill included 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 have permitted such imports, but only under specified preconditions. In P.L. 111-80, conferees followed the Senate's approach regarding poultry imports by allowing imports under specified preconditions.[6]

Another important difference between the House and Senate bills was $350 million in the Senate bill for dairy financial assistance in response to low prices. None of this money was in the House bill. P.L. 111-80 includes $350 million for dairy support, along the lines of the Senate bill, but splits the amount, with $60 million to be used to purchase dairy products and $290 million for direct payments.[7]

Funding Levels

FY2010 Funding Summary

For FY2010, the Administration requested $123.9 billion for accounts in the Agriculture appropriations bill, 14% higher than the enacted FY2009 appropriation.[8] The Administration

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[5] 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.

[6] See below in this report and CRS Report R40706, *China-U.S. Poultry Dispute*, by (name redacted).

[7] See below in this report and CRS Report R40205, *Dairy Market and Policy Issues*, by (name redacted).

[8] This report's data on the Administration's request are drawn primarily from congressional sources such as the appropriations committee reports accompanying the bills (e.g., H.Rept. 111-181 and S.Rept. 111-39) or tables obtained from these committees. This is because some accounts may be scored differently by the Congressional Budget Office or the appropriations committees than the Administration. Using a single congressional source improves comparability. However, Administration documents such as USDA's *FY2010 Budget Explanatory Notes* (May 2009, at http://www. (continued...)

requested 11.7% more for discretionary appropriations, and 15% more for mandatory appropriations. Both the House and Senate bills generally followed this total amount. They were nearly identical to the Administration's request on mandatory appropriations and within 1% of the Administration on discretionary appropriations (before including the Senate's dairy support).

The enacted FY2010 Agriculture appropriation, P.L. 111-80, contains $121.1 billion, 12% more than FY2009 (**Table 2**).[9] This total is about $2.7-$3.3 billion less than the Administration's request or House- and Senate-passed amounts, primarily because of a re-estimate of the amount needed for domestic nutrition programs.

- Mandatory appropriations in P.L. 111-80 are $97.8 billion, which is $10 billion more than FY2009 (+11%). Nearly two-thirds of this increase is for domestic nutrition assistance ($6.2 billion increase, +9% over FY2009), and most of the rest is for farm commodity programs ($2.8 billion increase, +25% over FY2009) and crop insurance ($0.9 billion increase, +14% over FY2009).
- Demand for nutrition assistance programs has risen sharply during the current recession, although the enacted appropriation has a smaller increase for the mandatory nutrition programs over FY2009 (+$6.2 billion) than the Administration requested or was in the House and Senate bills (+$9.2 billion) due to re-estimates of program needs.
- 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 more government payments.
- Discretionary appropriations in P.L. 111-80 are $23.3 billion, $2.7 billion more than FY2009 (+13%; **Table 2**). This discretionary total is $325 million more than the Administration's request and $404 million more than the House-passed bill, but $253 million less than the Senate-passed bill.
- The largest discretionary increases are for nutrition assistance: $421 million more than FY2009 (+6%) for domestic nutrition assistance, and $590 million more for foreign food assistance (+39% over FY2009,).
- Other discretionary programs at USDA, FDA, and CFTC shared in the remainder of the increase. Discretionary support of agricultural programs increased $486 million (+7% over FY2009); FDA by $306 million (+15% over FY2009); rural development by $246 million (+9% over FY2009); conservation by $40 million (+4% over FY2009); and CFTC by $23 million (+16% over FY2009).
- The enacted appropriation was clearly greater than either the individual House or Senate amounts for agricultural research, the farm loan

(...continued)

obpa.usda.gov/explan_notes.html) or USDA's *FY2010 Budget Summary and Annual Performance Plan* (May 2009, at http://www.obpa.usda.gov/budsum/FY10budsum.pdf) are used for additional details not available elsewhere.

[9] To facilitate comparison, all totals discussed in this section (unless otherwise indicated) include appropriations for the Commodity Futures Trading Commission (CFTC) regardless of appropriations committee jurisdiction. Final placement of CFTC since FY2008 alternates annually between the Agriculture and Financial Services subcommittees. For the Senate, where CFTC jurisdiction is in the Financial Services appropriations subcommittee, tables in this report note the separate jurisdiction and add CFTC appropriations at the bottom to make the totals comparable with the House bills.

programs, watershed and flood prevention, rural housing, McGovern-Dole food for education, and FDA (see **Table 3** for details).

Table 2. Agriculture and Related Agencies Appropriations, by Title: FY2009-FY2010

(budget authority in millions of dollars)

	FY2009	FY2010			P.L. 111-80 vs.		
Title in Appropriations Bill	**P.L. 111-8**	**House**	**Senate**	**P.L. 111-80**	**FY2009**	**House**	**Senate**
Agricultural Programs	25,727	29,850	30,275[a]	30,038	+4,310	+	-
Mandatory	18,877	22,702	22,702	22,702	+3,824	=	=
Discretionary	6,850	7,148	7,573[a]	7,336	+486	+	-
Conservation Programs	969	986	1,015	1,009	+40	+	-
Rural Development	2,732	2,839	3,046	2,979	+246	+	-
Domestic Food Programs	76,155	86,096	86,087	82,783	+6,627	-	-
Mandatory	68,921	78,146	78,146	75,128	+6,207	-	-
Discretionary	7,234	7,950	7,941	7,655	+421	-	-
Foreign Assistance	1,499	2,076	2,079	2,089	+590	+	+
FDA	2,051	2,350	2,350	2,357	+306	+	+
CFTC	(146)[b]	161	(177)[b]	169	+23	+	-
General Provisions	-820	-515	-530[c]	-194[a]	+626	+	+
Scorekeeping adjustments	-60	-95	-95	-97	-36	-	-
Total in Agriculture appropriations							
Mandatory	87,798	100,848	100,848	97,830	+10,031	-	-
Discretionary	20,456	22,900	23,380	23,304	+2,848	+	-
Total in Agriculture appropriations	**108,254**	**123,748**	**124,228**	**121,134**	**+12,879**	**-**	**-**
CFTC in Financial Services appropriations	146	na	177	na			
Grand Total (adding CFTC to all)							
Mandatory	87,798	100,848	100,848	97,830	+10,031	-	-
Discretionary	20,602[d]	22,900	23,557[d]	23,304	+2,702	+	-
Grand Total (adding CFTC to all)	**108,400**[d]	**123,748**	**124,405**[d]	**121,134**	**+12,733**	**-**	**-**

Source: Compiled by CRS from P.L. 111-80, H.Rept. 111-181, S.Rept. 111-39, S.Rept. 111-43, and unpublished appropriations committee tables. 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 supplemental dairy assistance that was in the Farm Service Agency for the Senate bill, but is in the General Provisions of the enacted appropriation.

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 Agriculture 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 were 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 2 summarizes the totals of the FY2010 bill by title or broad program, comparing FY2009 to the House-passed, Senate-passed, and enacted totals.

Table 3 provides more detail within each title by including accounts and agencies. The table also shows 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 (P.L. 111-5)—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 3. 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				P.L. 111-80 over Regular FY2009		P.L. 111-80 vs.	
Agency or Major Program	P.L. 111-8	P.L. 111-5, P.L. 111-32	Admin. request	House H.R. 2997	Senate H.R. 2997	P.L. 111-80	Dollar	Percent	House	Senate
Title I: Agricultural Programs										
Offices of Secretary and Chief Economist	15.8		23.0	19.3	19.3	19.3	+3.5	+22%	+	=
Chief Information Officer	17.5		63.6	48.5	63.6	61.6	+44.1	+252%	+	-
Office of Homeland Security	1.0		3.0	2.5	1.9	1.9	+0.9	+92%	-	=
Office of Inspector General	85.8	22.5[c]	88.8	89.3	88.0	88.7	+3.0	+3%	-	+
Other Departmental administration offices[d]	140.0		167.2	159.4	160.0	162.3	+22.3	+16%	+	+
Buildings, facilities, and rental payments	244.2	24.0[c]	346.2	326.5	274.5	293.1	+48.8	+20%	-	+
Under Secretaries (four offices in Title I)[a]	2.6		3.5	2.7	3.5	3.5	+0.9	+35%	+	=
Research, Education and Economics										
Agric. Research Service	1,187.2	176.0[c]	1,153.4	1,192.6	1,228.7	1,250.5	+63.4	+5%	+	+
National Institute of Food and Agric.	1,222.2		1,166.8	1,257.0	1,306.0	1,343.2	+121.0	+10%	+	+
Economic Research Service	79.5		82.5	82.5	82.1	82.5	+3.0	+4%	-	+
National Agric. Statistics Service	151.6		161.8	161.8	161.8	161.8	+10.3	+7%	=	=
Marketing and Regulatory Programs										
Animal & Plant Health Inspection Svc.	881.4		877.1	885.7	914.1	909.7	+28.3	+3%	+	-
Agric. Marketing Service	105.3		112.2	112.2	112.2	112.5	+7.2	+7%	+	+
Section 32 (permanent)	1,169.0		1,300.0	1,300.0	1,300.0	1,300.0	+131.0	+11%	=	=
Grain Inspection, Packers, Stockyards	40.3		42.0	42.0	41.6	42.0	+1.6	+4%	=	+
Food Safety										
Food Safety & Inspection Service	971.6		1,018.5	1,018.5	1,018.5	1,018.5	+47.0	+5%	=	=

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 H.R. 2997	FY2010 Regular Senate H.R. 2997	FY2010 Regular P.L. 111-80	Change: P.L. 111-80 over Regular FY2009 Dollar	Change: P.L. 111-80 over Regular FY2009 Percent	Change: P.L. 111-80 vs. House	Change: P.L. 111-80 vs. Senate
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	1,574.9	+87.3	+6%	+	=
FSA, for dairy support (emergency)[f]					350.0[f]	—[f]				
FSA Farm Loans: Subsidy Level	147.4	91.3[g]	109.1	104.1	104.1	140.6	-6.8	-5%	+	+
FSA Farm Loans: Loan Authority[h]	*3,427.6*	*983.0*[g]	*4,109.5*	*4,151.4*	*4,149.5*	*5,083.9*	*+1,656.4*	+48%	+	+
Dairy indem.; state mediation; water[b]	11.1		10.3	9.9	10.3	10.3	-0.8	-7%	+	=
Risk Mgt. Agency Salaries & Exp.	77.2		80.3	80.3	79.4	80.3	+3.1	+4%	=	+
Federal Crop Insurance Corp.[i]	6,582.9		7,502.6	7,502.6	7,502.6	7,502.6	+919.7	+14%	=	=
Commodity Credit Corp.[i]	11,106.3	732.0[c]	13,878.1	13,878.1	13,878.1	13,878.1	+2,771.7	+25%	=	=
Subtotal										
Mandatory	**18,877.2**	**732.0**	**22,701.6**	**22,701.6**	**22,701.6**	**22,701.6**	**+3,824.4**	**+20%**	**=**	**=**
Discretionary	**6,850.2**	**363.8**	**7,068.1**	**7,148.3**	**7,573.5**	**7,336.1**	**+486.0**	**+7%**	**+**	**-**
Subtotal	**25,727.4**	**1,095.8**	**29,769.8**	**29,849.9**	**30,275.1**	**30,037.8**	**+4,310.4**	**+17%**	**+**	**-**
Title II: Conservation Programs										
Conservation Operations	853.4		867.2	874.4	898.8[j]	887.6	+34.2	+4%	+	-
Watershed & Flood Prevention	24.3	290.0[c]	0.0	20.0	24.4	30.0	+5.7	+23%	+	+
Watershed Rehabilitation Program	40.0	50.0[c]	40.2	40.2	40.2	40.2	+0.2	+1%	=	=
Resource Conservation & Development	50.7		0.0	50.7	50.7[j]	50.7	0.0	0%	=	=
Under Secretary, Natural Resources	0.8		0.9	0.8	0.9	0.9	+0.1	+13%	+	=
Subtotal	**969.2**	**340.0**	**908.3**	**986.1**	**1,015.0**	**1,009.4**	**+40.2**	**+4%**	**+**	**-**
Title III: Rural Development										
Salaries and Expenses	192.5		196.0	194.0	207.2	202.0	+9.5	+5%	+	-
Rural Housing Service	1,753.7	330.0[c]	1,894.6	1,803.1	1,883.2	1,892.8	+139.1	+8%	+	+
RHS Loan Authority[h]	*8,122.9*	*12,643.0*[c]	*8,103.5*	*8,122.8*	*14,004.0*	*13,904.7*	*+5,781.8*	*+71%*	+	-

	FY2009		FY2010				Change			
	Regular	Supp.	Regular				P.L. 111-80 over Regular FY2009		P.L. 111-80 vs.	
Agency or Major Program	**P.L. 111-8**	**P.L. 111-5, P.L. 111-32**	**Admin. request**	**House H.R. 2997**	**Senate H.R. 2997**	**P.L. 111-80**	**Dollar**	**Percent**	**House**	**Senate**
Rural Business-Cooperative Service	132.0	150.0[c]	256.6	163.2	256.8	189.7	+57.7	+44%	+	-
RBCS Loan Authority[h]	*1,085.4*	*2,990.0[c]*	*1,406.4*	*1,132.9*	*1,406.4*	*1,215.5*	*+130.1*	*+12%*	+	-
Rural Utilities Service	653.4	3,880.0[c]	667.9	677.9	698.3	693.4	+40.0	+6%	+	-
RUS Loan Authority[h]	*7,765.5*	*15,255.9[c]*	*8,918.9*	*8,787.2*	*9,418.9*	*9,287.2*	*+1,521.7*	*+20%*	+	-
RD Under Secretary	0.6		0.9	0.7	0.9	0.9	+0.2	+31%	+	=
Subtotal	**2,732.3**	**4,360.0[c]**	**3,015.9**	**2,838.8**	**3,046.5**	**2,978.8**	**+246.5**	**+9%**	**+**	**-**
Subtotal, RD Loan Authority[h]	***16,973.8***	***30,889.9[c]***	***18,428.7***	***18,042.9***	***24,829.3***	***24,407.4***	***+7,433.6***	***+44%***	**+**	**-**
Title IV: Domestic Food Programs										
Child Nutrition Programs	14,951.9	100.0[c]	16,797.2	16,799.6	16,801.6	16,855.8	+1,903.9	+13%	+	+
WIC Program	6,860.0	500.0[c]	7,777.0	7,541.0	7,552.0	7,252.0	+392.0	+6%	-	-
Food Stamp Act Programs	53,969.2	19,991.0[c]	61,351.8	61,351.8	61,351.8	58,278.2	+4,308.9	+8%	-	-
Commodity Assistance Programs	230.8	150.0[c]	233.4	255.6	233.4	248.0	+17.2	+7%	-	+
Nutrition Programs Admin.	142.6		150.1	147.8	147.8	147.8	+5.2	+4%	=	=
Office of Under Secretary	0.6		0.8	0.6	0.8	0.8	+0.2	+33%	+	=
Subtotal										
Mandatory	**68,921.2**	**20,091.0[c]**	**78,144.1**	**78,146.4**	**78,146.4**	**75,128.0**	**+6,206.9**	**+9%**	**-**	**-**
Discretionary	**7,234.0**	**650.0[c]**	**8,166.3**	**7,950.0**	**7,941.0**	**7,654.6**	**+420.6**	**+6%**	**-**	**-**
Subtotal	**76,155.2**	**20,741.0[c]**	**86,310.4**	**86,096.4**	**86,087.4**	**82,782.6**	**+6,627.4**	**+9%**	**-**	**-**
Title V: Foreign Assistance										
Foreign Agric. Service	165.4		180.4	177.1	180.4	180.4	+14.9	+9%	+	=
Public Law (P.L.) 480	1,228.6	700.0[k]	1,692.8	1,692.8	1,692.8	1,692.8	+464.2	+38%	=	=
McGovern- Dole Food for Education	100.0		199.5	199.5	199.5	209.5	+109.5	+110%	+	+
CCC Export Loan Salaries	5.3		6.8	6.8	6.8	6.8	+1.5	+28%	=	=
Subtotal	**1,499.4**	**700.0[k]**	**2,079.5**	**2,076.3**	**2,079.5**	**2,089.5**	**+590.1**	**+39%**	**+**	**+**

	FY2009		FY2010				Change			
	Regular	Supp.	Regular				P.L. 111-80 over Regular FY2009		P.L. 111-80 vs.	
Agency or Major Program	P.L. 111-8	P.L. 111-5, P.L. 111-32	Admin. request	House H.R. 2997	Senate H.R. 2997	P.L. 111-80	Dollar	Percent	House	Senate
Title VI: FDA & Related Agencies										
Food and Drug Administration	2,051.4		2,350.1	2,350.1	2,350.1	2,357.1	+305.7	+15%	+	+
Commodity Futures Trading Commission	(146.0)[l]		160.6	160.6	(177.0)[l]	168.8	+22.8	+16%	+	-
Title VII: General Provisions										
Dairy disaster assistance[f]					—[f]	350.0[f]	+350.0		+	=
Limit mandatory programs	-484.0		-582.0	-435.0	-511.0[m]	-511.0	-27.0	+6%	-	=
Section 32 rescission	-293.5		-43.0	-52.0	-52.0	-52.5	+241.1	-82%	-	-
Hunger fellowships	2.3			2.5	3.0	3.0	+0.7	+30%	+	=
Food bank infrastructure					7.0				=	-
Durum wheat quality					4.0	3.0	+3.0		+	-
Geographic disadvantaged farmers					2.6	2.6	+2.6		+	=
Food aid products					4.0	4.0	+4.0		+	=
Other general provisions	-45.0		-49.9	-30.4	12.0	7.2	+52.2	-116%	+	-
Subtotal	**-820.2**		**-674.9**	**-514.9**	**-530.4**[m]	**-193.7**	**+626.5**	**-76%**	**+**	**+**
Total in Agriculture appropriations										
Before scorekeeping adjustments	**108,314.7**[n]	**27,236.8**[o]	**123,919.7**	**123,843.2**	**124,323.2**	**121,230.3**	**+12,915.6**	**+12%**	**-**	**-**
Scorekeeping adjustments[p]	-60.3		-95.2	-95.2	-95.2	-96.6	-36.3	+60%	-	-
After scorekeeping adjustments	**108,254.4**[n]	**27,236.8**[o]	**123,824.5**	**123,748.1**	**124,228.1**	**121,133.7**	**+12,879.3**	**+12%**	**-**	**-**
CFTC in Financial Services appropriations	146.0[l]		na	na	177.0[l]	na				
Grand Total (adding CFTC to all)	**108,400.4**[q]	**27,236.8**[o]	**123,824.5**	**123,748.1**	**124,405.1**[q]	**121,133.7**	**+12,733.3**	**+12%**	**-**	**-**

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 H.R. 2997	FY2010 Regular Senate H.R. 2997	FY2010 Regular P.L. 111-80	Change: P.L. 111-80 over Regular FY2009 Dollar	Change: P.L. 111-80 over Regular FY2009 Percent	Change: P.L. 111-80 vs. House	Change: P.L. 111-80 vs. Senate
RECAPITULATION:										
I: Agricultural Programs	25,727.4	1,095.8	29,769.8	29,849.9	30,275.1	30,037.8	+4,310.4	+17%	+	-
Mandatory	18,877.2	732.0	22,701.6	22,701.6	22,701.6	22,701.6	+3,824.4	+20%	=	=
Discretionary	6,850.2	363.8	7,068.1	7,148.3	7,573.5	7,336.1	+486.0	+7%	+	-
II: Conservation Programs	969.2	340.0	908.3	986.1	1,015.0	1,009.4	+40.2	+4%	+	-
III: Rural Development	2,732.3	4,360.0	3,015.9	2,838.8	3,046.5	2,978.8	+246.5	+9%	+	-
IV: Domestic Food Programs	76,155.2	20,741.0	86,310.4	86,096.4	86,087.4	82,782.6	+6,627.4	+9%	-	-
Mandatory	68,921.2	20,091.0	78,144.1	78,146.4	78,146.4	75,128.0	+6,206.9	+9%	-	-
Discretionary	7,234.0	650.0	8,166.3	7,950.0	7,941.0	7,654.6	+420.6	+6%	-	-
V: Foreign Assistance	1,499.4	700.0	2,079.5	2,076.3	2,079.5	2,089.5	+590.1	+39%	+	+
VI: FDA	2,051.4		2,350.1	2,350.1	2,350.1	2,357.1	+305.7	+15%	+	+
CFTC	(146.0)[l]		160.6	160.6	(177.0)[l]	168.8	+22.8	+16%	+	-
VII: General Provisions	-820.2		-674.9	-514.9	-530.4[m]	-193.7	+626.5	-76%	+	+
Scorekeeping adjustments[p]	-60.3		-95.2	-95.2	-95.2	-96.6	-36.3	+60%	-	-
Total in Agriculture appropriations										
Mandatory	**87,798.4**	**20,823.0**	**100,845.7**	**100,848.1**	**100,848.1**	**97,829.7**	**+10,031.3**	**+11%**	**-**	**-**
Discretionary	**20,456.0**	**6,413.8**	**22,978.8**	**22,900.0**	**23,380.0**	**23,304.0**	**+2,848.0**	**+14%**	**+**	**-**
Total in Agriculture appropriations	**108,254.4**	**27,236.8**	**123,824.5**	**123,748.1**	**124,228.1**	**121,133.7**	**+12,879.3**	**+12%**	**-**	**-**
CFTC in Financial Services appropriations	146.0		na	na	177.0	na				
Grand Total (adding CFTC to all)										
Mandatory	**87,798.4**	**20,823.0**	**100,845.7**	**100,848.1**	**100,848.1**	**97,829.7**	**+10,031.3**	**+11%**	**-**	**-**
Discretionary	**20,602.0**[q]	**6,413.8**	**22,978.8**	**22,900.0**	**23,557.0**[q]	**23,304.0**	**+2,702.0**	**+13%**	**+**	**-**
Grand Total (adding CFTC to all)	**108,400.4**[q]	**27,236.8**	**123,824.5**	**123,748.1**	**124,405.1**[q]	**121,133.7**	**+12,733.3**	**+12%**	**-**	**-**

Source: Compiled by CRS from P.L. 111-80, H.Rept. 111-181, S.Rept. 111-39, S. 1432, S.Rept. 111-43, and unpublished appropriations committee tables.

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 offices: 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. Dairy assistance was part of FSA salaries and expenses in the Senate-passed bill, but the enacted appropriation placed it under General Provisions.

g. 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.

h. 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.

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

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

k. In P.L. 111-32.

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

m. 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).

n. 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).

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

p. Scorekeeping adjustments include "savings" from items such as negative subsidies from the rural and farm loan programs, and a limit to the cushion of credit interest spending; plus outlays for the Denali commission permanent trust fund, and the Native American fund endowment interest spending.

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

Historical Trends

Agriculture appropriations have increased in absolute terms for more than the past decade. This section puts some of that growth in perspective—by type of funding or purpose, and in relation to inflation and other variables.

Total mandatory and total discretionary Agriculture appropriations each have increased at a 5% average annualized rate over the past 10 years (since FY2000, **Table 4**). **Figure 3** shows the total budget authority of the Agriculture appropriations bill divided between mandatory and discretionary spending.

Table 4. Agriculture and Related Agencies Appropriations: Recent Trends

(fiscal year budget authority in billions of dollars)

					Annualized percentage change (FY2010 vs.)			
	FY2007	FY2008	FY2009	FY2010	1 year (FY2009)	5 years (FY2005)	10 years (FY2000)	15 years (FY1995)
Total								
Domestic nutrition[a]	57.0	60.1	76.2	82.8	+9%	+10%	+9%	+5%
Other[b]	40.6	30.6	32.2	38.4	+19%	+3%	-1%	+2%
Total	**97.6**	**90.7**	**108.4**	**121.1**	**+12%**	**+7%**	**+5%**	**+4%**
Mandatory								
Domestic nutrition[a]	51.5	53.7	68.9	75.1	+9%	+10%	+9%	+5%
Other[b]	28.3	19.0	18.9	22.7	+20%	+1%	-3%	+1%
Total mandatory	**79.8**	**72.7**	**87.8**	**97.8**	**+11%**	**+7%**	**+5%**	**+4%**
Discretionary								
Domestic nutrition[a]	5.5	6.4	7.2	7.7	+6%	+7%	+6%	+5%
Other[b]	12.3	11.6	13.4	15.6	+17%	+7%	+5%	+3%
Total discretionary	**17.8**	**18.0**	**20.6**	**23.3**	**+13%**	**+7%**	**+5%**	**+4%**
Percentages of Total								
Mandatory	82%	80%	81%	81%				
Discretionary	18%	20%	19%	19%				
Domestic nutrition[a]	58%	66%	70%	68%				
Other[b]	42%	34%	30%	32%				

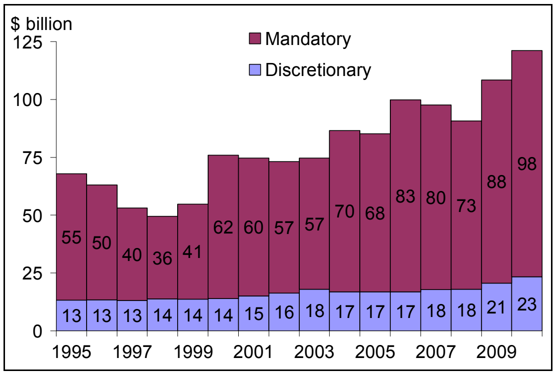
Source: CRS, using annual tables from the House and Senate Appropriations Committees.

Notes: Includes regular annual appropriations for all of 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.

a. The largest domestic nutrition programs are the child nutrition programs (including school lunches), the Supplemental Nutrition Assistance Program (SNAP, formerly food stamps)—both of which are mandatory—and the Supplemental Nutrition Program for Women, Infants, and Children (WIC), which is discretionary.

b. "Other " non-nutrition programs include the rest of USDA (except the Forest Service), FDA, and CFTC. Within that group, mandatory programs include the farm commodity programs, crop insurance, and some conservation and foreign aid/trade programs.

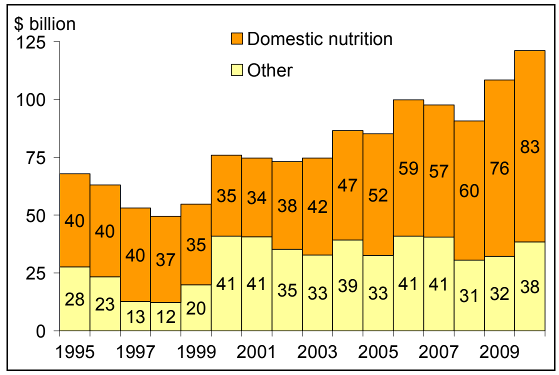
Figure 3. Agriculture Appropriations: Mandatory vs. Discretionary



Source: CRS.

Notes: Includes regular annual appropriations only. Includes USDA (except the Forest Service), FDA, and CFTC (regardless of where funded). Fiscal year budget authority.

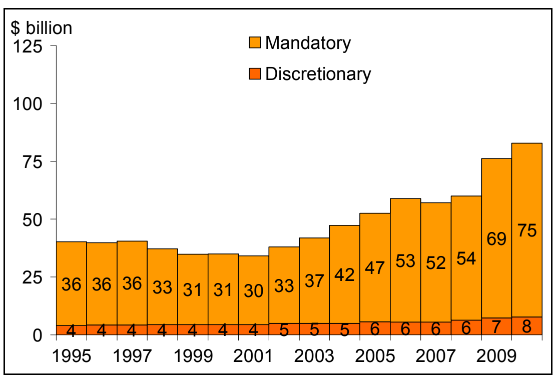
Figure 4. Agriculture Appropriations: Domestic Nutrition vs. Other



Source: CRS.

Notes: The largest domestic nutrition programs are the child nutrition programs, SNAP (food stamps), and WIC. "Other" includes the rest of USDA (except the Forest Service), FDA, and CFTC.

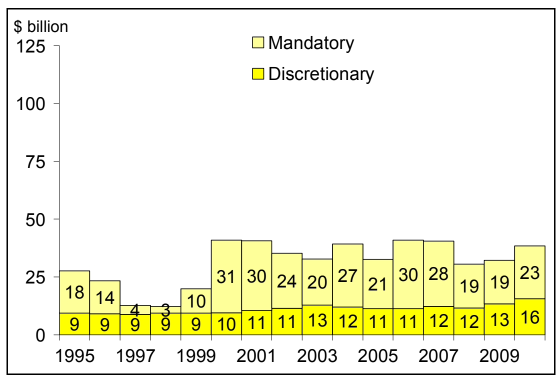
Figure 5. Domestic Nutrition Programs in Agriculture Appropriations: Mandatory vs. Discretionary



Source: CRS.

Notes: Mandatory nutrition programs include SNAP and the child nutrition programs. WIC is the largest discretionary nutrition program.

Figure 6. Non-nutrition Programs in Agriculture Appropriations: Mandatory vs. Discretionary



Source: CRS.

Notes: Non-nutrition programs include the rest of USDA (except the Forest Service), FDA, and CFTC. Mandatory programs include the farm commodity programs, crop insurance, and some conservation and trade/food aid programs.

As discussed earlier, domestic nutrition programs are the largest component of spending in the agriculture appropriations bill (68% of the total in FY2010). **Figure 4** shows the same agriculture bill total as in **Figure 3**, but divided between domestic nutrition programs and other spending. The share going to domestic nutrition programs generally is increasing, rising from 46% in FY2000-FY2001 to 68% in FY2010. Since FY2000, total nutrition program spending has increased at an average 9% annual rate, compared to a -1% average annual change in outlays for "other" spending (the rest of USDA, including the farm commodity programs but excluding the Forest Service, plus FDA and CFTC). But these changes are sensitive to the time period (e.g., the farm commodity programs were unusually high in 2000 because of supplemental payments to farmers). And much of the steady growth in the nutrition programs is outside the control of the appropriations committees and dependent on economic conditions, benefit formulas, and program participation. Nonetheless, nutrition programs increased faster than non-nutrition spending for the 5-, 10-, and 15-year periods ending in FY2010 (**Table 4**). But in the 1-year period since FY2009, the non-nutrition "other" agricultural programs increased at a higher rate than the nutrition programs, again because of the farm commodity programs.

Most of the spending on nutrition programs is categorized as mandatory spending, primarily the Supplemental Nutrition Assistance Program (SNAP, formerly food stamps) and child nutrition (school lunch). **Figure 5** takes the orange-colored bars from **Figure 4** (total domestic nutrition programs) and divides them into mandatory and discretionary spending. Over the past 10 years, mandatory spending on domestic nutrition programs has increased at an average 9% rate per year, while discretionary nutrition programs have increased at an average 6% per year. This growth is fairly steady since FY2000, but is not representative of the period between FY1995 and FY2000.

Spending on the non-nutrition programs in the Agriculture appropriations bill (the rest of USDA except the Forest Service, plus FDA and CFTC), is more evenly divided between mandatory and discretionary spending, more variable over time, and generally changing at a slower rate than domestic nutrition spending. **Figure 6** takes the yellow-colored bars from **Figure 4** (total non-nutrition "other" spending) and divides them into mandatory and discretionary spending. Since FY2000, this subtotal of mandatory spending has shown a -3% average annual change, primarily because of the volatility in farm commodity programs. For the 5-year and 15-year period ending in FY2010, its growth was an average +1% per year. The 20% 1-year growth indicates again that this component is variable and dependent on factors outside the control of the appropriators.

The $15.6 billion of non-nutrition discretionary spending in FY2010 (**Table 4**)—arguably the component of Agriculture appropriations over which appropriators have the most control—has grown at increasing rates over the past 15 years, although with a short period of decline from FY2004 to FY2006 (**Figure 6**). The 15-year average growth rate is 3% per year, 5% over the most recent 10 years, 7% over the most recent 5 years, and 17% from FY2009 to FY2010 (**Table 4**).

The Agriculture appropriations totals can also be viewed in inflation-adjusted terms and in comparison to other economic variables (**Figure 7** through **Figure 10**).

If the general level of inflation is subtracted, total Agriculture appropriations still have experienced positive "real" growth—that is, growth above the rate of inflation. The total of the annual bill has increased at an average annual 2% real rate over the past 10 years (**Figure 7**). Within that total, nutrition programs have increased at a higher average annual real rate of 6%, while non-nutrition programs had a -3% average annual real change over 10 years.

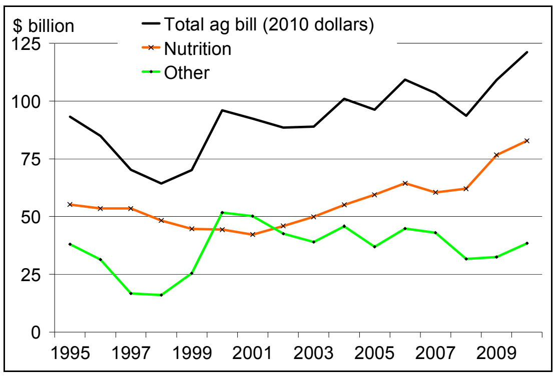
Comparing Agriculture appropriations to the entire federal budget authority,[10] the Agriculture bill's share has declined from 4.4% of the federal budget in FY1995 to 3.5% in FY2010 (**Figure 8**). The share of the federal budget for nutrition programs has declined (from 2.5% in FY1995 to 1.8% in FY2009), although the increase in FY2010 returns the share (2.4%) to levels last seen in FY1997. The share for the other agriculture programs also has declined from 1.8% in FY1995 and 2.2% in FY2000, to about 1.1% in FY2010.

[10] At a more aggregate level, CRS Report RL33074, *Mandatory Spending Since 1962*, and CRS Report RL34424, *Trends in Discretionary Spending*, compare federal spending by various components and against GDP.

As a percentage of gross domestic product (GDP), Agriculture appropriations have been fairly steady at about 0.75% of GDP for the past 10 years (**Figure 9**). Nutrition programs have been rising as a percentage of GDP since FY2000 (0.36% in FY2000 to 0.56% in FY2010), while non-nutrition agricultural programs have been declining (0.42% in FY2000 to 0.26% in FY2010).

Finally, on a per capita basis, inflation-adjusted total Agriculture appropriations have risen slightly over the past 10 to 15 years (**Figure 10**). Nutrition programs have risen more steadily on a per capita basis, while the non-nutrition "other" agricultural programs have been more steady over a 15-year period and declining over a 10-year period.

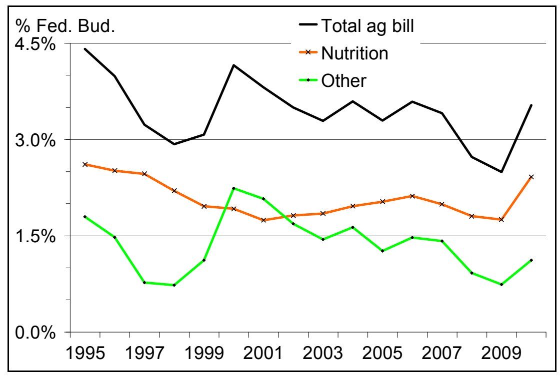
Figure 7. Agriculture Appropriations in Constant (Inflation-adjusted) 2010 Dollars



Source: CRS.

Notes: Adjusted using the GDP Price Deflator from the Bureau of Economic Analysis, National Income and Product Accounts, Table 1.1.9.

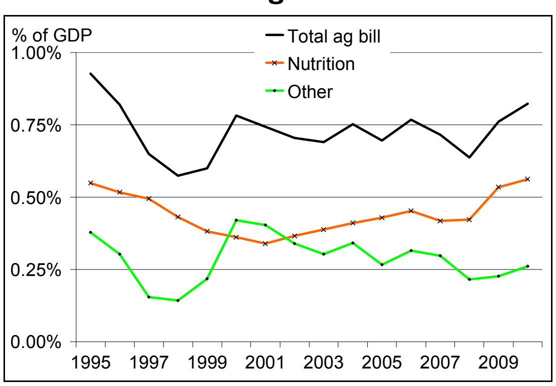
Figure 8. Agriculture Appropriations as a Percentage of Total Federal Budget Authority



Source: CRS.

Notes: Total federal budget authority is from the FY2010 President's Budget, *Historical Tables,* Table 5.

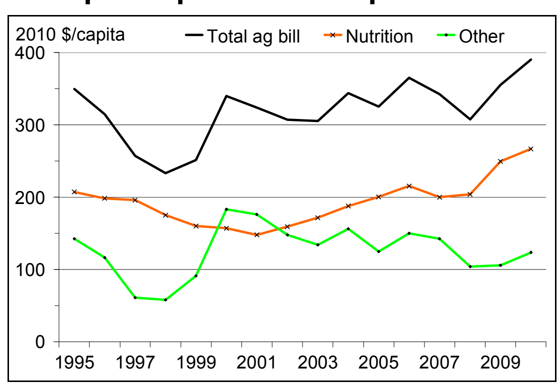
Figure 9. Agriculture Appropriations as a Percentage of GDP



Source: CRS.

Notes: Gross domestic product (GDP) is from the FY2010 President's Budget, *Historical Tables,* Table 10.1.

Figure 10. Agriculture Appropriations per Capita of U.S. Population



Source: CRS.

Notes: Population figures from U.S. Census Bureau, National Estimates and Projections (published in Statistical Abstract of the United States).

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 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 budget, 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. Thus the question arises: 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?[11]

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 enacted appropriation contains $511 million in reductions from three mandatory programs. This equals the Senate's approach, and is larger than the reduction in the House bill because of the inclusion of a fruit and vegetable program. The Administration proposed even greater reductions totaling $582 million from nine mandatory programs (**Table 5**).

[11] 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.

Table 5. FY2010 Reductions in Mandatory Programs

(dollars in millions)

Program (section in 2008 farm bill, P.L. 110-246)	Authorization in 2008 farm bill available in FY2010	FY2010			
		Admin. request	House H.R. 2997	Senate H.R. 2997	P.L. 111-80
Conservation programs					
Environmental Quality Incentives Program (Sec. 2501)	1,450	-250	-270	-270[a]	-270
Dam Rehabilitation Program (Sec. 2803)	165	-30	-165	-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]	**-435**
Plant and animal protection programs					
Plant Pest, Disease Mgt., Disaster Prevention (Sec. 10201)	45	-30			
National Clean Plant Network (Sec. 10202)	5	-5			
Subtotal of these 2 protection programs	**50**	**-35**			
Specialty crops programs					
Fruit and vegetables in schools program (Sec. 4304)	101			-76[b]	-76[b]
Total authorization in these 10 mandatory programs	**2,499**				
Total reduction in mandatory programs		**-582**	**-435**	**-511**[a]	**-511**

Source: CRS, based on P.L. 110-246; P.L. 111-80, H.Rept. 111-181, S.Rept. 111-39, and H.Rept. 111-279.

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 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).

b. Delays funding from July 2010 until October 2010. This effectively allocates the farm bill's authorization by fiscal year rather than school year—with no reduction in overall support—and results in savings being scored by appropriators. See the section on Domestic Nutrition Assistance later in this report for details.

Limits on mandatory programs in the FY2010 enacted appropriation are comparable to the $484 million of reductions in FY2009 that affected the same three programs. These 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 consistently limited 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 FY2005. 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.

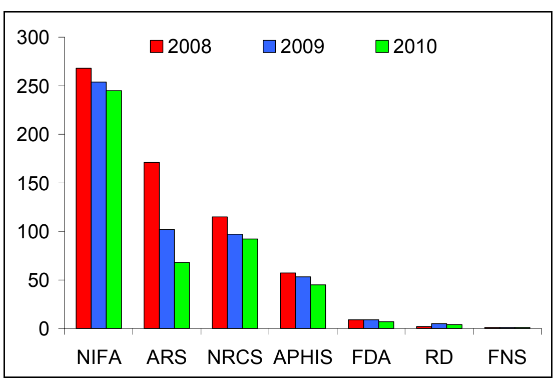
Earmarks

Congress adopted earmark disclosure rules in 2007 that require appropriations acts to disclose "earmarks and congressionally directed spending items."[12] The disclosure—self-identified by Congress—includes the agency, project, amount, and requesting Member(s). 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. 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 appropriations acts, appropriators responded by incorporating the earmarks, at least by reference, in the text of the bill.[13]

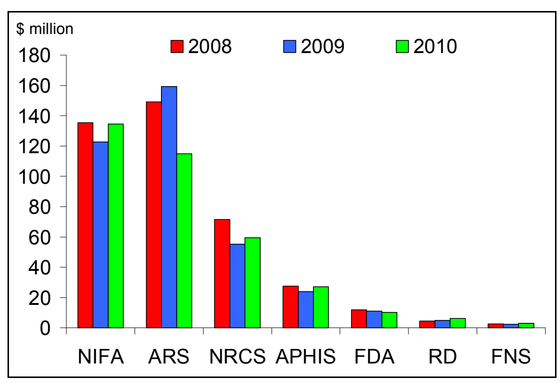
For FY2010, Congress disclosed 462 earmarks for Agriculture and Related Agencies, down by 59 earmarks from FY2009 (-11%) and down 161 earmarks (-26%) from FY2008. The total value of these earmarks was $355.4 million, down 6% from the value in FY2009 and down 12% from the value in FY2008. Three USDA agencies—NIFA (formerly CSREES), ARS, and NRCS[14]—account for nearly 90% of the earmarks for Agriculture and Related Agencies (**Table 6**). By agency, the number of earmarks has declined steadily since FY2008 (**Figure 11**), and value of earmarks is generally declining also (**Figure 12**). The median FY2010 project size was $422,500.

Figure 11. Number of Earmarks in Agriculture Appropriations



Source: CRS.

Figure 12. Value of Earmarks in Agriculture Appropriations



Source: CRS.

[12] For background, see CRS Report RL34462, *House and Senate Procedural Rules Concerning Earmark Disclosure*.

[13] For example, the bill text in the enacted FY2009 and FY2010 Agriculture appropriation states, "[$X for an agency], of which $Y shall be for the purposes, and in the amounts, specified in the table titled 'Congressionally-designated Projects' in the statement of managers to accompany this Act."

[14] NIFA = National Institute of Food and Agriculture; CSREES = Cooperative State Research, Education and Extension Service; ARS = Agricultural Research Service; NRCS = Natural Resource Conservation Service, each described later.

Table 6. Earmarks Disclosed by Congress in Agriculture Appropriations

	Number			Value ($ million)		
Agency	**FY2008**	**FY2009**	**FY2010**	**FY2008**	**FY2009**	**FY2010**
National Institute of Food and Agriculture						
Special Research Grants	191	183	168	92.4	84.5	87.6
Federal Administration	49	46	51	32.5	28.8	35.1
Extension	28	25	26	10.4	9.4	11.8
Subtotal, NIFA	**268**	**254**	**245**	**135.4**	**122.7**	**134.5**
Agricultural Research Service						
Salaries and Expenses	146	78	47	102.1	112.6	44.1
Buildings and Facilities	25	24	21	47.1	46.8	70.9
Subtotal, ARS	**171**	**102**	**68**	**149.2**	**159.3**	**115.0**
Natural Resources Conservation Service						
Conservation Operations	90	75	69	43.5	31.7	37.4
Watershed and Flood Prevention	25	22	23	28.0	23.6	22.1
Subtotal, NRCS	**115**	**97**	**92**	**71.5**	**55.3**	**59.5**
Other agencies						
Animal and Plant Health Inspection Service	57	53	45	27.5	24.0	27.0
Food and Drug Administration	9	9	7	11.9	11.1	10.2
Rural Development	2	5	4	4.5	4.9	6.2
Food and Nutrition Service	1	1	1	2.5	2.3	3.0
Total, Agriculture and Related Agencies	**623**	**521**	**462**	**402.4**	**379.6**	**355.4**

Source: CRS, compiled from "Disclosure of Earmarks and Congressionally Directed Spending Items" in conference reports/committee prints accompanying P.L. 110-161, P.L. 111-8, and P.L. 111-80.

USDA Agencies and Programs

The Agriculture appropriations bill funds all of the U.S. Department of Agriculture (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.

USDA carries out widely varied responsibilities through about 30 internal agencies and offices[15] staffed by about 100,000 employees; about 34,000 of those employees are in the Forest Service.[16]

The order of the following sections reflects the order that the agencies are listed in the Agriculture appropriations bill. See **Table 3** for more details on the amounts for specific agencies.

[15] Detailed descriptions of USDA's programs and FY2010 budget request are available in USDA's *FY2010 Budget Explanatory Notes,* May 2009, at http://www.obpa.usda.gov/explan_notes.html.

[16] Staffing data are from USDA, *FY2010 Budget Summary and Annual Performance Plan*, May 2009, p. 112, at http://www.obpa.usda.gov/budsum/FY10budsum.pdf.

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 **National Institute of Food and Agriculture (NIFA)—**formerly the **Cooperative State Research, Education, and Extension Service (CSREES)**[17]—distributes federal funds to land grant colleges of agriculture to provide partial support for state-level research, education, and extension.
- The **Economic Research Service (ERS)** provides economic analysis of issues regarding public and private interests in 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 2008 farm bill called for the establishment of a new agency called the National Institute of Food and Agriculture (NIFA), which USDA launched on October 8, 2009.[18] The 2008 farm bill also created the Research, Education, and Extension Office (REEO), which coordinates the activities of ARS, ERS, NASS, and NIFA. Future budget requests for the REE mission area are to be in the form of a single line item. The 2008 farm bill provides mandatory funds for an expanded number of competitive grant programs, including the Agriculture and Food Research Initiative (AFRI, to 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).

When adjusted for inflation, USDA-funding levels for agriculture research, education, and extension have remained relatively flat from 1970 to 2000.[19] 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 13**), although ARS received supplemental funding for buildings and facilities in FY2009. ARS and NIFA (formerly CSREES) account for most of the research budget and their appropriations generally have tracked each other (**Figure 14**).

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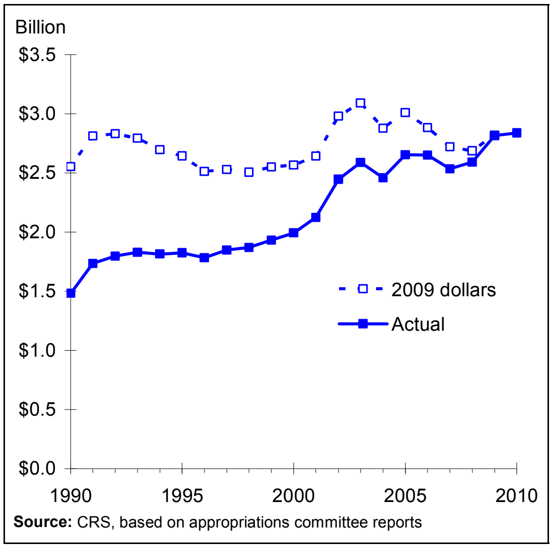
[17] Section 7511(f)(2) of the Food, Conservation, and Energy Act of 2008 (the 2008 farm bill, P.L. 110-246) amends the Department of Agriculture Reorganization Act of 1994 (7 U.S.C. 6971) by establishing an agency to be known as the National Institute of Food and Agriculture (NIFA). On October 8, 2009, the Secretary officially announced the launch of NIFA and the transfer of all authorities administered by the Administrator of the Cooperative State, Research, Education and Extension Service.

[18] See USDA press release on NIFA launch at http://www.usda.gov/wps/portal/!ut/p/_s.7_0_A/7_0_1OB?contentidonly =true&contentid=2009/10/0501.xml.

[19] Based on analysis of USDA data.

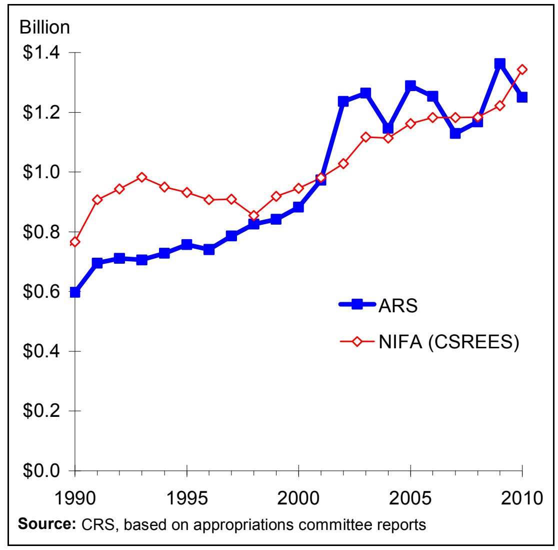
Figure 13. USDA Research Budget: FY1990-FY2010



Source: CRS, using appropriations committee data.

Notes: Includes supplemental appropriations.

Figure 14. ARS and NIFA Budget: FY1990-FY2010



Source: CRS, using appropriations committee data.

Notes: Includes supplemental appropriations.

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 the annual Agriculture appropriations act has prohibited the use of those mandatory funds for the purposes the agriculture committees intended, except in FY1999. On the other hand, in many years during the FY1999-FY2006 period, and again in FY2010, 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.

Agricultural Research Service

The enacted FY2010 appropriation provides a total of $1.25 billion for USDA's in-house science agency, the Agricultural Research Service (ARS), which is 5% more than the regular FY2009 levels and 7.8% more than the President's request. It is also an increase over the amount proposed in both the House and the Senate bills. This FY2010 amount includes $1.18 billion of salaries and expenses, and nearly $71 million for buildings and facilities.

The research priorities in the enacted appropriation coincided with the Administration's, and include initiatives on preventing childhood obesity, developing new bioenergy feedstocks, assessing and managing climate change, and reducing world hunger. The enacted appropriation provides the following increases: $5.9 million for increased research on human nutrition; $3.4 million for animal disease research; $2.4 million for environmental stewardship research; $1.5 million for research related to colony collapse disorder; $1 million to bolster efforts to develop Ug99-resistant wheat varieties; $1.1 million to strengthen grain research to protect the world grain supply; and $246,000 to index and mine the U.S. seed collections for energy genes among other things. As in both the House and Senate passed bills, the enacted appropriation does not support the Administration's proposal to transfer the Office of Pest Management Policy from ARS to the Office of the Chief Economist.

Though the enacted appropriation includes a cooperative research agreement to begin transitioning the Rift Valley Fever, African Swine Fever, and Peste des Petits Ruminants research activities of the Plum Island Animal Disease Center to the intended National Bio- and Agro-Defense Facility (NBAF) on the campus of Kansas State University, funding for construction of the DHS facility continues to be blocked by the Department of Homeland Security (DHS) appropriations process.[20]

National Institute of Food and Agriculture

The 2008 farm bill established a new agency called the National Institute of Food and Agriculture (NIFA), which replaced the Cooperative State Research, Education, and Extension Service (CSREES) at the beginning of October 2009. Like CSREES, NIFA will be the primary extramural funding agency for food and agricultural research at the USDA. Its mission continues to be to work with university partners to advance research, extension, and higher education in the food, agricultural, 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.[21]

The enacted appropriation provides $1.34 billion for NIFA, which represents a 10% increase over the regular FY2009 level for CSREES and a 15% increase over the President's request. It is also an increase from both the House- and Senate-passed proposals. The enacted appropriation includes an increase in funding over FY2009 for all major activities carried out by NIFA, including research and education, extension, and integrated activities (**Table 7**). 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 included funds for these earmarked grant programs, and the Senate bill in particular included a substantial increase in funding for competitive grants program, specifically the Agriculture and Food Research Initiative (AFRI).

[20] The enacted FY2010 DHS appropriation (P.L. 111-83) continues a restriction on construction of the NBAF (Sec. 560). The restriction requires DHS to provide a site-specific bio-safety and bio-security mitigation risk assessment that addresses some faults that GAO identified in the original site selection process (below). The National Academy of Sciences is then to review the DHS risk assessment. In addition, DHS and USDA are to report on the permitting process for live FMD research at the new facility (as required by Section 7524 of P.L. 110-246) and development of an emergency response plan that is coordinated with state and local officials.

Funding for NBAF construction also was restricted in the FY2009 DHS appropriation (P.L. 110-329) while DHS conducted a risk assessment on whether foot-and-mouth disease research could be done safely on the mainland (prior to the official announcement of Kansas State site) and the Government Accountability Office (GAO) reviewed the risk assessment. The GAO report concluded that DHS's assertion of safety was not supported (p. 46 of *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).

For more background on the new research facility, see CRS Report RL34160, *The National Bio- and Agro-Defense Facility: Issues for Congress*, by (name redacted), (name redacted), and (name redacted).

[21] 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.

Table 7. National Institute of Food and Agriculture Appropriations, FY2009-FY2010

(budget authority in millions of dollars)

	FY2009	FY2010		Change			
				P.L. 111-80 vs. FY2009		P.L. 111-80 vs.	
NIFA activity	P.L. 111-8	Admin. request	P.L. 111-80	Dollar	Percent	House	Senate
Research and education	691.0	622.9	788.2	+97.2	+14%	+76.7	+30.4
Extension	474.3	487.0	494.9	+20.6	+4%	+9.5	+3.6
Integrated activities	56.9	56.9	60.0	+3.1	+5%	0	+3.2
Total	**1,222.2**	**1,166.8**	**1,343.2**	**+121.0**	**+10%**	**+86.2**	**+37.2**

Source: Compiled by CRS, from P.L. 111-80 and H.Rept. 111-279.

The enacted appropriation reflects both the House and Senate proposals for modest increases in research and education activities provided for formula fund programs. The enacted appropriation, like the House and Senate bills, provides $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 enacted appropriation includes $29 million for the McIntire-Stennis formula fund program for Cooperative Forestry Research, which is $1.5 million over FY2009.

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 enacted appropriation provides $262.5 million for AFRI, which is a considerable increase of about 30% over the $201.5 million enacted in FY2009 (the same level requested by the Administration for FY2010). The enacted appropriation provides $52.5 million more for AFRI than the House proposal, but $32.6 million less that that of the Senate. AFRI replaces two other grant programs: the Initiative for Future Agriculture and Food Systems (IFAFS), which emphasized more applied research, and the National Research Initiative (NRI) competitive grants program, which emphasized more fundamental, or basic, research. Both of these grant programs were eliminated in the 2008 farm bill.

The enacted appropriation includes $494.9 million for extension activities for FY2010 (instead of $485.4 million as proposed by the House and $491.3 million by the Senate). This is an increase of $20.6 million, or 4%, over FY2009 funding levels for extension activities. The enacted appropriation includes $297.5 million for Smith-Lever formula funds for extension (Sections 3(b) and 3(c)), and over $11.8 million in congressionally designated extension projects. In addition, the enacted appropriation provides $101.3 million for Smith-Lever Section 3(d) competitive programs activities, which include programs in food and nutrition education ($68.1 million), pest management ($9.9 million), sustainable agriculture ($4.7 million), extension services on Indian reservations ($3 million) and children, youth, and families at risk ($8.4 million).

Economic Research Service

The enacted appropriation provides $82.5 million for USDA's Economic Research Service (ERS), an increase of $3 million (+4%) over FY2009 and equal to the amount requested by the Administration. It is slightly lower than the House amount, but higher than the Senate amount.

National Agricultural Statistics Service

The enacted appropriation provides $161.8 million for the National Agricultural Statistics Service (NASS), which is an increase of $10.3 million over the FY2009 level. It equals the Administration's request, as well as the amounts in the House and Senate bills. The increase includes funds for the restoration of the Agricultural Chemical Use program and 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, Education, and Extension: Farm Bill Issues*, by (name redacted).

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.

The enacted appropriation provides a total of $909.7 million for APHIS for FY2010. This includes $905.0 million for APHIS salaries and expenses, which is more than the amount in the House-passed bill ($881.0 million) but less than in the Senate-passed bill ($909.4 million). The enacted appropriation also authorizes $4.7 million for buildings and facilities. The enacted appropriation provides more compared to the President's FY2009 budget request of $877.1 million and the FY2008 level of $881.4 million.

Within APHIS, the enacted appropriation identifies funding for certain programs, including $24.4 million for certain congressionally designated projects; $5.3 million for a National Animal Identification System program; $2.1 million to control 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; and $60.2 million to prevent and control avian influenza. The enacted appropriation includes many of the same provisions identified in the House and Senate bills, including a requirement that matching state funds be at least 40% for formulating and administering a brucellosis eradication program, limitations on the operation and maintenance of aircrafts and aircraft purchases, and a requirement that any repair and alteration of leased buildings and improvements not exceed 10% of the current replacement value of the building.

The enacted appropriation also provides for the following funding levels: pest and disease exclusion ($166.7 million); plant and animal health monitoring ($248.7 million); pest and disease management ($369.1 million); animal care ($22.5 million); scientific and technical services ($87.7 million); and management initiatives ($10.2 million).

The conference report also highlights that appropriators expect the Secretary of Agriculture to continue to use the authority provided in this bill to transfer funds from other appropriations or funds available to USDA for activities related to the arrest and eradication of animal and plant pests and diseases.[22] The Office of Management and Budget (OMB) 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 emerging plant pests and other plant and animal health problems on an emergency basis, or be provided the funds primarily through the annual USDA appropriation, as OMB has argued.

National Animal Identification System

The enacted appropriation provides $5.3 million for a National Animal Identification System (NAIS), $9.1 million less than FY2009. This is in contrast to no funding under the House bill and is $2 million less than the Senate bill. The conference report expresses concern that the lack of progress by APHIS in registering animal premises in the United States will prohibit APHIS from implementing an effective national animal ID system, and that such a system is needed for animal health and would benefit livestock markets. As of mid-2009, about 37% of premises 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 conference report states further that, "[i]f significant progress is not made, the conferees will consider eliminating funding for the program."

Since FY2004, approximately $142 million has been appropriated for NAIS, including $14.5 million in FY2009. The Administration proposed slightly increasing the funding for NAIS to $14.6 million in FY2010. The House-passed bill would have eliminated all funding for NAIS for FY2010 and the Senate bill would have provided only half the requested amount. The original Senate version, S. 1406, would have provided the entire $14.6 million proposed by the Administration. An amendment to zero out Senate funding failed to pass in committee; however, a floor amendment (S.Amdt. 2230 by Senators Tester and Enzi) reduced the Senate-passed bill's amount to $7.3 million.

See CRS Report R40832, *Animal Identification: Overview and Issues*, by (name redacted) for more information.

Emerging Plant Pests

The emerging plant pests (EPP) account within the "Pest and Disease Management" spending area is funded at $158.8 million for FY2010 in the enacted appropriation. This compares with an Administration request of $143.8 million and a FY2009 level of $133.7 million. The enacted

[22] Per the conference report, this provision is in accordance with the Animal Health Protection Act (7 U.S.C. 8310 and 8316) and the Plant Protection Act (7 U.S.C. 7751 and 7772).

appropriation further specifies how most of this money should be divided among plant problems of major concern, including citrus health ($44.7 million); Asian long-horned beetle ($33.0 million); glassy-winged sharpshooter ($23.0 million); sudden oak death ($5.4 million); Karnal bunt ($2.2 million); emerald ash borer ($37.2 million, including an increase of $2.5 million for operations and improved eradication methods); potato cyst nematode ($8.3 million); light brown apple moth ($1.0 million); sirex woodwasp ($1.5 million); miscellaneous pests ($2.1 million); and varroa mite suppression ($0.5 million). The enacted appropriation also includes $16.8 million for bovine tuberculosis, which includes $2.0 million for indemnity and depopulation.

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 funding for 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.[23]

For FY2010, the enacted appropriation provides $91.1 million (slightly more than the President's request or the House and Senate versions), compared with $86.7 million in the enacted FY2009 omnibus bill. 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. The enacted appropriation concurs with the House, Senate and Administration estimates to fund Section 32 activities at $1,300 million, compared with $1.169 billion in FY2009. 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 enacted appropriation for FY2010 contains, under Title VII (General Provisions) a rescission of $52.5 million from unobligated balances carried over from FY2009.

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

[23] 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 (name redacted) and (name redact ed).

spending above the budget baseline, as estimated by the Congressional Budget Office (CBO). The farm bill cap for FY2010 is $1.199 billion, and was not reduced in the enacted appropriation. This was not the case in FY2009. The farm bill cap for FY2009 was set at $1.173 billion, but the enacted FY2009 omnibus lowered that to $1.072 billion. The apparent effect of this reduction was to free up additional Section 32 money (i.e., $101 million).

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 proposed 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 proposed a slightly smaller funding increase of $1.2 million to $41.6 million for FY2010. The enacted FY2010 appropriation provides $42 million as proposed by both the Administration and the House bill.

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; however, the conference report did not make note of this proposal, which would require authorizing legislation.

Meat and Poultry Inspection[24]

Funding

USDA's Food Safety and Inspection Service (FSIS) conducts mandatory inspection of meat, poultry, and processed egg products to ensure their safety and proper labeling. Conferees approved new budget authority for FSIS of $1.019 billion, which was the amount in the House-passed and Senate-passed versions as well as the Administration's request, a $48 million or 4.9% increase over the enacted FY2009 level.

[24] Food safety responsibilities are spread across as many as 15 federal agencies, collectively administering at least 30 laws related to food safety. The Food and Drug Administration (FDA), which is part of the U.S. Department of Health and Human Services (HHS), and the Food Safety and Inspection Service (FSIS), which is part of the U.S. Department of Agriculture (USDA), together comprise the majority of both the total funding and the total staffing of the government's food regulatory system. See CRS Report RS22600, *The Federal Food Safety System: A Primer*, by (name redacted).

This congressional appropriation would be augmented in FY2010 by existing (currently authorized) user fees, which FSIS had earlier estimated would total approximately $150 million. The final bill does not assume 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, the final bill directs that $3 million of the total be obligated to maintain the Humane Animal Tracking System. It also requires that a minimum of 140 full-time staff positions be devoted solely to inspections and enforcement under the Humane Methods of Slaughter Act. The final bill contains a separate House provision to continue a prohibition on the use of funds or user fees to inspect horses destined for human food.

China Poultry Issue

The House and Senate bills differed 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 have continued this prohibition. The Senate version (Section 744) would have permitted such imports but only under specified preconditions.

Conferees adopted language that appears to be closer (but not identical) to the Senate approach. More specifically, Section 743 of the final measure states that funds cannot be used to implement the rule unless the Secretary of Agriculture formally notifies Congress that China will not receive any preferential consideration of any application to export poultry or poultry products to the United States; the Secretary will conduct audits of inspection systems and on-site reviews of slaughter and processing facilities, laboratories, and other control operations before any Chinese facilities are certified to ship products to the United States, and subsequently such audits and reviews will be conducted at least annually (or more frequently if the Secretary determines it necessary); there will be a "significantly increased level" of reinspections at U.S. ports of entry; and a "formal and expeditious" information sharing program will be established with other countries importing Chinese processed poultry products that have conducted audits and plant inspections.

Furthermore, USDA must provide a report to the House and Senate Appropriations Committees within 120 days and every 180 days thereafter, indefinitely, that includes both initial and new actions taken to audit and review the Chinese system to ensure it meets sanitary standards equivalent to those of the United States, the level of port of entry reinspections being conducted on Chinese poultry imports, and a work plan incorporating any agreements between FSIS and the Chinese government regarding a U.S. equivalency assessment. USDA also is to meet specified requirements (spelled out in Section 743) for notifying the public about audits and site reviews in China and of lists of certified Chinese facilities.

Many food safety advocates were 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, argued that it would undermine U.S. trade commitments, and lead to trade retaliation by the Chinese.

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

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 also are received from other USDA agencies to pay for FSA administering 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 enacted appropriation provides $1.575 billion for regular FSA salaries and expenses, $87 million more than FY2009 (+6%). The amounts in the House- and Senate-passed bills were nearly the same. 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).

Information Technology

The enacted appropriation concurs with the House and Senate bills by including 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). Additional appropriations for modernization (about $266 million) will be needed after FY2010, according to USDA's plans.[25]

The enacted appropriation requires 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 requires reports on the use of past- and current-year information technology

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

appropriations, noting the cost, schedule, and achievement of computer modernization milestones.

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.[26] 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.[27]

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.

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

[26] 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.

[27] 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.

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 FY2010 enacted appropriation exceeds the amounts for both loan authority and budget authority in the House-passed and Senate-passed bills. This is likely due to a re-estimate of the demand for the farm loan programs. FSA experienced higher demand for its loans in FY2009, given the financial pressures of the global financial crisis.[28] An unusually high number of direct operating loan applications were from new customers: 45% in FY2009 compared with about 20% usually.[29]

The enacted appropriation provides $141 million of budget authority to support $5.084 billion of loan authority (**Table 8**). This is nearly $1.66 billion more of loan authority (+48%) than the regular loan authority for FY2009, but with about $7 million less in budget authority (-4.6%).

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 about 10% of the increase in loan authority over FY2009 ($160 million of the $1.66 billion).

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 194% over the regular FY2009 appropriation). Other loan program increases include a 21% increase in guaranteed farm ownership loans, 74% for direct farm operating loans, and 47% 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, and are larger than the supplemental funding enacted for FY2009 that was all quickly consumed by the end of the fiscal year. The guaranteed interest assistance operating loan program is slated for a 37% 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.

Reflecting this increased demand during the financial crisis, 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 early September 2009, USDA had used 93% of its FY2009 loan authority, including supplemental appropriations and transfers.

The Administration had requested $5 million for the new farm-bill authorized Individual Development Accounts program. Neither the House bill, the Senate bill, nor the enacted appropriation provided any funding for the program. The program is for beginning farmers and ranchers, and provides matching funds for deposits made to savings accounts that can be used for capital expenses.

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[28] See CRS Report RS21977, *Agricultural Credit: Institutions and Issues*, by (name redacted).

[29] 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-FY2010

(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]		P.L. 111-80		P.L. 111-80 minus Regular FY2009	
	Budget Authority	Loan Authority	Budget Authority	Loan Authority	Budget Authority	Loan Authority	Budget Authority	Loan Authority
Farm ownership loans								
Direct	13	222	23	360	27	650	14	428
Guaranteed	4	1,239			6	1,500	1.5	261
Farm operating loans								
Direct	68	575	81[a]	683[a]	47	1,000	-20	425
Guaranteed (unsubsidized)	25	1,017	5[a]	193[a]	35	1,500	10	483
Guaranteed (interest assistance)	37	270	-17[a]	-120[a]	24	170	-13	-100
Indian tribe land acquisition	0.2	4			0	4	0	0
Indian highly fractured land loans					0.8	10	0.8	10
Boll weevil eradication loans	0	100			0	100	0	0
Conservation loans								
Direct					1.1	75	1.1	75
Guaranteed					0.3	75	0.3	75
Subtotal, FSA Farm Loan Program	**147**	**3,428**	**92**	**1,117[a]**	**141**	**5,084**	**-6.8**	**1,656**

Source: CRS compilation from P.L. 111-5; P.L. 111-8; P.L. 111-32; P.L. 111-80; H.Rept. 111-279; 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 (name redacted).

Dairy Financial Assistance

Low financial returns for dairy farmers in 2009 prompted Congress to make additional financial assistance available to the dairy sector. The enacted appropriation (in the General Provisions, Section 748) provides a total of $350 million, divided between $290 million for supplemental income payments to dairy farmers and $60 million for the purchase of cheese and other dairy products to be distributed through food banks and similar locations. Provisions for expedited rulemaking are expected to enable the Secretary of Agriculture to make the additional payments in a timely manner.

The enacted appropriation does not specify how the Secretary should allocate the funding among producers. Under the Milk Income Loss Contract (MILC) program, for comparison, the payment quantity is limited to 2.985 million pounds of annual production (equivalent to about a 160-cow operation).

The additional income payments will supplement the more than $700 million in direct payments made to producers in fiscal 2009 through the MILC program. USDA also announced on July 31, 2009, a temporary increase in price support for cheese and nonfat dry milk from August 2009 through October 2009.

The idea for additional dairy appropriation originated in the Senate-passed bill, which included an amendment for an additional $350 million in FSA salaries and expenses, ostensibly for dairy farmer financial assistance through an increase in dairy product price supports. The amendment was controversial since it was designated emergency funding and was not offset elsewhere in the bill. The Sanders amendment (S.Amdt. 2276) 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 did not have a similar provision. The funding in the enacted appropriation does not have the emergency designation and is instead included within the annual discretionary allocation for the Agriculture bill.

For more background on the economic forces affecting the dairy sector, see CRS Report R40205, *Dairy Market and Policy Issues*, by (name redacted).

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).[30]

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

[30] 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 (name redacted).

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 outlays. 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.[31]

To replenish CCC's borrowing authority with the Treasury, the FY2010 enacted appropriation, as well as the 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.[32]

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.

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[31] 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.

[32] Ibid.

For the salaries and expenses of the RMA, the enacted appropriation provides $80.3 million, 4% more than FY2009. Absent from the conference language, but appearing in the House-passed bill, was a directive for additional staff to enhance compliance and oversight work. The enacted appropriation allows RMA to tap mandatory money made available under the Federal Crop Insurance Act for improving the agency's information management system.

The enacted appropriation provides $7.5 billion for the Federal Crop Insurance Fund ($900 million more than FY2009), 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 estimated amount for the fund is higher in FY2010 than in FY2009 because crop prices—and associated crop values and prospective losses—were relatively high at the time the estimates were made. 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 (name redacted).

Conservation

The enacted FY2010 appropriation provides increased funding for discretionary Natural Resource Conservation Service (NRCS) programs, rejecting many of the Administration's proposed reductions. The act makes few changes to mandatory programs.

Discretionary Programs

The enacted appropriation provides $1.009 billion total for FY2010 discretionary conservation programs, $40.2 million (+4%) more than in FY2009. It has $22.4 million more than the House bill, $5.6 million less than the Senate bill, and $101.1 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 enacted appropriation provides $887.6 million for FY2010 ($34.2 million over FY2009, $20.4 million more than the Administration's request, $13.2 million more than the House bill, and $61.9 million less than the Senate bill). Unlike previous appropriations, the Senate bill included funding for the Resource Conservation and Development (RC&D) program ($50.7 million) within CO. This proposal was rejected during conference and the RC&D program is funded separately ($50.7 million, the same as in FY2009). The conference report, H.Rept. 111-279, requires that $37.4 million (4.2% of total CO funding) be available for congressionally designated projects (earmarks, **Table 6**) and specifies that no more than $250,000 be available for alterations and improvements to buildings and other public improvements.

The enacted appropriation maintains funding for other discretionary programs that the Administration proposed to terminate, including the Watershed and Flood Prevention Operations ($30 million to remain available until expended, which is $10 million more than the House bill and $5.6 million more than the Senate, with no more than $12 million allowed for technical assistance) and the Resource Conservation and Development (RC&D) program ($50.7 million for FY2010). No more than $3.1 million of funds for RC&D could be available for national headquarters activities under the House bill. Of the $30 million for the Watershed and Flood Prevention Operations, $22.1 million (74%) are directed to congressionally designated projects (**Table 6**). The Administration proposed to reduce funding for the Watershed Rehabilitation Program to $40.2 million (available until expended) 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) and therefore does not require an annual appropriation. The enacted appropriation rejects 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 agreement was reduced by $435 million from the FY2010 level authorized by the 2008 farm bill (see discussion in "Limits on Mandatory Program Spending" and **Table 5** for more background).

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 House and Senate bills specified that no mandatory funds be used for the Watershed Rehabilitation Program, which includes the authorized $100 million in FY2009 and $65 million in carryover from an FY2007 funding restriction. The FY2010 enacted appropriation continues this restriction.

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 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 appropriation covers the cost of making loans (referred to as a loan subsidy) and another part covers grants. Loan subsidy is directly related to any interest rate reduction and a projection of anticipated loan losses from non-repayment. The amount of loans that can be made (the loan authority) is several times larger than the loan subsidy.

For FY2010, the enacted rural development appropriation provides $2.98 billion in discretionary budget authority and supports a combined loan authority of $24.4 billion. This is $246 million more (+9%) in budget authority than the regular FY2009 appropriation, and $7.4 billion more (+44%) in loan authority. This appropriation and loan authority are more than the House recommended but less than in the Senate bill (**Table 3**). Most of the sizeable growth in loan authority is from single family housing guaranteed loans, as described in a following section.

- RHS receives about 60% of the total amounts above: $1.89 billion in budget authority (+8% over regular FY2009) and $13.9 billion of loan authority (+71%).
- RBS receives $189.7 million in budget authority in FY2010 (+44% over regular FY2009) and $1.21 billion in loan authority (+12%).
- RUS receives $693.4 million of budget authority (+6% over regular FY2009) and $9.3 billion of loan authority (+20%).

Rural Housing Service

The enacted appropriation provides $1.89 billion in budget authority to RHS, $139 million more (+8%) than FY2009. This budget authority will support $13.9 billion of loan authority, $5.8 billion (+71%) more than FY2009. Nearly all of the growth in rural housing loan authority is for single family housing guaranteed loans. Rural housing programs and funding levels are outlined in **Table 9**, with highlights below.

Table 9. Rural Housing Service Appropriations, FY2009-FY2010

(budget authority in millions of dollars)

	FY2009		FY2010			
	Regular	Supp	Regular			
Program	P.L. 111-8	P.L. 111-5	Admin.	House	Senate	P.L. 111-80
Rural Housing Insurance Fund: Admin.	460.2		468.6	468.6	468.6	468.6
Single family direct loans (Sec. 502)	75.4	67.0	40.7	40.7	44.5	40.7
Loan authority	*1,121.5*	*1,000.0*	*1,121.5*	*1,121.5*	*1,226.5*	*1,121.5*
Single family guaranteed loans	79.0	133.0	89.6	89.6	172.8	172.8
Loan authority	*6,223.9*	*10,472.0*	*6,204.4*	*6,204.4*	*12,000.0*	*12,000.0*
Other Rural Housing Ins. Fund programs[a]	46.5		25.4	28.3	25.4	25.4
Loan authority[a]	*254.5*		*254.5*	*265.0*	*254.5*	*254.5*
Subtotal, Rural Housing Ins. Fund	**661.2**	**200.0**	**624.3**	**627.2**	**711.3**	**707.5**
Loan authority	***7,599.8***	***11,472.0***	***7,580.4***	***7,590.9***	***13,481.0***	***13,376.0***
Other housing programs						
Rental assistance (Sec. 521)	891.1		1,080.0	968.6	968.6	968.6
Other rental assistance[b]	11.4		11.4	11.4	11.4	11.4
Multifamily housing revitalization	27.7		26.6	31.8	39.7	43.2
Mutual and self-help housing grants	38.7		38.7	45.0	38.7	41.9
Rural housing assistance grants	41.5		41.5	45.5	41.5	45.5
Farm labor housing: Grants	9.1		9.1	11.5	9.1	9.9
Farm labor housing: Loan subsidy	9.1		7.8	11.0	7.8	9.9

	FY2009		FY2010			
	Regular	Supp	Regular			
Program	P.L. 111-8	P.L. 111-5	Admin.	House	Senate	P.L. 111-80
Loan authority	*21.7*		*21.7*	*30.5*	*21.7*	*27.3*
Rural Community Facilities Program						
Community facilities: Grants	20.4	63.0	20.4	20.4	20.4	20.4
Community facilities: Direct loans	16.9	67.0	3.9	3.9	3.9	3.9
Loan authority	*294.9*	*1,171.0*	*295.0*	*295.0*	*295.0*	*295.0*
Community facilities: Guaranteed loans	6.4		6.6	6.6	6.6	6.6
Loan authority	*206.4*		*206.4*	*206.4*	*206.4*	*206.4*
Rural community development initiative	6.3		6.3	6.3	6.3	6.3
Economic impact initiative grants	10.0		13.9	10.0	13.9	13.9
Tribal college grants	4.0		4.0	4.0	4.0	4.0
Subtotal, Rural Community Facil.	**63.8**	**130.0**	**55.0**	**51.1**	**55.0**	**55.0**
Loan authority	***501.4***	***1,171.0***	***501.4***	***501.4***	***501.4***	***501.4***
Total, Rural Housing Service (Table 3)						
Budget authority	**1,753.7**	**330.0**	**1,894.6**	**1,803.1**	**1,883.2**	**1,892.8**
Loan authority	***8,122.9***	***12,643.0***	***8,103.5***	***8,122.8***	***14,004.0***	***13,904.7***

Source: Compiled by CRS from P.L. 111-80, P.L. 111-5, and unpublished appropriations committee tables.

Notes: Amounts in the regular FY2009 column do not include supplemental appropriations. Loan authority is the amount of loans that can be made and is not added to budget authority totals.

a. Includes Sec. 504 housing repair, Sec. 515 rental housing, Sec. 524 site loans, Sec. 538 multi-family housing guarantees, single and multi-family housing credit sales, and Sec. 523 self-help housing land development,

b. Sec. 502(c)(5)(D) eligible households, Sec. 515 new construction, and farm labor housing new construction.

Single-family housing loans (Section 502 direct and guaranteed loans)[33] are the largest RHS loan account and represent 94% of the total rural housing loan authority. The enacted $1.12 billion of single family direct loan authority is constant with FY2009. However, P.L. 111-80 follows the Senate's recommendation for $12 billion of guaranteed loan authority (+93% over FY2009), and is supported by a 119% increase in guaranteed loan subsidy. The Section 502 program also received supplemental funding under the American Recovery and Reinvestment Act of 2009 (ARRA) to support an additional $11.5 billion in direct and guaranteed loans in FY2009-FY2010.

The Section 521 rental assistance program is nearly half of the RHS budget, even bigger than the budget authority for the Section 502 loan program. The rental assistance appropriation rises to $969 million in FY2010, up 9% over FY2009. The FY2010 appropriation for multifamily housing revitalization is up 56%; rural housing assistance grants[34] are up 10%; and mutual and

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

[34] 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.

self-help housing grants are up 8%. Farm labor housing grants and loan subsidies are each up 8% over FY2009, and the associated loan authority is up 26%. Most of these amounts are less than or the same as the House bill, but more than the Senate bill.

For the rural community facilities account,[35] the enacted appropriation provides $55 million of budget authority and supports $501 million of loans. This is a 14% decrease in budget authority from FY2009, but the same amount of loan authority. The decrease in loan subsidy for direct community facility loans is responsible for the decrease in budget authority. Loan authority for the program, however, will remain the same due to the continuing low interest rate environment. Rural community facilities will receive $20 million in grants, $295 million in direct loans, and $206 million in guaranteed loans—all the same as the regular FY2009 appropriation. Economic Impact Initiative grants receive $13.9 million, a 39% increase over FY2009. These grants support essential community facilities in communities with high rates of unemployment. The community facilities program also received supplemental funds under ARRA to support $1.17 billion of loans and $63 million of grants over FY2009 and FY2010. The enacted appropriation includes a general provision from the Senate bill to allow USDA to fund eligible community facility project applications in Massachusetts, Connecticut, and Rhode Island that were filed before August 1, 2009.[36]

Rural Business-Cooperative Service

For loans and grants administered by RBS, P.L. 111-80 provides $189.7 million of budget authority (+44% over FY2009) and supports $1.21 billion of direct and guaranteed loan authority (+12%). These programs and funding levels are outlined in **Table 10**, with highlights below.

About half of the RBS budget authority, $97.1 million, is for the Rural Business Program Account (see footnote 35). The appropriation is divided among the Business and Industry (B&I) guaranteed loan ($53 million of loan subsidies to support $993 million of loans), Rural Business Enterprise Grants ($38.7 million), and Rural Business Opportunity Grants ($2.5 million). These grant and loan levels are the same as the request and the regular FY2009 appropriation. Rural Business Enterprise Grants and the B&I loan guarantee program also received supplemental budget authority under ARRA to support $20 million of grants and $2.99 billion of loans.

The next largest RBS appropriation is for the Rural Energy for America Program (REAP), which encourages use of renewable energy by farmers, ranchers, and rural small businesses through energy audits, direct loans, loan guarantees, and grants. P.L. 111-80 provides $39.3 million for REAP (with half in grants and half in loan subsidies), up nearly seven-fold over FY2009. The loan subsidy will support $144 million in loan authority, up significantly from $26 million in FY2009. The 2008 farm bill (P.L. 110-246) also authorized $60 million in mandatory spending for the program in FY2010.

[35] 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.

[36] USDA's Office of General Counsel recently ruled that population thresholds in New England townships would be based on the entire township and not on the population of the political jurisdiction applying for the loan.

Table 10. Rural Business-Cooperative Service Appropriations, FY2009-FY2010

(budget authority in millions of dollars)

	FY2009		FY2010			
	Regular	Supp	Regular			
Program	P.L. 111-8	P.L. 111-5	Admin.	House	Senate	P.L. 111-80
Rural Business Program Account						
Guaranteed Business and Industry Loans	43.2	130.0	52.9	52.9	52.9	52.9
Loan authority	*993.0*	*2,990.0*	*993.0*	*993.0*	*993.0*	*993.0*
Rural business enterprise grants	38.7	20.0	38.7	38.7	38.7	38.7
Rural business opportunity grants	2.5		2.5	2.5	2.5	2.5
Delta regional authority grants	3.0		3.0	3.0	3.0	3.0
Rural Development Loan Fund Program						
Administrative expenses (transfer to RD)	4.9		4.9	4.9	4.9	4.9
Loan subsidy	14.0		8.5	8.5	8.5	8.5
Loan authority	*33.5*		*33.5*	*33.5*	*33.5*	*33.5*
Rural Econ. Development: *Loan authority*	*33.1*		*33.1*	*33.1*	*33.1*	*33.1*
Rural Cooperative Development: Grants	12.6		38.6	30.6	38.9	34.9
Rural Microenterprise Investment: Grants			11.0		11.0	2.5
Loan subsidy			11.0		11.0	2.5
Loan authority			*51.5*		*51.5*	*11.7*
Rural Energy for America (REAP): Grants	2.5		34.5	12.0	34.5	19.7
Loan subsidy	2.5		33.6	10.0	33.6	19.7
Loan authority	*25.8*		*246.3*	*73.3*	*246.3*	*144.2*
Biorefinery Assistance: Loan subsidy			17.3		17.3	
Loan authority			*48.9*		*48.9*	
Rural empower. zones/enterprise commun.	8.1					
Total, Rural Business-Coop. Svc. (Table 3)						
Budget authority	**132.0**	**150.0**	**256.6**	**163.2**	**256.8**	**189.7**
Loan authority	***1,085.4***	***2,990.0***	***1,406.4***	***1,132.9***	***1,406.4***	***1,215.5***

Source: Compiled by CRS from P.L. 111-80, P.L. 111-5, and unpublished appropriations committee tables.

Notes: Amounts in the regular FY2009 column do not include supplemental appropriations. Loan authority is the amount of loans that can be made and is not added to budget authority totals.

The enacted appropriation nearly triples funding for Rural Cooperative Development Grants compared to FY2009. The biggest increase within this program is for Value-Added Product Grants ($20 million in FY2010 compared with $4 million in FY2009). The increase reflects support for the program in the 2008 farm bill, which also provided $15.0 million in mandatory spending to be available until expended. The FY2010 appropriations approximately double for cooperative development grants and grants to assist minority producers ($7.9 million and $3.5 million, respectively).

The Rural Microenterprise Investment Program, which is designed to create new sources of equity capital in rural areas, receives $5.0 million, half for grants and half for loan subsidies to support $11.7 million in loan authority. The Senate and the Administration recommended more than four times those amounts, but the House bill had no funding. The program was authorized in the 2008 farm bill and provided $4 million each in FY2009 and FY2010. The proposed rule for the program, however has not been published and the program is unlikely to begin awarding funds until summer 2010.[37]

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—receives no funding in the FY2010 appropriation, consistent with the House bill. The Senate and the Administration recommended $17.3 million. There was no appropriation for the program in FY2009.

P.L. 111-80 provides no funding for the rural Empowerment Zone/Enterprise Communities (EZ/EC) grants programs ($8.1 million for FY2009). It did, however, adopt a general provision from the Senate bill to provide $499,000 for rural development programs in communities suffering from extreme outmigration and situated in an Empowerment Zone (under the Community Renewal Tax Relief Act of 2000, Appendix G of P.L. 106-554).

The Senate report directs the Government Accountability Office to prepare a report on developing the tourism potential of rural communities.

Rural Utilities Service

The Rural Utilities Service (RUS) provides loan and grant assistance for rural electricity, telecommunications, and rural water/wastewater projects. For FY2010, P.L. 111-80 provides $693.4 million in budget authority to support $9.3 billion in loan authority. This is 20% more in loan authority than FY2009, and 6% more in budget authority. Rural utilities programs and funding levels are outlined in **Table 11**, with highlights below.

The Rural Water and Waste Disposal Program Account (see footnote 35) represents 82% of RUS budget authority. P.L. 111-80 provides $568.7 million in budget authority (+2% over FY2009) to support $1.1 billion in direct and guaranteed loans. Guaranteed loan authority is constant at $75 million, but the FY2010 appropriation has $1 billion of new direct loan authority as proposed by both chambers and the Administration. Supplemental funding also has been provided recently. The ARRA provided funds to support $3.8 billion of water and wastewater direct loans and grants, and the 2008 farm bill provided $120 million of budget authority to help clear a backlog of applications. Similar to a provision for community facilities provision mentioned earlier, P.L. 111-80 allows USDA to fund eligible water and wastewater project applications in Massachusetts, Connecticut, and Rhode Island that were filed before August 1, 2009.

[37] A proposed rule for the microenterprise assistance program was published in the *Federal Register* on October 7, 2009. See *Federal Register* 74 (193), pages 51714-51731, October 7, 2009.

Table 11. Rural Utilities Service Appropriations, FY2009-FY2010

(budget authority in millions of dollars)

	FY2009		FY2010			
	Regular	Supp	Regular			
Program	P.L. 111-8	P.L. 111-5	Admin.	House	Senate	P.L. 111-80
Rural Water and Waste Disposal Program						
Loan subsidy and grants	556.3	1,380.0	546.2	556.3	568.7	568.7
Direct loan authority	*0.0*	*2,820.0*	*1,022.2*	*1,022.2*	*1,022.2*	*1,022.2*
Guaranteed loan authority	*75.0*		*75.0*	*75.0*	*75.0*	*75.0*
Rural Electric and Telecommunication Loans						
Administrative expenses (transfer to RD)	39.2		40.0	40.0	40.0	40.0
Telecommunication loan subsidy	0.5					
Telecommunication loan authority	*690.0*		*690.0*	*690.0*	*690.0*	*690.0*
Electricity loan authority	*6,600.0*		*6,600.0*	*6,600.0*	*7,100.0*	*7,100.0*
Distance Learning, Telemedicine, Broadband						
Distance learning and telemedicine	34.8		29.8	34.8	37.8	37.8
Broadband: Grants	7.0[a]	500.0	13.4	18.0	13.4	18.0
Broadband: Direct loan subsidy	15.6	2,000.0	38.5	29.0	38.5	29.0
Direct loan authority	*400.5*	*12,435.9*	*531.7*	*400.0*	*531.7*	*400.0*
Subtotal, Rural Utilities Service (Table 3)						
Budget authority	**653.4**	**3,880.0**	**667.9**	**677.9**	**698.3**	**693.4**
Loan authority	***7,765.5***	***15,255.9***	***8,918.9***	***8,787.2***	***9,418.9***	***9,287.2***

Source: Compiled by CRS from P.L. 111-80, P.L. 111-5, unpublished appropriations committee tables, and unpublished USDA rural development tables.

Notes: Amounts in the regular FY2009 column do not include supplemental appropriations. Loan authority is the amount of loans that can be made and is not added to budget authority totals.

a. After $6.4 million rescission.

The appropriation supports water projects in areas where delivery of basic services is deemed to be especially needed, including $70 million for water and waste disposal systems for Native American tribes and Hawaiian homelands. It also continues the same FY2009 funding for water projects in Empowerment Zones/Enterprise Communities and communities in Rural Economic Area Partnership Zones. However, no funding targets the *colonias* (areas primarily in Texas that border Mexico), as in some past appropriations. The Senate bill requires USDA to provide a report assessing where water and wastewater assistance have been provided and where additional resources are most needed.

For the High Energy Cost Grant program, part of the water and wastewater account, the enacted appropriation provides $17.5 million, the same as FY2009. The program provides grants for a variety of energy projects where average home energy costs exceed 275% of the national average. The Administration proposed eliminating it on the basis of duplication with the electrification loan program.

For rural electric loans, P.L. 111-80 provides $7.1 billion of loan authority. This follows the Senate's recommendation for $500 million of new loan authority for guaranteed underwriting loans. The $6.6 billion of direct loan authority remains constant at FY2009 levels.

For broadband telecommunication, the enacted appropriation includes $18 million for grants and $29 million of loan subsidy to support $400 million in direct loans. This is the same loan authority as FY2009 and the House bill, but less than the Senate bill and Administration request. These annual appropriation amounts are small compared to the supplemental funding under ARRA, which provided $2.5 billion for rural broadband infrastructure, including an estimated $12.4 billion in loan authorization and $500 million of grants.

For more information on USDA rural development programs, see CRS Report RL31837, *An Overview of USDA Rural Development Programs*, by (name redacted).

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 (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.

The FY2010 regular appropriation for domestic food assistance totals $82.8 billion.[38] This amount is $3.3 billion below what was included in the separate House and Senate bills and $3.5 billion less than requested by the Administration, although it is $6.6 billion above the FY2009 figure. Virtually all of the differences are accounted for by differing appropriations for the SNAP and the WIC program, which, in turn, are based on varying estimates of need and the availability of alternate funding sources like contingency funds and the two laws noted immediately below.

In addition to the FY2010 regular appropriation, the American Recovery and Reinvestment Act (ARRA, P.L. 111-5) provided substantial new FY2010 funding for the SNAP and nutrition assistance grants for Puerto Rico and American Samoa. Also, the FY2010 Department of Defense appropriations act (P.L. 111-118) adds extra funding for emergency requirements of FY2010 programs under the Food and Nutrition Act like the SNAP.

[38] Not included in this appropriations amount is new funding provided through provisions in the 2009 American Recovery and Reinvestment Act (ARRA), emergency funding authority under the FY2010 Defense Department appropriations law, commodity support (mainly for child nutrition programs) provided under "Section 32" funding authority, and permanent appropriations and mandatory funding directed by underlying authorizing laws. These types of supplementary support are 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 and Section 32" heading earlier in this report.

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 (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 (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 FY2010 appropriations law provides a total of $58.28 billion for programs under the Food and Nutrition Act. This includes a $3 billion contingency reserve for the regular SNAP, but does not include $3 billion in leftover FY2009 SNAP contingency funding available for use in FY2010—effectively making at least $61.3 billion available for FY2010.

Funding in the final FY2010 appropriation represents a $4.3 billion increase over the total amount available for FY2009 (primarily because of added money for the SNAP), but is $3.1 billion less than the amount requested by the Administration and included in the separate House and Senate appropriations bills. They would have appropriated a total of $61.35 billion for FY2010 (including the $3 billion contingency reserve for the regular SNAP).

The enacted FY2010 Food and Nutrition Act appropriation provides:

- $56.14 billion for the regular SNAP, including a $3 billion contingency reserve,[39]
- $1.75 billion for Puerto Rico's grant, plus some $19 million for American Samoa and the Commonwealth of the Northern Mariana Islands,
- $113 million for the FDPIR,
- $248 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.

In addition to the regular FY2010 appropriation, ARRA provides 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 be at least $5.8 billion in FY2010; Puerto Rico's grant is expected to rise by about $130 million over the regular appropriation; and American Samoa will receive an extra $500,000.

Finally, in addition to regular and ARRA appropriations, the FY2010 Department of Defense appropriations act (P.L. 111-118) appropriates (1) effectively unlimited funding ("such sums as

[39] An additional $3 billion is available from unused contingency funding from FY2009.

may be necessary") for any emergency requirements of programs under the Food and Nutrition Act and (2) $400 million for state administrative expenses related to the SNAP.[40]

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."

The final FY2010 appropriation for the child nutrition account is $1.9 billion larger than the regular FY2009 appropriation and marginally higher than the Administration's request and the separate House and Senate appropriations bills. It provides a total of $16.86 billion, as opposed to about $16.8 billion put forward by the Administration, House, and Senate. This is primarily the result of added funding for school meal programs (based on estimates of higher-than-anticipated participation), a reduced appropriation for procurement of commodities (replaced by funding from other sources), and new funding for technical assistance to state and local administrators to promote payment accuracy ($2 million), "Hunger-Free Community" grants ($5 million), and "school community garden pilot projects" ($1 million).[41]

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 for the more significant components of the child nutrition account are:

- $9.97 billion for the School Lunch program,
- $2.92 billion for the School Breakfast program,
- $2.64 billion for the CACFP,
- $686 million for procurement of commodities for child nutrition programs,[42]
- $387 million for the Summer Food Service program, and

[40] Unlike regular federal funding for state administrative costs, no state match is required for these grants. They are allocated among states based on SNAP participation levels and participation increases over the last year. Funds are to be made available to states within 60 days of enactment.

[41]Hunger-Free Community and school community garden grants are discussed later in the section headed "Special Program Initiatives, Policy Changes, and Other Funding Support," as is commodity procurement funding from other sources.

[42] This represents approximately half of the expected value of commodities to be provided to child nutrition programs.

- $193 million for SAE.

The WIC Program

The enacted FY2010 appropriation provides $7.252 billion for the WIC program. This is $392 million above the regular FY2009 appropriation of $6.860 billion, but significantly less than the amounts asked for by the Administration ($7.777 billion) or included in the separate House and Senate bills ($7.541 billion and $7.552 billion, respectively).[43]

While the final WIC appropriation is less than was requested and passed by the House and Senate, it is expected to provide enough money to fully fund the program for all those who are eligible because it uses participation and food cost estimates that are more up-to-date (lower) than those used when the Administration submitted its budget and the House and Senate acted, and it takes into account nearly $500 million available as a contingency reserve for FY2010.

The FY2010 appropriation also allocates some $170 million of the total for specific WIC support activities: up to $15 million for performance evaluations, at least $74 million for program infrastructure development and state management information systems (including support for conversion to electronic benefit transfer systems), and $80 million for breastfeeding peer counseling (well above the $15 million provided in FY2009 and the Administration's request). As in the House and Senate bills, the final appropriation explicitly requires (and funds) an increase in the value of fruit and vegetable vouchers for all participating women up to the full amount recommended by the National Academy of Sciences' Institute of Medicine.

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 nuclear-test-affected zones in the Pacific (the Marshall Islands) and in the case of natural disasters.

The FY2010 appropriations law provides a total of $248 million for the commodity assistance program account. While this is $8 million below the amount proposed by the House, it is $17 million above the FY2009 amount and $15 million over the Senate's bill (which matched the Administration's request).

Of the total, $171 million is allocated to the CSFP. This generally follows the House bill, with the expectation of supporting larger caseloads in states with existing projects and funding projects in seven new states ($5 million).

The enacted FY2010 law also provides funding for TEFAP costs other than the value of federally provided commodities (which are funded under the Food and Nutrition Act budget account). As requested by the Administration and included in the House and Senate bills, $50 million is appropriated for TEFAP administrative/distribution costs (in addition to up to 10% of the

[43] 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 usable into FY2010.

commodity amount provided in the Food and Nutrition Act account). This is supplemented with $6 million to fund infrastructure development grants to TEFAP providers (see the later discussion under "Special Program Initiatives, Policy Changes, and Other Funding Support").

Following the Administration's request and the House and Senate bills, the final FY2010 appropriation provides $20 million (as in FY2009) for the FY2010 WIC Farmers' Market Nutrition Program.[44]

As with FY2009, the enacted appropriation makes 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), which provides nutrition education and information to consumers (including various dietary guides).

For FY2010, the enacted appropriation provides $148 million (as recommended by the House and Senate), up from $143 million in FY2009 but $2 million less than the Administration requested. The Administration proposed $5 million for new program integrity initiatives, but the appropriation effectively allows 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 final Agriculture appropriation (Section 727) provides funding for FY2010—$3 million (up from $2.5 million in FY2009).

Expiring Child Nutrition Legislative/Funding Authorities

Extension ("reauthorization") of expiring legislative/funding authorities in the two major laws governing child nutrition programs—the Richard B. Russell National School Lunch Act (NSLA) and the Child Nutrition Act (CNA)—was scheduled for 2009. Expiration of these authorities would, in some cases, have resulted in federal costs or termination of funding authority for ongoing programs or policies. Congressional action on child nutrition reauthorization has effectively been postponed until 2010 and, as a result, a number of authorities set to expire September 30, 2009, were extended through September 2010 by the enacted FY2010 Agriculture appropriations act. These extensions were not included in either the House or Senate bills and are expected to be reviewed for further extension in 2010.

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[44] The Seniors Farmers' Market Nutrition Program receives $21 million a year from outside the regular appropriations process under the terms of its underlying law. The enacted FY2010 Agriculture appropriations act makes FY2010 funding for this program available through the end of FY2011.

Commodity Assistance

The NSLA requires that USDA provide a specific, inflation-indexed per-lunch value of commodity assistance to schools in the School Lunch program; for school year 2009-2010, this equals 19.5 cents a lunch. Commodities acquired and given to schools because of this per-lunch mandate are often referred to as "entitlement" commodities. In addition, the law mandates that at least 12% of all school lunch support (per-meal cash subsidies plus the value of commodities) be in some form of federally provided commodities.

If the value of entitlement commodities in a given year (19.5 cents times the number of lunches served) equals or exceeds the 12% threshold, the Department need do nothing more. However, if the value of entitlement commodities does not meet the 12% test, the Department must fill in the gap with additional commodities. This can be done in two ways: (1) the Department can use appropriated money (or, if necessary, funds from its "Section 32" account) to purchase the needed commodities, thereby incurring an additional cost; or (2) the Department can count the value of "bonus" commodities it regularly donates to schools, thereby incurring no additional cost beyond what it would have otherwise spent. Bonus commodities are surplus food items that USDA acquires to support the farm economy and subsequently donates to various domestic food assistance programs like the School Lunch program.

USDA's authority to count the value of bonus commodities in meeting the 12% test (option #2 above) was scheduled to expire September 30, 2009. This would have had a significant fiscal effect because the value of regular entitlement commodities alone (19.5 cents x the number of lunches) was not projected to be enough to equal or surpass the 12% threshold. This would have obliged the Department to purchase additional commodities (since bonus commodities could not be used to make up the difference). The Congressional Budget Office (CBO) estimated the shortfall at $150 million for FY2010.

In response, Section 749(a) of the enacted FY2010 Agriculture appropriation extends authority to count bonus commodities toward the 12% threshold through FY2010. The CBO scored this as creating a budget "savings" of $150 million, and other provisions in the appropriations law (discussed later in the section headed "Special Program Initiatives, Policy Changes, and Other Funding Support") in effect use these savings to fund several child nutrition initiatives.

Use of "Weighted Averaging" in Analyzing School Meals' Nutrient Content

Schools participating in federally subsidized meal programs may use several approaches to fulfill federal nutrition standards for the meals they serve. In many cases, they choose to use "nutrient standard menu planning," which generally involves weekly analysis and adjustment of menus according to how well they conform to various nutrient measures. Regulations governing nutrient standard menu planning originally envisioned a requirement that schools use "weighted averaging" reflecting actual student choice from offered menus when doing their analysis and adjustments.

Since 1998, the NSLA has waived this requirement, effectively barring USDA from mandating the use of weighted averaging. The waiver was scheduled to expire September 30, 2009. In response, Section 749(b) of the enacted FY2010 appropriation extends the waiver through September 30, 2010.

Food Safety Audits and Reports

States have been mandated by the NSLA to audit food safety inspections conducted by schools and report the results to the USDA. In turn, the Department has been directed to audit these state reports. These directives were scheduled to expire September 30, 2009. In response, Section 749(c) of the FY2010 law extends them through September 30, 2010.

California Community Child Nutrition Snack Project

The NSLA provides mandatory funding for a California-based pilot project—most often known as the Community Child Nutrition Snack Project. This project supports local sponsors offering year-round snack/meal service to needy children outside the traditional school, after-school, and summer programs. FY2008 federal costs were about $2 million.

Mandatory funding for this project was scheduled to expire September 30, 2009. In response, Section 749(d) of the FY2010 appropriations law extends funding for the project through September 30, 2010.

Federal Administrative Support Funding

The NSLA provides mandatory funding for federal administrative support to state and local agencies implementing child nutrition programs—training, technical assistance, and materials related to improving program integrity and assistance for state agencies in reviewing local operations.

Funding is set at $2 million a year and was scheduled to end with FY2009. In response, Section 749(e) of the FY2010 appropriation extends funding authority through FY2010.

Information Clearinghouse

Since 1994, the NSLA has provided mandatory funding for an information clearinghouse for non-governmental groups. It provides information on a range of topics including food assistance sources and self-help activities aimed at reducing reliance on governmental food aid.

Funding ($250,000 per year) was scheduled to end September 30, 2009. In response, Section 749(f) of the FY2010 appropriation extends authority to fund the clearinghouse through FY2010.

Special Program Initiatives, Policy Changes, and Other Funding Support

In addition to regular FY2010 appropriations and extension of expiring legislative/funding authorities, the FY2010 Agriculture and Defense appropriations laws provide money for newly authorized or unfunded existing initiatives and change program rules established in underlying legislative and regulatory authorities for domestic food assistance programs. Substantial support also is available from sources outside the regular domestic food assistance portion of the annual appropriation.

Child Nutrition Programs

Section 730 of the FY2010 Agriculture appropriation adds the District of Columbia, Connecticut, Nevada, and Wisconsin to the ten states receiving federal subsidies for suppers served in after-school programs. The ten existing states are Delaware, Illinois, Maryland, Michigan, Missouri, New York, Oregon, Pennsylvania, Vermont, and West Virginia. Extension to additional jurisdictions was in both the House and Senate bills.

Section 734(a) of the enacted appropriation requires that military combat pay be disregarded in judging eligibility for free and reduced-price meals in child nutrition programs. This exception originated in the Senate bill.

As alternatives to existing summer food assistance initiatives, Section 749(g) of the FY2010 appropriation provides $85 million for demonstration projects to develop and test new methods of providing access to food for children during summer months when schools are not in regular session. This provision was not in either the House or Senate bill.

Section 749(h) of the FY2010 appropriation provides a total of $25 million for (1) grants to low-performing states to improve their rates of "direct certification" for free school meals ($22 million) and (2) federal technical assistance to states to help them improve their direct certification performance ($3 million). Direct certification is the use of participation information from public assistance programs (primarily the SNAP) to automatically qualify children for free school meals. This provision was not in either the House or Senate bill.

Section 749(j) of the appropriation funds payments ($25 million) to state educational agencies for the purpose of making competitive grants to local school authorities in the School Lunch program for the purchase of food-service-related equipment. Recipients must have applied for aid under the equipment assistance program funded by the 2009 ARRA (and not received a grant), and priority is given to schools where at least 50% of enrolled students are needy children eligible for free or reduced-price school meals. This provision was not in either the House or Senate bill.

Section 749(k) of the FY2010 law provides $8 million for competitive grants to state agencies administering the Child and Adult Care Food Program (the CACFP) to improve the health and nutrition status of children in child care settings. This provision was not in either the House or Senate bill.

The WIC Program

Section 733 of the final FY2010 Agriculture appropriation allows state WIC agencies to be authorized to exceed regulatory maximums on the amount of reconstituted liquid concentrate infant formula given to WIC participants. This provision was in both the House and Senate bills.

Section 734(b) of the appropriation requires that military combat pay be disregarded in determining eligibility for WIC benefits. This exception originated in the Senate bill.

Section 749(i) of the appropriation provides $5 million to make bonus payments to state WIC agencies that demonstrate the highest proportion of breastfed infants participating in the WIC program or the greatest improvement in the proportion of breastfed infants.

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 the Senate (as part of the appropriation for the Child Nutrition budget account), the final FY2010 Agriculture appropriation provides $5 million to fund this initiative in FY2010. It also suspends the requirement that the grants be divided equally as set forth in the underlying law.

School Community Garden Pilot Program

The NSLA authorizes, but does not fund, pilot projects for school gardens (and other means of accessing local foods). The final FY2010 appropriations act (as part of the appropriation for the Child Nutrition budget account) provides $1 million for school community garden pilots, not the $2 million proposed by the Senate.

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 enacted FY2010 appropriations law provides $6 million for this effort in FY2010 (as part of its Commodity Assistance Program appropriation). Both the House and the Senate provided money for these grants ($5 million in the House and $7 million in the Senate).

Pandemic Influenza Emergency Assistance

Section 746 of the FY2010 Agriculture appropriation authorizes and funds (from money available to operate programs under the Food and Nutrition Act) SNAP assistance to households with children attending a school closed for at least five consecutive days during a federally declared pandemic flu emergency. Benefits would be available to SNAP households and those not already receiving SNAP benefits. They would be in the form of specially increased SNAP allotments set by USDA and would not be means-tested. In addition, the Department is authorized to purchase food commodities for emergency distribution in any area during a pandemic emergency.

Iraqi and Afghani Refugees

Earlier laws—Section 1244(g) of the FY2008 National Defense Reauthorization Act (P.L. 110-181) and Section 602(b)(8) of the FY2009 Omnibus Appropriations Act (P.L. 111-8)—allowed certain Iraqis and Afghanis granted special immigrant status as refugees to qualify for resettlement support provided to other refugees. This included entitlement programs like the SNAP; however, eligibility was limited to eight months. Section 8120 of the 2010 Department of Defense appropriations act (P.L. 111-118) removes the eight-month limit.

Other Funding Support

As in earlier years, domestic food assistance programs will receive substantial FY2010 support from sources other than noted above (regular Agriculture appropriations, ARRA, and the FY2010 Defense appropriation).

- 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. Historically, about half the value of commodities distributed to child nutrition programs has come from the Section 32 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, Section 721 of the FY2010 appropriation (as proposed by the Senate) delays 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 and FY2010 Agriculture appropriations acts 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 $21 million of mandatory funding per year from outside the regular appropriations process under the terms of its underlying law (Section 4402 of the 2008 farm bill).

Agricultural Trade and Food Aid

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

Four primary appropriations are made to USDA 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 enacted appropriation provides $2.089 billion for USDA's international activities in FY2010, which is about $590 million, or 39% more than the regular enacted FY2009 level. It is $10 million more than the Administration's request and the Senate proposal, and $13 million more than the House proposal. These programs also received $700 million in supplemental appropriations during FY2009.

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 Agricultural Service

The enacted appropriation provides $180.4 million for the Foreign Agricultural Service, almost $15 million more than enacted in FY2009, and the same as proposed by the Senate, instead of $177.1 million as proposed by the House. The budget increase would allow FAS to maintain and strengthen its 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)

Food for Peace (P.L. 480) Title II humanitarian food aid, which is by far the largest component of requested international programmatic expenditures at USDA, is appropriated $1.69 billion. This equals the House and Senate proposals, and is $464.1 million more (+38%) than the regular FY2009 appropriation. 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 for 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 (mandatory funds, 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 enacted appropriation provides $209.5 million for the McGovern-Dole International Food for Education and Child Nutrition Program Grants, instead of $199.5 million as proposed by the House and Senate, and the President's request. The enacted appropriation provides for a major expansion in appropriated funding for the McGovern-Dole program by more than doubling the program from 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 enacted appropriation includes an appropriation to the Secretary of $10 million to conduct pilot projects to develop and field test new and improved micronutrient fortified products to improve the nutrition of populations served through the McGovern-Dole program.

Commodity Credit Corporation—Export Credit Guarantee Programs

The enacted appropriation provides $6.8 million for the Commodity Credit Corporation Export Loans Program Account (as proposed by the House and Senate, and similar to the Administration's request). This represents 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 to and consistent with provisions in the 2008 farm bill, other mandatory programs promote export market development. These include:

- $200 million for the Market Access Program (MAP, although the President requested only $160 million);
- $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 (name redacted).

Food and Drug Administration

The enacted appropriation provides a direct appropriation for the Food and Drug Administration (FDA) of $2.357 billion for FY2010, $7 million more than in either the House or Senate bills, and $306 million (+15%) more than FY2009. In addition, the enacted appropriation includes $922 million in user fees. The combined program level for FY2010 thus would be $3.279 billion for FY2010, up 23% from the FY2009 program level (up 14% from FY2009 before adding newly authorized user fees described below).

The $922 million funded by user fees is up about 50% from $613 million in FY2009, but three-fourths of the increase in user fees is accounted for by $235 million in newly authorized user fees to support a new Center for Tobacco Products. The new user fees were included in anticipated House and Senate floor amendments, since authorizing language for the tobacco product user fees was enacted after the House appropriations bills was reported.[45]

Regarding the $2.357 billion of appropriated funding, the 15% increase would increase support for food and medical product safety that would cover, for example, more foreign and domestic inspections. Both bills or reports recommend priority attention to products for neuroblastoma, and mention a proposed standard of identity to prevent the misbranding and adulteration of honey.

The House committee report also noted increases for research in biomarkers, collection and analysis of data on foodborne illnesses, research on screening tests for bloodborne diseases, adverse events from medical devices used in pediatric hospitals, evaluations of drug risk evaluation and mitigation strategies, over-the-counter sunscreen testing and labeling; and the upcoming Dietary Guidelines Advisory Committee report.

The Senate committee report encouraged FDA to increase inspection of imported shrimp for banned antibiotics, to issue guidance regarding antibiotic development and to work with others to promote development and appropriate use of antibacterial drugs for humans, to continue activities

[45] After the House appropriations committee reported the FY2010 Agriculture appropriations bill on June 18, 2009, Congress passed P.L. 111-31, the Family Smoking Prevention and Tobacco Control Act, on June 22. P.L. 111-31 authorizes FDA to regulate aspects of tobacco sales and authorizes FDA to collect user fees from manufacturers to fund these activities.

on antimicrobial resistance, and to clarify the relationship of dietary supplements to a definition of food. The Senate bill mentions a $2 million increase (+25%) for the cosmetics program, and $3 million for demonstration grants for improving pediatric device availability.

The enacted appropriation instructs FDA to report on adverse events and seizures associated with brand and generic anti-epileptic drugs, specifically the pharmacokinetic profiles of drugs that FDA rates as therapeutically equivalent, and to recommend changes to current bioequivalence testing. The enacted appropriation directs FDA to report on safety challenges associated with imported seafood. It also directs FDA to report regarding personal care products for which organic content claims are made, to include recommendations on the need for labeling standards and premarket approval of labeling.

For more background of FDA appropriations issues, see CRS Report R40792, *Food and Drug Administration Appropriations for FY2010*, by (name redacted).

Commodity Futures Trading Commission

The Commodity Futures Trading Commission (CFTC) is the independent regulatory agency charged with oversight of derivatives markets. The CFTC's functions include oversight of trading on the futures exchanges, registration and supervision of futures industry personnel, prevention of fraud and price manipulation, and investor protection. Although most futures trading is now related to financial variables (interest rates, currency prices, and stock indexes), congressional oversight remains vested in the agriculture committees because of the market's historical origins as an adjunct to agricultural trade. Appropriations for the CFTC are under the jurisdiction of the Agriculture Subcommittee in the House, and the Financial Services and General Government Subcommittee in the Senate. In the Consolidated Appropriations Act, 2008, the CFTC was funded in Division A, Agriculture and Related Agencies. In the Omnibus Appropriations Act, 2009, the CFTC was funded in Division A, Financial Services and General Government.

The FY2010 enacted appropriation provides $168.0 million, 4.6% more than the Administration's request and 15.1% more than the FY2009 enacted. The Administration had requested $160.6 million, 10% more than the FY2009 enacted amount of $146.0 million. The Senate Financial Services Appropriations bill recommended $177.0 million, and the House Agriculture Appropriations bill approved $161.0 million.

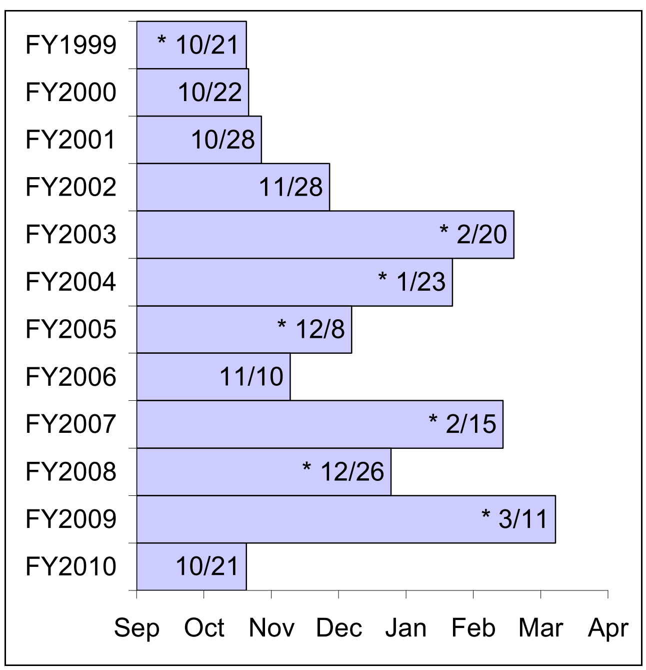
Appendix.

Table A-1. Timeline of Enactment of Agriculture Appropriations, FY1999-FY2010

Fiscal Year	House-passed	Senate-passed	Date enacted	Final appropriations vehicle	Public Law	CRS Report
1999	6/24/1998	7/16/1998	10/21/1998	Omnibus	P.L. 105-277	98-201
2000	6/8/1999	8/4/1999	10/22/1999	Agriculture	P.L. 106-78	RL30201
2001	7/11/2000	7/20/2000	10/28/2000	Agriculture	P.L. 106-387	RL30501
2002	7/11/2001	10/25/2001	11/28/2001	Agriculture	P.L. 107-76	RL31001
2003	—	—	2/20/2003	Omnibus	P.L. 108-7	RL31301
2004	7/14/2003	11/6/2003	1/23/2004	Omnibus	P.L. 108-199	RL31801
2005	7/13/2004	—	12/8/2004	Omnibus	P.L. 108-447	RL32301
2006	6/8/2005	9/22/2005	11/10/2005	Agriculture	P.L. 109-97	RL32904
2007	5/23/2006	—	2/15/2007	Year-long CR	P.L. 110-5	RL33412
2008	8/2/2007	—	12/26/2007	Omnibus	P.L. 110-161	RL34132
2009	—	—	3/11/2009	Omnibus	P.L. 111-8	R40000
2010	7/9/2009	8/4/2009	10/21/2009	Agriculture	P.L. 111-80	R40721

Source: CRS.

Figure A-1. Timeline of Enactment of Agriculture Appropriations, FY1999-FY2010



Source: CRS.

Notes: An asterisk (*) denotes an omnibus appropriation. FY2007 was a year-long continuing resolution.

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Animal identification	(name redacted)	7-....	*redacted*@crs.loc.gov
Commodity Futures Trading Commission	(name redacted)	7-....	*redacted*@crs.loc.gov
Conservation	(name redacted)	7-....	*redacted*@crs.loc.gov
Crop insurance and disaster assistance	(name redacted)	7-....	*redacted*@crs.loc.gov
Farm Service Agency and Commodity Credit Corp.	(name redacted)	7-....	*redacted*@crs.loc.gov
Food and Drug Administration	(name redacted)	7-....	*redacted*@crs.loc.gov
Food safety	(name redacted)	7-....	*redacted*@crs.loc.gov
Grain Inspection, Packers, and Stockyards Admin.	(name redacted)	7-....	*redacted*@crs.loc.gov
Horticulture	(name redacted)	7-....	*redacted*@crs.loc.gov
Nutrition and domestic food assistance	(name redacte d)	7-....	*redacted*@crs.loc.gov
Research and extension	(name redacted)	7-....	*redacted*@crs.loc.gov
Rural Development	(name redacted)	7-....	*redacted*@crs.loc.gov
Trade and foreign food aid	(name redacted)	7-....	*redacted*@crs.loc.gov
USDA budget generally	(name redacted)	7-....	*redacted*@crs.loc.gov