Congressional Research Service

Agriculture and Related Agencies: FY2011 Appropriations

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Summary

The 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, in some cases, the Commodity Futures Trading Commission (CFTC). Appropriations jurisdiction for the CFTC is split between two subcommittees—the House Agriculture appropriations subcommittee and the Senate Financial Services appropriations subcommittee.

The FY2011 Agriculture appropriations bill has seen no floor action and only limited committee action. The House Agriculture appropriations subcommittee marked up its draft on June 30, 2010, but the full committee did not vote on or report the bill, and thus only summary information is publicly available. The full Senate Appropriations Committee reported its version of the Agriculture appropriations bill (S. 3606, S.Rept. 111-221) on July 15, 2010. With no further action on the bill, agencies are being funded at FY2010 levels under a continuing resolution (P.L. 111-242) that expires on December 3, 2010.

The House subcommittee markup would provide $23.1 billion of discretionary spending (including CFTC). This is $256 million less than the official FY2010 discretionary total (-1.1%). However, the FY2010 appropriation included two large items that are not in the FY2011 budget: $350 million of supplemental dairy assistance, and $173 million for a rural housing program that was replaced by user fees. If these two items totaling half a billion dollars are excluded from FY2010 for comparison, the House FY2011 draft is $215 million more than the FY2010 adjusted total (+0.9%; unlike the Administration and Senate bill, the House draft retained $52 million for the rural housing program, making this adjustment $471 million rather than $523 million).

The House subcommittee draft has increases for FDA (+$214 million), CFTC (+$92 million), foreign assistance (+$110 million), Farm Service Agency accounts (+$107 million), and meat and poultry inspection (+18 million). Agricultural research programs are nearly flat in total. These increases are partially offset by a $95 million reduction in domestic nutrition assistance, a $25 million reduction in animal and plant health programs, and a larger amount of reductions from mandatory programs than in FY2010.

The Senate-reported bill would provide $23.2 billion of discretionary spending (including for comparison the amount for CFTC from another appropriations bill). This is $142 million less than the official FY2010 discretionary total (-0.6%), but $381 million more than FY2010 if the above adjustment for dairy and rural housing is made (+1.7%). The Senate bill's discretionary total is $114 million more than the House draft. For accounts shared by both the House and Senate Agriculture appropriations subcommittees, the Senate bill is $89 million higher (+0.4%) than the House draft. The Senate bill is relatively more generous than the House for conservation, animal and plant health programs, Farm Service Agency programs, and nutrition assistance. The Senate bill is relatively less generous than the House draft for foreign assistance and FDA (although both still would receive more than FY2010).

Mandatory programs would receive $11.1 billion more (+11%) than in FY2010 in the Senate bill, with all of that increase in domestic nutrition assistance. Child nutrition amounts are up $1.3 billion (+8%) and the Supplemental Nutrition Assistance Program (SNAP, formerly food stamps) is up $9.9 billion (+17%) over FY2010. This continues a trend of rapidly rising food assistance programs because of the economic downturn in recent years. Mandatory appropriations for farm support programs are flat. Amounts for mandatory programs are not available for the House draft.

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Most Recent Developments

The FY2011 continuing resolution (P.L. 111-242) includes funding for Agriculture appropriations since a stand-alone bill was not enacted before October 1, 2010. The continuing resolution provides funding at FY2010 levels, and expires on December 3, 2010.

No floor action and limited committee action has occurred on the FY2011 Agriculture appropriations bill. The House Agriculture appropriations subcommittee marked up its draft on June 30, 2010, but the bill did not see full committee action, nor was it reported. The Senate Appropriations Committee reported S. 3606 (S.Rept. 111-221) on July 15, 2010.

The House subcommittee markup provides $23.1 billion of discretionary appropriations. This is 1.1% less than FY2010. The Senate-reported bill would provide $23.2 billion of comparable discretionary spending (including the amount for the Commodity Futures Trading Commission in another bill; -0.6%). For accounts shared by the Agriculture appropriations subcommittees in both chambers, the Senate bill is $89 million higher (+0.4%) than the House draft.

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 subcommittees are separate from the agriculture authorizing committees—the House Committee on Agriculture and the Senate Committee on Agriculture, Nutrition, and Forestry.

USDA Activities and Relationships to Appropriations Bills

The U.S. Department of Agriculture (USDA) carries out widely varied responsibilities through about 30 separate internal agencies and offices staffed by about 100,000 employees.[1] 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.

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[1] USDA, *FY2011 Budget Summary and Annual Performance Plan*, February 2010, p. 142, at http://www.obpa.usda.gov/budsum/FY11budsum.pdf.

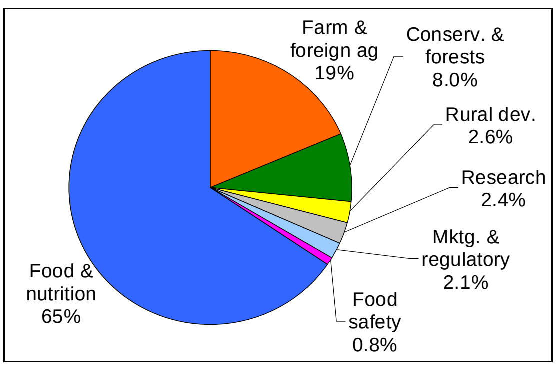
USDA's regular budget authority for FY2010 was $126.6 billion, excluding supplemental appropriations.[2] Food and nutrition programs are the largest mission area, with $83 billion, or 65% of the total, to support the Supplemental Nutrition Assistance Program (SNAP, formerly food stamps), the Women, Infants, and Children (WIC) program, and child nutrition programs (**Figure 1**).

The second-largest USDA mission area, with $23 billion (19%) in budget authority, is farm and foreign agricultural services. This broad mission area includes the farm commodity price and income support programs of the Commodity Credit Corporation, crop insurance, certain mandatory conservation and trade programs, farm loans, and foreign food aid programs.

Other USDA mission areas 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 60% of the budget for natural resources programs (the third-largest slice in **Figure 1**) goes to the Forest Service (about $6 billion), which is funded through the Interior appropriations bill.[3] 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 over 36,000 staff years in FY2010.[4]

Figure 1. USDA Budget Authority, FY2010

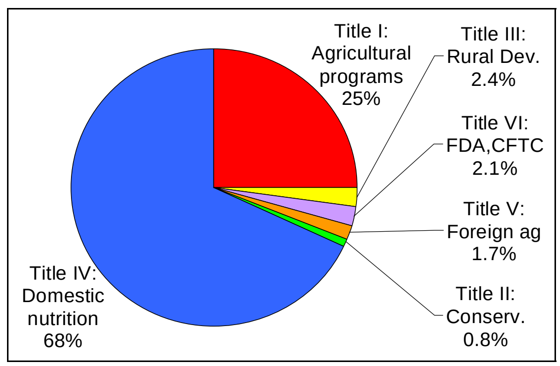
($126.6 billion, excluding supplementals)



Source: CRS, using USDA *FY2011 Budget Summary*, May 2009.

Figure 2. Agriculture and Related Agencies Appropriations, FY2010

($121.3 billion, excluding supplementals)



Source: CRS, using S.Rept. 111-221 and **Table 2**.

Notes: Does not show general provisions (-$0.19 billion net). Total does not include $400 million of supplemental appropriations included in amounts for FY2010 in S.Rept. 111-221, but does include CFTC.

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 (**Figure 2**). Spending may not match up between USDA summaries and the appropriations bill for other reasons. For example:

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[2] Ibid, at pp. 134-135.

[3] For more on Forest Service appropriations, see CRS Report R41258, *Interior, Environment, and Related Agencies: FY2011 Appropriations*, coordinated by Carol Hardy Vincent.

[4] USDA, *FY2011 Budget Summary*, at p. 142.

- 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 safety (three of the smaller slices in **Figure 1**). 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) also is important in how it is summarized.

- Conservation in the appropriations bill (Title II in **Figure 2**) includes only discretionary programs. The mandatory funding for conservation programs is included in Title I of the appropriations bill.
- Conversely, USDA's natural resources mission area in **Figure 1** includes both discretionary and mandatory conservation programs (and the Forest Service).

Related Agencies

In addition to the USDA agencies mentioned above, the Agriculture appropriations subcommittees have jurisdiction over appropriations for two related agencies:

- The Food and Drug Administration (FDA) of the Department of Health and Human Services (HHS), and
- The Commodity Futures Trading Commission (CFTC, an independent financial markets regulatory agency)—in the House only.

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. Prior to 2008, it was with the Senate Agriculture appropriations subcommittee. Final placement in recent appropriations acts has alternated annually between the subcommittees. The FY2010 and FY2008 appropriations put CFTC funding in the Agriculture bill; the consolidated FY2009 appropriation put CFTC in the Financial Services 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 participation in 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.

Just under 20% of the Agriculture appropriations bill is for discretionary programs, and the remaining balance of about 80% 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 in recent years because of the recession, rise in unemployment, and food price inflation. See "Historical Trends" in a later section on funding.

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, four other terms are important to understanding differences in discussions about the federal spending: budget authority, obligations, outlays, and program levels.[5]

[5] See CRS Report 98-405, *The Spending Pipeline: Stages of Federal Spending*, by Bill Heniff Jr.

1. *Budget authority* = 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. It is the legal basis to incur obligations. Most of the amounts mentioned in this report are budget authority.
2. *Obligations* = How much money agencies commit to spend. Activities such as employing personnel, entering into contracts, and submitting purchase orders.
3. *Outlays* = 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.
4. *Program level* = Sum of 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 from other agencies, or funds are carried forward from prior years.

Action on FY2011 Appropriations

FY2011 began on October 1, 2010. The continuing resolution that was enacted on September 30, 2010 (P.L. 111-242) includes agriculture funding since the agricultural appropriations bill was not enacted before the start of the fiscal year. The continuing resolution provides funding at FY2010 levels, unless Congress reported an FY2011 bill that zeroed out funding for a program. The Office of Management and Budget (OMB) allocates funding to departments and agencies under the continuing resolution,[6] but sometimes in a limited way that makes operations more restricted than might otherwise occur when continuing last year's funding levels.[7] The continuing resolution is effective until December 3, 2010.[8]

The continuing resolution covers all 12 regular appropriations bills and was necessary because the House Appropriations Committee reported only two bills, both of which the House passed, and the Senate Appropriations Committee reported 11 of its 12 bills, but with none getting to the Senate floor. The two bills that saw House action were Military Construction and Veterans Affairs; and Transportation and Housing and Urban Development. The only appropriations bill *not* reported by the full committee in the Senate was Interior and Environment.[9]

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[6] Office of Management and Budget, "Apportionment of the Continuing Resolution(s) for Fiscal Year 2011," September 30, 2010, at http://www.whitehouse.gov/sites/default/files/omb/assets/bulletins/b10-03.pdf.

[7] For more background on agency funding under a continuing resolution, see CRS Report RL34700, *Interim Continuing Resolutions (CRs): Potential Impacts on Agency Operations*, by Clinton T. Brass.

[8] For more background on this continuing resolution and an historical context, see CRS Report RL30343, *Continuing Resolutions: Latest Action and Brief Overview of Recent Practices*, by Sandy Streeter.

[9] See the CRS Appropriations Status Table, at http://www.crs.gov/Pages/appover.aspx.

For the FY2011 Agriculture appropriations bill, no floor action and limited committee action has occurred. The full Senate Appropriations Committee reported an agriculture appropriations bill (S. 3606, S.Rept. 111-221) on July 15, 2010. The House Agriculture Appropriations Subcommittee marked up its draft on June 30, 2010, but the bill did not see full committee action nor was it reported. **Table 1** summarizes the steps in the passage of the bill in each chamber.

The FY2011 agriculture appropriation is similar to the FY2009 bill in that neither chamber acted on the bill as a stand-alone measure (**Table A-1** in the appendix). Conversely, agriculture appropriations were enacted as stand-alone bills in FY2010 and FY2006. Omnibus appropriations were as recently as FY2008 and FY2009. FY2007 saw a year-long continuing resolution. **Table A-1** has links to each appropriation and annual CRS report.

Table 1. Congressional Action on FY2010 Agriculture Appropriations

Subcommittee Markup							Conference Report Approval		
House	Senate	House Report	House Passage	Senate Report	Senate Passage	Conf. Report	House	Senate	Public Law
6/30/10 Voice vote	— Polled out[a]	—	—	7/15/10 S. 3606 S.Rept. 111-221 Vote 17-12	—	—	—	—	—

Source: CRS.

a. A procedure that permits a bill to advance if subcommittee members independently agree to move it along.

House Action

The House Agriculture appropriations subcommittee marked up the FY2011 Agriculture appropriations bill on June 30, 2010, but the markup did not see full committee action nor was it reported. Thus no full-text version of the bill or report language has been made public. The subcommittee, however, did release an eight-page summary by the committee chairwoman[10] and a funding table of discretionary appropriations at the agency level.[11]

Senate Action

The Senate Appropriations Committee reported its version of the FY2011 Agriculture appropriations bill (S. 3606, S.Rept. 111-221) on July 15, 2010. 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.[12] This expedited

[10] House Agriculture Appropriations Subcommittee, "Statement of Chairwoman Rosa DeLauro, Subcommittee Markup: Fiscal Year 2011 Agriculture, Rural Development, FDA Appropriations Bill," June 30, 2010, at http://www.appropriations.house.gov/images/stories/pdf/ardf/Delauro_Opening_Statement.6.30.10.pdf.

[11] House Agriculture Appropriations Subcommittee, "Summary Table of FY2011 Markup," June 30, 2010, (at http://www.appropriations.house.gov/images/stories/pdf/ardf/AG_FY2011_Summary_for_Subcommittee_-_for_press.pdf.

[12] For more about polling in the Senate, see CRS Report RS22952, *Proxy Voting and Polling in Senate Committee*, by Christopher M. Davis.

committee procedure was formerly uncommon for the Agriculture appropriations bill, but was used for the FY2009 and FY2010 agriculture appropriations bills as well.

Funding Levels

FY2011 Funding Summary

For FY2011, the Administration requested a total of $132.3 billion for accounts in the Agriculture appropriations bill (including CFTC), 9% higher than the enacted FY2010 appropriation, but mostly because of mandatory spending. [13] For mandatory amounts, the Administration is requesting $109.1 billion, 11% more than FY2010.[14] The increase in mandatory spending is for domestic nutrition assistance in the food stamp and child nutrition accounts.

For the discretionary amount, the Administration requested $23.2 billion, which is $187 million less than (-0.8%) the official FY2010 amount. However, the FY2010 appropriation included two large items that are not in the FY2011 budget: $350 million of supplemental dairy assistance, and $173 million for a rural housing program that was replaced by user fees in a FY2010 supplemental appropriation. If these two items totaling $523 million are excluded from FY2010 for comparison, the Administration's discretionary request is $336 million more than the FY2010 adjusted total (+1.5%).

The House subcommittee markup would provide $23.1 billion of discretionary funding (**Table 2**). This is $256 million less than the official FY2010 discretionary total (-1.1%), but $215 million more than FY2010 if the adjustment above for dairy and rural housing is made (+0.9%).[15]

- The House draft increases FDA by $214 million (+9%) over FY2010, increases foreign assistance by $110 million (+5%), increases Farm Service Agency accounts by $107 million (+6%), increases CFTC by $92 million (+55%), and increases meat and poultry inspection by $18 million (+2%). Agricultural research programs were nearly flat in total, with the Agricultural Research Service receiving less, and the National Institute of Food and Agriculture receiving more (**Table 3**).
- These increases are partially offset by a $95 million reduction in domestic nutrition assistance (mostly in the Women, Infants and Children (WIC) account),

[13] 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 at the bottom to make the totals comparable with the House bills.

[14] These data on the Administration's request come primarily from congressional sources such as the "Comparative Statement of New Budget Authority" in S.Rept. 111-221. Using a single congressional source improves comparability. However, documents such as USDA's *FY2011 Budget Explanatory Notes* (February 2010, at http://www.obpa.usda.gov/FY11explan_notes.html) or USDA's *FY2011 Budget Summary and Annual Performance Plan* (February 2010, at http://www.obpa.usda.gov/budsum/FY11budsum.pdf) provide additional details that are not published elsewhere.

[15] The House draft does not entirely replace the rural housing Section 502 loan subsidy with user fees. It retains $52 million of the $173 million of budget authority. Thus the $523 million adjustment in the amounts for the Administration's request and Senate bill is an adjustment of only $471 million for the House draft.

a $25 million reduction in animal and plant health programs, and a larger amount of reductions from mandatory programs than in FY2010.

- Information about amounts for mandatory programs is not available for the House draft, but are likely to be very similar to the Administration's request and/or the Senate bill.

The Senate-reported bill (S. 3606) would provide $23.2 billion of discretionary spending (**Table 2**, including the amount for CFTC in the Senate Financial Services appropriations bill, S. 3677). This is $142 million less than the official FY2010 discretionary total (-0.6%), but $381 million more than FY2010 if the adjustment above for dairy and rural housing is made (+1.7%). The Senate bill's discretionary total is $114 million more than the House draft, with $25 million of that difference in the Senate Financial Services subcommittee's higher increase for CFTC. Thus, for accounts shared by both the House and Senate Agriculture appropriations subcommittees, the Senate bill is $89 million higher (+0.4%) than the House draft.

- The Senate bill increases FDA by $159 million (+7%) over FY2010, increases Farm Service Agency accounts by $137 million, increases CFTC by $117 million (+69%), increases foreign assistance by $40 million (+2%), increases meat and poultry inspection by $29 million (+3%), and increases animal and plant health programs by $22 million (+2%). Agricultural research programs were nearly flat as in the House draft, but reversed with the Agricultural Research Service receiving more, and the National Institute of Food and Agriculture receiving less.
- These increases are partially offset by a similar increase as in the House in the amount of reductions from mandatory programs. The Senate bill would not reduce WIC in domestic nutrition assistance like the House.
- Compared to the House draft, the Senate's bill is relatively more generous to conservation, animal and plant health programs, Farm Service Agency programs, and WIC. The Senate bill is relatively less generous than the House draft to foreign assistance, and FDA (although both still would receive more than FY2010).
- Mandatory programs would receive $11.1 billion more (+11%) in the Senate bill than in FY2010, with all of that increase in domestic nutrition assistance. Child nutrition amounts are up $1.3 billion (+8%) and food stamp programs are up $9.9 billion (+17%) over FY2010. This continues a trend of rapidly rising food assistance program costs because of the economic downturn in recent years. Mandatory appropriations for agricultural programs (farm commodity subsidies and crop insurance) are flat, with a $1.2 billion increase in crop insurance subsidies being offset by a $1.2 billion decrease in amounts for the Commodity Credit Corporation.

The totals in the FY2011 Agriculture appropriations bill are more transparent this year and in FY2010 than in previous years. The tables published at the end of the Senate report include items 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 $500-700 million of reductions in mandatory programs that are now included under General Provisions. The prior extensive use of scorekeeping adjustments sometimes caused difficulty in reconciling various published totals. However, the new approach in the FY2010 and FY2011 bills is more straightforward.

Table 2 summarizes the totals of the FY2011 bill by title or broad program, comparing FY2010 to the House subcommittee draft and Senate-reported bill. **Table 3** provides more detail within each title by including accounts and agencies. **Table 3** also shows the Administration's request and supplemental appropriations enacted for FY2010. The supplemental appropriations are included for comparison, 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.

Table 2. Agriculture and Related Agencies Appropriations, by Title: FY2010-FY2011

(budget authority in millions of dollars)

	FY2010	FY2011		Change from FY2010 to FY2011			
		House Subc. draft.	Senate-reported S. 3606	House		Senate	
Title in Appropriations Bill	**P.L. 111-80**			**$**	**%**	**$**	**%**
Agricultural Programs	30,192	na	30,260	na	na	+68	+0.2%
Mandatory	22,855	na	22,760	na	na	-95	-0.4%
Discretionary	7,336	7,468	7,500	+132	+1.8%	+164	+2.2%
Conservation Programs	1,009	1,013	1,046	+4	+0.4%	+36	+3.6%
Rural Development	2,934	2,748	2,768	-186	-6.3%	-167	-5.7%
Domestic Food Programs	82,783	na	94,052	na	na	+11,269	+14%
Mandatory	75,128	na	86,366	na	na	+11,238	+15%
Discretionary	7,655	7,559	7,686	-96	-1.3%	+31	+0.4%
Foreign Assistance	2,089	2,200	2,129	+110	+5.3%	+40	+1.9%
FDA	2,357	2,571	2,516	+214	+9.1%	+159	+6.7%
CFTC (if in agriculture bill)	169	261					
CFTC (if in financial services bill)			286	+92	+55%	+117	+69%
General Provisions	-194	-721	-716	-527	+272%	-522	+270%
Total in agriculture bill (no adjustment for placement of CFTC)							
Mandatory	**97,983**	**na**	**109,126**	**na**	**na**	**+11,142**	**+11%**
Discretionary	**23,356**	**23,100**	**22,928**	**-256**	**-1.1%**	**-428**	**-1.8%**
Total	**121,340**	**na**	**132,054**	**na**	**na**	**+10,714**	**+8.8%**
Totals without CFTC in any column							
Discretionary	23,187	22,839	22,928	-348	-1.5%	-259	-1.1%
Total	121,171	na	132,054	na	na	+10,883	+9.0%
Totals with CFTC in all columns							
Discretionary	23,356	23,100	23,214	-256	-1.1%	-142	-0.6%
Total	121,340	na	132,340	na	na	+11,000	+9.1%

Source: Compiled by CRS from P.L. 111-80, S. 3606, S.Rept. 111-221, House Agriculture Appropriations Subcommittee summary of FY2011 draft (http://www.appropriations.house.gov/images/stories/pdf/ardf/AG_FY2011_Summary_for_Subcommittee_-_for_press.pdf), S. 3677, and unpublished appropriations committee tables.

Notes: na=not available. Table does not include supplemental appropriations. CFTC is shown in different ways to make totals comparable.

Table 3. Agriculture and Related Agencies Appropriations and Supplementals, by Agency and Program: FY2010-FY2011

(budget authority in millions of dollars)

	FY2010		FY2011			Change from regular FY2010 to FY2011			
	Regular	Supp				House		Senate	
Agency or Major Program	P.L. 111-80	P.L. 111-118, P.L. 111-212	Admin. Request	House Subc. draft	Senate-reported S. 3606	$	%	$	%
Title I: Agricultural Programs									
Offices of Secretary and Chief Economist	19.3	—	20.1	na	19.4	na	na	+0.1	+1%
Healthy Food Financing Initiative	0	—	35.0	40.0	15.0	+40.0	na	+15.0	na
Chief Information Officer	61.6	—	63.7	na	63.7	na	na	+2.1	+3%
Office of Inspector General	88.7	—	90.3	96.3	89.7	+7.6	+9%	+1.0	+1%
Buildings, facilities, and rental payments	293.1	—	277.9	na	269.2	na	na	-23.9	-8%
Other Departmental administration offices[a]	164.1	—	161.8	524.2[b]	152.8	-17.4[b]	-3%[b]	-11.3	-7%
Under Secretaries (four offices in Title I)[c]	3.5	—	3.6	na	3.5	na	na	+0.0	0%
Research, Education and Economics									
Agric. Research Service	1,250.5	—	1,199.7	1,219.2	1,260.8	-31.3	-3%	+10.3	+1%
National Institute of Food and Agriculture	1,343.2	—	1,342.8	1,357.0	1,310.5	+13.8	+1%	-32.7	-2%
Economic Research Service	82.5	—	87.2	251.9[d]	83.7	+7.6[d]	+3%[d]	+1.2	+1%
National Agric. Statistics Service	161.8	—	164.7		163.7			+1.9	+1%
Marketing and Regulatory Programs									
Animal and Plant Health Inspection Service	909.7	—	875.3	884.6	931.3	-25.0	-3%	+21.7	+2%
Agric. Marketing Service	92.5	—	99.9	99.4	99.4	+6.9	+7%	+7.0	+8%
Section 32 (permanent + transfers)	1,320.1	—	1,220.3	na	1,220.3	na	na	-99.8	-8%
Grain Inspection, Packers and Stockyards	42.0	—	44.2	43.3	44.2	+1.3	+3%	+2.2	+5%
Food Safety									
Food Safety & Inspection Service	1,018.5	—	1,036.9	1,036.9	1,047.2	+18.4	+2%	+28.7	+3%
Farm and Commodity Programs									
Farm Service Agency Salaries and Exp.[g]	1,574.9	18.0[f]	1,690.8	1,832.5[h]	1,664.4	+106.7[h]	+6%[h]	+89.6	+6%

	FY2010		FY2011			Change from regular FY2010 to FY2011			
	Regular	Supp				House		Senate	
Agency or Major Program	P.L. 111-80	P.L. 111-118, P.L. 111-212	Admin. Request	House Subc. draft	Senate-reported S. 3606	$	%	$	%
FSA Farm Loans: Subsidy Level	140.6	31.6[f]	150.7	na	187.5	na	na	+46.9	+33%
FSA Farm Loans: Loan Authority[i]	*5,083.9*	*950.0*[f]	*4,741.0*	*na*	*5,423.9*	*na*	*na*	*+340.0*	*+7%*
Dairy indemnity, mediation grants, water protect[e]	10.3	—	5.2	na	11.2	na	na	+0.9	+9%
Risk Management Agency Salaries and Exp.	80.3	—	83.1	83.1	83.1	+2.7	+3%	+2.7	+3%
Federal Crop Insurance Corp.[j]	6,455.3	—	7,613.2	na	7,613.2	na	na	+1,158.0	+18%
Commodity Credit Corp. [j]	15,079.2	-50.0[f]	13,925.6	Na	13,925.6	na	na	-1,153.6	-8%
Subtotal									
Mandatory	**22,855.4**	**-50.0**	**22,760.0**	**Na**	**22,760.0**	**na**	**na**	**-95.5**	**0%**
Discretionary	**7,336.1**	**49.6**	**7,432.0**	**7,468.5**	**7,499.7**	**+132.3**	**+2%**	**+163.6**	**+2%**
Subtotal	**30,191.6**	**-0.4**	**30,192.0**	**Na**	**30,259.7**	**na**	**na**	**+68.1**	**+0%**
Title II: Conservation Programs									
Conservation Operations	887.6	—	923.7	Na	929.0	na	na	+41.4	+5%
Watershed & Flood Prevention	30.0	—	0.0	Na	24.4	na	na	-5.6	-19%
Watershed Rehabilitation Program	40.2	—	40.5	Na	40.5	na	na	+0.3	+1%
Resource Conservation & Development	50.7	—	0.0	Na	50.7	na	na	0.0	0%
Under Secretary, Natural Resources	0.9	—	2.9[k]	Na	0.9	na	na	+0.0	0%
Subtotal	**1,009.4**	—	**967.2**	**1,013.0**	**1,045.5**	**+3.6**	**+0.4%**	**+36.1**	**+4%**
Title III: Rural Development									
Rural Housing Service	1,424.2	—	1,250.4	1,322.4	1,294.6	-101.8	-7%	-129.6	-9%
RHS Loan Authority[i]	*13,904.7*	*697.0*[f]	*14,008.6*	*na*	*25,982.8*	*na*	*na*	*+12,078.2*	*+87%*
Rural Business-Cooperative Service	140.3	—	97.0	54.5[l]	75.9	-85.8	-61%	-64.4	-46%
RBCS Loan Authority[i]	*1,215.7*	—	*1,096.3*	*na*	*1,083.1*	*na*	*na*	*-132.5*	*-11%*
Rural Utilities Service	653.4	—	604.7	644.7	660.9	-8.7	-1%	+7.5	+1%
RUS Loan Authority[i]	*9,287.2*	—	*6,301.3*	*na*	*9,327.2*	*na*	*na*	*+40.0*	*+0%*

Agency or Major Program	FY2010 Regular P.L. 111-80	FY2010 Supp P.L. 111-118, P.L. 111-212	FY2011 Admin. Request	FY2011 House Subc. draft	FY2011 Senate-reported S. 3606	House $	House %	Senate $	Senate %
Salaries and Expenses (including transfers)	715.5	—	730.1	725.7	735.3	+10.2	+1%	+19.8	+3%
RD Under Secretary	0.9	—	0.9	0.9	0.9	na	na	+0.0	0%
Subtotal	**2,934.3**	—	**2,683.1**	**2,748.1**[l]	**2,767.6**	**-186.2**	**-6%**	**-166.7**	**-6%**
Subtotal, RD Loan Authority[i]	***24,407.5***	***697.0***	***21,406.2***	***na***	***36,393.2***	***na***	***na***	***+11,985.7***	***+49%***
Title IV: Domestic Food Programs									
Child Nutrition Programs	16,855.8	—	18,158.4	Na	18,161.1	na	na	+1,305.3	+8%
WIC Program	7,252.0	—	7,603.0	7,127.0	7,252.0	-125.0	-2%	0.0	0%
Food Stamp Act Programs (SNAP)	58,278.2	400.0[m]	68,206.8	Na	68,209.5	na	na	+9,931.4	+17%
Commodity Assistance Programs	248.0	—	249.6	254.6	261.6	+6.6	+3%	+13.6	+5%
Nutrition Programs Admin.	147.8	—	172.1	176.6	166.6	+28.8	+19%	+18.8	+13%
Office of Under Secretary	0.8	—	0.8	Na	0.8	na	na	+0.0	0%
Subtotal									
Mandatory	**75,128.0**	—	**86,360.2**	**Na**	**86,365.7**	**na**	**na**	**+11,237.7**	**+15%**
Discretionary	**7,654.6**	**400.0**	**8,030.5**	**7,559.0**	**7,686.0**	**-95.6**	**-1%**	**+31.4**	**+0%**
Subtotal	**82,782.6**	**400.0**	**94,390.7**	**na**	**94,051.7**	**na**	**na**	**+11,269.1**	**+14%**
Title V: Foreign Assistance									
Foreign Agricultural Service	180.4	—	258.8	233.7[n]	219.8	+53.4	+30%	+39.4	+22%
Public Law (P.L.) 480	1,692.8	150.0[f]	1,692.8	1,692.8	1,692.8	+0.0	0%	+0.0	0%
McGovern- Dole Food for Education	209.5	—	209.5	266.5	209.5	+57.0	+27%	0.0	0%
CCC Export Loan Salaries	6.8	—	6.9	6.9	6.9	+0.1	+1%	+0.1	+1%
Subtotal	**2,089.5**	**150.0**	**2,168.0**	**2,200.0**	**2,129.0**	**+110.5**	**+5%**	**+39.5**	**+2%**
Title VI: FDA & Related Agencies									
Food and Drug Administration	2,357.1	—	2,516.3	2,571.3	2,516.3	+214.2	+9%	+159.2	+7%
Commodity Futures Trading Commission (CFTC)	168.8	—	261.0	261.0		+92.2	+55%		

Agency or Major Program	FY2010 Regular P.L. 111-80	FY2010 Supp P.L. 111-118, P.L. 111-212	FY2011 Admin. Request	FY2011 House Subc. draft	FY2011 Senate-reported S. 3606	Change from regular FY2010 to FY2011: House $	House %	Senate $	Senate %
Title VII: General Provisions									
Limit mandatory programs	-511.0	—	-735.0	na	-657.0	na	na	-146.0	+29%
Section 32 rescission	-52.5	—	-50.0	na	-50.0	na	na	+2.5	-5%
Other provisions	380.8	—	6.5	na	36.4	na	na	-344.4	-90%
Other rescissions	-11.0	—	-110.6	na	-45.1	na	na	-34.1	+310%
Subtotal	**-193.7**	—	**-889.1**	**-720.9**	**-715.8**	**-527.2**	**+272%**	**-522.1**	**+270%**
RECAPITULATION:									
I: Agricultural Programs	30,191.6	-0.4	30,192.0	na	30,259.7	na	na	+68.1	+0.2%
Mandatory	22,855.4	-50.0	22,760.0	na	22,760.0	na	na	-95.5	-0.4%
Discretionary	7,336.1	49.6	7,432.0	7,468.5	7,499.7	+132.3	+2%	+163.6	+2%
II: Conservation Programs	1,009.4	—	967.2	1,013.0	1,045.5	+3.6	+0.4%	+36.1	+4%
III: Rural Development	2,934.3	—	2,683.1	2,748.1	2,767.6	-186.2	-6%	-166.7	-6%
IV: Domestic Food Programs	82,782.6	400.0	94,390.7	na	94,051.7	na	na	+11,269.1	+14%
Mandatory	75,128.0	—	86,360.2	na	86,365.7	na	na	+11,237.7	+15%
Discretionary	7,654.6	400.0	8,030.5	7,559.0	7,686.0	-95.6	-1.2%	+31.4	+0.4%
V: Foreign Assistance	2,089.5	150.0	2,168.0	2,200.0	2,129.0	+110.5	+5%	+39.5	+2%
VI: FDA	2,357.1	—	2,516.3	2,571.3	2,516.3	+214.2	+9%	+159.2	+7%
CFTC in Agriculture appropriations	168.8	—	—	261.0	—	+92.2	+55%	+117.2	+69%
CFTC in Financial Services appropriations	—	—	261.0	—	286.0				
VII: General Provisions	-193.7	—	-889.1	-720.9	-715.8	-527.2	+272%	-522.1	+270%
Total in agriculture bill (no adjustment for placement of CFTC)									
Mandatory	**97,983.4**	**-50.0**	**109,120.1**	**na**	**109,125.6**	**na**	**na**	**+11,142.2**	**+11%**
Discretionary	**23,356.2**	**599.6**	**22,908.1**	**23,100.0**	**22,928.4**	**-256.2**	**-1.1%**	**-427.8**	**-1.8%**
Total	**121,339.6**	**549.6**	**132,028.2**	**na**	**132,054.0**	**na**	**na**	**+10,714.4**	**+9%**

Agency or Major Program	FY2010 Regular P.L. 111-80	FY2010 Supp P.L. 111-118, P.L. 111-212	FY2011 Admin. Request	FY2011 House Subc. draft	FY2011 Senate-reported S. 3606	Change from regular FY2010 to FY2011 House $	House %	Senate $	Senate %
Totals without CFTC in any column									
Discretionary	23,187.4	—	22,908.1	22,839.0	22,928.4	-348.4	-1.5%	-259.0	-1.1%
Total	121,170.8	—	132,028.2	na	132,054.0	na	na	+10,883.2	+9%
Totals with CFTC in all columns									
Discretionary	23,356.2	—	23,169.1	23,100.0	23,214.4	-256.2	-1.1%	-141.8	-0.6%
Total	121,339.6	—	132,289.2	na	132,340.0	na	na	+11,000.4	+9%

Source: Compiled by CRS from P.L. 111-80, P.L. 111-118, P.L. 111-212, S. 3606, S.Rept. 111-221, House Agriculture Appropriations Subcommittee FY2011 draft summary (http://www.appropriations.house.gov/images/stories/pdf/ardf/AG_FY2011_Summary_for_Subcommittee_-_for_press.pdf), S. 3677, and unpublished appropriations tables.

Notes: na=not available. CFTC is shown in different ways to make totals comparable.

a. Includes offices for Advocacy and Outreach; Chief Financial Officer; Assistant Secretary and Office for Civil Rights; Assistant Secretary for Administration; Hazardous Materials Mgt.; Dept. Administration; Assistant Secretary for Congressional Relations; Office of Communications; General Counsel; Office of Homeland Security.

b. Includes all other Administrative offices in this top section of Title I (Office of the Secretary; Chief Information Officer; Buildings, Facilities and Rental Payments; Other Departmental Administration; and Under Secretaries (except Under Secretaries for Conservation, Rural Development,, and Nutrition).

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

d. The summary table for the House subcommittee draft combines amounts for NASS and ERS.

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

f. In P.L. 111-212, Supplemental Appropriations Act, 2010.

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

h. The summary table includes amounts for salaries and expenses, the farm loan program, dairy indemnity, state mediation grants, and water protection.

i. 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.

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

k. Includes $2.021 million for a proposed Office of Ecosystem Services Management.

l. Assumes $103 million rescission from cushion of credit interest spending in the rural development account, as shown in S. 3606, rather than in general provisions.

m. In P.L. 111-118, Department of Defense Appropriations Act, 2010, Division B, sec. 1001.

n. Implied from other known values for Title V, if assume CCC export salaries at Senate or Administration levels.

Historical Trends

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

Over the past 10 years (since FY2001), total mandatory Agriculture appropriations increased at a 6% average annualized rate, and total discretionary appropriations have increased at a 4% average annualized rate (**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 change from past to FY2011			
	FY2008	FY2009	FY2010	S. 3606 FY2011	FY2010 (1-yr.)	FY2006 (5-yrs.)	FY2001 (10-yrs.)	FY1996 (15-yrs.)
Total								
Domestic nutrition[a]	60.1	76.2	82.8	94.1	+14%	+10%	+11%	+6%
Other[b]	30.6	32.2	38.6	38.3	-1%	-1%	-1%	+3%
Total	90.7	108.4	121.3	132.3	+9%	+6%	+6%	+5%
Mandatory								
Domestic nutrition[a]	53.7	68.9	75.1	86.4	+15%	+10%	+11%	+6%
Other[b]	19.0	18.9	22.9	22.8	-0.4%	-5%	-3%	+3%
Total mandatory	72.7	87.8	98.0	109.1	+11%	+6%	+6%	+5%
Discretionary								
Domestic nutrition[a]	6.4	7.2	7.7	7.7	+0.4%	+7%	+6%	+4%
Other[b]	11.6	13.4	15.7	15.5	-1%	+7%	+4%	+4%
Total discretionary	18.0	20.6	23.4	23.2	-1%	+7%	+4%	+4%
Percentages of Total								
Mandatory	80%	81%	81%	82%				
Discretionary	20%	19%	19%	18%				
Domestic nutrition[a]	66%	70%	68%	71%				
Other[b]	34%	30%	32%	29%				

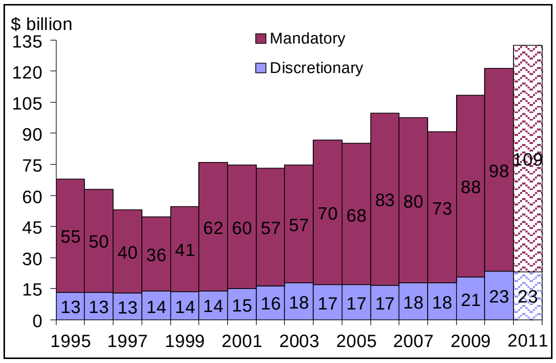
Source: CRS, using annual tables from the House and Senate Appropriations Committees.

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

a. The largest domestic nutrition programs are the child nutrition programs, 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.

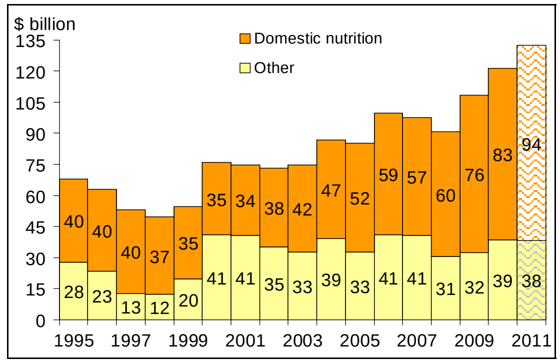
Figure 3. Agriculture Appropriations: Mandatory vs. Discretionary



Source: CRS. FY2011 is pending; S. 3606 is shown.

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. FY2011 is pending; S. 3606 is shown.

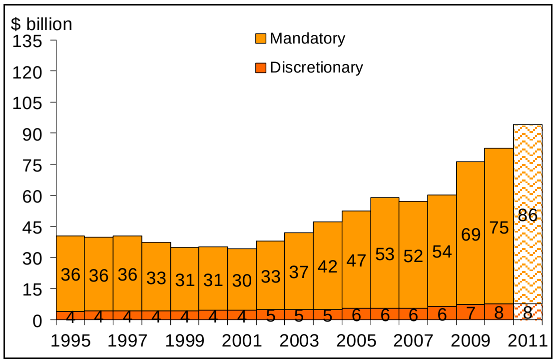
Notes: The largest domestic nutrition programs are the child nutrition programs, SNAP (food stamps), and WIC. "Other" includes the rest of USDA (except the Forest Service), FDA, and CFTC.

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 FY2001, total nutrition program spending has increased at an average 11% 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 2001 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 1-, 5-, 10-, and 15-year periods ending in FY2011 (**Table 4**).

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 11% rate per year, while discretionary nutrition programs have increased at an average 6% per year. This growth is fairly steady since FY2001, but is not representative of the period between FY1995 and FY2001.

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 FY2001, this subtotal of mandatory spending has shown a -3% average annual change, primarily because of the volatility in farm commodity programs. For the 15-year period ending in FY2011, its growth was an average +3% per year.

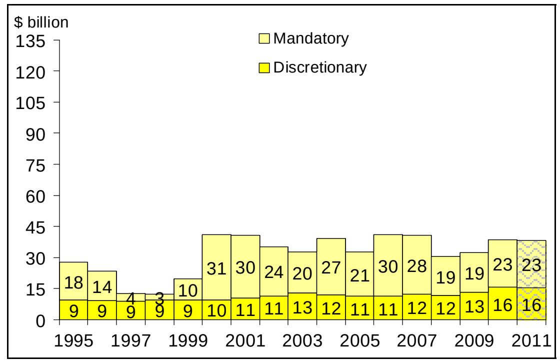
Figure 5. Domestic Nutrition Programs in Agriculture Appropriations: Mandatory vs. Discretionary



Source: CRS. FY2011 is pending; S. 3606 is shown.

Notes: Mandatory nutrition programs include SNAP (food stamps) 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. FY2011 is pending; S. 3606 is shown.

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.

The $15.5 billion of non-nutrition discretionary spending in the Senate bill for FY2011 (**Table 4**)—arguably the component of Agriculture appropriations over which appropriators have the most control—has grown at a 7% annual rate since 2006, but at a slower 4% annual rate over the 10- and 15-year periods (**Figure 6**).

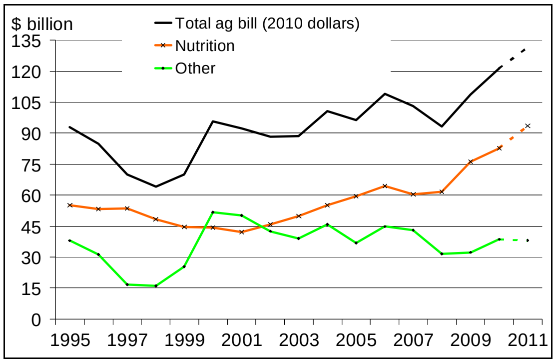
The Agriculture appropriations totals can also be viewed in inflation-adjusted terms and in comparison to other economic variables (**Figure 7** through **Figure 10**).

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 4% real rate over the past 10 years (**Figure 7**). Within that total, nutrition programs have increased at a higher average annual real rate of 8%, while non-nutrition programs had a -3% average annual real change over 10 years.

Comparing Agriculture appropriations to the entire federal budget authority,[16] the Agriculture bill's share has declined from 4.4% of the federal budget in FY1995 to 3.6% in FY2011 (**Figure 8**). The share of the federal budget for nutrition programs has declined (from 2.5% in FY1995 to 1.8% in FY2008), although the increase in FY2011 returns the share (2.5%) to levels last seen in FY1997. The share for the other agriculture programs also has declined from 1.8% in FY1995 and 2.1% in FY2001, to about 1.0% in FY2011.

[16] 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.

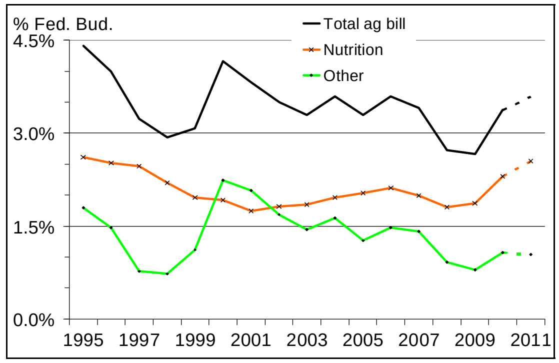
Figure 7. Agriculture Appropriations in Constant (Inflation-adjusted) 2010 Dollars



Source: CRS. FY2011 is pending; S. 3606 is shown.

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



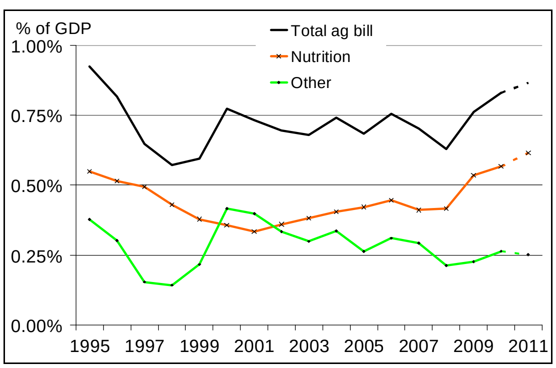
Source: CRS. FY2011 is pending; S. 3606 is shown.

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

As a percentage of gross domestic product (GDP), Agriculture appropriations have been fairly steady at just under 0.75% of GDP from FY2000-FY2009, but have risen to about 0.85% of GDP in FY2010 and FY2011 (**Figure 9**). Nutrition programs have been rising as a percentage of GDP since FY2000 (0.36% in FY2000 to 0.61% in FY2011), while non-nutrition agricultural programs have been declining (0.42% in FY2000 to 0.25% in FY2011).

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.

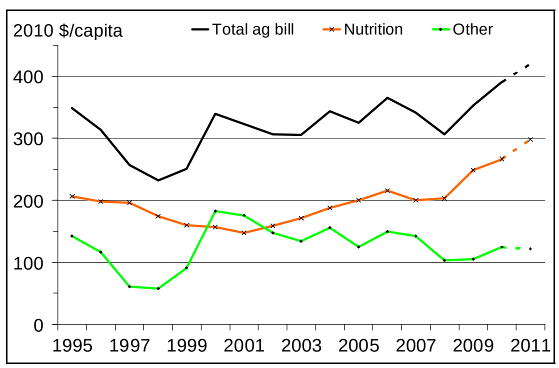
Figure 9. Agriculture Appropriations as a Percentage of GDP



Source: CRS. FY2011 is pending; S. 3606 is shown.

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. FY2011 is pending; S. 3606 is shown.

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 that was authorized in the farm bill. These limitations are also known as CHIMPS, "changes in mandatory program spending." 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 division 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 process. 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. Some question whether the CCC, which was created to fund the hard-to-predict farm commodity programs, should be used for programs that are not highly variable and are more often discretionary.[17]

The programs affected by these limits include 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 FY2011, the Senate-reported bill contains $657 million in reductions from seven mandatory programs. The Administration requests an even larger reduction of $735 million from eight mandatory programs (**Table 5**). Information about the reductions in the House subcommittee draft is not publicly available.

[17] 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. Reductions in Mandatory Programs in FY2010 and FY2011

(dollars in millions)

Program (section in 2008 farm bill P.L. 110-246)	Authorization in 2008 farm bill available in FY2011	FY2010 P.L. 111-80	FY2011 Admin. Request	FY2011 Senate-reported S. 3606
Conservation programs				
Environmental Quality Incentives Program (sec. 2501)	1,588	-270	-380	-270
Dam Rehabilitation Program (sec. 2803)	165	-165	-165	-165
Wetlands Reserve Program (sec. 2201)	623	—	-142	-75
Farmland Protection Program (sec. 2401)	175	—	-15	-15
Grasslands Reserve (sec. 2403)	80	—	-14	-14
Wildlife Habitat Incentive Program (sec. 2602)	85	—	-12	—
Agricultural Management Assistance program (sec. 2801)	15	—	-5	-5
Conservation Stewardship Program (sec. 2301)	872	—	-2	
Subtotal of these 8 conservation programs	**3,603**	**-435**	**-735**	**-544**
Specialty crops programs				
Fruit and vegetables in schools program (sec. 4304)	150	-76[a]	—	-113[a]
Total authorization in these 9 mandatory programs	**3,753**			
Total reduction in mandatory programs		**-511**	**-735**	**-657**

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. Delays funding from July until October of the same calendar year. 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.

Limits on mandatory programs proposed in the FY2011 appropriations bill are slightly higher than the $511 million of reductions in FY2010 and $484 million of reductions in FY2009. The FY2010 and FY2009 reductions affected the same three programs. None of these reductions, however, are as large as the reductions during the height of the 2002 farm bill period (2002-2008) 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. Nonetheless, enactment of the 2008 farm bill—with a host of new and reauthorized mandatory conservation, research, rural development, and bioenergy programs—created new possibilities for appropriators to continue to limit mandatory programs.[18]

[18] For more background on reductions in mandatory programs, see CRS Report R41245, *Reductions in Mandatory Agriculture Program Spending*, by Jim Monke and Megan Stubbs.

Earmarks

Congress adopted earmark disclosure rules in 2007 that require appropriations acts to disclose "earmarks and congressionally directed spending items."[19] 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 the explanatory statement accompanying the final version of the bill 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. Beginning in FY2009 appropriations acts, appropriations earmarks became more formal by being incorporated, at least by reference, in the text of the bill.[20]

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. Agriculture is eighth among the 12 appropriations bills by the number of earmarks, and tenth by the value of earmarks.[21]

Three USDA agencies—the Agricultural Research Service (ARS), the National Institute of Food and Agriculture (NIFA), and the Natural Resources Conservation Service (NRCS)—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.

For FY2011, the final number of earmarks will not be known until a final bill is enacted. At this point, both the House and Senate Agriculture Appropriations Subcommittees have released a disclosure list of each chamber's proposed earmarks.[22] But tallies of these pre-enactment disclosure lists are not predictive of the final count because some earmarks are in both drafts, some are in only one version, some will be dropped in conference, and others might be added.

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

[20] 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."

[21] The number and amount of earmarks in each of the 12 appropriations bills for FY2008 to FY2010—as well as earmarks as a percentage of total appropriations, and a delineation of Presidential vs. Members-only earmarks—is available in CRS Report R40976, *Earmarks Disclosed by Congress: FY2008-FY2010 Regular Appropriations Bills*, by Carol Hardy Vincent and Jim Monke.

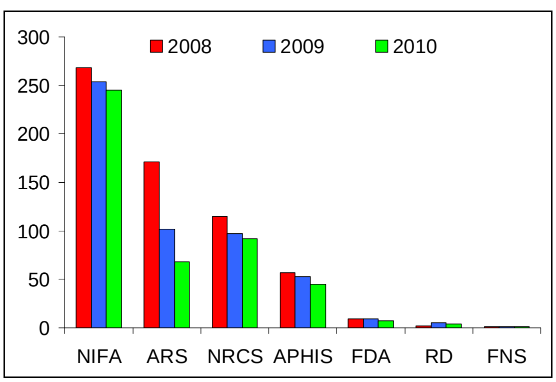
[22] For earmarks in the Senate-reported bill, see S.Rept. 111-221, pp. 108-117. For earmarks in the House subcommittee draft, see http://www.appropriations.house.gov/images/stories/pdf/ardf/FY2011_AG_Table.6.30.10.pdf.

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**

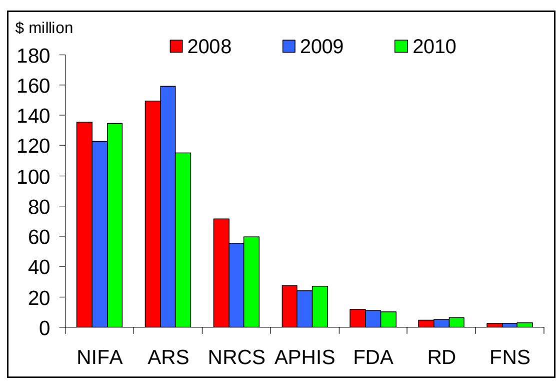
Source: CRS, compiled from "Disclosure of Earmarks and Congressionally Directed Spending Items" in conference reports/committee prints accompanying P.L. 110-161, P.L. 111-8, and P.L. 111-80.

Figure 11. Number of Earmarks in Agriculture Appropriations



Source: CRS.

Figure 12. Value of Earmarks in Agriculture Appropriations



Source: CRS.

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 95% 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[23] staffed by about 100,000 employees; about 36,000 of those employees are in the Forest Service.[24]

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.

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)**[25]—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 (P.L. 110-246) instituted some organizational changes within the REE mission area, such as the establishment of a new agency called the National Institute of Food and Agriculture (NIFA), which USDA launched on October 8, 2009.[26] The 2008 farm bill retained and extended most existing authorities for REE programs, but at the same time did repeal and create some new authorities. For instance, the 2008 farm bill provided mandatory funding for a

[23] Detailed descriptions of USDA's programs and FY2011 budget request are available in USDA's *FY2011 Budget Explanatory Notes*, February 2010, at http://www.obpa.usda.gov/FY11explan_notes.html.

[24] Staffing data are from USDA, *FY2011 Budget Summary and Annual Performance Plan*, February 2010, p. 142, at http://www.obpa.usda.gov/budsum/FY11budsum.pdf..

[25] 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.

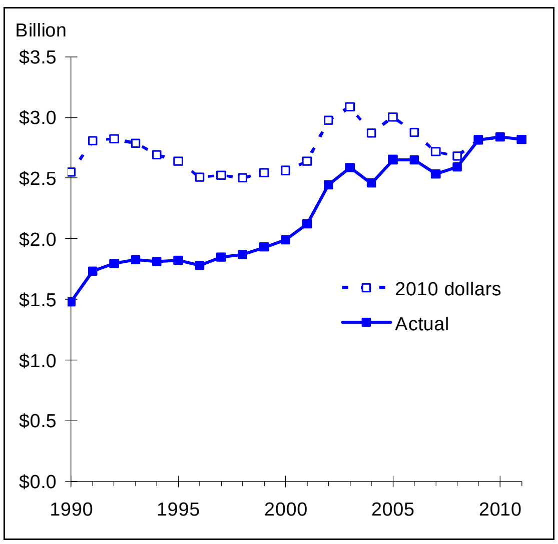
[26] See USDA press release on NIFA launch at http://www.usda.gov/wps/portal/!ut/p/_s.7_0_A/7_0_1OB?contentidonly =true&contentid=2009/10/0501.xml.

new flagship competitive grants program, called the Agriculture and Food Research Initiative (AFRI, administered by NIFA). At the same time the 2008 farm bill repealed the mandatory-funded Initiative for Future Agriculture and Food Systems and the National Research Initiative (NRI) competitive grants programs.

For FY2011, the Administration requested $2.794 billion of budget authority for the USDA REE mission area, which is about a $43.6 million (1.5%) decrease from enacted FY2010 levels ($2.838 billion). The House subcommittee draft bill and the Senate-reported bill (S. 3606) fund the REE mission area at $2.828 billion (-0.4%) and $2.819 billion (-0.7%), respectively.

When adjusted for inflation, USDA-funding levels for agriculture research, education, and extension have remained relatively flat from 1970 to 2000.[27] 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**).

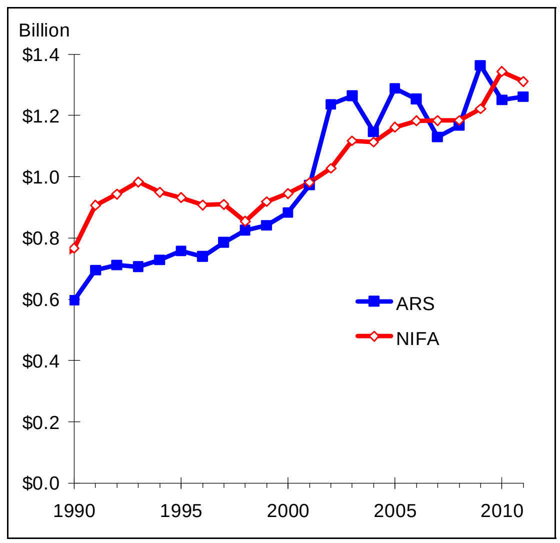
Figure 13. USDA Research Budget: FY1990-FY2011



Source: CRS, using appropriations committee data.

Notes: Includes supplemental appropriations; FY2011 amounts are from S. 3606.

Figure 14. ARS and NIFA Budget: FY1990-FY2011



Source: CRS, using appropriations committee data.

Notes: Includes supplemental appropriations; FY2011 amounts are from S. 3606.

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 mandatory funds 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

[27] Based on analysis of USDA data.

agricultural research. Agricultural scientists, stakeholders, and partners express concern for funding over the long term.

Agricultural Research Service

The enacted FY2010 appropriation provided a total of $1.25 billion for USDA's in-house science agency, with $1.18 billion going for staff and salaries and $70.8 million for buildings and facilities. The Administration's FY2011 request included $1.20 billion for ARS, which consists only of salaries and expenses and no request for buildings and facilities. The President's FY2011 request recommends an increase of $61.5 million in new and expanded research initiatives in human nutrition, food safety, global climate change, bioenergy, local food systems, animal and crop breeding and protection, global food security, Colony Collapse Disorder, and sustainable production systems. The proposed program increases for the Administration's priority research areas would be offset by the termination of $11.4 million in ongoing research programs as well as the elimination of $41.9 million in Congressionally-designated earmarks.

The House subcommittee draft bill includes $31.3 million less (-3%) compared with the enacted FY2010 levels, while the Senate-reported bill includes $10.3 million more (+1%).

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 is the primary extramural funding agency for food and agricultural research at USDA. NIFA's mission is 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 administers competitive grants, special research grants, federal administration grants, and the so-called formula funds for research and extension.[28]

The enacted FY2010 appropriation provided $1.34 billion for NIFA, which represented a 10% increase over the regular FY2009 level for CSREES, and included 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 FY2011 request includes $1.34 billion for NIFA. Although the total request is roughly equal to FY2010, the proposal places a greater emphasis on and would increase funding for research and education, while decreasing funding for extension and integrated activities (**Table 7**). The Senate-reported bill on the other hand, decreases overall funding for NIFA by $33 million (-2.5%), due to decreases in funding levels for research and education and extension. The House subcommittee draft bill would increase funding for NIFA by almost $14 million, though the allocations to specific activities is not specified.

[28] NIFA 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-FY2011

(budget authority in millions of dollars)

	FY2009	FY2010	FY2011		
NIFA activity	P.L. 111-8	P.L. 111-80	Admin. request	House Subc. draft	Senate-reported S. 3606
Research and Education	691.0	788.2	838.7	na	780.7
Extension	474.3	494.9	479.2	na	491.2
Integrated activities	56.9	60.0	24.9	na	38.6
Total	**1,222.2**	**1,343.2**	**1,342.8**	**1,357.0**	**1,310.5**

Source: Compiled by CRS, from P.L. 111-8. P.L. 111-80, and S.3606

The farm bill authorizes appropriations of $700 million annually for the newly created competitive grant program, called the Agriculture and Food Research Initiative (AFRI).[29] The FY2010 enacted appropriation provided $262.5 million for AFRI, which was a considerable increase of about 30% over the $201.5 million enacted in FY2009.The FY2011 Administration's request would increase AFRI by an additional $166 million (+63%) to $429 million. The Senate-reported bill would increase it by less than the Administration requested, by $47.5 million (+18%) and the House subcommittee draft would increase it by $56.5 million (+19%).[30]

Economic Research Service

The FY2010 enacted appropriation provided $82.5 million for USDA's Economic Research Service (ERS), an increase of $3 million (+4%) over FY2009. The Administration's request for ERS was $87.2 million, an increase in appropriation of $4.7 million or (+5.7%) over FY2010. The Senate-reported bill included $83.7 million for ERS, not as much as in the Administration's request, but 1% above FY2010. The published summary of House draft combined amounts for ERS and NASS, $251.9 million for FY2011, a 3% increase over FY2010 for the two agencies.

National Agricultural Statistics Service

The FY2010 enacted appropriation provided $161.8 million for the National Agricultural Statistics Service (NASS), which was an increase of $10.3 million over the FY2009 level. The Administration's FY2011 request included $166.7 million for NASS, which is a $2.9 million increase (+1.8%) over the FY2010 enacted appropriation. The Senate-reported bill also recommended $166.7 million for NASS, which includes $33.4 million for the Census of Agriculture, the same amount requested by the Administration.

For more on USDA research, education, and extension programs, see CRS Report R40819, *Agricultural Research, Education, and Extension: Issues and Background*, by Melissa D. Ho.

[29] 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.

[30] Congresswoman Rosa L. DeLauro, "Statement of Chairwoman Rosa DeLauro," press release, June 30, 2010, http://www.appropriations.house.gov/images/stories/pdf/ardf/Delauro_Opening_Statement.6.30.10.pdf.

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 bovine spongiform encephalopathy (BSE or "mad cow disease"), bovine tuberculosis, avian influenza (AI), and a growing number of invasive plant pests such as the Emerald Ash Borer, the Asian Long-horned Beetle, and the Glassy-winged Sharpshooter. APHIS derives its authority from the Animal Health Protection Act (AHPA),[31] which gives USDA broad authority to detect, control, or eradicate pests or diseases of livestock or poultry, and the Plant Protection Act (PPA),[32] which authorizes APHIS to cooperate with states, localities and others to prevent the spread of and eradicate invasive pests and diseases. 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 Senate-reported bill (S. 3606) provides a total of $931.3 million for APHIS for FY2011, more than the House draft ($884.6 million) and USDA's request ($875.3 million). The Senate bill also provides more compared to the FY2010 amount of $909.7 million. The Senate bill includes $926.6 million for APHIS salaries and expenses, and $4.7 million for buildings and facilities.

The Senate bill also authorizes APHIS to collect fees in FY2011 to "cover the total costs of providing technical assistance, goods, or services requested by states, other political subdivisions, domestic and international organizations, foreign governments, or individuals." APHIS collects user fees to cover the cost of inspection and quarantine activities at U.S. ports to prevent the introduction of animal and plant diseases and pests, including fees for Agricultural Quarantine Inspection (AQI) and other services and various federal and non-federal reimbursements.[33] In FY2010, APHIS retained $185.8 million of AQI user fees (less amounts transferred to DHS).

The Senate-reported bill provides the following funding levels by high-level function (**Table 8**): pest and disease exclusion ($161.9 million); plant and animal health monitoring ($247.5 million); pest and disease management ($377.6 million); animal care ($26.8 million); scientific and technical services ($102.5 million); and management initiatives ($10.2 million). The Senate amount for APHIS is $56 million higher than USDA's request, with the largest differences pest and disease management, and scientific and technical services. These two categories also account for the greatest differences between FY2011 and FY2010 amounts in **Table 8**.

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[31] P.L. 107-171, Subtitle E, approved May 13, 2002; 7 U.S.C. 8301-8302. AHPA was enacted as part of the Farm Security and Rural Investment Act of 2002.

[32] P.L. 106-224, Title IV, approved June 20, 2000; 7 U.S.C. 7701 et seq. PPA was enacted as part of the Agricultural Risk Protection Act of 2000.

[33] See for example Title 7 CFR, Part 319 (Foreign Quarantine Notices) and Part 354 (Overtime Services Relating to Imports and Exports; and User Fees); and Title 9 CFR, Part 130 (Animals and Animal Products, User Fees). Others as noted in the explanatory notes of the President's Budget request: http://www.obpa.usda.gov/explan_notes.html.

Table 8. Animal and Plant Health Inspection Service (APHIS): FY2010-FY2011

(budget authority in thousands of dollars)

Category	FY2010 P.L. 111-80	FY2011 Senate-reported S. 3606	Difference
Pest and Disease Exclusion	**166,694**	**161,890**	**-4,804**
Plant and Animal Health Monitoring	**248,773**	**247,539**	**-1,234**
Pest and Disease Management	**369,106**	**377,628**	**8,522**
Emerging Plant Pests:			
Asian Long-horned Beetle.	33,021	42,130	+9,109
Citrus Canker/Citrus Health Program	44,656	45,781	+1,125
Emerald Ash Borer	37,205	22,000	-15,205
Glassy-winged Sharpshooter	22,983	23,066	+83
Sudden Oak Death	5,347	5,366	+19
Potato Cyst Nematode	8,327	8,357	+30
Karnal Bunt	2,151	2,160	+9
Light Brown Apple Moth	1,008	10,010	+9,002
Sirex Woodwasp	1,500	1,505	+5
Varroa Mite	469	469	+0
Other Emerging Plant Pests	2,102	4,105	+2,003
Subtotal, Emerging Plant Pests	158,769	164,949	+6,180
Subtotal, Other Pest and Disease Management	210,337	212,679	+2,342
Animal Care	**22,479**	**26,833**	**+4,354**
Scientific and Technical Services	**87,742**	**102,520**	**+14,778**
Management (Info Tech, Security)	**10,199**	**10,199**	**+0**
Subtotal, Salaries and Expenses	**904,953**	**926,609**	**+21,656**
Buildings and facilities	**4,712**	**4,712**	**+0**
Total, APHIS	**909,665**	**931,321**	**+21,656**

Source: S.Rept. 111-221, pp. 33-34, accompanying S. 3606.

Within those APHIS functions, the Senate-reported bill identifies funding for certain programs, including funding for certain cotton pests programs ($22.3 million); for activities under the Horse Protection Act of 1970 ($0.9 million); for programs to prevent and control avian influenza ($47.2 million); for information technology infrastructure ($4.5 million); for the fruit fly program ($63.6 million); for the grasshopper and Mormon cricket program ($5.6 million); for the plum pox program ($2.2 million); for the National Veterinary Stockpile ($3.8 million); for indemnities under the scrapie program ($1.5 million); for wildlife services methods development ($1.0 million); for wildlife services operations program for aviation safety ($1.5 million), and for the screwworm program ($5.1 million). The Senate-reported bill further clarifies that no funds be used to formulate or administer a brucellosis eradication program without requiring minimum matching by the states of at least 40%. It also sets certain limits regarding aircraft purchases and the repair or alteration of leased buildings and improvements, as well as specifies that up to $30,000 be used for representation allowances and expenses under the Foreign Service Act.

The emerging plant pests (EPP) account within the “Pest and Disease Management” area is funded at $164.9 million for FY2011 in the Senate-reported bill. This compares with an Administration request of $157.6 million and a FY2010 level of $158.8 million (**Table 8**).

In previous enacted appropriations, funding was provided for a national animal identification program—formerly the National Animal ID System—for animal disease tracking and control, among other things. During the past year, USDA released a framework for a new Animal Disease Traceability initiative that will focus on state-specific concerns, and states and tribal governments will guide its development.[34] Because USDA’s future role in this initiative will be as “facilitator and collaborator,” rather than lead, the Senate committee report states: “At this stage it is premature to identify agency resource needs and the Committee provides no funding specifically for the initiative. However, once a comprehensive plan has been developed and funding needs identified, the Committee may consider this for further action during deliberations on the fiscal year 2011 bill.” Since FY2004, nearly $150 million has been appropriated for NAIS, including $14.5 million in FY2009 and $5.3 million in FY2010.

The Senate-reported bill provides $2.1 million “for the control of outbreaks of insects, plant diseases, animal diseases and for control of pest animals and birds (‘contingency fund’) to the extent necessary to meet emergency conditions.” In addition, the Senate bill clarifies that appropriators expect the Secretary of Agriculture to continue to use his authority to transfer funds available within USDA to arrest and eradicate animal and plant pests and diseases:

> That, in addition, in emergencies which threaten any segment of the agricultural production industry of this country, the Secretary may transfer from other appropriations or funds available to the agencies or corporations of the Department such sums as may be deemed necessary, to be available only in such emergencies for the arrest and eradication of contagious or infectious disease or pests of animals, poultry, or plants, and for expenses in accordance with sections 10411 and 10417 of the Animal Health Protection Act (7 U.S.C. 8310 and 8316) and sections 431 and 442 of the Plant Protection Act (7 U.S.C. 7751 and 7772), and any unexpended balances of funds transferred for such emergency purposes in the preceding fiscal year shall be merged with such transferred amounts.

This same language has appeared in recent years’ appropriations bills. Likewise, the report language “encourages the Secretary to continue use of contingency funding from Commodity Credit Corporation monies, as in past fiscal years, to cover additional emergencies as the Secretary determines necessary.”

As noted, such a transfer would be in accordance with the PPA and with the AHPA. APHIS is the agency that would initiate such an action by submitting a request to the Office of Management and Budget (OMB) that Commodity Credit Corporation (CCC) money be used to address a new or emerging plant (or animal) pest, disease, or outbreak or emergency (might also include moving appropriated funds internally to address emergencies). Congressional appropriators and OMB have sparred for years over whether APHIS should—as appropriators have preferred—reach as needed into USDA’s CCC account for mandatory funds to deal with emerging plant pests and

[34] For more information, see CRS Report R40832, *Animal Identification and Traceability: Overview and Issues*, by Randy Schnepf.

other plant and animal health problems on an emergency basis, or wait to be provided the funds primarily through the regular annual USDA appropriation, as OMB has argued.

APHIS has taken such action in the past to address larger-scale plant and animal pest and disease outbreaks where the costs are too large for the regular appropriation, or for new and emerging agricultural issues that warrant a federal role. Such an action is generally not taken to address established pests and diseases. In FY2010, APHIS requested the transfer of emergency funding to address Asian Longhorned Beetle in Massachusetts ($41.5 million), and to treat potentially large outbreaks of grasshopper in the western states ($10.7 million).[35]

Agricultural Marketing Service and Section 32

The Agricultural Marketing Service (AMS) promotes the marketing and distribution of U.S. agricultural products in domestic and international markets. User fees and reimbursements account for a substantial portion of funding for the agency. Such fees, totaling about $140 million in FY2011, cover AMS activities like product quality and process verification programs, commodity grading, and Perishable Agricultural Commodities Act licensing.

Two appropriations mechanisms also support AMS historically: the direct annual USDA appropriation and a transfer from the so-called Section 32 account.[36]

For FY2011, the Administration requested $99.9 million, compared with $92.5 million in the enacted FY2010 agriculture appropriations bill. Both the House subcommittee draft and the Senate-reported bill (S. 3606) provide $99.4 million for FY2011, nearly all of the Administration's request. Of the total request, the Administration calls for an additional $3.1 million for the National Organic Program to increase compliance with regulations and enhance the integrity of the organic label, an additional $920,000 for the "Know Your Farmer, Know Your Food" initiative to benefit producers and consumers, and an additional $1.3 million for matching payments to states under the Federal-State Marketing Improvement Program. The Senate-reported bill concurred with most of these requested increases.

The Section 32 program is funded by a permanent appropriation of 30% of the previous calendar year's customs receipts, less certain mandatory transfers. For FY2011, this amount is estimated to be $6.606 billion, of which an estimated $5.322 billion is to be transferred to the Food and Nutrition Service (FNS) to carry out child nutrition programs. An amount equal to 30 percent of receipts collected on fishery products is transferred to the Department of Commerce (estimated to be $68.2 million for FY2011). The remaining amount in the Section 32 account, $1.215 billion, is the authorized budget level for the program as mandated in the 2008 farm bill. The farm bill also requires $203 million of Section 32 funds be used during FY2011 to purchase fruit, vegetables, and nuts for domestic food assistance programs in addition to the purchases required by section 10603 of the 2002 farm bill.[37] This remaining amount has been used, at the Secretary's

[35] Emergency activities that were funded by transfers from the CCC are reported in the explanatory notes of the President's Budget request: http://www.obpa.usda.gov/explan_notes.html.

[36] 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 Melissa D. Ho

[37] 7 USC 612c-5.

discretion, primarily to fund additional commodity purchases for school lunch and other domestic programs, support farm prices, and for disaster assistance.[38]

The Senate-reported bill directs the Secretary to provide notification to the Appropriations Committees in advance of any public announcement of release of Section 32 funds when used under the authority described in 7 U.S.C. 612c, "to provide direct assistance to producers when market forces or natural conditions adversely affect the financial conditions of farmers and ranchers."[39] The Senate-reported bill also recommends that $20.3 million be transferred from Section 32 to AMS for the formulation and administration of marketing agreements and orders, which is the same as the Administration's request for FY2011. Details about the Section 32 account are not specified in the House subcommittee markup press release.

Grain Inspection, Packers, and Stockyards Administration

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

The Senate-reported bill (S. 3606) provides $44.2 million for GIPSA salaries and expenses, the same as the Administration's request, up $2.2 million (+5%) from FY2010. The House subcommittee draft would provide $43.3 million, less than the Senate bill but still more than FY2010. Agency activities also are supported by user fees, amounting to approximately $42.5 million annually or about half the agency's overall budget. The Administration again proposed additional user fees—to take effect after FY2011—to offset some grain inspection and Packers and Stockyards (P&S) activities, to recoup an estimated $29 million annually.[40] The Senate-report does not make note of this proposal, which would require authorizing legislation.

The Senate-reported bill identifies $1.8 million for enforcement under the Packers and Stockyards Act (7 U.S.C. 181 et seq.). It also sets a $50 million limitation on inspection and weighing services expenses under the U.S. Grains Standards Act (7 U.S.C. 71 et seq.) and programs under the Agricultural Marketing Act of 1946. This limitation is $7.5 million above the FY2010 limitation set for such services. This limitation may be exceeded by 10% if the appropriations committees are notified in the event of unforeseen events or needs to support U.S. grain export activities.

Meat and Poultry Inspection

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),

[38] For an example of recent disaster assistance, see "USDA Provides Disaster Assistance to Producers of Rice, Upland Cotton, Soybeans and Sweet Potatoes," October 22, 2010, at http://www.fsa.usda.gov/FSA/newsReleases?area=newsroom&subject=landing&topic=ner&newstype=newsrel&type=detail&item=nr_20101022_rel_0551.html.

[39] See page 39 of S.Rept. 111-221.

[40] Explanatory notes of the President's Budget request, at http://www.obpa.usda.gov/explan_notes.html.

together comprise most of the total funding and staffing of the government's food regulatory system.[41] FDA funding is discussed later in this report; FSIS funding is discussed below.

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.[42] The Senate-reported bill provides a total of $1.047 billion for FSIS for FY2011, which is 1% more than the House draft and Administration request (both at $1.037 billion). The Senate-reported bill also provides more compared to the enacted FY2010 appropriation of $1.019 billion (+3%).

The FY2011 appropriation would be augmented by existing (currently authorized) user fees, which FSIS estimates would total approximately $130 million.[43] The Senate-reported bill (S. 3606) does not assume the adoption of two new user fees, proposed by the Administration, which would require a change in authorizing legislation. One of the Administration-proposed fees would be charged to establishments involved in product retesting, recalls, or illness outbreaks; the second proposed fee would be charged to cover services related to inspection, including risk assessment, hazard analyses, compliance review and product sampling, among other services. Estimated revenue from these proposed fees could total $12.6 million annually.[44] Although the Senate-reported bill does not specifically address or authorize these fees, it does allow for $1 million to be credited to FSIS from fees collected for the cost of laboratory accreditation, which is up to three times the estimated amount collected in recent years for accredited labs.

Of the total recommended amount, the reported bill identifies funding levels for the following activity categories: federal ($919.2 million); state activities ($65.1 million), international ($19.5 million), Codex Alimentarius ($3.9 million), and Public Health Data Communication Infrastructure System (PHDCIS, $39.5 million).

As in past years, the Senate bill directs $3 million of the total for the Humane Animal Tracking System, as part of the PHDCIS, and specifies employment requirements for inspections and enforcement related to the Humane Methods of Slaughter Act. The Senate report further directs FSIS to consider hiring and training a "mobile review team of FSIS employees to conduct unscheduled audits, including the potential for undercover surveillance, focused on assessing compliance with humane handling rules of live animals as they arrive and are offloaded and handled in pens, chutes and stunning areas" and directs FSIS to write a feasibility report. The bill also specifies funding requirements for PHDCIS and inspection of catfish and related products[45] that the Administration wants to reduce, and directs USDA to issue a progress report on catfish inspection. The committee expressed concern that FSIS has not promulgated regulations regarding interstate meat and poultry shipments from eligible state-inspected plants, as directed in the 2008 farm bill. Further, section 707 of the Senate bill prevents funds from being used to carry out certain sections of the FMIA (21 U.S.C. 679a) and the PPIA (21 U.S.C. 471) pertaining to

[41] See CRS Report RS22600, *The Federal Food Safety System: A Primer*, by Renée Johnson.

[42] FSIS activities are authorized under the Federal Meat Inspection Act (FMIA, 21 U.S.C. 601 et seq.), the Poultry Products Inspection Act (PPIA, 21 U.S.C. 451 et seq.), and the Egg Products Inspection Act (EPIA, 21 U.S.C. 1031 et seq.). FSIS also enforces the Humane Methods of Slaughter Act (7 U.S.C. 1901 et seq.). For background on food safety, see CRS Report RL32922, *Meat and Poultry Inspection: Background and Selected Issues*, by Renée Johnson.

[43] Explanatory notes of the President's Budget request: http://www.obpa.usda.gov/explan_notes.html. FSIS collects user fees to cover overtime and other services, including inspection and laboratory costs, and also trust fund activities.

[44] Ibid, p. 21-17. Proposed user fees are for performance-based services (estimated at $4 million) and (2) facility registration and annual renewal activities (estimated at $8.6 million).

[45] As enacted in the 2008 farm bill (P.L. 110-246, section 11016).

advisory panel activities under the so-called "Safe Meat and Poultry Inspection Panel." The summary information about the House draft does not provide comparable details.

In the FY2007-FY2009 appropriations, Congress prohibited FSIS from implementing rules to allow poultry products to be imported from China into the United States. The FY2010 appropriation allowed imports but only under specific conditions.[46] The FY2011 Senate bill does not include any relevant language. The Chinese government in March 2009 strongly criticized the ban as a violation of trade rules and challenged this action in the World Trade Organization (WTO). A WTO dispute panel was formed and a report was issued in September 2010 that largely supported China's claims.[47]

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 payments to farmers through a network of county offices. In addition, FSA 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 Senate-reported bill for FY2011 (S. 3606) would provide $1.664 billion for regular FSA salaries and expenses, $90 million more (+6%) than FY2010, but $26 million below the Administration's request. The Senate committee report say that it provides "substantial funding for the information technology needs requested in the President's budget" (discussed below).

The limited information about the House subcommittee draft does not allow a direct comparison to the salaries and expenses amount above. For all of FSA (combining salaries and expenses, the farm loan program, dairy indemnity program, state mediation grants, and grassroots water protection), the House draft provides $1.832 billion ($107 million more than FY2010). The comparable amount in the Senate bill is $1.863 billion ($31 million more than the House). The Administration's request for this combined total is about midway between the House and Senate.

[46] For background, see CRS Report R40706, *China-U.S. Poultry Dispute*, by Renée Johnson.

[47] The text of the Chinese request and the panel report on the dispute (DS392) is available through the WTO website: http://www.wto.org/english/tratop_e/dispu_e/cases_e/ds392_e.htm.

Information Technology

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 or county offices would be rationed computer time to avoid overloading the system. The 2008 farm bill's new Average Crop Revenue Election (ACRE) program, among others, is further stressing 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.[48] 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.

For FY2011, the Administration requested an increase of $95.3 million for information technology (IT) This supports $38.3 million for modernization, $20 million for conversion of software to a web-based system, $36 million toward the Department's common computing environment (CCE, another infrastructure investment) and $1 million for additional IT staff.[49] The Senate-reported bill provides most, if not all, of that amount in its salaries and expenses portion, noting "substantial funding for the information technology needs requested in the President's budget."

The FY2010 appropriation provided $67 million for FSA's information technology. Prior to that, 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 addressed "stabilization" and a limited amount of "modernization" of the existing outdated USDA mainframe system. Additional appropriations for modernization of at least $171 million may be needed after FY2011, according to USDA's plans (**Table 9**).[50]

A third-party analysis, required by the 2008 farm bill, of USDA's plans for stabilization and upgrades is summarized in **Table 10**. These estimates are higher than the USDA amounts obtained from the Department's Budget and Explanatory Notes. It is not clear from the third-party analysis and the appropriations data above how much has been funded and how much remains to be funded. Probably well more than half of the stabilization efforts have been funded. But probably half or less of the eventual modernization and implementation costs have been

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[48] USDA Farm Service Agency, *Farm Service Agency Modernization and IT Stabilization Plan: Response to Congressional Directives*, August 2008.

[49] USDA, FY2011 USDA Budget Explanatory Notes for Committee on Appropriations, pp. 22-15 – 22-17, at http://www.obpa.usda.gov/22fsa2011notes.pdf.

[50] The *FY2010 USDA Budget Explanatory Notes for Committee on Appropriations*, "Farm Service Agency," p. 18-15, at http://www.obpa.usda.gov/18fsa2010notes.pdf, notes that about $266 million will be needed for stabilization and MIDAS modernization after FY2010. Based on this amount and the $95 million request for FY2011, at least $171 million will be needed beyond FY2011.

funded. The Department's reports to the appropriations subcommittee (pursuant to directives in the FY2010 Agriculture appropriation) may clarify these estimates.

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.[51]

Table 9. Recent Appropriations for FSA Information Technology

Stabilization and Modernization

Fiscal Year	Appropriation ($ millions)
2009 regular appropriation (P.L. 111-8)	22
2009 stimulus supplemental (ARRA, P.L. 111-5)	50
2010 regular appropriation (P.L. 111-80)	67
2011 Administration request	95
Subtotal, FY2009-FY2011	**234**
2012 and beyond	171
Total	**639**

Source: CRS, using enacted appropriations and FY2010 and FY2011 USDA Budget and Explanatory Notes.

Note: It is difficult to identify when appropriations for the current stabilization and modernization plan begin because appropriations throughout the past decade have provided tens of millions of dollars annually for various FSA IT programs. In recent years, these appropriations were included in the FSA budget. But in previous years they were part of a separate Common Computing Environment account in the Department-wide budget that, incidentally, was a favorite account for Members to use as an offset when adding floor amendments to Agriculture appropriations bills. We believe that FY2009 in this table is the clearest starting point for current stabilization and modernization appropriations.

Table 10. Estimated Stabilization and Modernization Project Costs

Type of Cost	Cost ($ millions)
Stabilization	**149**
Modernization (MIDAS)	
Modernization	304
Operations and maintenance (7 years, through 2018)	144
Certification and accreditation	3
Subtotal MIDAS lifecycle costs	**451**
Total, Stabilization and Modernization	**600**

Source: BearingPoint, Inc. "Delivery of Legislatively Mandated Farm Benefit Programs: A Third Party Report to Congress on Modernization and Stabilization at FSA," pp. 45-49, January 2009. FOUO.

[51] 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.

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 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 limited information about the House subcommittee draft does not disclose funding levels for the farm loan program. The Administration requested $151 million of budget authority to support $4.7 billion of loans.

The Senate-reported bill provides more than the Administration's request, more than the regular FY2010 appropriation, and nearly the combined amount from FY2010 regular and supplemental appropriations. S. 3606 would provide $187 million of budget authority to support $5.4 billion of loans and guarantees (**Table 11**). This $5.4 billion of loan authority is about $2 billion more than the usual $3.4 billion of loan authority in the regular FY2009 appropriation and before.

Compared to the regular FY2010 appropriation, the Senate-reported bill for FY2011 provides the same loan authorities for most of the loan programs, except that it increases direct farm operating loans by $190 million (+19%) and guaranteed operating loans by $150 million (+10%). These two types of loans received $350 million and $250 million, respectively, of supplemental loan authority in 2010 (**Table 11**). Thus, the increases may help to forestall the need for a supplemental in FY2011 since loan demand remains high.

FSA has experienced significantly higher demand for its loans beginning in FY2009 because of the financial pressures in the global financial crisis.[52] The farm loan program has had a higher ratio of applications from new customers than usual; 45% of the applications for direct operating loans in 2009 were from new customers, compared to about 20% usually.[53]

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

[53] 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 11. USDA Farm Loans: Budget and Loan Authority, FY2010-FY2011

(dollars in millions)

	FY2010				FY2011				Change	
	Regular (P.L. 111-80)		Supp. (P.L. 111-212)		Admin. Request		Senate (S. 3606)		S. 3606 - P.L. 111-80	
FSA Farm Loan Program	Budget Authority	Loan Authority	Budget Authority	Loan Authority	Budget Authority	Loan Authority	Budget Authority	Loan Authority	Budget Authority	Loan Authority
Farm ownership loans										
Direct	27	650	—	—	33	475	45	650	+18.5	0
Guaranteed	6	1,500	1	300	6	1,500	6	1,500	+0.2	0
Farm operating loans										
Direct	47	1,000	17	350	55	900	72	1,190	+24.7	+190
Guaranteed (unsubsidized)	35	1,500	6	250	35	1,500	38	1,650	+3.4	+150
Guaranteed (interest assistance)	24	170	7	50	20	144	24	170	-0.4	0
Conservation loans										
Direct	1.1	75	—	—	2.2	75	2.2	75	+1.2	0
Guaranteed	0.3	75	—	—	0.3	75	0.3	75	0	0
Indian tribe land acquisition	0	4	—	—	0	2	0	4	0	0
Indian highly fractured land loans	0.8	10	—	—	0.2	10	0.2	10	-0.6	0
Boll weevil eradication loans	0	100	—	—	0	60	0	100	0	0
Subtotal, FSA Farm Loan Program	**141**	**5,084**	**31**	**950**	**151**	**4,741**	**187**	**5,424**	**+46.9**	**+340**
Salaries and expenses	313	—	—	—	318	—	313	—	0.0	—
Administrative expenses	8	—	1	—	8	—	8	—	0.0	—
Total, FSA Farm Loan Program	**462**	**5,084**	**32**	**950**	**477**	**4,741**	**509**	**5,424**	**+46.9**	**+340**

Source: CRS compilation from P.L. 111-80; H.Rept. 111-279; P.L. 111-212; S. 3606, and S.Rept. 111-221.

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.

Commodity Credit Corporation

The Commodity Credit Corporation (CCC) is the funding mechanism for the mandatory subsidy payments that farmers receive. Salaries and expenses to administer CCC programs are paid from discretionary appropriations to the Farm Service Agency.

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, research, or rural development programs—all generally authorized by the 2008 farm bill (P.L. 110-246).[54] Emergency supplemental spending also has been paid from the CCC over the years for ad hoc farm disaster payments, direct market loss payments 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. 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 annual outlays. Outlays (e.g., payments to farmers) in FY2011 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 $10.5 billion in FY2011, midway between FY2009 ($10.2 billion) and FY2010 ($10.9 billion), and more than FY2008 ($8.2 billion).[55]

To replenish CCC’s borrowing authority with the Treasury, the Senate-reported bill for FY2011 concurs with the Administration’s request for an indefinite appropriation (“such sums as necessary”). The appropriation for CCC is estimated to be $13.9 billion, less than the $15.1 billion in FY2010. With these amounts of outlays and appropriations, the CCC would have about $27 billion of its $30 billion line of credit available at the end of the FY2011, consistent with prior years.[56]

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

[55] USDA-FSA, *Commodity Estimates Book: FY2011 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.

[56] Ibid.

Crop Insurance

The federal crop insurance program is administered by USDA's Risk Management Agency (RMA). It offers basically free catastrophic insurance to producers who grow an insurable crop. Producers who opt for this coverage have the opportunity to purchase additional insurance coverage at a subsidized rate. Policies are sold and completely serviced through approved private insurance companies that have their program losses reinsured by USDA and are reimbursed by the government for their administrative and operating expenses. For more background, see CRS Report R40532, *Federal Crop Insurance: Background and Issues*, by Dennis A. Shields.

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

For FY2011 salaries and expenses at RMA, both the House draft and Senate bill provide $83.1 million, the same as the Administration's request and 3% more than FY2010. The Administration requested additional funds to cover pay increases and support information technology investments for program delivery and compliance. The Senate bill would allow RMA to tap mandatory money made available under the Federal Crop Insurance Act for improving the agency's information management system, as was done in the FY2010 appropriations act.

For the Federal Crop Insurance Fund, the Senate bill provides $7.6 billion, which is the same as the Administration's request (House figure is not available). 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 $1.2 billion higher in FY2010, primarily because crop prices—and associated premium subsidies—are expected to increase. The actual eventual increase in FY2011 may not be as high, though, because of savings resulting from the renegotiation of the Standard Reinsurance Agreement (SRA)[57] completed in summer 2010, after the Administration's requested amount was published in February 2010. The SRA places a lower cap on expense reimbursements to companies to control program delivery costs, and reduces the expected return to insurance companies by altering the risk-sharing terms of the agreement. For more information on the SRA, see CRS Report R40966, *Renegotiation of the Standard Reinsurance Agreement (SRA) for Federal Crop Insurance*, by Dennis A. Shields.

Conservation

More than 20 USDA agricultural conservation programs assist private landowners with natural resource concerns. There are working land programs, land retirement and easement programs, watershed programs, technical assistance and other programs. The two lead agricultural conservation agencies within USDA are the Natural Resources Conservation Service (NRCS), which provides technical assistance and administers most programs, and the Farm Service Agency (FSA), which administers the largest program, the Conservation Reserve Program (CRP). The majority of conservation program funding is mandatory and funded through the Commodity

[57] The SRA is periodically negotiated between USDA and private companies. It spells out expense reimbursements and risk-sharing by the government, including the terms under which the government provides subsidies and reinsurance (i.e., insurance for insurance companies) on crop insurance contracts sold by insurance companies.

Credit Corporation (CCC). Other conservation programs, mostly technical assistance, are discretionary and funded through annual appropriations. For a brief description of the individual USDA agricultural conservation programs, see CRS Report R40763, *Agricultural Conservation: A Guide to Programs*, by Megan Stubbs.

The Senate-reported bill (S. 3606) and the House draft bill reject many of the Administration's proposed reductions for discretionary conservation programs in FY2011, but the Senate bill agrees with some proposed reductions for mandatory programs. The Senate bill would increase discretionary NRCS funding by $36.1 million (from $1.009 billion in FY2010 to $1.046 billion in FY2011) and the House draft bill would increase it by $3.4 million (to $1.013 billion, **Table 3**). The Administration requested a $42.2 million reduction in discretionary funding.

Mandatory funding for conservation programs is authorized to increase in FY2011. The Senate-reported bill would reduce this funding by $544 million by making reductions to six programs (**Table 5**). The Administration request would make larger total reductions ($735 million) and cut more programs (eight). The House draft bill does not offer enough detail to indicate whether it supports the Administration's proposed cuts. Both the Bush and Obama Administrations have proposed reductions in conservation funding in the past; most of which are more substantial than Congress has supported. The FY2011 appropriation may revert to a trend prior to the 2008 farm bill that reduces mandatory funding for multiple conservation programs.[58]

The Senate-reported bill also includes $904,000 for the Office of the Under Secretary for Natural Resources and Environment (NRE). This office oversees the activities of NRCS and the U.S. Forest Service (not included in the agriculture appropriations bill). In March 2010, USDA announced that the Office of Ecosystem Services and Markets (OESM), housed within the Office of the Secretary, would be moved to the NRE mission area.[59] The Administration's request reflected this change, requesting a $2 million increase for OESM activities in FY2011. The Senate report (S.Rept. 111-221) language rejected this increase as well as the Department's decision to move OESM within USDA. The Senate Appropriations Committee expects the OESM duties to be performed under the Office of the Chief Economist. Since its creation in December 2008, little has been publicly reported on the activities or progress made by OESM.

Discretionary Programs

All of the discretionary conservation programs are administered by NRCS. Most of the increase in discretionary funding in the Senate bill is for Conservation Operations (CO), the largest discretionary program. The Senate bill would provide $929 million for FY2011 ($41.4 million over FY2010 and $5.3 million more than the Administration's request). The Senate report also directs funding for several Administration initiatives proposed in the budget, including $13 million for Strategic Watershed Action Teams (also supported in the House draft bill at $12.5 million[60]) and $35 million for the Common Computing Environment technology tools. The

[58] For more information, see CRS Report R41245, *Reductions in Mandatory Agriculture Program Spending*, by Jim Monke and Megan Stubbs.

[59] The Office of Ecosystem Services and Markets was created within USDA to offer administrative and technical assistance for developing the uniform guidelines and tools needed to create and expand markets for ecosystem services—the processes by which the environment produces resources that benefit society—in the farming and forestry sectors, as required by section 2709 of the 2008 farm bill.

[60] Congresswoman Rosa L. DeLauro, "Statement of Chairwoman Rosa DeLauro," press release, June 30, 2010, http://www.appropriations.house.gov/images/stories/pdf/ardf/Delauro_Opening_Statement.6.30.10.pdf.

Senate bill did not adopt the Administration's proposal to charge a fee for comprehensive conservation planning, a core activity currently provided to producers for free. According to the Senate report, $17.2 million (1.9% of total CO funding) would for congressionally designated projects (see **Table 6**) and specifies that no more than $250,000 be available for alterations and improvements to buildings and other public improvements. Detailed information regarding CO funding levels and earmarks were not available for the House draft.

The Senate-reported bill maintains funding for other discretionary programs that the Administration proposed to terminate, including the Watershed and Flood Prevention Operations ($24.4 million to remain available until expended, with no more than $12 million allowed for technical assistance) and the Resource Conservation and Development (RC&D) program ($50.7 million for FY2011). No more than $3.1 million of funds for RC&D could be available for national headquarters activities under the Senate bill. Of the $24.4 million for the Watershed and Flood Prevention Operations, $14.9 million (61%) are directed to congressionally designated projects. The Administration proposed a slight increase in funding for the Watershed Rehabilitation Program to $40.5 million (available until expended) and the Senate bill concurs.

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 Senate-reported bill accepts many of the Administration's proposed $735 million of reductions to mandatory conservation programs. The Senate bill would reduce these programs by $544 million, which is $109 million more than the FY2010 reduction of $435 million (see discussion in "Limits on Mandatory Program Spending" and **Table 5**).

Funding for the largest conservation program, FSA's Conservation Reserve Program (CRP), did not change and was estimated at about $2.1 billion for FY2011. The Senate bill would limit the Environmental Quality Incentives Program (EQIP), NRCS's largest working lands program, to $1.32 billion for FY2011—a reduction of $270 million from the authorized level of $1.59 billion in the 2008 farm bill. The Senate bill's reductions are consistent with USDA's proposal for other programs, such as the Watershed Rehabilitation Program ($165 million reduction), the Farmland Protection Program ($15 million reduction), and the Grasslands Reserve Program ($14 million reduction). Both EQIP and the Wetlands Reserve Program (WRP) would be reduced by the Senate bill but not as much as proposed (**Table 5**). The Senate bill rejected reductions to the Wildlife Habitat Incentives Program (WHIP) and the Conservation Stewardship Program (CSP).

Congress has included reductions in mandatory conservation programs each year since FY2003 in the annual Agricultural appropriations law. Although Congress usually does not reduce funding as much as requested by the Administration, it does not always use the savings from these reductions toward other conservation activities. Since the passage of the 2008 farm bill, reductions have been made primarily to EQIP and the Watershed Rehabilitation Program. The reductions in the Senate bill for FY2011 would be the first reductions to other conservation programs since the passage of the 2008 farm bill. Several conservation, environmental, and farm constituency groups that support conservation programs decry reductions from the funding commitment established in the farm bill.

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 below market rates 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 FY2011, the Senate-reported bill (S. 3606) recommends $2.77 billion in discretionary budget to support a combined loan authority of $36.4 billion. This is $167 million less (-6%) in budget authority than the regular FY2010 appropriation, and $12 billion more (+49%) in loan authority. Most of the growth in loan authority is from Section 502 single family housing guaranteed loans. The Senate-reported bill also recommends reserving up to 5% for strategic regional planning projects under the Regional Innovation Initiative. Under the Senate-reported bill:

- RHS would receive about 47% of the total: $1.29 billion in budget authority (-9% from the regular FY2010 amount) and $26.0 billion of loan authority (+87%).
- RBS would receive $75.9 million in budget authority in FY2011 (-46% from the regular FY2010 amount) and $1.1 billion in loan authority (-11%).
- RUS would receive $660.9 million of budget authority (+1.1% over the regular FY2010 amount) and $9.3 billion of loan authority (+0.4%).

The House subcommittee draft would provide $2.75 billion in discretionary budget authority for rural development, $20 million less than the Senate bill. Among the major programs, the House draft would provide $28 million more than the Senate for rural housing, $21 million less than the Senate for rural business, $16 million less than the Senate for rural utilities, and $10 million less for salaries and expenses. Details on loan authority were not provided for the House draft.

Rural Housing Service

The Senate-reported bill recommends $1.29 billion in budget authority to RHS, $130 million less (-9%) than FY2010. This budget authority plus user fees support $26 billion of loan authority, up $12.1 billion (+87%) from FY2010. Nearly all of the increase in loan authority is for single family housing guaranteed loans. The House draft provides $1.32 billion in budget authority to RHS, $28 million more than the Senate, but $102 million below FY2010. Most of the reduction in costs from FY2010 is from replacing $173 million of loan subsidy with higher user fees for Section 502 guaranteed loans, as explained below. Rural housing funding is outlined in **Table 12**.

Single-family housing loans (Section 502 direct and guaranteed loans)[61] are the largest RHS loan account and represent 98% of the total rural housing loan authority in S. 3606. The $1.2 billion of single family direct loan authority is about 7% higher than FY2010. The Senate's loan authority for Section 502 loan guarantees is doubled from FY2010 ($24 billion), and would be provided without any loan subsidy ($173 million in FY2010) because higher loan guarantee fees are being paid by banks (formerly 1%, but now 3.5% of the principal of new loans).[62]

The Senate-reported bill would provide $959.6 million of budget authority for the Section 521 rental assistance program, the same as requested by the Administration. This accounts for 74% of RHS budget authority, and is 1% less than enacted for FY2010. The FY2011 appropriation for multifamily housing revitalization is up 2% ($44.1 million); rural housing assistance grants[63] are down 9% ($41.5 million); and mutual and self-help housing grants are constant with FY2010 ($41.9 million). Farm labor housing grants are the same ($9.9 million), loan subsidies are up 6%, and the associated loan authority is the same as FY2010 ($27.3 million, **Table 12**).

Table 12. Rural Housing Service Appropriations, FY2010-FY2011

(budget authority in millions of dollars)

	FY2010	FY2011			Change from FY2010 to FY2011			
					House		Senate	
Program	P.L. 111-80	Admin. Request	House Subc. draft	Senate-reported S. 3606	$	%	$	%
Rural Housing Insurance Fund (RHIF) programs								
Administrative expenses (transfer)	468.6	454.4	na	454.4	na	na	-14.2	-3%
Single family direct loans (sec. 502)	40.7	75.1	na	75.1	na	na	34.4	+85%
Loan authority	*1,121.5*	*1,200.0*	na	*1,200.0*	na	na	*78.5*	+7%
Single family guaranteed loans	172.8	0.0	na	0.0	na	na	-172.8	-100%
Loan authority	*12,000.0*	*12,000.0*	na	*24,000.0*	na	na	*12,000.0*	+100%
Other RHIF programs[a]	25.4	52.2	na	43.5	na	na	18.1	+71%
Loan authority[a]	*254.5*	*279.8*	na	*254.1*	na	na	*-0.4*	*-0.1%*
Subtotal, RHIF	**707.5**	**581.7**	na	**573.0**	na	na	**-134.5**	**-19%**
Loan authority	***13,376.0***	***13,479.8***	na	***25,454.1***	na	na	***12,078.2***	**+90%**
Other housing programs								
Rental assistance (sec. 521)	968.6	959.6	na	959.6	na	na	-9.0	-1%
Other rental assistance[b]	11.4	6.0	na	12.0	na	na	0.6	+5%
Multifamily housing revitalization	43.2	18.0	na	44.1	na	na	0.9	+2%
Mutual & self-help housing grants	41.9	37.0	na	41.9	na	na	0.0	0%
Rural housing assistance grants	45.5	40.4	na	41.5	na	na	-4.0	-9%

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

[62] For background, see CRS Report R41255, *FY2010 Supplemental Appropriations for Agriculture*, by Jim Monke.

[63] 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.

Program	FY2010 P.L. 111-80	FY2011 Admin. Request	FY2011 House Subc. draft	FY2011 Senate-reported S. 3606	Change House $	Change House %	Change Senate $	Change Senate %
Farm labor housing: Grants	9.9	9.9	na	9.9	na	na	0.0	0%
Farm labor housing: Loan subsidy	9.9	10.5	na	10.5	na	na	0.6	+6%
Loan authority	*27.3*	*27.3*	na	*27.3*	na	na	*0.0*	*0%*
Rural Community Facilities Program								
Community Facilities: Grants	20.4	29.6	na	20.4	na	na	0.0	0%
Community Facilities: Direct loans	3.9	3.9	na	3.9	na	na	0.1	+2%
Loan authority	*295.0*	*295.0*	na	*295.0*	na	na	*0.1*	*+0%*
Community Facilities: Guarantees	6.6	8.2	na	8.2	na	na	1.5	+23%
Loan authority	*206.4*	*206.4*	na	*206.4*	na	na	*0.0*	*0%*
Rural community dev. initiative	6.3	0.0	na	6.3	na	na	0.0	0%
Economic impact initiative grants	13.9	0.0	na	13.9	na	na	0.0	0%
Tribal college grants	4.0	0.0	na	4.0	na	na	0.0	0%
Subtotal, Rural Comm. Facil.	**55.0**	**41.7**	na	**56.6**	na	na	**1.6**	**+3%**
Loan authority	***501.4***	***501.4***	na	***501.4***	na	na	***0.1***	**+0%**
Total, Rural Housing Service (Table 3)								
Budget authority	**1,892.8**	**1,704.8**	na	**1,749.0**	na	na	**-143.8**	**-8%**
Less transfer of salaries & exp.	-468.6	-454.4	na	-454.4	na	na	14.2	-3%
Total, Rural Housing Service	**1,424.2**	**1,250.4**	**1,322.4**	**1,294.6**	**-101.8**	**-7%**	**-129.6**	**-9%**
Loan authority	***13,904.7***	***14,008.6***	na	***25,982.8***	na	na	***12,078.2***	**+87%**

Source: Compiled by CRS from P.L. 111-80, S. 3606, S.Rept. 111-221, House Agriculture Appropriations Subcommittee summary of FY2011 draft (at http://www.appropriations.house.gov/images/stories/pdf/ardf/AG_FY2011_Summary_for_Subcommittee_-_for_press.pdf), and unpublished appropriations committee tables.

Notes: 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.

For the rural community facilities account,[64] the Senate bill has $56.6 million of budget authority (+3% from FY2010) to support $501.4 million of loans (no change). Rural community facilities could receive $20 million in grants, $295 million in direct loan authority, and $206 million in guaranteed loan authority, the same as in FY2010. Economic Impact Initiative grants would receive $13.9 million, the same as FY2010, though the Administration requested no funding. These grants support essential community facilities in areas with high unemployment.

[64] 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.

Rural Business-Cooperative Service

For loans and grants administered by RBS, S. 3606 recommends $75.9 million of budget authority (-46% compared to FY2010, net of rescissions) to support $1.1 billion of direct and guaranteed loan authority (-11%). The House draft would provide $54.5 million of budget authority, $21 million less than the Senate bill. These funding levels are outlined in **Table 13**.

For the Rural Business Program Account (see prior footnote 64), the Senate-reported bill recommends $86.7 million in budget authority. This is divided among Business and Industry (B&I) guaranteed loans ($42.5 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).

The Rural Energy for America Program (REAP) encourages use of renewable energy by farmers, ranchers, and rural small businesses through energy audits, direct loans, loan guarantees, and grants. S. 3603 recommends $34 million for REAP grants and $5.3 million in loan subsidies to support $11.5 million in loan authority. The total budget authority is approximately the same as FY2010, although loans are reduced by 92% and grants are increased by 73%. The 2008 farm bill authorized an additional $70 million in mandatory funds for the program in FY2011.

The Senate-reported bill recommends $35.6 million for Rural Cooperative Development Grants, a slight increase compared to FY2010 ($34.9 million). The major portion of this recommendation is for Value-Added Product Grants ($20.4 million), the same as FY2010. The 2008 farm bill also provided $15.0 million in mandatory spending for this program, to be available until expended.

The Rural Microenterprise Investment Program, designed to create new sources of equity capital in rural areas, would receive $4.4 million under S. 3603, approximately $1 million for grants and $3.5 million for loan subsidies to support $12 million in loan authority.[65]

The Biorefinery Assistance Program—which supports the development of technologies for advanced (non-corn) biofuels—received no funding in the FY2010 appropriation, and none is recommended for FY2011 by S. 3606. The Administration recommended $17.3 million.

The Senate bill has no funding for rural Empowerment Zone/Enterprise Community (EZ/EC) programs, the same as FY2010. The FY2010 appropriation, however, provided $499,000 for rural development in communities suffering from extreme outmigration and situated in an Empowerment Zone (under the Community Renewal Tax Relief Act of 2000, P.L. 106-554).

[65] An Interim Final Rule for the microenterprise assistance program was published in the *Federal Register* on May 28, 2010. See *Federal Register* 75 (103), pages 30114-30158, May 28, 2010.

Table 13. Rural Business-Cooperative Service Appropriations, FY2010-FY2011
(budget authority in millions of dollars)

	FY2010	FY2011			Change from FY2010 to FY2011			
					House		Senate	
Program	**P.L. 111-80**	**Admin. Request**	**House Subc. draft**	**Senate-reported S. 3606**	**$**	**%**	**$**	**%**
Rural Business Program Account								
Guaranteed Business & Ind. Loans	52.9	40.3	na	42.5	na	na	-10.4	-20%
Loan authority	*993.0*	*942.0*	na	*993.0*	na	na	*0.0*	*0%*
Rural business enterprise grants	38.7	38.7	na	38.7	na	na	0.0	0%
Rural business opportunity grants	2.5	2.5	na	2.5	na	na	0.0	0%
Delta regional authority grants	3.0	0.0	na	3.0	na	na	0.0	0%
Rural Development Loan Fund Program								
Administrative expenses (transfer)	4.9	5.0	na	5.0	na	na	0.1	+2%
Loan subsidy	8.5	14.0	na	12.9	na	na	4.5	+53%
Loan authority	*33.5*	*36.4*	na	*33.5*	na	na	*0.0*	*0%*
Rural Econ. Dev.: *Loan authority*	*33.1*	*33.1*	na	*33.1*	na	na	*0.0*	*0%*
Rescission: cushion of credit	-44.5	-103.0	na	-103.0	na	na	-58.5	+132%
Rural cooperative development grants	34.9	40.1	na	35.6	na	na	0.7	+2%
Rural Microenterprise Inv.: Grants	2.5	0.9	na	0.9	na	na	-1.7	-66%
Loan subsidy	2.5	6.9	na	3.5	na	na	1.0	+40%
Loan authority	*11.8*	*23.5*	na	*12.0*	na	na	*0.2*	+2%
Rural Energy for America: Grants	19.7	34.0	na	34.0	na	na	14.3	+73%
Loan subsidy	19.7	5.3	na	5.3	na	na	-14.3	-73%
Loan authority	*144.2*	*11.5*	na	*11.5*	na	na	*-132.7*	-92%
Biorefinery Assistance: Loan subsidy	0	17.3	na	0	na	na	0	0
Loan authority	0	*49.9*	na	0	na	na	0	0
Total, Rural Business-Cooperative Service (Table 3)								
Budget authority	**145.3**	**102.0**	na	**80.9**	na	na	**-64.3**	**-44%**
Less transfer salaries & exp.	-4.9	-5.0	na	-5.0	na	na	-0.1	+2%
Total, Rural Bus.-Coop Svc.	**140.3**	**97.0**	**54.5** [a]	**75.9**	**-85.8**	**-61%**	**-64.4**	**-46%**
Loan authority	***1,215.7***	***1,096.3***	na	***1,083.1***	na	na	***-132.5***	***-11%***

Source: Compiled by CRS from P.L. 111-80, S. 3606, S.Rept. 111-221, House Agriculture Appropriations Subcommittee summary of FY2011 draft (at http://www.appropriations.house.gov/images/stories/pdf/ardf/AG_FY2011_Summary_for_Subcommittee_-_for_press.pdf), and unpublished appropriations committee tables.

Notes: Loan authority is the amount of loans that can be made and is not added to budget authority totals.

a. Assumes $103 million rescission from cushion of credit interest spending in the rural development account, as shown in S. 3606. In past years, this rescission was included in the general provisions. This assumption maintains consistency with the House summary (House draft is $42 million less than the Administration).

Rural Utilities Service

The Rural Utilities Service (RUS) provides loan and grant assistance for rural electricity, telecommunications, and rural water/wastewater projects. For FY2011, S. 3606 recommends $661 million in budget authority to support $9.3 billion in loan authority. This is $7.5 million more (+1%) in budget authority and $40 million more in loan authority (+0.4%) than FY2010. Rural utility programs and funding levels are outlined in **Table 14**, with highlights below.

The Rural Water and Waste Disposal Program Account (see prior footnote 64) represents about 88% of RUS total budget authority. The Senate-reported bill recommends $582.9 million in budget authority (+2.4% over FY2010), with $469.2 million (80%) of the amount to support water and waste water disposal grants. The recommended appropriation also would support $1.14 billion in direct and guaranteed loans. Guaranteed loan authority is constant at $75 million, and direct loan authority is constant as $1 billion. The Senate reported bill also recommends $15 million for the Circuit Rider program.

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, the same as FY2010. No funding is recommended for the *colonias* (areas primarily in Texas that border Mexico), as in some past appropriations.

For the High Energy Cost Grant program, part of the water and wastewater account, the Senate-reported bill recommends $17.5 million, the same as FY2010. The program provides grants for energy projects where average home energy costs exceed 275% of the national average. The Administration had proposed eliminating the grants on the basis of duplication with the electrification loan program.

For rural electric loans, the Senate-reported bill recommends $7.1 billion of loan authority, the same as FY2010 and the Administration request. The $6.5 billion of direct loan authority is unchanged from FY2010 levels.

For broadband telecommunication, the Senate-reported bill recommends $18 million for grants and $22.3 million of loan subsidy to support $400 million in direct loans. This is the same loan authority as FY2010, and $6.6 million less in budget authority. For the Distance Learning and Telemedicine program, S. 3606 recommends $37.7 million in grants, the same as enacted for FY2010. The Senate-reported bill also directs the Secretary to analyze and report on the implications for remote underserved and unserved rural areas from the $2.5 billion in broadband stimulus funding in P.L. 111-5.

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

Table 14. Rural Utilities Service Appropriations, FY2010-FY2011
(budget authority in millions of dollars)

	FY2010	FY2011			Change from FY2010 to FY2011			
					House		Senate	
Program	P.L. 111-80	Admin. Request	House Subc. Draft	Senate-reported S. 3606	$	%	$	%
Rural Water and Waste Disposal Program								
Loan subsidy and grants	568.7	534.4	na	582.9	na	na	14.1	+2%
Direct loan authority	*1,022.2*	*1,036.3*	na	*1,022.2*	na	na	*0.0*	*0%*
P.L. 83-566 loans	*0.0*	*0.0*	na	*40.0*	na	na	*40.0*	—
Guaranteed loan authority	*75.0*	*75.0*	na	*75.0*	na	na	*0.0*	*0%*
Rural Electric and Telecommunication Loans								
Administrative exp. (transfer)	40.0	38.4	na	38.4	na	na	-1.6	-4%
Telecom. loan authority	*690.0*	*690.0*	na	*690.0*	na	na	*0.0*	*0%*
Electricity loan authority	*7,100.0*	*4,100.0*	na	*7,100.0*	na	na	*0.0*	*0%*
Distance Learning, Telemedicine, Broadband								
Distance learning and telemed.	37.8	30.0	na	37.8	na	na	0.0	0%
Broadband: Grants	18.0	18.0	na	18.0	na	na	0.0	0%
Broadband: Direct loan subsidy	29.0	22.3	na	22.3	na	na	-6.6	-23%
Direct loan authority	*400.0*	*400.0*	na	*400.0*	na	na	*0.0*	*0%*
Subtotal, Rural Utilities Service (Table 3)								
Budget authority	**693.4**	**643.1**	na	**699.3**	na	na	**5.9**	**+1%**
Less transfer salaries & exp.	-40.0	-38.4	na	-38.4	na	na	1.6	-4%
Total, Rural Utilities Service	**653.4**	**604.7**	**644.7**	**660.9**	**-8.7**	**-1%**	**7.5**	**+1%**
Loan authority	***9,287.2***	***6,301.3***	na	***9,327.2***	na	na	***40.0***	***+0.4%***

Source: Compiled by CRS from P.L. 111-80, S. 3606, S.Rept. 111-221, House Agriculture Appropriations Subcommittee summary of FY2011 draft (at http://www.appropriations.house.gov/images/stories/pdf/ardf/AG_FY2011_Summary_for_Subcommittee_-_for_press.pdf), and unpublished appropriations committee tables.

Notes: Loan authority is the amount of loans that can be made and is not added to budget authority totals.

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.[66] 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.

For FY2011, child nutrition amounts were projected in the Senate-reported bill to be up about $1.3 billion (+8%) and food stamp programs (almost entirely SNAP in terms of dollars) are up about $9.9 billion (+17%) over FY2010. This continues a trend of rapidly rising food assistance programs because of the economic downturn in recent years.

For more background on domestic nutrition assistance, see CRS Report R41076, *The Federal Response to Calls for Increased Aid from USDA's Food Assistance Programs*, by Joe Richardson.

Agricultural Trade and Food Aid

The Agricultural appropriations act funds programs that promote U.S. commercial agricultural exports and 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.[67]

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.

[66] 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 also the Section 32 discussion under the "Agricultural Marketing Service and Section 32" heading earlier in this report.

[67] For more information about USDA international food aid programs, see CRS Report R41072, *International Food Aid Programs: Background and Issues*, by Melissa D. Ho and Charles E. Hanrahan; for more information about USDA agricultural export programs, see CRS Report R41202, *Agricultural Export Programs: Background and Issues*, by Melissa D. Ho and Charles E. Hanrahan.

- 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 Senate-reported bill (S. 3606) provides $2.129 billion for international agriculture activities carried out by the Foreign Agricultural Service, which is $39.0 million less than the Administration's request but still 2% above FY2010 levels. The House subcommittee draft would provide $2.2 billion, a 5% increase from FY2010 and above both the Senate bill and Administration request. The FY2010 appropriation, $2.089 billion, was $590 million (+39%) over the regular enacted FY2009 level.

In addition, about $450 million in mandatory funds are provided in FY2011 from 2008 farm bill programs, including programs for overseas market development, dairy export, and international food assistance. Another $22.5 million of mandatory funds is available from the American Recovery and Reinvestment Act (ARRA) of 2009 for trade adjustment assistance for farmers.

Foreign Agricultural Service

The Administration's FY2011 request includes $258.8 million for the Foreign Agricultural Service (FAS), which represents an increase of $78.4 million (+43%) over the enacted FY2010 level. The Administration's increases reflect additional funding to support activities such as the National Export Initiative (+$53.5 million); the Borlaug and Cochran Fellowship program (+$1.5 million); and agricultural reconstruction and stabilization activities, primarily in Afghanistan (+$14.6 million). The Senate-reported bill includes $219.8 million for FAS, which is $39.0 million less than the Administration's request (-15%), primarily due to a much smaller increase for the National Export Initiative (+$4.5 million) among other things. At the same time, the Senate bill includes an additional $10 million for international food security to allow the Secretary to provide technical assistance in the establishment and growth of sustainable food production and marketing systems in developing countries. The Senate bill's report (S.Rept. 111-221) noted that "this appropriation should be considered to provide funding apart and different from funding provided for provincial reconstruction team activities in Iraq and Afghanistan."[68]

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 international programmatic expenditures at USDA, would receive $1.69 billion in the Senate bill, the House subcommittee draft, and the Administration's request. This is the same as the FY2010 enacted level, and $464.1 million more (+38%) than the regular FY2009 appropriation. The increase in funding to the program in FY2010 was intended to reduce the need for future emergency supplemental funding (e.g., about $700 million in FY2009 in P.L. 111-32, and $150 million in FY2010 in P.L. 111-212) and reflects the fact that the global need for food assistance has increased substantially. The budget includes no funding for new Title I credit sales and grants, but includes a $2.8 million direct appropriation for continuing administrative expenses.

[68] See S.Rept. 111-221, p. 86.

Title V of P.L. 480 authorizes farmer-to-farmer assistance between the United States and eligible countries in order to increase the productivity and efficiency of food production and distribution abroad. The Administration's proposal specifies that at least the greater of $10 million or 0.5% of the P.L. 480 amount should be used to fund the Farmer-to-Farmer program. In addition, not included in the P.L. 480 direct appropriation, but included in the P.L. 480 program account is $122 million in reimbursements from the Maritime Administration (MARAD) for ocean freight differentials that are incurred from shipping Title II commodities on U.S-flag vessels.

Unlike in the previous Administration, the President's budget request again did not propose to allow the Administrator of the U.S. Agency for International Development to use up to 25 percent 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 initiative. At the same time, 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.

McGovern-Dole Food for Education and Child Nutrition

The Senate bill includes $209.5 million for the McGovern-Dole program for FY2011, which is the same as the Administration's request and FY2010. The House draft includes more for McGovern-Dole, $266.5 million, which would be an increase of $57 million or 27%. The FY2010 enacted appropriation for McGovern-Dole constituted a major expansion in appropriated funding for the program by more than doubling the funding from the level enacted in FY2009. The additional resources in FY2010 allowed the program to 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 FY2010 enacted appropriation included 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. The Administration did not include this provision in its proposed FY2011 appropriations language. The Administration's FY2011 request also includes a transfer of $8.9 million from the Maritime Administration to FAS for reimbursement of ocean freight differential charges between U.S.-flag rates and foreign-flag rates when specified by authority of the Merchant Marine Act.[69]

Commodity Credit Corporation—Export Credit Guarantee Programs

The President's request includes $6.88 million for the Commodity Credit Corporation Export Loans Program Account, which is similar to the Senate's recommendation, and $64,000 higher than the enacted levels in FY2010. The President's budget estimated this would support an overall program level of $5.5 billion for CCC export credit guarantees in FY2011, which is the same amount of loan guarantees provided in FY2010. In addition, the Administration expects total subsidy costs related to USDA agricultural export guarantee programs to be $18.5 million in FY2011, which is $7.4 million over the enacted FY2010 appropriations level of $11.1 million.

[69] See http://www.usmm.org/mmact1936.html.

In addition, other mandatory programs from the 2008 farm bill promote export market development. These include for FY2011, separate from the appropriations bill,

- $200 million for the Market Access Program;
- $34.5 million for the Foreign Market Development Program;
- $9 million for the Technical Assistance for Specialty Crops (TASC) Program, up from $8 million in 2010;
- $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.

Also, 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 $22.5 million for FY2011, which is down from the $90 million provided in FY2010 and FY2009.

For additional information on USDA's international activities, see CRS Report R41072, *International Food Aid Programs: Background and Issues*, by Melissa D. Ho and Charles E. Hanrahan, and CRS Report R41202, *Agricultural Export Programs: Background and Issues*, by Melissa D. Ho and Charles E. Hanrahan.

Food and Drug Administration

In FY2010, the Food and Drug Administration (FDA) received a total appropriation of $2.357 billion. For FY2011, the Administration requested $2.516 billion. The House subcommittee draft would provide $2.571 billion, up 9% from FY2010. The Senate-reported bill would provide slightly less than the House, at $2.516 billion or the same as the Administration's request, up 7% from FY2010.

For details about components of the FDA appropriation, see CRS Report R41288, *Food and Drug Administration FY2011 Budget and Appropriations*, by Susan Thaul.

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.

Jurisdiction for CFTC appropriations rests with the House Agriculture Appropriations Subcommittee and, since 2008, the Senate Financial Services and General Government Appropriations subcommittee. Placement of the enacted appropriation alternates each year between the two subcommittees. In FY2008 and FY2010, CFTC was included with the enacted Agriculture appropriation. In FY2009, CFTC was included with the enacted Financial Services appropriation.

For FY2011, the Administration requested $261 million for CFTC, including $45 million in contingent funding tied to enactment of financial regulatory reform. The House Agriculture Appropriations subcommittee recommends $261 million, the same as the Administration's request, up $92 million (+55%) over FY2010. The Senate Financial Services appropriations committee-reported bill (S. 3677) recommends $286 million, $25 million more than the Administration's request and 69% above FY2010 levels. The Senate report "supports the need for significantly increased resources for the CFTC to ensure appropriate oversight of the futures markets."[70]

[70] S.Rept. 111-238, p. 81, accompanying S. 3677.

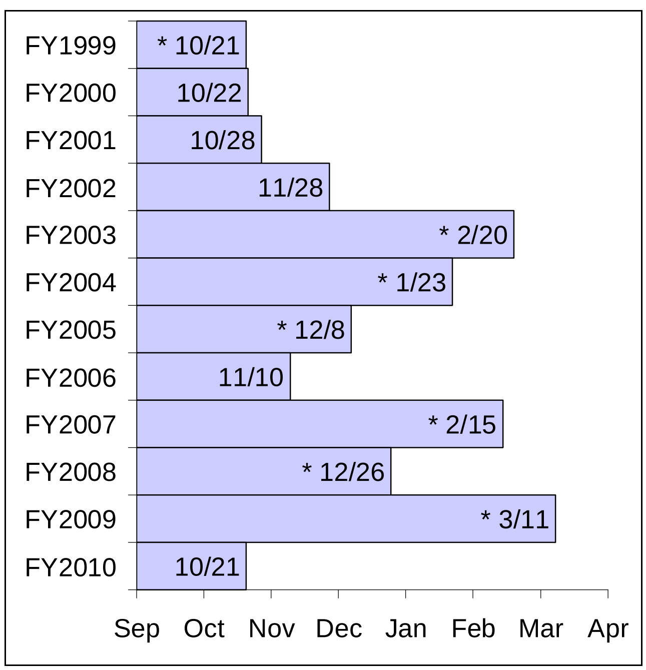
Appendix.

Table A-1. Timeline of Enactment of Agriculture Appropriations, FY1999-FY2011

Fiscal Year	House-passed	Senate-passed	Enacted	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
2011	—	—	—	—	—	—

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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