Agriculture and Related Agencies: FY2012 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 alternating years, 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.

An FY2012 Agriculture appropriations bill has been passed by the House, but the Senate has yet to mark up or report an Agriculture appropriations bill from committee.

In the House, the Agriculture appropriations subcommittee marked up its FY2012 bill by voice vote on May 24, 2011. The following week, the full appropriations committee reported the bill (H.R. 2112, H.Rept. 112-101) by voice vote, after adopting several amendments. On June 16, 2011, the House passed H.R. 2112 by a vote of 217-203 after adopting 22 amendments and removing 4 provisions by point of order.

The House-passed bill would cut discretionary Agriculture appropriations to $17.25 billion, a reduction of $2.7 billion (-14%) from FY2011 levels, and following a 15% cut in FY2011. Much of the floor debate related to funding reductions for Women, Infants and Children (WIC) feeding program (-11%), food safety (-10%), international food aid (-31%), preventing USDA payments to Brazil in relation to the U.S. loss in the WTO cotton case, and programs promoting locally produced food (USDA's "know-your-farmer-know-your-food" initiative). Other more notable non-money amendments that were adopted would prevent funding of blender pumps for higher mixtures of ethanol, prevent funding related to the RU-486 abortion pill (proposed relative to the USDA telemedicine program, but also affecting the FDA), prevent food aid to North Korea, and prevent implementation of USDA policy on climate change adaptation. The bill also includes a 0.78% across-the-board rescission to discretionary accounts.

If H.R. 2112 were to be enacted, the 10-year change in discretionary agriculture appropriations would be nearly flat, increasing at an average annualized rate of +0.6%. The nutrition portion of discretionary appropriations would show a +2.6% average annual increase over 10 years, while the rest of the bill would have an average annual decline of -0.4% over 10 years. If these amounts are adjusted for the effect of inflation, the annual rates are each about 2% less.

The House-passed bill for FY2012 contains nearly $2 billion in rescissions and limitations on mandatory farm bill programs. These actions are used to score savings that help meet the $17.25 billion discretionary budget allocation and help avoid deeper cuts to regular discretionary accounts. The FY2012 bill has the same $2 billion level of rescissions and limitations as the FY2011 appropriation. Had the FY2012 House-passed proposal not maintained this level of reductions—which is significantly greater than in past years—even larger cuts might have been required to the regular discretionary accounts. The FY2012 House bill proposes a unusually high $1.4 billion reduction to mandatory farm bill programs, including $1 billion from conservation.

On August 2, 2011, the Budget Control Act of 2011 (P.L. 112-25) was enacted. It sets the total FY2012 discretionary limit for all 12 appropriations bills at $1.043 trillion, $23.6 billion higher (+2.3%) than the House budget resolution. Although the Agriculture appropriations bill has not yet received an allocation from this new amount, some believe that the higher amount in P.L. 112-25 implies that the final subcommittee allocation might be higher than in the House-passed bill.

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On August 2, 2011, the Budget Control Act of 2011 (P.L. 112-25) was enacted. Among other actions, it sets the total FY2012 discretionary limit for all 12 appropriations bills at $1.043 trillion—the amount that will be used for the final FY2012 appropriations. This amount is $23.6 billion (+2.3%) higher than the $1.109 trillion discretionary limit in the FY2012 House-passed budget resolution (H.Con.Res. 34). Although the Agriculture appropriations bill has not yet received its final allocation, some believe that the higher amount in P.L. 112-25 implies that the final subcommittee allocation might be higher than $17.2 billion discretionary amount in the House-passed Agriculture appropriation bill (H.R. 2112) from June 16, 2011. But the effect on subcommittees of limits within the nonsecurity (nondefense) subtotal is still undetermined.

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.

USDA divides its activities into "mission areas." Food and nutrition programs are the largest mission area, with more than two-thirds of the budget, to support the Supplemental Nutrition Assistance Program (SNAP, formerly food stamps), the Women, Infants, and Children (WIC)

[1] USDA, *FY2012 Budget Summary and Annual Performance Plan*, February 2011, p. 123, at http://www.obpa.usda.gov/budsum/FY12budsum.pdf.

program, and child nutrition programs.[2] The second-largest USDA mission area, with about one-fifth of USDA's budget, 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. Five other mission areas with a combined one-sixth of USDA's budget include natural resource and environmental programs, rural development, research and education programs, marketing and regulatory programs, and food safety.

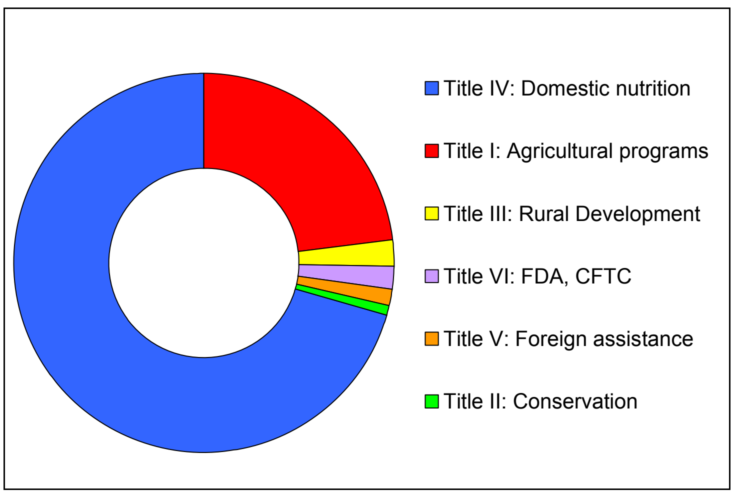
About 60% of the budget for the natural resources mission area is for the Forest Service, which is funded through the Interior appropriations bill.[3] The Forest Service is the only USDA agency not funded through the Agriculture appropriations bill. It also accounts for over one-third of USDA's personnel, with about 35,000 staff years in FY2011.[4]

Comparing USDA's organization and budget data to the Agriculture appropriations bill in Congress is not always easy. USDA's "mission areas" do not always correspond to the titles or categories in the Agriculture appropriations bill.

- Foreign agricultural assistance is a separate title in the appropriations bill (Title V, **Figure 1**), but is joined with domestic farm support in USDA's "farm and foreign agriculture" mission area.
- Title I in the agriculture appropriations bill (Agricultural Programs), covers four USDA's mission areas: agricultural research, marketing and regulatory programs, food safety, and the farm support portion of farm and foreign agriculture.

Figure 1. Agriculture and Related Agencies Appropriations, FY2011

$125.3 billion



Source: CRS.

Notes: Includes mandatory and discretionary appropriations. Includes CFTC (House-based jurisdiction).

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[2] USDA, *FY2012 Budget Summary*, at p. 117.

[3] For more on Forest Service appropriations, see CRS Report R41896, *Interior, Environment, and Related Agencies: FY2012 Appropriations*.

[4] USDA, *FY2012 Budget Summary*, at p. 123.

The type of funding (mandatory vs. discretionary) also is an important difference between how the appropriations bill and USDA's mission areas are organized.

- Conservation in the appropriations bill (Title II) includes only discretionary programs. The mandatory funding for conservation programs is included in Title I of the appropriations bill as part of the Commodity Credit Corporation.
- Conversely, USDA's natural resources mission area 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% (Title VI).

Jurisdiction over CFTC appropriations is assigned differently in the House and Senate. Before FY2008, the agriculture subcommittees in both the House and Senate had jurisdiction over CFTC funding. In FY2008, Senate jurisdiction moved to the Financial Services Appropriations Subcommittee. Although jurisdiction may be different, CFTC must reside in one or the other in an enacted appropriation. Placement in the enacted version now alternates each year. In even-numbered fiscal years, CFTC has resided in the Agriculture appropriation act. In odd-numbered fiscal years, CFTC has resided in the enacted Financial Services appropriations act.

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

Discretionary vs. Mandatory Spending

Discretionary and mandatory spending are treated differently in the budget process. Discretionary spending is controlled by annual appropriations acts and consumes most of the attention during the appropriations process. The subcommittees of the House and Senate Appropriations Committees originate bills each year that provide funding and direct activities among discretionary programs.

Eligibility for 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.

In FY2011, about 16% of the Agriculture appropriations bill was for discretionary programs, and the remaining balance of 84% was classified as mandatory.

Major discretionary programs include certain conservation programs, most rural development programs, research and education programs, agricultural credit programs, the Special Supplemental Nutrition Program for Women, Infants, and Children (WIC), the Food for Peace international food aid program, meat and poultry inspection, and food marketing and regulatory programs. The discretionary accounts also include FDA and CFTC appropriations.

The largest component 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 and related programs)—along with the farm commodity price and income support programs, the federal crop insurance program, and various agricultural conservation and trade programs. Some mandatory spending, such as the farm commodity programs, 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]

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.

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

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 FY2012 Appropriations

An FY2012 Agriculture appropriations bill has been passed by the House, but the Senate has yet to mark up or report an Agriculture appropriations bill from committee (**Table 1**).

Table 1. Congressional Action on FY2012 Agriculture Appropriations

Subcommittee Markup		House Report	House Vote	Senate Report	Senate Vote	Conf. Report	Conference Report Approval		Public Law
House	Senate						House	Senate	
5/24/2011 Voice vote	—	5/31/2011 H.Rept. 112-101 Voice vote	6/16/2011 H.R. 2112 Vote of 217-203	—	—	—	—	—	—

Source: CRS.

In the House, the Agriculture appropriations subcommittee marked up its FY2012 bill by voice vote on May 24, 2011. A week later, the full appropriations committee reported the bill (H.R. 2112, H.Rept. 112-101) by voice vote, after adopting several amendments. On June 13, the Rules Committee met to discuss the rule for floor consideration (H.Res. 300), leaving four provisions unprotected from points of order that were considered controversial amendments from the full committee markup, waiving points of order against the rest of the committee-reported bill, and allowing an otherwise open rule for floor amendments to be offered. On June 14, floor consideration began, and on June 16, 2011, the House passed H.R. 2112 by a vote of 217-203. Agriculture was the first non-security FY2012 appropriations bill to pass the House, and the third bill after Homeland Security and Military Construction-Veterans Affairs.

Under the open rule for floor consideration, Members offered 61 amendments: 22 were adopted, 33 were rejected, 3 were withdrawn, and 3 were disallowed by point of order. There were 38 recorded votes on amendments. Four other provisions in the committee-reported bill fell by point of order, left unprotected by the rule.

The House-passed bill would cut discretionary Agriculture appropriations by 14% below FY2011 levels, following a 15% cut in FY2011 from FY2010 levels (**Table 2**). Much of the floor debate related to funding reductions for Women, Infants and Children (WIC) feeding program (-11%), food safety (-10%), international food aid (-31%), preventing USDA payments to Brazil in relation to the U.S. loss in the WTO cotton case, and programs promoting locally produced food (USDA's "know-your-farmer-know-your-food" initiative).

Other more notable non-money amendments that were adopted would prevent funding of blender pumps for higher mixtures of ethanol, prevent funding related to the RU-486 abortion pill (proposed relative to the USDA telemedicine program, but also affecting the FDA), prevent food aid to North Korea, and prevent implementation of USDA policy on climate change adaptation. The bill also includes a 0.78% across-the-board rescission to discretionary accounts (sec. 743), which is reflected in tables throughout this report.

No action on Agriculture appropriations has occurred in the Senate beyond hearings. This report will be updated to reflect further action. Some believe that the discretionary limits that are set in the Budget Control Act (discussed in the next section) may expedite appropriations action now that both chambers have a top line discretionary appropriations limit for FY2012.

Action on the FY2012 Agriculture appropriation is similar at this point to the FY2007 and FY2008 bills in that the House has passed a bill but the full Senate has not yet considered one (**Table A-1** in the appendix). Stand-alone bills were enacted in FY2006 and FY2010. Omnibus appropriations were used in FY2008 and FY2009. Year-long continuing resolutions were used in FY2007 and FY2011. **Table A-1** has links to each appropriation and annual CRS report.

Budget Resolution

The House passed a budget resolution (H.Con.Res. 34) on April 15, 2011, with a $1.019 trillion discretionary budget limit for FY2012. This would be a $30.4 billion cut from FY2011 (-2.3%) across all 12 appropriations bills. For the Agriculture bill, the subcommittee "302(b)" allocation was $17.25 billion, which is $2.7 billion less than for FY2011 (-13%).[6] The Senate did not pass a budget resolution.

On August 2, 2011, the Budget Control Act of 2011 (P.L. 112-25) was enacted. Among other actions, it sets the total FY2012 discretionary limit for all 12 appropriations bills at $1.043 trillion—an amount akin to the result of a joint budget resolution that will be used for the final FY2012 appropriation bills. This amount is $23.6 billion (+2.3%) higher than the $1.109 trillion discretionary limit in the House budget resolution (H.Con.Res. 34). The $1.043 trillion level is $6.8 billion below the FY2011 discretionary total (-0.6%), rather than the $30.4 billion (-2.3%) cut from FY2011 envisioned in the House budget resolution.

The Agriculture appropriations subcommittees have not yet received final discretionary allocations under the new Budget Control Act amounts. Some believe, though, that the higher amount in P.L. 112-25, relative to H.Con.Res. 34, implies that the final subcommittee allocation might be higher than $17.2 billion discretionary amount in the House-passed Agriculture

[6] House Appropriations Committee, "Regular Fiscal Year 2012 302(b) Suballocations," May 10, 2011, at http://appropriations.house.gov/UploadedFiles/051111FY2012SubcommitteeAllocations302bs.pdf. See also H.Rept. 112-96.

appropriation bill (H.R. 2112). But the Budget Control Act also specifies security and non-security amounts, and the effect on subcommittee allocations of these limits is still undetermined.

Table 2 summarizes the totals of the FY2011 Agriculture appropriations bill by title or broad program. **Table 3** provides more detail within each title by including accounts and agencies. Supplemental appropriations 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: FY2008-FY2011 and FY2012 Proposed

(budget authority in millions of dollars)

Title in Appropriations Bill	FY2008 P.L. 110-161	FY2010 P.L. 111-80	FY2011 P.L. 112-10	% change from FY2010 to FY2011	FY2012 House [a] H.R. 2112	Change from FY2011 to FY2012-House $	%
Agricultural Programs	25,620	30,192	29,490	-2%	24,437	-5,053	-17%
Mandatory	18,987	22,855	22,605	-1%	18,293	-4,311	-19%
Discretionary	6,633	7,336	6,885	-6%	6,144	-741	-11%
Conservation Programs	938	1,009	889	-12%	784	-106	-12%
Rural Development	2,334	2,979	2,638	-11%	2,238	-399	-15%
Domestic Food Programs	60,057	82,783	89,655	+8%	96,266	+6,611	+7%
Mandatory	53,683	75,128	82,527	+10%	89,944	+7,417	+9%
Discretionary	6,374	7,655	7,128	-7%	6,322	-807	-11%
Foreign Assistance	1,476	2,089	1,891	-9%	1,391	-500	-26%
FDA	1,717	2,357	2,457	+4%	2,155	-302	-12%
CFTC (if in agriculture bill) [b]	111	169			171	-32	-16%
CFTC (if in financial services bill) [b]			202	+20%			
General Provisions	-1,490	-238	-1,972	+728%	-1,986	-14	+1%
Total in agriculture bill (no adjustment for jurisdiction over CFTC)							
Mandatory	72,670	97,983	105,131	+7%	108,237	+3,106	+3%
Discretionary	**18,093**	**23,356**	**19,918**	**-15%**	**17,219**	**-2,699**	**-14%**
Total	90,763	121,340	125,049	+3%	125,456	+407	+0%
Totals without CFTC in any column (Senate basis) [b]							
Discretionary	17,982	23,187	19,918	-14%	17,048	-2,870	-14%
Total	90,652	121,171	125,049	+3%	125,285	+237	+0%
Totals with CFTC in all columns (House basis)[b]							
Discretionary	18,093	23,356	20,120	-14%	17,219	-2,901	-14%
Total	90,763	121,340	125,251	+3%	125,456	+205	+0%

Source: CRS, compiled from H.R. 2112, H.Rept. 112-101, P.L. 112-10, P.L. 111-80, P.L. 110-161, and unpublished appropriations tables.

Notes: na = not available. Regular appropriations only; does not include supplemental appropriations of $2.393 billion in FY2008, and $549 million in FY2010.

a. Amounts shown for H.R. 2112 are estimates that reflect the across-the-board 0.78% rescission to discretionary accounts in sec. 743.

b. CFTC is shown in different ways because of subcommittee jurisdiction differences between the House and Senate to make totals comparable.

Table 3. Agriculture and Related Agencies Appropriations, by Agency and Program: FY2008-FY2011 and FY2012 Proposed

(budget authority in millions of dollars)

Agency or Major Program	FY2008 P.L. 110-161	FY2009 P.L. 111-8	FY2010 P.L. 111-80	FY2011 P.L. 112-10	% change from FY2010 to FY2011	FY2012 Admin. Request	FY2012 House [a] H.R. 2112	Change from FY2011 to FY2012-House $	Change from FY2011 to FY2012-House %
Title I: Agricultural Programs									
Offices of Secretary and Chief Economist	15.5	15.8	19.3	17.6	-9%	22.1	15.3	-2.3	-13%
Healthy Food Financing Initiative						35.0			
Chief Information Officer	16.2	17.5	61.6	39.9	-35%	63.6	33.7	-6.2	-16%
Office of Inspector General	79.5	85.8	88.7	88.5	0%	90.8	79.4	-9.2	-10%
Buildings, facilities, and rental payments	194.9	244.2	293.1	246.5	-16%	255.2	198.5	-47.9	-19%
Other Departmental administration offices [b]	131.0	140.9	164.1	145.6	-11%	169.9	114.2	-31.4	-22%
Under Secretaries (four offices in Title I) [c]	2.5	2.6	3.5	3.5	0%	3.6	2.9	-0.5	-14%
Research, Education and Economics									
Agricultural Research Service	1,167.8	1,187.2	1,250.5	1,133.2	-9%	1,137.7	987.6	-145.6	-13%
National Institute of Food and Agriculture	1,183.8	1,222.2	1,343.2	1,214.8	-10%	1,204.8	1,012.0	-202.8	-17%
Economic Research Service	77.4	79.5	82.5	81.8	-1%	86.0	69.5	-12.4	-15%
National Agricultural Statistics Service	162.2	151.6	161.8	156.4	-3%	165.4	148.3	-8.1	-5%
Marketing and Regulatory Programs									
Animal and Plant Health Inspection Service	867.6	881.4	909.7	866.8	-5%	837.4	787.0	-79.8	-9%
Agric. Marketing Service	114.7	105.3	92.5	87.9	-5%	97.4	78.5	-9.4	-11%
Section 32 (permanent+transfers)	1,169.0	1,169.0	1,320.1	1,065.0	-19%	1,080.0	1,080.0	+15.0	+1%
Grain Inspection, Packers & Stockyards	38.5	40.3	42.0	40.3	-4%	44.2	36.7	-3.5	-9%
Food Safety									
Food Safety & Inspection Service	930.1	971.6	1,018.5	1,006.5	-1%	1,011.4	964.4	-42.1	-4%
Farm and Commodity Programs									
Farm Service Agency: Salaries and Exp. [d]	1,435.2	1,487.6	1,574.9	1,521.2	-3%	1,718.2	1,433.9	-87.3	-6%

Agency or Major Program	FY2008 P.L. 110-161	FY2009 P.L. 111-8	FY2010 P.L. 111-80	FY2011 P.L. 112-10	% change from FY2010 to FY2011	FY2012 Admin. Request	FY2012 House [a] H.R. 2112	Change from FY2011 to FY2012-House $	Change from FY2011 to FY2012-House %
FSA Farm Loan Program: Subsidy Level	148.6	147.4	140.6	147.7	+5%	110.7	107.4	-40.3	-27%
FSA Farm Loans: Loan Authority [e]	*3,427.6*	*3,427.6*	*5,083.9*	*4,642.0*	*-9%*	*4,747.0*	*4,787.0*	*+145.0*	*+3%*
Dairy indemnity, mediation, water protect.. [f]	8.2	11.1	10.3	9.3	-10%	4.5	7.2	-2.1	-23%
Risk Management Agency Salaries & Exp.	76.1	77.2	80.3	78.8	-2%	82.3	67.5	-11.4	-14%
Federal Crop Insurance Corporation [g]	4,818.1	6,582.9	6,455.3	7,613.2	+18%	3,142.4	3,142.4	-4,470.9	-59%
Commodity Credit Corporation [g]	12,983.0	11,106.3	15,079.2	13,925.6	-8%	14,071.0	14,071.0	+145.4	+1%
Subtotal									
Mandatory	**18,987.0**	**18,877.2**	**22,855.4**	**22,604.7**	**-1%**	**18,293.5**	**18,293.5**	**-4,311.2**	**-19%**
Discretionary	**6,632.9**	**6,850.2**	**7,336.1**	**6,885.4**	**-6%**	**7,139.9**	**6,144.0**	**-741.5**	**-11%**
Subtotal	**25,619.9**	**25,727.5**	**30,191.6**	**29,490.1**	**-2%**	**25,433.4**	**24,437.5**	**-5,052.7**	**-17%**
Title II: Conservation Programs									
Conservation Operations	834.4	853.4	887.6	870.5	-2%	898.6	764.9	-105.6	-12%
Watershed & Flood Prevention	29.8	24.3	30.0	0.0	-100%	0.0	3.0	+3.0	—
Watershed Rehabilitation Program	19.9	40.0	40.2	18.0	-55%	0.0	14.9	-3.1	-17%
Resource Conservation & Development	50.7	50.7	50.7	0.0	-100%	0.0	0.0	0.0	0%
Under Secretary, Natural Resources	0.7	0.8	0.9	0.9	0%	0.9	0.8	-0.1	-11%
Subtotal	**937.5**	**969.2**	**1,009.4**	**889.4**	**-12%**	**899.6**	**783.6**	**-105.8**	**-12%**
Title III: Rural Development									
Rural Housing Service	881.6	1,293.5	1,424.2	1,224.0	-14%	1,034.3	1,037.3	-186.6	-15%
RHS Loan Authority [e]	*6,095.4*	*8,122.9*	*13,904.7*	*25,750.7*	*+85%*	*25,333.9*	*26,028.3*	*+277.6*	*+1%*
Rural Business-Cooperative Service	173.2	127.2	184.8	127.8	-31%	180.5	93.6	-34.3	-27%
RBCS Loan Authority [e]	*1,265.2*	*1,085.4*	*1,215.7*	*952.2*	*-22%*	*911.7*	*679.2*	*-273.0*	*-29%*
Rural Utilities Service	616.9	614.2	653.4	596.7	-9%	537.0	516.9	-79.8	-13%
RUS Loan Authority [e]	*9,179.5*	*7,765.5*	*9,287.2*	*9,163.3*	*-1%*	*7,572.0*	*8,128.2*	*-1,035.0*	*-11%*

Agency or Major Program	FY2008 P.L. 110-161	FY2009 P.L. 111-8	FY2010 P.L. 111-80	FY2011 P.L. 112-10	% change from FY2010 to FY2011	FY2012 Admin. Request	FY2012 House [a] H.R. 2112	Change from FY2011 to FY2012-House $	Change from FY2011 to FY2012-House %
Salaries and Expenses (including transfers)	661.7	696.8	715.5	688.3	-4%	691.0	589.9	-98.4	-14%
RD Under Secretary	0.6	0.6	0.9	0.9	0%	0.9	0.8	-0.1	-11%
Subtotal	**2,334.0**	**2,732.3**	**2,978.8**	**2,637.8**	**-11%**	**2,443.6**	**2,238.5**	**-399.3**	**-15%**
Subtotal, RD Loan Authority	***16,540.1***	***16,973.8***	***24,407.5***	***35,866.1***	***+47%***	***33,817.6***	***34,835.7***	***-1,030.4***	***-3%***
Title IV: Domestic Food Programs									
Child Nutrition Programs	13,901.5	14,951.9	16,855.8	17,319.9	+3%	18,810.6	18,770.6	+1,450.6	+8%
WIC Program	6,020.0	6,860.0	7,252.0	6,734.0	-7%	7,390.1	6,001.1	-733.0	-11%
SNAP & other Food & Nutrition Act Programs	39,782.7	53,969.2	58,278.2	65,206.7	+12%	73,183.8	71,173.3	+5,966.6	+9%
Commodity Assistance Programs	210.3	230.8	248.0	246.1	-1%	249.6	196.0	-50.2	-20%
Nutrition Programs Administration	141.7	142.6	147.8	147.5	0%	170.5	124.0	-23.5	-16%
Office of Under Secretary	0.6	0.6	0.8	0.8	0%	0.8	0.7	-0.1	-12%
Subtotal									
Mandatory	**53,683.2**	**68,921.2**	**75,128.0**	**82,526.6**	**+10%**	**91,994.4**	**89,943.9**	**+7,417.3**	**+9%**
Discretionary	**6,373.6**	**7,234.0**	**7,654.6**	**7,128.5**	**-7%**	**7,811.0**	**6,321.7**	**-806.7**	**-11%**
Subtotal	**60,056.8**	**76,155.2**	**82,782.6**	**89,655.1**	**+8%**	**99,805.4**	**96,265.6**	**+6,610.5**	**+7%**
Title V: Foreign Assistance									
Foreign Agric. Service	158.4	165.4	180.4	185.6	+3%	229.7	171.2	-14.5	-8%
Public Law (P.L.) 480	1,213.5	1,228.6	1,692.8	1,499.8	-11%	1,692.8	1,034.5	-465.4	-31%
McGovern-Dole Food for Education	99.3	100.0	209.5	199.1	-5%	200.5	178.6	-20.5	-10%
CCC Export Loan Salaries	5.3	5.3	6.8	6.8	0%	6.8	6.8	0.0	0%
Subtotal	**1,476.5**	**1,499.4**	**2,089.5**	**1,891.3**	**-9%**	**2,129.9**	**1,391.0**	**-500.4**	**-26%**
Title VI: FDA & Related Agencies									
Food and Drug Administration	1,716.8	2,051.4	2,357.1	2,457.0	+4%	2,744.0	2,155.3	-301.7	-12%
Commodity Futures Trading Commission [h]	111.3		168.8		+20%	308.0	170.6	-31.7	-16%

Agency or Major Program	FY2008 P.L. 110-161	FY2009 P.L. 111-8	FY2010 P.L. 111-80	FY2011 P.L. 112-10	% change from FY2010 to FY2011	FY2012 Admin. Request	FY2012 House [a] H.R. 2112	Change from FY2011 to FY2012-House $	Change from FY2011 to FY2012-House %
Title VII: General Provisions									
Limit mandatory farm bill programs	-335.0	-484.0	-511.0	-924.0	+81%	-699.5	-1,439.0	-515.0	+56%
Section 32 rescission	-684.0	-293.5	-52.5		-100%	0.0	-150.0	-150.0	na
Other appropriations	627.9	-42.7	380.8	33.2	-91%	0.0	0.0	-33.2	-100%
Other rescissions & reductions	-1,098.5	-60.3	-55.5	-1,081.0	+1848%	-549.5	-397.0	+684.0	-63%
Subtotal	**-1,489.5**	**-880.5**	**-238.2**	**-1,971.8**	**+728%**	**-1,249.0**	**-1,986.0**	**-14.2**	**+1%**
RECAPITULATION:									
I: Agricultural Programs	25,619.9	25,727.5	30,191.6	29,490.1	-2%	25,433.4	24,437.5	-5,052.7	-17%
Mandatory	18,987.0	18,877.2	22,855.4	22,604.7	-1%	18,293.5	18,293.5	-4,311.2	-19%
Discretionary	6,632.9	6,850.2	7,336.1	6,885.4	-6%	7,139.9	6,144.0	-741.5	-11%
II: Conservation Programs	937.5	969.2	1,009.4	889.4	-12%	899.6	783.6	-105.8	-12%
III: Rural Development	2,334.0	2,732.3	2,978.8	2,637.8	-11%	2,443.6	2,238.5	-381.7	-14%
IV: Domestic Food Programs	60,056.8	76,155.2	82,782.6	89,655.1	+8%	99,805.4	96,265.6	+6,610.5	+7%
Mandatory	53,683.2	68,921.2	75,128.0	82,526.6	+10%	91,994.4	89,943.9	+7,417.3	+9%
Discretionary	6,373.6	7,234.0	7,654.6	7,128.5	-7%	7,811.0	6,321.7	-806.7	-11%
V: Foreign Assistance	1,476.5	1,499.4	2,089.5	1,891.3	-9%	2,129.9	1,391.0	-500.4	-26%
VI: FDA	1,716.8	2,051.4	2,357.1	2,457.0	+4%	2,744.0	2,155.3	-301.7	-12%
CFTC in Agriculture appropriations [h]	111.3		168.8			308.0	170.6	-31.7	-16%
CFTC in Financial Services appropriations [h]		146.0		202.3	+20%				
VII: General Provisions	-1,489.5	-880.5	-238.2	-1,971.8	+728%	-1,249.0	-1,986.0	-14.2	+1%
Total in agriculture bill (no adjustment for jurisdiction over CFTC)									
Mandatory	**72,670.2**	**87,798.4**	**97,983.4**	**105,131.3**	**+7%**	**110,287.9**	**108,237.4**	**+3,106.0**	**+3%**
Discretionary	**18,093.0**	**20,456.0**	**23,356.1**	**19,917.5**	**-15%**	**22,226.9**	**17,218.6**	**-2,698.9**	**-14%**
Total	**90,763.2**	**108,254.4**	**121,339.6**	**125,048.9**	**+3%**	**132,514.8**	**125,456.0**	**+407.1**	**+0%**

Agency or Major Program	FY2008 P.L. 110-161	FY2009 P.L. 111-8	FY2010 P.L. 111-80	FY2011 P.L. 112-10	% change from FY2010 to FY2011	FY2012 Admin. Request	FY2012 House [a] H.R. 2112	Change from FY2011 to FY2012-House $	Change from FY2011 to FY2012-House %
Totals without CFTC in any column (Senate basis) [h]									
Discretionary	**17,981.7**	**20,456.0**	**23,187.3**	**19,917.5**	**-14%**	**21,918.9**	**17,048.0**	**-2,869.5**	**-14%**
Total	90,652.0	108,254.4	121,170.8	125,048.9	+3%	132,206.8	125,285.4	+236.5	+0%
Totals with CFTC in all columns (House basis) [h]									
Discretionary	**18,093.0**	**20,602.0**	**23,356.1**	**20,119.8**	**-14%**	**22,226.9**	**17,218.6**	**-2,901.2**	**-14%**
Total	90,763.2	108,400.4	121,339.6	125,251.1	+3%	132,514.8	125,456.0	+204.9	+0%

Source: CRS, compiled from House-passed H.R. 2112, H.Rept. 112-101, P.L. 112-10, P.L. 111-80, P.L. 111-8, P.L. 110-161, and unpublished appropriations tables.

Notes: Does not include supplemental appropriations. Supplemental appropriations were $2.4 billion in FY2008 (P.L. 110-252 and P.L. 110-329 provided $1.345 billion for foreign assistance, $695 million for conservation, $188 million for rural development, and $5 million each for APHIS, ARS, and OIG); $27.1 billion in FY2009 (P.L. 111-5 and P.L. 111-32 provided $22 million to OIG, $24 million for USDA buildings, $176 million for ARS buildings, $50 million to FSA salaries, $91 million for farm loans, $732 million for disaster assistance, $290 million for watershed and flood prevention, $50 million for watershed rehabilitation program, $330 million to Rural Housing Service, $150 million to Rural Business Cooperative Service, $3.9 billion to Rural Utilities Service, $100 million to child nutrition, $500 million to WIC, $20 billion to food stamps, $150 million to commodity assistance programs, $700 million to foreign assistance); and $549 million in FY2010 (P.L. 111-118 and P.L. 111-212 provided $400 million for domestic nutrition, $150 million for foreign assistance, $31 million for farm loans, $18 million for forestry assistance, and offset by a $50 million reduction in BCAP).

a. Amounts shown for H.R. 2112 are estimates that reflect the across-the-board 0.78% rescission to discretionary accounts in sec. 743.

b. 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.

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

d. 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.

e. Loan authority is the amount of loans that can be made or guaranteed with a loan subsidy, which covers subsidized interest rates and projected loan losses. The loan authority amount is not added in the budget authority subtotals or totals.

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

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

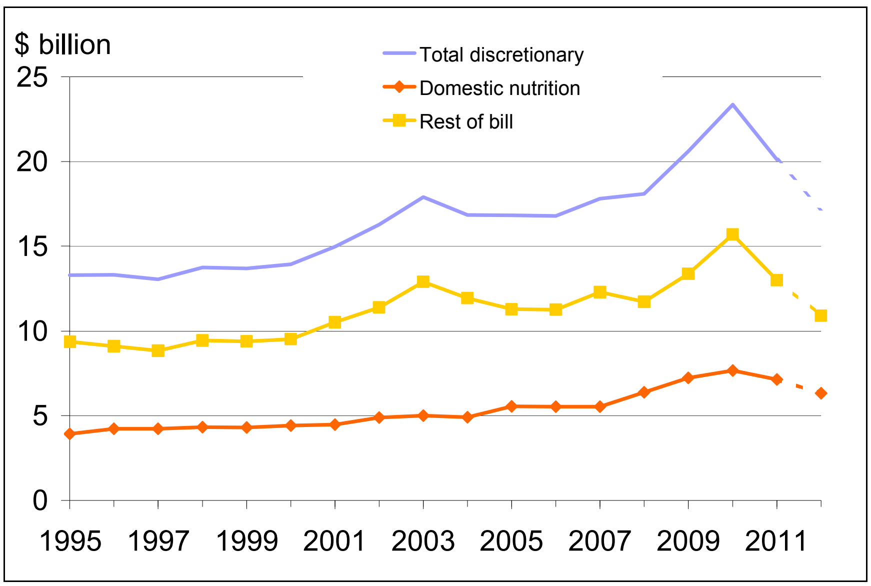
h. CFTC is shown in different ways because of jurisdiction differences to make totals comparable.

Historical Trends

After years of growth, Agriculture appropriations peaked in absolute terms in FY2010. This section offers perspective on type of funding (mandatory or discretionary), purpose (nutrition vs. other), and relationships to inflation, GDP, and the federal budget. The House-passed version of H.R. 2112 for FY2012 is the basis for comparison throughout most of this section.[7]

Figure 2 shows total discretionary appropriations levels in the Agriculture appropriations bill. The total amount is divided between discretionary domestic nutrition assistance programs and the rest of the bill. Over the past 10 years (FY2002 through the FY2012 House-passed bill), total discretionary funding in the Agriculture appropriations bill would be nearly flat, increasing at an average annualized rate of 0.6% (**Table 4**). The nutrition portion shows a 2.6% average annual increase over 10 years, while the rest of the bill would have an annual decline of -0.4%.

Figure 2. Discretionary Agriculture Appropriations, FY1995-FY2011 and FY2012 Proposed



Source: CRS. FY2012 data are from House-passed H.R. 2112.
Notes: Includes only regular annual appropriations for USDA (except the Forest Service), FDA, and CFTC (regardless of jurisdiction). Fiscal year budget authority. The label "Domestic nutrition" includes WIC, commodity assistance programs, and nutrition programs administration.

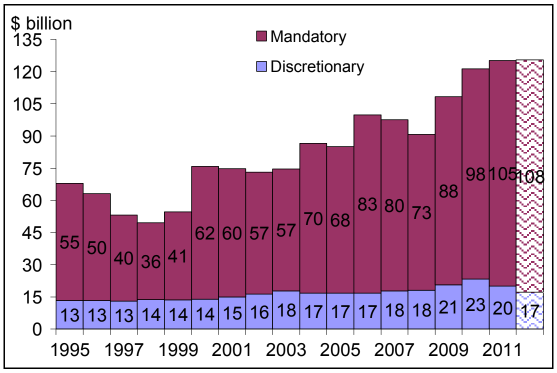
Figure 3 shows the Agriculture appropriations bill divided between mandatory and discretionary spending. Mandatory appropriations have increased at a 6.6% average annualized rate over 10 years, while discretionary appropriations grew at the 0.6% rate discussed above. Thus the total for the bill (mandatory plus discretionary) reflects a 5.5% annual increase over 10 years.

Figure 4 shows the same bill total as in **Figure 3**, but divided between domestic nutrition and other program spending. The share going to nutrition has risen from 46% in FY2000 to 77% in

[7] For percentage changes relative to the FY2011 enacted appropriation, see "Historical Trends" in CRS Report R41475, *Agriculture and Related Agencies: FY2011 Appropriations*.

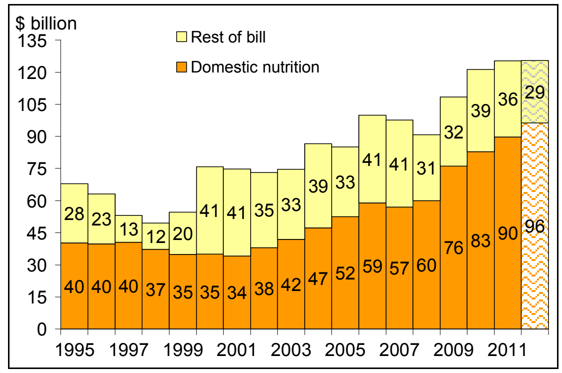
the FY2012 House-passed bill (**Table 5**). Since FY2002, total nutrition spending has increased at an average 9.8% annual rate, compared to a -1.9% annual change for the "rest of the bill" (the rest of USDA but excluding the Forest Service, plus FDA and CFTC). Nutrition spending has increased faster than non-nutrition for the most recent 5-, 10-, and 15-year periods (**Table 4**).

Figure 3. Agriculture Appropriations: Mandatory vs. Discretionary



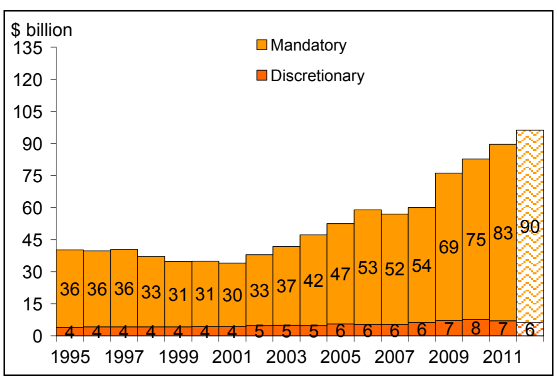
Source: CRS. FY2012 data from H.R. 2112.
Notes: Includes regular annual appropriations only for USDA (except the Forest Service), FDA, and CFTC (regardless of where funded). Fiscal year budget authority.

Figure 4. Agriculture Appropriations: Domestic Nutrition vs. Rest of Bill



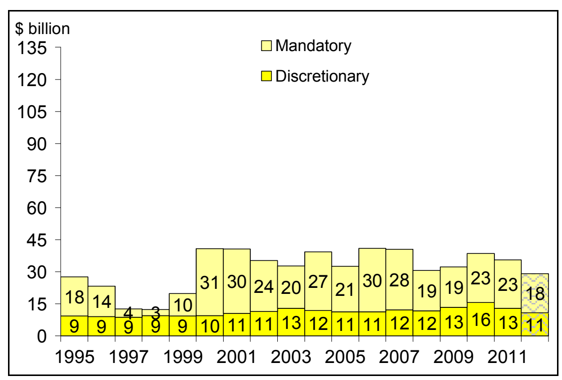
Source: CRS. FY2012 data from H.R. 2112.
Notes: The largest domestic nutrition programs are the child nutrition programs, SNAP (food stamps), and WIC. "Other" includes the rest of USDA (except the Forest Service), FDA, and CFTC.

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



Source: CRS. FY2012 data from H.R. 2112.
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 (Rest of Bill) in Agriculture Appropriations: Mandatory vs. Discretionary



Source: CRS. FY2012 data from H.R. 2112.
Notes: Includes all of USDA except nutrition and Forest Service, and FDA and CFTC. Mandatory includes the farm commodity programs, crop insurance, some conservation, and trade programs.

Most nutrition program spending is mandatory spending, primarily in the Supplemental Nutrition Assistance Program (SNAP) and child nutrition (school lunch and related programs). **Figure 5** takes the orange-colored bars from **Figure 4** (total domestic nutrition programs) and divides them into mandatory and discretionary. Over the past 10 years, mandatory nutrition spending rose at an average rate of 10.5% per year, while the discretionary portion increased at about 2.6% per year.

Spending on the non-nutrition programs in the bill is more evenly divided between mandatory and discretionary, more variable over time, and generally growing more slowly than nutrition.

Figure 6 divides the yellow-colored bars in **Figure 4** into mandatory and discretionary. This subtotal of mandatory spending has shown a -1.9% average annual change over 10 years, and +5.1% per year over 15 years. Discretionary spending on this component—arguably where appropriators have the most control—would be nearly flat since 2002 under the House-passed bill at -0.4% average annual rate, and -6.4% annual rate over the past 5 years (**Table 4**).

Table 4. Agriculture Appropriations: Percentage Changes over Time

	Annualized change from the past to proposed FY2012 in H.R. 2112							
	Based on Nominal Value				Based on Real Value (2011 $)			
	FY2011 (1 yr.)	FY2007 (5 yrs.)	FY2002 (10 yrs.)	FY1997 (15 yrs.)	FY2011 (1 yr.)	FY2007 (5 yrs.)	FY2002 (10 yrs.)	FY1997 (15 yrs.)
Discretionary total	**-14.4%**	**-0.7%**	**+0.6%**	**+1.9%**	**-15.6%**	**-2.1%**	**-1.5%**	**-0.1%**
Domestic nutrition [a]	-11.3%	+2.7%	+2.6%	+2.7%	-12.5%	+1.3%	+0.4%	+0.7%
Rest of bill [b]	-16.1%	-2.4%	-0.4%	+1.4%	-17.3%	-3.7%	-2.5%	-0.6%
Mandatory total	**+3.0%**	**+6.3%**	**+6.6%**	**+6.8%**	**+1.5%**	**+4.8%**	**+4.4%**	**+4.8%**
Domestic nutrition	+9.0%	+11.8%	+10.5%	+6.2%	+7.5%	+10.2%	+8.2%	+4.2%
Rest of bill	-19.1%	-8.4%	-2.6%	+11.0%	-20.2%	-9.6%	-4.7%	+8.9%
Total bill	**+0.2%**	**+5.1%**	**+5.5%**	**+5.9%**	**-1.2%**	**+3.7%**	**+3.3%**	**+3.8%**
Domestic nutrition	+7.4%	+11.0%	+9.8%	+5.9%	+5.9%	+9.5%	+7.5%	+3.9%
Rest of bill	-18.0%	-6.4%	-1.9%	+5.7%	-19.1%	-7.7%	-3.9%	+3.7%

Source: CRS.

Notes: Includes regular annual appropriations for all of USDA (except the Forest Service), the Food and Drug Administration, and—for consistency—the Commodity Futures Trading Commission (regardless of jurisdiction). Excludes supplemental appropriations. Reflects rescissions.

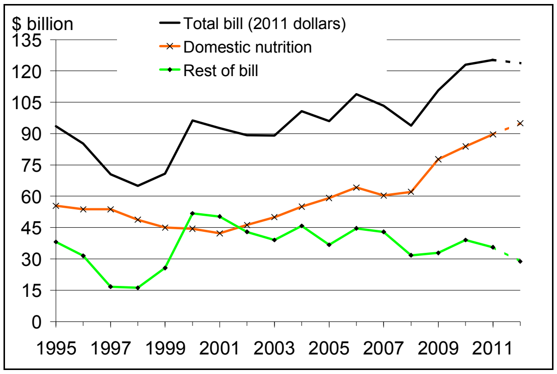
a. The largest domestic nutrition programs are the child nutrition programs, the Special Supplemental Nutrition Assistance Program (SNAP, formerly food stamps)—both of which are mandatory—and the Special Supplemental Nutrition Program for Women, Infants, and Children (WIC), which is discretionary.

b. "Rest of bill" includes the non-nutrition remainder 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.

The Agriculture appropriations totals can also be viewed in inflation-adjusted terms and in comparison to other economic variables (**Figure 7** through **Figure 10**, and **Table 5**). If the general level of inflation is subtracted, total Agriculture appropriations show positive "real" growth—that is, growth above the rate of inflation. The total in the House-passed bill has increased at an average annual real rate of 3.3% over the past 10 years. Within that total, nutrition programs have increased at a higher average annual real rate of 7.5%, while the rest of the bill had a -3.9% average annual real change over 10 years (**Table 4**).

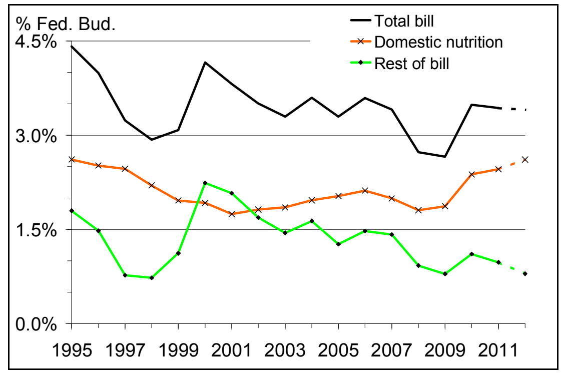
Relative to the entire federal budget, the Agriculture bill's share has declined from 4.4% of the federal budget in FY1995 to 2.7% in FY2009, before rising again to about 3.4% since FY2010 (**Figure 8**). The share for nutrition programs has declined (from 2.5% in FY1995 to 1.8% in FY2008), although the increase since the recent recession would return the share to 2.6% in FY2012, a level last seen in FY1995. The share for the rest of the bill also has declined from 1.8% in FY1995 and 2.1% in FY2001, to about 0.8% in FY2012 under the H.R. 2112.

Figure 7. Agriculture Appropriations in Inflation-Adjusted 2011 Dollars



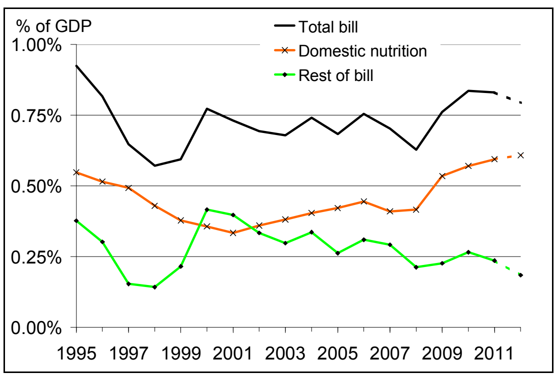
Source: CRS. FY2012 data from H.R. 2112.
Notes: Adjusted with the GDP Price Index, FY2012 President's Budget, *Historical Tables,* Table 10.1.

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



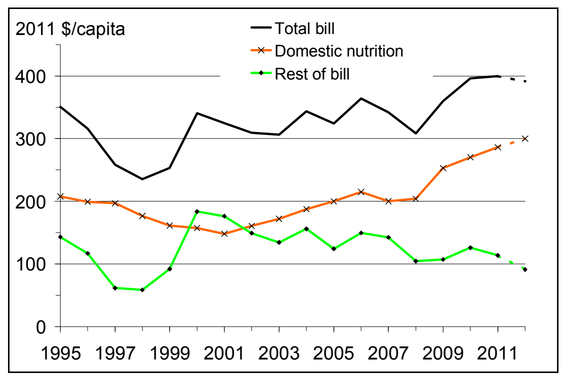
Source: CRS. FY2012 data from H.R. 2112.
Notes: Total federal budget authority, FY2012 President's Budget, *Historical Tables,* Table 5.1.

Figure 9. Agriculture Appropriations as a Percentage of GDP



Source: CRS. FY2012 data from H.R. 2112.
Notes: Gross domestic product (GDP) is from the President's Budget, *Historical Tables,* Table 10.1.

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



Source: CRS. FY2012 data from H.R. 2112.
Notes: Population figures from Census Bureau, U.S. Population Projections, and *Statistical Abstract of the United States.*

As a percentage of gross domestic product (GDP), Agriculture appropriations have been fairly steady at under 0.75% of GDP from FY2000-FY2009, but have risen to about 0.8% of GDP since FY2010 (**Figure 9**). Nutrition programs have been rising as a percentage of GDP since FY2000 (0.33% in FY2001 to 0.61% in FY2012 under the House-passed bill), while non-nutrition agricultural programs have been declining (0.42% in FY2000 to 0.18% in FY2012).[8]

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.

[8] Two other CRS reports compare various components of federal spending against GDP at a more aggregate level. See CRS Report RL33074, *Mandatory Spending Since 1962*, and CRS Report RL34424, *Trends in Discretionary Spending*.

Table 5. Agriculture Appropriations: Trends and Benchmarks: FY1997-FY2011 and FY2012 Proposed

(fiscal year budget authority in billions of dollars, except as noted)

	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012-H
Nominal appropriation																
Discretionary total	13.04	13.75	13.69	13.95	14.97	16.28	17.91	16.84	16.83	16.78	17.81	18.09	20.60	23.36	20.12	17.22
Domestic nutrition [a]	4.22	4.31	4.31	4.42	4.46	4.89	5.00	4.90	5.55	5.53	5.52	6.37	7.23	7.65	7.13	6.32
Rest of bill [b]	8.82	9.44	9.39	9.53	10.51	11.39	12.91	11.94	11.28	11.25	12.29	11.72	13.37	15.70	12.99	10.90
Mandatory total	40.08	35.80	41.00	61.95	59.77	56.91	56.70	69.75	68.29	83.07	79.80	72.67	87.80	97.98	105.13	108.24
Domestic nutrition	36.27	32.91	30.51	30.63	29.66	33.06	36.89	42.36	46.94	53.37	51.51	53.68	68.92	75.13	82.53	89.94
Rest of bill	3.81	2.89	10.48	31.33	30.12	23.86	19.82	27.38	21.36	29.70	28.29	18.99	18.88	22.86	22.60	18.29
Total bill	53.12	49.55	54.69	75.90	74.74	73.19	74.61	86.59	85.13	99.85	97.61	90.76	108.40	121.34	125.25	125.56
Domestic nutrition	40.49	37.22	34.82	35.04	34.12	37.95	41.89	47.26	52.49	58.89	57.03	60.06	76.16	82.78	89.66	96.27
Rest of bill	12.63	12.33	19.87	40.85	40.63	35.24	32.72	39.32	32.64	40.95	40.58	30.71	32.25	38.56	35.60	29.19
Percentages of Total																
1. Mandatory	75%	72%	75%	82%	80%	78%	76%	81%	80%	83%	82%	80%	81%	81%	84%	86%
2. Discretionary	25%	28%	25%	18%	20%	22%	24%	19%	20%	17%	18%	20%	19%	19%	16%	14%
1. Domestic nutrition	76%	75%	64%	46%	46%	52%	56%	55%	62%	59%	58%	66%	70%	68%	72%	77%
2. Rest of bill	24%	25%	36%	54%	54%	48%	44%	45%	38%	41%	42%	34%	30%	32%	28%	23%
Economic benchmarks for comparison																
GDP ($ billions)	8,212	8,663	9,208	9,821	10,225	10,544	10,980	11,686	12,446	13,225	13,896	14,439	14,237	14,508	15,080	15,813
U.S. budget authority	1,643	1,692	1,777	1,825	1,959	2,090	2,266	2,408	2,583	2,780	2,863	3,326	4,077	3,485	3,651	3,685
Population (million)	272.9	276.1	279.3	282.4	285.3	288.0	290.7	293.3	296.0	298.8	301.7	304.5	307.2	310.2	313.2	316.3
GDP price index	84.95	86.03	87.17	88.89	90.99	92.49	94.42	96.84	100.00	103.42	106.54	108.98	110.43	111.27	112.75	114.3
Inflation-adjusted 2011 dollars (real dollars)																
Discretionary total	17.31	18.02	17.71	17.69	18.55	19.84	21.38	19.61	18.98	18.29	18.85	18.72	21.03	23.67	20.12	16.98
Domestic nutrition	5.60	5.65	5.57	5.60	5.53	5.96	5.97	5.70	6.26	6.02	5.85	6.59	7.39	7.76	7.13	6.23
Rest of bill	11.71	12.37	12.14	12.08	13.02	13.88	15.41	13.90	12.72	12.27	13.00	12.12	13.65	15.91	12.99	10.75

	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012-H
Mandatory total	53.19	46.92	53.03	78.58	74.06	69.38	67.71	81.20	77.00	90.56	84.45	75.18	89.64	99.29	105.13	106.75
Domestic nutrition	48.14	43.13	39.47	38.85	36.75	40.30	44.05	49.32	52.92	58.18	54.51	55.54	70.37	76.13	82.53	88.71
Rest of bill	5.05	3.79	13.56	39.74	37.32	29.08	23.66	31.88	24.08	32.38	29.94	19.64	19.27	23.16	22.60	18.04
Total bill	70.50	64.94	70.74	96.27	92.62	89.22	89.10	100.81	95.98	108.86	103.30	93.90	110.68	122.95	125.25	123.73
Domestic nutrition	53.74	48.78	45.03	44.45	42.28	46.26	50.02	55.03	59.18	64.21	60.35	62.13	77.76	83.88	89.66	94.94
Rest of bill	16.76	16.16	25.70	51.82	50.34	42.96	39.07	45.78	36.80	44.65	42.95	31.77	32.92	39.07	35.60	28.79
Percentages of Total																
Total bill	3.2%	2.9%	3.1%	4.2%	3.8%	3.5%	3.3%	3.6%	3.3%	3.6%	3.4%	2.7%	2.7%	3.5%	3.4%	3.4%
Domestic nutrition	2.5%	2.2%	2.0%	1.9%	1.7%	1.8%	1.8%	2.0%	2.0%	2.1%	2.0%	1.8%	1.9%	2.4%	2.5%	2.6%
Rest of bill	0.8%	0.7%	1.1%	2.2%	2.1%	1.7%	1.4%	1.6%	1.3%	1.5%	1.4%	0.9%	0.8%	1.1%	1.0%	0.8%
Percentages of Total																
Total bill	0.65%	0.57%	0.59%	0.77%	0.73%	0.69%	0.68%	0.74%	0.68%	0.75%	0.70%	0.63%	0.76%	0.84%	0.83%	0.79%
Domestic nutrition	0.49%	0.43%	0.38%	0.36%	0.33%	0.36%	0.38%	0.40%	0.42%	0.45%	0.41%	0.42%	0.53%	0.57%	0.59%	0.61%
Rest of bill	0.15%	0.14%	0.22%	0.42%	0.40%	0.33%	0.30%	0.34%	0.26%	0.31%	0.29%	0.21%	0.23%	0.27%	0.24%	0.18%
Percentages of Total																
Total bill	258	235	253	341	325	310	306	344	324	364	342	308	360	396	400	391
Domestic nutrition	197	177	161	157	148	161	172	188	200	215	200	204	253	270	286	300
Rest of bill	61	59	92	184	176	149	134	156	124	149	142	104	107	126	114	91

Source: CRS. Data for 2012 are based on House-passed H.R. 2112.

Notes: Includes regular annual appropriations for all of USDA (except the Forest Service), the Food and Drug Administration, and—for consistency—the Commodity Futures Trading Commission (regardless of jurisdiction). Excludes supplemental appropriations. Reflects rescissions.

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 Special Supplemental Nutrition Program for Women, Infants, and Children (WIC), which is discretionary.

b. "Rest of bill" includes the non-nutrition remainder 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.

c. OMB, *Budget of the United States Government*, "Historical Tables," Table 10.1, at http://www.whitehouse.gov/omb/budget/Historicals.

d. OMB, *Budget of the United States Government*, "Historical Tables," Table 5.1, total federal budget authority.

e. Census Bureau, U.S. Population Projections, at http://www.census.gov/population/www/projections/index.html, and *Statistical Abstract of the United States.*

Limits on Mandatory Program Spending and Other Rescissions

The House-passed bill for FY2012 contains nearly $2 billion in rescissions and limitations on mandatory farm bill programs (Title VII in **Table 3**). These actions are used to score savings that help meet the $17.25 discretionary budget allocation and help avoid deeper cuts to regular discretionary accounts.

The FY2012 bill has the same $2 billion level of rescissions and limitations as the FY2011 appropriation. Had the FY2012 House-passed proposal not maintained this level of reductions, even greater cuts might have been required to the regular discretionary accounts. These types of reductions grew in importance in the FY2011 appropriation, which required a large discretionary cut from the year before. Half of the $3.4 billion reduction in total discretionary appropriations between FY2010 and FY2011 was achieved by a $1.7 billion increase in the use of farm bill limitations and rescissions. In an era of annual budget cutting, appropriators thus may find themselves needing to continue such cuts once they start or increase the practice. To lessen the use of savings achieved in this area of the budget would require an increase of savings from another area, possibly salaries and expenses accounts at the agency level.

The House-passed bill for FY2012 increases the amount of limitations on farm bill programs relative to the amount of rescissions relative to the FY2011 appropriation.

Changes in Mandatory Program Spending (CHIMPS)

In recent years, appropriators have placed limitations on mandatory spending authorized in the farm bill (**Table 6**). 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, some of which appropriators or the Administration have chosen 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.[9] 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

[9] 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.

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.

Table 6. Reductions in Mandatory Farm Bill Programs, FY2008-FY2011 and FY2012 Proposed

(dollars in millions)

	FY2008	FY2009	FY2010	FY2011	FY2012	
Program in 2008 farm bill	**P.L. 110-161**	**P.L. 111-8**	**P.L. 111-80**	**P.L. 112-10**	**Admin. Request**	**House H.R. 2112**
Conservation programs						
Environmental Quality Incentives Program	-270	-270	-270	-350	-342	-350
Dam Rehabilitation Program	-65	-165	-165	-165	-165	-165
Wetlands Reserve Program				-119	-9	-200
Conservation Stewardship Program				-39	-2	-210
Farmland Protection Program						-50
Grasslands Reserve					-50	-30
Wildlife Habitat Incentive Program					-12	-35
Voluntary Public Access Program						-17
Agricultural Management Assistance					-5	-5
Subtotal conservation	**-335**	**-435**	**-435**	**-673**	**-585**	**-1,062**
Other programs						
Fruit and vegetables in schools program [a]		-49	-76	-117	-114	-133
Emergency Food Assistance Program						-51
Biomass Crop Assistance Program				-134		-45
Bioenergy Program for Advance Biofuels						-50
Rural Energy for America Program						-70
Crop Insurance good performance discount						-25
Microenterpreneur Assistance Program						-3
Subtotal other	**0**	**-49**	**-76**	**-251**	**-114**	**-377**
Total reduction in these farm bill programs	**-335**	**-484**	**-511**	**-924**	**-699**	**-1,439**

Source: CRS, compiled from H.R. 2112, H.Rept. 112-101, P.L. 112-10, H.R. 1, P.L. 111-80, P.L. 111-8, and P.L. 110-161.

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.

The programs affected by these limits include conservation, rural development, bioenergy, and some smaller nutrition assistance programs. The limits have not affected the farm commodity programs or the primary nutrition assistance programs (such as SNAP), 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 FY2012, the House-passed bill contains $1.439 billion of reductions from 16 mandatory programs (**Table 6**). This level of reduction is 56% greater (+$515 million) than the $924 million reduction in the FY2011 appropriation, which itself was $413 million greater than FY2009. It also affects more than twice the number of programs. This level of CHIMPS returns the amount to the $1.5 billion level reached in FY2006.[10]

CHIMPS in FY2012—the last year of the 2008 farm bill's authorization—could have potential noteworthy effects on the 10-year farm bill baseline budget available to the Agriculture Committees to write the expected 2012 farm bill. This issue, as well as greater context about the magnitude and perception of conservation CHIMPS, is discussed in the section "Mandatory Conservation Programs" later in this report.

Rescissions

Rescissions are a method of permanently cancelling the availability of funds that were provided by a previous appropriations law, and in doing so achieving or scoring budgetary savings. Often rescissions relate to the unobligated balances of funds still available for a specific purpose that were appropriated a year or more ago (e.g., buildings and facilities funding that remains available until expended for specific projects, or disaster response funds for losses due to a specifically named hurricane). These are often one-time savings from cancelling unobligated budget authority that in some cases may no longer have been spent.

The FY2011 appropriation made unusually large rescissions, compared with prior years, to unobligated balances in accounts such as building and facilities, and rural broadband. Rescissions in FY2011 totaled nearly $1.1 billion, up from a more typical level of $100 million to $300 million. Because some of these were one-time savings from cancelling unobligated balances, the high level was difficult to repeat in FY2012. Rescissions in the House-passed bill for FY2012 total about $550 million.

[10] For more background, see CRS Report R41245, *Reductions in Mandatory Agriculture Program Spending*.

Selected USDA Agencies and Programs

The Agriculture and Related Agencies appropriations bill covers all of USDA except for the Forest Service. This amounts to nearly 95% of USDA's total appropriation. The Forest Service is funded through the Interior appropriations bill.[11] The order of the following sections reflects the order that the agencies are listed in the Agriculture appropriations bill (except for the portion of FDA appropriations for food safety, which is discussed in a comprehensive section on food safety). See **Table 3** and tables in some of the following sections 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)** 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 REE mission area was appropriated $2.586 billion in FY2011, which is $251.7 million less (-9%) than the mission area received in FY2010. Each of the REE agencies received a budget cut in FY2011, relative to FY2010 levels, with ARS and NIFA experiencing the biggest cuts, almost 10% for each agency. The FY2011 enacted appropriation did not include any earmarks or congressionally designated spending items. For FY2012, the House-passed bill, H.R. 2112, would cut the REE mission area even further to $2.217 billion, which is a further reduction by $369 million (-14%) from FY2011 levels (**Table 7**).

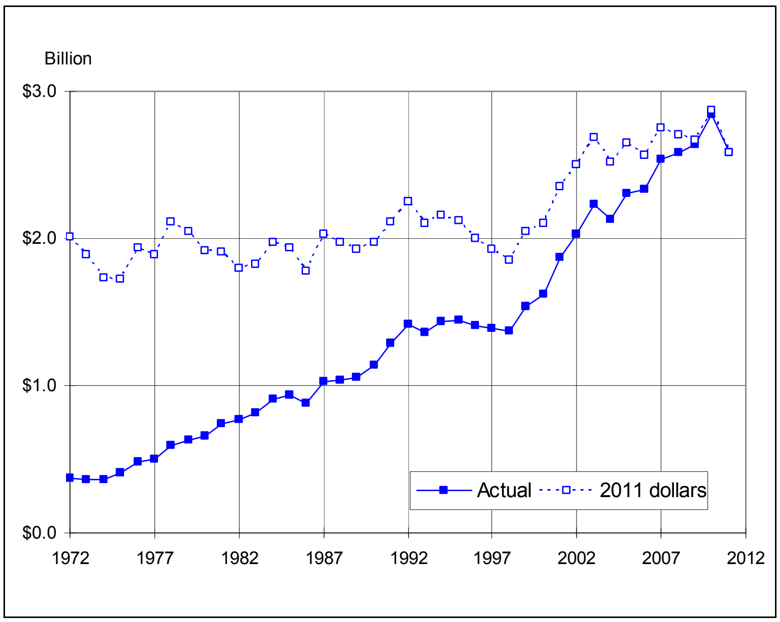
The 2008 farm bill institutes significant changes in the structure of the REE mission area, but retains and extends the existing authorities for REE programs. The 2008 farm bill called for the establishment of a new agency called the National Institute of Food and Agriculture (NIFA, formerly CSREES), which USDA launched on October 8, 2009. The 2008 farm bill also created a new competitive grants program, the Agriculture and Food Research Initiative (AFRI), which replaced two previously authorized competitive grants programs, and created several new research initiatives related to specialty crops, organic agriculture, and bioenergy.[12]

[11] See CRS Report R41896, *Interior, Environment, and Related Agencies: FY2012 Appropriations*.

[12] For more information on USDA research, education, and extension programs, see CRS Report R40819, *Agricultural* (continued...)

When adjusted for inflation, USDA-funding levels for agriculture research, education, and extension have remained relatively flat from the early 1970s to 2000 (**Figure 11**).[13] From FY2001 through FY2003, supplemental funds appropriated specifically for anti-terrorism activities accounted for most of the increases in the USDA research budget. Funding levels since have remained fairly constant on an inflation-adjusted basis, although ARS received supplemental funding for buildings and facilities in FY2009. ARS and NIFA account for most of the research budget and their appropriations generally have tracked each other. Nonetheless, once adjusted for inflation, these increases are not viewed by some as significant growth in spending for agricultural research. Agricultural scientists, stakeholders, and partners express concern for funding over the long term.

Figure 11. USDA Research Budget, FY1972-FY2011



Source: Compiled by CRS from Congressional Budget Justifications, various years.

Agricultural Research Service

The enacted FY2011 appropriation provided a total of $1.133 billion for USDA's in-house science agency, the Agricultural Research Service (ARS), which is $117.3 million less than (-9%) the regular FY2010 level and 5.5% less than the President's request. This FY2011 amount is allocated entirely to salaries and expenses of the agency and does not include any resources for ARS Buildings and Facilities. In fact, about $230 million in unobligated balances for ARS Buildings and Facilities were rescinded.

(...continued)

Research, Education, and Extension: Issues and Background.

[13] Based on analysis of USDA data.

For FY2012, the Administration requested $1.137 billion. The House-passed agricultural appropriations bill, H.R. 2112, provides $987.5 million for ARS, which is $145.7 million less than (-13%) appropriated in FY2011.

National Institute of Food and Agriculture

The enacted FY2011 appropriation provided $1.215 billion for NIFA, which represents a $128 million decrease (-10%) from the enacted FY2010 level and the President's FY2011 request. Research and Education activities received about a $90 million cut (-11%), though the Agriculture and Food Research Initiative (AFRI) competitive grants program and several of the formula fund programs such as the Hatch Act, the Evans-Allen Act, and the McIntire-Stennis forestry programs actually received funding increases compared to FY2010. Reductions in research funding was primarily due to the removal of all congressionally earmarked programs. Extension activities were appropriated about $16 million less (-3%) compared with FY2010, whereas Integrated Activities were appropriated about $23 million less than (-39%) in FY2010.

For FY2012, the Administration requested $1.205 billion for NIFA. H.R. 2112 provides $1.012 billion, which is $202.8 million less than (-17%) appropriated in FY2011.

Economic Research Service

The enacted FY2011 appropriation provided $81.8 million for the Economic Research Service (ERS), which was only $0.7 million less than the FY2010 level. The Administration requested $86.0 million for ERS for FY2012. H.R. 2112 included $69.5 million, which is more than a 15% cut from the FY2011 level, and about 19% less than the President's request.

National Agricultural Statistics Service

The enacted FY2011 appropriation provided $156.4 million for the National Agricultural Statistics Service (NASS), which is a decrease of $5.4 million (-3%) from the FY2010 level. The Administration requested $165.4 million for NASS for FY2012. H.R. 2112 included $148.3 million, which is a 5% decrease from the FY2011 level, and more than 10% less than the Administration's request.

Table 7. USDA REE Mission Area Appropriations, FY2008-FY2011 and FY2012 Proposed

(budget authority in millions of dollars)

	FY2008	FY2009	FY2010	FY2011	FY2012		Change from FY2011 to H.R. 2112		Change from Request to H.R. 2112	
Agency and Program	**P.L. 110-161**	**P.L. 111-8**	**P.L. 111-80**	**P.L. 112-10**	**Admin. Request**	**House [a] H.R. 2112**	**$**	**%**	**$**	**%**
Agric. Research Service	1,167.8	1,187.2	1,250.5	1,133.2	1,137.7	987.5	-145.7	-12.9	-150.2	-12.5
Nat'l Institute of Food & Agriculture	1,177.4	1,222.2	1,343.2	1,214.8	1,205.0	1,012.0	-202.8	-16.7	-193.0	-14.4
Research and Education	668.3	691.0	788.2	698.7	708.0	591.7	-107.0	-15.3	-116.3	-13.9
AFRI	190.8	201.5	262.5	264.5	262.5	227.7	-36.8	-13.9	-34.8	-8.1
Hatch-Act	195.8	207.1	215.0	236.3	215.0	206.4	-29.9	-12.7	-8.6	-4.0
Evans-Allen	41.1	45.5	48.5	50.9	48.5	47.6	-3.3	-6.4	-0.9	-1.8
McIntire-Stennis	24.8	27.5	29.0	32.9	27.6	29.8	-3.2	-9.6	2.2	7.5
Extension	453.3	474.3	494.9	479.1	467.0	408.0	-71.1	-14.9	-59.0	-12.3
Smith-Lever (b)&(c)	274.7	288.5	297.5	293.9	282.6	257.2	-36.7	-12.5	-25.4	-8.6
Integrated Activities	55.9	56.9	60.0	36.9	30.0	12.3	-24.6	-66.7	-17.7	-71.1
Economic Research Service	77.4	79.5	82.5	81.8	86.0	69.5	-8.1	-15.11	-16.5	-19.0
Nat'l Agricultural Statistics Service	162.2	151.6	161.8	156.4	165.4	148.3	-368.9	-5.2	-17.1	-10.4
Total, REE Mission Area	**2,584.8**	**2,640.4**	**2,838.0**	**2,586.3**	**2,594.1**	**2,217.4**	**-368.9**	**-14.3**	**-376.7**	**-13.5**

Source: Compiled by CRS

a. Amounts shown for H.R. 2112 are estimates that reflect the across-the-board 0.78% rescission to discretionary accounts in sec. 743.

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 prominent concerns such as avian influenza (AI), bovine spongiform encephalopathy (BSE or "mad cow disease"), bovine tuberculosis, a growing number of invasive plant pests—such as the Emerald Ash Borer, the Asian Long-horned Beetle, and the Glassy-winged Sharpshooter—and a national animal identification (ID) program for animal disease tracking and control. APHIS also is charged with administering the Animal Welfare Act (AWA), which seeks to protect pets and other animals used for research and entertainment.

The House-passed bill provides a total of $787 million for APHIS for FY2012. This includes $783.8 million for APHIS salaries and expenses (reflecting the 0.78% rescission), which is $79.5 million less than FY2011 ($863.3 million) and $48.9 million less than the Administration's request ($832.7 million). The House bill also authorizes $3.2 million for buildings and facilities. The House bill authorizes APHIS to collect fees to cover the total costs of providing technical assistance, goods, or services in certain cases. Also, the House bill directs APHIS to use cost-sharing agreements or matching requirements with states, territories, producers, foreign governments, and other entities to reduce the agency's cost burden.

The Administration's FY2012 budget request proposed a new budget structure for APHIS to manage 29 budgetary line items instead of 45 line items. The committee report expresses support for this proposed budget structure. Currently, APHIS individual budget line items are associated with a specific animal or plant pest or disease. The new budget structure proposes moving from specific animal disease line items to a commodity-based structure with commodity "Health" lines that "integrate the activities needed to address the health concerns for each commodity" and will facilitate "the Agency's ability to adjust rapidly or efficiently to new or emerging situations."[14] The House committee report states "this increased flexibility will allow APHIS to apply the greatest resources to the greatest threats or risks within a line item and to prioritize funds accordingly"; however, the committee reiterates that it expects APHIS "to apply appropriated funds to the agency's historical core programs and mission area first before allocating resources to those less critical functions or initiatives."[15]

Within APHIS (after the 0.78% rescission), the House-passed bill provides the following funding across each of the newly proposed budget categories: animal health ($288.5 million); plant health ($293.2 million); wildlife services ($88.8 million, including $71.9 million for Wildlife Damage Control); regulatory services ($31.3 million); safeguarding and emergency preparedness ($18.9

[14] USDA, "2012 Explanatory Notes, APHIS," pp. 18-47 through 18-50, http://www.obpa.usda.gov/18aphis2012notes.pdf.

[15] H.Rept. 112-101.

million); safe trade and international technical assistance ($31.8 million); animal welfare ($22.3 million); and agency management ($9.1 million).

The House-passed bill identifies funding for certain programs (to remain available until expended), including: $16.0 million for the cotton pests program for either cost share purposes or for debt retirement for active eradication zones; $32.5 million for Animal Health Technical Services; $54.0 million to support avian health; $4.2 million for information technology infrastructure; $147.0 million for specialty crop pests; $9.0 million for field crop and rangeland ecosystem pests; $52.0 million for tree and wood pests; $2.3 million for the National Veterinary Stockpile; $1.5 million for the scrapie program for indemnities; $1.0 million for wildlife services methods development; and $1.5 million for the wildlife damage management program for aviation safety (before 0.78% rescission). The bill also requires that up to 25% of the screwworm program be available until expended, requires that matching state funds be at least 40% for formulating and administering a brucellosis eradication program, sets limitations on the operation and maintenance of aircrafts and aircraft purchases, and requires that any repair and alteration of leased buildings and improvements not exceed 10% of the current replacement value of the building. The committee further provides that $15 million be used for the cotton pest program; encourages APHIS to fund the Pale Cyst Nematode eradication program at levels above the President's FY2012 budget request of $6.2 million;[16] and directs APHIS to provide funding for sudden oak death and to work with other USDA agencies and states to implement a control program for the Brown Marmorated Stink Bug.

The House committee report further directs APHIS to use resources to enforce the Horse Protection Act and maintain the Designated Qualified Person program and use its animal welfare resources to regulate the pets of extras in filmed entertainment. The House bill also requires that APHIS submit two reports to the House appropriations committee: one report to examine the range and degree of equine diseases in the United States, along with estimated program spending for FY2011-2012, and a second report to address the status of USDA's Animal Disease Traceability/National Animal Identification System, whether the mandatory approach is "low cost," provide an update on the cost, schedule, and/or milestones, and describe any cost differences and plans for corrective actions.[17]

As in previous years, the House-passed bill highlights that appropriators expect USDA to continue to use the authority provided in this bill to transfer funds from other appropriations or funds available to USDA for activities related to the arrest and eradication of animal and plant pests and diseases.[18] The Office of Management and Budget (OMB) and congressional appropriators have sparred for years over whether APHIS should—as appropriators have preferred—reach as needed into USDA's Commodity Credit Corporation (CCC) account for mandatory funds to deal with emerging plant pests and other plant and animal health problems on an emergency basis, or be provided the funds primarily through the annual USDA appropriation, as OMB has argued. In particular, the committee states that it expects USDA to continue to use the authority provided in the bill to transfer CCC funds to address emerging plant pests. The House-passed bill provides that $2 million be available until expended for a "contingency fund"

[16] USDA, "2012 Explanatory Notes, APHIS," pp. 18-30, http://www.obpa.usda.gov/18aphis2012notes.pdf.

[17] See CRS Report R40832, *Animal Identification and Traceability: Overview and Issues*.

[18] Per the conference report, this provision is in accordance with the Animal Health Protection Act (7 U.S.C. 8310 and 8316, sections 10411 and 10417) and the Plant Protection Act (7 U.S.C. 7751 and 7772, sections 431 and 442).

to control outbreaks of insects, plant diseases, animal diseases and for control of pest animals and birds to the extent necessary to meet emergency conditions.

Agricultural Marketing Service and Section 32

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

AMS historically receives additional funding each year through two separate appropriations mechanisms—the direct annual USDA appropriation, and a transfer from the so-called Section 32 account. For FY2012, the House-passed bill would provide $78.5 million (after the 0.78% rescission; comprised of $77.5 million for AMS expenses plus $1.3 million for payments to states and possessions, before rescission). This is 11% less than the FY2011 enacted appropriation of $87.9 million.

The Section 32 account is funded by a permanent appropriation of 30% of the previous calendar year's customs receipts, less certain mandatory transfers. AMS uses these additional Section 32 funds (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. The 2008 farm bill set the maximum annual amount of Section 32 funds that would be available for obligation by AMS. This amount is $1.199 billion for FY2010, $1.215 billion for FY2011, and $1.231 billion for FY2012. At the same time, the 2008 farm bill also mandated that funding for a newly authorized fresh fruit and vegetable program in schools comes from the amount of Section 32 funds available for obligation by AMS.[19] The remaining amount of Section 32 funds available for obligation by AMS has been used, at the Secretary's discretion, primarily to fund commodity purchases for school lunch and other domestic programs, to support farm prices, and to provide disaster assistance. The 2008 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.[20]

The House-passed bill provides $1.08 billion of Section 32 funds for AMS, an increase of 1% over the $1.065 billion in FY2011. The Section 32 amount is considered mandatory spending.

Rescissions of Section 32 carryover funds are generally used to achieve budgetary savings. The enacted appropriation for FY2010 contained, under Title VII (General Provisions), a rescission of $52.5 million from unobligated balances carried over from FY2009. The FY2011 enacted appropriation did not rescind any Section 32 funds, but the House-passed agriculture appropriations for FY2012 would rescind $150 million of unobligated balances.

[19] Under Sec. 4304, funding for the fresh fruit and vegetable school snack program is mandated to come from Section 32 in the following amounts: $40 million on October 1, 2008; $65 million on July 1, 2009; $101 million on July 1, 2010; $150 million on July 1, 2011; and for each succeeding July 1, the 2011 amount is to be adjusted for inflation.

[20] For more details about Section 32 and the farm bill changes, see CRS Report RL34081, *Farm and Food Support Under USDA's Section 32 Program*.

Grain Inspection, Packers, and Stockyards Administration

USDA's Grain Inspection, Packers, and Stockyards Administration (GIPSA) oversees the marketing of U.S. grain, oilseeds, livestock, poultry, meat, and other commodities. GIPSA's Federal Grain Inspection Service establishes standards for the inspection, weighing, and grading of grain, rice, and other commodities. The Packers and Stockyards Program monitors livestock and poultry markets to ensure fair competition and guard against deceptive and fraudulent trade practices.

The House-passed bill provides $36.7 million (after the 0.78% rescission) for GIPSA salaries and expenses for FY2012, which is about $3.5 million less than appropriated for FY2011, and $7.5 million less than the Administration's request of $44.2 million. GIPSA is authorized to collect up to $47.5 million in user fees to cover inspection and weighing services.

The House bill includes language that prohibits GIPSA from spending funds to write, prepare, develop, or publish a final rule or an interim final rule in furtherance of, or otherwise to implement, the proposed rule entitled "Implementation of Regulations Required Under Title XI of the Food, Conservation, and Energy Act of 2008; Conduct in Violation of the Act'' (75 Fed. Reg. 35338, June 22, 2010). In June 2010, GIPSA issued the proposed rule as mandated by the 2008 farm bill. The proposed rule addresses how "harm or likely harm to competition" is treated under the Packers and Stockyards Act (7 USC §181 *et seq.*), sets criteria for unfair, discriminatory, or deceptive practices, and includes arbitration provisions that give contract growers opportunities to participate in meaningful arbitration.[21] The proposed rule is contentious and generated more than 60,000 public comments.

In the House report accompanying H.R. 2112, the Committee expressed its concern that GIPSA's proposed rule misinterpreted the intent of Congress concerning the regulation of livestock marketing practices. The Committee report also expressed concern that USDA may not have complied with the Administrative Procedures Act that governs rulemaking by publishing its "Farm Bill Regulations—Misconceptions and Explanations" document. In addition, by closing the comment period in November 2010 before holding the last of five workshops on competition held jointly with the Department of Justice in December 2010, the Department might have limited the public's ability to comment on the proposed rule.

Food Safety

Numerous federal, state, and local agencies share responsibilities for regulating the safety of the U.S. food supply.[22] Federal responsibility for food safety rests primarily with the Food and Drug Administration (FDA) and the U.S. Department of Agriculture (USDA). FDA, an agency of the Department of Health and Human Services, is responsible for ensuring the safety of the majority of all domestic and imported food products (except for meat and poultry products). USDA's Food Safety and Inspection Service (FSIS) regulates most meat, poultry, and processed egg products. The agriculture appropriations subcommittees oversee both the FDA and FSIS budgets.

[21] See CRS Report R41673, *USDA's Proposed Rule on Livestock and Poultry Marketing Practices*.

[22] For more information, see CRS Report RS22600, *The Federal Food Safety System: A Primer*.

Historically, funding and staffing levels between FDA and FSIS have been disproportionate to their respective responsibilities to address food safety activities. FSIS is responsible for between 10%-20% of the U.S. food supply, while FDA is responsible for the remainder.[23] However, FSIS has had approximately 60% of the two agencies' combined food safety budget, and FDA had the other approximately 40%. For example, in FY2011, FSIS received $1.007 billion in appropriated funds plus another approximately $150 million in industry-paid user fees. By contrast, FDA's FY2011 budget for foods was $781.4 million,[24] virtually all of it made available from limited authorized user fees. Staffing levels also vary considerably among the two agencies: FSIS staff numbers around 9,500, while FDA staff working on food-related activities numbers about 3,400 (FY2011 estimates).

The comprehensive food safety legislation that was enacted in the 111th Congress (FDA Food Safety Modernization Act (FSMA), P.L. 111-353) authorized additional appropriations and staff for FDA's future food safety activities.[25] FSMA was the largest expansion of FDA's food safety authorities since the 1930s. Among its many provisions, FSMA increases frequency of inspections at food facilities, tightens record-keeping requirements, extends oversight to certain farms, and mandates product recalls. It requires food processing, manufacturing, shipping, and other facilities to conduct a food safety plan of the most likely safety hazards, and design and implement risk-based controls. It also mandates improvements to the nation's foodborne illness surveillance systems and increased scrutiny of food imports, among other provisions. FSMA did not directly address meat and poultry products under USDA's jurisdiction.

Prior to enactment, the Congressional Budget Office (CBO) estimated that implementing FSMA could increase net federal spending subject to appropriation by about $1.4 billion over a five-year period (FY2011-FY2015).[26] This cost estimate covers activities at FDA and other federal agencies, and does not include offsetting revenue from the collection of new user fees authorized under FSMA. New fees authorized under FSMA include an annual fee for participants in the voluntary qualified importer program (VQIP) and three fees for certain periodic activities involving reinspection, recall, and export certification.[27] FSMA did not impose any new facility registration fees. Prior to enactment, CBO estimated that about $240 million in new fees would be collected over the five-year period (FY2011-FY2015).[28] Taking into account these new fees, CBO estimated that covering the five-year cost of new requirements within FDA, including more

[23] The 20% estimate is based on information reported by the Government Accountability Office (GAO) in "Revamping Oversight of Food Safety," prepared for the 2009 Congressional and Presidential Transition, and appears to represent proportions of total spending for food consumed at home. The 10% estimate is based on data from USDA's Economic Research Service (ERS) on U.S. per capita food consumption at http://www.ers.usda.gov/data/foodconsumption/.

[24] HHS, Fiscal Year 2012 FDA, "Justification of Estimates for Appropriations Committees," February 14, 2011, http://www.fda.gov/downloads/AboutFDA/ReportsManualsForms/Reports/BudgetReports/UCM243370.pdf.

[25] P.L. 111-353 amended the Federal Food, Drug, and Cosmetic Act (FFDCA; 21 U.S.C. §§ 301 et seq.).

[26] CBO, Cost Estimate, "S. 510, Food Safety Modernization Act, as reported by the Senate Committee on Health, Education, Labor, and Pensions on December 18, 2009, incorporating a manager's amendment released on August 12, 2010," August 12, 2010, http://www.cbo.gov/ftpdocs/117xx/doc11794/s510.pdf. Reflecting the August 2010 Senate amendment to S. 510. Estimated total costs would be covered by a combination of user fees and direct appropriations (budget authority).

[27] FSMA, P.L. 111-353, Sections 107 and 401. Details of these annual and periodic fees are presented in CRS Report R40443, *The FDA Food Safety Modernization Act (P.L. 111-353)*.

[28] As estimated by CBO, these fees would be phased in as follows: $15 million (FY2011), $27 million (FY2012); $47 million (FY2013); $63 million (FY2014); and $89 million (FY2015).

frequent inspections, would require additional outlays of $1.1 billion. FSMA also authorized an increase in FDA staff, reaching 5,000 by FY2014.[29]

Although Congress authorized appropriations when it enacted FSMA, it did not provide the full funding needed for FDA to perform these activities. After FSMA was signed into law in January 2011, concerns were voiced about whether there would be enough money to overhaul the U.S. food safety system and also whether expanded investment in this area is appropriate in the current budgetary climate.[30] The Administration's budget requested a more than 30% increase in additional funding for FDA's food program, while its request for USDA's FSIS was lower compared to FY2010 appropriations (**Table 8**).[31]

As part of the House Appropriations Committee Oversight Plan, the Agriculture subcommittee held two budget hearings on USDA and FDA food safety in March 2011.[32] The Subcommittee also discussed the federal food safety inspection system, including coordination between USDA and FDA, and also FSMA implementation.

The House-passed FY2012 agriculture appropriations bill (H.R. 2112) provides for a reduction in agency funding for food safety efforts within FDA (-10%) and USDA (-4%). This raises questions about how FDA will be able to implement food safety reforms authorized in the 111th Congress, and also questions about how FDA and USDA will be able to invest in preventive efforts intended to address existing and emerging food safety threats.

Food and Drug Administration (FDA)

For all FDA programs, which includes appropriations for FDA foods and other programs, the House-passed bill would appropriate $2.147 billion (after the 0.78% rescission). Including funding from all authorized FDA user fees, the House bill estimates that total available funding for all of FDA would be $3.6 billion, which the committee reports as a slight increase in total available funds compared to FY2011.[33] Funding for all FDA program areas is more than $560 million (13%) lower in the House-passed bill, compared to the President's budget request.

For FDA's foods program, the House-passed bill appropriates $746.3 million, after the 0.78% rescission and not including funding from expected user fees—about one-third of FDA's budget authority for all its programs. Compared to FY2011, the House bill provides $91 million less for FDA's foods program for FY2012, approximately an 11% reduction in appropriated funding (**Table 8**). The House-passed bill also assumes FDA will collect another $48 million in new user fees under its foods program, as authorized under FSMA. These fees include $36 million in VQIP

[29] FSMA, P.L. 111-353, Section 401. By fiscal year, staff level increases were authorized to a total of not fewer than: 4,000 staff members (FY2011); 4,200 staff (FY2012); 4,600 staff (FY2013); and 5,000 staff (FY2014).

[30] See "Food Safety Bill Advocates Expect Funding Fight," *Food Safety News*, January 4, 2011.

[31] See "Obama's Budget Plan Would Boost FDA, Cut FSIS," *Food Safety News*, February 15, 2011.

[32] House Appropriations Committee, Subcommittee on Agriculture, Rural Development, Food and Drug Administration, and Related Agencies, Budget Hearing on USDA Food Safety (March 15, 2011) and Food and Drug Administration (March 11, 2011), http://appropriations.house.gov/Calendar/EventSingle.aspx?EventID=235975 and http://appropriations.house.gov/Calendar/EventSingle.aspx?EventID=235976.

[33] Does not include funding for FDA buildings and facilities, authorized at nearly $9 million, which is also below the Administration's request of $13 million.

fees and $12 million in food and feed recall fees. The bill does not provide break outs by the various activities within FDA's foods program.

Table 8. Appropriations for Food Safety

(FTE's as indicated, and budget authority in millions of dollars)

Agency/ Year	FTEs [a]	Appropriation	Program level, including fees
HHS Food and Drug Administration (FDA), "Foods" Subtotal Only			
FY2010 Appropriation	3,387	783.2	783.2
FY2011 Appropriation	3,387	837.4	837.4
FY2012 Administration Budget	4,173	955.3	1,035.1
H.R. 2112 (before rescission)	NA	752.2	799.8
H.R. 2112 (after 0.78% rescission)	NA	746.3	794.0
Comparison of H.R. 2112 after 0.78% rescission to:			
FY2011 Appropriation	*NA*	*-91.1 (-10.9%)*	*-43.4 (-5.2%)*
FY2012 Administration Budget	*NA*	*-209.0 (-21.9%)*	*-241.1 (-23.3%)*
USDA Food Safety and Inspection Service (FSIS)			
FY2010 Appropriation	9,401	1,018.5	NA
FY2011 Appropriation	9,587	1,006.5	NA
FY2012 Administration Budget	9,625	1,011.4	NA
H.R. 2112 (before rescission)	NA	972.0	NA
H.R. 2112 (after 0.78% rescission)	NA	964.4	NA
Comparison of H.R. 2112 after 0.78% rescission to:			
FY2011 Appropriation	*NA*	*-42.1 (-4.2%)*	*NA*
FY2012 Administration Budget	*NA*	*-47.0 (-4.6%)*	*NA*

Source: CRS using data from House-passed H.R. 2112 (H. Rept. 112-101). FTEs and FDA "Foods" are from USDA and FDA.

Notes: Percentages in parentheses reflect the difference between H.R. 2112 and FY2011 and budget request.

a. Staffing in full time equivalents. HHS, "Justification of Estimates for Appropriations Committees," Fiscal Year 2012 FDA, February 14, 2011, http://www.fda.gov/downloads/AboutFDA/ReportsManualsForms/Reports/BudgetReports/CM243370.pdf; and USDA, "2012 Explanatory Notes," Food Safety and Inspection Service, February 12, 2011, http://www.obpa.usda.gov/ 1fsis2012notes.pdf.

Compared to the Administration's budget request, the House bill provides $209 million less for FDA's foods programs for FY2012, approximately a 22% reduction (**Table 8**). Including expected fees, the House bill is roughly $240 million below the Administration's request, which projected a total need of $1.035 billion for FDA's food program for FY2012.[34] FDA justifies its requested increase to implement the various elements of the newly enacted food safety law, FSMA,

[34] Includes $955.3 million in budget authority plus $79.8 million in expected user fees. HHS, Fiscal Year 2012 FDA, "Justification of Estimates for Appropriations Committees," February 14, 2011, http://www.fda.gov/downloads/AboutFDA/ReportsManualsForms/Reports/BudgetReports/UCM243370.pdf.

including preventive controls on farms (FSMA Section 105); preventive controls for food and feed processing (FSMA Sections 101, 103, 104, 110, 204, 405); safe food transport (FSMA Section 111); retail food safety (FSMA Section 209); import oversight (FSMA Sections 201, 211, 301-308); and integrated Food Safety System (FSMA Sections 201, 205, 209 and 210), among other activities.[35] The House committee acknowledges CBO's projected estimate that FSMA implementation could require an additional $1.4 billion in new program level funding for FDA's foods program; however, the committee further states that if the President's FY2012 budget request were adopted, this would result in a 156% increase for FDA since 2004—a level of spending the committee deems "unsustainable."[36] The Obama Administration has criticized the House-passed reduction in funding for FDA's foods program.[37]

During the House floor debate, both Representatives Dingell and DeLauro introduced amendments to restore funding for FDA's food safety programs. These amendments were not adopted. Representative Dingell's amendment would have increased funding by $49 million for FDA's FSMA implementation and other food safety efforts, while Representative DeLauro's amendment would have increased funding by $1 million for FDA's Center for Food Safety and Applied Nutrition (CFSAN) to invest in foodborne illness preventive efforts.[38]

The House-passed bill also specifies that funds not be used for USDA's Microbiological Data Program, which is administered by the Agricultural Marketing Service (AMS) and tests samples of domestic and imported fresh fruits and vegetables to monitor for microbial contamination and foodborne pathogens frequently associated with foodborne illness. The committee report states that "other Federal and state public health agencies are better equipped to perform this function" and that these agencies, including FDA, the Centers for Disease Control and Prevention (CDC), and/or the state departments of health and agriculture, should either collect such data under their purview or "consider entering into reimbursable agreements with USDA."[39] During House floor debate, Representative Clarke introduced an amendment to restore $1 million for the Microbiological Data Program; however, this amendment was not adopted.

The committee-reported bill had included a provision seeking to prohibit funding for FDA rulemaking activities or guidance "intended to restrict the use of a substance or a compound" unless such a rule, regulation or guidance is based on "hard science" and "that the weight of toxicological evidence, epidemiological evidence, and risk assessments clearly justifies such action."[40] The provision was added in committee as an amendment by Representative Denny Rehberg. Chairman of the House Energy and Commerce Committee, Fred Upton, challenged the amendment as a violation of the House rule against legislating on a spending bill. Some media reports claim this provision is intended to prevent the FDA from restricting the use of antibiotics in feed for farm animals,[41] among other FDA actions including its consumer safety and tobacco regulation efforts.[42] The provision was later removed under a point of order.

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[35] Ibid.

[36] H.Rept. 112-101.

[37] See, for example, Helena Bottemiller, "Obama Blasts GOP for Food Safety Budget Cuts," *Food Safety News*, June 30, 2011.

[38] See, for example, *Congressional Record*, June 14-15, 2011, pp. H4164-H4165, H4253-H4256, and H4179-H4181.

[39] H.Rept. 112-101.

[40] Committee-reported bill, H.R. 2112, Section 740.

[41] "Upton Wants Amendment on FDA Rule Struck from Spending Bill," *CQ Today Online*, June 8, 2011; "Republicans target Obama anti-obesity measures," *Washington Post*, June 2, 2011; and "Farm, Food Programs Up for Cuts In House (continued...)

Food Safety and Inspection Service (FSIS)

For USDA's FSIS, the House-passed bill provides $964.4 million for FY2012, including the rescission. This compares to $1.007 billion for FY2011 and $1.011 billion in the Administration's request, a 4%-5% reduction from each (**Table 8**). This congressional appropriation would be augmented by existing (currently authorized) user fees, which FSIS had earlier estimated would total approximately $150 million,[43] as well as another $1 million credited to FSIS from fees collected for the cost of laboratory accreditation.[44] The House bill does not assume the adoption of two new user fees, proposed by the Administration, to partly recover the increased costs of providing additional inspections and related services. Estimated revenue from these two fees, which would require new authorizing legislation, would be an estimated $8.6 million and $4.0 million, respectively. The House report includes recommendations for FSIS to continue its efforts under an ongoing pilot inspection program for poultry slaughter inspection and its efforts to improve enforcement of the Humane Methods of Slaughter Act. The committee also urges FSIS to take the necessary steps to protect the public health from *E. coli* serotypes other than *E. coli* 0157:H7. The House-passed bill would further prohibit any funds from being paid for salaries or expenses of personnel to inspect horses under various meat inspection laws and regulations.

Farm Service Agency

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

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.

(...continued)

Agriculture Spending Bill," *CQ Weekly*, June 6, 2011.

[42] "House expected to strip FDA language, other parts of agriculture approps bill," *The Hill*, June 14, 2011; and "House Appropriations Amendment Would Weaken FDA's Authority over Tobacco, Unleash Big Tobacco on America's Kids," American Lung Association, June 1, 2011.

[43] USDA, 2012 Explanatory Notes, Food Safety and Inspection Service, February 12, 2011, http://www.obpa.usda.gov/21fsis2012notes.pdf.

[44] Authorized by section 1327 of the Food, Agriculture, Conservation and Trade Act of 1990 (7 U.S.C. 138f).

The House-passed bill for FY2012 would provide $1.434 billion for regular FSA salaries and expenses, $87 million less than FY2011 (-6%). USDA's budget justification for FY2012 proposes a 10% reduction (about 504 positions) for FY2012, after reducing the number of positions by about 363 in FY2011.[45] The House-passed bill is $284 million less than the Administration's request, and therefore would require greater staffing reductions unless most of the difference between the House bill and the Administration's request is a reduction in USDA's information technology modernization plan.

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 House-passed bill for FY2012 provides $107 million of loan subsidy to support $4.787 billion of direct and guaranteed loans. The loan subsidy is $40 million less than FY2011 (-27%), while the loan authority is $145 million more than FY2011 (+3%). Compared to FY2011, the House bill eliminates the guaranteed interest assistance operating loan program, consistent with the Administration's request and due to less demand for the program in the current lower interest rate environment. It increases direct farm operating loan authority by $100 million, and restores $150 million of loan authority for the 2008 farm bill's new conservation guaranteed loan program. The conservation loan program was defunded in FY2011.

Following the global financial crisis that began in 2008, demand for FSA farm loans and guarantees increased dramatically as bank lending standards became more strict.[46] In FY2009 and FY2010, supplemental appropriations increased the FSA loan authority by nearly $1 billion each year in order to meet demand. Thus, although the FY2012 loan authority proposed in the House is fairly consistent with the loan authority in recent regular annual appropriations, it is $1.2 billion less than the loan authority available in FY2010 including supplementals. Loan demand has remained fairly high in FY2011 and some programs in some states have at times exhausted their loan availability.

[45] USDA, FY2012 USDA Budget Explanatory Notes for Committee on Appropriations, p. 22-9 and 22-16, at http://www.obpa.usda.gov/22fsa2012notes.pdf.

[46] For more background, see CRS Report RS21977, *Agricultural Credit: Institutions and Issues*.

Table 9. USDA Farm Loans: Budget and Loan Authority, FY2010-FY2011, and FY2012 Proposed

(dollars in millions)

	FY2010			FY2011		FY2012		Change		
	Regular	Supp.	Total	P.L. 112-10		House H.R. 2112		From FY2011 to FY2012-House		From FY2010
FSA Farm Loan Program	Loan Authority	Loan Authority	Loan Authority	Budget Authority	Loan Authority	Budget Authority	Loan Authority	Budget Authority	Loan Authority	Loan Authority
Farm ownership loans										
Direct	650		650	33	475	23	475	-10.2	0	-175
Guaranteed	1,500	300	1,800	6	1,500	0	1,500	-5.7	0	-300
Farm operating loans										
Direct	1,000	350	1,350	57	950	59	1,050	+1.2	+100	-300
Guaranteed (unsubsidized)	1,500	250	1,750	35	1,500	26	1,500	-9.0	0	-250
Guaranteed (interest assistance)	170	50	220	17	122	0	0	-16.9	-122	-220
Conservation loans										
Direct	75		75	0	0	0	0	0.0	0	-75
Guaranteed	75		75	0	0	0	150	0.0	+150	+75
Individual Development Accounts						0				
Indian tribe land acquisition	4		4	0	4	0	2	+0.2	-2	-2
Indian highly fractured land loans	10		10	0	0	0	10	0.0	+10	0
Boll weevil eradication loans	100		100	0	100	0	100	0.0	0	0
Subtotal	**5,084**	**950**	**6,034**	**148**	**4,651**	**107**	**4,787**	**-40.3**	**+136**	**-1,247**
Salaries and expenses				305		259		-46.3		
Administrative expenses				8		8		-0.1		
Total	**5,084**	**950**	**9,618**	**461**	**4,651**	**374**	**4,787**	**-86.7**	**+136**	**-1,247**

Source: CRS, compiled from House-passed H.R. 2112, H.Rept. 112-101, P.L. 112-10, P.L. 111-80, P.L. 111-212, and unpublished appropriations tables.

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. (Discretionary appropriations for Farm Service Agency salaries and expenses pay for administration of the programs.) Most spending for USDA's mandatory agriculture and conservation programs was authorized by the 2008 farm bill (P.L. 110-246).[47]

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, food aid, and rural development programs. Emergency supplemental spending also has been paid from the CCC over the years, particularly for ad hoc farm disaster payments, for direct market loss payments to growers of various commodities in response to low farm commodity prices, and for animal and plant disease eradication efforts.

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

Mandatory outlays for the commodity programs rise and fall automatically based on economic or weather conditions. Funding needs are difficult to estimate, which is a primary reason that the programs are mandatory rather than discretionary. More or less of the Treasury line of credit may be used year to year. Similarly, the congressional appropriation may not always restore the line of credit to the previous year's level, or may repay more than was spent. For these reasons, the appropriation to the CCC may not reflect outlays.

To replenish CCC's borrowing authority with the Treasury, the FY2012 House-passed appropriation concurs with the Administration request for an indefinite appropriation ("such sums as necessary") for CCC. The appropriation is estimated to be $14.1 billion, up 1% from FY2011. Such amounts ranged from $13.0 billion in FY2008, to $15.1 billion in FY2010.

Several amendments were raised in the House Appropriations Committee markup and floor proceedings that would affect CCC programs.

First, CCC funding that is used to make a payment to the Brazil Cotton Institute—per an agreement under a WTO settlement stemming from a case that Brazil won against the U.S. farm subsidy program[48]—was used as a budgetary offset in a committee-adopted amendment to

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

[48] In 2009, Brazil announced that it was authorized by the WTO to impose trade retaliation against U.S. goods. Among the countermeasures was $147.3 million for the adverse effects from U.S. price-contingent subsidies. The United States agreed to pay $147.3 million annually into a Brazilian fund known as the Brazilian Cotton Institute for technical assistance and capacity building for Brazil's cotton sector. For more background, see CRS Report RL32571, *Brazil's WTO Case Against the U.S. Cotton Program*.

increase funding for the Women, Infants, and Children (WIC) program. An amendment by Representative DeLauro was adopted in the committee-reported version of the bill that increased the funding for WIC by $147 million (relative to the subcommittee draft) by prohibiting USDA from making the Brazil Cotton Institute payment. The DeLauro amendment had two parts. The increased money for WIC was built into the $6.048 billion for WIC in the committee-reported version of the bill. The offset portion of the DeLauro amendment—the payment to Brazil—was to come from mandatory funds under the jurisdiction of the Agriculture authorizing committee (sec. 743 of the committee-reported bill). This offset provision was left unprotected from points of order by the rule for floor consideration (H.Res. 300). Subsequently, on the floor, Representative Lucas successfully raised a point of order against the offset portion on the grounds that it violated a rule against legislating in an appropriations bill, and the provision was removed.[49]

Second, a Brazil Cotton Institute amendment did survive in the House-passed bill, however. A floor amendment by Representative Kind to prohibit payment to the Brazil Cotton Institute was adopted by a vote of 223-197 (sec. 751 of the House-passed bill). The Kind amendment had essentially the same language as the DeLauro offset provision, except it states, "None of the funds made available by this Act," rather than the more strict "None of the funds made available by this Act or any other Act." The difference was significant enough not to prompt a point of order. Moreover, the Congressional Budget Office did not assign any budgetary savings to the provision. Thus, while the House-passed provision appears to prevent the payment to the Brazil Cotton Institute, CBO's budget scoring does not suggest that it has the same effect as the original DeLauro language.

Third, a committee-adopted amendment (sec. 741 of the committee-reported bill) would have required USDA to reduce the payment rate for upland cotton—part of the direct payment program in the 2008 farm bill—by an amount to offset the costs of the $147 million payment to the Brazil Cotton Institute. Like the DeLauro amendment, it was unprotected in the rule for floor consideration, and was stripped by a point of order for legislating in an appropriations bill.

Fourth, another related committee-adopted amendment (sec. 744 of the committee-reported bill) would have prevented USDA from making certain farm commodity program payments to farmers with Adjusted Gross Income (AGI) exceeding $250,000. This would have effectively lowered the 2008 farm bill AGI limitations of $500,000 nonfarm AGI and $750,000 of farm AGI. As in the cases above, the amendment was unprotected in the rule for floor consideration, and Chairman Lucas from the Agriculture Committee successfully challenged the provision by a point of order.

Finally, Representative Flake offered a floor amendment to the same effect as the AGI amendment above, but it was rejected by a vote of 186-228. Representative Blumenauer also offered a different payment limits amendment—to prevent payments in excess of $125,000 per year to any individual. It was rejected by a vote of 154-262.

[49] But only the prohibition against making the payment to Brazil was removed; the increase to WIC was retained since it was embedded in a separate portion of the bill. Then, in order to preserve the increased funding for WIC but keep the bill at the same funding level so that it did not exceed the House's discretionary limit for the whole agriculture appropriations bill (since the $147 million of savings from sec. 743 was removed), Rep. Kingston offered an amendment—adopted by voice vote—for an across-the-board 0.78% rescission to discretionary accounts in the bill (a new sec. 743 of the House-passed bill) that was scored to save $147 million.

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 (about 60% subsidy, on average). 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.[50]

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

For the salaries and expenses of the RMA in FY2012, the House-passed bill would provide $68 million, down 14% from FY2011 and in line with the overall reductions in discretionary spending for agriculture. For FY2012, the Administration requested a 4% increase from FY2011 to cover additional information technology costs.

In FY2012, the bill would also provide $3.1 billion for the Federal Crop Insurance Fund, or $4.5 billion less than estimated for FY2011.[51] The FY2012 amount is substantially lower than for FY2011, largely because of a one-time shift in the timing of cash flows specified in the 2008 farm bill to generate budgetary savings within the five-year horizon of the bill. The farm bill provisions allow USDA to collect two crop years of premiums from farmers during FY2012 (by moving forward the premium billing date beginning with 2012), and delay the 2012 payment of reimbursements and underwriting gains to insurance companies into the next fiscal year. Therefore, the reduction reflected in the FY2012 appropriation mostly reflects an accounting change, rather than a reduction in program benefits to farmers.

The House-passed bill for FY2012 and the enacted appropriation for FY2011 both prohibit use of funds under the Federal Crop Insurance Act for performance-based premium discounts to farmers. In early 2011, RMA had proposed a program to reward farmers participating in the federal crop insurance program for good performance. It would have been funded by savings derived from USDA's renegotiation of the Standard Reinsurance Agreement with insurance companies in 2010. As designed by USDA, the program would have made payments based on each qualified producer's history in the program. Members of Congress were concerned about program design, including the possibility of sending payments to producers who were no longer in the program and how such payments would constitute a discount on current crop insurance purchases.

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[50] For more information on crop insurance, see CRS Report R40532, *Federal Crop Insurance: Background and Issues*.

[51] The actual amount required to cover program losses and other subsidies is subject to change based on actual crop losses and farmer participation rates in the program.

Conservation

More than 20 USDA agricultural conservation programs assist private landowners with natural resource concerns. These include 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 Credit Corporation (CCC). Other conservation programs, mostly technical assistance, are discretionary and funded through annual appropriations.[52]

The House-passed bill accepted, and in some programs exceeded, many of the Administration's proposed reductions to both mandatory and discretionary conservation programs for FY2012. The House-passed bill would reduce discretionary NRCS funding by $100 million (from $888 million in FY2011 to $783 million in FY2012, after the 0.78% rescission). The Administration's proposal would have increased discretionary funding $10 million to $899 million in FY2012.

Mandatory programs authorized under the 2008 farm bill are authorized to automatically increase by an estimated $880 million in FY2012. The House-passed bill would reduce certain mandatory conservation programs by over $1 billion in FY2012. The Administration request would make smaller total reductions ($585 million) to fewer programs. 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 FY2012 appropriation may revert to a trend prior to the 2008 farm bill that reduces mandatory funding for multiple conservation programs.

Discretionary Conservation Programs

All of the discretionary conservation programs are administered by NRCS. Most of the reduction in discretionary funding in the House-passed bill is for Conservation Operations (CO), the largest discretionary program. The House-passed bill would provide $765 million for FY2012 (after rescission; $106 million less than FY2011 and $134 million less than the Administration's request). The House report also directs funding for several Administration initiatives proposed in the budget, including $5 million for the Conservation Effects Assessment Project (the Administration requested a $7 million increase), $5 million for the Conservation Delivery Streamlining Initiative (the Administration requested an $11.3 million increase), and the removal of funds for the Grazing Lands Conservation Initiative. Other Administrative initiatives proposed in the budget were rejected in the House report, including a $15 million requested increase for the Strategic Watershed Action Teams and the Administration's proposal to charge a fee for comprehensive conservation planning, a core activity currently provided to producers for free.

The House report also urged NRCS to continue collaboration with the National Marine Sanctuaries. The U.S. Forest Service and NRCS, along with other public agencies, private industries, and conservation groups have partnered with the National Oceanic and Atmospheric

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[52] For a brief description of the individual USDA agricultural conservation programs, see CRS Report R40763, *Agricultural Conservation: A Guide to Programs*.

Administration's (NOAA) National Marine Sanctuaries to address water quality concerns in the Monterey Bay watershed of California.[53]

The House-passed bill maintains funding for other discretionary programs that the Administration proposed to terminate, including the Watershed and Flood Prevention Operations ($3 million to remain available until expended) and the Watershed Rehabilitation Program ($15 million). Funding for the Watershed and Flood Prevention Operations was included in the House-passed bill as an amendment introduced and passed on the floor. The increase was offset by a reduction to the agricultural buildings and facilities and rental payments account.

The FY2011 long-term continuing resolution terminated funding for the Resource Conservation and Development (RC&D) program. The RC&D program was authorized in 1962 and consists of 375 designated RC&D areas across the country. An RC&D area is a locally defined multi-county area, sponsored and directed by an RC&D council. NRCS assists RC&D councils through an RC&D coordinator, who facilitates the development and implementation of an individualized and locally determined program (i.e., area plan). According to testimony offered by the Chief of NRCS, approximately 80% of the RC&D budget is directed toward personnel.[54] The Chief also testified that termination of RC&D funding could mean that the 140 healthiest RC&D councils might survive on funds from elsewhere, while the other 235 will likely be dissolved.[55]

Following termination of the RC&D program, as well as other funding reductions in FY2011, the Office of Management and Budget (OMB) approved buyout and early retirement packages for 544 positions at USDA. Over 400 of the 544 buyout offers were made available to NRCS employees.[56] It is unclear how many buyout offers will be accepted at NRCS and whether buyout packages will provide enough budgetary relief from the FY2011 funding reductions. Additional reductions in staffing could be necessary if the House-passed reductions of $106 million in discretionary funding and $1 billion in mandatory funding are adopted for FY2012.

Mandatory Conservation Programs

Mandatory conservation programs are administered by NRCS and FSA. Funding comes from the CCC and therefore does not require an annual appropriation. The House bill accepts many of the Administration's proposed $585 million of reductions to mandatory conservation programs and makes further cuts below authorized levels. The House-passed bill would reduce these programs by over $1 billion, which is $389 million more than the FY2011 reduction of $673 million (see discussion in "Changes in Mandatory Program Spending (CHIMPS)" and **Table 10**).

Funding for the largest conservation program, FSA's Conservation Reserve Program (CRP), would not change and was estimated at about $2.2 billion for FY2012. The House-passed bill would limit the Environmental Quality Incentives Program (EQIP), NRCS's largest working

[53] NOAA, National Marine Sanctuaries*, Monterey Bay Issue Name: Water Quality – WQPP Implementation*, http://sanctuaries.noaa.gov/jointplan/mb_wq_wqpp.html.

[54] U.S. Congress, House Committee on Appropriations, Subcommittee on Agriculture, Rural Development, Food and Drug Administration, and Related Agencies, *Budget Hearing, USDA—Under Secretary for Natural Resources and Environment*, Testimony of Dave White, Chief of NRCS, 112th Cong., 1st sess., April 5, 2011.

[55] "USDA Natural Resources Conservation Service Leadership Testifies at House Appropriations Hearing," *National Sustainable Agriculture Coalition*, April 6, 2011, http://sustainableagriculture.net/blog/nrcs-appropriations-hearing/.

[56] "USDA: Buyouts offered to 400 conservation-service employees," *Greenwire*, June 3, 2011.

lands program, to $1.4 billion for FY2012—a reduction of $350 million from the authorized level of $1.75 billion in the 2008 farm bill. The House-passed bill's reductions are more extensive than USDA's proposal for other programs, such as the Conservation Stewardship Program (CSP, $210 million reduction), the Wetlands Reserve Program (WRP, estimated $200 million reduction), Watershed Rehabilitation Program ($165 million reduction), and the Wildlife Habitat Incentives Program (WHIP, $35 million reduction). The House-passed bill included reductions to programs that would not have been reduced under the Administration's proposal, including the Farmland Protection Program (FPP, $50 million reduction) and the Voluntary Public Access and Habitat Incentives Program (VPAHIP, estimated $17 million reduction). The House-passed bill also would reduce the Grasslands Reserve Program (GRP, estimated $30 million reduction), though not as much as the Administration's proposal (**Table 10**).

Table 10. Mandatory Conservation Program Reductions, FY2011 and FY2012 Proposed

(dollars in millions)

	FY2011	FY2012			Differences	
Program	**Allowed levels under P.L. 112-10**	**Authorized level under the 2008 farm bill**	**Admin. Request**	**House H.R. 2112**	**Between H.R. 2112 and Authorized**	**Between H.R. 2112 and Request**
EQIP	1,238	1,750	1,408	1,400	-350	-8
CSP	649	844 [a]	842 [a]	634	-210	-208
WRP	425 [a]	617 [a]	608 [a]	417 [a]	-200	-191
Dam Rehab	0	165	0	0	-165	0
FPP	175	200	200	150	-50	-50
WHIP	85	85	73	50	-35	-23
GRP	120 [a]	92 [a]	42 [a]	62 [a]	-30	20
VPAHIP	21 [b]	17	17	0	-17	-17
AMA	15	15	10	10	-5	0
Total	**2,162**	**2,232**	**1,708**	**2,244**	**-1,062**	**-477**

Sources: P.L. 112-10, House-passed H.R. 2112, and CBO March 2011 Baseline for CCC & FCIC.

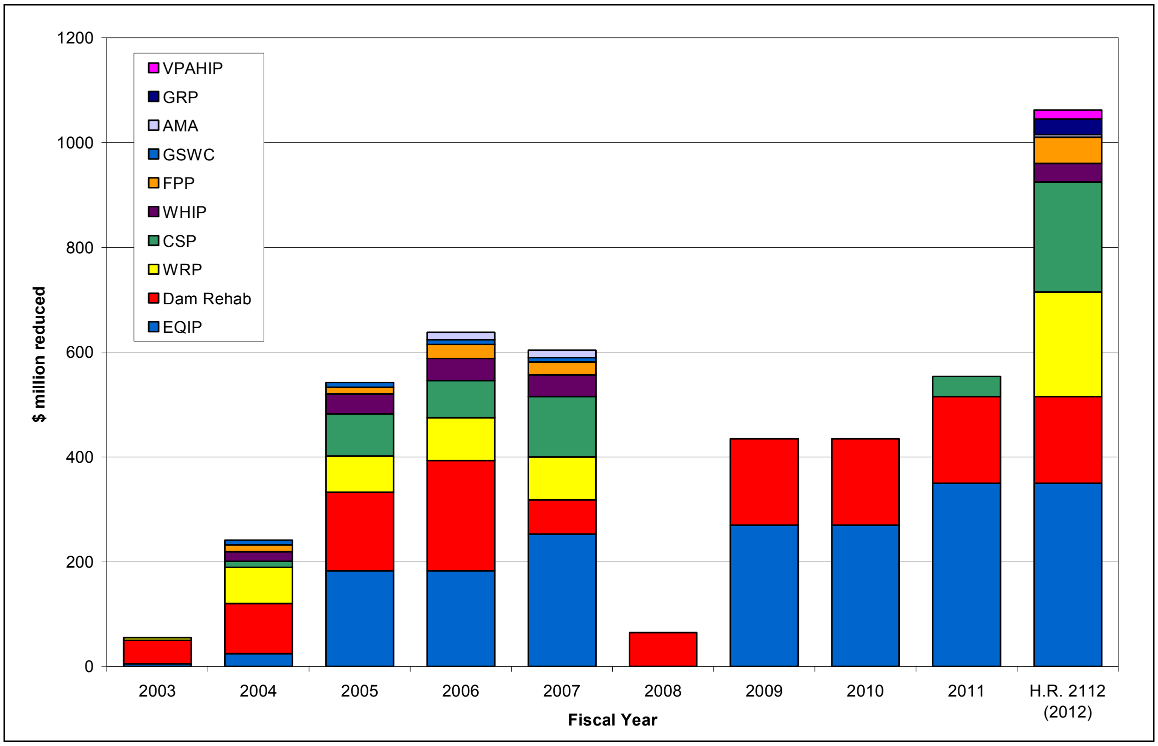
Notes: EQIP = Environmental Quality Incentives Program; CSP = Conservation Stewardship Program; WRP = Wetlands Reserve Program; Dam Rehab = Watershed Rehabilitation Program; FPP = Farmland Protection Program; WHIP = Wildlife Habitat Incentives Program; GRP = Grasslands Reserve Program; VPAHIP = Voluntary Public Access and Habitat Incentives Program; and AMA = Agricultural Management Assistance Program.

a. Calculated by CRS based on CBO estimates. CSP, WRP, and GRP are authorized to enroll acres and are not limited by dollar amounts. Estimates are based on the total acres each program is authorized to enroll.

b. VPAHIP is authorized to spend $50 million between FY2009 and FY2012. Annual levels are CBO estimates based on program expenditures.

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. Prior to the 2008 farm bill, reductions to conservation programs through appropriations law peaked in FY2006 with a reduction totaling $638 million (**Figure 12**). Since the passage of the 2008 farm bill, reductions have been made primarily to EQIP and the Watershed Rehabilitation Program. The reductions in the House-passed bill for FY2012 would be the largest reduction to mandatory conservation programs to date.

Figure 12. Mandatory Conservation Program Reductions, FY2003-FY2011 and FY2012 Proposed



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

Notes: The FY2008 appropriations act (P.L. 110-161) limited EQIP, but the 2008 farm bill (P.L. 110-246) was enacted later and superseded the appropriation reduction. The 2008 farm bill restored and increased EQIP funding. The FY2008 farm bill also suspended the Conservation Security Program and created the Conservation Stewardship Program. Therefore, prior to 2008, CSP refers to the Conservation Security Program; after 2008, CSP refers to the Conservation Stewardship Program.

Several conservation, environmental, and farm constituency groups that support conservation programs decry reductions from the funding commitment established in the farm bill. Members of the House Agriculture Committee also have expressed concern over the reductions, which some consider to be an encroachment of the committee's jurisdiction.[57] House Appropriators acknowledged these concerns with the following statement in the House report:[58]

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[57] Letter from Frank Lucus, Chairman of the House Committee on Agriculture, and Collin Peterson, Ranking Majority Member, to Paul Ryan, Chairman of the House Committee on Budget, March 15, 2011, http://agriculture.house.gov/pdf/business-meeting/BudgetviewsestimateletterFY12.pdf; and Letter from Collin Peterson, Ranking Member of the House Committee on Agriculture, to David Dreier, Chairman of the House Committee on Rules, June 13, 2011, http://democrats.agriculture.house.gov/06-13-2011%20Peterson%20to%20Rules%20HR2112.pdf.

[58] H.Rept. 112-101, page 105.

> The bill includes over $1.5 billion in limitations on mandatory programs, most of them funded in the 2008 farm bill and most of them in the conservation and bio-energy areas. We expect deep concern about these cuts from the Agriculture Committee, as well as persons supporting these programs.

While most conservation advocates criticize reduced conservation funding for any fiscal year, additional emphasis is placed on reductions proposed in FY2012. Most farm bill program authority will expire at the end of FY2012. Because CBO uses the last year of authorization to determine the 10-year funding baseline for the farm bill reauthorization, a reduction in the last year of a farm bill's authorization could multiply the effect on the 10-year farm bill.

To address this concern, the House-passed bill would extend select farm bill expiration dates to 2014. These programs' authorities—EQIP, WHIP, CSP, and FPP—currently expire in 2012. The extension allows appropriators to score savings in FY2012, but not affect the overall farm bill baseline. CBO could score the amended conservation programs based on their authorized funding level in 2014, which is higher than their reduced level in the House-passed bill. Thus the reductions in the House-passed bill would have less of an effect on the Agriculture Committee's overall farm bill baseline. Just as the savings from conservation reductions in the 2012 House-passed bill are not always redirected toward other conservation activities, the reestablishment of the farm bill baseline through expiring conservation programs does not guarantee that future farm bills will extend the same level of support for conservation.

Programs that are reduced in the House-passed bill but do not have a baseline beyond 2012—when most farm bill program's authority expires—are not extended. Programs such as WRP and GRP do not have a budget baseline beyond 2012 and therefore reductions in 2012 would not affect the overall farm bill baseline. For this reason, some view these programs to be more vulnerable to reductions in appropriations. For example, the Voluntary Public Access and Habitat Incentives Program has authority to spend $50 million until September 30, 2012, and has no baseline funding beyond 2012.[59] Under the House-passed bill, no funds are to be expended in FY2012, effectively terminating the program before its authorized expiration. Extending the authority of these programs would require an offset or reduction elsewhere under current budget law and procedures.

Rural Development

Three agencies are responsible for USDA's rural development mission area: the Rural Housing Service (RHS), the Rural Business-Cooperative Service (RBS), and the Rural Utilities Service (RUS). An Office of Community Development provides community development support through field offices. This mission area also administers Rural Economic Area Partnerships and the National Rural Development Partnership.[60]

For FY2012, the House-passed appropriation bill (H.R. 2112) recommends $2.24 billion in discretionary budget authority (after the 0.78% across-the-board rescission) to support $34.8 billion in USDA rural development loan and grant programs (**Table 11**). The committee's

[59] For more information about programs without a baseline, see CRS Report R41433, *Previewing the Next Farm Bill: Unfunded and Early-Expiring Provisions*.

[60] For more about rural development programs generally, CRS Report RL31837, *An Overview of USDA Rural Development Programs*.

recommendation is $399 million less (-15%) in budget authority than FY2011 and approximately $1 billion less in loan authority (-3%). The Administration had requested $2.44 billion in budget authority and $33.8 billion in loan authority.

Salaries and expenses within Rural Development are funded from a direct appropriation and transfers from each of the agencies. The combined salaries and expenses total in the House-passed bill is $590 million, $98 million less than FY2011 (-14%). Amounts for each agency, after the transfer of salaries, are discussed in the following sections.

Table 11. Rural Development Appropriations, by Agency, FY2010-FY2011 and FY2012 Proposed

(budget authority in millions of dollars)

	FY2010	FY2011	FY2012		Change from FY2011 to FY2012-House	
Program	**P.L. 111-80**	**P.L. 112-10**	**Admin. Request**	**House Error! Reference source not found. a H.R. 2112**	**$**	**%**
Salaries and expenses (direct)	202.0	191.6	234.3	159.8	-31.8	-17%
Transfers from RHS, RBCS, RUS	513.5	496.7	456.7	430.1	-66.6	-13%
Subtotal, salaries and exp.	**715.5**	**688.3**	**691.0**	**589.9**	**-98.4**	**-14%**
Rural Housing Service	1,424.2	1,224.0	1,034.3	1,037.3	-186.6	-15%
Rural Business-Cooperative Service	184.8	127.8	180.5	93.6	-34.3	-27%
Rural Utilities Service	653.4	596.7	537.0	516.9	-79.8	-13%
Undersecretary for Rural Development	0.9	0.9	0.9	0.8	-0.1	-11%
Total, Rural Development	**2,978.8**	**2,637.8**	**2,443.6**	**2,238.5**	**-399.3**	**-15%**

Source: CRS, complied from House-passed H.R. 2112, H.Rept. 112-101, P.L. 112-10, P.L. 111-80, and unpublished appropriations tables.

a. Amounts shown for H.R. 2112 are estimates that reflect the across-the-board 0.78% rescission to discretionary accounts in sec. 743.

In report language, the Committee notes that the FY2012 budget request proposed a Regional Innovation Initiative. The initiative would support a proposed new rural development strategy based on five pillars: (1) rural broadband, (2) biofuels and biobased products, (3) linking local production and consumption of farm products, (4) ecosystem markets to pay producers for sequestering carbon, and (5) forest restoration and private land conservation. The Committee provides no funding for the Initiative, stating that they have not received requested information from USDA on the Initiative's purpose and plans. The Committee directs USDA not to spend any funds of the Rural Community Development Initiative on the Regional Innovation Initiative. Likewise, the Committee also directs USDA not to spend any funds on the Know Your Farmer, Know Your Food Initiative.[61] Local and regional food projects may be eligible for funding

[61] For more information and a discussion of a funding limitation in the House-passed bill, see the section "USDA's "Know Your Farmer, Know Your Food" Initiative" later in this report.

independently under several USDA Rural Development programs (e.g., Business and Industry Guaranteed loans, Rural Business Enterprise Grants, Community Facilities loans).

Rural Housing Service (RHS)

The House-passed bill recommends $1.43 billion in budget authority for RHS (after the 0.78% across-the-board rescission, **Table 12**). After transferring salaries and expenses, the amount for RHS loans and grants is $1.04 billion, $187 million less than FY2011 (-15%). The House bill recommends a total of $26.0 billion in RHS loan authority for FY2012, $278 million more than enacted for FY2011 (+1%). Within RHS, $18 million of budget authority supports the Rural Community Facilities account, providing loans and grants for "essential community facilities" in areas with less than 20,000 population. This is $23 million less than enacted for FY2011 (-57%). The Community Facilities budget includes $10 million in grants (-33% compared to FY2011), $5 million to support $1.1 billion of direct and guaranteed loans, and $3.0 million for the Rural Community Development Initiative (-40% compared to FY2011). The House bill proposes to eliminate funding for Economic Impact Initiative grants and grants to tribal colleges.

Single-family housing loans (also known as "Section 502" direct and guaranteed loans; that is, Section 502 of the Housing Act of 1949) constitute the largest RHS loan account and represent 95% of the total loan authority under RHS for FY2012. The House bill recommends $24.8 billion in loan authorization for Section 502 direct and guaranteed loans, $276 million less than FY21011 but $634.2 million more than requested. The guaranteed loan program is by far the larger with $24 billion of the $24.8 billion total. The bill would eliminate funding for housing repair loans (Section 504, $23.4 million in FY2011), and multi-family loan guarantees (Section 538, $31.0 million in FY2011). The House bill also recommends $20.0 million in loan subsidies for Section 515 rental housing to support $58.6 million in loans ($11 million less in loans than in FY2011).

For the rental assistance program (Section 521), the House bill recommends $897 million, a decrease of $70 million from FY2011 (-7%). For mutual and self-help housing grants, the bill recommends $22 million (-41%); for rural housing assistance grants, $32.0 million (-21%).

Table 12. Rural Housing Service Appropriations, FY2010-FY2011 and FY2012 Proposed

(budget authority in millions of dollars)

	FY2010	FY2011	FY2012		Change from FY2011 to FY2012-House	
Program	P.L. 111-80	P.L. 112-10	Admin. Request	House [a] H.R. 2112	$	%
Rural Housing Insurance Fund (RHIF) programs						
Administrative expenses (transfer)	468.6	453.5	411.8	396.9	-56.6	-12%
Single family direct loans (sec. 502)	40.7	70.1	10.0	39.7	-30.4	-43%
Loan authority	*1,121.5*	*1,121.4*	*211.4*	*845.7*	*-275.7*	*-25%*
Single family guaranteed loans [b]	172.8	0.0	0.0	0.0	0.0	0%
Loan authority	*12,000.0*	*24,000.0*	*24,000.0*	*24,000.0*	*0.0*	*0%*
Other RHIF programs [c]	45.1	71.3	51.7	32.2	-39.1	-55%

Program	FY2010 P.L. 111-80	FY2011 P.L. 112-10	FY2012 Admin. Request	FY2012 House [a] H.R. 2112	Change from FY2011 to FY2012-House $	Change from FY2011 to FY2012-House %
Loan authority [c]	*281.8*	*171.0*	*122.5*	*76.9*	*-94.1*	*-55%*
Subtotal, RHIF	**727.2**	**575.2**	**473.5**	**468.8**	**-106.3**	**-18%**
Loan authority	***13,403.3***	***25,292.4***	***24,333.9***	***24,922.6***	***-369.8***	***-1%***
Other housing programs						
Rental assistance (sec. 521)	968.6	948.7	900.7	879.1	-69.6	-7%
Other rental assistance [d]	11.4	5.0	6.0	4.0	-1.1	-22%
Multifamily housing revitalization	43.2	29.9	16.0	10.9	-19.0	-63%
Mutual & self-help housing grants	41.9	36.9	0.0	21.8	-15.1	-41%
Rural housing assistance grants	45.5	40.3	11.5	31.8	-8.6	-21%
Rural Community Facilities Program						
Community Facilities: Grants	20.4	15.0	30.0	9.9	-5.0	-33%
Community Facilities: Direct loans	3.9	3.9	0.0	0.0	-3.9	-101%
Loan authority	*295.0*	*290.5*	*1,000.0*	*1,000.0*	*+709.5*	*+244%*
Community Facilities: Guarantees	6.6	6.6	0.0	5.0	-1.7	-26%
Loan authority	*206.4*	*167.7*	*0.0*	*105.7*	*-62.0*	*-37%*
Rural community dev. initiative	6.3	5.0	8.4	3.0	-2.0	-40%
Economic impact initiative grants	13.9	7.0	0.0	0.0	-7.0	-100%
Tribal college grants	4.0	4.0	0.0	0.0	-4.0	-101%
Subtotal, Rural Comm. Facil.	**55.0**	**41.4**	**38.4**	**17.9**	**-23.5**	**-57%**
Loan authority	***501.4***	***458.3***	***1,000.0***	***1,105.7***	***+647.4***	***+141%***
Total, Rural Housing Service						
Budget authority	1,892.8	1,677.5	1,446.0	1,434.2	-243.2	-14%
Less transfer salaries & exp.	-468.6	-453.5	-411.8	-396.9	+56.6	-12%
Total, Rural Housing Service	**1,424.2**	**1,224.0**	**1,034.3**	**1,037.3**	**-186.6**	**-15%**
Loan authority	***13,904.7***	***25,750.7***	***25,333.9***	***26,028.3***	***+277.6***	***+1%***

Source: CRS, complied from House-passed H.R. 2112, H.Rept. 112-101, P.L. 112-10, P.L. 111-80, and unpublished appropriations tables.

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

a. Amounts shown for H.R. 2112 are estimates that reflect the across-the-board 0.78% rescission to discretionary accounts in sec. 743.

b. The defunding of appropriations for this loan guarantee program does not reflect a reduction in loan authority. It became self-funding in 2010 after enactment of higher loan guarantee fees being charged to banks (sec. 102 of P.L. 111-212) and therefore no longer needs an appropriation.

c. 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, Sec. 523 self-help housing land development, and farm labor housing,

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

Rural Business-Cooperative Service (RBS)

The House-passed bill recommends $93.6 million in budget authority for RBS for FY2012 (after the 0.78% rescission and after transferring salaries, **Table 13**), about $36 million less than enacted for FY2011 (-27%). For all RBS loan programs, the bill recommends $679 million in loan authorization, approximately $273 million less than FY2011 (-29%).

Table 13. Rural Business-Cooperative Service Appropriations, FY2010-FY2011 and FY2012 Proposed

(budget authority in millions of dollars)

	FY2010	FY2011	FY2012		Change from FY2011 to FY2012-H	
Program	**P.L. 111-80**	**P.L. 112-10**	**Admin. Request**	**House [a] H.R. 2112**	**$**	**%**
Rural Business Program Account						
Guar. Bus. & Ind. (B&I) Loans	52.9	44.9	52.5	39.7	-5.2	-12%
Loan authority	*993.0*	*889.1*	*822.9*	*627.0*	*-262.2*	*-29%*
Rural bus. enterprise grants	38.7	34.9	29.9	19.8	-15.1	-43%
Rural bus. opportunity grants	2.5	2.5	7.5	2.2	-0.2	-8%
Delta regional authority grants	3.0	3.0	0.0	2.2	-0.7	-24%
Rural Development Loan Fund Program						
Admin. expenses (transfer)	4.9	4.9	4.9	3.5	-1.5	-30%
Loan subsidy	8.5	7.4	12.3	5.0	-2.4	-32%
Loan authority	*33.5*	*19.2*	*36.4*	*14.8*	*-4.4*	*-23%*
Rural Econ. Dev.: Loan authority	33.1	33.1	33.1	33.1	0.0	0%
Rural coop. development grants	34.9	30.2	35.9	22.3	-7.9	-26%
Rural Microenterprise Inv.: Grants	2.5	0.0	2.9	0.0	0.0	0%
Loan subsidy	2.5	0.0	2.9	0.0	0.0	0%
Loan authority	*11.8*	*0.0*	*8.7*	*0.0*	*0.0*	*0%*
Rural Energy for America: Grants	19.7	2.5	34.0	1.1	-1.4	-56%
Loan subsidy	19.7	2.5	2.8	1.1	-1.4	-56%
Loan authority	*144.2*	*10.8*	*10.6*	*4.4*	*-6.4*	*-59%*
Biorefinery Assist.: Loan subsidy	0.0	0.0	0.0	0.0	0.0	0%
Loan authority	*0.0*	*0.0*	*0.0*	*0.0*	*0.0*	*0%*
Total, Rural Business-Cooperative Service						
Budget authority	189.7	132.8	185.5	97.0	-35.7	-27%
Less transfer salaries & exp.	-4.9	-4.9	-4.9	-3.5	+1.5	-30%
Total	**184.8**	**127.8**	**180.5**	**93.6**	**-34.3**	**-27%**
Loan authority	***1,215.7***	***952.2***	***911.7***	***679.2***	***-273.0***	***-29%***

Source: CRS, complied from House-passed H.R. 2112, H.Rept. 112-101, P.L. 112-10, P.L. 111-80, and unpublished appropriations tables.

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

a. Amounts shown for H.R. 2112 are estimates that reflect the across-the-board 0.78% rescission to discretionary accounts in sec. 743.

Within RBS, the Rural Business Program account would receive $64.5 million in the House bill, about $21 less than FY2011 (-24.4%). For the Rural Energy for America Program (REAP), the House bill recommends $2.2 million (-56% FY2011). No discretionary funding is recommended for the Rural Microentrepreneur Assistance Program, the same as for FY2011. The House bill also would rescind the $3.0 million in authorized mandatory spending for the program (**Table 6**).

Rural Utilities Service (RUS)

The House-passed bill recommends $517 million in budget authority for RUS for FY2012 (after the 0.78% across-the-board rescission, and after transferring salaries, **Table 14**). This is $80 million less than FY2011 (-13%). The total loan authority for RUS programs would be $8.1 billion, about $1 billion less than FY2011 (-11%).

Loan subsidies and grants under the Rural Water and Waste Disposal Program account represent the largest share of FY2012 budget authority under RUS programs (approximately 92% of the total). The House bill recommends $496 million in budget authority, $32 million less than FY2011 (-6%). This budget authority would support $730.7 million in direct and guaranteed loans, $168 million less than FY2011 (-19%). The budget authority is divided among the following programs: (1) Water/Waste Water direct loan subsidies ($70.0 million) and grants ($327.1 million); (2) Solid Waste Management program ($3.4 million); Individual Well Water grants ($993,000); and Water and Waste Water revolving fund ($497,000). The bill recommends no funding for High Energy Cost grants ($12.0 million in FY2011).

The House bill would transfer $30.0 million in rural electric loan program administrative expenses to USDA Rural Development to support $7.3 billion in electric and telecommunication loans, $500.0 million less than FY2011. Most of the recommended loan authority is for direct Federal Finance Back electric loans.

Under the Distance Learning/Telemedicine program, the House bill recommends $15 million in grant support, $17.6 million less than FY2011 (-54%).

The Committee-reported bill would have eliminated funding for rural broadband ($13 million of grants and $22 million of loan subsidy supporting $400 million of loans in FY2011). However a floor amendment restored $6 million for rural broadband direct loans. At the loan-to-subsidy ratio that applied to FY2011, this would allow about $108 million of loans.

Table 14. Rural Utilities Service Appropriations, FY2010-FY2011 and FY2012 Proposed

(budget authority in millions of dollars)

Program	FY2010 P.L. 111-80	FY2011 P.L. 112-10	FY2012 Admin. Request	FY2012 House [a] H.R. 2112	Change from FY2011 to FY2012-H $	Change from FY2011 to FY2012-H %
Rural Water and Waste Disposal Program						
Loan subsidy and grants	568.7	527.9	489.0	496.1	-31.8	-6%
Direct loan authority	*1,022.2*	*898.3*	*770.0*	*730.7*	*-167.6*	*-19%*
Guaranteed loan authority	*75.0*	*75.0*	*12.0*	*0.0*	*-75.0*	*-100%*
Rural Electric and Telecommunication Loans						
Admin. expenses (transfer)	40.0	38.3	40.0	29.8	-8.5	-22%
Telecommunication loan authority	690.0	690.0	690.0	690.0	0.0	0%
Guar. underwriting loan subsidy		0.7	0.0	0.0	-0.7	-100%
Electricity loan authority	*7,100.0*	*7,100.0*	*6,100.0*	*6,600.0*	*-500.0*	*-7%*
Distance Learning, Telemedicine, Broadband						
Distance learning & telemedicine	37.8	32.4	30.0	14.9	-17.6	-54%
Broadband: Grants	18.0	13.4	18.0	0.0	-13.4	-100%
Broadband: Direct loan subsidy	29.0	22.3	0.0	6.0	-16.3	-73%
Direct loan authority	*400.0*	*400.0*	*0.0*	*107.5*	*-292.5*	*-73%*
Subtotal, Rural Utilities Service						
Budget authority	693.4	635.0	576.9	546.7	-88.3	-14%
Less transfer salaries & exp.	-40.0	-38.3	-40.0	-29.8	+8.5	-22%
Total, Rural Utilities Service	**653.4**	**596.7**	**537.0**	**517.0**	**-79.7**	**-13%**
Loan authority	***9,287.2***	***9,163.3***	***7,572.0***	***8,128.2***	***-1,035.0***	***-11%***

Source: CRS, complied from House-passed H.R. 2112, H.Rept. 112-101, P.L. 112-10, P.L. 111-80, and unpublished appropriations tables.

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

a. Amounts shown for H.R. 2112 are estimates that reflect the across-the-board 0.78% rescission to discretionary accounts in sec. 743.

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, in some cases, indexing for inflation. The biggest mandatory programs include the 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 (WIC), the Commodity Supplemental Food Program (CSFP), and federal nutrition program administration.

The House bill would provide a total of $96.3 billion for domestic food assistance.[62] This amount is $3.5 billion less than requested by the Administration ($99.8 billion), although it is $6.6 billion above the FY2011 figure. While SNAP and child nutrition were increased in accordance with the Administration's forecast for need, H.R. 2112 primarily reduced funding to the WIC program, SNAP contingency reserve fund, and decreased TEFAP funding.

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

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

The House bill would provide a total of $71.1 billion[63] for programs under the Food and Nutrition Act. Funding in H.R. 2112 represents a $6.0 billion increase (+9%) over the total amount available for FY2011 (primarily because of Administration-forecasted increases in SNAP participation) but is $2.0 billion less than the amount requested by the Administration. H.R. 2112 includes a $3 billion contingency reserve for SNAP, although the Administration requested $5 billion.

The House-passed bill would provide for Food and Nutrition Act appropriations:

- $69.0 billion for SNAP, including a $3 billion contingency reserve and $4.2 billion for administrative costs,
- $1.75 billion for Puerto Rico's grant, plus some $19 million for American Samoa and the Commonwealth of the Northern Mariana Islands,
- $200 million for TEFAP commodities (with permission to use up to 10% of this amount for distribution costs), and
- $103 million for the FDPIR,
- $5 million each for Community Food Projects and SNAP program access grants.

The total H.R. 2112 appropriation for TEFAP commodities is $50 million below the approximately $250 million that is included in the Food and Nutrition Act and was appropriated for FY2008, FY2009, FY2010, and FY2011. The House bill achieves this reduction by including a cap in Section 730 of the bill (included in **Table 6**).

[62] See later section headed "Other Funding Support" for domestic food assistance funding from non-appropriations bill sources.

[63] This total takes into account that Section 730 of H.R. 2112 would effect a $50 million reduction to TEFAP.

In addition to the FY2012 regular appropriation, the American Recovery and Reinvestment Act (ARRA, P.L. 111-5) is scheduled to continue to provide added SNAP benefits through October 31, 2012.[64]

Child Nutrition Programs

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

The House bill would appropriate $1.4 billion more for the child nutrition account than the amount provided in FY2011 (+8%) and $40 million below the Administration's request. It would provide a total of $18.8 billion. This is primarily the result of added funding for school meal programs (based on estimates of increased participation) but not providing funding for "Hunger-Free Community" grants (-$25 million), State Childhood Hunger Challenge grants (-$10 million), and School Breakfast Expansion grants (-$10 million).[65]

While the child nutrition appropriation itself is not broken down program by program and funding can be shifted among program areas if needed, report language in H.Rept. 112-101 breaks out the FY2012 funding as follows:

- $10.9 billion for the School Lunch program,
- $3.3 billion for the School Breakfast program,
- $2.8 billion for the CACFP,
- $973 million for procurement of commodities for child nutrition programs,[66]
- $400 million for the Summer Food Service program, and
- $279 million for SAE.

The WIC Program

The House-passed bill would provide $6.001 billion for the WIC program in FY2012.[67] This is $733 million below the FY2011 appropriation (-11%) , and less than the $7.390 billion requested

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[64] See CRS Report R41374, *Reducing SNAP (Food Stamp) Benefits Provided by the ARRA: P.L. 111-226 and P.L. 111-296*.

[65] These programs are discussed later in the section headed " in H.R. 2112."

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

by the Administration. The H.R. 2112 WIC appropriation also allocates some $139 million of the total for specific WIC support activities: at least $64 million for program infrastructure development and state management information systems and $75 million for breastfeeding peer counseling.

While SNAP (and other Food and Nutrition Act programs) and child nutrition programs are appropriated entitlements, meaning that the money appropriated is to be enough to provide services to all that are entitled according to underlying law's program requirements, WIC is a discretionarily funded program. Nonetheless, historically, appropriators have treated WIC as though it was an entitlement, appropriating enough to serve all eligible. This H.R. 2112 appropriation may reduce the number of pregnant and postpartum women, infants, and children that the program can serve, according to data in the Administration's FY2012 budget request.

WIC Amendments in Committee and House-passed H.R. 2112

The funding level for WIC was subject to amendments in subcommittee and on the floor, and a topic for extensive floor debate over the direction of and/or need for cuts in the bill. An amendment by Representative Rosa DeLauro was adopted in the committee-reported version of the bill that increased the funding for WIC by $147 million (relative to the subcommittee draft) by prohibiting USDA from making a payment to the Brazil Cotton Institute.[68] The DeLauro amendment was in two parts: (1) an increase to the WIC appropriation section in the subcommittee draft from $5.901 billion to the $6.048 billion in the committee-reported version of the bill, and (2) the offset from mandatory funds under the jurisdiction of the Agriculture authorizing committee (sec. 743 of the committee-reported bill). The rule for floor consideration (H.Res. 300) of H.R. 2112 did not protect the offset from points of order. On the floor, Representative Lucas successfully raised a point of order against the offset on the grounds that it violated a rule against legislating in an appropriations bill, and the offset provision was removed.

With the offset struck, the increase to WIC was retained and unpaid for. In order to preserve the increased funding for WIC but keep the bill at the same funding level so that it did not exceed the House's discretionary limit for the whole agriculture appropriations, Chairman Kingston offered an amendment, adopted by voice vote, for an across-the-board 0.78% rescission to discretionary accounts in the bill (a new section 743 of the House-passed bill) that was scored to save $147 million.

This rescission affects the WIC section as well, so that WIC funding in H.R. 2112 is closer to $6 billion rather than the $6.048 billion figure in legislation.

(...continued)

[67] Section 743 contains a 0.78% across-the-board cut to discretionary accounts. With the information currently available, it is not possible to know how the agency would apply this reduction within an account.

[68] The payment to the Brazil Cotton Institute is discussed in the "Commodity Credit Corporation" section of this report.

Additional WIC Issues in H.R. 2112 Subcommittee Report and Floor Debate

In addition to the WIC appropriation itself, Chairman Kingston's subcommittee report language and the floor debate included discussion of several WIC issues.[69] Some of the issues discussed include:

- ***Adjunctive eligibility***. WIC law allows eligibility for WIC benefits based on enrollment in other low-income programs, including Medicaid. Because certain states have Medicaid income limits as high as 250% of the Federal Poverty Level, some WIC participants in some states have higher incomes than the 185% FPL limit in WIC's authorizing statute.[70]
- ***Administrative costs.*** Because of how cost data is collected, the costs of nutrition counseling are included in the overall administrative costs for the program. This can create a deceptively high percentage of WIC's administrative costs, depending on whether one considers nutrition counseling to be a fundamental service of the WIC program.[71]
- ***Carryover funds.*** In both the Subcommittee Print and on the floor, Chairman Kingston discussed that $562 million in WIC funding, would have been available as carryover funds if it had not been rescinded as an offset for the Claims Resolution Act of 2010, P.L. 111-291, a law which funded, among other provisions, the *Pigford* settlement and an extension to the Temporary Assistance for Needy Families program.[72]

Commodity Assistance Program

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

The House-passed bill would provide a total of $196 million for the commodity assistance program account (after the 0.78% across-the-board rescission). This total is $50.2 million less than was included in FY2011 appropriations for this account (-20%), and $54 million less than the Administration's request.

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[69] For a summary of some of the issues discussed, see Pete Kasperowicz, "House bogged down in fight over women, infant, and children food program," *The Hill*, June 14, 2011, http://thehill.com/blogs/floor-action/house/166415-house-bogged-down-in-fight-over-women-infant-and-children-food-program.

[70] See U.S. Congress, House Committee on Appropriations, Subcommittee on Agriculture, Rural Development, Food and Drug Administration, and Related Agencies, *Agriculture, Rural Development, Food and Drug Administration, and Related Agencies Appropriations Bill, 2012*, committee print, 112th Cong., 1st sess., June 3, 2011, H. Rprt. 112-101, pp. 43-44.

[71] Kerry Young, WIC Program Counseling: All Talk or Essential Action?, *CQ Today Online News*, June 13, 2011, http://public.cq.com/docs/news/news-000003887202.html.

[72] For more information on the *Pigford* settlement, see CRS Report RS20430, *The Pigford Cases: USDA Settlement of Discrimination Suits by Black Farmers*, by Tadlock Cowan and Jody Feder.

Of the total, approximately $138.5 million would be allocated to the CSFP[73], which is about $18 million less than FY2011 and the Administration's request.

The House-passed bill also would provide funding for TEFAP costs other than the value of federally provided commodities (which are funded under the Food and Nutrition Act budget account). Though funded at around $50 million in recent years, H.R. 2112 includes approximately $38 million for this administrative funding.

The House-passed bill would provide $15 million for the FY2010 WIC Farmers' Market Nutrition Program.[74] The Administration had requested $20 million for this program.

The House-passed bill would a total of $1 million available for Pacific Island assistance in FY2012; this is the same level as in FY2011.

Nutrition Programs Administration (and the Congressional Hunger Center)

This budget account covers spending for federal administration of all the USDA domestic food assistance program areas noted above, special projects for improving the integrity and quality of these programs, and the Center for Nutrition Policy and Promotion (CNPP), which provides nutrition education and information to consumers (including various dietary guides).

The House-passed bill would provide $124 million, down from $147.5 million in FY2011 (-16%) and about $46 million less than the Administration requested. Neither the House Appropriations Subcommittee's report nor legislative language indicates how the funding would be allocated.

Child Nutrition Grant Programs Authorized and Unfunded in H.R. 2112

Neither the FY2011 continuing resolution (P.L. 112-10) nor would H.R. 2112 fund the authorized programs discussed below.

Hunger-Free Community Grants

Section 4405 of the 2008 farm bill authorized Hunger-Free Community grants (1) to food program service providers and nonprofits for collaborative efforts to assess community hunger problems and to achieve "hunger-free" communities and (2) to emergency feeding organizations for infrastructure development. This program was last funded in FY2010 with a $5 million appropriation.

School Community Garden Pilot Program

The National School Lunch Act authorizes, but the House-passed bill would not fund, pilot projects for school gardens (and other means of accessing local foods). This program was last

[73] See footnote 67.

[74] Unlike the WIC Farmers' Market Nutrition Program discussed here, the *Seniors* Farmers' Market Nutrition Program receives $21 million a year from outside the regular appropriations process under the terms of its underlying law.

funded in FY2010 with a $1 million appropriation. The Administration did not request FY2012 funding for this program.

State Childhood Hunger Challenge Grants

The Administration requested $25 million to fund the State Childhood Hunger Challenge Grants program. This discretionary grant program was authorized in the Healthy, Hunger-free Kids Act of 2010, P.L. 111-296, but the House-passed bill would not appropriate any funding for it. These grants would go to governors to support innovative strategies to end childhood hunger. No funding was provided in FY2011 for this program.

Other Funding Support

As in earlier years, domestic food assistance programs will receive FY2012 support from sources other than FY2012 appropriations:

- Food commodities are provided to child nutrition programs in addition to those purchased with appropriations from the Child Nutrition account. They are financed through the use of permanent appropriations under Section 32.[75] For example, out of a total of about $1.1 billion in commodity support provided in FY2008, about $480 million worth came from outside the Child Nutrition account. Historically, about half the value of commodities distributed to child nutrition programs has come from the Section 32 account.
- The Fresh Fruit and Vegetable program offers fresh fruits and vegetables in selected elementary schools nationwide. It is financed with mandatory funding directed by the 2008 farm bill. The underlying law (Section 4304 of the farm bill) provides funds at the beginning of every school year (each July)—$101 million in July 2010, $150 million in July 2011, $133 in July 2012. However, as was done for FY2009, FY2010, and FY2011, Section 718 of H.R. 2112 delays the availability of much of the $133 million scheduled for July 2012 until October 2012. As a result, H.R. 2112, as the Agriculture appropriations acts which preceded it, effectively would allocate the total annual spending for the Fresh Fruit and Vegetable program mandated by the farm bill by fiscal year rather than school year, with no reduction in overall support (savings scored in **Table 6**).
- The Food Service Management Institute (providing technical assistance to child nutrition providers) is funded through a permanent annual appropriation of $4 million a year.
- The Seniors Farmers' Market Nutrition program receives $21 million of mandatory funding per year (FY2008-FY2012) from outside the regular appropriations process under the terms of its underlying law (Section 4402 of the 2008 farm bill).

[75] For more information on Section 32, see CRS Report RL34081, *Farm and Food Support Under USDA's Section 32 Program*.

Agricultural Trade and Food Aid

The Agriculture appropriations act funds farm bill programs that promote U.S. commercial agricultural exports, provide international food aid, and provide technical assistance to developing countries to improve global agricultural productivity and market development. All programs are administered by the USDA Foreign Agriculture Service, except for the Title II of the Food for Peace Program—the largest of the suite—that is administered by the U.S. Agency for International Development (USAID).[76]

Appropriations for agricultural trade and food aid are made in the following areas:

- The **Foreign Agricultural Service (FAS),** is the main USDA agency responsible for international activities. It 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)** is administered by the U.S. Agency for International Development (USAID) and aims 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. An appropriation is made for salaries and expenses.
- The **McGovern-Dole International Food for Education and Child Nutrition Program** provides donations of U.S. agricultural products and financial and technical assistance for school feeding and maternal and child nutrition projects in developing countries.

For FY2012, the Administration requested $2.13 billion for foreign agriculture-related activities. In addition, the FY2012 request allocated about $416 million in mandatory spending for programs authorized in the 2008 farm bill, specifically for overseas market development, technical assistance for specialty crops, and for foreign food assistance. The President's request for FY2012, however, did not include funding for dairy export subsidies or trade adjustment assistance for farmers.

The FY2012 House-passed bill would provide $1.39 billion for foreign agriculture-related activities, $500 million less than (-26%) the FY2011 appropriation billion. The FY2011 appropriation was 9% less than the FY2010 amount.

Foreign Agricultural Service

The Administration's FY2012 budget request for FAS is $230 million, and includes $20 million in discretionary funding for trade expansion and promotion activities as part of the National Export Initiative (NEI), a government-wide effort to double U.S. exports over the next five years.[77] The FAS budget also includes $14.6 million to support the Department's participation in

[76] For additional information on USDA's international activities, see CRS Report R41072, *International Food Aid Programs: Background and Issues*.

[77] See CRS Report R41929, *Boosting U.S. Exports: Selected Issues for Congress*.

reconstruction and stabilization activities in Afghanistan and Iraq, as well as other food insecure countries. In prior years, this funding was provided to Departmental Management, but is now requested in the FAS budget because FAS has assumed full management of the operational and policy components of USDA's reconstruction and stabilization activities.

The House-passed bill provides $171 million for FAS salaries and expenses, 8% less than the FY2011 appropriation.

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 agriculture expenditures, was appropriated $1.5 billion for FY2011. This was a $193 million decrease (-11%) from the Administration's request and FY2010 levels.

For FY2012, the Administration requested $1.69 billion for Title II food aid, as it did in FY2011. H.R. 2112 provided $1.03 billion for Title II, $465 million less than (-31%) FY2011, and 38% below FY2010 and the President's FY2012 request. No funding for Title I or Title III activities has been requested since 2002.

Unlike the Bush Administration, the Obama budget requests have not proposed to allow the Administrator of USAID to use up to 25% of Food for Peace Title II funds for local or regional purchases of commodities (i.e., non-U.S. commodities) to address international food crises. To date, Congress has not supported this request. Instead, for FY2012, similar to the previous two years, the President requested that $300 million from the International Disaster Assistance (IDA) account within USAID be made available for local and regional procurement of food assistance to address food insecurity in emergency situations.[78] In addition, the 2008 farm bill authorized $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 President's request for FY2012 included $200.5 million for the McGovern-Dole Program, the same as FY2011.

The House-passed bill would provide $179 million, $20 million less than (-10%) FY2011. The FY2011 appropriation was $10 million less than FY2010, which marked a doubling of the appropriation from FY2009. The FY2010 expansion in appropriated funds for McGovern-Dole built upon an expansion that occurred via a one-time authorization in the 2008 farm bill of $84 million of mandatory CCC funding in FY2009.

Commodity Credit Corporation—Export Credit Guarantee Programs

The FY2012 request includes $6.8 million of discretionary appropriations for administrative expenses to support an CCC's overall program level of $5.5 billion, which includes $5.4 billion for GSM-102 guarantees, and $100 million for the Facilities Financing Guarantees. The House-

[78] IDA funding is covered in the Foreign Operations appropriations; see CRS Report R41905, *State, Foreign Operations, and Related Programs: FY2012 Budget and Appropriations*.

passed bill would provide $6.8 million for CCC export credit guarantee activities, the same as FY2010-FY2011, and the Administration's FY2012 request.

In addition, the 2008 farm bill provides mandatory funding to other programs that promote export market development. These amounts are not directly appropriated, but are included within the CCC amount elsewhere in the bill. These include:

- $200 million for the Market Access Program;
- $34 million for the Foreign Market Development Program;
- $9 million for the Technical Assistance for Specialty Crops (TASC) Program; and
- $10 million for the Emerging Markets Program;.

Mandatory funding levels requested by the Administration for international food assistance programs include:

- $156 million for Food for Progress; and
- $5 million for the Local and Regional Commodity Procurement Pilot Program.

USDA's "Know Your Farmer, Know Your Food" Initiative

The House-passed bill contains a number of provisions that restrict funding for activities under the USDA-wide initiative, "Know Your Farmer, Know Your Food," as well as reduce funding for selected USDA research and rural development programs for local and regional food production.

"Know Your Farmer, Know Your Food" is a USDA-wide initiative that was launched by USDA in September 2009 to "begin a national conversation to help develop local and regional food systems and spur economic opportunity."[79] The initiative was designed to eliminate organizational barriers between existing USDA programs and promote enhanced collaboration among staff, leveraging existing USDA activities and programs, and thereby "marshalling resources from across USDA to help create the link between local production and local consumption."[80] It is not a stand-alone program and does not have its own budget;[81] instead, it is a departmental initiative, and not connected to a specific office or subagency. This is done by highlighting various existing programs within USDA that are available to support local farmers; strengthen rural communities; promote healthy eating; protect natural resources; and provide grants, loans and support.[82] Linking local production with local consumption of farm products also is one of the primary goals of USDA's Regional Innovation Initiative.[83]

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[79] USDA, "USDA Launches 'Know Your Farmer, Know Your Food' Initiative to Connect Consumers with Local Producers to Create New Economic Opportunities for Communities," September 15, 2009, Release No. 0440.09.

[80] USDA, "Our Mission," http://www.usda.gov/wps/portal/usda/knowyourfarmer?navtype=KYF&navid=KYF_MISSION; and AMS, "Regional Food Hubs: Linking Producers to New Markets," May 2011.

[81] Letter to Senators McCain, Roberts, and Chambliss from USDA Secretary Vilsack, April 30, 2010.

[82] USDA, http://www.usda.gov/wps/portal/usda/knowyourfarmer?navid=KNOWYOURFARMER; see also USDA memos at http://www.usda.gov/wps/portal/usda/knowyourfarmer?navtype=KYF&navid=KYF_GRANTS.

[83] The other goals of USDA's Regional Innovation Initiative include rural broadband, biofuels and biobased products, ecosystem markets to pay farmers for storing carbon, and forest restoration and private land conservation. USDA proposed this initiative as part of its FY2011 budget request (USDA, "FY2011 Budget Summary and Annual Performance Plan, at http://www.obpa.usda.gov/budsum/FY11budsum.pdf). Like Know Your Farmer, Know Your (continued...)

Among the programs mentioned for leveraging local and regional food production systems are: (1) marketing and promotion programs (such as the Specialty Crop Block Grant Program, Farmers Market Promotion Program, and Federal State Marketing Improvement Program); (2) rural and community development programs (such as Value-Added Producer Grants, Community Food Projects Competitive Grants, Beginning Farmer and Rancher Development Program, Rural Business Enterprise Grants, Rural Business Opportunity Grant, Rural Cooperative Development Grant, Business and Industry (B&I) Guaranteed Loan Program, and Farm Storage Facility Loans); and (3) selected USDA research and cooperative extension programs.[84] In response to demand for farm-to-school activities, certain USDA nutrition and domestic food programs, such as the farm-to-school and some fresh fruit and vegetable programs, also have been associated with the initiative. Since its launch, USDA has announced funding for various projects under these and other programs identified as promoting local-scale sustainable operations.[85]

Some in Congress have challenged USDA's "Know Your Farmer, Know Your Food" initiative. In April 2010, three Senators wrote a letter to USDA Secretary Vilsack expressing concerns about "Know Your Farmer, Know Your Food." The letter stated: "[T]his spending doesn't appear geared toward conventional farmers who produce the vast majority of our nation's food supply, but is instead aimed at small, hobbyist and organic producers whose customers generally consist of affluent patrons at urban farmers markets," among other concerns regarding USDA's promotion and prioritization of local food systems. The letter also requested evidence of USDA's congressional authority to spend money for "Know Your Farmer, Know Your Food" and to provide a full itemized accounting of all spending under the initiative.[86]

In response, USDA clarified that the initiative: "does not have any budgetary or programmatic authority... Rather, it is a communications mechanism to further enable our existing programs to better meet their goals and serve constituents as defined in the respective authorizing legislation and regulations. While there are no programs under the initiative, since September 2009 a number of our program funding announcements have included a reference to ["Know Your Farmer, Know Your Food"]."[87]

USDA also asserts that "none of these programs are providing preference to local and regional food system projects, except as provided for in their existing regulatory rules or legislative authority."[88] Such cases are limited to two statutory cases: (1) a 5% set-aside established in the 2008 farm bill for rural development Business and Industry loans, and (2) an allowance for schools to use $5 million for local purchases under the Department of Defense Fresh Fruit and

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(...continued)

Food, it also spans several mission areas such as Rural Development, Marketing and Regulatory Programs, and Natural Resources and Environment. See the section on "Rural Development" earlier in this report.

[84] See USDA at http://www.usda.gov/wps/portal/usda/knowyourfarmer?navtype=KYF&navid=KYF_MISSION; also, National Sustainable Agriculture Coalition, "Guide to USDA Funding for Local and Regional Food Systems," at http://sustainableagriculture.net/wp-content/uploads/2010/05/NSAC_FoodSystemsFundingGuide_FirstEdition_4_2010.pdf.

[85] For example, USDA's initial press release announced the following funding under the initiative: Risk Management Agency for collaborative outreach and assistance programs to socially disadvantaged and underserved farmers; Food Safety and Inspection Service to implement a new voluntary cooperative program for state-inspected establishments to ship meat and poultry in interstate commerce; Rural Development grants to help local business cooperatives, and grants to the to the Northwest Food Processors Association under its Rural Business Opportunity Grant.

[86] Letter to USDA Secretary Vilsack from Senators McCain, Roberts, and Chambliss, April 27, 2010.

[87] Letter to Senators McCain, Roberts, and Chambliss from USDA Secretary Vilsack, April 30, 2010.

[88] Ibid.

Vegetable Program (DoD Fresh). The regulatory case (set by administrative notice) is in USDA's Rural Housing and Community Facilities Program that states, "[The] goal that each state must fund at least one project" that supports the initiative in FY2010.[89]

The FY2012 House-passed bill includes a number of provisions restricting funding for selected USDA programs that fund local and regional food production projects, and also for USDA's "Know Your Farmer, Know Your Food" initiative. For example, the committee report (H.Rept. 112-101) includes language requiring USDA to "provide an electronic notification to the Committee at least 72 hours prior to any travel in support of the ''Know Your Farmer-Know Your Food'' initiative, and such notification shall include the agenda for the entire trip along with the cost to U.S. taxpayers." The committee also directs the USDA to "post media advisories of all such trips on its website, and that such advisories include the same information." In addition, the committee report expresses concern that USDA has awarded "more than $23 million in grants to improve regional and local food systems," and directs the agency to focus "its research efforts on only the highest priority, scientifically merited research." The committee also provided that no funding be used "for any work related to the Community Access to Local Food proposal" at USDA's Economic Research Service (ERS).

Building on the House report, Representative Foxx introduced a floor amendment, which was adopted, to prohibit USDA from using funds for USDA's Know Your Farmer, Know Your Food initiative. Failed floor amendments from Representatives Pingree, Jackson Lee, and others would have supported local and regional food systems, removed some of the restrictions, and funded USDA's Urban Gardening Program, the Healthy Food Financing Initiative ($5 million) to address so-called "food deserts" in underserved urban and rural communities.[90]

[89] Letter to State Directors, Rural Development, from Tammye Treviño, Administrator, regarding the Community Facilities Funding for Local and Regional Food Systems Projects and Know Your Farmer Know Your Food Initiative, June 2010.

[90] See, for example, *Congressional Record*, June 14-15, 2011, pp. H4164-H4165, H4253-H4256, and HH4179-H4181.

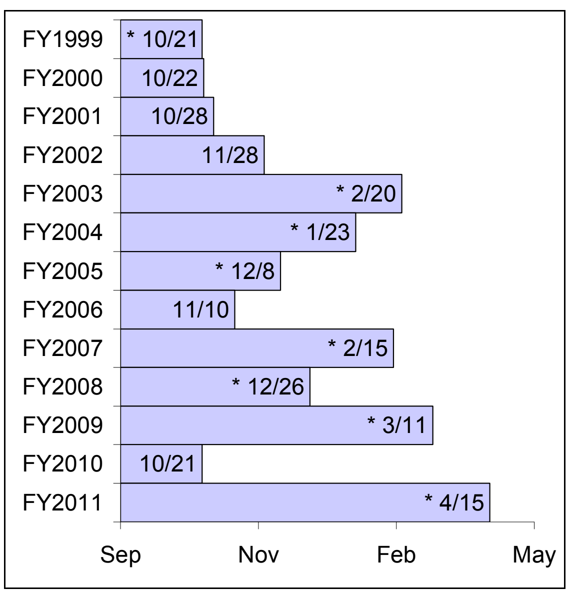
Appendix.

Table A-1. Timeline of Enactment of Agriculture Appropriations, FY1999-FY2012

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	Separate	P.L. 106-78	RL30201
2001	7/11/2000	7/20/2000	10/28/2000	Separate	P.L. 106-387	RL30501
2002	7/11/2001	10/25/2001	11/28/2001	Separate	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	Separate	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	Separate	P.L. 111-80	R40721
2011	—	—	4/15/2011	Year-long CR	P.L. 112-10	R41475
2012	6/16/2011	—	—	—	—	—

Source: CRS.

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



Source: CRS.

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

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