

April 3, 2020

Supplemental Appropriations for Agriculture and the Food and Drug Administration Due to COVID-19

In March 2020, Congress passed and the President signed three supplemental appropriations acts in response to the COVID-19 pandemic (P.L. 116-123, P.L. 116-127, and P.L. 116-136; **Table 1**). This In Focus summarizes \$36 billion of appropriations and policy changes in the jurisdiction of the Agriculture appropriations subcommittees.

These supplemental appropriations acts are referred to in this In Focus by order of passage (i.e., first, second, and third). For comparison, the regular annual Agriculture appropriations are discussed in CRS Report R45974, *Agriculture and Related Agencies: FY2020 Appropriations*.

Food and Drug Administration (FDA)

For FDA to respond to the public health emergency of the COVID-19 pandemic, the first and third supplemental appropriations acts provide a total of \$141 million. The FDA role is development of medical countermeasures (e.g., drugs, vaccines), advanced manufacturing, and monitoring of medical product supply chains. See CRS Report R46285, *Coronavirus Preparedness and Response Supplemental Appropriations Act, 2020 (P.L. 116-123): First Coronavirus Supplemental*; and CRS Report R44576, *The Food and Drug Administration (FDA) Budget: Fact Sheet*.

Nutrition Assistance

Access to food has been a concern, particularly in light of school closures. Rising unemployment may also increase participation in the Supplemental Nutrition Assistance Program (SNAP) and other food assistance programs.

The second and third supplemental appropriations acts provide a total of \$26 billion for nutrition assistance and give the U.S. Department of Agriculture (USDA) certain flexibilities to increase program access and accommodate social distancing. The Congressional Budget Office (CBO) estimates that SNAP policies in the second law will increase mandatory spending by more than \$21 billion over FY2020-FY2021. See CRS Insight IN11250, *USDA Domestic Food Assistance Programs' Response to COVID-19: P.L. 116-127, P.L. 116-136, and Related Efforts*.

Agricultural Producers

The third supplemental provides \$9.5 billion for USDA to “support agricultural producers impacted by coronavirus, including producers of specialty crops, producers that supply local food systems, including farmers’ markets, restaurants, and schools, and livestock producers, including dairy producers.” This approach is similar to recent emergency appropriations for wildfires and hurricanes in which USDA was tasked to develop a payment program from a general appropriation.

As of the date of this report, USDA has not announced how it will distribute the \$9.5 billion. It has yet to determine the breadth of producers to be included, payment rates, and the methods of support (payments or by purchasing commodities). Several Members of Congress and relevant industry groups have sent letters to USDA with requests for how this money should be spent.

The third supplemental appropriation also replenishes up to \$14 billion of funding availability for the Commodity Credit Corporation (CCC). CCC operates with a \$30 billion line of credit with the U.S. Treasury (see CRS Insight IN10941, *Commodity Credit Corporation: Q&A*). The \$14 billion would reimburse CCC for past spending. It is not new spending and not part of the subtotal of the appropriations act.

CCC uses its borrowing authority to finance authorized farm bill programs and broadly support the U.S. agriculture industry. The supplemental reimbursement could increase opportunities for USDA to use its executive authority in CCC to provide direct support payments, as it did with trade aid payments in 2018 and 2019 (see CRS Report R45865, *Farm Policy: USDA’s 2019 Trade Aid Package*).

The third supplemental allows Marketing Assistance Loans in FY2020 to be repaid over 12 months (rather than nine months) to provide flexibility in responding to disruptions.

Disaster Designation

For producers, the majority of USDA’s existing disaster response programs cover natural disasters (physical and production) and do not apply to economic or market losses. The losses from the COVID-19 pandemic are economic and do not trigger agricultural disaster assistance programs such as emergency loans, despite the President’s declaration of a public health emergency under the Stafford Act (CRS Insight IN11251, *The Stafford Act Emergency Declaration for COVID-19*). However, USDA has announced some flexibilities for farm loan and rural housing loan programs, including payment deferrals and moratoriums on foreclosures.

Rural Development

The third supplemental appropriation provides \$146 million for USDA rural development programs, including \$100 million for broadband grants, \$25 million for rural telemedicine and distance learning, and \$20.5 million to support rural business loans. See CRS In Focus IF11262, *The ReConnect Broadband Pilot Program*.

USDA Agency Operations

The third supplemental also provides \$141 million to six USDA agencies or offices, including the Animal and Plant Health Inspection Service (APHIS), Agricultural Marketing Service (AMS), Food Safety and Inspection Service (FSIS), Foreign Agricultural Service (FAS), Farm Service Agency (FSA), and Office of the Inspector General. These agency operation funds were the focus of the USDA portion of the Administration's request on March 17, 2020, prior to the third supplemental. Most of this USDA request and the enacted appropriation is to replace a combined \$100 million of user fee revenues that are expected to decline for APHIS due to reduced air passenger traffic and for AMS because of reduced grading, inspections, and audit services. The \$36

million combined supplemental for FSIS and FSA are to support temporary employees and adjustments to respond to COVID-19 workload demands. FAS receives \$4 million to repatriate staff and provide temporary housing.

Agricultural Businesses

In addition to the support for agricultural producers mentioned above, other provisions outside the jurisdiction of agriculture appropriations may provide loans and grants to agriculture-related businesses. See CRS Report R46284, *COVID-19 Stimulus Assistance to Small Businesses: Issues and Policy Options*; and CRS Insight IN11232, *SBA Economic Injury Disaster Loans for COVID-19*.

Table 1. Summary of Supplemental Appropriations for Agriculture and Related Agencies Due to COVID-19

Jurisdiction of the House and Senate Agriculture Appropriations Subcommittees (dollars in millions)

Department/Agency/Program ^a	P.L. 116-123 3/6/2020	P.L. 116-127 3/18/2020	P.L. 116-136 3/27/2020
Department of Health and Human Services			
Food and Drug Administration	61		80
Department of Agriculture			
Food and Nutrition Service			
Supplemental Nutrition Assistance Program (SNAP) account		— ^b	
SNAP reserve			15,510
Northern Mariana Islands, Puerto Rico, American Samoa		100	200
Food Distribution Program on Indian Reservations			100
Child Nutrition Programs			8,800
The Emergency Food Assistance Program		400	450
Special Supplemental Nutrition Program for Women, Infants, and Children		500	
Office of the Secretary (producer support)			9,500
Commodity Credit Corporation (CCC)			[14,000] ^c
Rural Development			
Rural e-Connectivity Pilot Program (ReConnect)			100
Distance Learning and Telemedicine Program			25
Business & Industry Loans			20.5
Animal and Plant Health Inspection Service			55
Agricultural Marketing Service			45
Food Safety and Inspection Service			33
Foreign Agricultural Service			4
Farm Service Agency			3
Office of Inspector General			0.75
Total in the Jurisdiction of Agriculture Appropriations	61	1,000	34,926

Source: Compiled by CRS, using identified public laws and CBO score of H.R. 6201, Families First Coronavirus Response Act.

- All funding in this table is designated as emergency and does not count against budget caps. This table excludes other support that agriculture or rural entities may receive, such as certain rural housing programs being eligible for housing assistance, certain agricultural businesses being eligible for Small Business Administration loan assistance, and other direct payments to individuals and businesses.
- CBO estimates that certain SNAP policy changes will increase mandatory spending by \$21.24 billion in FY2020-FY2021.
- The \$14 billion for CCC is not new spending and is not part of the \$34.9 billion subtotal of the act. It is a reimbursement for prior obligations and increases the availability of funding (i.e., access to borrowing authority) for USDA to make future obligations and to implement existing farm bill programs (see CRS Insight IN10941, *Commodity Credit Corporation: Q&A*).

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