

CRS Report for Congress

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Appropriations for FY2003: U.S. Department of Agriculture and Related Agencies

Updated March 22, 2002

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Appropriations are one part of a complex federal budget process that includes budget resolutions, appropriations (regular, supplemental, and continuing) bills, rescissions, and budget reconciliation bills. The process begins with the President's budget request and is bounded by the rules of the House and Senate, the Congressional Budget and Impoundment Control Act of 1974 (as amended), the Budget Enforcement Act of 1990, and current program authorizations.

This report is a guide to one of the 13 regular appropriations bills that Congress passes each year. It is designed to supplement the information provided by the House and Senate Appropriations Subcommittees on Agriculture. It summarizes the current legislative status of the bill, its scope, major issues, funding levels, and related legislative activity. The report lists the key CRS staff relevant to the issues covered and related CRS products.

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Appropriations for FY2003: U.S. Department of Agriculture and Related Agencies

Summary

On February 4, 2002, the Administration released its FY2003 budget request, which included an estimated \$75.596 billion in budget authority for the U.S. Department of Agriculture (USDA) and related agencies. The requested funding for FY2003 is \$843 million below the total FY2002 appropriation of \$76.438 billion. The FY2002 total includes a regular appropriation of \$75.903 billion (P.L. 107-76) and a \$535 million supplemental appropriation in response to the terrorist attacks (P.L. 107-117). The Administration request consists of \$58.1 billion for mandatory USDA programs (primarily for the Commodity Credit Corporation, food stamps, and child nutrition programs). The balance of the request (\$17.49 billion) is for discretionary programs funded under the annual agriculture appropriations bill.

Among the major provisions in the FY2003 request for USDA and related agencies, the Administration recommends: 1) virtually eliminating spending for a mandatory foreign food aid program and replacing it with increased funding for commodity donations under the discretionary P.L. 480 food aid program; 2) eliminating funding for three ongoing watershed programs and replacing them with regular funding for a current Emergency Watershed Program; 3) reduced funding for earmarked research grants at land grant universities, and shifting funding for in-house USDA research from earmarked projects to other Department-identified high priority research programs; 4) a legislative proposal that would require participating private insurance companies to absorb more of the risk of the federal crop insurance program; 5) increased funding for food safety and animal and plant health inspection activities reflecting increased government responsibility to protect the food supply from terrorist attacks; 6) relatively stable funding for rural development programs; and 7) an increase of \$4 billion for all USDA food and nutrition programs, including \$3.2 billion more for the food stamp program.

The agriculture subcommittees of the House and Senate Appropriations Committees have begun hearings on the FY2003 budget request. Subcommittee markup of the FY2003 agriculture appropriations bill in either chamber has not yet been scheduled. In the meantime, the House has completed action on its version of the FY2003 budget resolution (H. Con. Res. 353) which establishes a blueprint for all FY2003 federal spending and revenue. Senate committee markup on its version of the resolution was conducted during the week of March 18. Separately, an omnibus farm bill (H.R. 2646) that will establish federal agricultural policy for a multi-year period is currently in conference committee. The farm bill will increase mandatory USDA spending by \$73.5 billion over 10 years (FY2002-2011) as permitted by the FY2002 budget resolution. If the bill is not completed in time to be implemented for the 2002 crop year, Congress likely will consider a supplemental spending bill for agriculture before the end of this fiscal year.

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Appropriations for FY2003: U.S. Department of Agriculture and Related Agencies

Most Recent Developments

As the first step in the FY2003 budget and appropriations process, the Administration released its budget request for all federal spending on February 4, 2002. Within the request is an estimated \$75.596 billion in budget authority for the U.S. Department of Agriculture (excluding the Forest Service), and related agencies (the Food and Drug Administration and the Commodity Futures Trading Commission.) This compares with a total FY2002 enacted appropriation of \$76.438 billion, which consists of a regular appropriation of \$75.903 billion and an emergency supplemental appropriation of \$535 million in response to the terrorist attacks.

The agriculture subcommittees of the House and Senate Appropriations Committees have conducted hearings on the FY2003 request. Subcommittee markup of an FY2003 agriculture appropriations measure is pending. In the meantime, the full House approved on March 20, 2002, its version of the FY2003 budget resolution (H. Con. Res. 353) which establishes a blueprint for all federal spending and revenue for the upcoming fiscal year. Senate subcommittee markup of its version of the resolution was conducted during the week of March 18. Separately, an omnibus farm bill (H.R. 2646) that will establish federal farm policy for the next several years, and spend an additional \$73.5 billion on mandatory USDA programs over 10 years, is currently in conference.

USDA Spending at a Glance

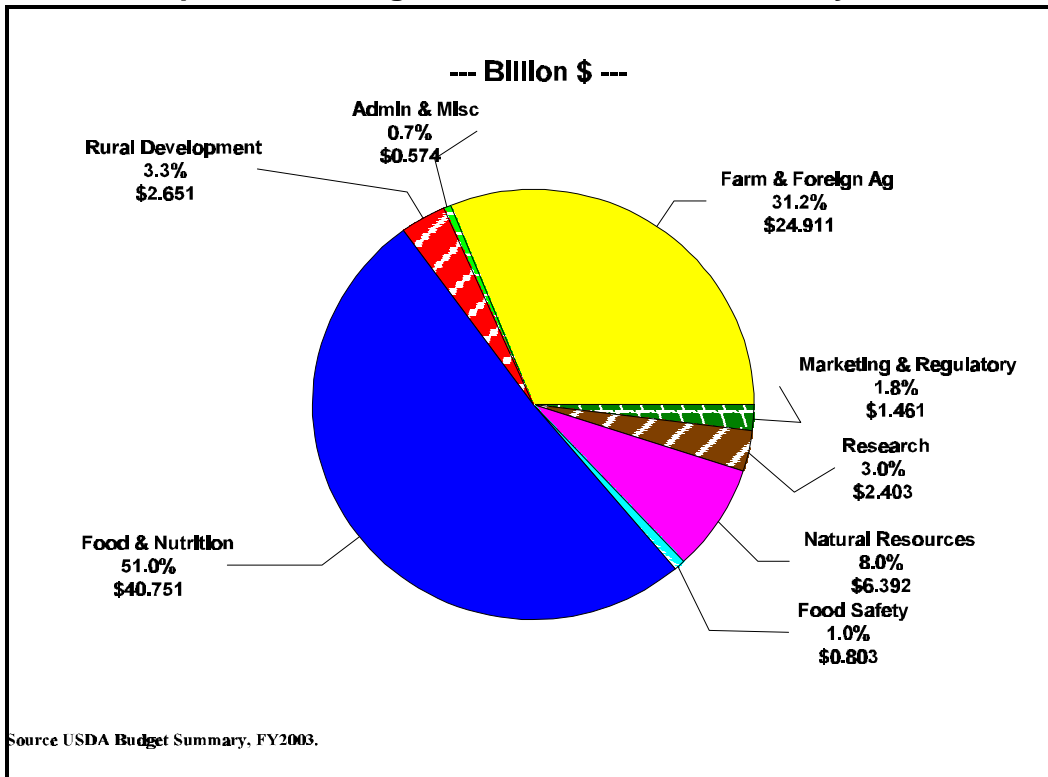
The U.S. Department of Agriculture (USDA) carries out its widely varied responsibilities through approximately 30 separate internal agencies and offices staffed by some 100,000 employees. USDA is responsible for many activities outside of the agriculture budget function. Hence, spending for USDA is not synonymous with spending for farmers.

USDA gross outlays for FY2001 (the most recently completed fiscal year for which data are currently available) were \$79.95 billion. The mission area with the largest gross outlays (\$40.75 billion or 51% of spending) was for food and nutrition programs – primarily the food stamp program (the costliest of all USDA programs), various child nutrition programs, and the Women, Infants and Children (WIC) program. The second largest mission area in terms of total spending is for farm and foreign agricultural services, which totaled \$24.9 billion, or 31.2% of all USDA

spending. Within this area are the programs funded through the Commodity Credit Corporation (e.g., the farm commodity price and income support programs and certain mandatory conservation and trade programs), crop insurance, farm loans, and foreign food aid programs.

USDA spending in FY2001 also included \$6.4 billion (8%) spent on an array of natural resource and environment programs, approximately three-fourths of which was for the activities of the Forest Service, and the balance for a number of discretionary conservation programs for farm producers. (USDA's Forest Service is funded through the Interior appropriations bill, and is the only USDA agency not funded through the annual agriculture appropriations bill.) USDA programs for rural development (\$2.65 billion in gross outlays for FY2001); research and education (\$2.4 billion); marketing and regulatory activities (\$1.46 billion); meat and poultry inspection (\$803 million); and departmental administrative offices and other activities (\$574 million) account for the balance of USDA spending.

Figure 1
U.S. Department of Agriculture Actual Gross Outlays, FY2001



Mandatory vs. Discretionary Spending

Approximately three-fourths of total spending within the U.S. Department of Agriculture is classified as mandatory, which by definition occurs outside the control of annual appropriations. Currently accounting for the vast majority of USDA mandatory spending are: the farm commodity price and income support programs (including ongoing programs authorized by the 1996 farm bill and emergency programs authorized by various appropriations acts); the food stamp program and

child nutrition programs; the federal crop insurance program; and various agricultural conservation and trade programs.

Although these programs have mandatory status, many of these accounts ultimately receive funds 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 and when these estimates fall short of required spending. An annual appropriation also is made to reimburse the Commodity Credit Corporation for losses it incurs in financing the commodity support programs and the various other programs it finances.

The other 25% of the USDA budget is for discretionary programs, which are determined by funding in annual appropriations acts. Among the major discretionary programs within USDA are Forest Service programs; certain conservation programs; most of its rural development programs and research and education programs; agricultural credit programs; the supplemental nutrition program for women, infants, and children (WIC); the Public Law (P.L.) 480 international food aid program; meat and poultry inspection, and food marketing and regulatory programs. Funding for all USDA discretionary programs (except for the Forest Service) is provided by the annual agriculture appropriations act. Funding for Forest Service programs is included in the annual Interior appropriations act.

A key distinction between mandatory and discretionary spending involves how these two categories of spending are treated in the budget process. Congress generally controls spending on mandatory programs by setting rules for eligibility, benefit formulas, and other parameters rather than approving specific dollar amounts for these programs each year. Eligibility for mandatory programs is usually written into authorizing law, and any individual or entity that meets the eligibility requirements is entitled to the benefits authorized by the law. Spending for discretionary programs is controlled by annual appropriations acts. The thirteen subcommittees of the House and Senate Appropriations Committees originate bills each year which decide how much funding to devote to continuing current activities as well as any new discretionary programs.

Table 1. USDA and Related Agencies Appropriations, FY1994 to FY2002
(budget authority in billions of dollars)

	FY94	FY95	FY96	FY97	FY98	FY99	FY00	FY01	FY02
Discretionary	\$14.59	\$13.29	\$13.31	\$13.05	\$13.75	\$13.69	\$13.95	\$15.07	\$16.02
Mandatory	\$56.25	\$54.61	\$49.78	\$40.08	\$35.80	\$42.25	\$61.95	\$58.34	\$59.88
Total Budget Authority	\$70.84	\$67.90	\$63.09	\$53.12	\$49.55	\$55.94	\$75.90	\$73.41	\$75.90

Note: Includes regular annual appropriations for all of USDA (except the Forest Service), the Food and Drug Administration, and the Commodity Futures Trading Commission. Excludes all emergency supplemental appropriations.

Source: House Appropriations Committee.

Recent Congressional Action

The agriculture subcommittees of the House and Senate Appropriations Committees are in the midst of conducting hearings on the President's FY2003 request for USDA and related agencies. In the meantime, the full House approved its version of an FY2003 budget resolution (H. Con. Res. 353) on March 20, 2002. The Senate Budget Committee marked up its version of the resolution during the week of March 18, 2002. The budget resolution establishes a framework for all federal spending and revenue for FY2003 and does not require presidential approval. Based on the amount of total discretionary spending made available by the resolution, the Appropriations Committees will eventually make discretionary spending allocations to each of their thirteen subcommittees to fund their respective annual appropriations bills. No dates have been scheduled yet for subcommittee markup of an FY2003 appropriation measure in either chamber.

Separately, conferees are currently considering an omnibus farm bill (H.R. 2646) that will establish federal farm policy for a multi-year period. The adopted FY2002 budget resolution (H. Con. Res. 83) permitted the House and Senate Agriculture Committees to report omnibus farm legislation that will increase mandatory spending by \$73.5 billion over 10 years (FY2002-2011) on USDA-administered farm, conservation, trade, food and nutrition and related programs. If the bill is not completed in time for the 2002 crop year, Congress is expected to consider a supplemental spending bill for agriculture before the end of this fiscal year. Such a measure would likely spend the \$7.35 billion allocated to the farm bill in FY2002 on emergency assistance to farmers. For more information on the pending omnibus farm bill, see CRS Report RL31195, *The 2002 Farm Bill: Overview and Status*.

The Administration's FY2003 Budget Request for USDA and Related Agencies

As the first step in the FY2003 budget and appropriations process, the Bush Administration released its budget request on February 4, 2002. Within the budget, the Administration requested FY2003 budget authority of \$75.596 billion for the U.S. Department of Agriculture and related agencies (which includes all of USDA except the Forest Service, and also includes the Food and Drug Administration and the Commodity Futures Trading Commission.) The \$75.596 billion requested for FY2003 is \$308 million below the *regular* appropriations of \$75.902 billion made in FY2002 (P.L. 107-76). It is \$843 million below the *total* FY2002 appropriations of \$76.438 billion, which also includes a \$535 million supplemental appropriation (within P.L. 107-117) made to various USDA programs, FDA, and CFTC in response to the September 11 terrorist attacks.

The Administration's FY2003 request for USDA and related agencies includes \$58.1 billion for mandatory programs and \$17.5 billion for discretionary programs. The mandatory portion of the request is \$1.8 billion below the FY2002 enacted level of \$59.9 billion, primarily because the estimated reimbursement to the Commodity Credit Corporation (which is an indefinite appropriation of "such sums as are necessary") is estimated to be \$5.4 billion below the FY2002 estimated level. CCC

spending is highly variable from year to year, and future spending levels will be driven by the pending 2002 farm bill (H.R. 2646) which is currently in conference committee.

The requested \$17.5 billion for discretionary accounts is \$1.5 billion above regular discretionary appropriations of \$16.01 billion made in FY2002, and \$937 million above the total appropriation of \$16.55 billion that includes the \$535 million supplemental. Accounting for \$368 million of the requested increase in discretionary spending for USDA and related agencies is the Administration's assumption of a legislative proposal that would require all federal agencies to assume the full cost of accruing employee pensions and retiree health benefits beginning in FY2003.¹

The following sections summarize the Administration's request for various mission areas and agencies within USDA, and for all of FDA. Also see the table at the end of the report for a tabular summary of the FY2003 request in comparison to the FY2002 appropriations. This report and the table will also track congressional action on the FY2003 agriculture appropriations bill when it begins.

Farm Commodity Support

Most spending for USDA's mandatory agriculture and conservation programs is funded through USDA's Commodity Credit Corporation (CCC). The CCC is a wholly owned Government corporation. It has the legal authority to borrow up to \$30 billion at any one time from the U.S. Treasury. These borrowed funds are used to finance the spending of ongoing programs such as farm commodity price and income support activities (including annual production flexibility contract, or so-called AMTA, payments and loan deficiency payments); and various agricultural conservation and trade programs. The CCC has also been the funding source for a large portion of emergency supplemental spending over the years, particularly for ad-hoc farm disaster payments, and direct market loss payments to growers of various commodities which have been provided in response to low farm commodity prices.

The CCC must eventually repay the funds it borrows from the Treasury. But, because the CCC never earns more than it spends, its losses must be replenished periodically through a congressional appropriation so that its \$30 billion borrowing authority (debt limit) is not depleted, which would render the corporation unable to function. Congress generally provides this infusion through the regular annual USDA appropriation law. Because of the degree of difficulty in estimating its funding needs, which is complicated by crop and weather conditions and other uncontrollable variables, the CCC in recent years has received a "current indefinite appropriation," which in effect allows the CCC to receive "such sums as are necessary" during the fiscal year for previous years' losses and current year's losses. Indefinite appropriations have become more common for the CCC in recent years, particularly in FY2000 when CCC net outlays in that year totaled \$32 billion. Without an indefinite appropriation, the CCC would have exhausted its \$30 billion borrowing limit.

¹ Although the total Administration request for FY2003 includes the estimated \$368 million to fund this proposal, this report (in conformance with the presentation of data by the House Appropriations Committee) does not allocate these requested funds across individual agencies.

For FY2003, the Administration requests an indefinite appropriation for the CCC estimated at \$17.75 billion, compared with an estimated \$23.12 billion for FY2002. However, the Administration states that spending levels could be different depending on the outcome of the omnibus farm bill (H.R. 2646) which is currently in conference committee. The FY2002 budget resolution permits new spending (above baseline) of \$73.5 billion over ten years (FY2002-FY2011) for mandatory USDA spending, for which the Administration has announced its support. The FY2003 budget request assumes the spending of the full \$73.5 billion over the 10-year period and allocates \$4.2 billion in FY2002 and \$7.3 billion in FY2003 to CCC spending. The proposed budget stops short of allocating these funds among specific programs, but does include these estimates in its total CCC projected spending levels. The budget also does not anticipate any emergency supplemental spending for economic or natural disaster assistance for farmers in either FY2002 or FY2003, which if enacted would alter CCC spending.

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. Most policies are sold and completely serviced through approved private insurance companies that have their program losses reinsured by USDA. The annual agriculture appropriations bill makes two separate appropriations for the federal crop insurance program. It provides discretionary funding for the salaries and expenses of the RMA. It also provides "such sums as are necessary" for the Federal Crop Insurance Fund, which funds all other expenses of the program, including premium subsidies, indemnity payments, and reimbursements to the private insurance companies.

For FY2003, the Administration requests \$72.8 million for the salaries and expenses of the RMA, the only discretionary component of the federal crop insurance program. The requested level is nearly \$2 million below the FY2002 appropriation of \$74.75 million. Most of the reduction in the FY2003 funding request is attributable to one-time costs in FY2002 for implementing the Agricultural Risk Protection Act (P.L. 106-224). For more information on the crop insurance legislation, see CRS Report RL30739, *Federal Crop Insurance and the Agriculture Risk Protection Act of 2000 (P.L. 106-224)*.

For mandatory expenses of the crop insurance program (premium subsidy, program losses and reimbursements to private insurance companies), the Administration requests "such sums as are necessary" and estimates an FY2003 appropriation of \$2.89 billion, which is \$151 million below the FY2002 estimate of \$3.04 billion.

Annual spending on the crop insurance program is difficult to predict in advance and is dependent on weather and crop growing conditions. The crop insurance program received legislative enhancements in 2000 (P.L. 106-224) which have contributed to significantly higher farmer participation in the program. The Administration maintains that the increased participation has resulted in windfall profits for the private insurance companies. Hence, the budget request contains a

legislative proposal to require private insurance companies to absorb more of the risk of the program by limiting their underwriting gains to 11.5% of retained premiums.

Farm Service Agency

While the Commodity Credit Corporation serves as the *funding* mechanism for the farm income support and disaster assistance programs, the *administration* of these and other farmer programs is charged to USDA's Farm Service Agency (FSA). In addition to the commodity support programs and most of the emergency assistance provided in recent supplemental spending bills, FSA also administers USDA's direct and guaranteed farm loan programs, certain conservation programs and domestic and international food assistance and international export credit programs.

FSA Salaries and Expenses. This account funds the administrative expenses for program administration and other functions assigned to the FSA. These funds consist of appropriations and transfers from CCC export credit guarantees, from P.L. 480 loans, and from the various direct and guaranteed farm loan programs. All administrative funds used by FSA are consolidated into one account. For FY2003, the Administration requests an appropriation of \$993.6 million for FSA salaries and expenses, compared with \$939 million appropriated in FY2002. Most of the requested increase is attributable to increased pay costs and a lack of carryover funds from FY2002. (FY2002 funding was bolstered by a \$29 million carryover from FY2001. No carryover is expected into FY2003.) The requested level for FY2003 does not reflect any activities associated with the pending 2002 farm bill.

FSA Farm Loan Programs. Through FSA farm loan programs, USDA serves as a lender of last resort for family farmers unable to obtain credit from a commercial lender. USDA provides direct farm loans and also guarantees the timely repayment of principal and interest on qualified loans to farmers from commercial lenders. FSA farm loans are used to finance the purchase of farm real estate, help producers meet their operating expenses, and financially recover from natural disasters. Some of the 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 caused by farmer non-repayment of the loans.

For FY2003, the Administration requests an appropriation of \$212.2 million to subsidize the cost of total direct and guaranteed farm loans of \$3.8 billion. It also assumes \$28 million in loan subsidy will be carried over from FY2002 to support \$164 million in emergency disaster loans. Current appropriations for FY2002 were \$217 million in loan subsidy to support \$3.89 billion in total loans. Lending levels have been higher in recent years because an FY2000 supplemental act (P.L. 106-113) provided significant emergency funding for various USDA farm loan programs, from which balances were carried over into subsequent years. Supplemental funding has been provided in recent years for federal farm loans in response to low farm commodity prices, which have diminished the ability of farmers to secure commercial farm loans.

Agricultural Trade and Food Aid

For USDA's international activities, including food aid, export credit guarantees, export market development programs, and export subsidies, the Administration proposes a \$6.45 billion program level for FY2003. This represents the value of all goods and services provided; actual budget authority (appropriations) requested in the President's budget proposal is \$1.450 billion, most of which (\$1.185 billion) would go to fund P.L. 480 foreign food aid.² The program levels for USDA's international activities were estimated at \$6.4 billion in FY2002, and were \$5.22 billion in FY2001. Budget authority enacted for FY2002 was \$1.124 billion, or \$325 million less than the requested FY2003 level. Increased budget authority for FY2003 reflects a decision by the Administration to pay for much of U.S. foreign food aid with discretionary rather than mandatory spending.

FAS Salaries and Expenses. The Foreign Agricultural Service (FAS) administers USDA's international programs. The administration of P.L. 480 Food for Peace, however, is shared between USDA and the U.S. Agency for International Development (USAID). USDA is responsible for Title I of P.L. 480, which provides low-interest, long-term loans to developing countries to finance the purchase of U.S. food products, while USAID is responsible for Title II (commodity donations) and Title III (a bilateral food grant program). For salaries and expenses of FAS, the President requests an appropriation of \$131.7 million in FY2003, compared with \$121.8 million in FY2002.

Foreign Food Aid: Funding and Issues. Within the \$1.45 billion of budget authority requested for discretionary programs, the President requests \$1.314 billion for P.L. 480 (Food for Peace) programs, which have been the main channel for U.S. foreign food aid and are the largest appropriated international USDA program. The budget request for P.L. 480 is \$315 million greater than the enacted FY2002 level. Almost all of the increase will be allocated to commodity donations for emergency and humanitarian feeding programs under Title II of P.L. 480. The budget request is estimated by USDA to support 3.7 million metric tons of P.L. 480 commodity assistance to developing countries in FY2003. However, foreign food assistance program levels would decline under the FY2003 budget proposal, to \$1.35 billion, compared with an estimated \$1.61 billion in FY2002 and \$1.66 billion in FY2001.

The reduction in program level is due to the Administration's decision to curtail sharply reliance on another food aid vehicle, Section 416(b) surplus commodity donations. Section 416 is funded through the borrowing authority of the Commodity Credit Corporation, and is therefore not subject to annual appropriations. The Administration expects to use only about \$50 million in Section 416 commodities (mostly surplus nonfat dry milk) in FY2003, compared with an estimated \$360 million

²Program level exceeds budget authority because certain significant federal credit programs, such as export credit guarantees funded through the borrowing authority of the Commodity Credit Corporation (CCC), do not require annual appropriations. Only administrative expenses and loan subsidies, not the value of the loan or guarantee, require an appropriation. In addition, CCC funded activities, such as EEP, MAP, and FMDP, which are included in program level, do not require annual appropriations.

in Section 416 commodities in FY2002 and \$634 million in FY2001. Proposed reductions in Section 416 (which in past years have not necessarily been achieved) are rationalized by a recent Administration review of food aid that also recommended (and is in this budget) that all programs now run through private voluntary organizations (PVOs), cooperatives, and the World Food Program be placed in AID, with USDA food aid activities confined to government-to-government programs. For Food for Progress (FFP), another CCC-funded program, which provides U.S. commodities to developing countries and emerging democracies, the Administration estimates no program level for FY2003, compared with \$100 million annually in previous years. Any FFP activity would be limited to government-to-government programs under P.L. 480 Title I.

The Administration's decision virtually to eliminate Section 416(b) commodity donations has provoked controversy between the Administration and food aid providers, such as private voluntary organizations (PVOs) and cooperatives, and agribusiness suppliers of commodities to the food aid programs. Some Members of Congress also have criticized the Administration's decision on food aid. These groups welcome the increase in Title II commodity donations, but maintain that the net effect of the Administration's decision will be to reduce the volume of U.S. foreign food aid. Some food aid groups agree that food aid should not be based on the availability of surpluses (as is the case with Section 416(b)), but argue that substantially more funds for food aid than requested by the President are needed.

The use of commodity surpluses to augment U.S. food aid has been criticized by the European Union, Australia, and other agricultural exporting countries as an effort to circumvent U.S. World Trade Organization (WTO) export subsidy reduction commitments. These trading partners argue that much of U.S. food aid is being used to manage supplies rather than to meet emergency needs and that large food aid shipments impede sales of agricultural products by and between developing countries. The issue of food aid and international agricultural trading rules appears likely to be pursued by U.S. trading partners in the new round of multilateral trade negotiations launched at the end of 2001.

Mandatory Trade Programs. In addition to Section 416(b) and Food for Progress, many other USDA international programs are not subject to direct annual appropriations, and instead are funded through CCC borrowing authority. About two-thirds of the proposed FY2003 program level, \$4.22 billion, would be for CCC export credit programs, which guarantee payment for commercial financing of U.S. agricultural exports. The level of credit guarantees historically has not reached the fully budgeted amount due to actual market conditions and credit needs.

U.S. export credit programs have also been raised as an issue in WTO agricultural trade negotiations. The EU and other trading partners charge that the program has a subsidy element (although it is much less than the subsidy represented by the EU's export restitution program) and gives the U.S. an unfair competitive advantage in exporting certain agricultural commodities. The U.S. has been engaged in negotiations on export credit programs in the Organization for Economic Cooperation and Development (OECD), but these negotiations did not succeed and have been suspended. The United States was reportedly willing to make changes in its export credit programs that would have reduced the subsidy element and satisfy

other objections by trading partners in exchange for greater openness by state trading enterprises that have a monopoly on the export of agricultural products, e.g., the Canadian Wheat Board. Any changes in the U.S. program would have to withstand scrutiny by House and Senate Agriculture Committees which strongly support the programs as they are presently constituted.

For other CCC-funded programs, the Administration proposes \$90 million for the market access program (MAP) and \$28 million for the foreign market development cooperator program (FMDFP), the same as current year funding. Both – which would be expanded significantly by the pending omnibus farm bill – assist trade associations and others to develop overseas markets for U.S. farm products. For the two CCC-funded direct export subsidy programs, the Administration proposes \$478 million for the Export Enhancement Program (EEP), the maximum permitted by current farm law and world trade obligations (although only about \$1 million annually has been used in recent years), and \$63 million for the Dairy Export Incentive Program (DEIP), also reflecting maximum permitted levels under trade obligations.

No additional funding is in the FY2003 budget request for the Global Food for Education Initiative (GFEI), a pilot school and child nutrition program begun by the Clinton Administration and expected to cost an estimated \$230 million. USDA said a decision on continuation will hinge on the results of an evaluation – although the pending farm bill possibly could require its future operation. Finally, the Administration proposes that all costs of the “cargo preference” law, which requires that 75% of all food aid be shipped on U.S. flag vessels when feasible, would be borne by USDA; currently, the U.S. Maritime Administration reimburses USDA for one-third of those costs.

For more information on agricultural trade and food aid, see CRS Issue Brief IB98006, *Agricultural Export and Food Aid Programs* and CRS Issue Brief IB10077, *Agricultural Trade Issues in the 107th Congress*.

Natural Resources and Environment

The natural resources and environment mission area within USDA is implemented through the programs of the Natural Resources Conservation Service, the Farm Service Agency, and the Forest Service. (Funding for the Forest Service is provided in the annual Interior appropriations bill.) Conservation spending combines discretionary spending, requested at \$1.05 billion for NRCS and FSA, and mandatory funding, currently at almost \$2.0 billion, according to the CBO April 2001 budget baseline. Legislative authority for many of the mandatory conservation programs expire in FY2002, so enactment of a new farm bill (H.R. 2646) will determine future authorization levels for these programs. Under both the House- and Senate-passed versions of the pending farm bill (currently in conference), overall mandatory conservation funding would grow rapidly, although the rate and pattern of growth among programs differ greatly, according to CBO. The House-passed bill would increase mandatory funding to more than \$3.5 billion in FY2006 and almost \$3.8 billion by FY2011, while the Senate-passed bill would increase mandatory funding to \$5.1 billion in FY2006 (and \$4.1 billion in FY2011, assuming no additional changes in policy).

Discretionary Programs. The Administration recommends an appropriation of \$1.05 billion for all discretionary NRCS and FSA conservation spending for FY2003, compared with an FY2002 appropriation of \$962.1 million. The largest discretionary conservation program is Conservation Operations (CO), most of which supports technical assistance. The Administration recommends an appropriation of \$841 million for CO, up \$62 million or 8%, compared with the FY2002 appropriation of \$779 million. Of this increase, \$48 million would pay for technical assistance in helping animal feeding operations comply with clean water regulations.

The Administration requests no appropriation in FY2003 for its three ongoing watershed programs: Watershed and Flood Prevention Operations (\$106.6 million appropriated in FY2002), Watershed Surveys and Planning (\$11 million in FY2002) and Watershed Rehabilitation Program (\$10 million in FY2002). Instead, it requests \$110 million for Emergency Watershed Protection, which is the average of annual spending over the past 10 years, so that USDA would have funds on hand to provide immediate assistance after a natural disaster. (Currently, the emergency programs typically are funded in supplemental acts after a disaster strikes, so assistance may not be available for several months or longer after the damage occurs.) The Administration also requests no funding in FY2003 for the Forestry Incentives Program (\$7 million in FY2002). The Emergency Conservation Program, an FSA-funded program which helps producers repair damaged farmland following a disaster, is usually funded through emergency supplemental appropriations. However, the Administration assumes that FY2003 spending will be the average of the past 10 years, \$48.7 million, and requests the availability of these funds in regular appropriations, which it says will enable it to better respond to emergencies. Other line items in the budget, including the Grazing Lands Initiative, Snow Survey, Soil Survey, Plant Material Centers, and Resource Conservation and Development Program would each receive the same funding level or modest increases.

Mandatory Programs. Of the mandatory conservation programs administered by USDA and funded through the borrowing authority of the Commodity Credit Corporation, the Administration assumes full funding of \$200 million for the Environmental Quality Incentives Program (EQIP) in FY2003 even though budget authority expires after FY2002. Most of the other mandatory conservation programs have either reached their authorized ceilings (set in dollars or acres), or have been unfunded because of limitations enacted each year in appropriations legislation. The largest mandatory conservation program is the Conservation Reserve Program (CRP), which pays farmers to retire from production highly erodible and environmentally sensitive land. Late last year, USDA reported that there were about 35.1 million acres enrolled in the CRP, almost 10% of the country's cropland. It is approaching its ceiling of 36.4 million acres. The budget assumes FY2003 outlays of \$1.856 billion to fund existing and new contracts.

Although the Administration has stated its support for increased funding for conservation programs, its budget request for FY2003 does not account for any increases expected in the pending omnibus 2002 farm bill. For more information on conservation and the farm bill, see CRS Report RL31255, *Resource Conservation Title: Comparison of Current Law with Farm Bills Passed by House and Senate*.

For more information on USDA conservation issues, see CRS Issue Brief IB96030, *Soil and Water Conservation Issues*.

Agricultural Research, Education, and Economics

The Administration requests an FY2003 appropriation of \$2.228 billion for USDA's four research, education, and economics (REE) agencies in FY2003. The requested level is \$76 million below the regular FY2002 appropriation of \$2.304 billion in FY2002, and \$189 million below the FY2002 level of \$2.417 billion that includes \$113 million in emergency supplemental funding to bolster security at USDA research facilities.

Four agencies carry out USDA's REE function. The Department's in-house research agency is the Agricultural Research Service (ARS), which provides scientific support to USDA's action and regulatory agencies and conducts long term, high risk, basic and applied research on subjects of national and regional importance. The National Agricultural Library merged with ARS in the 1994 USDA reorganization. The Cooperative State Research, Education, and Extension Service (CSREES) is USDA's liaison with state-level research, education, and extension programs at the land grant Colleges of Agriculture. The Economic Research Service (ERS) provides economic analysis of agriculture issues using its databases as well as data collected by the National Agricultural Statistics Service (NASS). ARS, CSREES, ERS, and NASS are under the Undersecretary for Research, Education, and Economics.

Agricultural Research Service (ARS). The President requests an appropriation of \$988 million for USDA's in-house science agency, the Agricultural Research Service (ARS). Of the total requested, \$971.4 million would support ARS's research programs, and \$16.6 million would support modernizing and building ARS facilities. For FY2002, Congress made a total regular appropriation of \$1.211 billion to ARS of which \$979.5 million was for research and \$119 million for facilities. In addition, as part of the homeland security supplemental bill that Congress passed in January 2002 (P.L. 107-117), ARS received \$40 million for biosecurity research and \$73 million for upgrading and protecting laboratories. Therefore, the FY2003 request for research activities represents an \$8 million decrease from the FY2002 regular appropriation, and a \$48 million decrease from the total FY2002 appropriation that includes the \$40 million research supplemental.

The proposed FY2003 level of \$16.6 million for ARS buildings and facilities represents a \$102.4 million decrease from the FY2002 regular appropriation for buildings and facilities (or a \$175.4 million decrease from the total FY2002 appropriation that includes the \$73 million supplemental.) Of the \$73 million in supplemental FY2002 funds, \$50 million was earmarked for construction of a bio-containment facility at Ames, Iowa, and \$23 million was reserved for the Plum Island, New York Animal Disease Center.

The Administration proposes terminating support for earmarked research projects begun in 2001 and 2002 (approximately \$90 million) and reducing spending in certain core research areas by \$15 million, and using part of the savings to increase funding for ARS high priority research on animal diseases (+\$8 million), plant diseases (+\$5.4 million), biofuels and industrial uses of commodities (+\$9 million), global

climate change (+\$6.5 million), agricultural genetics (+\$6.9 million), and biosecurity (+\$5 million), and for the information programs of the National Agricultural Library (+\$2 million).

Cooperative State Research, Education, and Extension Service (CSREES). The Administration requests an appropriation of \$1.017 billion (compared with \$1.024 billion appropriated in FY2002) for the Cooperative State Research, Education, and Extension Service (CSREES), the agency through which USDA sends federal funds to land grant Colleges of Agriculture for state-level research, education and extension programs. The Administration proposes maintaining the formula funds for core research and extension programs, for forestry and veterinary research, and for extension programs at the 1890 (historically black) land grant colleges at the FY2002 level (\$549 million). The request proposes to reduce funding for earmarked research and extension grants by \$129 million (\$97 million was appropriated in FY2002 for Special Grants, with additional funds for other earmarked research and extension programs). The President's budget requests \$39 million for certain competitively awarded research and extension projects, and would double current funding for the National Research Initiative Competitive Research Grants (NRI) program (to \$240 million). The FY2003 budget request would block the expenditure of \$120 million in mandatory funds for the Initiative for Future Agriculture and Food Systems that was authorized in separate legislation in 1998, as well as \$160 million in mandatory funds for the Fund for Rural America, which was authorized in the 1996 farm act. The FY2002 appropriations act also prohibited expenditures for both these programs.

Economic Research Service (ERS) and National Agricultural Statistics Service (NASS). The President's FY2003 budget proposes \$79.2 million (up \$12 million from FY2002 enacted) for ERS and directs the increase to support two joint projects with other USDA agencies, one on the structure of the U.S. farm sector, and one on the economic effects of invasive species and control programs. The Administration recommends an FY2003 appropriation of \$143.7 million for the National Agricultural Statistics Service (NASS) (up \$30 million from FY2002), of which \$42 million (up \$15.5 million from FY2002) would support the agency's administration of the 2002 Census of Agriculture.

For more background information on USDA research programs, see CRS Report 97-325, *Agricultural Research, Education, Extension and Economics Programs: A Primer*.

Food Safety

USDA's Food Safety and Inspection Service (FSIS) is responsible for the mandatory inspection of meat, poultry, and processed egg products to insure their safety, wholesomeness, and proper labeling. The President's budget proposes an appropriation of \$763 million for FSIS, compared with a total FY2002 appropriation of \$730.6 million which includes an emergency supplemental appropriation of \$15 million. The budget request assumes the collection of \$101 million in user fees from the processing industry for overtime and holiday inspection services. Part of the \$33 million increase would be to upgrade the agency's computerized inspection tracking

system. Also included in the budget request is a proposal to revise the current user fee system to reduce the rates charged for overtime inspection and instead increase the industry's reimbursement to the government for inspection on second and third shifts. The budget also includes a proposal to assess processing establishments an annual licensing fee. Both these proposals, if adopted, would not become effective until FY2004, at the earliest.

Marketing and Regulatory Programs

USDA's marketing and regulatory programs (MRP) are administered by three agencies: the Agricultural Marketing Service (AMS), the Animal and Plant Health Inspection Service (APHIS), and the Grain Inspection, Packers, and Stockyards Administration (GIPSA). The stated mission of these programs is to "expand domestic and international marketing of U.S. agricultural products and to protect the health and care of animals and plants, by improving market competitiveness and the farm economy for the overall benefit of both consumers and American agriculture." For FY 2003, the Administration is requesting an appropriation of \$913.1 million for USDA's three marketing and regulatory agencies, compared with a total FY2002 appropriation of \$866.6 million. The FY2002 appropriation consists of a regular appropriation of \$754.4 million and an emergency supplemental appropriation of \$112.2 million to protect the food supply against agricultural terrorist threats.

Animal and Plant Health Inspection Service. The largest appropriation for marketing and regulatory programs goes to USDA's Animal and Plant Health Inspection Service (APHIS), the agency responsible for protecting U.S. agriculture from foreign pests and diseases. The Administration requests an FY2003 appropriation of \$780.3 million for APHIS, compared with a total FY2002 appropriation of \$746.8 million, which includes the supplemental appropriation of \$119.1 million. The proposed increase in APHIS funding reflects the agency's new responsibilities to protect against acts of agricultural terrorism. APHIS salaries and expenses for stepped-up border inspection and surveillance activities account for most of the proposed funding increase. In addition, the President has asked for increased appropriations to fund emergency pest outbreak programs. In recent times, these programs have been mostly funded under the Secretary's emergency authorities through the Commodity Credit Corporation (CCC). Similar requests for additional appropriations were advanced by the previous Administration, but Congress routinely turned them down and encouraged the USDA to continue the use of the CCC funding mechanism to address emergency needs. The Administration is concerned about the rising cost of emergency pest outbreaks (\$235 million in FY2001), and expects to seek public comment on ways to share these costs with the states and the private sector.

Agricultural Marketing Service. AMS is responsible for promoting U.S. agricultural products in domestic and international markets, and for facilitating the marketing and distribution of agricultural products. The Administration requests an FY2003 appropriation of \$91.7 million for AMS, compared with \$86.8 million in the FY2002 appropriations act. Not included in the appropriated level is an additional \$190 million in user fees. The President's request includes a \$1 million increase over FY2002 for expanding global marketing opportunities for agricultural commodities by helping agricultural producers and traders gain improved market information.

Another \$1 million in additional funding is requested to improve the Federal Seed program which monitors and controls seed labeling for domestic and foreign sales.

Grain Inspection, Packers, and Stockyards Administration . GIPSA establishes the official U.S. standards, inspection and grading for grain and other commodities, and ensures fair-trading practices. GIPSA has also been working to improve monitoring of livestock markets, where concentration has raised concerns about decreasing competition. The President's budget requests an appropriation of \$41.2 million for GIPSA, up \$8.1 million from the \$33.1 million provided in FY2002.

The President's budget also contains a legislative proposal that if enacted would require new user fees to cover all Packers and Stockyards Act activities (\$23.3 million) and grain standard activities (\$5.6 million), which if enacted would reduce the FY2003 appropriation to \$12.3 million.

Rural Development

USDA's rural development mission is to enhance rural communities by targeting financial and technical resources in areas of greatest need. Three agencies are responsible for the 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 Rural Development's field offices. The mission area also administers the rural portion of the Empowerment Zones and Enterprise Communities Initiative and the National Rural Development Partnership.

The Administration requests an appropriation of \$2.587 billion to support \$11.6 billion in rural development program level loans, grants, technical assistance, salaries and expenses. This is \$5.1 million more in budget authority than the FY2002 appropriation, but represents \$3.522 billion less in program level due to revisions based on loan-loss experience, higher projected loan interest rates, and other factors.

Rural Community Advancement Program (RCAP). The RCAP, authorized by the 1996 farm bill (P.L. 104-127), consolidates funding for 13 rural development loan and grant programs into three accounts: Community Facilities, Rural Utilities, and Business and Cooperative Services. RCAP was designed to provide greater flexibility in targeting financial assistance to local needs and permits a portion of the various accounts' funds to be shifted from one funding stream to another. The Administration requests an FY2003 appropriation of \$791.5 million for RCAP to support a program level of \$2.8 billion. The requested appropriation is \$15 million below the enacted FY2002 level. The Administration requests \$32.6 million for the Community Facilities account; \$682.8 million for the Rural Utilities account; and \$76.1 million for the Rural Business Services account. Program levels for direct loans and grants under the Community Facility account would decline by approximately \$160 million.

The Administration is requesting \$733 million in loan authorization under the Business and Industry Guaranteed Loan program. While this is a \$419 million decline from FY2002, FY2002 authorization levels reflect \$400 million in carry-over from FY2001. The Administration requests slightly lower funding for several of the other

RCAP programs administered by RBS. Levels for High-Energy Costs grants would increase to \$30 million in FY2003 from \$10 million in FY2002.

Rural Housing Service. The Administration requests an FY 2003 appropriation of \$1.53 billion for rural housing programs to support a program level of \$5.243 billion. The requested appropriation is \$54 million more than was enacted in FY2002. Direct loans for multi-family Section 515 rural rental housing projects would be limited to repair and rehabilitation. No new direct loans for new projects would be permitted under this program until the Department completes a review of the program and possible alternatives. Rental Assistance payments for Section 521 housing and farm labor housing loans (Section 514) would increase slightly over FY2002.

Rural Utilities Service. The Administration requests \$84.6 million for RUS. This is \$35.4 million less than was enacted for FY2002. Program levels for all RUS loans and grants would decline from an estimated \$6.998 billion in FY2002 to \$4.783 billion in FY2003. Electric loan authorizations would decline by \$1.45 billion over FY2002 current estimates. No funds are requested for local television loans. A provision for local television broadcasting is included in the House-passed farm bill (HR 2646). Telecommunication loan levels would remain the same as FY2002 at \$495 million; program levels for distance learning and telemedicine are slightly lower than current FY2002 estimates. No funding is requested for the Rural Telephone Bank which was required by law to begin privatization in FY1996.

Rural Business-Cooperative Service. The Administration requests \$35.8 million for RBS programs which is \$10.8 million less than the amount enacted for FY2002. Most other RBS programs not administered under RCAP are maintained at approximately FY2002 levels. The Administration makes no funding request for the Empowerment Zones and Enterprise Communities program, although funding is authorized under the RCAP account.

For more information on USDA rural development programs, see "Rural Development", CRS Electronic Briefing Book page.

Food and Nutrition

For FY2003, the Administration requests an appropriation of \$41.88 billion for USDA food and nutrition programs, an increase of \$4 billion above the FY2002 appropriation. The food stamp and related programs would receive an appropriation of \$26.25 billion in FY2003 under the Administration request, including a \$2 billion contingency reserve that is being requested at the same levels as FY2002 appropriations. Included in the food stamp amount are some \$20.2 billion for food stamp benefits; \$1.38 billion for the Puerto Rico nutrition grant program; \$100 million for commodity purchases for the Emergency Food Assistance Program (TEFAP) and \$82 million for the Food Distribution Program on Indian Reservations (FDPIR). The Administration anticipates food stamp participation growth of about 800,000, or about 4% above FY2002 for a total of 20.6 million persons. Increases requiring legislative action are proposed that would restore eligibility for legal immigrants residing in the U.S. for at least 5 years and changes to the quality control system,

employment rules, and deductions. These are comparable to some of the provisions in the Senate-passed farm bill.

An appropriation of \$10.58 billion is proposed for child nutrition programs for FY2003. This is \$489 million more than FY2002 appropriations and is expected to maintain full program participation for the school lunch, breakfast, child and adult care food, summer food service, and special milk programs, as well as other related nutrition activities. The WIC program would receive an appropriation of \$4.75 billion under the Administration FY2003 budget, an increase of \$403 million from the regular FY2002 appropriation of \$4.348 billion, or a \$364 million increase from the total FY2002 appropriation of \$4.387 billion that includes an emergency supplemental appropriation of \$39 million. The supplemental funding was made available to WIC in the FY2002 supplemental act (within P.L. 107-117) which was enacted in response to the terrorist attacks of September 11, 2001. On March 20, 2002, the Administration requested a second supplemental of \$75 million for the WIC program. Congressional action is pending. For FY2003, the WIC program is expected to serve a monthly average of 7.8 million participants at this funding level. A \$150 million contingency reserve is proposed to cover anticipated increases in participation, and no funding is proposed for the WIC farmers market nutrition program.

Slight increases in funding are proposed for the commodity supplemental food program (up \$2.2 million). Emergency Food Assistance Program administrative costs would remain at the FY2002 level of \$50 million. No FY2003 funding is requested in the USDA budget for the elderly nutrition program, a commodity distribution program, that provides mostly cash-in-lieu of commodities to support meals programs for senior citizens. The Administration proposes to merge this program with the larger meal programs operated for senior citizens under the Older Americans Act by the Department of Health and Human Services.

Food and Drug Administration

The Food and Drug Administration (FDA), a part of the Department of Health and Human Services, is the agency responsible for regulating the safety of foods, drugs, biologics, and medical devices. The agency's funding comes from a combination of congressional appropriations and user fees, primarily fees collected for the review of pharmaceuticals. The total collection of the drug user fees is set each year in FDA's annual appropriations act. For FY2003, the President requests a total appropriation of \$1.377 billion for FDA, of which \$1.369 billion is for salaries and expenses and \$8 million is for the maintenance of buildings and facilities. The salaries and expense request of \$1.369 billion is \$34 million above the total FY2002 appropriation of \$1.335 billion which includes an emergency supplemental appropriation of \$151.1 million. The \$8 million requested for FDA buildings and facilities is \$26.3 million below the FY2002 appropriation of \$34.3 million.

Not included in these totals is \$295 million that would be collected from user fees. Within the user fee category, \$262 million will be collected for the review of drug applications under the Prescription Drug User Fee Act (PDUFA). The agency's

authority to collect user fees under PDUFA expires on September 30, 2002. If Congress decides to reauthorize this act, the President has proposed that a cap on collections be set at \$262 million for FY 2003.

For the FY 2003 budget request, the FDA has included the total FY 2002 counter-terrorism supplemental appropriation (\$151.1 million) as part of the base, and is requesting a total of \$159.1 million to expand its counter-terrorism activities begun the previous year. FDA wants to continue its efforts to ensure the availability of safe and effective drugs, vaccines, blood products, radiological products, animal health products, and a safe food supply. Of this \$159 million, \$98.048 million is slated for counter-terrorism activities related to food safety, particularly the development of tests to detect bio-terrorist agents and to increase the safety of imported foods. The remaining funds would be used for general bioterrorism activity support. In FY 2002, the supplemental funds were used to hire 673 new employees to improve FDA's capacity to respond to terrorist threats.

The Administration has identified several budget categories within FDA for which it is seeking increased funding. For example, the request would like to cover the cost of employee pay increases, and enhance its post-marketing surveillance capacity by updating MedWatch, its adverse event reporting system. According to the agency's budget request, it would like to spend additional funds to improve its generic drug review program, and upgrade its financial management system. The Administration requests only \$8 million for the maintenance of FDA buildings and facilities, a decrease of \$26 million (from \$34 million in FY 2002) because the renovation of the Los Angeles laboratory has been completed.

Table 2. USDA and Related Agencies Appropriations, FY2003 Request vs. FY2002 Enacted, Budget Authority
(\$ in millions)

Agency or Major Program	FY2002 Enacted (1)	FY2003 Administration Request (2)	FY2003 House Bill	FY2003 Senate Bill	FY2003 Enacted
Title I — Agricultural Programs-					
Agric. Research Service (ARS) Regular Appropriation Emergency Supplemental	1,098.5 113.0	988.0	***	***	***
Coop. State Research Education and Extension Service (CSREES)	1,024.4	1,017.1	***	***	***
Economic Research Service (ERS)	67.2	79.2	***	***	***
National Agricultural Statistics Service (NASS)	113.8	143.7	***	***	***
Animal Plant Health and Inspection Service (APHIS) Regular Appropriation Emergency Supplemental	627.7 112.2	780.3	***	***	***
Agric. Marketing Service (AMS)	86.8	91.7	***	***	***
Grain Inspection , Packers and Stockyards Admin. (GIPSA)	33.1	41.2	***	***	***
Food Safety and Insp. Serv (FSIS) Regular Appropriation Emergency Supplemental	715.6 15.0	763.0	***	***	***
Farm Service Agency (FSA) Salaries and Expenses	939.0	993.6	***	***	***
FSA Farm Loans - Subsidy Level	187.6	212.2	***	***	***
<i>*Farm Loan Authorization</i>	<i>3,890.7</i>	<i>3,802.0</i>	***	***	***
FSA Farm Loans- Salaries and Administrative Expenses	280.6	287.2	***	***	***
Emergency Conservation Program	0	48.7			
Risk Management Agency (RMA) Salaries and Expenses	74.75	72.8	***	***	***
Federal Crop Insur. Corp. Fund (3)	3,037.0	2,886.2	***	***	***
Commodity Credit Corp. (CCC) (3)	23,116.0	17,749.0	***	***	***
Other : Regular Appropriation Supplemental Appropriation	478.5 80.9	541.0	***	***	***
Total, Agricultural Programs Regular Appropriation Supplemental Appropriation	31,873.7 328.0	26,694.9	***	***	***

Agency or Major Program	FY2002 Enacted (1)	FY2003 Admini- stration Request (2)	FY2003 House Bill	FY2003 Senate Bill	FY2003 Enacted
Title II - Conservation Programs					
Conservation Operations	779.0	841.0	***	***	***
Watershed Surveys and Planning	11.0	0			
Watershed & Flood Prevention	106.6	0			
Watershed Rehabilitation Program	10.0	0			
Emergency Watershed Protection	0	110.0			
Resource Conservation & Developm.	48.0	49.1			
Forestry Incentives Program	6.8	0			
Total, Conservation	962.1	1,000.9	***	***	***
Title III - Rural Development					
Rural Community Advancement Program (RCAP)	806.6	791.5	***	***	***
Salaries and Expenses	133.7	145.7	***	***	***
Rural Housing Service (RHS)	1,474.5	1,528.5	***	***	***
* <i>RHS Loan Authority</i>	4,485.8	3,924.3	***	***	***
Rural Business Cooperative Serv.	46.6	35.8	***	***	***
* <i>RBCS Loan Authority</i>	53.1	55.0	***	***	***
Rural Utilities Service (RUS)	120.0	84.6	***	***	***
* <i>RUS Loan Authority</i>	5,378.6	3,245.7	***	***	***
Total, Rural Development	2,581.9	2,587.1	***	***	***
* <i>Rural Development, Total Loan Authority</i>	9,917.6	7,225.0	***	***	***
Title IV - Domestic Food Programs					
Child Nutrition Programs	10,087.2	10,576.7	***	***	***
WIC Program			***	***	***
Regular Appropriation	4,348.0	4,751.0			
Supplemental Appropriation	39.0				
Food Stamp Program	22,992.0	26,250.0	***	***	***
Commodity Assistance Program (4)	149.5	145.0	***	***	***
Food Donation Programs	150.7	1.1			
Other	128.2	148.7	***	***	***
Total, Food Programs			***	***	***
Regular Appropriation	37,855.6	41,872.5			
Supplemental Appropriation	39.0				

Agency or Major Program	FY2002 Enacted (1)	FY2003 Admini- stration Request (2)	FY2003 House Bill	FY2003 Senate Bill	FY2003 Enacted
Title V - Foreign Assistance					
Foreign Agric. Service (FAS)	121.8	131.7	***	***	***
Public Law (P.L.) 480	998.7	1,314.0	***	***	***
CCC Export Loan Salaries	4.0	4.1	***	***	***
Total, Foreign Assistance	1,124.5	1,449.7	***	***	***
Title VI - FDA & Related Agencies					
Food and Drug Administration Regular Appropriation Supplemental Appropriation	1,218.0 151.1	1,377.4	***	***	**
Commodity Futures Trading Commission (CFTC) Regular Appropriation Supplemental Appropriation	70.7 16.9	81.8	***	***	***
Total, FDA & CFTC Regular Appropriations Supplemental Appropriations	1,288.7 168.0	1,459.2	***	***	***
Other Provisions (5)	107.9	0	***	***	***
Total, Including Emergency Spending, before adjustments					
	76,329.4	75,064.3	***	***	***
CBO Scorekeeping Adjustments (6)	108.4	532.0	***	***	***
Grand Total, Including Scorekeeping Adjustments, Excluding Emergency Spending	75,902.8	75,596.3	***	***	***
Grand Total, Including CBO Scorekeeping Adjustments and Emergency Spending	76,437.8	75,596.3	***	***	***

An item with a single asterisk (*) represents the total amount of direct and guaranteed loans that can be made given the requested or appropriated loan subsidy level. Only the subsidy level is included in the totals.

*** = Action Pending

(1) FY2002 enacted levels include amounts appropriated in the regular FY2002 agriculture appropriations act for USDA and related agencies (P.L. 107-76), and the \$535 million in emergency supplemental funding made available to USDA, FDA, and CFTC in P.L. 107-117 in response to the terrorist attacks.

(2) Agency totals do not include the cost of the Administration's legislative proposal to require all federal agencies to pay the full share of accruing employee pensions and annuitant health benefits beginning in FY2003. However, the CBO-estimated cost of this proposal (\$368 million in FY2003

for USDA, FDA, and CFTC) is included at the end of the table in the scorekeeping adjustments of the FY2003 request.

(3) Under current law, the Commodity Credit Corporation and the Federal Crop Insurance Fund each receive annually an indefinite appropriation (“such sums, as may be necessary”). The amounts shown for both FY2002 and FY2003 are USDA estimates of the necessary appropriations.

(4) Includes an adopted \$3.3 million rescission in the FY2002 enacted level.

(5) Among other FY2002 provisions, includes \$75 million in apple market loss assistance, and an extension of the authority for the dairy price support program for 5 months (scored by CBO at \$15 million).

(6) Scorekeeping adjustments reflect the savings or cost of provisions that affect mandatory programs, plus the permanent annual appropriation made to USDA's Section 32 program. The cost of the Administration proposal to require all federal agencies to pay the full share of current employee pensions and annuitant health costs is also included in the scorekeeping adjustments of the FY2003 Administration request.

Source: Based on spreadsheets provided by the House Appropriations Committee

For Additional Reading

CRS Report RL31195, *The 2002 Farm Bill: Overview and Status*.

CRS Issue Brief IB98006. *Agricultural Export and Food Aid Programs*.

CRS Report 97-325. *Agricultural Research, Education, Extension and Economics Programs: A Primer*.

CRS Issue Brief IB10077. *Agricultural Trade Issues in the 107th Congress*.

CRS Report 98-25. *Child Nutrition Programs: Background and Funding*.

CRS Report RL31095. *Emergency Spending for Agriculture: A Brief History of Congressional Action, FY1989-2001*.

CRS Report RL30739. *Federal Crop Insurance and the Agriculture Risk Protection Act of 2000 (P.L. 106-224)*.

CRS Issue Brief IB10099. *Food Safety and Protection Issues in the 107th Congress*.

CRS Report 98-59. *Food Stamps: Background and Funding*.

Rural Development. CRS Electronic Briefing Book page.

CRS Issue Brief IB96030. *Soil and Water Conservation Issues*.