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Appropriations for FY2005: U.S. Department of Agriculture and Related Agencies

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The annual consideration of appropriations bills (regular, continuing, and supplemental) by Congress is part of a complex set of budget processes that also encompasses the consideration of budget resolutions, revenue and debt-limit legislation, other spending measures, and reconciliation bills. In addition, the operation of programs and the spending of appropriated funds are subject to constraints established in authorizing statutes. Congressional action on the budget for a fiscal year usually begins following the submission of the President's budget at the beginning of the session. Congressional practices governing the consideration of appropriations and other budgetary measures are rooted in the Constitution, the standing rules of the House and Senate, and statutes, such as the Congressional Budget and Impoundment Control Act of 1974.

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

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Appropriations for FY2005: U.S. Department of Agriculture and Related Agencies

Summary

On November 20, 2004, the House and Senate approved the conference agreement on the FY2005 Consolidated Appropriations Act (H.R. 4818, H.Rept. 108-792), which combined nine annual appropriations bills into one measure. The President signed H.R. 4818 into law (P.L. 108-447) on December 8, 2004. Division A of the act provides the U.S. Department of Agriculture and Related Agencies with $85.28 billion in budget authority for FY2005, which is $1.3 billion below FY2004 and $2.0-$2.3 billion above the FY2005 House-passed (H.R. 4766) and Senate-reported (S. 2803) bills, and the Administration's FY2005 request.

An estimated $66.4 billion, or nearly 80%, of the total FY2005 spending in Division A is for mandatory USDA programs, primarily farm commodity support programs and various nutrition programs. The mandatory total for FY2005 is $1.45 billion below FY2004, mainly because improved farm commodity prices have required reduced spending for farm commodity support authorized by the 2002 farm bill. FY2005 mandatory spending is approximately $2 billion above the recommendations of the House, Senate, and the Administration, mainly because of a revision in nutrition program funding needs subsequent to these recommendations.

For all discretionary programs, USDA and related agencies receive $16.98 billion for FY2005, before taking into account the effect of a 0.8% across-the-board rescission on all discretionary accounts required by P.L. 108-447. Discretionary spending is the category over which appropriators have direct control in annual spending bills. The pre-rescission discretionary total is about $140 million above the enacted FY2004 level and the FY2005 House level, $210 million above the Senate level, and $413 million above the Administration request. Once it is applied, the rescission likely will bring FY2005 spending close to the FY2004 and House level of $16.84 billion.

In order to meet an FY2005 discretionary allocation that was close to the FY2004 enacted level, appropriators, as in past years, placed limitations on authorized levels of spending in the 2002 farm bill for various mandatory conservation, rural development, and research programs. P.L. 108-447 reduced authorized FY2005 mandatory spending levels for these programs by a total of about $1.2 billion, and applied those savings toward meeting the discretionary allocation.

Among the provisions that were deleted by conferees in the final law were a Senate provision that would have relaxed licensing rules for businesses seeking to travel to Cuba to promote and sell agricultural products; and a House provision that would have prohibited FDA from enforcing the current law that bans importation of prescriptions drugs by parties other than drug companies.

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Most Recent Developments

On December 8, 2004, the President signed into law the FY2005 Consolidated Appropriations Act (P.L. 108-447, H.R. 4818), which combines nine annual appropriations bills into one measure. Division A of P.L. 108-447 contains $85.3 billion in FY2005 funding for the U.S. Department of Agriculture and Related Agencies, including $16.9 billion in discretionary spending. The total appropriation does not reflect the effect of a provision that requires a 0.8% across-the-board rescission in all discretionary spending in the measure.

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 farm programs.

USDA gross outlays for FY2003 (the most recent fiscal year for which data are available) were $81.53 billion, including regular and supplemental spending. The mission area with the largest gross outlays ($41.3 billion, or 50% of spending) was for food and nutrition programs — primarily the food stamp program (the costliest single USDA program), various child nutrition programs, and the Supplemental Nutrition Program for Women, Infants and Children (WIC). The second largest mission area in terms of total spending is for farm and foreign agricultural services, which totaled $24.3 billion, or 30% of all USDA spending in FY2003. 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.

Total USDA spending in FY2003 also included $7.0 billion (9%) for 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; it is the only USDA agency not funded through the annual agriculture appropriations bill.) USDA programs for rural development ($2.9 billion in gross outlays for FY2003); research and education ($2.4

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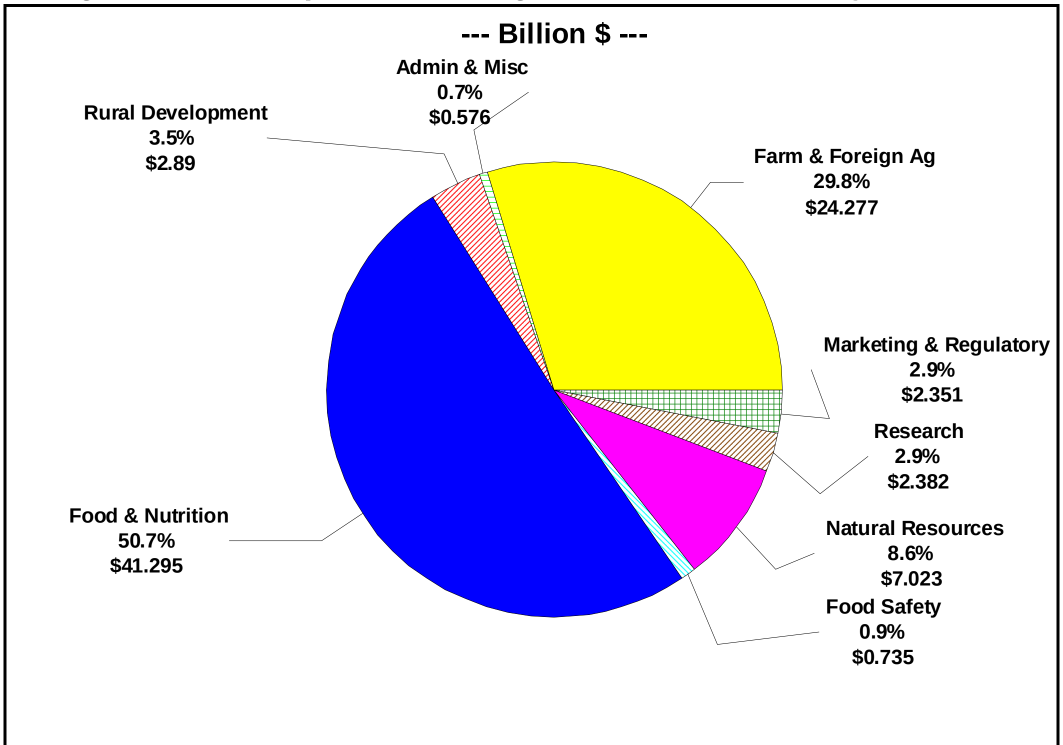
billion); marketing and regulatory activities ($2.3 billion); meat and poultry inspection ($735 million); and departmental administrative offices and other activities ($576 million) accounted for the balance of USDA spending.

Figure 1. U.S. Department of Agriculture Gross Outlays, FY2003



Source: USDA Office Of Budget and Program Analysis

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 2002 farm bill and emergency programs authorized by various appropriations acts); the food stamp program and most 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

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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, 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.

Table 1. USDA and Related Agencies Appropriations, FY1997 to FY2005
(budget authority in billions of dollars)

	FY97	**FY98**	**FY99**	**FY00**	**FY01**	**FY02**	**FY03**	**FY04**	**FY05**
Discretionary	$13.05	$13.75	$13.69	$13.95	$15.07	$16.02	$17.91	$16.84	$16.98
Mandatory	$40.08	$35.80	$42.25	$61.95	$58.34	$56.91	$56.70	$63.69	$68.29
Total Budget Authority	$53.12	$49.55	$55.94	$75.90	$73.41	$72.93	$74.61	$80.53	$85.27

Source: House Appropriations Committee.

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 mandatory emergency supplemental appropriations. The FY2003 level reflects the 0.65% across-the-board rescission applied to all discretionary programs funded in the FY2003 Consolidated Appropriations Act (P.L. 108-7), except for the WIC program which was specifically exempted. The FY2004 level reflects the 0.59% across-the-board rescission to all non-defense, discretionary accounts, without exception. The FY2005 level does *not* yet reflect the 0.8% across-the-board rescission to all discretionary accounts required in the FY2005 omnibus measure (P.L. 108-447).

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 13 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.

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FY2005 Agriculture Appropriations Action

As the first step in the FY2005 budget and appropriations process, the Bush Administration released its budget request on February 2, 2004 for all federal department, agencies, and programs. The Administration's budget contained an FY2005 appropriations request of $82.9 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 Commodity Futures Trading Commission). The FY2005 requested total was down $3.65 billion from the enacted FY2004 level of $86.6 billion, primarily because of an anticipated reduced need in FY2005 to reimburse the Commodity Credit Corporation for its realized losses.[1] An estimated $66.3 billion, or nearly 80%, of this requested spending is for mandatory programs administered by USDA (primarily the CCC, crop insurance, and most food and nutrition programs). Actual spending for these programs is highly variable and is driven by program participation rates and prevailing economic and weather conditions. The balance of the FY2005 spending request ($16.6 billion) was for discretionary programs, compared with an enacted FY2004 appropriated level of $16.8 billion. It is this category of spending for which appropriators have direct control over annual spending levels.

Table 2. Congressional Action on FY2005 Appropriations for the U.S. Department of Agriculture and Related Agencies

Subcommittee Markup Completed		House Report	House Passage	Senate Report	Senate Passage	Conference Report	Conference Report Approval		Public Law
House	Senate						House	Senate	
6/14/04	9/8/04	H.R. 4766; H.Rept. 108-584 7/7/04	Vote of 389-31 7/13/04	S. 2803; S.Rept. 108-340 9/14/04	No action	H.R. 4818, H. Rept 108-792* 11/20/04	Vote of 344-51 — 1 11/20/04	Vote of 65-30 11/20/04	P.L. 108-447 12/8/04

* On Nov. 20, 2004, the final version of the FY2005 agriculture appropriations bill was incorporated into the conference agreement on the consolidated appropriations bill (H.R. 4818) for FY2005.
** Pending

The agriculture subcommittee of the House Appropriations Committee completed markup of the FY2005 agriculture appropriations bill on June 14, 2004, and a markup by the full House Appropriations Committee followed on June 23. The committee officially reported the bill (H.R. 4766, H.Rept. 108-584) on July 7, 2004.

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[1] All FY2004 figures cited in this report (including the table at the end) have factored in the effect of a 0.59% across-the-board rescission to all non-defense, discretionary accounts, as mandated by the FY2004 Consolidated Appropriations Act (P.L. 108-199).

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The full House approved the measure on July 13, 2004, after adopting fourteen amendments.

Senate subcommittee action on its version of the FY2005 bill was completed on September 8, 2004, and the full committee reported the bill (S. 2803) on September 14. The only amendment adopted in the Senate subcommittee was a general provision that would relax restrictions on travel to Cuba to promote and sell U.S. agricultural products. This provision was subsequently deleted by conferees. In full committee markup, an offered amendment to require mandatory country of origin labeling for fresh meats and produce to begin on January 1, 2005, was defeated. No floor action was taken on S. 2803.

A conference agreement was reached on the differences between the House-passed bill (H.R. 4818) and the Senate-reported measure (S. 2803). On November 20, 2004, the conference agreement was folded into an FY2005 consolidated appropriations bill (H.R. 4818, H.Rept. 108-792), along with eight other annual appropriations bills. The President signed the omnibus bill into law (P.L. 108-447) on December 8, 2004.

The following sections of this report review the major provisions in the FY2005 conference agreement for USDA and related agencies as finally enacted, and compare the FY2005 funding levels with the House-passed and Senate-reported measures, the Administration's FY2005 request, and the enacted FY2004 levels (P.L. 108-199). Also, see the table at the end of the report for a tabular summary comparison.

Commodity Credit Corporation

Most spending for USDA's mandatory agriculture and conservation programs was authorized by the 2002 farm bill (P.L. 107-171), and 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 spending for ongoing programs such as farm commodity price and income support activities and various conservation, trade, and rural development 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 were provided in response to low farm commodity prices.

The CCC must eventually repay the funds it borrows from the Treasury. 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

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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.

As in past years, the CCC will receive an indefinite appropriation ("such sums as necessary") for FY2005. The Administration estimates the required FY2005 appropriation at $16.452 billion, compared with a revised estimate of $22.937 billion for FY2004. The FY2005 Consolidated Appropriations Act (P.L. 108-447 , H.R. 4818) concurs with this request. The estimated appropriation for FY2005 is not a reflection of expected outlays for FY2005, but is instead an estimate of the required reimbursement to the CCC for its losses incurred primarily in FY2003. Although the estimated FY2005 appropriation is nearly $6.5 billion below the estimated FY2004 appropriation, the reduction is not because CCC spending is being cut by Congress. Instead, it is primarily attributable to improved farm commodity prices in recent years, which have contributed to a reduction in required spending for farm commodity support under the 2002 farm bill.

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 traditionally 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. Annual spending on the crop insurance program is difficult to predict in advance and is dependent on weather and crop growing conditions and farmer participation rates.

In its FY2005 budget request, the Administration requested such sums as are necessary for the mandatory-funded Federal Crop Insurance Fund, and estimated this appropriation at $4.095 billion, up from the revised FY2004 appropriation of $3.765 billion. The FY2005 Consolidated Appropriations Act (P.L. 108-447, H.R. 4818) concurs with this request. Legislative enhancements (P.L. 106-224) made to the crop insurance program in 2000 have greatly increased the federal subsidy of farmer premiums. The increased subsidy coupled with program losses associated with disasters in various parts of the country have contributed to increased program costs in recent years.

For the discretionary component of the crop insurance program, P.L. 108-447 provides $72.0 million for RMA salaries and expenses, up slightly from the enacted

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FY2004 appropriation of $71.0 million, but well below the Administration's FY2005 request for $91.6 million. Approximately three-fourths (or $15.5 million) of the requested increase would have funded various information technology (IT) initiatives. The Administration had requested an $8.3 million increase in total RMA funding for FY2004, mostly to cover proposed IT initiatives. However, the enacted FY2004 level was just $800,000 above the enacted FY2003 level.

Over the past few years, the Administration's budget contained legislative proposals to limit the amount of federal subsidy that accrues to the private insurance companies participating in the program. None of these proposals were adopted, and the FY2005 request did not contain any legislative initiatives pertaining to the crop insurance program. Instead, USDA earlier this year completed negotiations on a new standard reinsurance agreement (SRA), which became effective on July 1, 2004. The SRA contains the terms and conditions under which USDA provides subsidies and reinsurance on eligible crop insurance contracts sold or reinsured by the private companies. The newly adopted SRA is expected to reduce program costs by $22 million in 2005 and $36 million in 2006 and subsequent years, through lower subsidies to private insurance companies and increased private risk-sharing. For more information on the new SRA, see the CRS Electronic Briefing Book on Agriculture, "Federal Crop Insurance: Standard Reinsurance Agreement," at [http://www.congress.gov/brbk/html/ebagr83.html].

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 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. The FY2005 Consolidated Appropriations Act (P.L. 108-447, H.R. 4818) provides $1.305 billion for all FSA salaries and expenses. (This includes $1.007 billion appropriated directly to FSA and another $298 million transferred to FSA primarily to administer its farm loan programs.) The appropriated amount is higher than the FY2004 appropriation of $1.266 billion, about equal to the Senate-reported level (S. 2803), but below the $1.352 billion in the House-passed bill (H.R. 4766) and the Administration request for $1.317 billion. The House-passed bill was higher because an adopted House floor amendment transferred nearly $53 million to FSA salaries and expenses from

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USDA's Common Computing Environment account, which was not agreed to in the final appropriations law.

Several years ago, FSA funding levels were bolstered by carryover funding from supplemental acts that allowed FSA to increase staffing to administer farm bill commodity support programs. The Administration notes that these carryover funds are now dwindling and need to be compensated for with an increase in regular appropriations to maintain county office staff levels. Report language accompanying the FY2004 House appropriations bill instructed USDA not to shut down or consolidate any local FSA offices unless rigorous analysis proves such action to be cost-effective. The FY2005 House committee report (H.Rept. 108-584) reinforces this policy.

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 help farmers 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. The amount of loans that can be made, the loan authority, is several times larger.

P.L. 108-447 provides an appropriation of $157.8 million to subsidize the cost of making $3.747 billion in direct and guaranteed FSA loans. An additional $301.8 million is appropriated for salaries and administrative expenses to carry out the loan program, most of which is included by transfer in the total FSA salaries and expenses.

The enacted FY2004 loan subsidy was $195.5 million to support FSA loans totaling $3.246 billion. Thus, P.L. 108-447 provides a loan subsidy that is 19% below the FY2004 level, but loan authority is increased in FY2005 by 15%. The ability to increase loan authority while decreasing the appropriation is possible due to two factors: USDA adjustments in historical loan costs and loan repayment ratios, and relatively bigger increases in the lower-cost unsubsidized guaranteed loan programs. The Administration had requested an FY2005 loan subsidy of $161 million to cover $3.8 billion in loans.

P.L. 108-447 follows both the House and Senate bills in not funding the Administration's request for $3.2 million to cover $25 million in emergency loan authority. In recent years, the emergency loan program has operated from carryover funds, but USDA expected to consume the remaining carryover in FY2004. Also, P.L. 108-447 maintains boll weevil eradication loan authority at its FY2004 level

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($100 million, up $40 million from the Administration request, with no additional loan subsidy), and adds language that pink bollworm qualify for the boll weevil eradication loan program.

Most of the $500 million increase in overall loan authority in the final law is a 50% increase in farm ownership loans. The authority for direct farm ownership loans increases by 63% (to $210 million in FY2005) and the authority for guaranteed farm ownership loans increases by 48% (to $1.4 billion). Guaranteed loans with no interest subsidy require a smaller appropriation than interest-subsidized or direct loans. Thus, with the loan repayment ratio adjustments mentioned above, the $456 million increase in guaranteed farm ownership loans costs only $2.3 million in additional loan subsidy.

Nearly all of the $37.7 million decrease in loan subsidy in P.L. 108-447 is in the direct lending programs (farm ownership and operating loans). Because of the performance ratio adjustments, the loan subsidy for direct farm ownership loans decreases by 60% ($17 million) despite the 63% increase in loan authorization. The loan subsidy for direct operating loans decreases by 25% ($23 million) despite a more modest 6% increase in loan authorization.

P.L. 108-447 effectively transfers funds from the unsubsidized guaranteed operating loan program to the subsidized guaranteed operating loan program. Although both types of operating loans are guaranteed, buying down the interest rate costs USDA more. Loan authority for the unsubsidized program decreases by $93 million while authority for the subsidized interest program increases by $20 million. In recent years, the subsidized guaranteed operating loan program has been the most oversubscribed program among the FSA loans.

For more information about agricultural credit in general, see CRS Report RS21977, *Agricultural Credit: Institutions and Issues.*

Conservation

Agricultural conservation spending includes both discretionary and mandatory programs, which are administered for the most part by USDA's Natural Resources Conservation Service. (The major exception is the Conservation Reserve Program, administered by USDA's Farm Service Agency). Discretionary conservation spending has totaled over $1 billion annually in recent years. Mandatory conservation spending, funded by the Commodity Credit Corporation, is estimated to total over $3 billion in FY2004. This section does not discuss USDA Forest Service spending. For information on Forest Service funding, please see CRS Report RL32306, *Appropriations for FY2005: Interior and Related Agencies*.

Discretionary NRCS Programs. Discretionary programs are those which are funded through annual appropriations bills. The FY2005 Consolidated Appropriations Act (P.L. 108-447, H.R. 4818) provides $999.9 million in NRCS

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discretionary funding (as compared to the FY2004 level of $1.027 billion.) Appropriations for major conservation programs are discussed below.

- **Conservation Operations (CO).** This account funds assistance to the public and local governments for conservation. P.L. 108-447 provides $837 million, about $10 million less than the FY2004 enacted level and less than either the House-passed (H.R. 4766) level of $854 million or the Senate-reported (S. 2803) level of $846 million. The conference report to P.L. 108-447 states that member-requested projects funded in FY2004 are not continued in FY2005, unless the final measure specifically mentions those projects.

- **Technical Assistance.** P.L. 108-447 rejects the Administration's request for a new FY2005 discretionary account that would fund technical assistance (TA) for two mandatory programs — the Conservation Reserve Program (CRP) and the Wetlands Reserve Program (WRP). TA funding for mandatory conservation programs, which is derived from the Commodity Credit Corporation (CCC), was capped in the 1996 farm bill. Costs have since exceeded the cap. To cover the CRP and WRP TA costs that exceed the cap, USDA is borrowing funds from other so-called "donor" programs, upsetting constituents of those programs. P.L. 108-447 includes identical language in each discretionary account prohibiting use of funds in that account for any mandatory farm bill conservation program TA (including CRP and WRP). Although the House adopted a floor amendment to H.R. 4766 that would have fixed the problem, the amendment was dropped in conference. On December 7, 2004, Congress completed action on S. 2856, which limits the transfer of funds between conservation programs for TA and requires each program to pay for its own TA. If the President signs the measure, it will restrict CCC funding for TA to the specific program for which that funding was made available, effectively prohibiting borrowing TA funding from "donor" programs. The bill would also lift the 1996 TA funding cap, so all CRP and WRP TA would come from the CCC rather than other conservation programs. CRP is expected to have high TA costs when 22 million CRP acres expire beginning in 2007. For a discussion on technical assistance funding, see CRS Issue Brief IB96030, *Soil and Water Conservation Issues*.

- **Other Accounts.** P.L. 108-447 provides $75.6 million for watershed and flood prevention operations, compared with the FY2004 enacted level of $86.5 million. It also provides $27.5 million for the watershed rehabilitation account (the FY2004 enacted level was $29.6 million.) For the watershed surveys and planning account, H.R. 4818 provides $7 million (the FY2004 enacted level was $10.5

million.) For the resource conservation and development account, H.R. 4818 provides $51.6 million, the same as the FY2004 enacted level.

Selected Mandatory Conservation Programs. In theory, mandatory conservation programs are not governed by the annual appropriations process because their funding is mandated by other laws. (For example, the 2002 farm bill (P.L. 107-171) authorizes funding from 2002 through 2007 for mandatory conservation programs.) In practice, appropriators often place limits on mandatory spending in annual appropriations bills. Reductions in mandatory spending are scored as savings, which may be used to offset other spending.

Compared with the FY2005 authorized funding levels, cuts to mandatory conservation programs totaled $545 million in P.L. 108-447. The table below lists some mandatory conservation programs limited by conferees. These include the Environmental Quality Incentives Program (EQIP), which provides cost-sharing to install structural and land management practices; the Conservation Security Program (CSP), which pays farmers to conserve natural resources over part or all of a farm; the Wildlife Habitat Incentives Program (WHIP), which provides financial assistance to develop wildlife habitats; the Wetlands Reserve Program (WRP), which is funded in terms of enrolled acres rather than by dollars, and assists producers to protect wetlands; the Farmland Protection Program (FPP), which assists with purchasing conservation easements for agricultural land; the Ground and Surface Water Conservation Program (GSWC), which helps fund irrigation efficiencies, particularly in the Great Plains states; and the Small Watershed Rehabilitation Program, which provides financial assistance to rehabilitate aging small dams originally built by NRCS.

P.L. 108-447 did not address some mandatory programs. Hence, these programs are considered fully funded at their authorized levels. These include the $2 billion Conservation Reserve Program, which pays farmers to retire land from production; the Klamath Basin program, a subprogram of EQIP that funds water conservation in western states; the Grasslands Reserve Program, which assists landowners to restore grasslands while maintaining the land's suitability for grazing; and the Agricultural Management Assistance program, which provides assistance to certain states for various conservation activities. P.L. 108-447 also contains general provisions making funding available through NRCS's Emergency Watershed Protection Program for damage from fires initiated by the federal government.

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

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Program	FY2004 Enacted Appropri-ations: Allowed Funding Level	FY2005 Authorized Funding in the 2002 Farm Bill (P.L. 107-171)	Senate: FY2005 Allowed Funding Level (S. 2803)	House: FY2005 Allowed Funding Level (H.R. 4766)	Final Law: FY2005 Allowed Funding Level (P.L. 108-447, H.R. 4818)
EQIP	$975 million	$1.2 billion	$1.025 billion	$1.01 billion	$1.017 billion
CSP	$41.4 million	No stated limit	No stated limit	$194 million	$202.4 million[2]
WHIP	$42 million	$85 million	$47 million	$ 60 million	$47 million
WRP	189,177 acres	200,000 acres	154,500 acres	175,000 acres	154,500 acres[3]
FPP	$112 million	$125 million	$112 million	$112 million	$112 million
GSWC	$51 million	$60 million	$51 million	$60 million	$51 million
Small Watershed Rehab. Program	$0	$150 million [4]	$0	$0	$0

Agricultural Trade and Food Aid

For USDA's international activities that require an appropriation (discretionary programs), the FY2005 Consolidated Appropriations Act (P.L. 108-447, H.R. 4818) provides $1.533 billion, $29.8 million more than enacted in FY2004. Much of the increase is accounted for by an increased appropriation for the McGovern-Dole International Food for Education Program (see below). The final total for USDA's

[2] CSP was authorized without any funding limit in the 2002 farm bill (P.L. 107-171, §2001). However, the Congressional Budget Office (CBO) estimated an unlimited FY2005 CSP program would cost $282 million (CBO March 2004 baseline).

[3] CBO estimates this limit will save $69 million.

[4] The 2002 farm bill allows any unexpended funds for the small watershed rehabilitation program to be carried forward to subsequent years. Although the FY2005 authorized level for the program is $55 million, $150 million would have been available in FY2005, since appropriators prohibited the spending of the authorized FY2003 ($45 million) and FY2004 ($50 million) funds. Appropriators scored the full $150 million as savings in the FY2005 appropriations act.

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international activities is $12.3 million more than requested by the President. In addition to such discretionary programs as P.L. 480 foreign food aid, USDA's international activities also include mandatory programs (e.g., export market promotion), with the latter funded through the borrowing authority of the Commodity Credit Corporation (CCC). The Administration has estimated that the combined total of discretionary and mandatory programs for FY2005 would be $6.6 billion, up $183 million from the FY2004 Administration estimate.

Discretionary Programs. Discretionary international programs include commodity sales and humanitarian donations under P.L. 480 (or Food for Peace) and the McGovern-Dole International Food for Education Program (FFE), authorized in the 2002 farm bill (P.L. 107-171). Historically, P.L. 480 has been the main vehicle for providing U.S. agricultural commodities as food aid overseas. FFE makes available commodity donations and associated financial and technical assistance to carry out school and child nutrition programs in developing countries.

For P.L. 480, the final appropriations act contains an FY2005 appropriation of $1.303 billion, almost $15 million less than enacted in FY2004 and just over $5 million more than requested by the President. The lower FY2005 appropriation for P.L. 480 is explained almost entirely by a reduction in P.L. 480 Title I loan subsidies and ocean freight differential grants. (Title I provides direct loans to low-income or transitional countries for the purchase of U.S. farm commodities). The total appropriation to P.L. 480 includes $1.182 billion, or $2.5 million less than enacted in FY2004, for humanitarian commodity donations under P.L. 480 Title II. In report language, the conference committee makes clear that it expects "the Administration to abide by the statutory set-aside for non-emergency food aid programs." The 2002 farm bill (P.L. 107-171) increased this statutory set-aside, the volume of P.L. 480 Title II commodities earmarked for non-emergency assistance, to 1,875,000 metric tons. The committee reminds USDA that if additional emergency assistance above the appropriated level is needed, the Bill Emerson Humanitarian Emerson Trust (see below) is available for that purpose.

For the McGovern-Dole International Food for Education and child nutrition program (FFE), P.L. 108-447 provides $87.5 million, $37.8 million more than enacted in FY2004. Both the House-passed (H.R. 4766) and Senate-reported (S. 2803) appropriations measures had recommended substantially increased funding for FFE: H.R. 4766 by $25 million and S. 2803 by $50 million. The increased funding level for FFE is partially offset by reductions in the Title I loan account. Conferees also rescinded $191.1 million in P.L. 480 funds carried forward to FY2005 from previous years, which appropriators scored as savings in the measure.

USDA's other major discretionary account is the Foreign Agricultural Service (FAS), for which the conferees appropriated $137.8 million, $6.4 million more than enacted in FY2004. FAS administers all of USDA's international activities with the exception of P.L. 480 Title II, which is administered by the U.S. Agency for International Development (USAID). P.L. 108-447 provides $4 million to cover

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expenses for administering CCC export credit guarantees (which are mandatory activities). The President's budget and House and Senate appropriations reports estimate that in FY2005, these administrative costs will support programs that finance $4.5 billion of U.S. agricultural exports.

In a general provision, P.L. 108-447 appropriates $2.5 million for Bill Emerson and Mickey Leland Hunger Fellowships. These fellowships, which finance training for hunger-related activities both domestically (Emerson) and abroad (Leland), are provided through the Congressional Hunger Center.

Mandatory Programs. Other food aid programs are mandatory (for which an annual appropriation is not required), including Food for Progress (FFP), the Bill Emerson Humanitarian Trust, and Section 416(b) commodity donations. The President's budget envisions $149 million of CCC funding for FFP. That program level (plus some funding from P.L. 480 Title I) is expected to provide the minimum 400,000 tons of commodities in FFP established in the 2002 farm bill. No commodities were released from the Emerson Trust in FY2004, but in FY2003, $212 million of commodities and related services were provided through the Trust, which is primarily a commodity reserve, used to meet unanticipated food aid needs or to meet food aid commitments if domestic supplies are unavailable. The President's budget makes no estimate of releases from the Trust in FY2005, but notes that 500,000 tons are available for emergency food assistance. About 1.6 million metric tons of wheat and $109 million in cash are currently in the Trust. For Section 416(b) commodity donations, the President's budget projects a program level of $147 million ($15 million for ocean freight and overseas distribution costs and $132 million in commodity value). P.L. 108-447 contains a general provision stipulating that, to the extent practicable, $25 million of Section 416(b) commodities be made available to foreign countries to assist in mitigating the effects of HIV/AIDS. The House bill (and the President's budget request) had omitted this provision, which had been included in the FY2004 and previous appropriations measures. USDA indicates that only nonfat dry milk will be available for distribution under Section 416 in FY2005.

A number of USDA's export-related programs (including CCC export credit guarantees, mentioned above) are also mandatory and thus do not require an appropriation. Under the Export Enhancement Program (EEP) and the Dairy Export Incentive Program (DEIP), USDA makes cash bonus payments to exporters of U.S. agricultural commodities to enable them to be price competitive when U.S. prices are above world market prices. EEP has been little used in recent years, and no EEP bonuses were provided in FY2004. Reflecting this program experience, the President's budget assumes a program level of $28 million in FY2005, compared with $478 million authorized by the 2002 farm bill. Consequently, USDA retains some flexibility to increase the level of EEP subsidies because of the mandatory authorization. For DEIP, the Administration expects a program level of $53 million for FY2005, compared with a current estimate of $22 million for FY2004. For export market development, the budget proposes $125 million for the Market Access

Program (MAP) and $34 million for the Foreign Market Development Program. Both of these estimates are identical to amounts proposed in the FY2004 budget for USDA. The MAP request, however, is $15 million less than authorized in the 2002 farm bill. Previous efforts to reduce MAP spending have proved unsuccessful, but neither the final FY2005 appropriations act nor reports accompanying H.R. 4766 and S. 2803 address this issue. A Chabot amendment to H.R. 4766 that would have prohibited any MAP spending in FY2005, but was defeated by a vote of 72-347 on the House floor.

For more information, see CRS Issue Brief IB98006, *Agricultural Export and Food Aid Programs*.

Cuba Travel Amendment. P.L. 108-447 did not adopt language included in the Senate-passed version of the FY2005 agriculture appropriations bill that would have relaxed the licensing requirement for U.S. exporters seeking to travel to Cuba to explore opportunities and finalize sales of agricultural and medical products. Amendment supporters argued that the Administration has used the rules to delay or refuse to issue travel licenses to those seeking to make farm product sales to Cuba. Just before conferees completed work, Administration officials signaled that including in the bill any provision to weaken existing sanctions against Cuba (such as restrictions on commercial exports of agricultural and medical goods) would result in a presidential veto. Identical language was included in the Senate-reported version of the FY2004 agriculture appropriations bill, which was also deleted in conference. For more information, see CRS Issue Brief IB10061, *Exempting Food and Agriculture Products from U.S. Economic Sanctions: Status and Implementation*.

Agricultural Research, Extension, and Economics

Four agencies carry out USDA's research, education, and economics (REE) function. The Department's intramural science agency is the Agricultural Research Service (ARS), which performs research in support of USDA's action and regulatory agencies, and conducts long term, high risk, basic and applied research on subjects of national and regional importance. The Cooperative State Research, Education, and Extension Service (CSREES) is the agency through which USDA sends federal funds to land grant Colleges of Agriculture for state-level research, education and extension programs. 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).

The USDA research, education, and extension budget, when adjusted for inflation, has remained flat for almost 30 years (supplemental funds appropriated since September 11, 2001, specifically have supported anti-terrorism activities, not basic programs). Furthermore, current financial difficulties at the state level are causing some states to reduce the amounts they appropriate to match the USDA formula funds (block grants) for research, extension, and education (100% matching is required, but most states have regularly appropriated two to three times that

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amount). A combination of cuts at the state and federal levels can result in program cuts felt as far down as the county level.

In 1998 and 2002 legislation authorizing agricultural research programs, the House and Senate Agriculture Committees tapped sources of available funds from the mandatory side of USDA's budget and elsewhere (e.g., the U.S. Treasury) to find new money to boost the availability of competitive grants in the REE mission area. In FY1999, and FY2001 through FY2005, annual agriculture appropriations acts have prohibited the use of those mandatory funds for the purposes the Agriculture Committees intended; however, from FY1999 through FY2002, and in FY2004 and FY2005, final agriculture appropriations acts have allocated more funding for ongoing REE programs than were contained in either the House- or Senate-reported versions of the bills. Nonetheless, once adjusted for inflation, these increases do not translate into significant growth in spending for agricultural research. Agricultural scientists, stakeholders, and partners express concern for funding over the long term in light of high budget deficit levels and lower tax revenues.

Agricultural Research Service. The FY2005 Consolidated Appropriations Act (P.L. 108-447, H.R. 4818) provides $1.299 billion in total for ARS activities (up $153 million from FY2004). This amount is $40 million higher than the House-passed bill, $36 million higher than S. 2803, and $133 million higher than the Administration's request.

Within the total, the conferees compromised on the House and Senate differences concerning the split between research funding and laboratory construction funding. They allocated $187.8 million for construction, an amount $14 million below the House-passed bill (H.R. 4766) and $15 million more than the Senate-reported measure (S. 2803). This leaves $1.1 billion available for research projects, which is $53.9 million more than the House provision and $20.6 million more than in the Senate bill.

P.L. 108-447 reflects the Senate provision on ARS construction funding: $122 million goes toward completing the modernization of the National Centers for Animal Health in Ames, Iowa (originally expected in October 2007). Another $65.8 million is distributed among 22 additional locations. As requested by the Administration, the House bill would have directed all of its requested allocation for ARS facility construction ($178 million) to go to the Ames project. Improvement of the facility is part of the Administration's multi-agency Food and Agriculture Defense Initiative, which is intended to prepare these sectors against, and provide quick response in the event of, a terrorist attack on production agriculture or the food distribution system. ARS operates the lab jointly with the Animal and Plant Health Inspection Service, whose National Animal Disease Diagnostic Lab is located at the site. Language in the conference report urges ARS to develop a prioritized master plan for all of its aging infrastructure to help appropriators allocate funds; until such a plan exists, appropriators will demand to see an annual prospectus for each request.

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The conference report accompanying P.L. 108-447 mandates the continuation of individual earmarked ARS research projects that Members have added to annual appropriations acts in past years. The Administration maintains in its annual budget request that a number of these should be terminated and the savings redirected to the Administration's high priority research initiatives, but Congress in general does not honor these proposals.

In separate report language under the heading of the Office of the Secretary, the conferees take USDA to task for failing to address longstanding problems with the U.S. National Arboretum, which was put under ARS's jurisdiction in the 1994 USDA reorganization. The conferees require the Secretary to report, within one month of passage of the appropriations bill, on the budgeting for research, security, and public access (among other things), and on the status of discussions with the Arboretum's nonprofit association concerning fundraising initiatives.

Cooperative State Research, Education, and Extension Service. P.L. 108-447 provides $1.171 billion in total for CSREES. This represents a $30 million increase over the House-passed bill, a $36 million increase over S. 2803, a $58 million increase from FY2004, and a $165.6 million increase over the Administration's FY2005 budget request.

Of the total provided for CSREES in P.L. 108-447, $660.8 million supports state agricultural research and academic programs. This represents about a $32 million increase over both the House and the Senate measures, and a $43 million increase from FY2004. (This includes the formula-allocated payments to each state and U.S. insular areas, as well as competitive and special grant programs, and education grant programs.) Spending levels for some specific items within the research and academic program area are as follows (numbers within parentheses are FY2004 levels): $180.1 million for Hatch Act formula funds (same as FY2004); $22.4 million for cooperative forestry research ($21.8 million); $37 million for payments to 1890 (historically black) land grant colleges of agriculture ($36 million); $181 million for the NRI competitive grant program ($165 million); and $136.6 million for special (earmarked) research grants ($111.3 million).

The conferees allocated $449.2 million in total to support state extension education programs. This amount is $10 million more than FY2004, and $9 million and $6 million above the House and Senate measures, respectively. Spending levels for specific items within this program area are as follows (figures within parentheses are FY2004 levels): $277.7 million for Smith-Lever formula funds ($279.4 million); $87.4 million for competitively awarded extension grants (Smith-Lever 3(d) programs), of which $58.9 million is for the Expanded Food and Nutrition Education Program ($83.4 million in FY2004; $52.4 million for EFNEP); $33.1 million for extension programs at the 1890 colleges (same as FY2004); $17 million for 1890 facilities grants ($15 million); and $22 million for earmarked extension grants ($22.3 million).

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P.L. 108-447 provides $55.1 million for integrated activities (which have both research and extension components). This is $5 million more than FY2004, but $11 million less than the House bill and $2.1 million less than the Senate provision. The outreach program for disadvantaged farmers is to receive level funding ($5.9 million).

P.L. 108-447 makes available $3 million in interest income from the Native American Endowment Fund to distribute to the 34 tribally controlled colleges in FY2005, to support the development of their agricultural curricula. The report contains $3.4 million for extension programs at tribal schools ($2.9 million in FY2004), and $1.1 million for research ($1.7 million in FY2004).

CSREES administers two competitive grant programs that are authorized to be funded by mandatory transfers of unobligated government funds. The largest of these programs is the Initiative for Future Agriculture and Food Systems (IFAFS), which is authorized to receive $160 million in FY2005. However, as in recent years, appropriators have prohibited CSREES from operating the IFAFS program. For FY2005, as in FY2004, report language instead allows the Secretary to award up to 20% of the appropriation for the National Research Initiative (NRI) competitive grants program using IFAFS program criteria (approximately $35 million in FY2005; $30 million in FY2004).[5]

The second CSREES grant program authorized to use mandatory funds supports research and extension programs on organic agriculture. The 2002 farm bill (P.L. 107-171) authorizes $3 million annually through FY2007 for this program. The conference report contains no language blocking the expenditure of those funds.

Economic Research Service (ERS) and National Agricultural Statistics Service (NASS). P.L. 108-447 contains $74.8 million for ERS in FY2005. This is a $3.8 million increase over FY2004, but a slight decrease from both the House and Senate bills ($76.6 million and $75.3 million, respectively). Report language designates $3.5 million of the increase to support the Administration's request for developing a Consumer Data and Information System, but specifically blocks House report language to fund a feasibility study of retail stores that stock and sell food only to participants in the Women, Infants, and Children (WIC) feeding program.

P.L. 108-447 contains $129.5 million for NASS. This is a $1.3 million increase over FY2004 and less than $1 million different from the House and Senate measures. The conferees direct NASS to spend up to $22.4 million for ongoing work on the most recent Census of Agriculture, as requested by the Administration, and also provide a $2.7 million increase for continued modernization of the NASS agricultural

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[5] The goal of both programs is to support fundamental research on subjects of national, regional, or multistate importance to agriculture, natural resources, human nutrition, and food safety, among other things.

estimates program, which surveys farm operators to develop estimates of various agricultural statistics.

Food Safety

USDA's Food Safety and Inspection Service (FSIS) conducts mandatory inspection of meat, poultry, and processed egg products to insure their safety and proper labeling. The FY2005 Consolidated Appropriations Act (P.L. 108-447, H.R. 4818) sets a level of $823.8 million for FSIS in FY2005, close to the Senate-reported (S. 2803) level and a $43.9 million increase from the FY2004 enacted level. The House-passed bill (H.R. 4766) recommended $824.7 million. The Administration requested an FY2005 appropriation of $838.7 million for FSIS.

Congress did not accept an Administration proposal to impose new inspection user fees of $124 million (which would require legislation to be implemented). The proposed fees would have been collected from meat and poultry processors for inspection services provided beyond one 8-hour shift per day. FSIS has been authorized since 1919 to charge user fees for holiday and overtime inspections. Income from existing user fees (plus trust funds) adds approximately $111 million to the FSIS program level annually. The Administration has included the expanded user fee proposal in the past two years' budget requests, and previous administrations have proposed that greater parts of and/or the entire inspection program be funded through user fees. Congress has not agreed with these proposals, responding that assuring the safety of the food supply is an appropriate function of the federal government.

P.L. 108-447 includes language, generally as proposed by the Senate, which directs that no less than 63 full-time equivalent positions (above the FY2002 level) be devoted to enforcement of the Humane Methods of Slaughter Act, and that $3 million (rather than the $4 million in the Senate bill) be provided to incorporate the agency's Humane Animal Tracking system into its field computer systems. Also in P.L. 108-447, and also part of the overall total, are $17.3 million for frontline inspectors and humane slaughter enforcement; $20.7 million for regulatory and scientific training; $3 million for overseeing BSE-related FSIS rules; $7.2 million for inspector training; and increases for food defense activities, including $2.1 million for biosurveillance, $2 million for the Food Emergency Response Network, and $1.5 million for the network's data systems support. Conferees also included $2.7 million for *Codex Alimentarius* activities.

Conference report language commends FSIS for beginning to include, in its meat and poultry recall notices, photographs of recalled products and website addresses of their manufacturers. Conferees urge the agency to continue this practice and also to ask manufacturers to voluntarily provide information on retail locations of recalled products, for inclusion in the releases. For background on FSIS, see CRS Issue Brief IB10082, *Meat and Poultry Inspection Issues*.

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Marketing and Regulatory Programs

Animal and Plant Health Inspection Service (APHIS). The largest appropriation for USDA marketing and regulatory programs goes to the Animal and Plant Health Inspection Service. APHIS is responsible for protecting U.S. agriculture from foreign pests and diseases, responding to domestic animal and plant health problems, and facilitating agricultural trade through science-based standards.

The FY2005 Consolidated Appropriations Act (P.L. 108-447, H.R. 4766) provides a total APHIS appropriation of $819.6 million, up $98.3 million (14%) from FY2004, but is $13.8 million below the Administration's request. The Senate-reported agriculture appropriations bill (S. 2803) did not increase the appropriation as much as the Administration requested, while the House-passed agriculture appropriations bill (H.R. 4766) provided more than the Administration requested. The final level includes significant new funding for avian flu and BSE activities, as discussed in separate sections below. Nearly all of these amounts and increases are for salaries and expenses; funding for buildings and facilities continues at the $5 million (FY2004) level.

P.L. 108-447 does not include the Administration's legislative proposal to apply $10.9 million of user fees for animal welfare inspection directly to APHIS accounts (rather than to Treasury). The Administration requested similar legislation for FY2004 and FY2003, but the House and Senate did not act on the request.

For pest and disease exclusion, P.L. 108-447 provides $152.3 million, nearly level from FY2004 and $21 million below the Administration's request. For plant and animal health monitoring, the final law provides $196.6 million, up 42% over FY2004 but $27 million below the Administration's request. For scientific and technical services, conferees provided $80.6 million, up 15% from FY2004 and nearly at the Administration's request. The animal care function is funded at the requested $17.1 million, an increase of 2% over FY2004.

Pest and Disease Management. Another APHIS program area, pest and disease management, receives the largest appropriation and significant congressional attention. P.L. 108-447 provides $363.9 million, an increase of 10% ($33 million) over FY2004. The Administration had requested a 5% reduction to $315 million.

For avian influenza, conferees followed the House-passed bill (which nearly doubles amounts in the Administration's request and in the Senate-reported bill) and provides $23 million, up from $1 million in FY2004 (see section below). For boll weevil, the Administration had requested a 66% cut, but the conference committee cut the amount by only 6%, to $47.5 million. For Johne's disease, the Administration requested an 83% cut, but the conference committee maintained the level at $18.7 million. Brucellosis and noxious weeds receive small increases rather than the requested cuts. Chronic wasting disease (CWD), scrapie, and tuberculosis receive smaller increases than requested.

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For emerging plant pests (EPP) within the pest and disease management function, P.L. 108-447 provides $101.6 million, up 9% from FY2004. The EPP account is used to address relatively new outbreaks. Conferees increased funding over FY2004 levels for citrus canker, Pierce's disease, emerald ash borer, and sudden oak death. Funding for Asian longhorned beetle is maintained at nearly constant levels, instead of the Administration's proposed 69% cut. (For citrus canker, P.L. 108-447 also directs the Secretary to transfer $30 million from the Commodity Credit Corporation for grower compensation programs. This amount is in addition to the APHIS appropriation through EPP.)

The final law reiterates language in the House-passed and Senate-reported bills that the Secretary of Agriculture has the authority to transfer funds from the Commodity Credit Corporation (CCC) to combat plant and animal health emergencies. The conference report also cites the Office of Management and Budget (OMB) for denying a CCC transfer for Pierce's disease, which the committee states was an intrusion on the Secretary's discretion. For more background, see CRS Report RL32504, *Funding Plant and Animal Health Emergencies: Transfers from the Commodity Credit Corporation*.

Homeland Security Funding. Overall, USDA requested $511 million for its homeland security activities in FY2005, up 166% from FY2004. Within that amount, USDA has highlighted several programs for its newly termed "Food and Agriculture Defense Initiative" ($381 million of the $511 million, shared among four agencies). APHIS requested $94.4 million under the initiative for FY2005, an increase of $49.3 million, to improve surveillance, laboratory capacity, networking, state cooperative agreements, and vaccine banks. For more information about recent agroterrorism appropriations, see CRS Report RL32521, *Agroterrorism: Threats and Preparedness.*

Only certain agroterrorism-related items are specifically mentioned in the Senate, House, and conference reports. P.L. 108-447 provides $2.0 million for the Administration's new bio-surveillance program ($5 million requested). Vaccine banks are funded at $3 million ($6 million requested). Funding for emergency coordinators rises to 4.0 million ($4.6 million requested). State cooperative agreements increase by $3.6 million, select agents by $2.5 million, the national animal laboratory network by $2.9 million. Requested funding of $7.1 million for physical security enhancements throughout APHIS was not included in the final law.

The conferees expressed concern over agricultural border inspections and research at Plum Island following the transfer of these activities in 2003 from USDA to the Department of Homeland Security (DHS). The conference committee requests a report from the Government Accountability Office (GAO) by March 1, 2005, on coordination between USDA and DHS to protect U.S. agriculture.

Avian Flu Activities. APHIS is the lead USDA agency responsible for controlling avian influenza. P.L. 108-447 provides $23 million for avian flu

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activities, $10.2 million more than the Administration's request of $12.7 million, and well above the $1 million appropriation for FY2004. In February 2004, cases of low pathogenic avian flu were discovered in Delaware, Maryland, Pennsylvania, and New Jersey, and a highly pathogenic case was found in Texas. These outbreaks, now contained and eradicated, have garnered high visibility since an unrelated and highly pathogenic strain of avian flu began spreading throughout Asia in late 2003. In FY2004, the APHIS avian flu program focuses primarily on controlling the spread of low pathogenic avian flu in live bird markets. In May 2004, USDA released $13.7 million of Commodity Credit Corporation (CCC) funds to begin a larger national avian flu program ($10.8 million) and assist Texas with its highly pathogenic outbreak ($2.9 million), effectively accelerating action on the Administration's request.

The expanded funding for FY2005 enables APHIS to establish new elements in its low pathogenic avian influenza program. About half of the funding would be used for indemnities to farmers when the government destroys flocks to control the disease. Other program initiatives include cooperative agreements with states, increased monitoring, a bird identification system, laboratory support, and vaccine development.

For more information on avian flu, see CRS Report RS21747, *Avian Influenza: Multiple Strains Cause Different Effects Worldwide*.

BSE (Mad Cow Disease) Activities. APHIS is the lead USDA agency in conducting surveillance for and addressing bovine spongiform encephalopathy (BSE, or mad cow disease). The Administration's original budget proposal called for APHIS to receive $50 million out of a total request for $60 million for BSE-related activities in FY2005, a response to the discovery of the first case of BSE in the United States in December 2003. The new request compares with BSE spending by USDA of about $24 million in FY2004 and $13 million in FY2003. Of the $60 million total, $33 million was to go to APHIS to accelerate development of a national system to identify and trace animals from birth to slaughter, considered by many to be an important tool for more quickly locating and containing BSE or other animal disease outbreaks. Also part of the $60 million was a $17 million request for collecting samples from 40,000 cattle on farms and at rendering plants in order to test them for BSE.

Both the House committee and conference reports note that the Administration already has transferred $69.9 million (in March 2004) from the Commodity Credit Corporation (CCC) to fund an expanded BSE surveillance program under which it intends to test approximately 268,000 animals within a 12 to 18 month period starting June 1, 2004. The CCC-transferred amount will cover all BSE testing during that timeframe, the reports state.

The House and conference committee reports note, among other things, that the appropriation provides the full remaining amount of increase requested for APHIS

BSE activities, which it states is $8.6 million over the FY2004 level; the Senate-reported version included this same increase. Other BSE-related funding in the House, Senate, and final versions includes the $33.2 million requested for development of the national animal ID system (as the conferees noted, USDA transferred $18.8 million from the CCC in April 2004 to get the ID program underway). P.L. 108-447 provides not less than $2 million to fund a livestock ID cooperative agreement with Wisconsin, and $600,000 for the Farm Animal ID and Records (FAIR) program, in addition to other ID funds for which they might qualify.

The House committee report requests that the Secretary of Agriculture provide quarterly reports on its BSE surveillance program, implementation of national animal ID, and each component of its BSE response plan. The House committee expresses concern that USDA "improperly allowed the importation of millions of pounds of ground and processed beef from Canada [which reported its own BSE case in May 2003] for many months...."

The House committee report directs USDA's Office of Inspector General to provide reports on its investigation into a controversy over how the U.S. BSE cow from Washington state was chosen for BSE testing in the first place, and on its separate investigation into USDA's later failure to perform such a test on a suspicious Texas cow. Elsewhere in its report, the House committee expresses concern that the Food and Drug Administration had not yet published its own rules to tighten BSE safeguards, five months after they were first announced. The committee also asked the Commodity Futures Trading Commission to report on its investigation into whether news of the December 2003 U.S. BSE announcement was leaked in advance to certain commodity traders.

During House floor consideration of the agriculture appropriations bill, Representative Tiahrt unsuccessfully offered an amendment that would have prohibited the use of USDA travel funds until the Department implements a program to permit beef slaughtering establishments to test carcasses for BSE. The amendment, which was rejected on a procedural point of order, relates to an effort by several smaller firms (notably Creekstone Farms Premium Beef) aiming to meet primarily Japanese market demands for 100% testing. USDA, which claims approval authority under the Virus-Serum-Toxin Act,[6] has denied the Creekstone request, on the grounds that such testing is not scientifically based and misleadingly would imply that tested meat is safer than untested meat.

On the Senate side, the committee report expresses concern over USDA's BSE testing program, urging the Department to adopt recommendations by the Inspector General and by outside experts that it include the testing of a "statistically significant sample" of over 30-month-old cattle, which may have eaten materials at higher risk

[6] The text of the act is available on the website of APHIS's Center for Veterinary Biologics, at [http://www.aphis.usda.gov/vs/cvb/vsta.htm]. See also CRS Report RL32414, *The Private Testing of Mad Cow Disease: Legal Issues*.

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for transmitting BSE-related disease prior to a ban on such feed types in 1997. "Testing older cattle helps calculate BSE prevalence directly from the science-based surveillance data rather than rely on complex and potentially faulty mathematical calculations," the Senate report states.

Other agencies receiving BSE-related funding in the bill include FSIS ($3 million) and the Food and Drug Administration (nearly $30 million). (See CRS Issue Brief IB10127, *Mad Cow Disease: Agricultural Issues for Congress*.)

Agricultural Marketing Service. AMS is responsible for promoting the marketing and distribution of U.S. agricultural products in domestic and international markets. P.L. 108-447 provides $95.3 million in FY2005 budget authority for AMS compared with $93 million in the House-passed bill, $97.8 million in the Senate-reported version, and the Administration's FY2005 proposal of $103.1 million. The enacted FY2004 level was $93.7 million.

Within the above total, conferees provide $3.8 million for payments for state marketing activities, compared with an Administration request of $1.3 million. The $2.5 million difference is for a Senate-proposed specialty markets grant to the Wisconsin Department of Agriculture.

The Administration requested a $10 million increase in appropriated funds for improved information technology systems to be used in USDA commodity purchasing, which it conducts to stabilize agricultural markets and to meet the commodity needs of domestic food programs; the conferees direct the Secretary to take no less than $10 million from the Section 32 account (see below) to cover the program's cost.

The overall AMS budget authority level includes annual appropriations for marketing services and for payments to states and territories. Nearly $16 million of the AMS appropriation represents funds transferred from the permanent Section 32 account. Further, AMS uses additional Section 32 monies (not reflected in the above totals) to pay for government purchases of surplus farm commodities that are not supported by ongoing farm price support programs, and for other purposes (for example, conferees assume that the $10 million for improved computer systems will come from this account; see above). For an explanation of this account, see CRS Report RS20235, *Farm and Food Support Under USDA's Section 32 Program*. Also not included in the above AMS budget authority levels are approximately $195 million in various user fees that fund numerous agency activities.

The Senate committee report states that USDA is expected to use Section 32 to purchase surplus salmon for domestic feeding programs, and also reminds the Department that the 2002 farm bill (P.L. 107-171) requires it to use a minimum of $200 million each year for purchasing fruits, vegetables, and other specialty crops. The conference report also urges the Department to use Section 32 to purchase surplus domestic salmon to stabilize the domestic industry.

P.L. 108-447 provides $2 million to AMS for activities related to organic standards. The report urges AMS to finalize the hiring of a director for the National Organic Standards Board, to create a Peer Review Panel to oversee USDA accreditation for organic certifiers, and to improve scientific technical support for the Standards Board. In separate earlier action relating to AMS, a House floor amendment by Representative Kaptur, to transfer $6 million from USDA's Chief Information Officer to the Farmers Market Promotion Program, was defeated by a vote of 213 to 206.

Country of Origin Labeling. The 2002 farm bill had mandated that retailers begin country-of-origin labeling (COOL) for fresh meats, produce, peanuts, and seafood on September 30, 2004, but a provision in the FY2004 Consolidated Appropriations Act (P.L. 108-199) delayed mandatory COOL from being implemented by AMS for two years, to September 30, 2006 (except for seafood). During its September 2004 markup of the FY2005 agriculture appropriation bill, the Senate Appropriations Committee defeated, on a tie vote of 14 to 14, an amendment that would have required mandatory COOL to begin on January 1, 2005. Conferees did not include language in the final omnibus appropriation which would have replaced mandatory COOL with a voluntary effort, despite speculation that they might do so. The House Agriculture Committee had approved a voluntary COOL bill (H.R. 4576) in July 2004 (for details see CRS Report 97-508, *Country-of-Origin Labeling for Foods*).

Grain Inspection, Packers, and Stockyards Administration. GIPSA establishes the official U.S. standards, inspection and grading for grain and other commodities. It also ensures fair-trading practices, including in livestock and meat products. GIPSA has been working to improve its understanding and oversight of livestock markets, where increasing concentration and other changes in business relationships, (such as contractual relationships between producers and processors), have raised concerns among some producers about the impacts of these developments on farm prices. The House Appropriations Committee report (H.Rept. 108-584) accompanying the FY2005 agriculture appropriations bill (H.R. 4766) notes that funds were provided in FY2003 to study "issues surrounding a ban on packer ownership." The report states that the committee expects a "comprehensive update" on the study by January 1, 2005.

Conferees provide a FY2005 appropriation of $37.3 million for GIPSA as proposed by the Senate, but below the Administration's request of $44.2 million. The House-passed version provided $37.5 million for GIPSA. The Administration was seeking the following GIPSA increases: $5 million to upgrade significantly its information technology; $1.2 million to monitor the technologies that livestock and meat industries use to evaluate carcass characteristics (which determine value to producers); $1 million for "rapid response teams" to monitor livestock markets to ensure producers are not unfairly treated in the wake of last year's U.S. BSE finding; and $500,000 to help resolve international grain trade problems. The Senate committee and conference reports said the new budget authority includes $1 million for budget increases including IT security and BSE-related activities.

In FY2004, Congress appropriated $35.7 million for GIPSA salaries and expenses, with another $42 million in already authorized user fees anticipated for an overall agency program level of nearly $78 million. The Administration's proposed increases would have raised the FY2005 program level to $86 million. To help cover this increase, the Administration had proposed new user fees of $29.4 million (which would require legislation to be adopted). However, neither the House nor the Senate assumed adoption of the new fees, which also had been proposed but not accepted for FY2004.

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 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 FY2005 Consolidated Appropriations Act (P.L. 108-447, H.R. 4818) provides a total appropriation of $2.43 billion for USDA rural development, which in part supports a $10.39 billion loan authorization level for rural economic and community development programs. The FY2005 appropriation is $14.7 million less than enacted for FY2004. The Senate-reported (S. 2803) and House-passed (H.R. 4766) agriculture appropriations measures had recommended $7.8 million more and $34.7 million less, respectively, in budget authority than the amount provided in the final FY2005 act. The conferees also provide $443.1 million less in loan authorization than the Senate measure and $119.8 million less than the House bill. Total rural development funding in P.L. 108-447 includes $642.5 million for salaries and expenses (including transfers), $23.4 million less than the House recommendation and budget request and $5 million more than the Senate recommendation.

As was the case with both the House and Senate bills, P.L. 108-447 eliminates or limits FY2005 funding to carry out several mandatory rural development programs authorized in the 2002 farm bill (P.L.107-171). For several programs, the conferees provide discretionary funding instead for these programs, although at levels lower than the authorized amounts. The following table summarizes the authorized funding and the required restrictions on these mandatory programs by the House and Senate bills, and how any differences were resolved in P.L. 108-447.

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Program	**FY2005 Authorized Funding Level ***	**Level Allowed by Senate-reported bill (S. 2803)**	**Level Allowed by House-passed bill (H.R. 4766)**	**Level Allowed by Conference Agreement (P.L. 108-447, H.R. 4818)**	**Conference Difference from FY05 Authorized Level**
Rural Strategic Investment Initiative	$100 million	$0	$0	$0	- $100 million
Enhancement of Rural Access to Broadband	$40 million	$0	$0	$0	- $40 million
Rural Business Investment Program	$100 million	No more than $34 million	$0	No more than $10 million	- $90 million
Value-added Product Market Development Grants	$80 million	$15 million (Discretionary)	$15.5 million (Discretionary)	$15.5 million (Discretionary)	-$64.5 million
Rural Firefighters	$30 million	$0	$0	$0	- $30 million
Renewable Energy Systems	$23 million	$20 million (Discretionary)	$23 million (Discretionary)	$23 million (Discretionary)	No change
Bioenergy Program	$150 million	Maximum of $100 million	$0	Maximum of $100 million	- $50 million

* Figures in the FY2005 authorized column represent how much would be available under current law, including the carryover of unobligated balances from prior years, had no restrictions been placed on spending.

Rural Community Advancement Program (RCAP). RCAP, as authorized by the 1996 farm bill (P.L.104-127), consolidates funding for 12 rural development loan and grant programs into three accounts. P.L. 108-447 provides an FY2005 appropriation of $716.0 million, $57.6 million more than recommended by the House-passed bill and $17.4 million less than recommended by the Senate. FY2005 funding is $38 million less than enacted for FY2004 and $174.1 more than requested. Of the total provided by the conferees, $89.2 million is for the community facilities account; $552.7 million for the rural utilities account; and $74.2 million for the business development account.

Consistent with both the House and Senate bills, the conferees earmark funding from the three RCAP accounts for various programs. The level of these earmarks is not significantly different from similar recommendations enacted for FY2004. The final FY2005 bill provides the following earmarks: Native American Tribes ($25 million) and tribal colleges ($4.5 million); native villages of Alaska ($26 million); water and waste water treatment for *colonias* ($25 million); a circuit rider program

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for water technical assistance ($13.5 million); technical assistance grants for rural water and waste water systems ($18.3 million); the Delta Regional Authority ($1million); and $6.4 million for the rural community development initiative. The conferees also accepted the Senate bill provision of $21.0 million for economic impact initiative grants and $28.0 million for communities with high energy costs. They also accepted the House bill recommendation of $22.2 million of RCAP funding for the Empowerment Zone/Enterprise Community and Rural Economic Area Partnership (REAP) programs.

Rural Business-Cooperative Service. For FY2005, P.L. 108-447 provides $84.4 million for RBS loan subsidies and grants, including $15.9 million in rural development loan subsidies and $24.0 million in rural cooperative development grants. These amounts are approximately the same as recommended by the House and Senate bills and enacted for FY2004. P.L. 108-447 provides an estimated loan authorization level of $34.2 million for the rural development loan fund and $25 million for the rural economic development loan program account. Conferees also provide funding to several regional development authorities: $3.4 million for Mississippi Delta counties, $1.5 million of which is earmarked for the Delta Regional Authority; $1.5 for the Northern Great Plains Regional Authority; and $1.5 million for the Denali Commission for solid waste management grants.

As noted above, general provisions in P.L. 108-447 prohibit funds from being used to carry out four mandatory rural development programs under the jurisdiction of RBS, all of which were authorized and funded by the 2002 farm bill. P.L. 108-447 cancels $80 million of the mandatory funds already available for the Value-Added Agricultural Product Market Development grants ($40 million authorized for FY2005 and another $40 million carried over from the previous year). The conferees replace the mandatory funds with $15.5 million in discretionary funding, approximately the same as recommended by the House and Senate bills and requested by the Administration. The conferees also prohibit the expenditure of $23.0 million in authorized mandatory funds for the Renewable Energy Systems program, but provide $23.0 million in discretionary funds instead, the same as recommended by the House bill. Unlike the House measure, which recommended no funding, or the Senate measure, which recommended a maximum of $34.0 million, P.L. 108-447 provides a $10 million maximum on the use of funds to carry out the provisions of the Rural Business Investment Fund. The Administration had requested cancelling a portion of mandatory grant funding for this program and reducing the cost of guaranteeing debentures from the authorized level of $280 million, down to $60 million. The conferees also prohibit any funds to carry out the provisions of the Rural Strategic Investment Fund, which has an authorized level of $100 million.

P.L. 108-447 also provides $12.5 million for the Empowerment Zone/Enterprise Community and REAP Programs, as recommended by the Senate measure, rather than the $11.4 recommended by the House bill. The Administration had requested no funding for the program. Of the amount provided, $1 million is earmarked for third-round empowerment zones.

Rural Utilities Service. P.L. 108-447 provides FY2005 budget authority of $103 million for RUS, $3.6 million below the level recommended by te Senate measure and $11.7 million more than the House bill. This appropriation supports, in part, a loan authorization level of $5.61 billion, $959.0 million less than authorized for FY2004. The House and Senate bills had recommended a loan authorization level of $5.53 billion and $5.73 billion respectively.

P.L. 108-447, as in both the House and the Senate measures, also prohibits expenditure of $40 million of the mandatory funds available ($20 million authorized for FY2005 and $20 million in previous year's unexpended funds) for the Enhancement of Rural Access to Broadband Service authorized in the 2002 farm bill. For other broadband telecommunication loans, the conferees provide loan subsidies of $11.7 million and a loan authorization level of $550 million, $50 million less than recommended by the Senate measure and $86 million less than the House recommendation. P.L. 108-447 also provides $9 million in broadband grants, the same as recommended in both the House and Senate bills. There was no Administration request for broadband grants.

For the distance learning and telemedicine program, P.L. 108-447 provides $35 million in grants, $10 million more than the House bill and about $3 million less than the Senate measure and the amount enacted for FY2004. For distance learning and telemedicine loans, the conferees accepted the House bill recommendation for $50 million in loan authorization, a $250 million reduction from FY2004. The conferees also rescind $88 million in the local television loan guarantee program.

P.L. 108-447 provides a loan authorization of $4.32 billion in direct and guaranteed electric loans as recommended by the House bill. This loan level is $669 million less than enacted for FY2004. The conferees also provide $520 million loan authorization level for telecommunication loans, the same as recommended by the House and Senate bills.

Rural Housing Service. In part to support $4.72 billion in rural housing loans, P.L. 108-447 provides $1.38 billion in budget authority for the Rural Housing Service. Section 502 single family direct and unsubsidized guaranteed loans are the largest programs in the Rural Housing Insurance Fund Program account. For these programs, the conferees provide $4.46 billion in loan authorization and $166.8 million in loan subsidies. The House bill recommended about $50 million more in loan authorization while the Senate measure recommended $534 million less. Conferees also rescind $3 million of the rural housing insurance fund and $1 million in the rural housing assistance grants.

The final law provides $586.1 million for the Section 521 rental assistance payments program, as recommended by the House measure, up from $574.7 million in FY2004. For Section 515 rental housing loans, P.L. 108-447 contains $100 million in loan authorization, approximately $6 million and $10 million less than the House and Senate bills, respectively. For Section 515 loan subsidies for rental housing repair and rehabilitation, the final act makes available $47.1 million, about $5.0 million more than the Senate measure and $7.5 million less than recommended by the House bill. For Section 504 housing repair grants, conferees concurred with the House and Senate recommended levels of $10.2 million, which is nearly the same amount as enacted for FY2004. For Section 538 multi-family housing guarantees, P.L. 108-447 provides funding to support $100 million in loan authorization, the amount recommended by the House measure and approximately $15 million more than recommended by the Senate bill. The conferees provide $3.5 million in subsidies for this program, approximately the same as recommended by the House and Senate bills. P.L. 108-447 also provides $34.1 million in grant and loan subsidies for the farm labor housing program. This is slightly less than the amount enacted for FY2004. Consistent with the Administration's request and the House and Senate bills, conferees prohibited a total of $30 million in available mandatory funding for rural firefighters and emergency personnel as authorized by the 2002 farm bill ($10 million authorized in FY2005 and $20 million carried over from FY2003 and FY2004, when mandatory funds were also prohibited by appropriators).

For more information on USDA rural development programs, see CRS Report RL31387, *An Overview of USDA Rural Development Programs*.

Food and Nutrition Programs

The FY2005 Consolidated Appropriations Act (P.L. 108-447, H.R. 4818) includes a total of $52.53 billion for food and nutrition programs administered by USDA. These include the food stamp and related programs, child nutrition programs, the special supplemental nutrition program for women, infants and children (WIC), and commodity donation programs for the needy and elderly. The appropriated amount is $5.27 billion more than the amount appropriated for these programs in FY2004, and is projected to maintain full services for the food and nutrition programs.

The FY2005 Administration budget requested budget authority totaling $50.42 billion for all USDA domestic food and nutrition programs. The amount included the revised Administration request submitted July 13, 2004, that added $300 million to nutrition program funding to reflect higher than originally anticipated food costs and participation in the WIC program.[7]

The House version of the FY2005 agriculture appropriations bill (H.R. 4766), passed the same day the Administration submitted its revised request. It

[7] The July 13 request called for cuts in other agriculture department programs in order to offset the WIC increase. Conferees rescinded carryover funds of $163 million from Section 32 and $191.1 million from P.L. 480 Title I food aid to offset the proposed WIC increase.

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recommended a total of $50.24 billion for food and nutrition programs for FY2005, slightly less than the Administration revised request for these programs. The Senate-reported appropriations bill (S. 2803) would have funded these programs at a total of $50.51 billion in FY2005, roughly $90 million more than the Administration and $276 million more than the House-passed bill. All three proposals provided for an increase in funding above that estimated for these programs in FY2004 ($47.26 billion), and were based on then current projections of food costs and program participation, with no major policy changes.

The final amounts for all discretionary programs in the bill are to be reduced by 0.8%. However, most food and nutrition program funding is mandatory (e.g. food stamps and school feeding programs), and thus is not affected by the reduction. However, the largest of the discretionary programs, the WIC program, will have its FY2005 funding reduced by the 0.8% rescission.

Also provided in the general provisions of P.L. 108-447 is $2.5 million for the Congressional Hunger Center to use for Bill Emerson and Mickey Leland Hunger fellowships. This funding is not drawn from the Food and Nutrition Service account.

Food Stamps. P.L. 108-447 includes a total of $35.15 billion for food stamp programs, or approximately $1.5 billion more than the amount recommended by the Administration and House and Senate. The Administration proposal and House and Senate bills would have funded food stamp and related programs at a total of $33.6 billion in FY2005 — $2.7 billion more than projected FY2004 spending for these programs. Nearly all of the increase ($1.4 billion) is for food stamp expenses. All of the proposals and the finally approved law provide a $3 billion food stamp contingency reserve fund, and $140 million to buy commodities for the Emergency Food Assistance Program (EFAP). P.L. 108-447 provides slightly more for Nutrition Assistance for Puerto Rico and Samoa ($1.52 billion) than was recommended by the House and Senate ($1.45 billion).

Food stamp expenses also would fund, at an estimated cost of $77.5 million, the Food Distribution Program on Indian Reservations (FDPIR), an alternative to food stamps for those living on or near Indian reservations. It also provides $4 million for a bison meat purchase for the FDPIR, which was not in the Administration request, but was in both the House and Senate bills. P.L. 108-447 also funds the new costs ($3 million) of excluding combat pay from household income used to determine eligibility and benefits for food stamps, as was proposed by the Administration and the House and Senate.

Child Nutrition. Child nutrition programs receive a total of $11.78 billion in FY2005 in P.L. 108-447. The Administration budget and House-passed and Senate-reported appropriations measures would have provided $11.38 billion for these programs, which include the school lunch, breakfast, child and adult care, summer food, and special milk programs, and related support. The enacted level is expected to finance program operations at full service levels. The lower amounts

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recommended by the Administration and two chambers were based on projections that $263 million in unexpended FY2004 school lunch funding would be available for use in FY2005. The higher funding provided by P.L. 108-447 goes primarily to the school lunch, school breakfast and commodity programs.

No spending is proposed for the Child Nutrition Integrity Project (which received just under $5 million in FY2004) or for the School Breakfast Pilot program, common roots program, and child nutrition archive center, none of which were funded in FY2004. A new performance measurement and program assessment would have been funded at $4 million under the Administration proposal and Senate-reported bill. The House does not refer to this in its bill or committee report (H.Rept. 108-584), but the report notes that child nutrition reauthorization legislation (which contained performance integrity provisions as well as other program changes) had not yet passed at the time of committee action.[8] There is no indication of funding for this in the final law.

WIC Program. P.L. 108-447 provides $5.28 billion for the WIC program for FY2005. This is approximately $190 million above the Administration amended budget request of $5.087 billion. The WIC program offers monthly food supplements to low-income pregnant and postpartum women and children under age 5 who are determined to be at nutritional risk. For FY2004, $4.612 billion was appropriated for the program. The Administration estimated that its WIC funding proposal would serve an average monthly caseload of 7.86 million, up from a projected 7.8 million in FY2004.

The revised Administration request was $180 million more than the amount contained in the House-passed appropriations bill ($4.907 billion), which passed the same day that the Administration revised request was issued. The Senate committee provided a regular FY2005 appropriation of $5.050 billion plus an emergency appropriation of $125 million that was contingent upon an Administration request for these as "emergency" funds. The final version contains the $125 million contingency reserve (without the need for an emergency designation). It also redirected $37.25 million from various initiatives to meet current and anticipated increases in participation.

Under the Administration proposal, WIC grants to states for food would have totaled an estimated $3.7 billion in FY2005, up from $3.3 billion in FY2004. The House Appropriations Committee did not specify the amount for food grants, but concurred with the Administration proposal to use $14 million of the appropriated funds for infrastructure grants and management information systems, and this provision is included in the final law.

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[8] The Child Nutrition and WIC Reauthorization Act of 2004 (P.L. 108-265, S. 2507/H.R. 3873) was enacted on June 30, 2004.

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Funding for breastfeeding counselors would have risen from $15 million to $20 million under the Administration proposal, but remained at $15 million in the House and Senate bills and final law. Conferees did not fund the childhood obesity prevention projects, which received $4 million in FY2004; the Administration and Senate recommended $5 million for FY2005. They also deleted the $20 million set-aside for state management information systems. Neither the House nor Senate supported the Administration proposal to strike language prohibiting the use of WIC funds for studies and evaluations, and this restriction remained in P.L. 108-447. A provision in FY2004 appropriations law that allowed the Secretary to restrict funding for other activities if needed to maintain caseload was also deleted.

The House and Senate appropriators agreed, after several years of Administration proposals, to remove funding for the farmers' market nutrition program (FMNP) — $22.9 million in FY2004 — from the WIC account and provide $20 million for this program in FY2005 under the Commodity Assistance Program (CAP) account.[9] (See below for more on CAP funding.) Authorized under Section 17 of the Child Nutrition Act, the FMNP provides vouchers to WIC recipients and WIC eligibles that can be used to buy fresh foods from farmers' markets. Intended to free up more WIC funds for food program and related expenses, the proposal to transfer FMNP funding to another account has been opposed by some who fear that its separation from WIC might lessen support for farmers' markets and reduce access to fresh farm goods by needy pregnant, women, infants and children.

Commodity Assistance Program (CAP). P.L. 108-447 provides the $178.8 million proposed by the House for the Commodity Assistance Program (CAP) for FY2005, instead of the $172.1 million proposed by the Senate and $169.4 million proposed by the Administration. This is $5.9 million more than the $172.9 million appropriated for the same programs in FY2004.[10] Programs included in this budget category are:

- *The commodity supplemental food program (CSFP)*, which provides monthly food packages to low income mothers, young children, and elderly in projects in 33 states and two Indian reservations. The largest of the CAPs, this program is funded at the House-proposed level of $107.7 million in the final law. The Administration would have funded it at $98.3 million (the same as in FY2004); the Senate would have funded it at $101 million. According to the House report, the increased funding, together with $6.5 million in available

[9] The Commodity Assistance Program is not authorized by statute. It is a creation of appropriators to group together for budget purposes several programs making use of commodities for domestic feeding.

[10] The FY2005 funding includes funding for the FMNP, which was not funded in the CAP account in FY2004. CAP received $150 million in FY2004; the FMNP received $22.9 million, thus bringing the comparable totals for these programs in FY2004 to $172.9 million.

commodity inventory for FY2005 is expected to prevent elderly caseload slots from being cut.

- *The emergency food assistance program (EFAP)*, which provides administrative grants to states to help with the costs of distributing federally donated commodities to the needy and homeless. P.L. 108-447 concurs with the Administration and House and Senate bills' recommendation to fund this grant program at $50 million in FY2005, slightly above the $49.7 million provided for this activity for FY2004. The conferees also permitted the Secretary to transfer up to $10 million from EFAP commodity purchases (funded from food stamp appropriations) to administration.

- *The farmers' market nutrition program (FMNP)*, which currently provides vouchers to WIC participants and eligibles for the purchase of fresh foods at farmers' markets. The Administration proposed, and the House and Senate concurred, that this funding be removed from the WIC funding category, and instead be funded at $20 million under the CAP account, down from the $22.9 million it received in FY2004.

- *The food donations program*, which funds disaster assistance and food assistance to the Nuclear Affected Islands.[11] It will be at $1.08 million in FY2005, as under the Administration request and House and Senate proposals, up slightly from $1.075 million in FY2004.

Senior Farmers' Market Program. Both the Administration's budget and the House and Senate committee reports note the transfer of $15 million in mandatory funding from the Commodity Credit Corporation (CCC) for the continued operation of the Senior Farmers' Market Program, which was created and funded under Section 4402 of the 2002 farm bill (P.L. 107-171). This program uses federal funds to provide coupons for low-income senior citizens to buy fresh, unprepared foods at farmers' markets, roadside stands, and community supported agriculture programs.

For more information on USDA food and nutrition programs, see CRS Report RL31577, *Child Nutrition and WIC Programs: Background and Funding*.

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[11] Funding for the Elderly Nutrition Program, formerly funded by USDA appropriations, was transferred in FY2003 appropriations to the Department of Health and Human Services' Office of Aging, which administers Older Americans Act programs.

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Food and Drug Administration (FDA)

The Food and Drug Administration (FDA), an agency of the Department of Health and Human Services (DHHS), is responsible for regulating the safety of foods, drugs, biologics (e.g., vaccines), and medical devices. The agency is funded by a combination of congressional appropriations and various user fee revenues assessed primarily for the pre-market review of drug and medical device applications. The FY2005 Consolidated Appropriations Act (P.L. 108-447, H.R. 4818) provides an appropriation of $1.462 billion, slightly below the House-passed (H.R. 4766) and Senate-reported (S. 2803) levels recommended for FY2005. This appropriation is a 5.5% increase over the FY2004 enacted appropriation of $1.386 billion, but 2.2% below the Administration's FY2005 budget request of $1.495 billion.

In addition to appropriated funds, the total amount of user fees to be collected each year is set in FDA's annual appropriations act. The conferees recommend that FDA be authorized to collect a total of $326.7 million in user fees during FY2005, slightly more than the President requested, and 14% higher than the $286.5 million in authorized user fee collections for FY2004. P.L. 108-447 provides a total FY2005 program level (appropriations and user fees combined) of $1.788 billion, a 7.4% increase from the $1.665 billion available in FY2004, but a 1.8% decrease from the $1.821 billion in the President's request.

For the first time, the President's FY2005 budget request did not contain an amount for the maintenance of buildings and facilities. Both the House and Senate and consequently the conferees concurred with this decision and no funding was provided for this category. Without funding, FDA will absorb the costs of maintaining its facilities with its program funds. In FY2004, Congress provided $7 million for buildings and facilities.

Counterterrorism. The FY2005 conference report contains a total of $215 million for FDA counterterrorism funding. This is 12% less than the President's request of $245 million, but a 22% increase over the $177.2 million appropriated in FY2004. (See **Table 3** below.) This funding is part of each program center's request and is included in the total appropriation approved for FDA.

Most of the increase in counterterrorism funding is for food defense. This $151 million is 16% below the requested amount of $181 million, but $34 million or 30% more than the FY2004 appropriation of $116 million. These additional funds will be used for the Food Emergency Response Network (FERN), a nationwide FDA-FSIS network of federal and state laboratories capable of testing thousands of food samples within days for certain biological, radiological, and chemical threat agents. The increase will also fund research on food testing methods and related areas, about 97,000 food import field inspections (up 60% from the number for FY2004), and will increase crisis management capability by boosting FDA's rapid and coordinated response to food threats and food-associated crises. (For more information, see CRS Report RL31853, *Food Safety Issues in the 108th Congress*.)

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A $5 million increase in funding for medical countermeasures will be spread over the various categories in Table 3. Some of these medical countermeasure activities will also be funded under Project BioShield, a program designed to help ensure that medical products for use in the event of war or catastrophic events are reviewed and approved quickly for safety and effectiveness. The funding also will be used to assist companies in developing new countermeasures. It also will allow FDA to implement regulations to provide for "emergency use authorization" when the countermeasure is still in a developmental stage. (For more information, see CRS Report RS21507, *Project Bioshield*.)

Table 3. FDA Counterterrorism Funding, FY2004-FY2005

($ thousand)

Program	FY2004 Enacted	FY2005 Administration Request	FY2005 Enacted Level*
Food Safety and Defense	$115,660	$180,660	$151,159
Drugs	19,062	22,062	22,062
Biologics	25,543	25,543	25,543
Device & Radiological Health	5,731	5,731	5,731
Toxicological Research	3,173	3,173	3,173
Other Activities	1,409	1,409	1,409
Rent	6,660	6,660	6,660
Total	**$177,238**	**$245,238**	**$215,737**

Source: FDA's Office of Budget and Budget Formulation. December 1, 2004.
* Does not reflect the 0.8% rescission.

Food. The conferees recommend that the foods program of the Center for Food Safety and Applied Nutrition and the center's field activities have a budget of $439 million for FY2005, the same amount recommended by the Senate, a 1.7% reduction from the House recommendation, but a 6.8% increase over the FY2004 appropriated level of $411 million. In addition, the conference report provides an increase of $8.3 million (or a total of $29.8 million) for programs related to bovine spongiform encephalopathy (BSE) or "mad cow" disease. In report language, the conferees direct FDA to expedite the publication of final regulations to tighten BSE safeguards for food, animal feed and cosmetics. They also want the agency to establish an alternative mechanism to its prior notification and import facility registration requirements for imports of food products that are not intended for human consumption so they can continue to be imported for research and analytical testing. The conference report includes $5.36 million for the food center's Adverse Events Reporting System (CAERS) of which $1.5 million is to be used for reports on dietary supplements.

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The conferees accepted a House amendment affecting the recall of food products, requiring FDA to announce the Internet address of the food manufacturer that markets the recalled product and to print a photograph of the food item on the FDA website. The agency also would be permitted to ask for a list of retailers that carry the recalled product.

The conference report also expects FDA to finalize both the pre-market notification rule and related guidance documents for the labeling of genetically modified foods by giving them a high priority, and directs FDA to educate foreign governments on U.S. products made with biotechnology. The conferees included $3 million for the National Center for Food Safety and Technology (NCFST) in Illinois for an ongoing cooperative agreement to improve the safety of the nation's food supply. The conferees also state that this $3 million "shall be exclusive of any additional initiative funds that FDA may award to NCFST." The conferees also direct the FDA to support the development of tests for fruits and vegetable contamination at New Mexico State University's laboratory and continue support for the Waste Management Education and Research Consortium verifying food safety technology. The conference report wants the agency to continue funding at $250,000 the research and educational activities on shellfish safety and *Vibrio vulnificus* being conducted by the Interstate Shellfish Sanitation Commission (ISSC) and to spend $200,000 on getting states to work through the ISSC program on this safety. The conferees recommend that FDA, with state testing programs, test farm-raised shrimp imports and inventories for the banned antibiotic chloramphenicol and other illegal antibiotic residues and, if tests are positive, destroy or export the shrimp.

The conferees expressed concern with mercury found in seafood and instructed FDA to establish an educational program for physicians. In addition, it urged better enforcement of standards on artificially dyed farmed salmon. Better inspections are also mentioned in the conference report when it urges the agency to continue Alaskan contracts for inspections on seafood and urges the agency's HACCP inspections of seafood to be culturally sensitive in Hawaii. Moreover, conferees let stand the Senate direction for two reports from FDA: one on the collaborative relationship between FDA, USDA, and the Centers for Disease Control and Prevention (CDC) in their support of the National Antimicrobial Resistance Monitoring Service (NARMS); and the other on survey findings of perchlorate (used in rocket fuel) in food and bottled water.

In addition, the conference report wants to ensure that standards of identity are enforced on milk protein concentrate imports, and are revised to include a drained weight requirement for canned tuna. It also encourages FDA to request additional funding in its FY2006 budget request for the agency's Office of Nutritional Products, Labeling, and Dietary Supplements whose responsibilities have increased in the last few years, but whose appropriations have remained level.

Prescription Drugs and Biologics. Conferees set FDA's human drug program level at $498.6 million, slightly less than the President's request of $499.5

million, but 4.7% over the FY2004 level of $476.2 million. The FY2005 drug program would come from $293.8 million in budget authority and $204.8 million in user fees. User fees, collected under the Prescription Drug User Fee Act (PDUFA), would provide 41% of the total drug program's funding. With this money, FDA will add staff for the review of human drugs and pay for cost-of-living increases.

Import monitoring and inspections have taken on a more prominent role as steadily increasing amounts of drug products are being imported under FDA's "personal use" import policy. The conference report leaves in both the House and Senate report language which contains a provision that prohibits FDA from using funds to enforce the current statute that bans importation of prescription drugs by parties other than drug companies. (For more on this issue, see CRS Report RL32511, *Importing Prescription Drugs: Objectives, Options, and Outlook.*) Concerned about drug counterfeiting, the conference report directs FDA to work with the drug industry to use technologies like color-shifting inks on labels and packages of drugs and report its progress to the committee by February 1, 2005. The conferees chastise the agency for not producing a required report last year regarding the feasibility and cost of a monograph system for prescription drugs (i.e., guidelines covering acceptable ingredients, doses, formulations, labeling, and testing). Products conforming to a monograph may be marketed without FDA pre-approval while any others must go through the New Drug Application (NDA) process. The conference report leaves standing the Senate language claiming that FDA's policy toward older drugs (which could go through a new monograph system and not need to go through the formal NDA process) may have raised prices to consumers and have become a substantial cost on small businesses. The report directs the agency to report, no later than 60 days after enactment, on viable alternative methods on how it will maintain access to affordable medicines and foster a cooperative regulatory regime for small businesses.

The conferees direct that $14.4 million be available for grants and contracts under the Orphan Drug Act to accelerate the development and approval of orphan drugs. The point is to encourage development of diagnostic tests for rare diseases and explore potential surrogate endpoints and to make drugs available for serious and life-threatening orphan diseases through the fast-track approval process.

The conferees did not accept Senate language about standards for compounded drugs. Rather, they directed the FDA to assist involved organizations to form a private partnership with the United States Pharmacopeia (USP) organization to develop national standards for compounded drugs during FY2005 and asks that FDA request funding in FY2006 to support this effort. The agency is to report on the progress towards these objectives on a regular basis.

The conference report included a general provision that would allow over-the-counter sales of the contraceptive "Plan B." In May, FDA had decided not to allow "Plan B" to be sold without a prescription. The conference report bars FDA from using its FY2005 funding "to restrict to prescription use a contraceptive that is determined to be safe and effective for use without the supervision of a practitioner licensed by law to administer prescription drugs."

The conferees noted the public interest in the withdrawal of a widely prescribed painkiller (Vioxx) and changes ordered in anti-depressant drug labels (SSRIs). Noting FDA's commissioning of an Institute of Medicine (IOM) National Academy of Sciences' study into post-marketing safety issues, the conferees direct the agency to advise regularly the committees about any changes that FDA anticipates regarding drug safety and to give them progress reports on the IOM study.

The conferees fund the biologics program in FY2005 with $124.1 million in appropriations and authorize the collection of $40.4 million in PDUFA user fees and $8.2 million in Animal Drug User Fees for a total program level of $172.7 million. The total includes $300,000 for additional activity relating to flu vaccines.

The conference report also included a general provision that bars FDA from using its FY2005 funding "to close or relocate, or to plan to close or relocate, FDA's Division of Pharmaceutical Analysis in St. Louis, Missouri, outside the city or county limits of St. Louis, Missouri."

Medical Devices. The conference report provides an appropriation of $235.1 million, which includes $25.6 million for the review of medical devices. This amount meets one of the conditions of the Medical Device User Fee and Modernization Act (MDUFMA) of 2002 (P.L.107-250) which requires that FDA's appropriation for the medical device program meet a statutory minimum in order to implement the program. This increase does that and will provide the resources needed to significantly reduce review times for medical devices by allowing FDA to hire about 400 new reviewers. In addition, the conferees did not change the Senate report language that talks about long-term safety studies of implanted medical devices and suggests FDA create programs for post-market surveillance, long-term Phase 4 clinical trials, and registries of devices.

Women's Health. The conferees provided the Office of Women's Health in the Office of the Commissioner a total of $4 million, which includes a $325,000 increase over the Administration's request, because they support the collection of data to study differences between diagnoses, treatment, and outcomes for given diseases for men and women. The report further directs the use of that increase with $250,000 for study of cardiovascular disease in women and $75,000 to continue and expand the hormone therapy education program.

Commodity Futures Trading Commission (CFTC)

The Commodity Futures Trading Commission (CFTC) is the independent regulatory agency charged with oversight of derivatives markets. The CFTC's functions include oversight of trading on the futures exchanges, registration and supervision of futures industry personnel, prevention of fraud and price manipulation, and investor protection. Although most futures trading is now related to financial variables (interest rates, currency prices, and stock indexes), Congressional oversight is vested in the Agricultural Committees because of the market's historical origins as an adjunct to agricultural trade.

The FY2005 Consolidated Appropriations Act (P.L. 108-447, H.R. 4818) provides $94.3 million for the CFTC, which is $1 million above the House-passed (H.R. 4766) level and $3.4 million above the enacted FY2004 level, but $1 million below the Senate-reported (S. 2803) and Administration-requested levels. CFTC has been investigating whether certain commodity traders may have had advance knowledge of the discovery of bovine spongiform encephalopathy (BSE, or mad-cow disease). Report language (H.Rept. 108-584) accompanying the House-passed bill directs CFTC to submit a report of its findings to the committee as soon as the investigation is concluded.

Table 4. USDA and Related Agencies Appropriations, FY2005 Congressional Action and Administration Request vs. FY2004 Enacted

(budget authority, in millions of $)

Agency or Major Program	FY2004 Enacted (1)	FY2005 Administration Request	FY2005 House-Passed Bill	FY2005 Senate-Reported Bill	FY2005 Enacted (1)
Title I — Agricultural Programs					
Agric. Research Service (ARS)	1,145.9	1,165.6	1,259.0	1,263.1	1,298.7
Coop. State Research Education and Extension Service (CSREES)	1,113.0	1,005.5	1,141.1	1,134.7	1,171.1
Economic Research Service (ERS)	71.0	80.0	76.6	75.3	74.8
National Agric. Statistics Serv.(NASS)	128.2	137.6	128.7	130.3	129.5
Animal and Plant Health Inspection Service (APHIS)	721.3	833.4	836.8	791.8	819.6
Agric. Marketing Service (AMS)	93.7	103.1	93.0	97.8	95.3
Grain Inspection , Packers and Stockyards Admin. (GIPSA)	35.7	44.2	37.5	37.3	37.3
Food Safety & Inspection Serv. (FSIS)	779.9	838.7	824.7	823.8	823.8
Farm Service Agency (FSA) - Total Salaries and Expenses	1,272.2	1,320.9	1,357.9	1,305.8	1,309.4
FSA Farm Loans - Subsidy Level	195.5	161.2	158.0	155.0	157.8
**Farm Loan Authorization*	*3,246.2*	*3,803.3*	*3,818.3*	*3,362.0*	*3,747.0*
Risk Management Agency (RMA) Salaries and Expenses	71.0	91.6	72.0	72.0	72.0
Federal Crop Insurance Corp. Fund (2)	3,765.0	4,095.1	4,095.1	4,095.1	4,095.1
Commodity Credit Corp. (CCC) (2)	22,937.0	16,452.4	16,452.4	16,452.4	16,452.4
Other Agencies and Programs	518.8	633.3	394.4	552.5	556.9
Total, Agricultural Programs	**32,848.1**	**26,934.5**	**26,927.2**	**26,986.9**	**27,093.7**
Title II — Conservation Programs					
Conservation Operations	848.0	710.4	854.1	845.9	837.4
Watershed Surveys and Planning	10.5	5.1	11.1	7.5	7.1

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Agency or Major Program	**FY2004 Enacted (1)**	**FY2005 Admini-stration Request**	**FY2005 House-Passed Bill**	**FY2005 Senate-Reported Bill**	**FY2005 Enacted (1)**
Watershed & Flood Prevention	86.5	40.2	86.5	64.0	75.6
Watershed Rehabilitation Program	29.6	10.1	30.1	25.0	27.5
Resource Conservation & Development	51.6	50.8	51.6	50.8	51.6
Farm Bill Technical Assistance	0.0	92.0	0.0	0.0	0.0
Total, Conservation	**1,027.0**	**909.5**	**1,034.2**	**993.9**	**999.9**
Title III — Rural Development					
Rural Community Advancement Program (RCAP)	753.0	542.0	668.4	733.4	716.0
Salaries and Expenses	141.0	149.7	171.2	143.5	148.5
Rural Housing Service (RHS)	1,368.1	1,374.8	1,384.2	1,375.6	1,380.7
** RHS Loan Authority*	*4,329.5*	*4,041.7*	*4,686.9*	*4,157.7*	*4,720.8*
Rural Business-Cooperative Service	83.5	59.0	82.8	81.4	84.4
** RBCS Loan Authority*	*54.7*	*59.2*	*59.2*	*59.2*	*59.2*
Rural Utilities Service (RUS)	101.7	83.3	91.2	106.7	103.0
** RUS Loan Authority*	*6,574.5*	*3,466.1*	*5,529.0*	*5,735.0*	*5,615.0*
Total, Rural Development	**2,447.9**	**2,209.7**	**2,398.5**	**2,441.0**	**2,433.2**
** Rural Development, Total Loan Authority*	*10,958.7*	*7,567.0*	*10,275.2*	*9,951.9*	*10,395.1*
Title IV — Domestic Food Programs					
Child Nutrition Programs	11,417.4	11,376.6	11,380.6	11,380.6	11,782.0
WIC Program (3)	4,611.9	5,087.3	4,907.3	5,175.3	5,277.3
Food Stamp Program	30,946.0	33,635.8	33,642.3	33,641.8	35,154.6
Commodity Assistance Program	149.1	169.4	178.8	172.1	178.8
Nutrition Programs Administration	137.5	152.2	133.7	142.6	139.9
Total, Food Programs (3)	**47,262.5**	**50,422.0**	**50,242.6**	**50,512.9**	**52,533.1**
Title V — Foreign Assistance					
Foreign Agric. Service (FAS)	131.4	143.1	137.7	139.2	137.8
Public Law (P.L.) 480	1,318.2	1,298.4	1,291.5	1,306.0	1,303.5

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Agency or Major Program	FY2004 Enacted (1)	FY2005 Admini-stration Request	FY2005 House-Passed Bill	FY2005 Senate-Reported Bill	FY2005 Enacted (1)
McGovern- Dole Intl. Food for Educ.	49.7	75.0	75.0	100.0	87.5
CCC Export Loan Salaries	4.1	4.5	4.5	4.4	4.4
Total, Foreign Assistance	**1,503.4**	**1,520.9**	**1,508.7**	**1,549.5**	**1,533.2**
Title VI — FDA & Related Agencies					
Food and Drug Administration	1,385.7	1,494.5	1,462.5	1,465.3	1,461.8
Commodity Futures Trading Commission (CFTC)	89.9	95.3	93.3	95.3	94.3
Total, FDA & CFTC	**1,475.6**	**1,589.8**	**1,555.8**	**1,560.6**	**1,556.1**
Title VII — General Provisions	**22.9**	**0.0**	**3.0**	**8.9**	**41.2**
Total, before adjustments	**86,761.8**	**83,586.5**	**83,670.6**	**84,053.7**	**86,190.6**
Scorekeeping Adjustments (4)	(176.8)	(686.0)	(449.0)	(787.0)	(914.6)
Grand Total, Including CBO Scorekeeping Adjustments, Excluding Emergency Appropriations	**86,585.0**	**82,938.5**	**83,221.6**	**83,141.8**	**85,276.0**
Emergency Appropriations (5)	**175.0**	**0**	**0**	**125.0**	**0**

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 total appropriation.

(1) FY2004 enacted levels include amounts appropriated for USDA and related agencies in the Consolidated Appropriations Act, 2004 (P.L. 108-199) adjusted for the 0.59% across-the-board rescission to all non-defense, discretionary programs, as calculated by CRS. The FY2005 enacted level does not include the effect of a mandated 0.8% rescission to all discretionary accounts funded by the FY2005 Consolidated Appropriations Act (P.L. 108-447).

(2) 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 are USDA estimates of the necessary appropriations, which are subject to change.

(3) The FY2005 Administration request reflects a revised Administration request submitted July 13, 2004, which added $300 million to the original WIC request to compensate for higher than originally anticipated food costs and participation in the WIC program. The FY2005 Senate-reported level includes a $125 million emergency appropriation for WIC that is contingent on an emergency request for that amount from the Administration.

(4) Scorekeeping adjustments reflect the savings or cost of provisions that affect mandatory programs (as estimated by the Congressional Budget Office), plus the permanent annual appropriation made to USDA’s Section 32 program. For the FY2005 Administration request, scorekeeping adjustments are unofficial estimates based on Administration budget documents, and do not reflect an official CBO score, which is pending.

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(5) Division H of the FY2004 Consolidated Appropriations Act (P.L.108-199) contained $225 million in supplemental funding for various USDA assistance programs (including $50 million for USDA's Forest Service, which is funded under the Interior appropriations bill). Spending for this assistance was offset in the conference agreement by a mandated rescission of $225 million from the Federal Emergency Management Agency (FEMA). The FY2005 Senate-reported appropriations bill contains a $125 million emergency appropriation for WIC that is contingent on an emergency request for that amount from the Administration.