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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.

NOTE: A Web version of this document with active links is available to congressional staff at: [http://www.crs.gov/products/appropriations/apppage.shtml].

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

Summary

As the first step in the budget and appropriations process, the Administration released on February 2, 2004 its budget request for FY2005. The Administration's budget contains an FY2005 appropriations request of $82.9 billion for the U.S. Department of Agriculture (USDA) and Related Agencies, which includes all of USDA (except the Forest Service), as well as the Food and Drug Administration and Commodity Futures Trading Commission. The House completed action on its version of the FY2005 agriculture appropriations bill (H.R. 4766) when it passed the measure with various amendments on July 13, 2004. The latest action to date in the Senate was full committee markup and the reporting of its version of the spending bill (S. 2803) on September 14.

The House-passed and Senate-reported bills are relatively close in total funding levels — $83.22 billion in the House bill and $83.14 billion in the Senate bill, which are approximately $200-$300 million above the Administration request, but $3.4 billion below the FY2004 enacted level. An estimated $66.4 billion, or nearly 80%, of the proposed FY2005 spending is for mandatory programs administered by USDA. Most of the reduction in the total appropriation is primarily attributable to improved farm commodity prices in recent years, which have contributed to a reduction in required mandatory spending for farm commodity support under the 2002 farm bill.

For all discretionary programs, the House and Senate bills contain a recommended FY2005 appropriation of $16.841 billion and $16.772 billion, respectively. This is the category for which appropriators have direct control over annual spending levels. The proposed FY2005 levels in the two bills are close to the $16.839 billion enacted in FY2004, and above the Administration's FY2005 request of $16.569 billion for FY2005. In order to meet an FY2005 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 (non-appropriated) conservation, rural development, and research programs. In total, the House and Senate reduced authorized FY2005 mandatory spending levels by about $1 billion, and applied those savings toward meeting the discretionary allocation.

Among the major program funding differences in the two bills: The Senate bill contains $268 million more than the House for the WIC program, primarily because of a revised Administration estimate of increased WIC needs following House passage. The Senate bill also has more generous provisions for rural development ($43 million more than the House) and foreign food aid programs ($41 million more). The House bill contains higher funding levels than the Senate in provisions for the salaries and expenses of the Farm Service Agency ($52 million more), for discretionary conservation programs ($41 million more), and for animal and plant health programs ($45 million more). The House bill prohibits FDA from enforcing the current law that bans importation of prescriptions drugs by parties other than drug companies. The Senate bill would ease restrictions on travel to Cuba to promote and sell U.S. agricultural products.

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Most Recent Developments

On September 14, 2004, the Senate Appropriations Committee reported its version (S. 2803) of the FY2005 agriculture appropriations bill. The House completed action on its version of the FY2005 agriculture bill (H.R. 4766) on July 13, 2004, when it passed the bill by a recorded vote of 389-31. The two measures contain just over $83 billion in total spending for the U.S. Department of Agriculture and Related Agencies, including $16.8 billion in discretionary spending, compared with $16.7 billion recommended by the Administration and $16.6 billion enacted in FY2004. Senate floor action is pending.

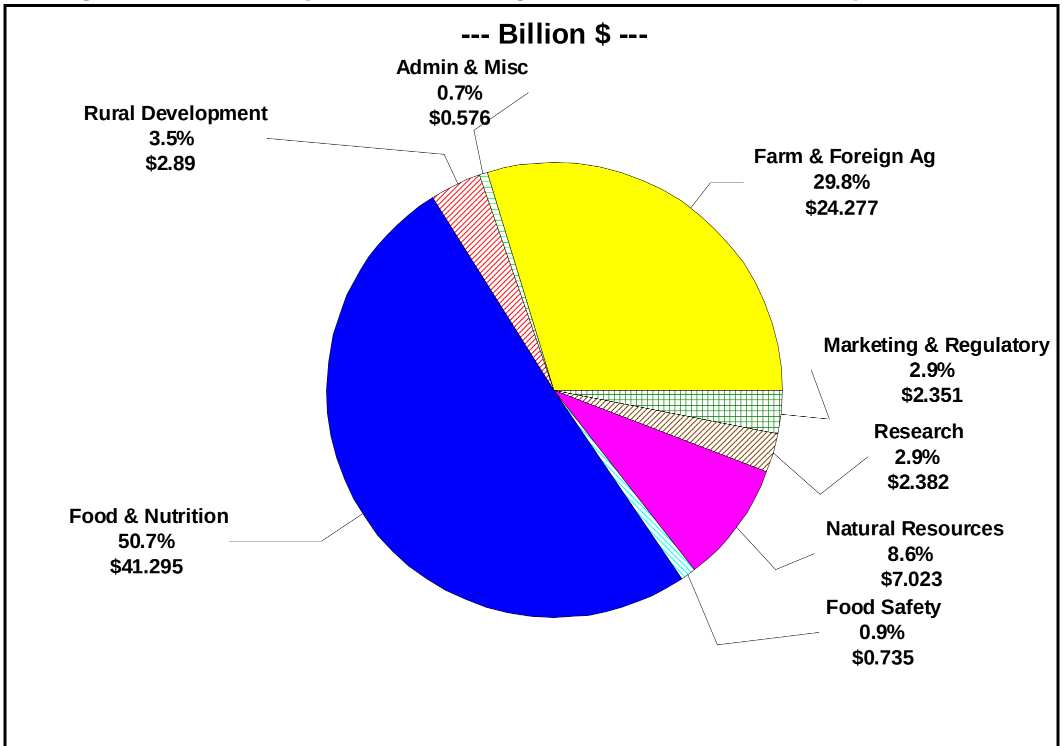
USDA Spending at a Glance

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 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 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 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, FY1995 to FY2004
(budget authority in billions of dollars)

	FY96	FY97	FY98	FY99	FY00	FY01	FY02	FY03	FY04
Discretionary	$13.31	$13.05	$13.75	$13.69	$13.95	$15.07	$16.02	$17.91	$16.84
Mandatory	$49.78	$40.08	$35.80	$42.25	$61.95	$58.34	$56.91	$56.70	$63.69
Total Budget Authority	$63.09	$53.12	$49.55	$55.94	$75.90	$73.41	$72.93	$74.61	$80.53

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.

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.

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 contains 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 is 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) is 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	**	**	**	**	**

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

Among the adopted House floor amendments were (1) a prohibition on any USDA funds being used to administer a tobacco quota buyout, which is pending in separate legislation; (2) a transfer of all funds ($120.9 million) from USDA's Common Computing Environment account to the salaries and expenses of the Farm Service Agency, Natural Resources Conservation Service, and Rural Development; (3) a transfer of funds from an administrative account to help combat sudden oak disease and Asian longhorned beetles; (4) an increase in funding for renewable energy loans to the authorized level; and (5) a requirement that the Food and Drug Administration make any contraceptive available over the counter if it is proven to be safe and effective without a prescription.

[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).

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. No amendments were adopted in full committee. An offered amendment to require mandatory country of origin labeling for fresh meats and produce to begin on January 1, 2005, was defeated in full committee.

The House and Senate bills contain relatively similar levels of total FY2005 spending for USDA and Related Agencies — $83.22 billion in the House-passed bill and $83.14 billion in the Senate-reported measure. Both bills are above the Administration request for $82.94 billion. Included in the bill totals is discretionary spending of $16.84 billion in the House bill and $16.77 billion in the Senate bill. The remaining $66.4 billion is for mandatory programs such as farm commodity support programs, crop insurance, and certain nutrition programs, for which spending levels are generally determined by authorizing legislation and economic conditions. Discretionary spending in the two bills is about equal to the FY2004 enacted level and $200 to $300 million above the Administration's FY2005 request. In order to meet an FY2005 allocation that was close to the FY2004 enacted level, both the House and Senate 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.

The following sections of this report review the major recommendations in the House-passed version of H.R. 4766 and the Senate-reported version of S. 2803, and compare them to each other, and the Administration's request and the enacted FY2004 appropriations levels. As the appropriations process continues and information is released, this report will be updated to compare the measures through enactment. Also, see the table at the end of the report for a tabular summary of proposed spending levels.

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 have been 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 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 Administration has requested for FY2005 an indefinite appropriation for the CCC ("such sums as necessary"), which it estimates at $16.452 billion, compared with a revised estimate of $22.937 billion for FY2004. The House-passed agriculture appropriations bill for FY2005 (H.R. 4766) and the Senate-passed measure (S. 2803) concur 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 the most recently completed fiscal year (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 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 budget request, the Administration requests such sums as are necessary for the mandatory-funded Federal Crop Insurance Fund, and estimates this appropriation at $4.095 billion, up from the revised FY2004 estimate of $3.765 billion. Both the House-passed (H.R. 4766) and Senate-reported (S. 2803) FY2005 agriculture appropriations bills concur with this request. Legislative enhancements (P.L. 106-224) made to the crop insurance program in 2000 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, both bills concur in providing $72.0 million for RMA salaries and expenses, up slightly from the enacted 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 fund 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 does not contain any legislative initiatives pertaining to the crop insurance program. Instead, USDA recently 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, page on "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. For FY2005, the House-passed agriculture appropriations bill (H.R. 4766) recommends $1.35 billion for all FSA salaries and expenses, compared with $1.3 billion in the Senate-reported bill (S. 2803). Falling roughly in between the House and Senate levels is the Administration request of $1.32 billion for FY2005. The FY2004 enacted level was $1.27 billion. Explaining most of the difference between the two bills is an adopted House floor amendment that transferred nearly $53 million to FSA salaries and expenses from USDA's Common Computing Environment account.

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.

Both the Senate-reported FY2005 agriculture appropriations bill (S. 2803) and the House-passed FY2005 bill (H.R. 4766) have higher FSA loan authorizations than the FY2004 appropriation, but do not increase the overall loan authorization as much as the Administration requested. Both bills have a lower loan subsidy amount than the Administration requested, which is already lower than FY2004. Overall, the Administration requested $557 million more in loan authority and $34 million less in loan subsidies than in FY2004. The Administration's ability to propose greater loan authority with a smaller appropriation is possible due to two factors: USDA adjustments in historical loan costs and performance ratios, and relatively bigger changes in the lower-cost unsubsidized guaranteed loan programs.

S. 2803 recommends an appropriation of $155 million to subsidize the cost of making $3.362 billion in direct and guaranteed FSA loans. H.R. 4766 recommends an appropriation of $158 million to subsidize $3.817 billion in loans. The enacted FY2004 loan subsidy was $195.5 million to support FSA loans totaling $3.246 billion. Thus, while the Senate-reported bill would increase loan authority by $116 million (3.6%) from the estimated FY2004 level, the loan subsidy amount would decrease by $40.5 million (21%). The House bill contains a greater increase from FY2004 than the Senate bill in loan authority ($572 million, or 18%), and a smaller decrease in the loan subsidy amount ($37.5 million, or 19%).

The House-passed bill follows the Administration's FY2005 request with two primary exceptions. S. 2803 makes the same and additional changes to the Administration's proposal. Neither H.R. 4766 nor S. 2803 funds the $3.2 million Administration request for $25 million in emergency loan authority. In recent years, the emergency loan program has operated from carryover funds, but USDA expects the remaining carryover to be consumed in FY2004. Also, both bills maintain boll weevil eradication loan authority at its FY2004 level ($100 million, up $40 million from the Administration request, with no additional loan subsidy), and add language that pink bollworm qualify for the boll weevil eradication loan program.

Most of the Administration's proposed increase in overall loan authority is a $456 million increase in unsubsidized guaranteed farm ownership loans (an increase of nearly 50%, to $1.4 billion in FY2005). S. 2803 does not fund $300 million of this proposed increase, while H.R. 4766 follows the Administration request. These unsubsidized guaranteed loans can be made with relatively little increase in appropriated funds compared to changes in subsidized or direct loans. S. 2803 also decreases authorizations for unsubsidized guaranteed farm operating loans by $200 million (17%) compared with the Administration's nearly constant level.

Nearly all of the Administration's proposed decrease in the loan subsidy amount is in direct farm ownership and direct farm operating loans, although the loan authorization for these loans would increase.

For salaries and administrative expenses to carry out the loan program, S. 2803 provides $301.8 million, and H.R. 4766 provides $297.4 million. Both bills provide less than the Administration's request of $313 million, but more than the $289 million appropriated for FY2004.

Tobacco Quota Buyout Provision. A Flake/Van Hollen amendment to the House-passed version of the FY2005 agriculture appropriations bill (H.R. 4766) was adopted on the House floor, which would prohibit USDA employees from implementing a tobacco quota buyout program if the buyout payments are from appropriated funds. The Senate-reported bill (S. 2803) contains no comparable provisions. The House-adopted constraint is directed at the tobacco buyout provisions in Title VII of the House tax bill (H.R. 4520) adopted by the House on June 17, 2004. The tobacco quota buyout provisions of H.R. 4520 would use about $9.6 billion from the U.S. Treasury to make payments to tobacco quota owners and active tobacco producers as compensation for termination of the tobacco price support and production control program. The design of the buyout is nearly identical to that proposed in H.R. 4033 (Jenkins). Other tobacco buyout proposals would have manufacturers pay for the buyout (i.e., H.R. 3160 and S. 1490). For more on the tobacco quota buyout, see the CRS online Agriculture Briefing Book page, "Tobacco Quota Buyout," at [http://www.congress.gov/brbk/html/ebagr62.html].

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 the Farm Service Agency). Discretionary conservation spending has totaled more then $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, which is funded by the Interior appropriations bill.

Discretionary NRCS Programs. Discretionary programs are those which rely on annual appropriations for funding. The bill reported by the Senate Appropriations Committee (S. 2803) included $993.9 million for NRCS discretionary programs in FY2005, which is $33 million (about 3%) less than the FY2004 enacted level of $1.027 billion. The House-passed agriculture appropriations bill (H.R. 4766) provides $1.034 billion, $7 million (less than 1%) above the FY2004 enacted level, and $40.3 million above the Senate-reported level for FY2005. Appropriations for major conservation programs are discussed below.

- **Conservation Operations (CO).** This account funds assistance to the public and local governments for conservation. As reported by the Senate Appropriations Committee, S. 2803 provides $845.8 million for CO, about $2 million less than the FY2004 enacted amount of $847.97 million. H.R. 4766 provides $854.1 million for this account, about $6 million over the FY2004 enacted level, and $8.2 million above the Senate-reported bill. Both the House and Senate Committee levels are substantially over the Administration's FY2005 request of $710 million for CO, in part because the Administration did not include any funds for congressional earmarks. Both the Senate committee report (S.Rept. 108-340, accompanying S. 2803) and the House committee report (H.Rept. 108-584, accompanying H.R. 4766) state that funding for FY2004 member projects is not continued in FY2005 unless those projects are specifically mentioned. Just over 50 projects carried over from FY2004 are listed in the House committee report for FY2005.

- **Technical Assistance.** As in FY2003 and FY2004, both S. 2803 and H.R. 4766 reject 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). S. 2803 and H.R. 4766 include identical language in each discretionary account prohibiting use of funds appropriated for that account (by this act or by any other appropriations act) for any mandatory farm bill conservation program TA (including CRP and WRP). The problem of CRP and WRP TA funding dates to the 1996 farm bill and has yet to be resolved. The House adopted a floor amendment that is similar to legislation being considered separately (H.R. 1907) to address this issue. The amendment prohibits the use of any farm bill conservation program funds (other than CRP and WRP) for CRP and WRP TA, and prohibits the transfer of funds for this purpose between CRP and WRP. In addition, language in the appropriations bill prohibits using funds from the Conservation Operations account to pay for TA for any of the mandatory programs. For more information on this issue, see CRS Issue Brief IB96030, *Soil and Water Conservation Issues*.)

- **Other accounts.** S. 2803 provides $64 million for watershed and flood prevention operations, while H.R. 4766 provides $86.5 million to this account. (The FY2004 enacted level was $86 million.) S. 2803 provides $25 million for the watershed rehabilitation account, while H.R. 4766 provides $30.1 million. (The FY2004 enacted level was $29.6 million.) For the watershed surveys and planning account, S. 2803 provides $7.5 million and H.R. 4766 provides $11 million. (The FY2004 enacted level was $10.5 million.) For the resource conservation and development account, S. 2803 provides $50.76 million while H.R. 4766 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 in laws other than appropriations acts. In practice, appropriators often place limits on mandatory spending in appropriations bills. Major mandatory conservation programs that would be limited by S. 2803 and/or H.R. 4766 are included below. The House and Senate committee reports did not include any explanations for the limits. However, all reductions in mandatory spending are scored as savings, which allow the agriculture appropriators to spend an equivalent amount on any discretionary programs within their jurisdiction.

Major programs limited include the Environmental Quality Incentives Program (EQIP), which provides cost-share assistance 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 habitat; the Wetlands Reserve Program (WRP), which assists producers to protect wetlands, and the Farmland Protection Program (FPP), which assists with purchasing conservation easements to keep land in agriculture.

Program	FY2005 Authorized Funding Level	Level Allowed by S. 2803	Level Allowed by H.R. 4766	S. 2803: Difference from Authorization	H.R. 4766: Difference from Authorization
EQIP	$1.2 billion	$1.025 billion	$1.01 billion	-$175 million	-$190 million
CSP	No Stated Limit	No Stated Limit	$194 million	No change	-$88 million[2]
WHIP	$85 million	$47 million	$ 60 million	-$38 million	-$25 million
WRP	200,000 acres ($283 million)	154,500 acres	175,000 acres	-45,500 acres (-$69 million)	-25,000 acres (-$35 million)
FPP	$125 million	$112 million	$112 million	-$13 million	-$13 million

Besides the major mandatory programs limited above, neither H.R. 4766 nor S. 2803 provided any funding for the small watershed rehabilitation program, which was authorized at $150 million in FY2005. (This program provides financial assistance to rehabilitate aging small dams originally built by NRCS.) S. 2803 also limited the Ground and Surface Water Conservation Program, a subprogram of EQIP

[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 CSP program would cost $282 million (CBO March 2004 baseline).

which funds irrigation efficiencies and water storage, to $51 million in FY2005. (It was authorized at $60 million.)

S. 2803 and H.R. 4766 did not place limits on some important mandatory programs. These include the $2 billion Conservation Reserve Program, which pays farmers to retire land from production; the Klamath Basin program, a subprogram of EQIP funding 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. Since the bills do not mention these programs, they would be fully funded as authorized. S. 2803 also contained 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*.

Agricultural Trade and Food Aid

For USDA's international activities that require an appropriation (discretionary programs), the House-passed agriculture appropriations bill (H.R. 4766) would provide an FY2005 appropriation of $1.509 billion, $5.3 million more than enacted in FY2004 and $12.2 million less than requested in the President's budget. The Senate-reported bill (S. 2803) would provide an appropriation of $1.549 billion for international activities — $46.1 million more than enacted in FY2004, $40.8 million more than provided in the House bill, and $28.6 million more than in the President's request. The main difference in FY2005 House and Senate appropriations is due to higher Senate levels for funding of discretionary food aid programs, namely P.L. 480 and the McGovern-Dole school feeding program.

USDA's international activities include both discretionary and mandatory programs, 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, established in FY2003, provides commodity donations and associated financial and technical assistance to carry out school and child nutrition programs in developing countries.

For P.L. 480, H.R. 4766, as passed by the House, contains an appropriation of $1.291 billion for FY2005, $26.7 million less than enacted in FY2004 and $6.8 million less than requested by the President. Of the amount in the House bill for 2005, $1.180 billion is allocated to humanitarian commodity donations under P.L. 480 Title II. The FY2005 level for Title II in H.R. 4766, as passed in the House, is

$5 million less than both the FY2004 enacted amount and the amount requested by the Administration for FY2005. For P.L. 480 Title I (direct commodity sales), the House-passed level is $109.1 million, which is identical to the amount requested by the President, but $22 million less than enacted in FY2004. H.R. 4766 contains an increase of $25.3 million in the appropriation for FFE (a total of $75 million recommended for FY2005), which is largely offset by the reductions in P.L. 480 Titles I and II.

The Senate-reported bill includes a total appropriation for P.L. 480 of $1.306 billion, which is $12 million less than enacted in FY2004, but $7.5 million more than requested by the President and $17 million more than in the House-passed bill. The Senate bill recommends a $1.185 billion appropriation for Title II, and an appropriation of $100 million for the McGovern-Dole FFE program — a substantial increase ($25 million) over the President's request or the House recommendation. The Senate report (S.Rept. 108-340) accompanying the bill notes that the 2002 farm bill (P.L. 107-171) increased the level of P.L. 480 Title II non-emergency assistance to 1,875,000 metric tons and indicates that the appropriations committee "expects that funding for P.L. 480 Title II will be used for its intended purpose (i.e., non-emergency assistance) and not for ad hoc emergency assistance." The committee reminds USDA that if additional emergency assistance is needed, the Emerson Trust (see below) is available for that purpose. The House report (H.Rept. 108-585) does not contain this language.

The other major discretionary account is the Foreign Agricultural Service (FAS), for which H.R. 4766 has an FY2005 appropriation of $137.7 million, up $6.5 million from the FY2004 enacted amount, but $5.3 million less than the President's request. S. 2803 provides an appropriation of $139.1 million for FAS — $7.8 more than enacted in FY2004 and $1.4 million above the House level, but $3.9 million less than in the President's budget. 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). Both bills provide around $4.4 million to cover administrative expenses of CCC export credit guarantee programs. The President's budget and House and Senate appropriations reports estimate that in FY2005, these administrative costs would support programs that finance $4.5 billion of U.S. agricultural exports.

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 via 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). S. 2803 contains a 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) drops 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 this program in FY2005.

A number of USDA's export-related programs 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. This proposed reduction could prove controversial, but neither H.R. 4766 nor S. 2803 addresses this issue. Most previous efforts at restricting MAP spending in Congress have met with little success. A Chabot amendment to H.R. 4766 that would have prohibited any MAP spending in FY2005 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 Trade Amendment. The Senate-reported FY2005 agriculture appropriations bill contains a provision that would ease restrictions on travel to Cuba to promote and sell U.S. agricultural products. The provision was originally adopted during Senate subcommittee markup as an amendment offered by Senator Dorgan. The Senate provision would require the Treasury Department to give "general licenses" for U.S. exporters and others seeking to travel to Cuba on pertinent business. Current policy requires them to apply for a "specific license" for each prospective trip. Amendment supporters argue that the Administration has used the rules to delay or refuse to issue travel licenses to those seeking to make farm sales in Cuba. Similar language was included in the Senate-passed version of the FY2004 agriculture appropriations bill, but was deleted in conference.

The Administration earlier had informed the House that it would veto the FY2005 agriculture appropriations bill if it contained language directing the U.S. Treasury to issue "general" licenses for travel to Cuba related to commercial sales of agricultural and medical products. The House bill contains no Cuba trade provisions. Administration officials argue that the current licensing process "helps to ensure that travel to Cuba serves appropriate purposes and that sales to Cuba are done within the boundaries of the law."

Current U.S. policy is to exempt commercial sales of agricultural and medical products from U.S. unilateral sanctions imposed on certain foreign countries, subject to specified conditions and prohibitions. Debate continues, though, among policymakers on the scope of the statutory restrictions that should apply on agricultural sales to Cuba. Members of Congress opposed to the Cuba-specific prohibitions have introduced bills in the 108th Congress proposing to effectively repeal them. For more information on this issue, see the CRS Electronic Trade Briefing Book page on "Economic Sanctions and Agricultural Exports" at [http://www.congress.gov/brbk/html/ebtra13.html].

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 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. From FY1999 through FY2003, 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 now again for FY2004, 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, agricultural scientists, stakeholders, and partners are concerned that higher defense spending and lower tax revenues may return the REE mission area to a period of static or shrinking appropriations.

Agricultural Research Service. The Senate-reported appropriations bill (S. 2803) would provide $1.263 billion in total for ARS activities in FY2005 (up $117.2 million from FY2004). The Senate-reported level is close to the House-passed level of $1.259 billion, which is up $113 million from FY2004. The Administration requested $1.166 billion for ARS for FY2005.

Within the total, however, there are significant differences in how the House and Senate appropriators would split the funds between research projects and laboratory construction projects. The Senate measure would allocate $1.090 billion of the ARS total to support research (up $7.8 million from FY2004), whereas the House bill would allocate $1.057 billion to research (down $25.4 million from FY2004), a difference of $33 million between the two bills.

The Senate-reported bill provides $173 million in support for ARS facility modernization and construction (up $109 million from FY2004), and the House-passed bill recommends $202 million (up $138.6 million from FY2004). The House bill would allocate $178 million of the total for construction to completing the modernization of the National Centers for Animal Health in Ames, Iowa (expected in October 2007), as the Administration requested; the additional $24 million would provide $3 million each to ongoing construction projects at eight other ARS locations. The Senate measure would allocate $122 million of the total to the Ames project, and distribute the balance among 17 other locations. 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. In an emergency supplemental wartime appropriation act in April 2003 (P.L. 108-11), ARS received $110 million to begin making critical improvements in this facility. ARS operates the lab jointly with the Animal and Plant Health Inspection Service, whose National Animal Disease Diagnostic Lab is located at the site.

As in previous years, both the House and Senate committee reports mandate the continuation of individual earmarked research projects that Members have added to annual appropriations acts in past years. The Administration maintains in its annual budget requests that part of the funds from these projects ($169 million in total) should be redirected to the Administration's high priority research initiatives.

Cooperative State Research, Education, and Extension Service. The Senate-reported appropriations bill would provide $1.135 billion in total for CSREES, a $21.7 million increase from FY2004, and a $129.2 million increase from the FY2005 budget request. The House-passed bill provides a total of $1.141 billion for CSREES, a $28.1 million increase from FY2004, and a $135.6 million increase from the FY2005 budget request.

Of the total provided in the Senate measure, $628.5 million would support state agricultural research and academic programs, representing a $10.7 million increase from FY2004, and virtually the same as provided in the House-passed bill. (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 certain items within the research and academic program area are as follows (comparisons within parentheses are with the House bill provisions): $180.1 million for Hatch Act formula funds ($180.6 million); $23 million for cooperative forestry research ($22.4 million); $36 million for payments to 1890 (historically black) land grant colleges of agriculture ($37 million); $183 million for the NRI competitive grant program ($181 million); and $108.7 million for special (earmarked) research grants ($84.7 million).

The Administrations's budget request expects CSREES to use a mandatory transfer of $3 million in government funds (authorized in the 2002 farm act) to support competitive grants for research and extension programs on organic agriculture. Neither the House and Senate measures nor their accompanying reports contains language affecting CSREES's ability to use the transferred funds for organic research and extension grants as authorized.

The Senate measure would allocate $443 million of the CSREES total to support state extension education programs. This represents a $4 million increase from FY2004; it is $2.7 million higher than the House provision. Spending levels for certain items within this program area are as follows (comparisons within parentheses are with the House bill provisions): $277.7 million for Smith-Lever formula funds ($277.2 million); $85.8 million for competitively awarded extension grants (Smith-Lever 3(d) programs), of which $58 million is for the Expanded Food and Nutrition Education Program ($89.2 million in House bill; $59 million for EFNEP); $32.1 million for extension programs at the 1890 colleges ($33.1 million); $15 million for 1890 facilities grants ($17 million); and roughly $20.7 million for earmarked extension grants ($15.4 million).

The Senate measure would provide $57.2 million for integrated activities (which have both research and extension components). This represents a $7 million increase from FY2004; it is $9 million less than the House bill provides. The outreach program for disadvantaged farmers would receive $5.9 million in both the House and Senate measures. This is the same level as in FY2004 and in the budget request.

The House Appropriations Committee estimates that $2.3 million in interest from the Native American Endowment Fund will be available to distribute to the 34 tribally controlled colleges in FY2005, to support the development of their agricultural curricula. The Senate measure does not specify the expected amount of accrued interest to be distributed. Both the Senate measure and H.R. 4766 would make available $1.09 million for research at these institutions (level with FY2004). The House bill provides $3.3 million for extension programs at the tribal schools; the Senate measure provides $2.9 million, level with FY2004.

CSREES is the administrative home of the Initiative for Future Agriculture and Food Systems (IFAFS), a competitive grant program that is authorized to receive mandatory funds for its operation. In appropriations acts from FY2002 through FY2004, appropriators have blocked CSREES from using the mandatory funding of $120 million to carry out the IFAFS program.[3] Following the actions of past years,

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[3] The FY2004 consolidated appropriations act (P.L. 108-199) gives the Secretary authority (continued...)

the Administration proposed cancellation of FY2005 spending for IFAFS (which includes the carryover of the full FY2004 funding into FY2005). Both the Senate measure and H.R. 4766 adopt this proposal, but both would permit 20% of FY2005 funding for the National Research Initiative (NRI) competitive grants program to be awarded according to IFAFS program criteria.

Economic Research Service (ERS) and National Agricultural Statistics Service (NASS). The House-passed bill provides $76.6 million for ERS in FY2005 ($5.6 million above the FY2004 enacted level, but $3.5 million below the Administration's FY2005 request). The Senate-reported measure provides $75.3 million. The House report adopts the Administration's request to increase ERS activities in areas related to developing a Consumer Data and Information System. It also allocates $1.5 million for ERS to study the feasibility of retail stores that stock and sell food only to participants in the Women, Infants, and Children (WIC) feeding program. The Senate report directs that ERS spend no less than $500,000 to collect broad economic information on organic farm operations.

The House-passed bill contains $128.7 million for NASS, up $500,000 from FY2004, but $8.9 million below the Administration's FY2005 request. The Senate measure contains $130.3 million. Both the House and Senate measures direct that NASS expend nearly $22.5 million for ongoing work on the most recent Census of Agriculture as requested by the Administration (down $2.6 million from FY2004). This includes a $1.4 million increase in the House bill for initiatives within NASS to modernize its agricultural estimates program, which surveys farm operators to develop estimates of various agricultural statistics. Senate report language specifies $3.5 million more for work on estimates and information technology security.

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 House-passed agriculture appropriations bill (H.R. 4766) recommends $824.7 million for FSIS in FY2005; the Senate Appropriations Committee bill (S. 2803) recommends $823.8 million. The Administration requested an FY2005 appropriation of $838.7 million for FSIS, a $59 million increase from the FY2004 enacted level.

Neither the House-passed bill nor the Senate-reported bill includes the Administration proposal to impose new inspection user fees of $124 million (which would require legislation to be implemented). The proposed fees would be collected from meat and poultry processors for inspection services provided beyond one 8-hour

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[3] (...continued)
to make 20% of National Research Initiative funds available for competitive grants under IFAFS terms and conditions. This means that approximately $30 million in NRI funds could be awarded as Initiative grants. 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. The House-passed bill for FY2005 does not contain any similar provision.

shift per day. FSIS has been authorized since 1919 to charge user fees for holiday and overtime inspections. More recently, Congress has approved FSIS to use revenue from user fees the agency charges to certify private diagnostic labs to perform official meat and poultry sampling and testing. Income from these existing user fees (plus trust funds) adds another 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.

The House-passed bill provides for the following specific FSIS increases for FY2005 as requested by the Administration: $17.3 million for front line inspectors and humane slaughter enforcement; $3 million for BSE surveillance (see the section below on BSE funding); $7.2 million for inspector training; and $15.5 million for increased pay costs. Also in the House-passed bill is an increase of $9.6 million for food defense activities, including $2.5 million for biosurveillance, $3.6 million for the Food Emergency Response Network, $3 million for the network's data systems support, and $500,000 for laboratory equipment and additional training. The bill also includes $2.7 million for *Codex Alimentarius* activities, $1.65 million for outsourcing microbiological testing, and a reduction of $7.7 million in information technology savings as requested in the budget.

The Senate committee version specifies the following FSIS increases for FY2005: $12.3 million for front line inspection costs, to bring total FSIS slaughter inspectors to 7,690; $7 million for entry-level inspector training; $3 million to improve BSE surveillance; and $11.75 million for food defense activities, including $2.5 million for biosurveillance, $7 million for the Food Emergency Response Network, $1.25 million for enhanced laboratory capabilities, and $1 million for biosecurity training. The Senate-reported bill provides an increase of $105,000 (to a total of about $2.7 million) for *Codex* activities, and of $350,000 (to no less than $2 million) for continuing the microbiological baseline studies for nine commodities. The committee report accompanying S. 2803 (S.Rept. 108-340) contains extensive language on FSIS enforcement of the Humane Methods of Slaughter Act (HMSA), noting among other things that $4 million has been provided to incorporate the agency's Humane Animal Tracking system into its field computer systems, and that the committee has recommended funding to continue 63 staff to oversee FSIS compliance with the act.

For other information, see CRS Issue Brief IB10082, *Meat and Poultry Inspection Issues*.

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.

Both the Senate-reported FY2005 agriculture appropriations bill (S. 2803) and the House-passed FY2005 bill (H.R. 4766) increase the APHIS appropriation from FY2004, but S. 2803 provides a smaller increase than the Administration request, while the House provides a greater increase than requested. The Senate-reported bill recommends a total APHIS appropriation of $791.8 million in FY2005, up $70.5 million (10%) from FY2004, but $41.5 million below the Administration's request. The House-passed bill recommends a total APHIS appropriation of $836.8 million in FY2005, up $115.5 million (16%) from FY2004, and $3.4 million above the Administration's request. Included in the House-passed total are the effects of two adopted floor amendments which added $23 million for the eradication of two plant pests and diseases, with offsets from USDA administrative accounts.

The Administration's request for $833.4 million is $112 million (16%) more than FY2004, and includes significant new funding for avian flu and BSE activities, as discussed in separate sections below. Nearly all of these amounts are for salaries and expenses. The Administration's $5 million request for buildings and facilities, up $29,000 from FY2004, is fully funded by the House, while the Senate-reported bill maintains the FY2004 level.

Neither bill includes 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, the Senate and House bills would provide $153 million and $152 million, respectively. These are about $21 million below the Administration's request, but $1 million above FY2004. For plant and animal health monitoring, the Senate and House versions provide $193 million and $201 million, respectively. These are 39% and 45% increases over FY2004, but $41 million and $23 million below the Administration's request. For scientific and technical services, the Senate and House bills provide $71.8 million and $82.5 million, respectively. These are less than the Administration's request, but more than FY2004. Both bills fund the animal care function at the requested $17.1 million, an increase of $0.3 million over FY2004.

Pest and Disease Management. S. 2803 would provide $344 million, an increase of $12.8 million, or 4%, over FY2004, and $28.3 million above the Administration's request. The House bill is more generous at $375 million, an increase of $43.8 million, or 13%, over FY2004, and $59.2 million above the Administration's request.

The Senate bill follows the Administration's $12.8 million request for increasing avian influenza funding, up from $1 million in FY2004, while the House bill nearly doubles the request by providing $23 million (see section below). The Administration had requested a $33 million cut for boll weevil and $15 million cut for Johne's disease, but both the House and Senate bills do not follow those requests. For boll weevil, the Senate and House recommend $3.2 million and $3.7 million reductions, respectively. For Johne's disease, the Senate has a $51,000 increase and the House an $11.5 million reduction. The House has smaller reductions than requested for brucellosis and noxious weeds, while the Senate bill makes small increases in each. Both bills provide smaller increases than requested for chronic wasting disease (CWD), scrapie, and tuberculosis.

For emerging plant pests (EPP) within the pest and disease management function, the Administration requested $104.4 million, up $11 million from FY2004. The Senate bill provides $94.4 million, a small increase over FY2004. The House bill contains $127 million, $34.3 million (36%) over FY2004 and $23 million over the Administration's request (due to two floor amendments for $23 million.) EPP is used to address relatively new outbreaks. The Senate-reported bill contains a smaller increase than requested for Pierce's disease, constant FY2004 levels for citrus canker and emerald ash borer instead of the proposed increases, and constant FY2004 levels for Asian longhorned beetle and sudden oak death instead of the proposed decreases. The House bill contains slightly smaller increases than requested for citrus canker, Pierce's disease, and emerald ash borer. Funding for sudden oak death would rise by $5 million over FY2004 to $7 million, following a floor amendment in the House. Another floor amendment in the House added $18 million for Asian longhorned beetle, mitigating most of the Administration's $20.7 million requested cut.

Both bills reiterate that the Secretary of Agriculture has the authority to transfer funds from the Commodity Credit Corporation (CCC) to combat plant and animal health emergencies. For more information, see CRS Report RL32504, *Funding Plant and Animal Health Emergencies: Transfers from the Commodity Credit Corporation*.

Homeland Security Funding. Overall, USDA is requesting $511 million for 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 and House reports. The Senate committee provides $2.5 million for the Administration's new bio-surveillance program ($5 million requested), while the House provides $2 million. Vaccine banks ($6 million requested) are funded at $3.5 million in S. 2803 and $3 million in H.R. 4766. The House would increase funding for emergency coordinators by $2.6 million ($4.6 million requested), and for state-based Cooperative Agricultural Pest Surveys (CAPS) system by $2 million ($9.1 million requested). Neither bill provides the requested $0.9 million increase to $2.9 million for biosecurity. The House bill does not fund the $2.4 million request for personnel at Plum Island. Neither bill funds the $7.1 million request for physical security enhancements throughout APHIS.

Avian Flu Activities. APHIS is the lead USDA agency responsible for controlling avian influenza. As passed by the House, H.R. 4766 provides $23 million for avian flu activities, $10.2 million more than the Administration's request of $12.7 million. S. 2803, as reported, provides the $12.7 million requested by the

Administration. The amounts in both bills are significantly greater than the $1 million appropriated in 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 would enable 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 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.

The House committee report (H.Rept. 108-584) accompanying H.R. 4766 notes 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 House committee notes that the CCC-transferred amount will cover all BSE testing during that timeframe."

The House committee report notes, among other things, that H.R. 4766 provides the full remaining amount of increase requested for APHIS BSE activities, which it states is $8.6 million; the Senate version also includes that amount. Other BSE-related funding in both the House and Senate bills also include the $33.2 million requested for development of the national animal ID system (as both committees noted, USDA transferred $18.8 million from the CCC in April 2004 to get the ID program underway). The Senate bill directs the Secretary to provide Congress with a detailed explanation of any animal ID system it intends to implement.

The House committee report requests that the Secretary of Agriculture provide a report by July 15, 2004, and quarterly reports thereafter, on its BSE surveillance program, implementation of national animal ID, and each component of its BSE response plan. The House committee expressed 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...." It also asked the Secretary for a report by September 1, 2004, "on specifically how a decision was made to allow these imports, apparently without the awareness of senior officials," and how she intends to prevent it from happening again.

The House committee report further 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 expressed 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, 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,[4] 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 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. (Also 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

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[4] 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].

markets. The House-passed agriculture appropriations bill (H.R. 4766) contains $93 million in FY2005 budget authority for AMS compared with the Administration's FY2005 budget proposal of $103.1 million, and with an enacted FY2004 level of $93.7 million. The Senate-reported version (S. 2803) contains $97.8 million.

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; H.R. 4766 directs the Secretary to take the $10 million from the Section 32 account (see below). The Senate committee report directs that no less than $2.5 million be used to begin development of a new system and encourages the Secretary to tap Section 32 for any money needed to fully fund the system.

The overall AMS levels include 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, H.R. 4766 assumes 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 Senate Appropriations Committee defeated on tie vote of 14 to 14, an amendment that would have required mandatory country of origin labeling (COOL) to begin on January 1, 2005. The 2002 farm bill had mandated that retailers begin COOL for fresh meats, produce, peanuts and seafood on September 30, 2004, but a provision in the FY2004 consolidated appropriation act (P.L. 108-199) delayed mandatory COOL (being implemented by AMS) for two years (except for seafood). In other 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.

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 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.

As passed by the House, H.R. 4766 provides $37.5 million for GIPSA, which is below the Administration's request of $44.2 million. The Senate-reported version of the measure (S. 2803) provides $37.3 million. The Administration was seeking the following GIPSA increases: $5 million to upgrade significantly its information technology; $1.2 million to monitor the technologies 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 report said its funding level includes $1 million for "requested program initiatives such as 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 raise the FY2005 program level to $86 million. H.R. 4766 does not include a proposal by the Administration for a $29.4 million increase in GIPSA user fees (which would require legislation to be adopted). If adopted, it would reduce required appropriations in FY2005 to a total of $14.8 million, instead of $44.2 million. The same user fees were in the FY2004 budget request but were not approved by Congress. The proposed new fees would include $6 million from charges for the costs of developing, reviewing, and maintaining official U.S. grain standards; the other $23 million would come from new license fees imposed on packers, live poultry dealers, poultry processors, stockyard owners, market agencies, dealers and swine contractors covered by the Packers and Stockyards Act (PSA).

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 Senate committee-reported agriculture appropriations bill (S. 2803) recommends a total FY2005 appropriation of $2.44 billion for USDA rural development programs, which in part supports a $9.95 billion loan authorization level for rural economic and community development programs. The Senate measure recommends $43.0 million more in budget authority and approximately $324.3 million less in loan authorization than recommended by the House-passed bill (H.R. 4766). The Administration's budget request was for nearly $2.38 billion less in loan authorization and the Senate recommendation is $1.01 billion less than enacted for FY2004. Total rural development funding under S. 2803 also includes $637.5 million for salaries and expenses (including transfers), nearly the same as recommended by the House bill and $28 million less than the budget request.

As was the case for FY2004, both bills contain provisions that would either eliminate or limit FY2005 funding to carry out several mandatory rural development programs authorized in the 2002 farm bill (P.L.107-171). Both bills recommend that several of these programs be funded out of discretionary appropriations, although at levels lower than the authorized amounts. The following table summarizes the authorized funding and the recommended restrictions on these mandatory programs.

Program	**FY2005 Authorized Funding Level**	**Level Allowed by S. 2803**	**Level Allowed by H.R. 4766**	**S. 2803 Difference from Authorization**	**H.R. 4766 Difference from Authorization**
Rural Strategic Investment Initiative	$100 million	$0	$0	- $100 million	- $100 million
Enhancement of Rural Access to Broadband	$20 million	$0	$0	- $20 million	- $20 million
Rural Business Investment Program	$100 million	No more than $34 million	$0	- $66 million	- $100 million
Value-added Product Market Development Grants	$40 million	$15 million*	$15.5 million*	- $25 million	- $24.5 million
Rural Firefighters	$10 million	$0 million	$0 million	- $10 million	- $10 million
Renewable Energy Systems	$23 million	$20 million*	$23 million*	- $3 million	No change
Bioenergy Program	$150 million	Maximum of $100 million	$0	- $50 million	- $150 million

* Funding provided in the bill is discretionary, not mandatory as authorized.

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. The Senate-reported bill recommends an FY2005 appropriation of $733.4 million, $66.0 million more than recommended by the House-passed bill, $191.4 million more than requested by the Administration, and $19.6 million less than enacted for FY2004. Both the House and Senate bills recommend higher funding levels than requested, mostly in water and waste water grants. Of the total recommended appropriation, $85.7 million would be for the community facilities account; $573.5 million for the rural utilities account; and $74.2 million for the business development account. The House bill recommended about $47 million less in the utilities account and approximately $45 million less in the community facilities account than the Senate measure. Total funding for the business and cooperative development account is approximately the same as recommended by the House bill and requested by the Administration.

Both the House and Senate bills earmark funding from the three RCAP accounts for various programs. The level of this recommended funding from the various

RCAP accounts is not significantly different from similar recommendations enacted for FY2004. S. 2803 recommends the following earmarks: Native American Tribes ($26 million); native villages of Alaska ($28 million); water and waste water treatment for *colonias* ($25 million); a circuit rider program for water technical assistance ($13.5 million); grants to nonprofit organizations to improve household well-water systems ($2 million); and $6.5 million for the rural community development initiative. Unlike the House bill, S. 2803 recommends $21 million for economic impact initiative grants and $28 million for communities with high energy costs. The House bill also recommends $22.2 million of RCAP funding for the Empowerment Zone / Enterprise Community Program, a provision not included in the Senate measure.

Rural Business-Cooperative Service. For FY2005, S. 2803 contains a recommended appropriation of $81.4 million for RBS loan subsidies and grants, including $15.9 million in rural development loan subsidies and $24 million in rural cooperative development grants. These amounts are approximately the same as recommended by the House bill. The appropriation in the Senate bill is $2.2 million less than enacted for FY2004 and $22.4 million more than the Administration's FY2005 budget request.

As noted above, both bills would prohibit funds from being used for four mandatory rural development programs under the jurisdiction of RBS all of which were authorized and funded by the 2002 farm bill. S. 2803 and H.R. 4766 would cancel $80.0 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). Both bills replace the mandatory funds with about $15 million in discretionary funding, approximately the same as requested by the Administration. As in FY2004, the Senate bill also proposes prohibiting the expenditure of $23 million in authorized mandatory funds for the Renewable Energy Systems program, but provides $20 million in discretionary funds instead. The House measure recommends $23 million, also in discretionary funds. Unlike the House measure, which recommends no funding, S. 2803 places a $34 million maximum on the use of any 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. Both bills also prohibit any funds to carry out the provisions of the mandatory Rural Strategic Investment Fund. The Administration had similarly requested that funds for this program be cancelled.

Both bills recommend funding for the Empowerment Zone/Enterprise Community Program, $12.5 million by the Senate measure and about $11.4 by the House bill. The Administration had requested no funding for the program. As noted above, the House bill also earmarks $22.2 million of RCAP funds for the Empowerment Zone/Enterprise Community Program. A general provision in S. 2803 also amends the 2002 farm bill (P.L.107-171) to authorize a $500 million renewable energy system loan guarantee program, a provision not contained in the House bill.

Rural Utilities Service. As passed by the Senate, S. 2803 provides an FY2005 appropriation of $106.7 million for RUS, about $5 million below the enacted level for FY2004 and $15.5 million more than recommended by the House bill. The Senate appropriation would support an FY2005 loan authorization level of $5.74 billion, $839 million less than authorized for FY2004, but $2.27 billion more than the budget request. The House bill recommends a loan authorization level of $5.53 billion. Both bills prohibit expenditure of $40.0 million of the mandatory funds available for the Enhancement of Rural Access to Broadband Service authorized in the 2002 farm bill. For other broadband telecommunication loans, the Senate committee recommends loan subsidies of $12.8 million and a loan authorization level of $600.0 million, a slight increase over the amount available in FY2004. The House bill recommends $464.0 million in loan authorization and nearly $10 million in subsidies. Both bills also recommend $9.0 million in broadband grants. There was no budget request for broadband grants. For the distance learning and telemedicine program, S. 2803 recommends $38 million in grants, $13 million more than the House bill and about the same as enacted for FY2004. For distance learning, S. 2803 recommends $20 million in loan authorization, a $280 million reduction from FY2004, while the House bill recommends $50 million in loan authorization. A loan authorization of $4.42 billion in direct and guaranteed electric loans is recommended by the Senate committee for FY2005, a $569.4 million reduction from FY2004 and $1.78 billion more than requested. The House recommends a loan authorization level of $4.32 billion. S. 2803 also recommends a $520 million loan authorization level for telecommunication loans, the same as recommended by H.R. 4766, $25 million more than requested and about $7 million more than enacted for FY2004.

Rural Housing Service. In part to support a total request of $4.16 billion in rural housing loans, S. 2803 recommends $1.38 billion in budget authority for the Rural Housing Service, nearly the same as enacted for FY2004, but approximately $171 million less in loan authorization. The House bill recommends $4.69 billion in loan authorization, but the same budget authority as the Senate measure. Section 502 single family direct and unsubsidized guaranteed loans are the largest programs in the Rural Housing Insurance Fund Program account. For these programs, S. 2803 recommends $3.93 billion in loan authorization and $172.6 million in loan subsidies, compared to the House bill recommendation of $4.41 billion in loan authorization and $161 million in subsidies. The House bill recommends about $341 million more in loan authorization and slightly less loan subsidy funding than enacted for FY2004. The Senate bill recommends about $135 million less in loan authorization, but about $7.6 million more in loan subsidies than enacted for FY2004.

S. 2803 provides $585.9 million for the Section 521 rental assistance payments program, up from $580.5 million in FY2004 and nearly the same as recommended by the House bill. For Section 515 rental housing loans, S. 2803 provides $90 million in loan authorization, approximately $26 million less than enacted for FY2004 and recommended by the House bill, and $30 million more than requested. For Section 515 loan subsidies for rental housing repair and rehabilitation, S. 2803 recommends $42.4 million, $13.8 more than the budget request and $12.3 less than recommended by the House bill. For Section 504 housing repair grants, both bills recommend $10.2 million, the same as the budget request, and nearly the same amount as enacted for FY2004. For Section 538 multi-family housing guarantees, the Senate bill recommends $86 million in loan authorization, approximately $14 million less than recommended by the House bill and requested by the

Administration and enacted for FY2004. Both bills recommend about $3 million in loan subsidies for the Section 538 program, approximately the same as requested, but down from $5.9 million in FY2004. Both the House and Senate measures also recommend funding grant and loan subsidies for the farm labor housing program, $31.5 million and $36.8 million respectively. For this program, the House bill recommendation for FY2005 is approximately the same as enacted for FY2004. Consistent with the Administration's request, both bills prohibit the $10 million in mandatory funds authorized in the 2002 farm bill for rural firefighters and emergency personnel.

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 Administration budget request proposes budget authority totaling $50.13 billion for all of the domestic food and nutrition programs administered by the 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. A revised Administration request submitted July 13, 2004 added $300 million to nutrition program funding to reflect higher than originally anticipated food costs and participation in the WIC program,[5] bringing the total revised Administration request for these programs to $50.43 billion for FY2005.

The House version of the FY2005 agriculture appropriations bill (H.R. 4766), passed the same day the Administration submitted its revised request, recommends 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 appropriation bill (S. 2803) would fund these programs at a total of $50.51 billion in FY2005, roughly $8 million more than the Administration and $269 million more than the House passed bill. All three proposals provide for an increase in funding above that estimated for these programs in FY2004 ($47.26 billion). The higher funding for FY2005 reflects current projections of food costs and program participation, with no major policy changes.

Not counted in the FNS appropriation is $2.5 million in funding provided by both the House and Senate bills for the Congressional Hunger Center to use for Bill Emerson and Mickey Leland Hunger fellowships.[6]

Food Stamps. The Administration proposal and House and Senate bills would fund 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 and

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[5] The July 13 request called for cuts in other agriculture department programs in order to offset the WIC increase. The Senate Appropriations Committee rescinded carryover funds of $163 million from Section 32 and $174 million from P.L. 480 Title I food aid to offset the proposed WIC increase.

[6] This funding is contained in the General Provisions of each bill.

approximately the same amount as the House-passed and Senate-reported bills. These proposals provide that $3 billion of the total amount be used as a contingency reserve fund, and $140 million be used to buy commodities for the *Emergency Food Assistance Program (EFAP)*. The House total includes an adopted floor amendment that adjusts administrative payments to states to account for added costs related to relocating EBT system call centers.

Both the Administration and House and Senate appropriations bills propose that $33.5 billion be used for food stamp and related program expenses; $1.45 billion of which is for Nutrition Assistance for Puerto Rico. 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. This does not reflect a $4 million bison meat purchase for the FDPIR that was funded in FY2004 and was deleted in the Administration request, but funded at the same level in both the House-passed and Senate-reported bills. Both the Administration and the House and Senate bills fund the new costs ($3 million) of excluding combat pay from household income used to determine eligibility and benefits for food stamps.

Child Nutrition. Child nutrition programs would receive a total of $11.38 billion in FY2005 under the Administration budget and House-passed and Senate-reported appropriations measures. This funding is expected to fully finance program operations at current service levels. Child nutrition programs include the school lunch, breakfast, child and adult care, summer food, and special milk programs, and related support. Recommended funding is slightly less ($36.9 million) than total projected spending for these programs in FY2004 ($11.42 billion). This is largely because of a reduction in the amount requested for the school lunch program that is expected to have $263 million in unexpended FY2004 school lunch funding available for use in FY2005. The proposed funding (with carryover) is expected to support reimbursements for 4.9 billion lunches in FY2005.

Funding increases to reflect projected participation growth and reimbursement rate inflation are assumed by both the Administration and House and Senate bills for the school breakfast, child and adult care food, special milk, and summer food 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 be funded at $4 million under the Administration proposal and Senate-reported bill. The House does not refer to this in its bill or 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.[7]

WIC Program. The Administration originally requested $4.787 billion for the WIC program for FY2005. This request was subsequently revised upward by $300

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

million on July 13, 2004, to reflect higher than anticipated food costs and participation. 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. The revised Administration request totaling $5.087 billion is $475 million more than the $4.612 billion appropriated for the program in FY2004. The Administration estimates that its WIC funding proposal will serve an average monthly caseload of 7.86 million, up from a projected 7.8 million in FY2004. The revised Administration request is $180 million more than the amount contained in the House 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 and an emergency appropriation of $125 million that is contingent upon an Administration request for these emergency funds.

Under the Administration proposal, WIC grants to states for food would total 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 concurs with the Administration proposal to use $14 million of the appropriated funds for infrastructure grants and management information systems. The Administration would fund WIC performance measurement and assessment at $7.25 million, up from $2 million; state management information systems would be funded at $20 million by the Administration and the Senate bill (down from $24.9 million in FY2004).

Funding for breastfeeding counselors would rise from $15 million to $20 million under the Administration proposal, but remain at $15 million in the House and Senate bills. The Administration and Senate also propose a $1 million increase in WIC funding for childhood obesity prevention projects ($4 million in FY2004). The House committee does not refer to most of these activities or specify funding for them, except for the breastfeeding initiative. Neither the House nor Senate support the Administration proposal to strike language prohibiting the use of WIC funds for studies and evaluations. A provision in FY2004 appropriations law that restricted funding for other activities if needed to maintain caseload is deleted in both the Administration request and H.R. 4766. Also deleted by both the Administration request and the House bill is the contingency fund for the WIC program ($125 million in FY2004); the Senate-reported bill includes $125 million in emergency contingency funding.

Finally, the House and Senate appropriators have 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.[8] (See below for more on CAP funding.) Authorized under Section 17 of the Child Nutrition Act (authorizing WIC), the FMNP provides vouchers to WIC recipients and WIC eligibles that are used to buy fresh foods from farmers' markets. Intended to free up more WIC funds for food program and related expenses,

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[8] 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.

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). Funding for the Commodity Assistance Program (CAP) would total $169.4 million under the Administration budget in FY2005. This is $3.5 million less than the $172.9 million appropriated for the same programs in FY2004.[9] The House-passed bill proposes to fund these programs at $178.8 million, an increase of just under $6 million above FY2004 funding. The Senate-reported bill would fund these programs at $172.1 million. 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 would be funded at $98.3 million (the same as in FY2004) under the Administration proposal; $107.7 million under the House bill, and $101 million under the Senate bill. According to the House report, its increased funding, together with $6.5 million in available commodity inventory for FY2005 is expected to prevent elderly caseload slots from being cut.

- *The emergency food assistance program (EFAP)*, which provides grants to states to help with the administrative costs of distributing federally donated commodities to the needy and homeless. The Administration and House and Senate bills would fund this grant program at $50 million in FY2005, slightly more than the $49.7 million provided in FY2004.

- *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 proposes, and the House and Senate concur that this funding be removed from the WIC funding category, and 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.[10] It would be funded at $1.08 million in FY2005 under the Administration and House and Senate proposals (up slightly from $1.075 million in FY2004).

[9] 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.

[10] 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.

Senior Farmers' Market Program. Both the Administration's budget notes 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* and the CRS Welfare Reform Briefing Book page on "Food Stamps," at [http://www.congress.gov/brbk/html/ebwlf67.html].

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 House-passed appropriations bill (H.R. 4766) recommends an FY2005 appropriation of $1.463 billion, and the Senate-reported bill (S. 2803) recommends $1.465 billion. Both proposed appropriation amounts would be a 6% increase over the FY2004 enacted appropriation of $1.379 billion, but 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. Both the House and Senate bills recommend that FDA be authorized to collect a total of $326.3 million in user fees during FY2005, the same amount as the President requested, and 14% higher than the $286.5 million in estimated user fee collections for FY2004. Therefore, the House-passed bill recommends a total FY2005 program level (appropriations and user fees combined) of $1.789 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; while the Senate-passed bill recommends a total program level of $1.792 billion, an 7.6% increase from FY2004, but a 1.6% decrease from the President's request.

For the first time, the President's FY2005 budget request does not contain an amount for the maintenance of buildings and facilities. Both bills concur with this decision and neither bill provides funding for this category. This will require that FDA absorb the costs of maintaining its facilities with its program funds. In FY2004, Congress provided $7 million for buildings and facilities.

Counterterrorism. The House-passed bill contains a total of $223.6 million for counterterrorism in FY2005, while the Senate recommends a total of $215.7 million. The House recommendation is 9% less than the President's request of $245 million, while the Senate is 12% below the request. Both, however, are substantially greater (the House by 26%, and the Senate by 22%) than 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 the requested counterterrorism funding is for food defense, although the House recommends $7.9 million more than the Senate. The additional amounts 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. About $9 million would fund research on food testing methods and related areas. About $7 million is for 97,000 food import field inspections, up 60% from the number for FY2004. In addition, $1.8 million is to increase crisis management capability by boosting FDA's rapid and coordinated response to food threats and food-associated crises and $2.5 million is for biosurveillance activities. (For more information, see CRS Report RL31853, *Food Safety Issues in the 108th Congress*.)

Funding for medical countermeasures would be spread over the various categories in **Table 3**. Some activities would 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	FY2005 Admin-istration Request	FY2005 House Recom-mendation	FY2005 Senate Recom-mendation
Food Safety and Defense	$115,660	$180,660	$159,027	$151,160
Drugs	19,062	22,062	22,062	22,062
Biologics	25,543	25,543	25,543	25,543
Device & Radiological Health	5,731	5,731	5,731	5,731
Toxicological Research	3,173	3,173	3,173	3,173
Other Activities	1,409	1,409	1,409	1,409
Rent	6,660	6,660	6,660	6,660
Total	**$177,238**	**$245,238**	**$223,605**	**$215,738**

Source: FDA's Office of Budget and Budget Formulation. September 16, 2004.

Food. The House recommends that the foods program of the Center for Food Safety and Applied Nutrition and field activities have a budget of $446.7 million for FY2005, while the Senate recommends $439.0 million. Both amounts are an increase (House, 8.7%; Senate, 6.8%) over the FY2004 appropriated level of $411 million. In addition, the House and Senate both recommend 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 House directs FDA to expedite the publication of final regulations to tighten BSE safeguards for food, animal feed and cosmetics. The House wants 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 Senate 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.

The House adopted an 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 Senate was silent on this issue.

The House stated that it 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. The Senate, on the other hand, directs FDA to educate foreign governments on U.S. products made with biotechnology. Both the House and Senate want the agency to continue to provide $3 million to the National Center for Food Safety and Technology (NCFST) in Illinois to work to make the nation's food supply safe. Both direct the FDA to support the test method evaluation for fruits and vegetables at New Mexico State University's laboratory and continue support for the Waste Management Education and Research Consortium verifying food safety technology. Both chambers also want 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. And both chambers 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 Senate is also concerned with mercury in seafood and instructs FDA to establish an educational program for physicians. In addition, it urges better enforcement of standards on artificially dyed farmed salmon. Better inspections are also mentioned in the Senate 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, the Senate wants 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.

The Senate also 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. The House set FDA's human drug program level at $499.3 million, slightly less than the President's request of $499.5 million, but 5% over the FY2004 level of $476.2 million. The FY2005 drug program would come from $294.5 million in budget authority and $204.8 million in user fees. The Senate has similar numbers. It sets the budget for the human drug program at $497.4 billion, less than the House by almost $2 million, but still more than 4% over the FY2004 level. The same ratio of appropriation and user fees continues. 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, pay for cost-of-living increases, and identify, with $5 million, new medical countermeasures against terrorism.

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 House bill 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 Senate 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 Senate chastises 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 Senate report language claims 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 Senate wants 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 House directs that $15 million be available for grants and contracts under the Orphan Drug Act to accelerate the development and approval of orphan drugs while the Senate sets this amount just over $13 million. Both chambers want the agency 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 Senate, concerned about standards for compounded drugs, directs the FDA to form a public/private partnership between the agency and expert organizations 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 House adopted by voice vote a floor amendment 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 House amendment 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."

Both the House and the Senate would fund the biologics program in FY2005 with $123.8 million in appropriations and $40.4 million in user fees, for a total of $164.2 million. PDUFA user fees would provide 25% of the total program's funding. The Senate report, however, urged the FDA to finalize a rule on tissue safety establishing guidelines for current good manufacturing practices in establishments that prepare human cells, tissues, and related products.

Medical Devices. Both the House and Senate bills provide an increased appropriation (House, $23.055 million; Senate $25.555 million) for medical device reviews. These amounts meet 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. Part of the reason for the large increase is that appropriations 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 Senate report 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 House provided the Office of Women's Health in the Office of the Commissioner a total of $4 million, which includes $325,000 over the Administration's request, because the House supports the collection of data to study differences between diagnoses, treatment, and outcomes for given diseases for men and women. The House further directs that $250,000 be used for study of cardiovascular disease in women and $75,000 be used to continue and expand the hormone therapy education program. The Senate concurs with the House on the importance of gender-based research, giving this office $3.65 million.

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 House-passed appropriations bill for FY2005 (H.R. 4766) recommends an appropriation of $93.3 million, which is $2 million below the Administration request of $95.3 million, but $3.4 million above the enacted FY2004 level. The Senate-reported measure (S. 2803) concurs with the requested level of $95.3 million. 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 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 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 Conference
Title I — Agricultural Programs					
Agric. Research Service (ARS)	1,145.9	1,165.6	1,259.0	1,263.1	**
Coop. State Research Education and Extension Service (CSREES)	1,113.0	1,005.5	1,141.1	1,134.7	**
Economic Research Service (ERS)	71.0	80.0	76.6	75.3	**
National Agric. Statistics Serv.(NASS)	128.2	137.6	128.7	130.3	**
Animal and Plant Health Inspection Service (APHIS)	721.3	833.4	836.8	791.8	**
Agric. Marketing Service (AMS)	93.7	103.1	93.0	97.8	**
Grain Inspection , Packers and Stockyards Admin. (GIPSA)	35.7	44.2	37.5	37.3	**
Food Safety & Inspection Serv. (FSIS)	779.9	838.7	824.7	823.8	**
Farm Service Agency (FSA) - Total Salaries and Expenses	1,272.2	1,320.9	1,357.9	1,305.8	**
FSA Farm Loans - Subsidy Level	195.5	161.2	158.0	155.0	**
**Farm Loan Authorization*	*3,246.2*	*3,803.3*	*3,818.3*	*3,362.0*	**
Risk Management Agency (RMA) Salaries and Expenses	71.0	91.6	72.0	72.0	**
Federal Crop Insurance Corp. Fund (2)	3,765.0	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	**
Other Agencies and Programs	518.8	633.3	394.4	552.5	**
Total, Agricultural Programs	**32,848.1**	**26,962.5**	**26,927.2**	**26,986.9**	**
Title II — Conservation Programs					
Conservation Operations	848.0	710.4	854.1	845.9	**
Watershed Surveys and Planning	10.5	5.1	11.1	7.5	**
Watershed & Flood Prevention	86.5	40.2	86.5	64.0	**
Watershed Rehabilitation Program	29.6	10.1	30.1	25.0	**

Agency or Major Program	**FY2004 Enacted (1)**	**FY2005 Admini-stration Request**	**FY2005 House-Passed Bill**	**FY2005 Senate-Reported Bill**	**FY2005 Con-ference**
Resource Conservation & Development	51.6	50.8	51.6	50.8	**
Farm Bill Technical Assistance	0.0	92.0	0.0	0.0	**
Total, Conservation	**1,027.0**	**909.5**	**1,034.2**	**993.9**	**
Title III — Rural Development					
Rural Community Advancement Program (RCAP)	753.0	542.0	668.4	733.4	**
Salaries and Expenses	141.0	149.7	171.2	143.5	**
Rural Housing Service (RHS)	1,368.1	1,374.8	1,384.2	1,375.6	**
** RHS Loan Authority*	*4,329.5*	*4,041.7*	*4,686.9*	*4,157.7*	**
Rural Business-Cooperative Service	83.5	59.0	82.8	81.4	**
** RBCS Loan Authority*	*54.7*	*59.2*	*59.2*	*59.2*	**
Rural Utilities Service (RUS)	101.7	83.3	91.2	106.7	**
** RUS Loan Authority*	*6,574.5*	*3,466.1*	*5,529.0*	*5,735.0*	**
Total, Rural Development	**2,447.9**	**2,209.7**	**2,398.5**	**2,441.0**	**
** Rural Development, Total Loan Authority*	*10,958.7*	*7,567.0*	*10,275.2*	*9,951.9*	**
Title IV — Domestic Food Programs					
Child Nutrition Programs	11,417.4	11,380.6	11,380.6	11,380.6	**
WIC Program (3)	4,611.9	5,087.3	4,907.3	5,175.3	**
Food Stamp Program	30,946.0	33,641.8	33,642.3	33,641.8	**
Commodity Assistance Program	149.1	169.4	178.8	172.1	**
Nutrition Programs Administration	137.5	152.2	133.7	142.6	**
Total, Food Programs (3)	**47,262.5**	**50,432.0**	**50,243.2**	**50,512.9**	**
Title V — Foreign Assistance					
Foreign Agric. Service (FAS)	131.4	143.1	137.7	139.2	**
Public Law (P.L.) 480	1,318.2	1,298.4	1,291.5	1,306.0	**
McGovern- Dole Intl. Food for Educ.	49.7	75.0	75.0	100.0	**
CCC Export Loan Salaries	4.1	4.5	4.5	4.4	**
Total, Foreign Assistance	**1,503.4**	**1,520.9**	**1,508.7**	**1,549.5**	**

Agency or Major Program	FY2004 Enacted (1)	FY2005 Admini-stration Request	FY2005 House-Passed Bill	FY2005 Senate-Reported Bill	FY2005 Con-ference
Title VI — FDA & Related Agencies					
Food and Drug Administration	1,385.7	1,494.5	1,462.5	1,465.3	**
Commodity Futures Trading Commission (CFTC)	89.9	95.3	93.3	95.3	**
Total, FDA & CFTC	**1,475.6**	**1,589.8**	**1,555.8**	**1,560.6**	**
Title VII — General Provisions	**22.9**	**0.0**	**3.0**	**8.9**	**
Total, before adjustments	**86,761.8**	**83,624.5**	**83,670.6**	**84,053.7**	**
Scorekeeping Adjustments (4)	(176.8)	(686.0)	(449.0)	(787.0)	**
Grand Total, Including CBO Scorekeeping Adjustments, Excluding Emergency Appropriations	**86,585.0**	**82,938.5**	**83,221.6**	**83,141.8**	**
Emergency Appropriations (5)	**175.0**	**0.0**	**0**	**125.0**	**

Columns with a double asterisk (**) indicates that FY2005 bills are pending.

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.

(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-passed 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.

(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-passed appropriations bill contains a $125 million emergency appropriation for WIC that is contingent on an emergency request for that amount from the Administration.