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U . S . S E N A T E R E P U B L I C A N P O L I C Y C O M M I T T E E

S. 1406—Agriculture, Rural Development, Food and Drug Administration, and Related Agencies Appropriations Bill, 2010

Calendar No. 99

On July 7, the Appropriations Committee reported S. 1406 by a vote of 30-0; S. Rept. 111-39.

Noteworthy

- Pursuant to a unanimous consent agreement, when the Senate takes up H.R. 2997, the House-passed fiscal year (FY) 2010 Agriculture, Rural Development, Food and Drug Administration, and Related Agencies Appropriations bill, Senator Kohl will be recognized to offer S. 1406 as a substitute amendment. S. 1406 is the subject of this Legislative Notice.
- S. 1406 provides \$123.993 billion in new budget authority for fiscal year (FY) 2010, which is \$234.1 million more than the Administration's request and \$2.97 billion less than the FY09 enacted level. Of this total, \$23.05 billion is discretionary budget authority and \$100.848 billion is mandatory spending. Compared with the FY09 non-emergency enacted level of discretionary budget authority of \$20.456 billion, this is an increase in discretionary spending of 12 percent.
- S. 1406 provides \$2.35 billion for the Food and Drug Administration, which is the same as the Administration's request and \$298.7 million more than the FY09 level.
- S. 1406 provides: \$61.351 billion for the Supplemental Nutrition Assistance program; \$13.878 billion in reimbursement for the Commodity Credit Corporation; and \$7.552 billion for the Special Supplemental Nutrition Program for Women, Infants, and Children (WIC).
- The bill contains 296 items of Congressionally Directed Spending or earmarks, worth \$220.7 million.
- On July 9, the House passed H.R. 2997 by a vote of 266-160. The House bill contained \$123.8 billion in total spending. It included funding for the Commodity Futures Trading Commission not in the Senate bill. The bill also included a 12 percent increase in discretionary spending and therefore was opposed by 150 House Republicans.

Highlights

(amount in billions)

Title	President's Request	FY2009¹	Committee Recommendation
Title I – Agricultural programs	\$29.769	\$26.091	\$29.927
Title II – Conservation programs	\$0.908	\$1.309	\$1.015
Title III – Rural economic and community development programs	\$3.015	\$7.092	\$3.046
Title IV – Domestic Food Programs	\$86.310	\$76.905	\$86.085
Title V – Foreign assistance and related programs	\$2.079	\$2.594	\$2.079
Title VI – Related agencies and Food and Drug Administration	\$2.350	\$2.051	\$2.350
Title VII – General provisions	-\$0.675	-\$0.816	-\$0.510
<i>Other appropriations (mostly ARRA)</i>	--	<i>\$11.735</i>	--
Total, new budget authority	\$123.76	\$126.963	\$123.993

Background

The Agriculture, Rural Development, Food and Drug Administration, and Related Agencies appropriations bill provides funding for a wide array of federal programs, mostly in the U.S. Department of Agriculture (USDA). These programs include agricultural research, education, and extension activities; natural resources conservation programs; farm income and support programs; marketing and inspection activities; domestic food assistance programs; rural economic and community development activities, and telecommunications and electrification assistance; and various export and international activities of the USDA.

The bill also provides funding for the Food and Drug Administration (FDA) and allows the use of collected fees for administrative expenses of the Farm Credit Administration (FCA). The discretionary and mandatory spending levels are within the subcommittee's 302(b) allocation for FY 2010.

¹ Includes all FY09 supplemental appropriations.

Bill Provisions

Title I—Agricultural Programs

Title I provides \$29.927 billion for Agricultural Programs, which is \$157.3 million more than the Administration’s request and \$3.835 billion more than the FY09 enacted level.

Executive Operations: Provides \$109.7 million for Executive Operations, which is \$8.175 million less than the Administration’s request and \$50.8 million more than the FY09 enacted level. Large increases are included for the Office of the Chief Economist (\$2.4 million more than FY09), Office of Homeland Security (\$885,000 more than FY09), and the Office of Chief Information Officer (\$46.1 million more than FY09).

Agricultural Research Service: Provides \$1.18 billion for the Agricultural Research Service, which is \$28.3 million more than the Administration’s request and \$41.2 million more than the FY09 enacted level.

National Institute of Food and Agriculture (NIFA): Provides \$1.31 billion for the NIFA, which is \$139.2 million more than the Administration’s request and \$83.8 million more than the FY09 enacted level. Most of the increase comes in research and education activities (\$66.8 million more than FY09).

Animal and Plant Health Inspection Services: Provides \$916.1 million for Animal and Plant Health Inspection Services, which is \$38.97 million more than the Administration’s request and \$34.7 more than the FY09 enacted level.

Agricultural Marketing Service: Provides \$1.5 billion for the Agricultural Marketing Service, which is the same as the Administration’s request and \$149.6 million more than the FY09 enacted level.

Production, Processing, and Marketing: Provides \$6.777 billion for Production, Processing, and Marketing, which is \$168.2 million more than the Administration’s request and \$240.1 million more than the FY09 enacted level. Included in this is \$1 billion for the Food Safety and Inspection Service, the same as the Administration’s request and \$46.95 million more than FY09. The committee report notes concerns over poultry imports from the People’s Republic of China and recommends enhanced audit systems, port of entry inspections, and the establishment of an information system relating to audits and plant inspections relating to poultry products from China.

Farm Assistance Programs: Provides \$1.769 billion for Farm Assistance Programs, which is \$10.9 million less than the Administration’s request and \$96 million less than the FY09 enacted level. Included within this funding is \$1.264 billion for the **Farm Service Agency** and \$425.2 million for the **Agricultural Credit Insurance Fund**. These funds will support \$4.149 billion in loans within the Agricultural Credit Insurance Fund Program Account. The committee report notes the potential for “substantial overlap” between the National Agriculture Imagery Program

and the Commerce Department's responsibilities to map broadband accessibility in rural areas as required by the stimulus (P.L. 111-5) and directs the two agencies to work together.

Federal Crop Insurance Corporation: Provides such sums as may be necessary for payments as authorized by section 516 of the Federal Crop Insurance Act (7 U.S.C. 1516) for the Federal Crop Insurance Corporation. Currently these insurance payments are estimated at \$7.502 billion, \$919.7 million more than the FY09 enacted level, a 14 percent increase.

Commodity Credit Corporation Fund: Provides such sums as may be necessary for the Commodity Credit Corporation Fund to reimburse the Corporation for net realized losses. Currently those losses are estimated at \$13.878 billion, \$2.771 billion more than the FY09 enacted level.

Title II—Conservation Programs

Title II provides \$1.015 billion for Conservation Programs, which is \$106.8 million more than the Administration's request, but \$294.2 million less than the FY09 enacted level.

Natural Resources Conservation Service: Provides \$1.014 billion for the Natural Resources Conservation Service, which is \$106.8 million more than the Administration's request and \$294.3 million less than the FY09 enacted level. Included within this funding is \$949.6 million for Conservation Operations.

Title III—Rural Development Programs

Title III provides \$3.046 billion for Rural Development Programs, which is \$30.526 million more than the Administration's request and \$4.046 billion less than the FY09 enacted level.

Office of the Undersecretary for Rural Development: Provides \$895 million for the Undersecretary for Rural Development, which is the same as the Administration's request and \$249 million more than the FY09 enacted level, a 28 percent increase.

Rural Housing Service: Provides \$1.88 billion for the Rural Housing Service, which is \$11.4 million less than the Administration's request, but \$200.6 million less than the FY09 enacted level. This allows for \$14.0 billion in loan authorization, \$5.9 billion more than the Administration's request and \$5.881 billion more than FY09. Included in this total is the **Rural Housing Insurance Fund (RHIF)**, which is provided \$711.3 million, \$86.98 million more than the Administration's request and \$149.9 million less than the FY09 enacted level, including \$200 million in the stimulus act.

Rural Business Cooperative-Service: Provides \$256.8 million for the Rural Business Cooperative-Service, \$218,000 more than the Administration's request and \$25.7 million less than the FY09 enacted level. Included in this is \$13.4 million for the Rural Development Loan

Fund, which is equal to the Administration's request and \$5.48 million less than the FY09 enacted level. Loan authorization of \$1.4 billion is provided.

Rural Utilities Service: Provides \$698.3 million for the Rural Utilities Service, which is \$30.5 million more than the Administration's request and \$3.8 billion less than the FY09 enacted level. Loan authorization of \$9.4 billion is provided.

Title IV—Domestic Food Programs

Title IV provides \$86.085 billion for Domestic Food Programs, which is \$225.0 million less than the Administration's request, but \$9.18 billion more than the FY09 enacted level.

Child Nutrition Program: Provides \$16.8 billion for the Child Nutrition Program including transfers of \$6.7 billion from section 32,² which is \$2.4 million more than the Administration's request and \$1.748 billion more than the FY09 enacted level. This program funds the National School Lunch and School Breakfast, Summer Food Service, Child and Adult Care Food, and Special Milk programs.

Special Supplemental Nutrition Program for Women, Infants, and Children (WIC): Provides \$7.552 billion for WIC, \$225 million less than the Administration's request and \$692 million more than the FY09 enacted level, which includes \$500 million provided in the stimulus act. The committee notes that \$487 million in contingency funds will be available in FY 2010, making a total of \$8.039 billion available for WIC.

Supplemental Nutrition Assistance Program (SNAP): Provides \$61.35 billion for SNAP (formerly known as the Food Stamp Program), which is equal to the Administration's request and \$7.233 billion more than the FY09 enacted level. Of the amount recommended, \$3 billion is made available as a contingency reserve.

Commodity Assistance Program: Provides \$233.4 million for the Commodity Assistance Program, which is the same as the Administration's request and \$2.6 million more than the FY09 enacted level.

Nutrition Program Administration: Provides \$147.8 million for the Nutrition Program Administration, which is \$2.4 million less than the Administration's request and \$5.2 million more than the FY09 enacted level.

² Section 32 of the act of August 24, 1935 (7 U.S.C. 612c) is a USDA permanent appropriation equal to 30 percent of annual U.S. customs receipts that must be used for encouraging agricultural exports and/or domestic consumption of farm products or for reestablishing farmers' purchasing power. For more information, see CRS Report RL34081, "Farm and Food Support Under USDA's Section 32 Program."

Title V—Foreign Assistance and Related Programs

Title V provides \$2.079 billion for Foreign Assistance and Related Programs, which is the same as the Administration's request and \$514.9 million less than the FY09 enacted level.

Foreign Agriculture Service, Salaries and Expenses, Direct Appropriation: Provides \$180.4 million for Salaries and Expenses, Direct Appropriation, which is the same as the Administration's request, and \$14.9 million more than the FY09 enacted level.

Public Law 480 Program and Grant Accounts: Provides \$1.69 billion for Public Law 480 Program and Grant Accounts, which is the same as the Administration's request and \$464.2 million more than the FY09 enacted level.

Commodity Credit Corporation (CCC) Export Loans Program Account: Provides \$6.8 million for the CCC Export Loans Program Account, which is equal to the Administration's request and \$1.487 million more than the FY09 enacted level.

Title VI—Related Agencies and Food and Drug Administration

Title VI provides \$2.35 billion for Related Agencies and Food and Drug Administration, which is the same as the Administration's request and \$298.7 million more than the FY09 enacted level.

Food and Drug Administration: Provides \$2.34 billion for the Food and Drug Administration, not including user fees, which is the same as the Administration's request and \$298.7 million more than the FY09 enacted level. Of the increases, the committee recommends \$152 million will be used for food safety investments including hiring investigators, improving laboratories, and building relationships with other regulators and \$98 million will be used for activities related to drug, device, and biologics safety.

Farm Credit Administration: Provides a limitation on administrative expenses of \$54.5 million, which is the same as the Administration's request and \$5.5 million more than the FY09 enacted level.

Title VII—General Provisions

Title VII contains a general provisions that guide and place limits on agency actions. These are generally the same as the general provisions in the Agriculture title of the 2009 Omnibus. Section 744 puts restrictions on the Secretary of Agriculture from implementing a rule allowing poultry imports from China unless certain inspections are made. A new Section 716 is inserted to appropriate \$499,000 for any authorized Rural Development program purpose in Empowerment Zones, replacing a \$434,000 appropriation for the Denali Commission. A section was dropped which prohibited funds in this act from going towards the production of

prepackaged news stories that didn't include clear notification that the story was prepared by an executive branch agency.

Administration Position

A Statement of Administration Policy (SAP) concerning S. 1406 as reported by the Senate Appropriations Committee was not available at press time.

On July 7, the Administration released a SAP on the House-reported bill, H.R. 2997. The Administration supported House passage of H.R. 2997, and praised "important investments in infrastructure so economic progress does not bypass rural communities" and expressed support that the bill "gives priority to merit-based funding in critical infrastructure programs." The SAP requests the House fully fund Rental Assistance Grants, expresses concern over two general provisions, 723 and 724, which deal with food safety, and notes constitutional concerns over section 713, which raises concerns under the Recommendations Clause.

Cost

The committee, in consultation with the Congressional Budget Office, estimates the bill provides \$23.05 billion in FY10 discretionary budget authority; \$24.886 billion in discretionary outlays (which includes outlays from prior-year budget authority); \$100.179 billion in mandatory budget authority; and \$89.627 billion in mandatory outlays for FY10. All amounts are the same as their allocation under S. Con. Res. 13, the Budget Resolution for FY 2010.

S. 1406 would result in the following outlays:

FY 2010	\$97.683 billion ³
FY 2011	\$3.856 billion
FY 2012	\$1.104 billion
FY 2013	\$0.253 billion
FY 2014 (and future years)	\$0.193 billion

Possible Amendments

Amendments are possible related to Congressionally Directed Spending and contracting.

³ Excludes outlays from prior-year budget authority.