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105TH CONGRESS, 1st Session } HOUSE OF REPRESENTATIVES { REPORT 105–178

AGRICULTURE, RURAL DEVELOPMENT, FOOD AND DRUG ADMINISTRATION, AND RELATED AGENCIES APPROPRIATIONS BILL, 1998

JULY 14, 1997.—Committed to the Committee of the Whole House on the State of the Union and ordered to be printed

Mr. SKEEN, from the Committee on Appropriations, submitted the following

REPORT

together with

ADDITIONAL VIEWS

[To accompany H.R. 2160]

The Committee on Appropriations submits the following report in explanation of the accompanying bill making appropriations for Agriculture, Rural Development, Food and Drug Administration, and Related Agencies for fiscal year 1998.

SUMMARY OF ESTIMATES AND RECOMMENDATIONS

	FY 1997 appropriation	FY 1998 estimates	FY 1998 recommendation	FY 1998 recommendation compared with	
				FY 1997 appropriation	FY 1998 estimates
Title I—Agricultural Programs	$7,718,014,000	$6,943,651,000	$6,874,933,000	−$843,081,000	−$68,718,000
Title II—Conservation Programs	770,554,000	821,995,000	759,431,000	−11,123,000	−62,564,000
Title III—Rural Economic and Community Development Programs	2,003,756,000	2,180,559,000	2,041,168,000	+37,412,000	−139,391,000
Title IV—Domestic Food Programs	40,490,965,000	39,822,970,000	37,218,192,000	−3,272,773,000	−2,604,778,000
Title V—Foreign Assistance and Related Programs	1,593,194,000	1,645,070,000	1,719,429,000	+126,235,000	+74,359,000
Title VI—Related Agencies and FDA	953,006,000	887,945,000	990,444,000	+37,438,000	+102,499,000

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SUMMARY OF ESTIMATES AND RECOMMENDATIONS—Continued

	FY 1997 appropriation	FY 1998 estimates	FY 1998 recommendation	FY 1998 recommendation compared with	
				FY 1997 appropriation	FY 1998 estimates
Title VII—Emergency Appropriations (P.L. 104–208)	360,000,000	.....	.....	−360,000,000	.....
Subtotal	53,889,489,000	52,302,190,000	49,603,597,000	−4,285,892,000	−2,698,593,000
Scorekeeping adjustments	−762,000,000	−17,546,000	−156,546,000	+605,454,000	−139,000,000
Total	$53,127,489,000	$52,284,644,000	$49,447,051,000	−$3,680,438,000	−$2,837,593,000

For discretionary programs the Committee provides $13,650,196,000, which is $599,317,000 more than the amount available in fiscal year 1997 and $424,043,000 less than the budget request.

For mandatory programs, which account for over 70 percent of the bill, the Committee provides $35,796,855,000, a decrease of $4,279,755,000 below the amount available for fiscal year 1997 and $2,413,550,000 below the budget request.

INTRODUCTION

The programs funded in this legislation touch the lives of every American, every day. The Department of Agriculture administers nutrition and feeding programs for millions of Americans. USDA is also responsible for the safety of our meat and poultry supply.

This bill provides funding for research to strengthen our Nation's food supply, to make American exports competitive in world markets, to improve human nutrition, and to help ensure food safety. Funds in this bill make it possible for less than two percent of the population to provide a wide variety of safe, nutritious, and affordable food for nearly 270 million Americans and many more people overseas.

The rural development programs funded in this bill provide basic housing, safe water, and opportunities for economic growth in rural America. Conservation and environmental programs preserve lands and watersheds for use by future generations.

In addition, this bill provides funding for the Food and Drug Administration which oversees the safety of an enormous range of food, drugs, and medical devices and the Commodity Futures Trading Commission which regulates an increasingly complex market in commodity trading.

To establish priorities for funding for so many diverse and critical activities is never easy and the task will be more difficult as we continue with the effort to balance the budget. There are relatively few program increases in this bill: most of the accounts are at current levels of spending or decreased from the previous fiscal year.

The Committee has carefully considered the funding requests from the Administration and has tried to allocate the fiscal year 1998 appropriation in the most responsible way possible. In doing so, the Committee expects the Administration to carry out the programs as efficiently as possible.

Clause 2(l)(4) of rule XI of the Rules of the House of Representatives states that:

> Each report of a committee on a bill or joint resolution of a public character, shall include a statement citing the specific powers granted to the Congress in the Constitution to enact the law proposed by the bill or joint resolution.

The Committee bases its authority to report this legislation from Clause 7 of Section 9 of Article I of the Constitution of the United States of America which states:

> No money shall be drawn from the Treasury but in consequence of Appropriations made by law * * *

Appropriations contained in this Act are made pursuant to this specific power granted by the Constitution.

GOVERNMENT PERFORMANCE AND RESULTS ACT

The Committee considers the full and effective implementation of the Government Performance and Results Act, P.L. 103–62, to be a priority for all agencies of government.

Starting with fiscal year 1999, the Results Act requires each agency to "prepare an annual performance plan covering each program activity set forth in the budget of such agency." Specifically, for each program activity the agency is required to "establish performance goals to define the level of performance to be achieved by a program activity" and "performance indicators to be used in assessing the relevant outputs, service levels, and outcomes of each program activity."

The Committee takes this requirement of the Results Act very seriously and plans to carefully examine agency performance goals and measures during the appropriations process. As a result, starting with the fiscal year 1999 appropriations cycle, the Committee will consider agency progress in articulating clear, definitive, and results-oriented (outcome) goals and measures as it reviews requests for appropriations.

The Committee suggests agencies examine their program activities in light of their strategic goals to determine whether any changes or realignments would facilitate a more accurate and informed presentation of budgetary information. Agencies are encouraged to consult with the Committee as they consider such revisions prior to finalizing any requests pursuant to 31 U.S.C. 1104. The Committee will consider any requests with a view toward ensuring that fiscal year 1999 and subsequent budget submissions display amounts requested against program activity structures for which annual performance goals and measures have been established.

TITLE I—AGRICULTURAL PROGRAMS

PRODUCTION, PROCESSING, AND MARKETING

OFFICE OF THE SECRETARY

1997 appropriation	$2,836,000
1998 budget estimate	2,872,000
Provided in the bill	2,836,000
Comparison:	
1997 appropriation	
1998 budget estimate	−36,000

The Secretary of Agriculture, assisted by the Deputy Secretary, Under Secretaries and Assistant Secretaries, Chief Information Officer, Chief Financial Officer, and members of their immediate staffs, directs and coordinates the work of the Department. This includes developing policy, maintaining relationships with agricultural organizations and others in the development of farm programs, and maintaining liaison with the Executive Office of the President and Members of Congress on all matters pertaining to agricultural policy.

The general authority of the Secretary to supervise and control the work of the Department is contained in the Organic Act 1944 (7 U.S.C. 2201–2202). The delegation of regulatory functions to Department employees and authorization of appropriations to carry out these functions is contained in 7 U.S.C. 450c–450g.

COMMITTEE PROVISIONS

For the Office of the Secretary, the Committee provides an appropriation of $2,836,000, the same as the amount available for fiscal year 1997 and a decrease of $36,000 below the budget request.

The Secretary shall report to the Appropriations Committee of the House and the Appropriations Committee of the Senate biannually during fiscal year 1998 as to whether the prices of raw cane and beet sugar are sufficient to prevent forfeitures and that the stock/use ratio is sufficient to ensure stable and adequate supplies to consumers and refiners, with consideration of its impact on growers, producers, processors, and users. This report language worked well for fiscal year 1997.

The Committee has supported Conservation Reserve Program (CRP) in the past. However, the Committee recognizes apparent discrepancies exist as a result of the 15th CRP sign-up in Washington State. Furthermore, the Committee believes the Conservation Reserve Program rules will result in a significant loss of environmental benefit to the Pacific Northwest. Therefore, the Inspector General shall perform a comprehensive investigation of the 15th CRP sign-up in Washington State to determine why the state received a 60% lower acceptance rate than bordering states. The Inspector General shall report to Congress no later than November 15, 1997.

The bill contains a general provision prohibiting any appropriated funds to be used for the position of Western Director and Special Assistant to the Secretary within the Office of the Secretary. This is a new position, established in 1997 by the Secretary. The Department intends to use $136,500 from funds appropriated for rural development to pay 50 percent of the cost of this position. The Committee does not believe that this position advances any interest in the rural development mission area. The Committee also notes that there are rural development directors in each state and more than 7,300 rural development personnel in Washington, D.C. and the states who already represent the Secretary in working with state, local, and other Federal government agencies and the private sector.

The Committee further notes that the Department plans to reduce the rural housing work force by approximately 350 positions in the next fiscal year and believes the establishment of new bureaucracy within the Department at a time of personnel reduction is not justified.

The Committee has included a general provision which limits expenses related to advisory committees, panels, task forces, and commissions to not more than $1,000,000. This provision is intended to cover the activities of all advisory committee, panels, task forces, and commissions including any FACA related activities. The only exceptions are for panels used to comply with negotiated rule makings and panels used to evaluate competitively awarded grants.

In fiscal year 1997, the Committee included language designed to limit the personnel detailed to sub-Cabinet offices. It had come to the Committee's attention that while each office had requested and received a specific appropriation that, in fact, many more personnel and funds were being used to support sub-Cabinet offices. Each Under or Assistant Secretary office should justify its expenditures and staffing the same as agencies must. It became apparent during hearings this year that Under and Assistant Secretary offices continue to violate the spirit of the individual appropriations for these offices. Financial shell games have been devised to deflect salaries of agency personnel for the continuation of the very same function detailees have been performing. The Committee includes language again this year which prohibits details for more than 30 days. The Committee has also appropriately reduced the fiscal year 1998 appropriations for those agencies contributing funding for the purposes of supporting Under and Assistant Secretary offices.

EXECUTIVE OPERATIONS

Executive Operations was established as a result of the reorganization of the Department to provide a support team for USDA policy officials and selected department-wide services. Activities under Executive Operations include the Office of the Chief Economist, the National Appeals Division, the Office of Budget and Program Analysis, and the Office of the Chief Information Officer.

OFFICE OF THE CHIEF ECONOMIST

1997 appropriation	$4,231,000
1998 budget estimate	5,308,000
Provided in the bill	4,844,000
Comparison:	
1997 appropriation	+613,000
1998 budget estimate	−464,000

The Office of the Chief Economist advises the Secretary of Agriculture on the economic implications of Department policies and programs. The Office serves as the single focal point for the Nation's economic intelligence and analysis, risk assessment, and cost-benefit analysis related to domestic and international food and agriculture, and is responsible for coordination and review of all commodity and aggregate agricultural and food-related data used to develop outlook and situation material within the Department.

COMMITTEE PROVISIONS

For the Office of the Chief Economist, the Committee provides an appropriation of $4,844,000, an increase of $613,000 above the amount available for fiscal year 1997 and a decrease of $464,000 below the budget request. The increase reflects the $175,000 that was transferred to this office in fiscal year 1997 from other USDA agencies to support sustainable development activities. The Committee has also included an additional $438,000 to enhance the Department's weather information activities.

COMMISSION ON 21ST CENTURY PRODUCTION AGRICULTURE

1997 appropriation	.....
1998 budget estimate	$1,100,000
Provided in the bill	.....
Comparison:	
1997 appropriation	.....
1998 budget estimate	−1,100,000

The Federal Agriculture Improvement and Reform (FAIR) Act of 1996 authorized the Commission on 21st Century Production Agriculture to conduct a comprehensive review and assessment of the success of production flexibility contracts in supporting the viability of U.S. farming and a review of the future of production agriculture and the appropriate role of the Federal government.

COMMITTEE PROVISIONS

The Committee does not concur with the budget request for a separate appropriation for the Commission on 21st Century Production Agriculture. The Committee has included a general provision which limits the total amount spent on all advisory committees, task forces, panels, and commissions of the Department to not more than $1,000,000. The Committee does not specify how this funding should be spent, but rather allows the Secretary to prioritize and decide which ones to fund and at what funding levels.

NATIONAL APPEALS DIVISION

1997 appropriation	$11,718,000
1998 budget estimate	13,359,000
Provided in the bill	11,718,000
Comparison:	
1997 appropriation	.....
1998 budget estimate	−1,641,000

The National Appeals Division conducts administrative hearings and reviews adverse program decisions made by the Farm Service Agency, the Natural Resources Conservation Service, and the Rural Housing Service.

COMMITTEE PROVISIONS

For the National Appeals Division, the Committee provides an appropriation of $11,718,000, the same as the amount available for fiscal year 1997 and a decrease of $1,641,000 below the budget request.

OFFICE OF BUDGET AND PROGRAM ANALYSIS

1997 appropriation	$5,986,000
1998 budget estimate	5,918,000
Provided in the bill	5,986,000
Comparison:	
1997 appropriation	
1998 budget estimate	+68,000

The Office of Budget and Program Analysis provides direction and administration of the Department's budgetary functions including development, presentation, and execution of the budget; reviews program and legislative proposals for program, budget, and related implications; analyzes program and resource issues and alternatives, and prepares summaries of pertinent data to aid the Secretary and departmental policy officials and agency program managers in the decision-making process; and provides department-wide coordination for and participation in the presentation of budget related matters to the Committees of the Congress, the media, and interested public. The Office also provides department-wide coordination of the preparation and processing of regulations and legislative programs and reports.

COMMITTEE PROVISIONS

For the Office of Budget and Program Analysis, the Committee provides an appropriation of $5,986,000, the same as the amount available for fiscal year 1997 and an increase of $68,000 above the budget request.

OFFICE OF THE CHIEF INFORMATION OFFICER

1997 appropriation	[1] $4,498,000
1998 budget estimate	[2] 4,828,000
Provided in the bill	4,773,000
Comparison:	
1997 appropriation	+275,000
1998 budget estimate	−55,000

[1] $4,498,000 transferred from Departmental Administration.
[2] The official budget request was $275,000.

The Clinger-Cohen Act of 1996 required the establishment of a Chief Information Officer for major Federal agencies. Pursuant to this Act, the Office of the Chief Information Officer was established in August 1996, to provide policy guidance, leadership, coordination, and direction to the Department's information management and information technology investment activities in support of USDA program delivery. The Office provides long-range planning guidance, implements measures to ensure that technology investments are economical and effective, coordinates interagency Information Resources Management projects, and implements standards to promote information exchange and technical interoperability. Department level information resources management functions were transferred from Departmental Administration to this Office.

COMMITTEE PROVISIONS

For the Office of the Chief Information Officer, the Committee provides an appropriation of $4,773,000, a decrease of $55,000

below the budget request and an increase of $275,000 above the amount available for fiscal year 1997.

The budget request for fiscal year 1998 creates separate funding for the Office of the Chief Information Officer. This office has previously been funded under Departmental Administration.

The bill also includes a general provision that none of the funds available to the Department of Agriculture may be used to acquire significant new information technology systems or upgrades without the approval of the Chief Information Officer and the concurrence of the Executive Information Technology Investment Review Board. The Committee expects the Secretary to redirect IRM resources as necessary to enable the Office of the CIO to carry out its responsibilities.

OFFICE OF THE CHIEF FINANCIAL OFFICER

1997 appropriation	$4,283,000
1998 budget estimate	4,718,000
Provided in the bill	4,283,000
Comparison:	
1997 appropriation	
1998 budget estimate	−435,000

Under the Chief Financial Officers Act of 1990, the Chief Financial Officer is responsible for the continued direction and oversight of the Department's financial management operations and systems. The Office supports the Chief Financial Officer in carrying out the dual roles of the Chief Financial Management Policy Officer and the Chief Financial Management Advisor to the Secretary and mission area heads. The Office provides leadership, expertise, coordination, and evaluation in the development of Department and agency programs in financial management, accounting, travel, Federal assistance, and performance measurements. It is also responsible for the management and operation of the National Finance Center. The Office also provides budget, accounting, and fiscal services to the Office of the Secretary, departmental staff offices, Office of the Chief Information Officer, Office of Communications, and Executive Operations.

COMMITTEE PROVISIONS

For the Office of the Chief Financial Officer, the Committee provides an appropriation of $4,283,000, the same as the amount available for fiscal year 1997 and a decrease of $435,000 below the budget request.

The Committee has repeated bill language that directs the Chief Financial Officer to continue to market actively the cross-servicing activities of the National Finance Center.

OFFICE OF THE ASSISTANT SECRETARY FOR ADMINISTRATION

1997 appropriation	$613,000
1998 budget estimate	621,000
Provided in the bill	613,000
Comparison:	
1997 appropriation	
1998 budget estimate	−8,000

The Office of the Assistant Secretary for Administration directs and coordinates the work of the departmental staff in carrying out the laws enacted by the Congress relating to real and personal property management, personnel management, equal opportunity and civil rights programs, and other general administrative functions. Additionally, the Office of the Assistant Secretary for Administration is responsible for certain activities financed under the Department's Working Capital Fund (7 U.S.C. 2235).

COMMITTEE PROVISIONS

For the Office of the Assistant Secretary for Administration, the Committee provides an appropriation of $613,000, the same as the amount available for fiscal year 1997 and a decrease of $8,000 below the budget request.

AGRICULTURE BUILDINGS AND FACILITIES AND RENTAL PAYMENTS

1997 appropriation	$144,053,000
1998 budget estimate	131,085,000
Provided in the bill	141,085,000
Comparison:	
1997 appropriation	−2,968,000
1998 budget estimate	+10,000,000

Rental Payments.—Annual appropriations are made to agencies of the Federal government so that they can pay the General Services Administration (GSA) fees for rental of space and for related services.

The budget estimates for rental payments are based on GSA's projection of what it will bill agencies in the budget year. The agencies have no influence or control over how GSA sets their rates. Rental payments paid by agencies go into a fund to be used for other real property management operations, such as rental of buildings, repairs and alterations, and acquisition of new facilities. The concept behind rental payments is that all agencies pay the market value of the space they occupy so that GSA will have the funds available to provide, in an efficient and coordinated way, for overall Federal space needs. However, in practice this concept means that agencies are paying prevailing commercial rental rates in order to subsidize the inflated cost of new construction and newly leased space and to cover the cost of vacant space in GSA's inventory.

Building Operations and Maintenance.—On October 1, 1984, GSA delegated the operations and maintenance functions for the buildings in the D.C. complex to the Department. This activity provides departmental staff and support services to operate, maintain, and repair the buildings in the D.C. complex. Since 1989, when the GSA delegation expired, USDA has been responsible for managing, operating, maintaining, repairing, and improving the headquarters complex, which encompasses 14.1 acres of ground and four buildings containing approximately three million square feet of space occupied by approximately 8,000 employees.

Strategic Space Plan.—The Department's headquarters staff is presently housed in a four-building government-owned complex in downtown Washington, D.C. and in leased buildings in the metropolitan Washington area. In 1995, USDA initiated a plan to im-

prove the delivery of USDA programs to the American people, including streamlining the USDA organization. A high priority goal in the Secretary's plan is to improve the operation and effectiveness of the USDA headquarters in Washington. To implement this goal, a strategy for efficient re-allocation of space to house the restructured headquarters agencies in modern and safe facilities has been proposed. This USDA Strategic Space Plan will correct serious problems USDA has faced in its facility program including the inefficiencies of operating out of scattered leased facilities and serious safety hazards which exist in the huge Agriculture South Building.

COMMITTEE PROVISIONS

For Agriculture Buildings and Facilities and Rental Payments to GSA, the Committee provides an appropriation of $141,085,000, a decrease of $2,968,000 below the amount available for fiscal year 1997 and an increase of $10,000,000 above the budget request.

Included in this amount is $98,600,000 for rental payments to GSA. The Committee includes language permitting the Secretary of Agriculture to transfer not more than five percent of this appropriation to or from another agency's appropriation. The Committee expects that such a transfer will be proposed only when a move into GSA space is vacated in favor of commercial space. This flexibility is provided to allow for incremental changes in the amount of GSA space and is not intended merely to finance changes in GSA billing.

Also included in the total amount is an additional $10,000,000 above the budget request to accelerate the work that needs to be done to address the serious health and safety hazards which exist in the South Building.

The new facility at Beltsville will be complete and ready for occupancy during fiscal year 1998. The Committee does not expect the Department to sign any new leases for the rental of space in the Washington D.C. area, but instead expects this facility to be fully utilized. Funding for relocation expenses are provided for moving to either the Headquarters complex or the Beltsville facility, not to new leased space. The Committee further expects GSA to reduce its billing to USDA to reflect any moves out of leased space and that any reductions in rental payments be used for additional renovation work of the South Building.

HAZARDOUS WASTE MANAGEMENT

1997 appropriation	$15,700,000
1998 budget estimate	25,000,000
Provided in the bill	20,000,000
Comparison:	
1997 appropriation	+4,300,000
1998 budget estimate	−5,000,000

Under the Comprehensive Environmental Response, Compensation, and Liability Act and the Resource Conservation and Recovery Act, the Department has the responsibility to meet the same standards regarding the storage and disposition of hazardous waste as private businesses. The Department is required to contain, clean up, monitor, and inspect for hazardous waste in areas covered by the Department or within departmental jurisdiction.

COMMITTEE PROVISIONS

For Hazardous Waste Management, the Committee provides an appropriation of $20,000,000, an increase of $4,300,000 above the amount available for fiscal year 1997 and a decrease of $5,000,000 below the budget request.

The Committee notes that the budget request for Hazardous Waste Management includes nearly 5,000 abandoned mining sites among properties to be cleaned. The Committee suggests that the Department consider requesting funds for the cleanup of Forest Service properties from the Appropriations subcommittee with jurisdiction over that agency.

DEPARTMENTAL ADMINISTRATION

1997 appropriation	[1] $30,529,000
1998 budget estimate	[2] 25,258,000
Provided in the bill	25,731,000
Comparison:	
1997 appropriation	−4,798,000
1998 budget estimate	+473,000

[1] Includes $783,000 for the Office of Small and Disadvantaged Business Utilization and $4,498,000 transferred to the Office of the Chief Information Officer.
[2] Does not include $795,000 for the Office of Small and Disadvantaged Business Utilization.

Departmental Administration is comprised of activities that provide staff support to top policy officials and overall direction and coordination of the Department. These activities include department-wide programs for human resource management, management improvement, occupational safety and health management, real and personal property management, procurement, contracting, motor vehicle and aircraft management, supply management, civil rights and equal opportunity, emergency preparedness, small and disadvantaged business utilization, and the regulatory hearing and administrative proceedings conducted by the Administrative Law Judges, Judicial Officer, and Board of Contract Appeals.

Departmental Administration is also responsible for representing USDA in the development of government-wide policies and initiatives; analyzing the impact of government-wide trends and developing appropriate USDA principles, policies, and standards. In addition, Departmental Administration engages in strategic planning and evaluating programs to ensure Department-wide compliance with applicable laws, rules, and regulations pertaining to administrative matters for the Secretary and general officers of the Department.

In fiscal year 1996, Departmental Administration reorganized its policy development and administrative operational activities. The reorganization significantly altered the alignment of functions and activities within Departmental Administration. The previous organization structure divided the Departmental Administration function into specific program offices, such as personnel, operations, and civil rights enforcement. The new organization structure divides the function into policy, program operations, and support for other offices, and is intended to be more focused and responsive to customer needs.

The Office of Small and Disadvantaged Business Utilization oversees direction and implementation of Section 8 and 16 of the

Small Business Act and oversees procurement to assure maximum participation of small and small disadvantaged businesses.

COMMITTEE PROVISIONS

For Departmental Administration, the Committee provides an appropriation of $25,731,000, a decrease of $4,798,000 below the amount available for fiscal year 1997 and an increase of $473,000 above the budget request. The fiscal year 1998 budget request reflects a transfer of $4,498,000 from Departmental Administration to the Office of the Chief Information Officer.

The total includes funding for the Office of Small and Disadvantaged Business Utilization at the same amount available in fiscal year 1997.

OFFICE OF THE ASSISTANT SECRETARY FOR CONGRESSIONAL RELATIONS

1997 appropriation	$3,668,000
1998 budget estimate	3,714,000
Provided in the bill	3,668,000
Comparison:	
1997 appropriation	
1998 budget estimate	−46,000

The Office of the Assistant Secretary for Congressional Relations maintains liaison with the Congress and White House on legislative matters. It also provides for overall direction and coordination in the development and implementation of policies and procedures applicable to the Department's intra and inter-governmental relations.

COMMITTEE PROVISIONS

For the Office of the Assistant Secretary for Congressional Relations, the Committee provides an appropriation of $3,668,000, the same as the amount available for fiscal year 1997 and a decrease of $46,000 below the budget request. The Committee includes language allowing the transfer of not less than $2,241,000 to agencies funded in this Act to maintain personnel at the agency level. The following table reflects the amounts provided by the Committee:

Headquarters Activities	$957,000
Intergovernmental Affairs	470,000
Agricultural Marketing Service	176,000
Agricultural Research Service	129,000
Animal and Plant Health Inspection Service	101,000
Cooperative Research, Education, and Extension Service	120,000
Farm Service Agency	355,000
Food and Consumer Service	270,000
Food Safety and Inspection Service	309,000
Foreign Agricultural Service	188,000
Natural Resources Conservation Service	148,000
Rural Business-Cooperative Service	52,000
Rural Housing Service	251,000
Rural Utilities Service	142,000
Total	$3,668,000

The Committee has learned that the office of Congressional Relations is billing agencies for "other services." The Committee emphasizes language included in the bill stating that no other funds ap-

propriated to the Department in this Act shall be available for support of activities of congressional relations. If the Office of the Assistant Secretary for Congressional Relations is branching out and performing services not related to congressional affairs, then the Office is directed to submit a description of these services and the amount it is charging agencies for these services to the Committee so it can adjust its appropriation accordingly.

OFFICE OF COMMUNICATIONS

1997 appropriation	$8,138,000
1998 budget estimate	8,279,000
Provided in the bill	8,138,000
Comparison:	
1997 appropriation	.....
1998 budget estimate	−141,000

The Office of Communications provides direction, leadership, and coordination in the development and delivery of useful information through all media to the public on USDA programs. The Office serves as the liaison between the Department and the many associations and organizations representing America's food, fiber, and environmental interests.

COMMITTEE PROVISIONS

For the Office of Communications, the Committee provides an appropriation of $8,138,000, the same as the amount available for fiscal year 1997 and a decrease of $141,000 below the budget request.

OFFICE OF THE INSPECTOR GENERAL

1997 appropriation	$63,028,000
1998 budget estimate	65,259,000
Provided in the bill	63,128,000
Comparison:	
1997 appropriation	+100,000
1998 budget estimate	−2,131,000

The Office of the Inspector General was established October 12, 1978, by the Inspector General Act of 1978. This reaffirmed and expanded the Office established by Secretary's Memorandum No. 1915, dated March 23, 1977.

The Office is administered by an Inspector General who reports directly to the Secretary of Agriculture. Functions and responsibilities of this Office include direction and control of audit and investigative activities within the Department, formulation of audit and investigative policies and procedures regarding Department programs and operations, analysis and coordination of program-related audit and investigation activities performed by other Department agencies, and review of existing and proposed legislation and regulations regarding the impact such initiatives will have on the economy and efficiency of the Department's programs and operations and the prevention and detection of fraud and abuse in such programs. The activities of this Office are designed to assure compliance with existing laws, policies, regulations, and programs of the Department's agencies, and to provide appropriate officials with the means for prompt corrective action where deviations have oc-

curred. The scope of audit and investigative activities is large and includes administrative, program, and criminal matters. These activities are coordinated, when appropriate, with various audit and investigative agencies of the executive and legislative branches of the government.

COMMITTEE PROVISIONS

For the Office of the Inspector General, the Committee provides an appropriation of $63,128,000, an increase of $100,000 above the amount available for fiscal year 1997 and a decrease of $2,131,000 below the budget request. The amount provided reflects the transfer in fiscal year 1997 of $100,000 from Departmental Administration for personnel support services.

OFFICE OF THE GENERAL COUNSEL

1997 appropriation	$27,749,000
1998 budget estimate	29,449,000
Provided in the bill	27,949,000
Comparison:	
1997 appropriation	+200,000
1998 budget estimate	−1,500,000

The Office of the General Counsel, originally known as the Office of the Solicitor, was established in 1910 as the law office of the Department of Agriculture, and manages all of the legal work arising from the activities of the Department. The General Counsel represents the Department on administrative proceedings for the promulgation of rules and regulations having the force and effect of law; in quasi-judicial hearings held in connection with the administration of various programs and acts; and in proceedings involving freight rates and practices relating to farm commodities. Counsel serves as General Counsel for the Commodity Credit Corporation and the Federal Crop Insurance Corporation and reviews criminal cases arising under the programs of the Department for referral to the Department of Justice.

COMMITTEE PROVISIONS

For the Office of General Counsel, the Committee provides an appropriation of $27,949,000, an increase of $200,000 above the amount available for fiscal year 1997 and a decrease of $1,500,000 below the budget request. The amount reflects the $200,000 transferred from Departmental Administration for civil rights activities in fiscal year 1997.

OFFICE OF THE UNDER SECRETARY FOR RESEARCH, EDUCATION, AND ECONOMICS

1997 appropriation	$540,000
1998 budget estimate	547,000
Provided in the bill	540,000
Comparison:	
1997 appropriation	.....
1998 budget estimate	−7,000

The Office of the Under Secretary for Research, Education, and Economics provides direction and coordination in carrying out the laws enacted by the Congress for food and agricultural research,

education, extension, and economic and statistical information. The Office has oversight and management responsibilities for the Agricultural Research Service; Cooperative State Research, Education, and Extension Service; Economic Research Service; and National Agricultural Statistics Service.

COMMITTEE PROVISIONS

For the Office of the Under Secretary for Research, Education, and Economics, the Committee provides an appropriation of $540,000, the same as the amount available for fiscal year 1997 and a decrease of $7,000 below the budget request.

ECONOMIC RESEARCH SERVICE

1997 appropriation	$53,109,000
1998 budget estimate	54,310,000
Provided in the bil	71,604,000
Comparison:	
1997 appropriation	+18,495,000
1998 budget estimate	+17,294,000

The Economic Research Service (ERS) provides economic and other social science information and analysis for public and private decisions on agriculture, food, natural resources, and rural America. ERS produces such information for use by the general public and to help the executive and legislative branches develop, administer, and evaluate agricultural and rural policies and programs.

COMMITTEE PROVISIONS

For the Economic Research Service, the Committee provides an appropriation of $71,604,000, an increase of $18,495,000 above the amount available for fiscal year 1997 and an increase of $17,294,000 above the budget request. The increase provided consolidates all studies and evaluations work of the food stamp, child nutrition, and WIC programs into one account. This work is to be carried out within the Food and Consumer Economics Division of the ERS which conducts research and analysis of food programs and food policy issues. The Committee expects ERS to consult and work with the staff at the Food and Consumer Service as well as other agencies to assure that all studies and evaluations are meeting the needs of the Department.

The Committee expects the agency to study the nutritional advantages of including more beef, lamb, and chevon meats in the school lunch program. The results of this study should be reported to the Committee by February 1, 1998.

NATIONAL AGRICULTURAL STATISTICS SERVICE

1997 appropriation	$100,221,000
1998 budget estimate	119,877,000
Provided in the bill	118,361,000
Comparison:	
1997 appropriation	+18,140,000
1998 budget estimate	−1,516,000

The National Agricultural Statistics Service (NASS) administers the Department's program of collecting and publishing current national, state, and county agricultural statistics, which are essential

for making effective policy, production, and marketing decisions. These statistics provide accurate and timely estimates of current agricultural production and measures of the economic and environmental welfare of the agricultural sector. NASS also provides statistical services to other USDA and Federal agencies in support of their missions, and provides consulting, technical assistance, and training to developing countries.

The fiscal year 1997 appropriation includes funding for the Census of Agriculture which has been transferred from the Department of Commerce to the Department of Agriculture to consolidate the activities of the two agricultural statistics programs. The Census of Agriculture is taken every five years and provides comprehensive data on the agricultural economy including: data on the number of farms, land use, production expenses, farm product values, value of land and buildings, farm size, and characteristics of farm operators. It provides national, state, and county data as well as selected data for Puerto Rico, Guam, and the United States Virgin Islands. The next agricultural census will be conducted beginning in January 1998 for the calendar year 1997.

COMMITTEE PROVISIONS

For the National Agricultural Statistics Service, the Committee provides an appropriation of $118,361,000, an increase of $18,140,000 above the amount available for fiscal year 1997 and a decrease of $1,516,000 below the budget request. Included in this amount is $36,140,000 for the Census of Agriculture. The Census of Agriculture collects and provides comprehensive data every five years on all aspects of the agricultural economy. Fiscal year 1998 is the year data collection occurs.

AGRICULTURAL RESEARCH SERVICE

1997 appropriation	$716,826,000
1998 budget estimate	726,797,000
Provided in the bill	725,059,000
Comparison:	
1997 appropriation	+8,233,000
1998 budget estimate	−1,738,000

The Agricultural Research Service (ARS) was established by the Secretary of Agriculture on November 2, 1953, under the authority of the Reorganization Act of 1949 (5 U.S.C. 133z–15), Reorganization Plan No. 2 of 1953, and other authorities. Pursuant to the Department of Agriculture Reorganization Act of 1994 (7 U.S.C. 6912), ARS includes functions previously performed by the Human Nutrition Information Service and the National Agricultural Library. ARS conducts basic and applied research in the fields of animal sciences, plant sciences, entomology, soil and water conservation, agricultural engineering, utilization and development, human nutrition and consumer use, marketing, development of integrated farming systems, and development of methods to eradicate narcotic-producing plants.

ARS also directs research beneficial to the United States which can be advantageously conducted in foreign countries through agreements with foreign research institutions and universities, using foreign currencies for such purposes. This program is carried

out under the authority of sections 104(b) (1) and (3) of Public Law 480, and the Agricultural Trade Development and Assistance Act of 1954, as amended.

COMMITTEE PROVISIONS

Salaries and expenses.—For salaries and expenses of the Agricultural Research Service the Committee provides an appropriation of $725,059,000, an increase of $8,233,000 above the amount available for fiscal year 1997 and a decrease of $1,738,000 below the budget request.

The Committee has carefully reviewed the 72 projects recommended to be eliminated under the President's Budget. The Committee has concurred with many of these recommendations noting that all these projects are important to some aspect of agriculture and the nation's economy. In this regard, the Committee is retaining a number of important ongoing research projects that underpin critical agricultural production programs.

Continuing programs.—The Committee directs the Agricultural Research Service to continue to fund the following areas of research in fiscal year 1998: biocontrol of yellowstar thistle; global climate change research; Formosan termites; molecular research in oat enhancement; animal health consortium; exploratory thermal chemical conversion to starch; enhanced use of plant proteins; weed management, crop management, and soybean disease research, Urbana, IL; soybean germplasm; sugarcane biotechnology research; Lyme disease research; apple research; evaluation of tissue cultured fruit crops; turf grass evaluation; reduction of chilling injury; germplasm evaluation of wild rice; enhancement of peanut flavor; peanut germplasm; processing of sweet potato products; evaluation of legumes and grasses in sustainable systems; soybean germplasm and production systems; germplasm enhancement of small fruits; club wheat research; and floriculture research.

Location closures.—The Committee does not concur with the proposed closure of ARS research stations and directs the continuation of research at the major laboratories and worksites located at Prosser, WA; Mandan, ND; Orono, ME; and Brawley, CA.

Streamlining and management savings.—The Committee approves the agency's request to reduce headquarters management divisions and staff funding by $550,000. The Committee also concurs with the request to reduce appropriations commensurate with streamlining efforts as proposed in the budget request.

Evaluation studies.—The Committee notes that since the early 1980's, ARS received $1,000,000 for evaluation studies. These funds, which are used to finance various studies or reports that go beyond the ARS research mission, are deleted in fiscal year 1998. The Committee requests a detailed report of studies conducted with these appropriations for fiscal years 1994 through 1997.

Rice research.—The Committee is aware of the important rice research program conducted at the ARS Rice Research Laboratory in Beaumont, TX. The Committee provides an increase of $250,000 in fiscal year 1998 for rice research carried out in this laboratory.

Biotechnology Research and Development Corporation.—The Committee expects the agency to continue its work on the Corporation's research at the same levels as fiscal year 1997, subject to ad-

ministrative streamlining reductions concurred in by the Committee.

Asian long-horned beetle.—The Asian Long-horned Beetle is a major threat to trees in urban areas and forested ares of the Northeast. It was first found in trees in North America in Greenpoint, New York. In New York, the beetle has been attacking a variety of trees including: maple, chestnut, poplar, willow, elm, mulberry and locust. The insect is native to Japan, Korea and China, where it kills trees. In New York, the current strategy to eradicate this insect is to fell, chop, and burn affected trees. The Committee provides an increase of $500,000 to investigate the biology and ecology of this pest and to implement biological control and foreign exploration for natural enemies.

Citrus tristeza.—The Committee provides an increase of $500,000 for citrus tristeza research to assist the citrus industry in the suppression and eradication of this citrus virus.

Cotton ginning research.—The Committee provides $750,000 for staffing three scientists at the Cotton Ginning Laboratory at Lubbock, TX.

Northwest nursery crop research.—The Committee supports the important research carried out at the Northwest Nursery Crop Research Laboratory at Corvallis, OR. An increase of $500,000 is provided for nursery crop research carried out at this laboratory.

Small grains research.—An increase of $462,000 is provided to hire a small grain pathologist at the ARS laboratory in Raleigh, NC and one at the ARS laboratory in Aberdeen, Idaho.

Food fermentation research.—An increase of $270,000 is provided to enhance the research conducted at the Food Fermentation Laboratory in Raleigh, NC.

Legumes research.—An increase of $250,000 is provided to support grain legume plant genetics investigations underway at Pullman, WA.

Hops research.—The Committee recognizes the important contribution of the ARS hops research program in the Pacific Northwest. An increase of $100,000 to strengthen this research is provided for fiscal year 1998.

Food safety through organics management research.—The Committee provides an increase of $500,000 for research on bio-minerals. This is a public-private partnership to develop guidelines and recommended practices for the use of bio-organic materials that have been stabilized by composting or by advanced alkaline technology. Every year billions of tons of animal waste are spread on agricultural land. The results of this project will reduce human health risks by helping control pathogenic organisms in animal waste.

Poult enteritis and mortality syndrome (PEMS) research.—Poult Enteritis Mortality Syndrome (PEMS) has cost U.S. turkey producers almost $100 million since 1991. Although nearly half of these losses have occurred in North Carolina, outbreaks have also occurred in Arkansas, Georgia, Indiana, New York, South Carolina, and Virginia. The origin and cause of this highly infectious disease that kills about 70 percent of the birds in an infected flock is still unknown. To meet the urgent need for PEMS research the Com-

mittee provides an increase of $250,000 in fiscal year 1998 for the Southeast Poultry Research Laboratory in Athens, Georgia.

Sugarcane research.—The Committee provides an increase of $200,000 for research at the Houma, LA, research worksite for an additional scientist and $500,000 for the Canal Point, FL, laboratory to identify sugarcane germplasm aimed at improving sugarcane tolerance to high water tables.

The Committee supports the cooperative research carried out by the Southern Regional Research Center and the Sugar Processing Research Institute. This research agreement on product quality and new product development is jointly funded by ARS and the cane and sugar beet industries. The Committee urges ARS to increase funding for this joint research.

Vomitoxin research.—The Committee provides an increase of $500,000 to expedite research on vomitoxin contamination in wheat yields.

Formosan termite control.—The Committee recognizes the growing threat of the Formosan termite to homes, buildings, forests, and crops throughout Hawaii and the Southern United States especially Texas, Florida, and Louisiana. Populations of this imported pest are growing exponentially because traditional protectants are ineffective. Prevention, control, and damage repair costs are already estimated to be $1 billion. To control this exotic pest, the Committee provides an increase of $5,000,000 in fiscal year 1998 for a coordinated control and research demonstration program.

Oat and barley research.—The Committee expects the agency to continue its research projects related to oats and barley.

Viticulture research.—The Committee expects the ARS to provide increased emphasis on its viticulture research. The grape and wine industry is one of the largest agriculture industries. Additional resources would help address needs in rootstock development, variety/clone development, vine cold hardiness and other research. This is necessary if the U.S. is to remain competitive in the dynamic international marketplace.

Lyme disease.—For research on Lyme disease, the Committee provides $745,000. Included in this amount is $175,000 for a cooperative research project on tick-borne disease in Connecticut and Westchester County, New York. The Committee also expects the Beltsville Agricultural Research Center, in its Lyme disease research efforts, to support and participate in the implementation of a tick management project to be conducted in Lyme disease endemic areas of Connecticut; Westchester County, New York; Rhode Island; and New Jersey.

Apple pathogens.—The Committee provides $250,000 for apple specific research on E. coli and other pathogens. This research will enable researchers to follow the path of contamination and identify alternative methods of effectively killing pathogens.

Coastal wetlands erosion control.—The Committee has provided $1,000,000 to continue and expand research efforts at the Rice Research Station in Louisiana specifically for wetlands plant production and testing under controlled green house environments and field evaluations including the development and implementation of artificial and genetic engineering technology for erosion control purposes.

Ergot research.—The Committee provides an increase of $250,000 to initiate research on this serious sorghum disease. This disease is expected to affect the U.S. sorghum industry if not immediately addressed.

Poisonous plant research.—The Committee provides an increase of $200,000 to strengthen research on poisonous rangeland plants carried out at the ARS Logan, UT laboratory.

Weed bio-control project.—The Committee is concerned that 30 million acres of western rangeland is threatened by a number of plant pests including yellowstar thistle and Medusahead. To help provide biological controls for these pests, the Committee provides an increase of $250,000 in fiscal year 1998 for a weed bio-control project at the Western Regional Research Center in Albany, California.

Emerging diseases and exotic pests.—The Committee provides $2,000,000 in addition to funds appropriated in fiscal year 1997 to limit the introduction and spread of exotic diseases and pests in the U.S. These resources should be split between plant and livestock research programs.

Swine research.—The Committee directs ARS to conduct a review of ongoing swine research and report to the Committee options for consolidation of that research at the National Swine Research Center in Ames, IA. The Committee encourages ARS to investigate possible cost-share arrangements with Iowa State University and swine producer groups for the operation and maintenance of the National Swine Research Center.

Food safety research.—Congress appropriated an increase of $5,500,000 in fiscal year 1997 to ARS for food safety research. The Committee provides an additional increase of $2,000,000 for pre- and post-harvest food safety research for fiscal year 1998.

Genetic resources.—The Committee provides an increase of $500,000 for fiscal year 1998 for the preservation of plant genetic resources. This appropriation is in addition to the $500,000 increase provided by Congress for fiscal year 1997. The Committee specifically funds the agency's need to support clonal repositories located in Hilo, HI; Riverside and Davis, CA; and Corvallis, OR, as requested.

Grazingland utilization and conservation research.—The Committee provides an increase of $750,000 for research to improve production and conservation technologies through pasture and range management systems. This work is to be carried out at the El Reno, OK; Las Cruces, NM; and University Park, PA research laboratories.

Pest management.—The Committee provides an increase of $1,000,000 for fiscal year 1998 for IPM and biocontrol research. In fiscal year 1997, the Congress provided ARS with an increase of $3,000,000 for IPM research. The Committee notes that the Department's current effort for Integrated Pest Management and related programs amounts to $216,000,000, most of which is in research. ARS' research on chemical and non-chemical means of pest control is reported as $134,200,000 for this fiscal year. The Committee directs that the Department's programs and resources be coordinated and managed to more effectively deal with the IPM initiative goal of having IPM practices on 75 percent of crop acreage

by the year 2000. In this regard, the Committee will expect a report detailing current programs and resources carried out by the Department with respect to pest management activities and efforts to focus, manage, and coordinate these significant resources to accomplish IPM systems approaches to targeted farm acreage. Within the increase provided for integrated pest management, the Committee provides $100,000 for the National Arboretum to develop a landscape IPM program.

Plum Island lighthouse.—The Committee expects the Department of Agriculture to investigate the current state of the lighthouse located on Plum Island, New York. The Department should report back to the Committee the status of the lighthouse and the actions the Department will take to protect and preserve this historic structure. The Department should provide the report to the appropriate Committees of Congress by March 31, 1998.

Survey of food intakes of infants and children.—The Committee provides the $5,000,000 that is necessary to respond to the requirements of the Food Quality and Protection Act. The survey will enable the Secretary to provide the Environmental Protection Agency with essential information on food consumption patterns of infants and children. This data will also be useful to other agencies that address similar or related issues.

Plant genetics research equipment.—The Committee provides an increase of $200,000 for research equipment, instrumentation, and greenhouses at the ARS Columbia, MO laboratory.

Meadowfoam.—Meadowfoam is a plant whose seed oil is being researched for uses in cosmetics, plastics, metalworking lubricants, ink, textile fiber lubricants, and other industrial products. This seed presents an opportunity for a new cash crop for farmers. The Committee expects the ARS to provide additional resources from its new products program to expand reseach on this potential new crop.

Phytoestrogen.—The Committee expects the ARS to continue its work on phytoestrogen at its current level.

Methyl bromide.—The Committee expects the agency to continue its work on methyl bromide at the same level as fiscal year 1997.

National Warmwater Aquaculture Research Center.—The Committee directs the Agriculture Research Service to rename the National Warmwater Aquaculture Research Center in Stoneville, Mississippi, as The Thad Cochran National Warmwater Aquaculture Center.

BUILDINGS AND FACILITIES

1997 appropriation	$69,100,000
1998 budget estimate	59,300,000
Provided in the bill	59,000,000
Comparison:	
1997 appropriation	−10,100,000
1998 budget estimate	−300,000

The ARS Buildings and Facilities account was established for the acquisition of land, construction, repair, improvement, extension, alteration, and purchase of fixed equipment or facilities which directly or indirectly support research and extension programs of the Department. Routine construction or replacement items would con-

tinue to be funded under the limitations contained in the regular account.

COMMITTEE PROVISIONS

For Agricultural Research Service, Buildings and Facilities, the Committee provides an appropriation of $59,000,000, a decrease of $10,100,000 below the amount available for fiscal year 1997 and a decrease of $300,000 below the budget request.

The following table summarizes the Committee's provisions:

AGRICULTURAL RESEARCH SERVICE

[In thousands of dollars]

	FY 1997 enacted	FY 1998 estimate	Committee provisions
BUILDINGS AND FACILITIES			
California:			
Horticulture Crops and Water Management, Parlier		$23,400	$23,400
Western Regional Research Center, Albany	$4,000		
Western Human Nutrition Lab, Davis			1,700
Florida:			
Horticulture Research Lab, Ft. Pierce	27,000		
Melaleuca Research and Quarantine Facility, Ft. Lauderdale		4,000	
Illinois:			
National Center for Agricultural Utilization Research, Peoria	1,500	8,000	8,000
Ethanol pilot plant, Edwardsville	1,500		
Kansas:			
Grain Marketing Research Lab, Manhattan	500		
Louisiana:			
Southern Regional Research Center, New Orleans		1,100	1,100
Maryland:			
Beltsville Agricultural Research Center	4,500	3,200	3,200
National Agricultural Library, Beltsville		6,000	3,000
Michigan:			
Avian Disease Lab, Lansing			1,800
New York:			
Plum Island Animal Disease Center	5,000	5,000	4,000
North Dakota:			
Nutrition Lab, Grand Forks			4,400
Pennsylvania:			
Eastern Regional Research Center, Philadelphia	4,000	5,200	5,000
South Carolina:			
U.S. Vegetable Lab, Charleston	3,000		
Texas:			
Plant Stress Lab, Texas Tech University	8,100		
Subtropical Lab, Weslaco	4,000		
West Virginia:			
National Center for Cool and Cold Water Aquaculture, Leetown	6,000		
France:			
European Biological Control Laboratory, Montpellier		3,400	3,400
Total, Buildings and Facilities	$69,100	$59,300	$59,000

The Committee provides $1,700,000 for the planning and design of the Western Human Nutrition Research Center, Davis, California. These funds are required for design of a replacement nutrition facility to be located on the campus of the University of California, Davis. The Committee also provides a total of $3,400,000 for the completion of the European Biological Control Laboratory. This amount represents the full funding to complete all phases of construction of this replacement facility.

COOPERATIVE STATE RESEARCH, EDUCATION, AND EXTENSION SERVICE

The Cooperative State Research, Education, and Extension Service (CSREES) was established by the Secretary of Agriculture on October 1, 1994, under the authority of the Department of Agriculture Reorganization Act of 1994 (7 U.S.C. 6912). The Service was created by the merger of the Cooperative State Research Service and the Extension Service. The mission of CSREES is to work with university partners to advance research, extension, and higher education in the food and agricultural sciences and related environmental and human sciences to benefit people, communities, and the Nation.

RESEARCH AND EDUCATION ACTIVITIES

1997 appropriation	$421,504,000
1998 budget estimate	422,342,000
Provided in the bill	420,723,000
Comparison:	
1997 appropriation	−781,000
1998 budget estimate	−1,619,000

The research and education programs administered by the Cooperative State Research, Education, and Extension Service were established by Secretary's Memorandum No. 1462, dated July 19, 1961 and Supplement 1, dated August 31, 1961, and under Reorganization Plan No. 2 of 1953. The primary function of research and education activities is to administer Acts of Congress that authorize Federal appropriations for agricultural research and higher education carried on by the State Agricultural Experiment Stations of the 50 States, District of Columbia, Puerto Rico, Guam, the Virgin Islands, American Samoa, Micronesia, and Northern Mariana Islands, and by approved schools of forestry, the 1890 land-grant colleges and Tuskegee University, the 1994 land-grant institutions, and other eligible institutions. Administration of payments and grants involves the approval of each research proposal to be financed in whole or in part from Federal grant funds; the continuous review and evaluation of research and higher education programs and expenditures thereunder; and the encouragement of cooperation within and between the states and with the research programs of the Department of Agriculture.

COMMITTEE PROVISIONS

For payments under the Hatch Act, the Committee provides an appropriation of $168,734,000, the same as the amount available for fiscal year 1997 and the same as the budget request.

For cooperative forestry research, the Committee provides an appropriation of $20,497,000, the same as the amount available for fiscal year 1997 and the same as the budget request.

For payments to the 1890 land-grant colleges and Tuskegee University, the Committee provides an appropriation of $27,735,000, the same as the amount available for fiscal year 1997 and the same as the budget request.

RESEARCH AND EDUCATION

[In thousands of dollars]

	FY 1997 enacted	FY 1998 estimate	Committee provisions
RESEARCH AND EDUCATION ACTIVITIES			
Payments Under Hatch Act	$168,734	$168,734	$168,734
Cooperative forestry research (McIntire-Stennis)	20,497	20,497	20,497
Payments to 1890 colleges and Tuskegee	27,735	27,735	27,735
Special Research Grants (P.L. 89–106):			
Aegilops cylindricum (WA)	296		296
Aflatoxin (IL)	113		
Agriculture based industrial lubricants (IA)			200
Agricultural diversification (HI)	131		
Agricultural diversity/Red River Corridor (MN, ND)			250
Alliance for food protection (NE, GA)	300		300
Alternative crops (ND)	550		
Alternative crops for arid lands (TX)	85		
Alternative marine and fresh water species (MS)	308		
Apple fireblight (MI, NY)	325		325
Aquaculture (IL)	169		169
Aquaculture (LA)	330		330
Aquaculture (MS)	592		
Aquaculture (NC)	150		
Babcock Institute (WI)	312		312
Barley feed for rangeland cattle (MT)	500		500
Binational Ag. Research & Dev	2,000	2,500	
Biodiesel research (MO)	152		
Biotechnology (OR)	250		
Broom snakeweed (NM)	175		185
Canola (KS)	85		
Center for animal health and productivity (PA)	113		113
Center for innovative food technology (OH)	181		181
Center for rural studies (VT)	32		
Chesapeake Bay aquaculture	370		370
Citrus decay fungus (AZ)			250
Coastal cultivars (GA)	200		250
Competitiveness of agricultural products (WA)	677		677
Cool season legume research (ID, WA)	329		329
Cranberry/blueberry disease and breeding (NJ)	220		220
Dairy and meat goat research (TX)	63		
Delta rural revitalization (MS)	148		
Drought mitigation (NE)	200		200
Environmental research (NY)	486		486
Environmental risk factors—cancer (NY)	100		100
Expanded wheat pasture (OK)	285		285
Farm and rural business finance (IL, AR)	106		
Floriculture (HI)	250		
Food and Agriculture Policy Institute (IA, MO)	800		800
Food irradiation (IA)	201		200
Food Marketing Policy Center (CT)	332		332
Food Processing Center (NE)	42		42
Food safety consortium (AR, KS, IA)	1,690		
Food Safety Initiative		2,000	
Food systems research group (WI)	221		221
Forestry (AR)	523		
Fruit and vegetable market analysis (AZ, MO)	296		296
Generic commodity promotion research and evaluation (NY)	212		212
Global change	1,567	1,567	
Global marketing support service (AR)	92		
Grain Sorghum (KS)	106		106
Grass seed cropping systems for a sustainable agriculture (WA, OR, ID)	423		423
Human nutrition (IA)	473		473
Human nutrition (LA)	752		752
Human nutrition (NY)	622		622
Hydroponic tomato production (OH)			140

RESEARCH AND EDUCATION—Continued

[In thousands of dollars]

	FY 1997 enacted	FY 1998 estimate	Committee provisions
Illinois-Missouri Alliance for Biotechnology	1,316		
Improved dairy management practices (PA)	296		296
Improved fruit practices (MI)	445		445
Institute for Food Science and Engineering (AR)	750		
Integrated production systems (OK)	161		
International arid lands consortium	329		329
Iowa biotechnology consortium	1,738		
Landscaping for water quality (GA)	300		300
Livestock and dairy policy (NY, TX)	445		445
Lowbush blueberry research (ME)	220		
Maple research (VT)	84		
Michigan biotechnology consortium	750		
Midwest advanced food manufacturing alliance	423		423
Midwest agricultural products (IA)	592		592
Milk safety (PA)	268		
Minor use animal drug	550	550	550
Molluscan shellfish (OR)	400		
Multi-commodity research (OR)	364		364
Multi-cropping strategies for aquaculture (HI)	127		
National biological impact assessment	254	254	254
Nematode resistance genetic engineering (NM)	127		127
Non-food agricultural products (NE)	64		64
North central biotechnology initiative	1,940		
Oil resources from desert plants (NM)	175		175
Organic waste utilization (NM)	100		100
Pasture and Forage Research (UT)	200		200
Peach tree short life (SC)	162		
Pest control alternatives (SC)	106		
Phytophthora root rot (NM)	127		127
Post Harvest Rice Straw (CA)	100		200
Potato Cultivars (AK)	120		
Potato research	1,214		1,214
Poultry carcass removal (AL)			250
Preharvest food safety (KS)	212		212
Preservation and processing research (OK)	226		226
Red River Corridor (MN, ND)	169		
Regional barley gene mapping project	348		348
Regionalized implications of farm programs (MO, TX)	294		294
Rice modeling, (AR)	395		
Rural development centers (PA, IA (ND), MS, OR)	423	423	423
Rural Policies Institute (NE, MO)	644		644
Russian wheat aphid			200
Seafood and aquaculture harvesting, processing, and marketing (MS)	305		
Small fruit research (OR, WA, ID)	212		212
Southwest consortium for plant genetics and water resources	338		338
Soybean cyst nematode (MO)	303		303
Spatial Technologies for Agric (MS)	350		
STEEP II—water quality in Northwest	500		500
Sustainable agriculture (MI)	445		445
Sustainable agriculture and natural resources (PA)	94		
Sustainable agriculture systems (NE)	59		59
Sustainable pest mgt-dryland wheat (MT)	200		200
Swine waste mgt (NC)	215		300
Tillage, silviculture, waste management (LA)	212		212
Tropical and subtropical	2,724		2,500
Urban pests (GA)	64		64
Vidalia Onions (GA)			84
Viticulture consortium (NY, CA)	500		500
Water conservation (KS)	79		
Water mgt (AL)	170		
Water quality	2,757	2,757	2,300
Weed control (ND)	423		

RESEARCH AND EDUCATION—Continued

[In thousands of dollars]

	FY 1997 enacted	FY 1998 estimate	Committee provisions
Wheat genetic research (KS)	176	.....	176
Wood utilization research (OR, MS, NC, MN, ME, MI)	3,536	.....	3,500
Wool research (TX, MT, WY)	212	.....	212
Total, Special Research Grants	49,767	10,051	31,654
Improved pest control:			
Integrated pest management	2,731	8,000	4,210
Pesticide clearance (IR-4)	5,711	10,711	8,990
Pesticide impact assessment	1,327	1,327	1,327
Expert IPM decision support system	177	300	300
Critical issues	200	200	500
Emerging pest and disease issues	1,623	4,200	2,000
Total, Improved pest control	11,769	24,738	17,327
Competitive research grants:			
Plant systems	36,044	47,000	37,044
Animal systems	23,104	29,500	24,854
Nutrition, food quality, and health	7,209	11,000	9,000
Natural resources and the environment	17,194	27,000	17,194
Processes and new products	6,755	9,000	6,755
Markets, trade and policy	3,897	6,500	3,897
Biotech consortiums	.....	.....	4,000
Genomics	.....	.....	3,000
Citrus tristeza	.....	.....	1,000
Total, Competitive research grants	94,203	130,000	106,744
Animal Health and Disease (Sec. 1433)	4,775	4,775	4,500
Critical Agricultural Materials Act	500	.....	500
Aquaculture Centers (Sec. 1475)	4,000	4,000	4,000
Rangeland Research Grants (Sec. 1480)	475	.....	.....
Alternative crops	650	650	650
Sustainable agriculture	8,000	8,000	8,000
Capacity building grants	9,200	9,200	9,200
Payments to the 1994 institutions	1,450	1,450	1,450
Graduate fellowship grants	3,000	3,000	3,000
Institution challenge grants	4,000	4,350	4,350
Multcultural scholars program	1,000	1,000	1,000
Hispanic serving institutions	1,500	1,500	2,500
Federal Administration:			
Agriculture development in American Pacific	564	.....	564
Agriculture waste utilization (WV)	.....	.....	360
Alternative Fuels Characterization Lab (ND)	218	.....	218
Center for Agricultural and Rural Development (IA)	355	.....	355
Center for North American Studies (TX)	87	.....	87
Data Information System	400	1,000	500
Geographic information system	844	.....	.....
Mississippi Valley State University	583	.....	.....
National Center for Peanut Competitiveness	.....	.....	150
National Education Center for Agricultural Safety, (IA)	300	.....	.....
Office of Extramural Programs	310	310	310
Pay costs and FERS (prior)	833	1,002	833
Peer panels	350	350	350
PM–10 study (CA, WA)	873	.....	873
Shrimp aquaculture (AZ, HI, MS, MA, SC)	3,354	.....	3,354
Water quality (IL)	492	.....	492
Water quality (ND)	436	.....	436
Rural partnership (NE)	250	.....	.....

RESEARCH AND EDUCATION—Continued

[In thousands of dollars]

	FY 1997 enacted	FY 1998 estimate	Committee provisions
Total, Federal Administration	10,249	2,662	8,882
Total, Research and Education Activities	$421,504	$422,342	$420,723

Alternative crops.—The Committee provides $650,000 of which $500,000 is for canola research and $150,000 is for hesperaloe research.

Citrus decay fungus research.—The Committee is concerned about the rapid spread of citrus fungus decay in southwestern Arizona where it has infected 40 percent of the lemon acreage. Given the economic significance of this infestation, the Committee provides $250,000 in fiscal year 1998 to the University of Arizona for research to develop preventive and remedial treatments.

National Center for Peanut Competitiveness.—The Committee has provided $150,000 for the National Center for Peanut Competitiveness. The Center will perform intensive economic, genetic, and biotechnological research to develop peanut production systems that are more pest resistant, less sensitive to moisture stress, and more competitive in the global market. In addition, the Center will seek to create a safer and more nutritious product by reducing aflatoxin problems and by studying the nutritional aspects of peanuts. The Committee strongly supports the National Center for Peanut Competitiveness and expects USDA to exploit every opportunity to collaborate with the Center.

Hydroponic tomato production.—This project will develop and demonstrate economically viable, pesticide free, hydroponic greenhouse tomato growing systems. The project will integrate new low cost energy efficient greenhouse designs and computer controlled fertigation systems. The Committee provides $140,000 to Ohio State University to support this innovative project in Northwest Ohio.

Vidalia onion research.—This two year project will focus on enhancing the quality of Vidalia onions. This work is particularly important considering the recent increase in imported onions. The Committee provides $84,000 for Georgia to undertake this research essential to supporting the onion industry.

Poultry carcass removal.—Increased production in the poultry industry to meet both domestic and export demand has created a significant environmental problem in dealing with the disposal of dead birds. The industry needs a safe and effective recycling service to eliminate the problems associated with burial pits, composting, and incineration. The University of West Alabama and Alabama Protein Recycling has proposed an alternative disposal system that pelletizes and dehydrates the carcasses producing a safe and high quality animal feed. The Committee provides $250,000 to support developing systems to recycle poultry carcasses into animal feed.

Agriculture waste utilization.—Included under Federal Administration is $360,000 for the Department to cooperate with the West Virginia Department of Agriculture to continue research and devel-

opment on technology demonstrations associated with a combined poultry and municipal waste processing and recovery facility. The POWER facility uses an anaerobic digestion process which reduces or eliminates odor and pathogens in agriculture waste and generates methane gas and useable fertilizer.

Food safety.—The budget request included a special research line item for part of the food safety initiative. The Committee did not concur with this request but instead provided an increase of $1,800,000 in the competitive research line for nutrition, food quality, and health. The Agency should use these funds to increase research on food safety. The Committee also expects the Food Safety Consortium to compete for these funds.

Biotechnology consortiums.—In past years, the Committee has provided funds for five specific biotechnology consortiums or projects (Michigan, Iowa, North Central, and Illinois-Missouri Alliance biotechnology consortiums and the Oregon biotechnology project). This year, instead of providing individual earmarks, the Committee has provided a competitive grant line item of $4,000,000 for biotechnology. The Committee expects the agency to establish a National Research Initiative item for biotechnology and the projects previously funded as separate items should compete for these funds.

Genomics.—Under the National Research Initiative competitive grants program, the Committee has provided a new category of $3,000,000 for plant and animal genomics. The Committee recognizes the critical role that genomics research can play in the improvement of plant and animal production and, ultimately, in the improvement of the environment. The Committee believes that a competitive plant and animal genomics program will provide for significant advancements for plant and animal species.

Citrus tristeza.—The Committee has provided under the National Research Initiative a new line item of $1,000,000 for a competitive research program for the control of citrus brown aphid and citrus tristeza. Citrus tristeza virus (CTV) is a serious threat to the U.S. citrus industry. CTV can cause citrus trees to die and/or cause reduced yield or the fruit to be so small as to be unmarketable. The virus is spreading throughout citrus growing areas of the United States. Its spread appears to be caused by the citrus brown aphid. This research effort should focus on control and eventual eradication of the pest.

Agriculture based industrial lubricants, IA.—The Committee provides $200,000 for a special grant to assist in the identification and verification of new uses of modified vegetable oils. Newly genetically modified oil seeds and their oils could be the new seedstock for a new generation of vegetable oils and environmentally friendly industrial lubricants.

Agriculture diversity (ND, MN).—The Committee provides $250,000 for an agriculture diversity research project in the Northern Great Plains. Diversification into new, high value crops could improve survival of the Northern Great Plains small producers. This project should incorporate an analysis of the various components of agriculture diversification as it relates to an emerging vegetable industry in the region.

Water Quality Center of Excellence.—The Committee is aware of a number of ongoing cooperative efforts among USDA agencies and the 1890s colleges and universities. Centers of Excellence established in cooperation with one or more USDA agencies and an 1890 institution provide a means to meet Department needs and strengthen these institutions. The Committee is aware of the work at the Water Quality Center of Excellence at Florida A&M University, which is a positive example of coordination between USDA and universities.

NATIVE AMERICAN INSTITUTIONS ENDOWMENT FUND

1997 appropriation	($4,600,000)
1998 budget estimate	(4,600,000)
Provided in the bill	(4,600,000)
Comparison:	
1997 appropriation	(.....)
1998 budget estimate	(.....)

The Native American Institutions Endowment Fund authorized by Public Law 103–382 provides authority to establish an endowment for the 1994 land-grant institutions (29 tribal controlled colleges). This program will enhance educational opportunities for Native Americans by building educational capacity at these institutions in the areas of student recruitment and retention, curricula development, faculty preparation, instruction delivery systems, and scientific instrumentation for teaching. On the termination of each fiscal year, the Secretary shall withdraw the income from the endowment fund for the fiscal year, and after making adjustments for the cost of administering the endowment fund, distribute the adjusted income as follows: sixty percent of the adjusted income from these funds shall be distributed among the 1994 land-grant institutions on a pro-rata basis, the proportionate share being based on the Indian student count; and forty percent of the adjusted income shall be distributed in equal shares to the 1994 land-grant institutions.

COMMITTEE PROVISIONS

For the Native American Institutions Endowment Fund, the Committee provides $4,600,000, the same as the amount available in fiscal year 1997 and the same as the budget request.

EXTENSION ACTIVITIES

1997 appropriation	$426,273,000
1998 budget estimate	417,811,000
Provided in the bill	415,110,000
Comparison:	
1997 appropriation	−11,163,000
1998 budget estimate	−2,701,000

Cooperative agricultural extension work was established by the Smith-Lever Act of May 8, 1914, as amended. The legislation authorizes the Department of Agriculture to give, through the land-grant institutions, instruction and practical demonstrations in agricultural and home economics and related subjects, and to encourage the application of such information by means of demonstrations, publications, and otherwise to persons not attending or a

resident in the colleges. In addition, the Service provides nutrition training to low-income families, 4–H Club work, and educational assistance such as community resource development.

COMMITTEE PROVISIONS

For Extension activities, the Committee provides an appropriation of $415,110,000, a decrease of $11,163,000 below the amount available for fiscal year 1997 and a decrease of $2,701,000 below the budget request.

The following table reflects the amount provided by the Committee:

RESEARCH AND EDUCATION

[In thousands of dollars]

	FY 1997 enacted	FY 1998 estimate	Committee provisions
Extension Activities			
Smith Lever 3(b) & 3(c)	$268,493	$268,493	$268,493
Smith Lever: 3(d)			
Pest management	10,783	15,000	10,783
Water quality	10,733	9,061	9,061
Farm safety	2,855	.....	2,855
Food and nutrition education (EFNEP)	58,695	58,695	58,695
Pesticide impact assessment	3,214	3,313	3,214
Rural development centers	908	908	908
Sustainable agriculture	3,309	3,309	3,309
Food safety	2,365	4,365	2,365
Youth-at-risk	9,554	11,700	9,554
Indian Reservation agents	1,672	1,672	1,672
Pesticide applicator training	.....	1,500	.....
1890 Colleges and Tuskegee	25,090	25,090	25,090
1890 facilities grants	7,549	7,549	7,549
Renewable Resources Extension Act	3,192	.....	3,192
Agricultural telecommunications	1,167	.....	.....
Rural health and safety education	2,628	.....	.....
Extension services at the 1994 Institutions	2,000	2,000	2,000
Subtotal	414,207	412,655	408,740
Federal Administration and special grants:			
General administration	4,995	5,156	4,975
Pilot tech. transfer (OK, MS)	326	.....	.....
Pilot tech. transfer (WI)	163	.....	163
Rural rehabilitation (GA)	246	.....	.....
Income enhancement demonstration (OH)	246	.....	246
Rural development (NM)	227	.....	247
Rural development (NE)	386	.....	.....
Rural Development (OK)	296	.....	.....
Beef producers' improvement (AR)	197	.....	.....
Integrated cow/calf resources management (IA)	345	.....	345
Extension specialist (AR)	99	.....	.....
Extension specialist (MS)	50	.....	.....
Rural Center for the Study and Promotion of HIV/STD Prevention (IN)	246	.....	.....
Delta Teachers Academy	3,850	.....	.....
Wood biomass as an alternative farm product (NY)	197	.....	197
Range improvement (NM)	197	.....	197
Total, Federal Administration and special grants	12,066	5,156	6,370
Total, Extension Activities	$426,273	$417,811	$415,110

The Committee directs the Department to work with the applicants for section 3(d) grants to develop matching funding from non-Federal sources.

The Committee fully supports the food safety initiative and expects that the food safety and expanded food and nutrition education programs be refocused to enhance and support the food safety education activities of this initiative.

The Committee is aware that state extension agents in Florida and North Dakota have been used to assist in providing behavioral health services to the victims of natural disasters. The Committee requests the Department report on the feasibility of establishing a National Rural Health Behavioral Center to train extension agents nationwide to provide behavioral health services in rural areas. This report should include the cost of establishing a Center, and the annual cost to train extension agents.

BUILDINGS AND FACILITIES

1997 appropriation	$61,591,000
1998 budget estimate	.....
Provided in the bill	.....
Comparison:	
1997 appropriation	−61,591,000
1998 budget estimate	.....

The CSREES, Buildings and Facilities account was established for the acquisition of land, construction, repair, improvement, extension, alteration, and purchase of fixed equipment or facilities which directly or indirectly support research and extension programs of the Department.

COMMITTEE PROVISIONS

For Buildings and Facilities of the Cooperative State Research, Education, and Extension Service, the Committee provides no funding. In the fiscal year 1996 Conference Report 104–268 accompanying Public Law 104–37, the Congress stated that funding for this account would be terminated after fiscal year 1997. Again in Conference Report 104–726 accompanying Public Law 104–180 the Congress stated that fiscal year 1997 was the last year of funding for this program and that any project that was unfinished should obtain additional funding from other than Federal resources.

The Committee strongly supports funding for the School of Forestry Building Complex at Auburn University. This facility will provide a state of the art teaching and research facility for Forestry Science at Auburn University to support and enhance the economic competitiveness of the forestry industry. The Committee recommends that up to $4.75 million be made available for this project.

OFFICE OF THE ASSISTANT SECRETARY FOR MARKETING AND REGULATORY PROGRAMS

1997 appropriation	$618,000
1998 budget estimate	625,000
Provided in the bill	618,000
Comparison:	
1997 appropriation	.....
1998 budget estimate	−7,000

The Office of the Assistant Secretary for Marketing and Regulatory Programs provides direction and coordination in carrying out laws enacted by the Congress with respect to the Department's marketing, grading, and standardization activities related to grain; competitive marketing practices of livestock, marketing orders and various programs; veterinary services; and plant protection and quarantine. The Office has oversight and management responsibilities for the Animal and Plant Health Inspection Service; Agricultural Marketing Service; and Grain Inspection, Packers and Stockyards Administration.

COMMITTEE PROVISIONS

For the Office of the Assistant Secretary for Marketing and Regulatory Programs, the Committee provides an appropriation of $618,000, the same as the amount available for fiscal year 1997 and a decrease of $7,000 below the budget request.

ANIMAL AND PLANT HEALTH INSPECTION SERVICE

SALARIES AND EXPENSES

	Appropriation	*User Fees*	*Total, APHIS*
1997 appropriation	$336,909,000	($98,000,000)	($434,909,000)
1998 budget estimate	324,491,000	(100,000,000)	(424,491,000)
Provided in the bill	336,244,000	(88,000,000)	(424,244,000)
Comparison:			
1997 appropriation	−665,000	(−10,000,000)	(−10,665,000)
1998 budget estimate	+11,753,000	(−12,000,000)	(−247,000)

The Animal and Plant Health Inspection Service (APHIS) was established by the Secretary of Agriculture on April 2, 1972 under the authority of Reorganization Plan No. 2 of 1953 and other authorities. The major objectives of APHIS are to protect the animal and plant resources of the nation from diseases and pests. These objectives are carried out under the major areas of activity, as follows:

Pest and Disease Exclusion.—The agency conducts inspection and quarantine activities at U.S. ports-of-entry to prevent the introduction of exotic animal and plant diseases and pests. The agency also participates in inspection, survey, and control activities in foreign countries to reinforce its domestic activities.

Plant and Animal Health Monitoring.—The agency conducts programs to assess animal and plant health and to detect endemic and exotic diseases and pests.

Pest and Disease Management Programs.—The agency carries out programs to control and eradicate pest infestations and animal diseases that threaten the United States; reduce agricultural losses caused by predatory animals, birds, and rodents; provide technical assistance to other cooperators such as states, counties, farmer or rancher groups, and foundations; and ensure compliance with interstate movement and other disease control regulations within the jurisdiction of the agency.

Animal Care.—The agency conducts regulatory activities which ensure the humane care and treatment of animals and horses as required by the Animal Welfare and Horse Protection Acts. These activities include inspection of certain establishments which handle

animals intended for research, exhibition, and as pets, and monitoring of certain horse shows.

Scientific and Technical Services.—The agency performs other regulatory activities, including the development of standards for the licensing and testing of veterinary biologicals to ensure their safety and effectiveness; diagnostic activities in support of the control and eradication programs in other functional components; applied research aimed at reducing economic damage from vertebrate animals; development of new pest and animal damage control methods and tools; and regulatory oversight of genetically engineered products.

Agricultural Quarantine Inspection.—User fees are collected to cover the cost of inspection and quarantine activities at U.S. ports of entry to prevent the introduction of exotic animal and plant diseases and pests.

COMMITTEE PROVISIONS

The following table reflects the amounts provided by the Committee:

ANIMAL AND PLANT HEALTH INSPECTION SERVICE—SALARIES AND EXPENSES

[In thousands of dollars]

New Structure	FY 1997 enacted	FY 1998 estimate	Committee provisions
Pest and Disease Exclusion:			
Agricultural quarantine inspection	$26,547	$27,814	$26,547
User fees	98,000	100,000	88,000
Subtotal, Agricultural quarantine inspection	124,547	127,814	114,547
Cattle ticks	4,537	4,427	4,427
Foot-and-mouth disease	3,991	3,803	3,803
Import-export inspection	6,847	6,815	6,815
International programs	6,643	6,630	6,630
Fruit fly exclusion and detection	21,161	20,970	20,970
Screwworm	31,713	31,335	31,335
Tropical bont tick	452	444	444
Total, Pest and Disease Exclusion	199,891	202,238	188,971
Plant and Animal Health Monitoring:			
Animal health monitoring and surveillance	60,831	60,564	61,064
Animal and plant health regulatory enforcement	5,855	5,722	5,722
Pest detection	4,202	8,732	6,202
Total, Plant and Animal Health Monitoring	70,888	75,018	72,988
Pest and Disease Management Programs:			
Animal damage control-operations	26,967	23,713	27,967
Aquaculture	571	567	567
Biocontrol	6,290	6,275	6,275
Boll weevil	16,209	6,376	16,209
Brucellosis eradication	21,661	19,818	19,818
Golden nematode	444	435	435
Gypsy moth	4,367	4,366	4,366
Imported fire ant	1,000	.....	1,000
Miscellaneous plant diseases	1,516	1,533	1,516
Noxious weeds	404	406	404
Pink bollworm	1,069	1,048	1,048
Pseudorabies	4,518	4,481	4,481
Scrapie	2,967	2,931	2,931

ANIMAL AND PLANT HEALTH INSPECTION SERVICE—SALARIES AND EXPENSES—Continued

[In thousands of dollars]

New Structure	FY 1997 enacted	FY 1998 estimate	Committee provisions
Sweet potato whitefly	1,888	1,877	1,877
Tuberculosis	4,948	4,920	4,920
Witchweed	1,662	1,638	1,638
Total, Pest and Disease Management Programs	96,481	80,384	95,452
Animal Care:			
Animal welfare	9,185	9,175	9,175
Horse protection	360	353	353
Total, Animal Care	9,545	9,528	9,528
Scientific and Technical Services:			
Animal damage control methods development	10,591	9,672	10,215
Biotechnology/environmental protection	8,132	8,139	8,132
Integrated systems acquisition	4,000	4,000	3,500
Plant methods development laboratories	5,048	5,102	5,048
Veterinary biologics	10,360	10,345	10,345
Veterinary diagnostics	15,473	15,622	15,622
Total, Scientific and Technical Services	53,604	52,880	52,862
Contingency fund	4,500	4,443	4,443
Total, Salaries and Expenses	$434,909	$424,491	$424,244

Agricultural Quarantine Inspection (AQI).—The Committee provides an appropriation of $88,000,000 for the agricultural quarantine inspection user fee program, a decrease of $10,000,000 below the amount available in fiscal year 1997 and a decrease of $12,000,000 below the budget request.

Animal care.—The Committee urges APHIS to implement the regulations for the safe transportation of horses to slaughterhouse facilities.

Animal Damage Control (ADC).—The Committee directs APHIS to assure, to the maximum extent possible, that all control activities be cost-shared with local sponsors. The Committee also expects APHIS to continue work related to blackbird damage control in Louisiana and North Dakota. The Committee provides an additional $1,000,000 for rabies control activities.

Avocados.—APHIS is directed to provide the Committee with a monthly report on the pest infestation status of Mexican avocado orchards designated for export. The Committee also expects APHIS to provide an update on the protocol for importation. In addition, the Committee encourages APHIS to work with U.S. avocado growers in implementing procedures to meet phytosanitary standards.

Imported Fire Ant.—The Committee supports the development of a program for the control, management, and eradication of the imported fire ant.

Methods Development.—The Committee provides an increase of $350,000 for trap testing, development of best management practices, and related activities necessary to meet U.S. obligations under an international agreement for trap standards. The Commit-

tee expects that these activities will be conducted in full cooperation with state wildlife management agencies.

National Farm Animal Identification and Records Project for Dairy Cattle.—The Committee provides an increase of $500,000 for a National Farm Animal Identification and Records Project for Dairy Cattle to be coordinated with the Holstein Association.

Pest Detection.—The Committee provides an additional $2,000,000 for the Karnal bunt program.

Sanitary and Phytosanitary Standards.—The Committee expects that imported products will be subjected to the same sanitary and phytosanitary standards as domestic products and those that don't meet the U.S. standards will be rejected. APHIS should provide adequate staffing levels at the borders and ports of entry to ensure that sanitary and phytosanitary standards are upheld.

BUILDINGS AND FACILITIES

1997 appropriation	$3,200,000
1998 budget estimate	7,200,000
Provided in the bill	3,200,000
Comparison:	
1997 appropriation	
1998 budget estimate	−4,000,000

The APHIS Buildings and Facilities account funds major nonrecurring construction projects in support of specific program activities and recurring construction, alterations, preventive maintenance, and repairs of existing APHIS facilities.

COMMITTEE PROVISIONS

For Animal and Plant Health Inspection Service, Buildings and Facilities, the Committee provides an appropriation of $3,200,000, the same as the amount available for fiscal year 1997 and a decrease of $4,000,000 below the budget request.

AGRICULTURAL MARKETING SERVICE

MARKETING SERVICES

1997 appropriation	$38,507,000
1998 budget estimate	49,786,000
Provided in the bill	45,592,000
Comparison:	
1997 appropriation	+7,085,000
1998 budget estimate	−4,194,000

The Agricultural Marketing Service (AMS) was established by the Secretary of Agriculture on April 2, 1972, under the authority of Reorganization Plan No. 2 of 1953, and other authorities. Through its marketing, consumer, and regulatory programs, AMS aids in advancing orderly and efficient marketing and effective distribution and transportation of products from the Nation's farms.

Programs administered by this agency include the market news services, payments to states for marketing activities, the Plant Variety Protection Act, the Federal administration of marketing agreements and orders, standardization, grading, classing, and shell egg surveillance services, transportation services, and market protection and promotion.

COMMITTEE PROVISIONS

For Marketing Services of the Agricultural Marketing Service, the Committee provides an appropriation of $45,592,000, an increase of $7,085,000 above the amount available for fiscal year 1997 and a decrease of $4,194,000 below the budget request. Included in this amount is $8,000,000 for the Pesticide Data Program. The Committee also provides language to allow for the collection of fees for the development of standards.

The Committee expects implementation of the Organic Certification Program to continue and that a final rule will be published in fiscal year 1998.

LIMITATION ON ADMINISTRATIVE EXPENSES

1997 limitation	($59,012,000)
1998 budget limitation	(59,521,000)
Provided in the bill	(59,521,000)
Comparison:	
1997 limitation	(+509,000)
1998 budget limitation	(.....)

The Agricultural Marketing Service provides inspection, grading, and classing services to the cotton and tobacco industries on a user funded basis. The legislative authorities to carry out these programs are: the U.S. Cotton Standards Act; the Cotton Statistics and Estimates Act of 1927, as amended; the Tobacco Inspection Act; the Omnibus Budget Reconciliation Act of 1981; the Dairy and Tobacco Adjustment Act of 1985; and the Uniform Cotton Classing Fees Act of 1987. These programs facilitate the interstate and foreign commerce of these products. This is accomplished by inspecting, identifying, and certifying the quality of these products in accordance with official standards. Grades serve as a basis for prices and reflect the value of the products to the producer as well as the buyer. These programs facilitate the movement of commodities through marketing channels in a quick, efficient, and equitable manner.

COMMITTEE PROVISIONS

For a Limitation on Administrative Expenses of the Agricultural Marketing Service, the Committee provides $59,521,000, an increase of $509,000 above the amount available for fiscal year 1997 and the same amount as the budget request.

FUNDS FOR STRENGTHENING MARKETS, INCOME, AND SUPPLY

(SECTION 32)

1997 appropriation	$10,576,000
1998 budget estimate	10,690,000
Provided in the bill	10,690,000
Comparison:	
1997 appropriation	+114,000
1998 budget estimate	.....

The Act of August 24, 1935, appropriates 30 percent of all customs receipts for: (a) encouraging exports of agricultural commodities; (b) encouraging domestic consumption of agricultural com-

modities by diversion to alternative outlets or by increasing their utilization; and (c) reestablishing the farmers' purchasing power.

The primary purpose of section 32 is to strengthen markets by purchasing surplus perishable agricultural commodities to encourage continued adequate production.

The following table reflects the status of this fund for fiscal years 1996 through 1998:

SECTION 32—ESTIMATED TOTAL FUNDS AVAILABLE AND BALANCE CARRIED FORWARD, FISCAL YEARS 1996–1998

	FY 1996 actual	FY 1997 current estimate	FY 1998 current estimate
Appropriation (30 percent of customs receipts)	$6,263,764,062	$5,923,376,725	$5,799,067,890
Less rescission	−5,000,000		
Less transfers:			
Food and Consumer Service	−5,597,858,000	−5,433,753,000	−5,218,411,000
Commerce Department	−72,893,162	−66,381,020	−66,381,000
Total, transfers	−5,670,751,162	−5,500,134,020	−5,284,792,000
Budget authority	588,012,900	423,242,705	581,295,890
Unobligated balance available, start of year	235,129,235	300,000,000	202,611,705
Recoveries of prior year obligations	739,082		
Available for obligation	823,881,217	723,242,705	783,907,595
Less obligations:			
Commodity procurement:			
Child nutrition purchases	399,084,074	400,000,000	400,000,000
Emergency surplus removal	56,171,527	101,000,000	
Diversion payments			
Disaster relief	1,167,904		
Sunflower and cottonseed oil purchase	23,900,000		
Total, commodity procurement	480,323,505	501,000,000	400,000,000
Administrative funds:			
Commodity purchase service	5,733,351	6,155,000	6,198,000
Marketing agreements and orders	10,016,377	10,576,000	10,690,000
Total, administrative funds	15,749,728	16,731,000	16,888,000
Total, obligations	496,073,233	517,731,000	416,888,000
Carryout	327,807,984	202,611,705	300,000,000
Return to Treasury	27,807,984		
Unobligated balance available, end of year	$300,000,000	$205,511,705	$300,000,000

COMMITTEE PROVISIONS

For the Marketing Agreements and Orders Program, the Committee provides a transfer from section 32 funds of $10,690,000, an increase of $114,000 above the amount available for fiscal year 1997 and the same amount as the budget request.

PAYMENTS TO STATES AND POSSESSIONS

1997 appropriation	$1,200,000
1998 budget estimate	1,200,000
Provided in the bill	1,200,000
Comparison:	
1997 appropriation	
1998 budget estimate	

The Federal-State Marketing Improvement Program is authorized by section 204(b) of the Agricultural Marketing Act of 1946 and is also funded from appropriations. Payments are made to state marketing agencies to: identify and test market alternative farm commodities; determine methods of providing more reliable market information; and develop better commodity grading standards. This program has made possible many types of projects, such as electronic marketing and agricultural product diversification. Current projects are focused on the improvement of marketing efficiency and effectiveness, and seeking new outlets for existing farm produced commodities. The legislation grants the U.S. Department of Agriculture authority to establish cooperative agreements with State Departments of Agriculture or similar state agencies to improve the efficiency of the agricultural marketing chain. The states perform the work or contract it to others, and must contribute at least one-half of the cost of the projects.

COMMITTEE PROVISIONS

For Payments to States and Possessions, the Committee provides an appropriation of $1,200,000, the same as the amount available for fiscal year 1997 and the same as the budget request.

GRAIN INSPECTION, PACKERS AND STOCKYARDS ADMINISTRATION

SALARIES AND EXPENSES

1997 appropriation	$23,128,000
1998 budget estimate	25,722,000
Provided in the bill	23,928,000
Comparison:	
1997 appropriation	+800,000
1998 budget estimate	−1,794,000

The Grain Inspection, Packers and Stockyards Administration (GIPSA) was established pursuant to the Secretary's 1994 reorganization. Grain inspection and weighing programs are carried out under the U.S. Grain Standards Act and other programs under the authority of the Agricultural Marketing Act of 1946, including the inspection and grading of rice and grain-related products; conducting official weighing and grain inspection activities; and grading dry beans and peas, and processed grain products. Under the Packers and Stockyards Act, assurance of the financial integrity of the livestock, meat, and poultry markets is provided. The Administration monitors competition in order to protect producers, consumers, and industry from deceptive and fraudulent practices which affect meat and poultry prices.

COMMITTEE PROVISIONS

For Grain Inspection, Packers and Stockyards Administration, the Committee provides an appropriation of $23,928,000, an increase of $800,000 above the amount available for fiscal year 1997 and a decrease of $1,794,000 below the budget request. The Committee provides $800,000 for packer concentration activities.

LIMITATION ON INSPECTION AND WEIGHING SERVICES EXPENSES

1997 limitation	($43,207,000)

1998 budget limitation	(43,092,000)
Provided in the bill	(43,092,000)
Comparison:	
1997 limitation	(−115,000)
1998 budget limitation	(.....)

The U.S. Grain Standards Act requires, with minor exceptions, that all grain exported by grade must be officially inspected and weighed. The agency's employees or delegated state agencies perform original inspection and weighing services at export port locations in the United States and Canada. Grain which is not being exported may be inspected at interior locations, upon request, by licensed employees of designated state and private agencies. The agency's employees, upon request, perform domestic original inspection and weighing services on grain, oilseeds, pulses, rice, and related grain commodities. The agency's employees supervise and provide oversight for inspectors performing official services.

COMMITTEE PROVISIONS

The Committee includes a limitation on inspection and weighing services expenses of $43,092,000, a decrease of $115,000 below the amount available for fiscal year 1997 and the same as the budget request. The bill includes authority to exceed by 10 percent the limitation on inspection and weighing services with notification to the Appropriations Committees. This allows for flexibility if export activities require additional supervision and oversight or other uncontrollable factors occur.

OFFICE OF THE UNDER SECRETARY FOR FOOD SAFETY

1997 appropriation	$446,000
1998 budget estimate	583,000
Provided in the bill	446,000
Comparison:	
1997 appropriation	.....
1998 budget estimate	−137,000

The Office of the Under Secretary for Food Safety provides direction and coordination in carrying out the laws enacted by the Congress with respect to the Department's inspection of meat, poultry, and egg products. The Office has oversight and management responsibilities for the Food Safety and Inspection Service.

COMMITTEE PROVISIONS

For the Office of the Under Secretary for Food Safety, the Committee provides an appropriation of $446,000, the same as the amount available for fiscal year 1997 and a decrease of $137,000 below the budget request. The Under Secretary for Food Safety has one agency to administer—the Food Safety and Inspection Service (FSIS). Although the position of Under Secretary has been vacant for nearly three years, FSIS has continued to deal with a wide array of complex and critical food safety issues including implementation of the largest change in meat and poultry inspection procedure since Federal inspection began.

FOOD SAFETY AND INSPECTION SERVICE

1997 appropriation	$574,000,000

1998 budget estimate	591,209,000
Provided in the bill	589,263,000
Comparison:	
1997 appropriation	+15,263,000
1998 budget estimate	−1,946,000

The Food Safety and Inspection Service was established on June 17, 1981, by Secretary's Memorandum No. 1000–1, issued pursuant to Reorganization Plan No. 2 of 1953.

The major objectives of the Service are to assure that meat and poultry products are wholesome, unadulterated, and properly labeled and packaged, as required by the Federal Meat Inspection Act and the Poultry Products Inspection Act; provide continuous in-plant inspection to egg processing plants under the Egg Products Inspection Act; and administer the pathogen reduction program.

The inspection program of the Food Safety and Inspection Service provides continuous in-plant inspection of all domestic plants preparing meat, poultry, or egg products for sale or distribution; reviews foreign inspection systems and establishments that prepare meat or poultry products for export to the United States; and provides technical and financial assistance to states which maintain meat and poultry inspection programs.

COMMITTEE PROVISIONS

For the Food Safety and Inspection Service, the Committee provides an appropriation of $589,263,000, an increase of $15,263,000 above the amount available for fiscal year 1997 and a decrease of $1,946,000 below the budget request.

The Committee continues to regard the inspection of the Nation's meat and poultry supply as one of the highest priorities for funding in the USDA budget. The small decrease in funding for fiscal year 1998 reflects the Committee's belief that the pilot projects for dairy herd and other animal identification are better carried out by the Animal and Plant Health Inspection Service.

The Committee notes that at the beginning of the year the Administration proposed user fees totaling $390,000,000, or nearly 70 percent of the FSIS budget, for meat and poultry inspection. As of June 25, the Administration has failed to submit the required authorizing legislation to Congress. The Committee believes that if the Administration is serious about securing user fees for funding of the national meat inspection program, it should develop plans to justify to Congress, industry, and consumers the reason for this major change in policy.

The Committee directs the Department to work with the Centers for Disease Control and Prevention and any other appropriate agency to provide the House and Senate Committees on Appropriations an annual report on the incidence of foodborne illnesses in the United States. The report should be submitted with the annual request for funding for the Food Safety and Inspection Service.

The Committee notes the increased consumption of ratite meat in the United States and that the inspection of these meats is done on a voluntary basis by producers and processors. The Committee directs FSIS to develop a cost benefit analysis of the impact of including ratite meats in the mandatory inspection program by February 1, 1998.

The Committee commends the Administration's efforts to better coordinate the resources of the various food inspection agencies in the Federal government and urges the Administration to proceed with the development of a single food inspection agency to maximize consumer protection and the efficient use of scarce government resources.

The bill includes language requiring the Department of Agriculture to publish a final rule governing the storage and transportation of shell eggs. Since 1991, Congress and the egg production industry have asked the Department to publish such a rule. The Egg Products Inspection Amendments of 1991 contained such a requirement. However, after nearly six years since the passage of that legislation, the Department has not published a final rule. The Committee believes that the Department has ignored the best interests of consumers and industry for no reason other than bureaucratic inertia. The bill language, therefore, withholds $5,000,000 of funds appropriated to FSIS until a final rule is implemented to prescribe the temperature at which eggs are maintained.

FARM ASSISTANCE PROGRAMS

OFFICE OF THE UNDER SECRETARY FOR FARM AND FOREIGN AGRICULTURAL SERVICES

1997 appropriation	$572,000
1998 budget estimate	580,000
Provided in the bill	572,000
Comparison:	
1997 appropriation	
1998 budget estimate	−8,000

The Office of the Under Secretary for Farm and Foreign Agricultural Services provides direction and coordination in carrying out the laws enacted by the Congress with respect to the Department's international affairs (except for foreign economic development) and commodity programs. The Office has oversight and management responsibilities for the Farm Service Agency (which includes the Commodity Credit Corporation), the Risk Management Agency, and the Foreign Agricultural Service.

COMMITTEE PROVISIONS

For the Office of the Under Secretary for Farm and Foreign Agricultural Services, the Committee provides an appropriation of $572,000, the same as the amount available for fiscal year 1997 and a decrease of $8,000 below the budget request.

FARM SERVICE AGENCY

The Farm Service Agency (FSA) was established by the Department of Agriculture Reorganization Act of 1994, P.L. 103–354, enacted October 13, 1994. Originally called the Consolidated Farm Service Agency, the name was changed to the Farm Service Agency on November 8, 1995. The FSA administers the agricultural commodity programs financed by the Commodity Credit Corporation (CCC); the warehouse examination function; the conservation reserve program (CRP); several other conservation cost-share programs; the Noninsured Crop Disaster Assistance Program (NAP);

and farm ownership, operating, emergency disaster, and other loan programs.

Agricultural market transition program.—The Federal Agriculture Improvement and Reform Act of 1996, P.L. 104–127 (1996 Act), enacted April 4, 1996, mandates that the Secretary offer individuals with eligible cropland acreage the opportunity for a one-time signup in a 7-year, production flexibility contract. Depending on each contract, a participant's prior contract-crop acreage history and payment yield, as well as total program participation, each contract participant shares a portion of a statutorily-specified annual dollar amount. In return, participants must comply with certain requirements regarding land conservation, wetland protection, planting flexibility, and agricultural use. Contract crops, for the purposes of determining eligible cropland and payments, include wheat, corn, grain sorghum, barley, oats, upland cotton, and rice. This program does not include any production adjustment requirements or related provisions except for restrictions on the planting of fruits and vegetables.

Marketing assistance loan program, price support programs, and other loan and related programs.—The 1996 Act provides for marketing assistance loans to producers of contract commodities, extra long staple (ELS) cotton, and oilseeds for the 1996 through 2002 crops. With the exception of ELS cotton, these nonrecourse loans are characterized by loan repayment rates that may be determined to be less than the principal plus accrued interest per unit of the commodity. Producers have the option of taking a loan deficiency payment, if available, in lieu of the marketing assistance loan.

The 1996 Act also provides for a loan program for sugar for the 1996 through 2002 crops of sugar beets and sugarcane, where the loans may be either recourse or nonrecourse in nature depending on the level of the tariff rate quota for imports of sugar. The 1996 Act provides for a milk price support program, whereby the price of milk is supported through December 31, 1999, via purchases of butter, cheese, and nonfat dry milk. The rate of support is fixed each calendar year, starting at $10.35 per hundredweight in 1996 and declining each year to $9.90 per hundredweight in 1999. Beginning January 1, 2000, the 1996 Act provides a recourse loan program for commercial processors of dairy products. The 1996 Act and the 1938 Act provide for a peanut loan and poundage quota program for the 1996 through 2002 crops of peanuts. Finally, the Agricultural Act of 1949, as amended (1949 Act), and the 1938 Act provide for a price support, quota, and allotment program for tobacco.

The interest rate on commodity loans secured on or after October 1, 1996, will be one percentage point higher than the formula which was used to calculate commodity loans secured prior to fiscal year 1997. The CCC monthly commodity loan interest rate will, in effect, be one percentage point higher than CCC's cost-of-money for that month.

The 1996 Act amended the payment limitation provisions in the Food Security Act of 1985, as amended (1985 Act), by changing the annual $50,000 payment limit per person for deficiency and diversion payments to an annual $40,000 payment limit per person for contract payments. The annual $75,000 payment limit per person

applicable to combined marketing loan gains and loan deficiency payments for all commodities that was in effect for the 1991 through 1995 crop years continues through the 2002 crop year. Similarly, the 3-entity rule is continued.

Commodity Credit Corporation program activities.—Various price support and related programs have been authorized in numerous legislative enactments since the early 1930's. Operations under these programs are financed through the Commodity Credit Corporation. Personnel and facilities of the Farm Service Agency (FSA) are utilized in the administration of the Commodity Credit Corporation, and the Administrator of the FSA is also Executive Vice President of the Corporation.

The 1996 Act created new conservation programs to address high priority environmental protection goals and authorizes CCC funding for many of the existing and new conservation programs. The Natural Resources Conservation Service administers many of the programs financed through the CCC.

Foreign assistance programs and other special activities.—Various surplus disposal programs and other special activities are conducted pursuant to the specific statutory authorizations and directives. These laws authorize the use of CCC funds and facilities to implement the programs. Appropriations for these programs are transferred or paid to the Corporation for its costs incurred in connection with these activities, such as Public Law 480.

Farm credit programs.—The Department's reorganization has placed the farm credit programs under FSA and is designed to facilitate improved coordination between the credit programs and FSA's risk management, conservation, and commodity support programs. FSA reviews applications, makes and collects loans, and provides technical assistance and guidance to borrowers. Under credit reform, administrative costs associated with Agricultural Credit Insurance Fund (ACIF) loans are appropriated to the ACIF Program Account and transferred to FSA salaries and expenses.

Risk management.—Includes the Noninsured Crop Disaster Assistance Program (NAP) which provides crop loss protection for growers of many crops for which crop insurance is not available.

SALARIES AND EXPENSES

	Appropriation	*Transfer from program accts.*	*Total, FSA, S&E*
1997 appropriation	$746,440,000	($209,780,000)	($956,220,000)
1998 budget estimate	742,789,000	(211,324,000)	(954,113,000)
Provided in the bill	702,203,000	(209,780,000)	(911,983,000)
Comparison:			
1997 appropriation	−44,237,000	(.....)	(−44,237,000)
1998 budget estimate	−40,586,000	(−1,544,000)	(−42,130,000)

COMMITTEE PROVISIONS

For salaries and expenses of the Farm Service Agency (FSA), the Committee provides an appropriation of $702,203,000 and transfers from other accounts of $209,780,000, for a total program level of $911,983,000, a decrease of $44,237,000 below the amount available for fiscal year 1997 and $42,130,000 below the budget request.

During hearings before the Committee the Secretary stated that the Department had no plans to close more field offices than were

in the original 1994 consolidation plan considered and approved by Congress. With the funds provided, the Committee expects the Department to continue operating under this plan and expects the Secretary to consult with Congress prior to any further field office consolidations.

The Committee continues to support the Conservation Reserve Program and believes that CRP is essential to protecting and improving highly erodible lands, water quality, air quality, and wildlife habitat. The Committee believes that such benefits can be enhanced by emphasizing greater reliance on the National Buffer Strip Initiative and the use of Conservation Reserve Enhancement Program (CREP) initiatives. The Committee expects the Secretary to offer incentive payment rates on all practices eligible for the continuous sign-up, including in-field practices. The Committee further urges the Secretary to consider adjusting rental rates for partial field enrollments where necessary to ensure adequate, nationwide participation. Riparian rangeland should be eligible for program participation, the inclusion of which will help preserve environmentally sensitive lands and allow for greater geographic diversity among program participants. The Committee expects the Secretary to further emphasize the use of the National Buffer Strip Initiative and CREP in regions where PM–10 threatens population centers as a result of wind erosion. The Committee urges the Secretary to factor these considerations into the future administration of the CRP.

STATE MEDIATION GRANTS

1997 appropriation	$2,000,000
1998 budget estimate	4,000,000
Provided in the bill	2,000,000
Comparison:	
1997 appropriation	.....
1998 budget estimate	−2,000,000

This program is authorized under title V of the Agricultural Credit Act of 1987. Grants are made to states which have been certified by FSA as having an agricultural loan mediation program. Grants will be solely for operation and administration of the state's agricultural loan mediation program.

COMMITTEE PROVISIONS

For State Mediation Grants, the Committee provides an appropriation of $2,000,000, the same as the amount available in fiscal year 1997 and a decrease of $2,000,000 below the budget request.

DAIRY INDEMNITY PROGRAM

1997 appropriation	$100,000
1998 budget estimate	100,000
Provided in the bill	350,000
Comparison:	
1997 appropriation	+250,000
1998 budget estimate	+250,000

Under the program, the Department makes indemnification payments to dairy farmers and manufacturers of dairy products who, through no fault of their own, suffer losses because they are directed to remove their milk from commercial markets due to contamination of their products by registered pesticides. The program

also authorizes indemnity payments to dairy farmers for losses resulting from the removal of cows or dairy products from the market due to nuclear radiation or fallout.

COMMITTEE PROVISIONS

For the Dairy Indemnity Program, the Committee provides an appropriation of $350,000, an increase of $250,000 above amount available for fiscal year 1997 and an increase of $250,000 above the budget request.

AGRICULTURAL CREDIT INSURANCE FUND PROGRAM ACCOUNT

Farm Ownership Loans.—Makes loans to farmers and ranchers for acquiring, enlarging, or improving farms, including farm buildings, land development, use, and conservation, refinancing indebtedness, and for loan closing costs.

Operating Loans.—Makes loans to farmers and ranchers for costs incident to reorganizing a farming system for more profitable operations, for a variety of essential farm operating expenses such as purchase of livestock, farm equipment, feed, seed, fertilizer, and farm supplies; for refinancing land and water development, use, and conservation; for refinancing indebtedness; for other farm and home needs; and for loan closing costs.

Emergency Loans.—Makes loans in designated areas where a natural disaster has caused a general need for agricultural credit which cannot be met for limited periods of time by private cooperatives or other responsible sources.

Indian Tribe Land Acquisition Loans.—Makes loans to any Indian tribe recognized by the Secretary of the Interior or tribal corporation established pursuant to the Indian Reorganization Act, which does not have adequate uncommitted funds, to acquire lands or interest in lands within the tribe's reservation or Alaskan Indian community, as determined by the Secretary of the Interior, for use of the tribe or the corporation or the members thereof.

Credit Sales of Acquired Property.—Makes loans in conjunction with the sale of security properties previously acquired during the servicing of its loan portfolio.

Boll Weevil Eradication Loans.—Makes loans to assist foundations in financing the operation of boll weevil eradication programs provided to farmers.

ESTIMATED LOAN LEVELS

1997 loan level	($3,080,724,000)
1998 budget estimate	(2,831,828,000)
Provided in the bill	(2,852,114,000)
Comparison:	
1997 loan level	(−228,610,000)
1998 budget estimate	(+20,286,000)

Note.—Public Law 104–180 provided supplemental 1996 appropriations of $32,244,000 to support an emergency disaster loan level of $110,000,000. These funds are not reflected here.

This fund makes the following loans to individuals: farm ownership, farm operating, soil and water, recreation, and emergency. In addition, the fund makes loans to associations for irrigation and drainage, grazing, recreation facilities, Indian tribe land acquisi-

tion, watershed protection, flood prevention, and resource conservation and development.

COMMITTEE PROVISIONS

Approximate loan levels provided by the Committee for fiscal year 1998 for the agricultural credit insurance fund programs are: $430,828,000 for farm ownership loans, of which $30,828,000 is for direct loans and $400,000,000 is for guaranteed loans; $2,341,701,000 for farm operating loans, of which $450,000,000 is for direct loans, $191,701,000 is for guaranteed subsidized loans, and $1,700,000,000 is for guaranteed unsubsidized loans; $500,000 for Indian tribe land acquisition loans; $25,000,000 for emergency disaster loans; $34,653,000 for boll weevil eradication loans; and $19,432,000 for credit sales of acquired property.

AGRICULTURE CREDIT PROGRAMS

[In thousands of dollars]

	FY 1997 level	FY 1998 estimate	Committee provisions
Farm loan programs:			
Farm ownership:			
Direct	($50,000)	($30,828)	($30,828)
Guaranteed	(550,000)	(400,000)	(400,000)
Farm operating:			
Direct	(495,071)	(450,000)	(450,000)
Unsubsidized guaranteed	(1,700,000)	(1,700,000)	(1,700,000)
Subsidized guaranteed	(200,000)	(200,000)	(191,701)
Emergency disaster	(25,000)	(25,000)	(25,000)
Indian tribe land acquisition	(1,000)	(1,000)	(500)
Credit sales of acquired property	(25,000)	(25,000)	(19,432)
Boll Weevil Eradication	(34,653)	.....	(34,653)
Total, farm loans	($3,080,724)	($2,831,828)	($2,852,114)

ESTIMATED LOAN SUBSIDY AND ADMINISTRATIVE EXPENSES LEVELS

	Direct loan subsidy	*Guaranteed loan subsidy*	*Administrative expenses*
1997 appropriation	$80,818,000	$59,745,000	$221,046,000
1998 budget estimate	42,980,000	54,610,000	219,861,000
Provided in the bill	42,689,000	53,130,000	218,446,000
Comparison:			
1997 appropriation	−38,129,000	−6,615,000	−2,600,000
1998 budget estimate	−291,000	−1,480,000	−1,415,000

The Federal Credit Reform Act of 1990 established the Program Account. Appropriations to this account will be used to cover the lifetime subsidy costs associated with the direct loans obligated and loan guarantees committed in 1998, as well as for administrative expenses.

COMMITTEE PROVISIONS

The following table reflects the costs of loan programs under credit reform:

	FY 1997 enacted	FY 1998 estimate	Committee provisions
Loan subsidies:			
Farm ownership:			
Direct	$5,920,000	$4,020,000	$4,020,000
Guaranteed	22,055,000	15,440,000	15,440,000
Subtotal	27,975,000	19,460,000	19,460,000
Farm operating:			
Direct	65,450,000	29,565,000	29,565,000
Guaranteed unsubsidized	19,210,000	19,890,000	19,210,000
Guaranteed subsidized	18,480,000	19,280,000	18,480,000
Subtotal	103,140,000	68,735,000	67,255,000
Boll weevil eradication	499,000		500,000
Indian tribe land acquisition	54,000	132,000	66,000
Emergency disaster	6,365,000	6,008,000	6,008,000
Credit sales of acquired property	2,530,000	3,255,000	2,530,000
Total, Loan subsidies	140,563,000	97,590,000	95,819,000
ACIF expenses:			
Salaries and expenses	208,446,000	209,861,000	208,446,000
Administrative expenses	12,600,000	10,000,000	10,000,000
Total, ACIF expenses	$361,609,000	$317,451,000	$314,265,000

RISK MANAGEMENT AGENCY

1997 appropriation	$64,000,000
1998 budget estimate	271,036,000
Provided in the bill	253,571,000
Comparison:	
1997 appropriation	+189,571,000
1998 budget estimate	−17,465,000

Under the Federal Agriculture Improvement and Reform (FAIR) Act of 1996, Risk Management became an agency of the Department of Agriculture, known as the Risk Management Agency (RMA), reporting to the Under Secretary for Farm and Foreign Agricultural Services.

RMA manages program activities in support of the Federal crop insurance program as authorized by the Federal Crop Insurance Reform and Department of Agriculture Reorganization Act of 1994 and the FAIR Act of 1996. Functional areas of RMA are research and development, insurance services, and compliance whose functions include policy formulation and procedures and regulations development. Reviews and evaluations are conducted for overall performance to ensure the actuarial soundness of the insurance program.

COMMITTEE PROVISIONS

For the Risk Management Agency, the Committee provides an appropriation of $253,571,000, an increase of $189,571,000 above the amount available for fiscal year 1997 and a decrease of $17,465,000 below the budget request. The amount includes an increase of $1,000,000 for compliance activities in the Kansas City office and $188,571,000 for crop insurance sales commissions. The amount for sales commissions represents the amount the Adminis-

tration proposed to allow for a reduced commissions base. It should be noted that the budget request stated legislation addressing a fluctuating commission rate would be proposed and as of June 25, this proposal had not yet been submitted to Congress.

The 1994 Crop Insurance Reform Bill required the Risk Management Agency to reduce its paperwork requirements particularly those related to reinsurance companies. To date, there has been little, if any, effort to reduce paperwork and other costs. The Committee expects the agency to report to the appropriate Committees of Congress on its efforts in this regard and the report should include a review of its regional office structure and potential for consolidation of those offices.

Currently the Risk Management Agency only offers revenue insurance coverage for the basic commodities. Lack of similar insurance products for other crops puts some diversified farming operations at a disadvantage. The Committee expects the Risk Management Agency to consider the feasibility of providing revenue insurance products for all crops.

CORPORATIONS

FEDERAL CROP INSURANCE CORPORATION FUND

1997 appropriation	[1] $1,785,013,000
1998 budget estimate	[1] 1,584,135,000
Provided in the bill	1,584,135,000
Comparison:	
1997 appropriation	−200,878,000
1998 budget estimate	.....

[1] Estimated amounts. The 1997 appropriations bill provided such sums as may be necessary to administer the program. The FY 1998 proposed appropriation will do the same.

The Federal Crop Insurance Reform and Department of Agriculture Reorganization Act of 1994 was designed to replace the combination of crop insurance and ad hoc disaster payment programs with a strengthened crop insurance program.

Producers of insurable crops are eligible to receive a basic level of protection against catastrophic losses, which cover 50 percent of the normal yield at 60 percent of the expected price. The only cost to the producer is an administrative fee of $50 per policy, or $200 for all crops grown by the producer in a county, with a cap of $600 regardless of the number of crops and counties involved. At least catastrophic (CAT) coverage was required for producers who participate in the commodity support, farm credit, and certain other farm programs. This coverage was available either through FSA local offices or private insurance companies. Under the Federal Agriculture Improvement and Reform (FAIR) Act of 1996, producers have the option of waiving their eligibility for emergency crop loss assistance instead of obtaining CAT coverage required to meet program requirements. Emergency loss assistance does not include emergency loans or payment under the noninsured assistance program (NAP), which is administered by FSA. Beginning with the 1997 crop, the Secretary began phasing out delivery of CAT coverage through the FSA offices, except in those areas where there are insufficient private insurance providers.

The Reform Act of 1994 also provided increased subsidies for additional "buy-up" coverage levels which producers may obtain from

private insurance companies. The amount of subsidy is equivalent to the amount of premium established for catastrophic risk protection coverage and an amount for operating and administrative expenses for coverage up to 65 percent at 100 percent price. For coverage equal to or greater than 65 percent at 100 percent of the price, the amount is equivalent to an amount equal to the premium established for 50 percent loss in yield indemnified at 75 percent of the expected market price and an amount of operating and administrative expenses.

The reform legislation included the NAP program for producers of crops for which there is currently no insurance available. NAP was established to ensure that most producers of crops not yet insurable will have protection against crop catastrophes comparable to protection previously provided by ad hoc disaster assistance programs. While the NAP program was implemented under the Deputy Administrator for Risk Management, under the FAIR Act of 1996, the NAP program will remain with the FSA and has been incorporated into the Commodity Credit Corporation program activities.

COMMITTEE PROVISIONS

For the Federal Crop Insurance Corporation Fund, the Committee provides an appropriation of such sums as may be necessary, the same as the budget request.

COMMODITY CREDIT CORPORATION FUND

The Corporation was organized on October 17, 1933, under the laws of the State of Delaware, as an agency of the United States, and was managed and operated in close affiliation with the Reconstruction Finance Corporation. On July 1, 1939, it was transferred to the Department of Agriculture by the President's Reorganization Plan No. 1. On July 1, 1948, it was established as an agency and instrumentality of the United States under a permanent Federal charter by Public Law 80–806, as amended. Its operations are conducted pursuant to this charter and other specific legislation.

The Commodity Credit Corporation engages in buying, selling, lending, and other activities with respect to agricultural commodities, their products, food, feed, and fibers. Its purposes include stabilizing, supporting, and protecting farm income and prices; maintaining the balance and adequate supplies of selected commodities; and facilitating the orderly distribution of such commodities. In addition, the Corporation also makes available materials and facilities required in connection with the storage and distribution of such commodities. The Corporation also disburses funds for sharing of costs with producers for the establishment of approved conservation practices on environmentally sensitive land and subsequent rental payments for such land for the duration of conservation reserve program contracts.

Activities of the Corporation are primarily governed by the following statutes: the Commodity Credit Corporation Charter Act, as amended; the Federal Agriculture Improvement and Reform Act of 1996, P.L. 104–127 (1996 Act), enacted April 4, 1996; the Agricultural Act of 1949, as amended (1949 Act); the Agricultural Adjust-

ment Act of 1938, as amended (1938 Act); and the Food Security Act of 1985, as amended (1985 Act).

The 1996 Act requires that the following programs be offered for the 1996 through 2002 crops: seven-year production flexibility contracts for contract commodities (wheat, feed grains, upland cotton, and rice); nonrecourse marketing assistance loans for contract commodities, extra long staple (ELS) cotton, and oilseeds; a nonrecourse loan program for peanuts; and a nonrecourse/recourse loan program for sugar. The 1996 Act also requires a milk price support program that begins after enactment of the Act and continues through December 31, 1999, followed by a recourse loan program for dairy product processors.

The 1996 Act establishes the environmental conservation acreage reserve program (ECARP), which encompasses the conservation reserve program (CRP), the wetlands reserve program (WRP), and the environmental quality incentives program (EQIP). Each of these programs is funded through the Corporation.

The 1996 Act also authorizes other new Corporation funded conservation programs, including the conservation farm option; flood risk reduction contracts; wildlife habitat incentives, and farmland protection programs.

The Corporation is managed by a board of directors appointed by the President and confirmed by the Senate, subject to the general supervision and direction of the Secretary of Agriculture, who is ex officio, a director, and chairman of the board. The board consists of six members, in addition to the Secretary, who are designated according to their positions in the Department of Agriculture.

Personnel and facilities of the Farm Service Agency, FSA state and county committees, and other USDA agencies are used to carry out Corporation activities.

The Corporation has an authorized capital stock of $100 million held by the United States and authority to borrow up to $30 billion. The fiscal year 1988 Appropriations Act, P.L. 100–202, increased the statutory borrowing authority from $25 billion to $30 billion. Funds are borrowed from the Federal Treasury and may also be borrowed from private lending agencies.

The specific powers (15 U.S.C. 714c) of the Commodity Credit Corporation are as follows:

In the fulfillment of its purposes and in carrying out its annual budget programs submitted to and approved by the Congress pursuant to chapter 91 of title 31, the Corporation is authorized to use its general powers only to—

(a) Support the price of agricultural commodities through loans, purchases, payments, and other operations.

(b) Make available materials and facilities required in connection with the production and marketing of agricultural commodities.

(c) Procure agricultural commodities for sale to other government agencies, foreign governments, and domestic, foreign or international relief or rehabilitation agencies, and to meet domestic requirements.

(d) Remove and dispose of or aid in the removal or disposition of surplus agricultural commodities.

(e) Increase the domestic consumption of agricultural commodities by expanding or aiding in the expansion of domestic markets or by developing or aiding in the development of new and additional markets, marketing facilities, and use for such commodities.

(f) Export or cause to be exported, or aid in the development of foreign markets for agricultural commodities.

(g) Carry out such other operations as the Congress may specifically authorize or provide.

REIMBURSEMENT FOR NET REALIZED LOSSES

1997 appropriation	$1,500,000,000
1998 budget estimate	[1] 783,507,000
Provided in the bill	783,507,000
Comparison:	
1997 appropriation	−716,493,000
1998 budget estimate	.....

[1] Amount proposed to be reimbursed through a current, indefinite appropriation.

If necessary to perform the functions, duties, obligations, or commitments of the Commodity Credit Corporation, administrative personnel and others serving the Corporation shall be paid from funds on hand or from those funds received from the redemption or sale of commodities. Such funds shall also be available to meet program payments, commodity loans, or other obligations of the Corporation.

COMMITTEE PROVISIONS

For Reimbursement for Net Realized Losses to the Commodity Credit Corporation, the Committee provides $783,507,000, a decrease of $716,493,000 below the amount provided in fiscal year 1997 and the same as the budget request.

OPERATIONS AND MAINTENANCE FOR HAZARDOUS WASTE MANAGEMENT

1997 limitation	($5,000,000)
1998 budget estimate	(5,000,000)
Provided in the bill	(5,000,000)
Comparison:	
1997 limitation	(.....)
1998 budget estimate	(.....)

The Commodity Credit Corporation's (CCC) hazardous waste management program is intended to ensure compliance with the Comprehensive Environmental Response, Compensation, and Liability Act, as amended, and the Resource Conservation and Recovery Act, as amended.

Investigative and cleanup costs associated with the management of CCC hazardous waste are paid from USDA's hazardous waste management appropriation. CCC funds operations and maintenance costs only.

COMMITTEE PROVISIONS

For CCC Operations and Maintenance for Hazardous Waste Management, the Committee provides a limitation of $5,000,000,

the same as the amount available for fiscal year 1997 and the same as the budget request.

TITLE II—CONSERVATION PROGRAMS

OFFICE OF THE UNDER SECRETARY FOR NATURAL RESOURCES AND ENVIRONMENT

1997 appropriation	$693,000
1998 budget estimate	702,000
Provided in the bill	693,000
Comparison:	
1997 appropriation	
1998 budget estimate	−9,000

The Office of the Under Secretary for Natural Resources and Environment provides direction and coordination in carrying out the laws enacted by the Congress with respect to natural resources and the environment. The Office has oversight and management responsibilities for the Natural Resources Conservation Service and the Forest Service.

COMMITTEE PROVISIONS

For the Office of the Under Secretary for Natural Resources and Environment, the Committee provides an appropriation of $693,000, the same as the amount available for fiscal year 1997 and a decrease of $9,000 below the budget request.

NATURAL RESOURCES CONSERVATION SERVICE

NRCS, formerly the Soil Conservation Service (SCS), is the lead Federal conservation agency for private land. SCS was established in 1935 to carry out a continuing program of soil and water conservation on the Nation's private and non-Federal land. NRCS was established by the Department of Agriculture Reorganization Act of 1994 (7 U.S.C. 6962). The agency combines the authorities of the former SCS and directs sixteen additional financial or technical assistance programs for natural resource conservation.

NRCS provides conservation technical assistance through local conservation districts to individuals, communities, watershed groups, tribal governments, Federal, state, and local agencies, and others. The NRCS staff at the local level work with state and local conservation staff and volunteers in a partnership to assist individuals and communities to care for natural resources. NRCS also develops technical guidance for conservation planning and assistance. This technical guidance is tailored to local conditions and is widely used by NRCS staff and governmental and nongovernmental organizations to ensure that conservation is based on sound science.

The benefits of these activities are multifaceted, including sustained and improved agricultural productivity; cleaner, safer, and more dependable water supplies; reduced damages caused by floods and other natural disasters; and an enhanced natural resource

base to support continued economic development, recreation, and the environment.

CONSERVATION OPERATIONS

1997 appropriation	$619,742,000
1998 budget estimate	[1] 722,268,000
Provided in the bill	610,000,000
Comparison:	
1997 appropriation	−9,742,000
1998 budget estimate	−112,268,000

[1] Includes funding for Watershed Surveys and Planning and technical assistance for the Watershed and Flood Prevention Operators Program.

The purpose of conservation operations is to sustain agricultural productivity and protect and enhance the natural resource base. This is done through providing technical assistance to land users, communities, units of state and local government, and other Federal agencies in planning and implementing natural resources solutions to reduce erosion, improve soil and water quantity and quality, improve and conserve wetlands, enhance fish and wildlife habitat, improve air quality, improve pasture and range conditions, reduce upstream flooding, and improve woodlands. Assistance is also provided to implement highly erodible land (HEL), wetlands (swampbuster), wetlands reserve program (WRP), and conservation reserve program (CRP) provisions of the 1985 Food Security Act, as amended by the Food, Agriculture, Conservation, and Trade Act of 1990, the 1993 Omnibus Reconciliation Act, and the Federal Agriculture Improvement and Reform Act of 1996.

COMMITTEE PROVISIONS

For Conservation Operations, the Committee provides an appropriation of $610,000,000, a decrease of $9,742,000 below the amount available for fiscal year 1997 and a decrease of $112,268,000 below the budget request. Included in this amount is $15,000,000, the same as the amount available for fiscal year 1997, to continue the grazing lands conservation initiative.

The conservation operations program accounts for 80 percent of the Natural Resources Conservation Service appropriations, yet there is virtually no accountability for how these funds are used by the agency. The Committee notes the Urban Resources Partnership Initiative, the Northwest Salmon Recovery Initiative, and the American Heritage River Initiative as examples. In these cases, millions of dollars are being spent on major initiatives that have never been requested from or provided for by Congress. The agency budget justification, which provide the Committee with the details of the budget request, do not mention these projects or their funding levels. The Committee does not believe it has a complete understanding of how the conservation operations funds are being used. The Committee directs the agency to enhance its accountability by tracking the activities conservation operations funds are being spent on and presenting a more detailed budget justification when it submits the fiscal year 1999 request. Funds for these initiatives are not available until justification and reprogram requests are approved.

The Committee has provided for the continuation of the following projects: $300,000 to promote pastureland management and rotational grazing in central New York; $250,000 to establish best management practices to individual farmers to reduce the impact of agriculture-related non-point sources of pollution in the Skaneateles and Owasco, New York watersheds; $350,000 for the Great Lakes Basin Program for Soil and Erosion Sediment Control; $100,000 for the Community Leadership Alliance for Sustainable Development Program; and $300,000 for technical assistance to the Westchester Soil and Water Conservation District for a partnership with the Environmental Protection Agency to address land use and water quality issues affecting the Long Island Sound.

The Committee expects the project to assist farmers surrounding Lake Otisco in central New York in implementing best management practices to continue at the funding level of $200,000 through the Environmental Quality Incentives Program. The Committee also expects the Department to give every consideration to utilizing financial or educational assistance under EQIP for pilot work to evaluate and assess the effectiveness of various best management practices to assist livestock producers in the Bosque River watershed in Texas.

The Committee directs the agency to provide additional support to the work being conducted at the Rice Research Station in Louisiana.

The 1996 Farm Bill directed EQIP funding to be used to address national environmental priorities in cooperation with the agricultural community. However, the committee has learned that USDA is distributing the FY 1997 EQIP funds among states based on the allocation formula of conservation programs which are no longer authorized, in part to maintain existing NRCS staffing patterns. The committee strongly objects to this funding distribution, which is clearly contrary to congressional intent. The committee expects NRCS to allocate EQIP funds based exclusively on environmental priorities and not to apply state funding ceilings and floors which were imposed as constraints in determining state shares in the FY 1997 round of funding.

The Committee is aware of the ongoing environmental problem associated with agriculture drainage wells in Iowa. The Committee expects the NRCS to cooperate with the Army Corps of Engineers in facilitating the closing of these wells in a timely manner.

Furthermore, the Committee recognizes the environmental benefits associated with the closure of agriculture drainage wells and expects these benefits to be taken into account fully for purposes of determining wetlands mitigation if and when the wells are closed and alternative drainage systems are devised.

The Committee also directs the Department to give due consideration to the possibility of allowing agriculture drainage districts or producers seeking to close agriculture drainage wells and to create alternative replacement agriculture drainage systems to use the Conservation Reserve Program, EQIP, and/or the Wetlands Reserve Program to meet wetlands mitigation requirements resulting from the establishment of alternative replacement drainage systems.

WATERSHED SURVEYS AND PLANNING

1997 appropriation	$12,381,000
1998 budget estimate	(1)
Provided in the bill	10,000,000
Comparison:	
1997 appropriation	−2,381,000
1998 budget estimate	+10,000,000

[1]Proposed to be funded under conservation operations.

The Watershed Protection and Flood Prevention Act, Public Law 83–566, August 4, 1954, provided for the establishment of the Small Watershed Program (16 U.S.C. 1001–1008), and section 6 of the Act provided for the establishment of the River Basin Surveys and Investigations Program (16 U.S.C. 1006–1009). A separate appropriation funded the two programs until fiscal year 1996 when they were combined into a single appropriation, Watershed Surveys and Planning.

River Basin activities provide for cooperation with other Federal, state, and local agencies in making investigations and surveys of the watersheds of rivers and other waterways as a basis for the development of coordinated programs. Reports of the investigations and surveys are prepared to serve as a guide for the development of agricultural, rural, and upstream watershed aspects of water and related land resources, and as a basis of coordination of this development with downstream and other phases of water development.

Watershed planning activities provide for cooperation between the Federal government and the states and their political subdivisions in a program of watershed planning. Watershed plans form the basis for installing works of improvement of floodwater retardation, erosion control, and reduction of sedimentation in the watershed of rivers and streams and to further the conservation, development, utilization, and disposal of water. Watershed planning consists of assisting local organizations to develop their watershed work plan by making investigations and surveys in response to requests made by sponsoring local organizations. These plans describe the soil erosion, water management, and sedimentation problems in a watershed and works of improvement proposed to alleviate these problems. Plans also include estimated benefits and costs, cost sharing and operating and maintenance arrangements, and other appropriate information necessary to justify Federal assistance for carrying out the plan.

COMMITTEE PROVISIONS

For Watershed Surveys and Planning, the Committee provides an appropriation of $10,000,000, a decrease of $2,381,000 below the amount available for fiscal year 1997. The budget request proposed to fund these activities under conservation operations.

WATERSHED AND FLOOD PREVENTION OPERATIONS

1997 appropriation	$101,036,000
1998 budget estimate	40,000,000
Provided in the bill	101,036,000

Comparison:	
1997 appropriation	.....
1998 budget estimate	+61,036,000

The Watershed Protection and Flood Prevention Act (Public Law 566, 83d Cong.), as amended (16 U.S.C. 1001–1005, 1007–1009), provides for cooperation among the Federal government, the states, and local political subdivisions in a program to prevent erosion, floodwater, and sediment damages in the watersheds or rivers and streams, and to further the conservation, development, utilization, and disposal of water.

The work of the Department under this item includes financial assistance for the installation of works of improvement specified in approved watershed work plans including structural measures, land treatment measures, and program evaluation studies in selected watershed projects to determine the effectiveness of structural and land treatment measures installed. In addition, NRCS makes loans to local organizations to finance the local share of the costs of installing planned works of improvement.

COMMITTEE PROVISIONS

For Watershed and Flood Prevention Operations, the Committee provides an appropriation of $101,036,000, the same as the amount available for fiscal year 1997 and an increase of $61,036,000 above the budget request. Language is included which limits the amount spent on technical assistance to not more than $50,000,000. The Committee expects more funding to be spent on completing ongoing projects and reducing the backlog of watershed projects.

The Committee is aware of and expects progress to continue on the following projects: Virgil Creek watershed, Cortland and Tompkins Counties, New York; North Deer Creek Watershed, Oklahoma; Park River Dam #5, North Dakota; the four pilot projects in North Florida related to dairy and poultry cleanup efforts; and Marshland Flood Control District, Washington.

RESOURCE CONSERVATION AND DEVELOPMENT

1997 appropriation	$29,377,000
1998 budget estimate	47,700,000
Provided in the bill	29,377,000
Comparison:	
1997 appropriation	.....
1998 budget estimate	−18,323,000

The Natural Resources Conservation Service has general responsibility under provisions of section 102, title I of the Food and Agriculture Act of 1962, for developing overall work plans for resource conservation and development projects in cooperation with local sponsors; to help develop local programs of land conservation and utilization; to assist local groups and individuals in carrying out such plans and programs; to conduct surveys and investigations relating to the conditions and factors affecting such work on private lands; and to make loans to project sponsors for conservation and development purposes and to individual operators for establishing soil and water conservation practices.

COMMITTEE PROVISIONS

For Resource Conservation and Development, the Committee provides an appropriation of $29,377,000, the same as the amount available for fiscal year 1997 and a decrease of $18,323,000 below the budget request.

FORESTRY INCENTIVES PROGRAM

1997 appropriation	$6,325,000
1998 budget estimate	6,325,000
Provided in the bill	6,325,000
Comparison:	
1997 appropriation	
1998 budget estimate	

The Forestry Incentives Program is authorized by the Cooperative Forestry Assistance Act of 1978 (Public Law 95–313), as amended by section 1214, title XII, of the Food, Agriculture, Conservation, and Trade Act of 1990 and the Federal Agriculture Improvement and Reform Act of 1996. Its purpose is to encourage the development, management, and protection of nonindustrial private forest lands. The program will be carried out by providing technical assistance and long-term cost sharing agreements with private landowners.

COMMITTEE PROVISIONS

For the Forestry Incentives Program, the Committee provides an appropriation of $6,325,000, the same as the amount available for fiscal year 1997 and the same as the budget request.

OUTREACH FOR SOCIALLY DISADVANTAGED FARMERS AND RANCHERS

1997 appropriation	$1,000,000
1998 budget estimate	5,000,000
Provided in the bill	2,000,000
Comparison:	
1997 appropriation	+1,000,000
1998 budget estimate	−3,000,000

This program is authorized under section 2501 of title XXV of the Food, Agriculture, Conservation, and Trade Act of 1990. Grants are made to eligible community-based organizations with demonstrated experience in providing education or other agriculturally related services to socially disadvantaged farmers and ranchers in their area of influence. Also eligible are the 1890 land-grant colleges, Tuskegee University, Indian tribal community colleges, and Hispanic serving post-secondary education facilities.

Administration of the program was transferred to the Natural Resources Conservation Service from the Farm Service Agency beginning in fiscal year 1997.

COMMITTEE PROVISIONS

For the Outreach for Socially Disadvantaged Farmers and Ranchers Program, the Committee provides an appropriation of $2,000,000, an increase of $1,000,000 above the amount available for fiscal year 1997 and a decrease of $3,000,000 below the budget request.

TITLE III—RURAL DEVELOPMENT PROGRAMS

The Federal Crop Insurance Reform and Department of Agriculture Reorganization Act of 1994 (Public Law 103–354) abolished the Farmers Home Administration, Rural Development Administration, and Rural Electrification Administration and replaced those agencies with the Rural Housing Service, Rural Business-Cooperative Service, and Rural Utilities Service and placed them under the oversight of the Under Secretary for Rural Development. These agencies deliver a variety of programs through a network of state, district, and county offices.

In the 1930's and 1940's these agencies were primarily involved in making small loans to farmers; however, today these agencies have a multi-billion dollar loan program throughout all America providing loan and grant assistance for single family, multi-family, housing, and special housing needs, as well as a variety of community facilities, infrastructure, and business development programs.

OFFICE OF THE UNDER SECRETARY FOR RURAL DEVELOPMENT

1997 appropriation	$588,000
1998 budget estimate	596,000
Provided in the bill	588,000
Comparison:	
1997 appropriation	
1998 budget estimate	−8,000

The Office of the Under Secretary for Rural Development provides direction and coordination in carrying out the laws enacted by the Congress with respect to the Department's rural economic and community development activities. The Office has oversight and management responsibilities for the Rural Housing Service, Rural Business-Cooperative Service, and Rural Utilities Service.

COMMITTEE PROVISIONS

For the Office of the Under Secretary for Rural Development, the Committee provides an appropriation of $588,000, the same as the amount available for fiscal year 1997 and a decrease of $8,000 below the budget request.

The Department has requested funding in fiscal year 1998 for the Rural Community Advancement Program. The Committee has chosen instead to continue funding programs in rural housing, economic development, water and sewer and utilities for which there is more demand than available funds. The bill provides three funding streams consisting of the Rural Housing Assistance Program, the Rural Business-Cooperative Assistance Program and the Rural Utilities Assistance Program. These three programs consolidate funding for individual grant and loan activities into three separate appropriations. Within each funding stream, the Department and

state rural development directors may allocate funds as needed rather than be limited to a fixed amount for each separate activity.

The individual budgets and activities for each of the three funding streams are further described in this title of the report.

The fiscal year 1998 budget request consolidates funding for several rural development grant programs under rural housing assistance grants. The Committee has not provided funding for this program. However, all of the individual activities for which funding has been requested have received an appropriation elsewhere in the bill. Mutual and self-help housing grants are provided for as a separate activity. Grants for domestic farm labor, very low-income housing repair, and rural housing preservation are provided for under the rural housing assistance program.

The Committee is concerned about the ability of the Department to assist nonprofit and community development groups in capacity-building and directs the Department to submit proposals for supporting this activity in the fiscal year 1999 budget request.

RURAL HOUSING SERVICE

The Rural Housing Service (RHS) was established under Federal Crop Insurance Reform and Department of Agriculture Reorganization Act of 1994, dated October 13, 1994.

The mission of the Service is to improve the quality of life in rural America by assisting rural residents and communities in obtaining adequate and affordable housing and access to needed community facilities. The goals and objectives of the Service are: (1) facilitate the economic revitalization of rural areas by providing direct and indirect economic benefits to individual borrowers, families, and rural communities; (2) assure that benefits are communicated to all program eligible customers with special outreach efforts to target resources to underserved, impoverished, or economically declining rural areas; (3) lower the cost of programs while retaining the benefits by redesigning more effective programs that work in partnership with state and local governments and the private sector; and (4) leverage the economic benefits through the use of low-cost credit programs, especially guaranteed loans.

RURAL HOUSING INSURANCE FUND PROGRAM ACCOUNT

ESTIMATED LOAN LEVEL

1997 loan level	($3,459,854,000)
1998 budget estimate	(4,199,832,000)
Provided in the bill	(4,149,827,000)
Comparison:	
1997 loan level	(+689,973,000)
1998 budget estimate	(−50,005,000)

This fund was established in 1965 (Public Law 89–117) pursuant to Section 517 of Title V of the Housing Act of 1949, as amended. This fund may be used to insure or guarantee rural housing loans for single family homes, rental and cooperative housing, farm labor housing, and rural housing sites. Rural housing loans are made to construct, improve, alter, repair or replace dwellings and essential farm service buildings that are modest in size, design, and cost. Rental housing insured loans are made to individuals, corporations,

associations, trusts, or partnerships to provide moderate-cost rental housing and related facilities for elderly persons in rural areas. These loans, made with funds advanced by private lenders, are repayable in not to exceed 50 years. Farm labor housing insured loans are made either to a farm owner or to a public or private nonprofit organization to provide modest living quarters and related facilities for domestic farm labor. Loan programs are limited to rural areas which include towns, villages, and other places of not more than 10,000 population, which are not part of an urban area. Loans may also be made in areas with a population in excess of 10,000, but less than 20,000, if the area is not included in a standard metropolitan statistical area and has a serious lack of mortgage credit for low- and moderate-income borrowers.

COMMITTEE PROVISIONS

[In thousands of dollars]

	FY 1997 level	FY 1998 estimate	Committee provisions
Rural Housing Insurance Fund Program Account:			
Low-income family housing (sec 502):			
Direct	($1,000,000)	($1,000,000)	($950,000)
Unsubsidized guaranteed	(2,300,000)	(3,000,000)	(3,000,000)
Rental housing (sec 515)	[1] (58,654)	(128,640)	(128,640)
Housing repair (sec 504)	(35,000)	(30,000)	(30,000)
Farm labor (sec 514)	(15,000)	(15,001)	(15,000)
Credit sales of acquired property	(50,000)	(25,004)	(25,000)
Site loans (sec 524)	(600)	(600)	(600)
Self-help housing land development fund	(600)	(587)	(587)
Total, loan authorization	($3,459,854)	($4,199,832)	($4,149,827)

[1] Does not include section 515 new construction.

ESTIMATED LOAN SUBSIDY AND ADMINISTRATIVE EXPENSES LEVELS

	Direct loan subsidy	*Guaranteed loan subsidy*	*Administrative expenses*
1997 appropriation	$134,020,000	$6,210,000	$366,205,000
1998 budget estimate	218,054,000	6,900,000	354,785,000
Provided in the bill	211,542,000	6,900,000	354,785,000
Comparison:			
1997 appropriation	+77,522,000	+690,000	−11,420,000
1998 budget estimate	−6,512,000		

The Federal Credit Reform Act of 1990 established the Program Account. Appropriations to this account will be used to cover the lifetime subsidy costs associated with the direct loans obligated and loan guarantees committed in 1998, as well as for administrative expenses.

COMMITTEE PROVISIONS

The Committee strongly urges the Rural Housing Service to continue participation in the leveraged loan program of New York and other states where alternative procedures are needed to meet the needs of affordable housing in rural areas.

The following table reflects the cost of the loan programs under credit reform. In many cases, changes from the fiscal year 1997 amount reflect changes in the loan subsidy rates as set by OMB.

[In thousands of dollars]

	FY 1997 level	FY 1998 estimate	Committee provisions
Loan subsidies:			
Single family (sec 502):			
Direct	$83,000	$128,100	$121,600
Unsubsidized guaranteed	6,210	6,900	6,900
Housing repair (sec 504)	11,081	10,308	10,300
Farm labor (sec 514)	6,885	7,388	7,388
Rental housing (sec 515)	28,987	68,745	68,745
Credit sales of acquired property	4,050	3,493	3,492
Self-help housing land development fund	17	20	17
Total, Loan subsidies	$140,230	$224,954	$218,442
RHIF expenses:			
Administrative expenses	$366,205	$354,785	$354,785

MULTI-FAMILY HOUSING GUARANTEE PROGRAM

	Loan level	*Subsidy level*
1997 appropriation	$30,000,000	$1,200,000
1998 budget estimate	.....	.....
Provided in the bill	19,700,000	1,200,000
Comparison:		
1997 appropriation	−10,300,000	.....
1998 budget estimate	+19,700,000	+1,200,000

The Section 538 Multifamily Rural Rental Guarantee Loan Program was authorized as part of P.L. 104–120 signed by the President on March 28, 1996. In fiscal year 1996, RHS operated a demonstration program to gather data and experience on what types of financing and projects were most appropriate for the guarantee program. The program utilizes up to 90% guarantees on 90% loan to value ratios for the profit sector and 97% loan to value ratios for the non-profit development sector. The program guarantees loans made by certified lenders for multi-family housing available to moderate and low income rural residents.

COMMITTEE PROVISION

For the cost of subsidies for the Multi-Family Rural Housing Guarantee Program, the Committee provides an appropriation of $1,200,000. The same amount was provided for this program in fiscal year 1997 under the Rural Housing Assistance Program. There was no budget request for this program in fiscal year 1998. This subsidy amount will provide a loan level of approximately $19,700,000.

RENTAL ASSISTANCE PROGRAM

1997 appropriation	[1] $493,870,000
1998 budget estimate	[2] 593,397,000
Provided in the bill	493,870,000
Comparison:	
1997 appropriation	.....
1998 budget estimate	−99,527,000

[1] Funding for the portion of rental assistance payments supporting rental housing section 515 new construction is included in the RHAP account.

[2] Includes $52 million transfer from HUD section 8 contracts.

The Housing and Community Development Act of 1974 established a rural rental assistance program to be administered through the rural housing loans programs.

The objective of the program is to reduce rents paid by low-income families living in Rural Housing Service financed rental projects and farm labor housing projects. Under this program, low-income tenants will contribute the higher of: (1) 30 percent of monthly adjusted income; (2) 10 percent of monthly income; or (3) designated housing payments from a welfare agency.

Payments from the fund are made to the project owner for the difference between the tenant's payment and the approved rental rate established for the unit.

The program is administered in tandem with Rural Housing Service Section 515 rural rental and cooperative housing programs and the farm labor loan and grant programs. Priority is given to existing projects for units occupied by low-income families to extend expiring contracts or provide full amounts authority to existing contracts; any remaining authority will be used for projects receiving new construction commitments under Sections 514, 515, or 516 for very low-income families with certain limitations.

COMMITTEE PROVISIONS

For the Rental Assistance Program, the Committee provides a program level of $493,870,000, the same as provided in fiscal year 1997 and a decrease of $99,527,000 below the budget request.

The Committee does not concur with the proposed transfer of $52,000,000 in Section 8 rental subsidies from HUD.

MUTUAL AND SELF-HELP HOUSING GRANTS

1997 appropriation	$26,000,000
1998 budget estimate	(1)
Provided in the bill	26,000,000
Comparison:	
1997 appropriation	
1998 budget estimate	+26,000,000

[1] Funding for mutual and self-help housing grants is included in the Rural Housing Assistance Grants request.

This grant program is authorized by title V of the Housing Act of 1949, as amended. Grants are made to local organizations to promote the development of mutual or self-help programs under which groups of usually six to ten families build their own homes by mutually exchanging labor. Funds may be used to pay the cost of construction supervisors who will work with families in the construction of their homes and for administrative expenses of the organizations providing the self-help assistance.

COMMITTEE PROVISIONS

For Mutual and Self-Help Housing Grants, the Committee provides an appropriation of $26,000,000, the same amount as available in fiscal year 1997. The budget request for mutual and self-help housing was $26,000,000 under the Rural Housing Assistance Grants program.

RURAL COMMUNITY FIRE PROTECTION GRANTS

1997 appropriation	(1)
1998 budget estimate	$2,000,000
Provided in the bill	2,000,000
Comparison:	
1997 appropriation	+2,000,000
1998 budget estimate	

[1] This program was funded under the Rural Housing Assistance Program (RHAP) in 1997.

Rural community fire protection grants are authorized by Section 7 of the Cooperative Forestry Assistance Act of 1978. Grants are made to public bodies to organize, train, and equip local firefighting forces, including those of Indian tribes or other native groups, to prevent, control, and suppress fires threatening human lives, crops, livestock, farmsteads or other improvements, pastures, orchards, wildlife, rangeland, woodland, and other resources in rural areas.

COMMITTEE PROVISIONS

For Rural Community Fire Protection Grants, the Committee provides an appropriation of $2,000,000, the same as the budget request. In fiscal year 1997, $1,285,000 was provided for this program under the Rural Housing Assistance Program.

RURAL HOUSING ASSISTANCE PROGRAM

1997 appropriation	$130,433,000
1998 budget estimate	(1)
Provided in the bill	86,488,000
Comparison:	
1997 appropriation	−43,945,000
1998 budget estimate	+86,488,000

[1] The Administration proposed funding for this account under "Rural Community Advancement Program" and "Rural Housing Assistance Grants."

The Committee consolidates funding for the following programs under the Rural Housing Assistance Programs: grants for rural housing for domestic farm labor, very low-income housing repair grants, rural housing preservation grants, compensation for construction defects, direct community facility loans, guaranteed community facility loans and community facility grants.

Community Facility Loans were created by the Rural Development Act of 1972. Loans are made to organizations, including certain Indian tribes, corporations not operated for profit, and public and quasi-public agencies, to construct, enlarge, extend, or otherwise improve community facilities providing essential services to rural residents. Such facilities include those providing or supporting overall community development such as fire and rescue services, health care, transportation, traffic control, and community, social, cultural, and recreational benefits. Loans are made for facilities which primarily serve rural residents of open country and rural towns and villages of not more than 20,000 people. Health care and fire and rescue facilities are the priorities of the program and receive the majority of available funds.

The Community Facility Grant program authorized in the Federal Agriculture Improvement and Reform Act of 1996 (P.L. 104–127), is used in conjunction with the existing direct and guaranteed loan programs for the development of community facilities, such as

hospitals, fire stations, and community centers. Grants will be targeted to the lowest income communities.

Rural Housing for Domestic Farm Labor grants are provided to public or private nonprofit organizations or other eligible organizations for low-rent housing and related facilities for domestic farm labor.

Under Section 516 of the Housing Act of 1949, the Rural Housing Service is authorized to share with States or other political subdivisions, public or private nonprofit organizations, or nonprofit organizations of farm workers, the cost of providing low-rent housing, basic household furnishings, and related facilities to be used by domestic farm laborers. Such housing may be for year-round or seasonal occupancy and consist of family units, apartments, or dormitory-type units, constructed in an economical manner, and not of elaborate or extravagant design or materials.

The Very Low-Income Housing Repair Grants program is authorized under Section 504 of Title V of the Housing Act of 1949, as amended. The program makes grants to very low-income families to make necessary repairs to their homes in order to make such dwellings, safe and sanitary, and remove hazards to the health of the occupants, their families, or the community. A grant can be made in combination with a Section 504 very low-income housing repair loan.

Rural Housing Preservation Grants are used for home repair for low- and very low-income people. The purpose of the preservation program is to improve the delivery of rehabilitation assistance by employing the expertise of housing organizations at the local level. Eligible applicants will compete on a state-by-state basis for grants funds. These funds may be administered as loans, loan write-downs, or grants to finance home repair. The program is administered by local grantees.

Compensation for Construction Defects provides funds for grants to eligible section 502 borrowers to correct structural defects, or to pay claims of owners arising from such defects on a newly constructed dwelling purchased with RHS financial assistance.

COMMITTEE PROVISIONS

For the Rural Housing Assistance Program (RHAP), the Committee provides an appropriation of $86,488,000, a decrease of $43,945,000 below the amount provided for fiscal year 1997. There was no budget request for this program for fiscal year 1998.

The fiscal year 1997 appropriation included approximately $60,000,000 for Section 515 multi-family rural rental housing loans for new construction. For fiscal year 1998, the Committee proposes funding for Section 515 new construction along with rehabilitation as a separate program.

The fiscal year 1998 budget request included funding for RHAP programs under the Rural Community Advancement Program and the Rural Housing Assistance Grant program.

The Committee also provides language for an earmark of $1,200,000 for empowerment zones and enterprise communities.

SALARIES AND EXPENSES

	Administrative expenses	*Transfers*	*Total expenses*
1997 level	$60,743,000	($366,205,000)	($426,948,000)
1998 budget estimate	58,804,000	(354,785,000)	(413,589,000)
Provided in the bill	58,804,000	(354,785,000)	(413,589,000)
Comparison:			
1997 level	−1,939,000	(−11,420,000)	(−13,359,000)
1998 budget estimate	.....	(.....)	(.....)

These funds are used to administer the loan and grant programs of the Rural Housing Service including reviewing applications, making and collecting loans, and providing technical assistance and guidance to borrowers; and to assist in extending other Federal programs to people in rural areas.

Under credit reform, administrative costs associated with loan programs are appropriated to the program accounts for the rural housing insurance fund and rural community facility loans. Appropriations to the salaries and expenses account will be for costs associated with grant programs.

COMMITTEE PROVISIONS

For Salaries and Expenses of the Rural Housing Service, the Committee provides an appropriation of $58,804,000, a decrease of $1,939,000 below the amount available for fiscal year 1997 and the same as the budget request.

RURAL BUSINESS-COOPERATIVE SERVICE

The Rural Business-Cooperative Service (RBS) was established by Public Law 103–354, Federal Crop Insurance Reform and Department of Agriculture Reorganization Act of 1994, dated October 13, 1994. Its programs were previously administered by the Rural Development Administration and the Rural Electrification Administration.

The mission of the Rural Business-Cooperative Service is to enhance the quality of life for all rural residents by assisting new and existing cooperatives and other businesses through partnership with rural communities. The goals and objectives are to: (1) promote a stable business environment in rural America through financial assistance, sound business planning, technical assistance, appropriate research, education, and information; (2) support environmentally-sensitive economic growth that meets the needs of the entire community; and (3) assure that the Service benefits are available to all segments of the rural community, with emphasis on those most in need.

RURAL DEVELOPMENT LOAN FUND PROGRAM ACCOUNT

ESTIMATED LOAN LEVEL

1997 loan level	($37,544,000)
1998 budget estimate	(35,000,000)
Provided in the bill	(35,000,000)
Comparison:	
1997 loan level	(−2,544,000)
1998 budget estimate	(.....)

The rural development (intermediary relending) loan program was originally authorized by the Economic Opportunity Act of 1964 (Public Law 88–452). The making of rural development loans by the Department of Agriculture was reauthorized by Public Law 99–425, the Human Services Reauthorization Act of 1986.

Loans are made to intermediary borrowers (small investment groups) who in turn will reloan the funds to rural businesses, community development corporations private nonprofit organizations, public agencies, et cetera, for the purpose of improving business, industry, community facilities, and employment opportunities and diversification of the economy in rural areas.

The Federal Credit Reform Act of 1990 established the Program Account. Appropriations to this account will be used to cover the lifetime subsidy costs associated with the direct loans obligated in 1998, as well as for administrative expenses.

COMMITTEE PROVISIONS

For the Rural Development Loan Fund Program Account, the Committee provides for a loan level of $35,000,000, a decrease of $2,544,000 below the loan level for fiscal year 1997 and the same as the budget request.

ESTIMATED LOAN SUBSIDY AND ADMINISTRATIVE EXPENSES LEVELS

	Direct loan subsidy	*Administrative expenses*
1997 appropriation	$17,270,000	.....
1998 budget estimate	16,888,000	$3,482,000
Provided in the bill	16,888,000	3,482,000
Comparison:		
1997 appropriation	−382,000	+3,482,000
1998 budget estimates	.....	.....

RURAL ECONOMIC DEVELOPMENT LOANS PROGRAM ACCOUNT

ESTIMATED LOAN LEVEL

1997 loan level	($12,865,000)
1998 budget estimate	(25,000,000)
Provided in the bill	(25,000,000)
Comparison:	
1997 loan level	(+12,135,000)
1998 budget estimate	(.....)

The rural economic development loans program was established by the Reconciliation Act of December 1987 (P.L. 100–203), which amended the Rural Electrification Act of 1936, by establishing a new section 313. This section of the Rural Electrification Act (7 U.S.C. 901) established a cushion of credits payment program and created the rural economic development subaccount. The Administrator of RUS is authorized under the Act to utilize funds in this program to provide zero interest loans to electric telecommunications borrowers for the purpose of promoting rural economic development and job creation projects, including funding for feasibility studies, start-up costs, and other reasonable expenses for the purpose of fostering rural economic development.

COMMITTEE PROVISIONS

For the Rural Economic Development Loans Program Account, the Committee provides for a loan level of $25,000,000, an increase of $12,135,000 above the level for fiscal year 1997 and the same as the budget request.

The Committee has provided language, requested by the Administration, to use earnings generated by the interest differential on voluntary cushion of credit payments made by Rural Utilities Service borrowers to provide necessary loan subsidies for rural economic development loans. By using these earnings for subsidy budget authority, additional loans funds will be available to rural communities. The discretionary cost of these loans is offset by reductions to rural economic development grants made from the cushion of credit.

ESTIMATED LOAN SUBSIDY AND ADMINISTRATIVE EXPENSES LEVELS

	Direct loan subsidy	*Administrative expenses*
1997 appropriation	$2,830,000	$654,000
1998 budget estimate	(1)	.....
Provided in the bill	(1)	(1)
Comparison:		
1997 appropriation	−2,830,000	−654,000
1998 budget estimate	.....	.....

[1] Up to $5,977,500 to be derived by transfer from interest on the cushion of credit payments, as authorized by section 313 of the REA Act of 1936, as amended.

ALTERNATIVE AGRICULTURAL RESEARCH AND COMMERCIALIZATION REVOLVING FUND

COOPERATIVE AGREEMENTS

1997 appropriation	$7,000,000
1998 budget estimate	10,000,000
Provided in the bill	.....
Comparison:	
1997 appropriation	−7,000,000
1998 budget estimate	−10,000,000

The Alternative Agricultural Research and Commercialization Act of 1990, subtitle G of the Food, Agriculture, Conservation, and Trade Act of 1990, as amended by the Federal Agriculture Improvement and Reform Act of 1996, was established to develop and produce marketable products other than food, feed, or traditional forest or fiber products. It will assist in researching, developing, commercializing, and marketing new nonfood, nonfeed uses for traditional and new agriculture commodities.

COMMITTEE PROVISIONS

The Committee does not provide funding for the Alternative Agricultural Research and Commercialization Revolving Fund for fiscal year 1998.

The Committee notes that $28,000,000 in U.S. Government funds have been invested in AARC since its first full year of operation in 1993.

The Committee believes that AARC should begin operating with repayments to its revolving fund as intended by Congress when the program was first authorized.

RURAL COOPERATIVE DEVELOPMENT GRANTS

1997 appropriation	(1)
1998 budget estimate	$3,000,000
Provided in the bill	3,000,000
Comparison:	
1997 appropriation	+3,000,000
1998 budget estimate	

[1] Funded under the Rural Business-Cooperative Assistance Program.

Rural Cooperative Development Grants are authorized under section 310B(e) of the Consolidated Farm and Rural Development Act, as amended. Grants are made to fund the establishment and operation centers for rural cooperative development with their primary purpose being the improvement of economic conditions in rural areas. Grants may be made to nonprofit institutions or institutions of higher education. Grants may be used to pay up to 75 percent of the cost of the project and associated administrative costs. The applicant must contribute at least 25 percent from non-federal sources. Grants are competitive and are awarded based on specific selection criteria.

COMMITTEE PROVISIONS

For Rural Cooperative Development Grants, the Committee provides an appropriation of $3,000,000, the same as the budget request. In fiscal year 1997, $3,000,000 was appropriated for this program under the Rural Business-Cooperative Assistance Program.

Of the funds provided, not to exceed $1,300,000 is provided for a cooperative agreement for the Appropriate Technology Transfer for Rural Areas (ATTRA) program.

RURAL BUSINESS-COOPERATIVE ASSISTANCE PROGRAM

1997 appropriation	$51,400,000
1998 budget estimate	(1)
Provided in the bill	51,400,000
Comparison:	
1997 appropriation	
1998 budget estimate	+51,400,000

[1] The Administration proposed funding for this account under the name "Rural Community Advancement Program."

The Committee consolidates funding for the following programs under the Rural Business-Cooperative Assistance Program: guaranteed business and industry loans, direct business and industry loans, and rural business enterprise grants.

The Rural Business and Industry Loans Program was created by the Rural Development Act of 1972, finances a variety of rural industrial development loans.

Rural Industrialization Loans are loans for rural industrialization and rural community facilities under Rural Development Act amendments to the Consolidated Farm and Rural Development Act authorities. Business and industrial loans are made to public, private, or cooperative organizations organized for profit, to certain Indian tribes, or to individuals for the purpose of improving, devel-

oping or financing business, industry, and employment or improving the economic and environmental climate in rural areas. Such purposes include financing business and industrial acquisition, construction, enlargement, repair or modernization, financing the purchase and development of land, easements, rights-of-way, buildings, payment of start-up costs, and supplying working capital. Industrial development loans may be made in any area that is not within the outer boundary of any city having a population of 50,000 or more and its immediately adjacent urbanized and urbanizing areas with a population density of more than 100 persons per square mile. Special consideration for such loans is given to rural areas and cities having a population of less than 25,000.

Rural Business Enterprise Grants were authorized by the Rural Development Act of 1972. Grants are made to public bodies and non-profit organizations to facilitate development of small and emerging business enterprises in rural areas, including the acquisition and development of land; the construction of buildings, plants, equipment, access streets and roads, parking areas, and utility extensions; refinancing fees; technical assistance; and startup operating costs and working capital.

COMMITTEE PROVISIONS

For the Rural Business-Cooperative Assistance Program, the Committee provides an appropriation of $51,400,000, the same as the amount provided in fiscal year 1997.

The fiscal year 1998 budget request proposed funding for the activities under the RB–CAP in the Rural Community Advancement Program. Funding for rural cooperative development grants and ATTRA was requested as a separate program.

The Committee has included $500,000 for transportation technical assistance and $148,000 for the subsidy costs of business and industry loans in empowerment zones and enterprise communities, the same amounts as provided in fiscal year 1997.

The Committee expects the Department to give consideration to the following projects requesting assistance under the rural business enterprise grants program: The WSOS Community Action Commission, Inc. Ohio Rural Enterprise Program; the Alma (Georgia) fruit and vegetable facility; the Tri-County Economic Development Group (California) regional entrepreneurial training program; the City of Red Bluff (California) business district revitalization program; the University of Scranton business advancement, distance education and training infrastructure program for rural northeast Pennsylvania; the Lycoming County High Technology Industrial Park in Brady Township, Pennsylvania; the revolving loan fund for Southern VI Corporation in Huntingburg, Indiana; the revolving loan fund for the City of Madison, Indiana; the revolving loan fund for the Fayette County (Indiana) Industrial Development Corporation and the regional farmers market in Scott County, Virginia; and the demonstration projects for energy cooperative development by the Cooperative Development Institute in New York, Massachusetts and Vermont.

The Committee expects the Department to consider only those applications judged meritorious when subjected to established review procedures.

SALARIES AND EXPENSES

	Appropriation	*Transfer from loan accounts*	*Total, RBS, S&E*
1997 appropriation	$25,680,000	($654,000)	($26,334,000)
1998 budget estimate	27,482,000	(3,482,000)	(30,964,000)
Provided in the bill	25,680,000	(3,482,000)	(29,162,000)
Comparison:			
1997 appropriation		(+2,828,000)	(+2,828,000)
1998 budget estimate	−1,802,000	(.....)	(−1,802,000)

These funds are used to administer the loan and grant programs of the Rural Business-Cooperative Service including reviewing applications, making and collecting loans, and providing technical assistance and guidance to borrowers; and to assist in extending other Federal programs to people in rural areas.

COMMITTEE PROVISIONS

For Salaries and Expenses of the Rural Business-Cooperative Development Service, the Committee provides an appropriation of $25,680,000, the same amount as provided in fiscal year 1997 and a decrease of $1,802,000 below the budget request.

RURAL UTILITIES SERVICE

The Rural Utilities Service (RUS) was established under the Federal Crop Insurance Reform and Department of Agriculture Reorganization Act of 1994 (Public Law 103–354), October 13, 1994. RUS administers the electric and telephone programs of the former Rural Electrification Administration and the water and waste programs of the former Rural Development Administration.

The mission of the RUS is to serve a leading role in improving the quality of life in rural America by administering its electric, telecommunications, and water and waste programs in a service oriented, forward looking, and financially responsible manner. All three programs have the common goal of modernizing and revitalizing rural communities. RUS provides funding and support service for utilities serving rural areas. The public-private partnerships established by RUS and local utilities assist rural communities in modernizing local infrastructure. RUS programs are also characterized by the substantial amount of private investment which is leveraged by the public funds invested into infrastructure and technology, resulting in the creation of new sources of employment.

RURAL ELECTRIFICATION AND TELECOMMUNICATIONS LOANS PROGRAM ACCOUNT

ESTIMATED LOAN LEVEL

1997 loan level	($1,445,000,000)
1998 budget estimate	(1,285,000,000)
Provided in the bill	(1,320,000,000)
Comparison:	
1997 loan level	(−125,000,000)
1998 budget estimate	(+35,000,000)

The Rural Electrification Act of 1936 (7 U.S.C. 901 et seq.), as amended provides the statutory authority for the electric and telecommunications programs.

COMMITTEE PROVISIONS

The following table reflects the loan levels for the rural electrification and telecommunications loan program account:

	FY 1997 enacted	FY 1998 estimate	Committee provisions
Rural electrification and telecommunications loans program account.			
Loan authorizations: Direct loans:			
Electric 5%	($125,000,000)	($125,000,000)	($125,000,000)
Telecommunications 5%	(75,000,000)	(40,000,000)	(75,000,000)
Subtotal	(200,000,000)	(165,000,000)	(200,000,000)
Treasury rate: Telecommunications	(300,000,000)	(300,000,000)	(300,000,000)
Muni-rate: Electric	(525,000,000)	(400,000,000)	(400,000,000)
FFB loans:			
Electric, regular	(300,000,000)	(300,000,000)	(300,000,000)
Telecommunications	(120,000,000)	(120,000,000)	(120,000,000)
Subtotal	(420,000,000)	(420,000,000)	(420,000,000)
Total, Loan authorizations	($1,445,000,000)	($1,285,000,000)	($1,320,000,000)

ESTIMATED LOAN SUBSIDY AND ADMINISTRATIVE EXPENSES LEVEL

	FY 1997 enacted	FY 1998 estimate	Committee provisions
Loan subsidies: Direct loans:			
Electric 5%	$3,625,000	$9,325,000	$9,325,000
Telecommunications 5%	1,193,000	1,568,000	3,136,000
Subtotal	4,818,000	10,893,000	12,461,000
Treasury rate: Telecommunications	60,000	60,000	60,000
Muni-rate: Electric	28,245,000	16,880,000	16,880,000
FFB loans: Regular Electric	2,790,000	2,760,000	2,760,000
Total, Loan subsidies	35,913,000	30,593,000	32,161,000
RETLP administrative expenses	29,982,000	34,398,000	34,398,000
Total, Rural electrification and telecommunications loans program account	$65,895,000	$64,991,000	$66,559,000
(Loan authorization)	($1,445,000,000)	($1,320,000,000)	($1,320,000,000)

The Federal Credit Reform Act of 1990 established the Program Account. An appropriation to this account will be used to cover the lifetime subsidy costs associated with the direct loans obligated and loan guarantees committed in 1998, as well as for administrative expenses.

RURAL TELEPHONE BANK PROGRAM ACCOUNT

ESTIMATED LOAN LEVEL

1997 loan level	($175,000,000)
1998 budget estimate	(175,000,000)
Provided in the bill	(175,000,000)
Comparison:	
1997 loan level	(.....)
1998 budget estimate	(.....)

The Rural Telephone Bank (RTB) is required by law to begin privatization (repurchase of Federally owned stock) in fiscal year 1996. RTB borrowers are able to borrow at private market rates and no longer require Federal assistance.

The Rural Telephone Bank is managed by a 13–member board of directors. The Administrator of RUS serves as Governor of the Bank until conversion to private ownership, control, and operation. This will take place when 51 percent of the Class A stock issued to the United States and outstanding at any time after September 30, 1996, has been fully redeemed and retired. Activities of the Bank are carried out by RUS employees and the Office of General Counsel of the U.S. Department of Agriculture.

COMMITTEE PROVISIONS

For the Rural Telephone Bank, the Committee provides for a loan level of $175,000,000, the same as the level for fiscal year 1997 and the same as the budget request.

The committee includes the same provision from the fiscal year 1997 bill which limits the retirement of the Class A stock of the Rural Telephone Bank.

ESTIMATED LOAN SUBSIDY AND ADMINISTRATIVE EXPENSES LEVELS

	Direct loan subsidy	*Administrative expenses*
1997 appropriation	$2,328,000	$3,500,000
1998 budget estimate	3,710,000	3,000,000
Provided in the bill	3,710,000	3,000,000
Comparison:		
1997 appropriation	+1,382,000	−500,000
1998 budget estimate		

The Federal Credit Reform Act of 1990 established the Program Account. Appropriations to this account will be used to cover the lifetime subsidy costs associated with the direct loans obligated in 1998, as well as for administrative expenses.

DISTANCE LEARNING AND MEDICAL LINK GRANTS AND LOANS PROGRAM

	Loan level	*Subsidy level*	*Grants*
1997 appropriation	$150,000,000	$1,530,000	$7,470,000
1998 budget estimate	150,000,000	30,000	20,970,000
Provided in the bill	150,000,000	30,000	15,000,000
Comparison:			
1997 appropriation		−1,500,000	+7,530,000
1998 budget estimates			−5,970,000

The Distance Learning and Medical Link Grants and Loans Program was established by the Rural Economic Development Act of 1990 (104 STAT. 4017, 7 U.S.C. 950aaa et seq.), as amended by the Federal Agriculture Improvement and Reform Act of 1996. This program is authorized in the Food, Agriculture, Conservation, and Trade Act of 1990 to provide incentives to improve the quality of phone services, to provide access to advanced telecommunications services and computer networks, and to improve rural opportunities.

This program provides the facilities and equipment to link rural education and medical facilities with more urban centers and other facilities providing rural residents access to better health care through technology and increasing educational opportunities for rural students. These funds are available for loans and grants.

COMMITTEE PROVISIONS

For the Distance Learning and Medical Link Grants and Loans Program, the Committee provides an appropriation of $15,030,000, an increase of $6,030,000 above the amount available for fiscal year 1997 and a decrease of $5,970,000 below the budget request.

The Committee expects the Department to give consideration to the following projects requesting assistance under the Distance Learning and Medical Link program: the Cayuga County (New York) Telecommunications Consortium project and the Daemen College health care services and training project for Western New York.

The Committee expects the Department to consider only those applications judged meritorious when subjected to established review procedures.

The Committee commends the Rural Utilities Service for its new regulation regarding the Distance Learning and Medical Link program and urges the Department to give careful consideration to applications for the program which propose education and training uses including the training of people moving from welfare to the work force.

RURAL UTILITIES ASSISTANCE PROGRAM

1997 appropriation	$566,935,000
1998 budget estimate	(1)
Provided in the bill	577,242,000
Comparison:	
1997 appropriation	+10,307,000
1998 budget estimate	+577,242,000

[1] The Administration proposed funding for this account under the name "Rural Community Advancement Program."

In 1997, the Congress appropriated funds under the rural utilities assistance program to support water and waste disposal loans and grants and solid waste management grants and the associated administrative expenses. This program, allows for greater flexibility to tailor the assistance to the applicant's needs.

The water and waste disposal program is authorized by several actions, including sections 306, 306A, 309A, and 310B of the Consolidated Farm and Rural Development Act (7 U.S.C. 1921 et seq., as amended). The program makes loans for water and waste disposal development costs. Development loans are made to associations, including corporations operating on a nonprofit basis, municipalities and similar organization generally designated as public or quasi-public agencies, that propose projects for the development, storage, treatment, purification, and distribution of domestic water or the collection, treatment, or disposal of waste in rural areas.

The program makes grants for water and waste disposal development costs. Development grants are made to associations, including corporations operating on a nonprofit basis, municipalities and similar organizations generally designated as public or quasi-public

agencies, that propose projects for the development, storage, treatment, purification, and distribution of domestic water or the collection, treatment, or disposal of waste in rural areas. Such grants may not exceed 75 percent of the development cost of the projects and can supplement other funds borrowed or furnished by applicants to pay development costs.

The solid waste grant program is authorized under section 310(b)(2) of the Consolidated Farm and Rural Development Act, as amended. Grants are made to public bodies and private nonprofit organizations to provide technical assistance to local and regional governments for the purpose of reducing or eliminating pollution of water resources and for improving the planning of management of solid waste disposal facilities.

COMMITTEE PROVISIONS

For the Rural Utilities Assistance Program, the Committee provides an appropriation of $577,242,000, an increase of $10,307,000 above the amount available for fiscal year 1997. The fiscal year 1998 budget request proposed funding for these programs under the Rural Community Advancement Program.

The Committee provides earmarks of $5,200,000 for the circuit rider program, $18,700,000 for Colonias along the United States-Mexican border, $18,700,000 for direct loans, loan guarantees, and grants for empowerment zones and enterprise communities, and a continuation of technical assistance at the same level as provided in fiscal year 1997 for water, solid waste, and transportation projects.

The Committee expects the Department to give consideration to the following projects requesting assistance from the rural utilities assistance program: construction of wastewater treatment facilities for the City of Gridley, California and replacement of the water system in Cassopolis, Michigan.

The Committee expects the Department to consider only those applications judged meritorious when subjected to established review procedures.

SALARIES AND EXPENSES

	Appropriation	*Transfer from loan accounts*	*Total, RUS, S&E*
1997 appropriation	$33,195,000	($33,482,000)	($66,677,000)
1998 budget estimate	33,000,000	(37,398,000)	(70,398,000)
Provided in the bill	33,000,000	(37,398,000)	(70,398,000)
Comparison:			
1997 appropriation	−195,000	(+3,916,000)	(+3,721,000)
1998 budget estimate		(.....)	(.....)

These funds are used to administer the loan and grant programs of the Rural Utilities Service, including reviewing applications, making and collecting loans, and providing technical assistance and guidance to borrowers; and to assist in extending other Federal programs to people in rural areas.

Under Credit Reform, administrative costs associated with loan programs are appropriation to the program accounts for the agricultural credit insurance fund and the rural housing insurance

fund. Appropriations to the salaries and expenses account will be for costs associated with grant programs.

COMMITTEE PROVISIONS

For salaries and expenses of the Rural Utilities Service, the Committee provides an appropriation of $33,000,000, a decrease of $195,000 below the amount available for fiscal year 1997 and the same as the budget request.

TITLE IV—DOMESTIC FOOD PROGRAMS

OFFICE OF THE UNDER SECRETARY FOR FOOD, NUTRITION AND CONSUMER SERVICES

1997 appropriation	$454,000
1998 budget estimate	560,000
Provided in the bill	454,000
Comparison:	
1997 appropriation	
1998 budget estimate	−106,000

The Office of the Under Secretary for Food, Nutrition and Consumer Services provides direction and coordination in carrying out the laws enacted by the Congress with respect to the Department's food and consumer activities. The Office has oversight and management responsibilities for the Food and Consumer Service.

COMMITTEE PROVISIONS

For the Office of the Under Secretary for Food, Nutrition, and Consumer Services, the Committee provides an appropriation of $454,000, the same as the amount available for fiscal year 1997 and a decrease of $106,000 below the budget request.

FOOD AND CONSUMER SERVICE

The Food and Consumer Service (FCS) represents an organizational effort to eliminate hunger and malnutrition in this country. Food assistance programs are intended to provide access to a nutritionally adequate diet for families and persons with low incomes, and encourage better eating patterns among the nation's children. These programs include:

Child Nutrition Programs.—Federal assistance is provided to the 50 States, Puerto Rico, Virgin Islands, and Guam for use in serving nutritious lunches and breakfasts to children attending schools of high school grades or under, to children of preschool age in child care centers and homes, and to children in other institutions in order to improve the health and well-being of the nation's children, and broaden the markets for agricultural food commodities. Through the special milk program, assistance is provided to the states for making reimbursement payments to eligible schools and child care institutions which institute or expand milk service in order to increase the consumption of fluid milk by children.

Food Stamp Program.—This program is aimed at making more effective use of the Nation's food supply and at improving nutritional standards of needy persons and families, in most cases, through the issuance of food coupons which may be used in retail stores for the purchase of food. The program also includes nutrition assistance to Puerto Rico. The Omnibus Budget Reconciliation Act of 1981 (Public Law 97–35) authorized a block grant for nutrition

assistance to Puerto Rico which gives the Commonwealth broad flexibility in establishing a food assistance program that is specifically tailored to the needs of its low-income households.

The program includes the Food Distribution Program on Indian Reservations which provides nutritious agricultural commodities to low-income persons living on or near Indian reservations who choose not to participate in the Food Stamp Program. The program also includes $100,000,000 for commodity purchases under the Emergency Food Assistance Program.

Special Supplemental Nutrition Program for Women, Infants, and Children (WIC).—This program helps to safeguard the health of pregnant, postpartum, and breastfeeding women, and infants, and children up to age five who are at nutritional risk by providing food packages designed to supplement each participant's diet with foods that are typically lacking. Delivery of supplemental foods may be done through health clinics, vouchers redeemable at retail food stores, or other approved methods which a cooperating state health agency may select.

The Commodity Assistance Program (CAP).—This program was created by the Agriculture, Rural Development, Food and Drug Administration, and Related Agencies Appropriations Act, 1996 (P.L. 104–37), by consolidating funding for the commodity supplemental food program (CSFP), the emergency food assistance program (TEFAP), and the soup kitchens and food banks program (SK/FB).

CSFP provides supplemental foods to infants and children up to age six, and to pregnant, postpartum, and breastfeeding women with low incomes who reside in approved project areas. In addition, this program operates commodity distribution projects directed at low-income elderly persons.

TEFAP provides grant funds to state agencies to assist in the cost of storage and distribution of donated commodities for needy individuals.

Food Donations Program for Selected Groups.—Nutritious agricultural commodities are also provided to residents of the Pacific Territory of Palau and Federated States of Micronesia and the Marshall Islands. Cash assistance is provided to distributing agencies to assist them in meeting administrative expenses incurred. Commodities or cash-in-lieu of commodities are provided to assist nutrition programs for the elderly.

Food Program Administration.—This account represents all salaries and Federal operating expenses of the Food and Consumer Service and the Center for Nutrition Policy and Promotion (CNPP). As of September 30, 1996, there were 1,684 full-time permanent and 78 part-time and temporary employees in the agency. There were 583 in the Washington headquarters and 1,179 in the field, which includes 769 in seven regional offices and the balance in six food stamp compliance offices; one computer support center in Minneapolis, Minnesota; two administrative review offices; and 67 field offices. The Center oversees improvements in and revisions to the food nutrition guidance systems. CNPP is the focal point for advancing and coordinating nutrition promotion and education policy to improve the health of all Americans.

Funds for Strengthening Markets, Income, and Supply (Section 32).—This program includes the donation of commodities pur-

chased under the surplus removal activities of the Agricultural Marketing Service. Special programs provide food to needy children and adults who are suffering from general and continued hunger.

CHILD NUTRITION PROGRAMS

	Direct appropriation	*Transfer from section 32*	*Total program level*
1997 appropriation	$3,219,544,000	($5,433,753,000)	($8,653,297,000)
1998 budget estimate	2,631,375,000	(5,151,391,000)	(7,782,766,000)
Provided in the bill	2,548,555,000	(5,218,411,000)	(7,766,966,000)
Comparison:			
1997 appropriation	−670,989,000	(−215,342,000)	(−886,331,000)
1998 budget estimate	−82,820,000	(+67,020,000)	(−15,800,000)

Working through state agencies, the Food and Consumer Service (FCS) provides Federal assistance in cash and commodities for use in preparing and serving nutritious meals to children while they are attending school, residing in service institutions, or participating in other organized activities away from home. The purpose of this program is to help maintain the health and proper physical development of America's children. The child nutrition account includes the school lunch program; the school breakfast program; the summer food service program; and child and adult care food programs. In addition, the special milk program provides funding for milk service in some kindergartens, as well as in schools, nonprofit child care centers, and camps which have no other Federally assisted food programs. Milk is provided to children either free or at a low cost depending on their family income level. FCS provides cash subsidies to state administered programs and directly administers the program in the states which have chosen not to do so. Funds for this program are provided by direct appropriation and transfer from section 32. Grants are also made for nutritional training and surveys and for state administrative expenses. Under current legislation, most of these payments are made on the basis of reimbursement rates established by law and applied to lunches and breakfasts actually served by the states.

The Child Nutrition and WIC Reauthorization Act of 1989, Public Law 101–147, contained a number of child nutrition provisions. These include:

Summer Food Service Program (SFSP).—Reauthorized and expanded SFSP to private, nonprofit organizations under certain conditions.

School Breakfast Program (SBP).—Provided start-up grants for programs serving low-income children.

Child and Adult Care Food Program (CACFP).—Provided funds for demonstration projects to expand services to homeless children and family day care homes in low-income areas.

National School Lunch Program (NSLP).—(1) Mandated a unified system for compliance and accountability which would integrate Federal and state efforts and provide for increased Federal monitoring of SFSP operations. (2) Authorized the Food Service Management Institute to improve school food service operations.

Nutrition Education and Training (NET).—Required demonstration projects and studies to examine a number of program issues and increased the authorization level.

Special Milk Program.—Through the special milk program, funds are provided to state agencies to reimburse eligible participants for all or part of the cost of fluid milk consumed. Under Public Law 97–35, participation in the special milk program is restricted to schools and institutions that do not participate in another meal service program authorized by the Child Nutrition or School Lunch Acts. Effective October 1, 1986, based on authority in Public Law 99–661, children in split session kindergarten programs in nonprofit schools who do not have access to the meal service programs operating in those schools may participate in the program.

COMMITTEE PROVISIONS

For the Child Nutrition Programs, the Committee provides a total of $7,766,966,000, a decrease of $886,331,000 below the amount available for fiscal year 1997 and a decrease of $15,800,000 below the budget request. Of the total amount provided, $2,548,555,000 is by direct appropriation and $5,218,411,000 is by transfer from section 32. The following table reflects the amounts provided by the Committee:

Child Nutrition Programs:	
School lunch program	$4,327,804,000
School breakfast program	1,265,507,000
Child and adult care food program	1,411,590,000
Summer food service program	277,292,000
Special milk program	19,747,000
State administrative expenses	112,808,000
Commodity procurement and computer support	337,194,000
School meals initiative	5,900,000
Coordinated review effort	4,124,000
Nutrition Education and Training	5,000,000
Total	$7,766,966,000

The Committee provides $5,900,000 for the School Meals Initiative. Included in this amount is $4,000,000 for food service training grants to states; $1,000,000 for technical assistance materials; $500,000 for the National Food Service Management Institute cooperative agreement for food service; and $400,000 for print and electronic food service resource systems.

The Committee has consolidated all funding for studies and evaluations under the Economic Research Service.

SPECIAL SUPPLEMENTAL NUTRITION PROGRAM FOR WOMEN, INFANTS, AND CHILDREN (WIC)

1997 appropriation	$3,805,807,000
1998 budget estimate	4,108,000,000
Provided in the bill	3,924,000,000
Comparison:	
1997 appropriation	+118,193,000
1998 budget estimate	−184,000,000

The special supplemental nutrition program for women, infants, and children (WIC) safeguards the health of pregnant, breastfeeding, and postpartum women and infants, and children up

to age five who are at nutritional risk because of inadequate nutrition and inadequate income.

The Child Nutrition and WIC Reauthorization Act of 1989, Public Law 101–147, reauthorized and added a provision to the program as follows:

Cost Containment Initiatives to Expand Participation.—(1) Required state agencies with a retail food delivery system to use a competitive bidding system or a system with equal savings for the procurement of infant formula. Savings are to be used to expand program participation. (2) Permitted states with an approved cost containment system to use first quarter funds to cover obligations incurred during the fourth quarter of the preceding fiscal year.

The WIC farmers' market nutrition program (FMNP) is also funded from the WIC appropriation. FMNP is designed to accomplish two major goals: (1) to improve the diets of WIC participants by providing them with coupons to purchase fresh, nutritious, unprepared food, such as fruits and vegetables, from farmers' markets; and (2) to increase the awareness and use of farmers' markets by low-income households. Funds for the WIC program are provided by direct appropriation.

COMMITTEE PROVISIONS

For the Special Supplemental Nutrition Program for Women, Infants, and Children (WIC), the Committee provides an appropriation of $3,924,000,000, an increase of $118,193,000 above the amount available for fiscal year 1997 and a decrease of $184,000,000 below the budget request. This amount allows the program to maintain the current participation level of 7.4 million pregnant, breastfeeding, and postpartum women and infants and children up to age five. The total includes up to $12,000,000 for the farmers' market nutrition program.

The Committee has included two provisions requested by the President which gives the Secretary some flexibility in distributing WIC funds. The first provision provides for an adjustment of fiscal year 1998 state allocations by requiring the Secretary to reduce each state allocation by the amount of food funds that the state chooses to spend forward from fiscal year 1997. The second provision addresses the reallocation of fiscal year 1997 recovered funds and allows the Secretary to allocate funds first to states to maintain stability funding levels and then to states whose funding is less than their fair share of funds.

The Committee has consolidated all funding for studies and evaluations under the Economic Research Service.

FOOD STAMP PROGRAM

1997 appropriation	$27,618,029,000
1998 budget estimate	27,551,479,000
Provided in the bill	25,140,479,000
Comparison:	
1997 appropriation	−2,477,550,000
1998 budget estimate	−2,411,000,000

The food stamp program, authorized by the Food Stamp Act of 1964, attempts to alleviate hunger and malnutrition among low-income persons by increasing their food purchasing power. Eligible

households receive food stamps with which they can purchase food through regular retail stores. They are thus enabled to obtain a more nutritious diet than would be possible without food stamp assistance.

Participating households receive free food stamps in amounts determined by household size and income. Since March 1975, food stamp projects have been established throughout the country. State social service agencies assume responsibility for certifying eligible households and issuing the stamps through suitable outlets. The Food and Consumer Service establishes a range of household food stamp allotments which are updated annually.

Authorized grocery stores accept the stamps as payment for food purchases and forward them to commercial banks for cash or credit. The stamps flow through the banking system to a Federal Reserve Bank for redemption out of a special account maintained by the U.S. Treasury Department. As the major alternative to the paper food stamp system, Electronic Benefit Transfer (EBT) is operating statewide in New Mexico, Maryland, South Carolina, Texas, and Utah, in parts of Pennsylvania, Minnesota, Ohio, New Jersey, Iowa, Kansas, North Dakota, South Dakota, Illinois, and Wyoming and is planned in other states.

The program also includes the Food Distribution Program on Indian Reservations which provides nutritious agricultural commodities to low-income persons living on or near Indian reservations who choose not to participate in the Food Stamp Program.

ADMINISTRATIVE COSTS

All direct and indirect administrative costs incurred for certification of households, issuance of food coupons, quality control, outreach, and fair hearing efforts are shared by the Federal government and the states on a 50–50 basis.

In addition, state agencies which reduce quality control error rates below 6 percent receive up to a maximum match of 60 percent of their administrative expenses. Also, state agencies are paid up to 100 percent of the costs of administering the program on Indian reservations. The food stamp program is in operation in all 50 States, the Virgin Islands, Guam, and the District of Columbia.

The Food Stamp Act Amendments of 1982 provided for the establishment of a system for levying fiscal sanctions on states which fail to reduce high error rates below a prescribed target.

Nutrition Assistance for Puerto Rico.—The Omnibus Budget Reconciliation Act of 1981, Public Law 97–35, authorized a block grant for nutrition assistance to Puerto Rico which gives the Commonwealth broad flexibility in establishing a food assistance program which is specifically tailored to the needs of its low-income households. Beginning in fiscal year 1987, funding for this block grant program was included under the food stamp appropriation account.

COMMITTEE PROVISIONS

For the Food Stamp Program, the Committee provides an appropriation of $25,140,479,000, a decrease of $2,477,550,000 below the amount available for fiscal year 1997 and a decrease of $2,411,000,000 below the budget request. The total amount includes $100,000,000 for a contingency reserve in fiscal year 1998.

The Committee has consolidated all funding for studies and evaluations under the Economic Research Service.

The Committee is encouraged by the implementation of EBT systems around the country and supports the goal that all states must be operating an EBT system by 2002. The Committee remains concerned about security problems with EBT cards and directs the Secretary to report to the Committee on what is being done to ensure that EBT cards being issued include anti-fraud mechanisms such as fine line printing and holograms.

The Committee believes the agency should focus more on preventive strategies to combat retailer trafficking of food stamps. Last year, the Committee urged the Food and Consumer Service, FCS, to require preauthorization visits for all high risk stores. The Committee is disappointed that more preauthorization visits have not been required and directs the agency to work with its field offices to ensure that all new high risk retailer applicants are visited before they are authorized to participate in the program.

In addition, the Committee urges the agency to conduct more sweeps to detect ineligible retailers in the program. An Inspector General audit found that field offices have accepted reauthorization applications without verifying significant changes in sales and did not remove prior store owners from the Store Tracking and Redemption System database. The Committee believes FCS must do more to identify ineligible retailers and remove them from the program. Verification of sales changes and updating the database are two methods that should be used to prevent fraud in the program.

The Committee also agrees with the Inspector General recommendation that the National office needs to provide more direction and oversight to regional and field offices and that half of all field offices should be reviewed each year. FCS established new oversight procedures as a result of an OIG 1992 retailer audit, but does not enforce them.

COMMODITY ASSISTANCE PROGRAM

1997 appropriation	[1] $166,000,000
1998 budget estimate	[1] 272,165,000
Provided in the bill	141,000,000
Comparison:	
1997 appropriation	−25,000,000
1998 budget estimate	−131,165,000

[1] Includes funding for soup kitchens, the commodity supplemental food program, and TEFAP.
[2] Includes funding for TEFAP, Commodity Supplemental Food Program, Elderly Feeding Program and Pacific Island Assistance.

The Commodity Assistance Program was established in fiscal year 1996 by the Agriculture Appropriations Act (P.L. 104–37). The Commodity Assistance Program includes: the Commodity Supplemental Food Program (CSFP), and administrative expenses of The Emergency Food Assistance Program (TEFAP).

Commodity Supplemental Food Program.—The commodity supplemental food program (CSFP) provides supplemental food to infants and children up to age six, and to pregnant, postpartum, and breast-feeding women who have low incomes, and reside in approved project areas. In addition, this program operates commodity distribution projects directed at low-income elderly persons 60 years of age or older.

The 1996 FAIR Act (P.L. 104–127) reauthorized the commodity supplemental food program through fiscal year 2002. In addition, this law requires CCC to donate 4 million pounds of nonfat dry milk and 9 million pounds of cheese to the program annually, subject to availability.

COMMITTEE PROVISIONS

For the Commodity Assistance Program, the Committee provides an appropriation of $141,000,000, a decrease of $25,000,000 below the amount available for fiscal year 1997 and a decrease of $131,165,000 below the budget request. Included in the total is funding for administrative expenses of The Emergency Food Assistance Program only. Commodity purchases for the program are provided within the Food Stamp Program.

FOOD DONATIONS PROGRAMS FOR SELECTED GROUPS

1997 appropriation	$141,250,000
1998 budget estimate	(1)
Provided in the bill	141,165,000
Comparison:	
1997 appropriation	−85,000
1998 budget estimate	+141,165,000

[1] The Administration's budget proposes to include $141,165,000 for these programs under the Commodity Assistance Program in FY 1998.

Nutrition Program for the Elderly.—The nutrition program for the elderly (NPE) provides cash and commodities to States for distribution to local organizations that prepare meals served to elderly persons in congregate settings or delivered to their homes. The program promotes good health through nutrition assistance and by reducing the isolation experienced by the elderly. This program is a supplement to the Department of Health and Human Services' (DHHS) funding for programs for the elderly with cash commodities on a per meal basis for each meal served to an elderly person.

Pacific Island Assistance.—This program provides for a directly funded food distribution program for low-income individuals in the Pacific Island Territories. This program attempts to alleviate hunger and malnutrition in low-income households by providing nutritious agricultural commodities to eligible persons.

COMMITTEE PROVISIONS

For the Food Donations Programs for Selected Groups, the Committee provides an appropriation of $141,165,000, a decrease of $85,000 below the amount available for fiscal year 1997 and the same as the budget request. Included in the amount is $140,000,000 for the nutrition program for the elderly.

FOOD PROGRAM ADMINISTRATION

1997 appropriation	$106,128,000
1998 budget estimate	105,501,000
Provided in the bill	104,128,000
Comparison:	
1997 appropriation	−2,000,000
1998 budget estimate	−1,373,000

The food program administration appropriation provides for all of the Federal operating expenses of the Food and Consumer Service, which includes the child nutrition programs; special supplemental nutrition program for women, infants, and children (WIC); the commodity assistance program, including the commodity supplemental food program, and administrative expenses of the emergency food assistance program, the nutrition program for the elderly, Pacific Island Assistance, and the food stamp program.

The major objective of food program administration is to efficiently and effectively carry out the food assistance programs mandated by law. This is to be accomplished by the following: (1) giving clear and consistent guidance and supervision to state agencies and other cooperators; (2) assisting the states and other cooperators by providing program, managerial, financial, and other advice and expertise; (3) measuring, reviewing, and analyzing progress toward program objectives; and (4) carrying out regular staff support functions.

COMMITTEE PROVISIONS

For Food Program Administration, the Committee provides an appropriation of $104,128,000, a decrease of $2,000,000 below the amount available for fiscal year 1997 and a decrease of $1,373,000 below the budget request. Included in this amount is $2,218,000 for the Center for Nutrition Policy and Promotion, the same as the amount available for fiscal year 1997.

The Committee has consolidated all funding for studies and evaluations under the Economic Research Service's Food and Consumer Economics Division. The Committee does not reduce the funding available for studies and evaluations nor does it specify which studies to conduct or not conduct. Full discretion on how these funds are to be spent has been left to the Department. The Committee believes that consolidating these funds under ERS is prudent and fiscally responsible. It is expected that FCS staff, as well as staff from other agencies, will provide input and continue to work with ERS staff to assure that all program and policy needs of the Department are being met.

There is some concern that the shift to Electronic Benefits Transfer under the nutrition programs, while important in many ways, may have the unintended side effect of hurting small vendors without access to point-of-sale, POS, terminals, particularly farmers' markets. The agency is to report to the Committee on how it intends to address this concern.

CENTER FOR NUTRITION POLICY AND PROMOTION

1997 appropriation	.....
1998 budget estimate	$2,499,000
Provided in the bill	.....
Comparison:	
1997 appropriation	.....
1998 budget estimate	−2,499,000

Pursuant to the Department of Agriculture Reorganization Act of 1994 (7 U.S.C. 6901), the Center for Nutrition Policy and Promotion was created for the purpose of designing and disseminating nutrition education and information to all American consumers.

COMMITTEE PROVISIONS

The Committee does not provide a separate appropriation for the Center for Nutrition Policy and Promotion. The functions of this office are retained under food program administration.

TITLE V—FOREIGN ASSISTANCE AND RELATED PROGRAMS

FOREIGN AGRICULTURAL SERVICE AND GENERAL SALES MANAGER

	Appropriation	*Transfer from loan accounts*	*Total, FAS*
1997 appropriation	$131,295,000	($4,266,000)	($135,561,000)
1998 budget estimate	146,549,000	(4,393,000)	(150,942,000)
Provided in the bill	131,295,000	(4,266,000)	(135,561,000)
Comparison:			
1997 appropriation		(.....)	(.....)
1998 budget estimate	−15,254,000	(−127,000)	(−15,381,000)

The Foreign Agricultural Service (FAS) was established March 10, 1953, by Secretary's Memorandum No. 1320, Supplement 1. Public Law 83–690, approved August 28, 1954, transferred the agricultural attaches from the Department of State to the Foreign Agricultural Service.

The primary function of this organization is to help American agriculture in maintaining and expanding foreign markets for agriculture products vital to the economic well-being of the nation. It maintains a worldwide agricultural intelligence and reporting service to assist the U.S. agricultural industry in its export operations through a continuous program of analyzing and reporting foreign agricultural production, markets, and policies. It attempts to develop foreign markets for U.S. farm products through administration of special export programs and through helping to secure international trade conditions that are favorable toward American products. FAS is also responsible for coordinating, planning, and directing the Department's programs in international development and technical cooperation in food and agriculture formerly carried out by the Office of International Cooperation and Development.

COMMITTEE PROVISIONS

For the Foreign Agricultural Service, the Committee provides an appropriation of $131,295,000 and transfers of $4,266,000 for a total program level of $135,561,000, the same as the amount available for fiscal year 1997 and a decrease of $15,381,000 below the budget request.

The Committee does not concur with the Administration's request that $10,000,000 for the emerging markets program and $9,652,000 for information resource management costs be shifted from the Commodity Credit Corporation to direct FAS budget expenses. The Committee intends that these costs continue to be funded through CCC and expects the Department to continue operating the emerging markets program at the fiscal year 1997 level.

The Committee does not concur with the request for an advance appropriation of $3,000,000 to fund overseas wage and price increases and the request to make funds available for obligation over two years rather than one year.

The Committee believes that the funding provided to the Foreign Agricultural Service will enable the foreign market development/cooperator program to operate at the same level as fiscal year 1997.

The Committee recommends that FAS seek an increase in cost-sharing from participants in the Foreign Market Development/Cooperator Program.

The Committee also recommends that FAS not expend scarce resources on a market access barrier identification project. The Committee notes that the Office of the United States Trade Representative produces an annual National Trade Estimates report and urges the Department to work with the USTR to avoid duplication of efforts.

The Committee urges the Foreign Agricultural Service to consider providing assistance to the University of Massachusetts proposal to establish a Model Farm/Agricultural Learning Center with China. The Committee expects FAS to use established review procedures in considering the request.

PUBLIC LAW 480

PROGRAM AND GRANT ACCOUNTS

PUBLIC LAW 480 TITLE I PROGRAM ACCOUNT

The Federal Credit Reform Act of 1990 established the Program Account. Appropriations to this account are used to cover the lifetime subsidy cost associated with direct loans obligated in 1998 and beyond, as well as for administrative expenses.

Financing sales of agricultural commodities to developing countries and private entities for dollars on credit terms, or for local currencies (including for local currencies on credit terms) for use under section 104; and for furnishing commodities to carry out the Food for Progress Act of 1985, as amended (title I).—Title I of the legislation authorizes financing of sales to developing countries for local currencies and for dollars on credit terms. Sales for dollars or local currency may be made to foreign governments. The legislation provides for repayment terms either in local currencies or U.S. dollars on credit terms of up to 30 years, with a grace period of up to 5 years.

Local currencies under title I sales agreements may be used in carrying out activities under section 104 of the Agricultural Trade Development and Assistance Act of 1954, as amended. Activities in the recipient country for which these local currencies may be used include developing new markets for U.S. agricultural commodities, paying U.S. obligations, and supporting agricultural development and research.

Title I appropriated funds may also be used under the Food for Progress Act of 1985, as amended, to furnish commodities on credit terms or on a grant basis to assist developing countries and countries that are emerging democracies that have a commitment to introduce and expand free enterprise elements in their agricultural economies.

Ocean freight differential costs in connection with commodities sales financed for local currencies or U.S. dollars (title I).—The Commodity Credit Corporation pays ocean freight differential costs

on shipments under this title. These costs are the difference between foreign flag and U.S. flag shipping costs.

Commodities supplied in connection with dispositions abroad (title II) (7 U.S.C. 1721–1726).—Commodities are supplied without cost through foreign governments to combat malnutrition and to meet famine and other emergency requirements. Commodities are also supplied for nonemergencies through public and private agencies, including intergovernmental organizations. The Commodity Credit Corporation pays ocean freight on shipments under this title, and may also pay overland transportation costs to a landlocked country, as well as internal distribution costs in emergency situations. The funds appropriated for title II are made available to private voluntary organizations and cooperatives to assist these organizations in meeting administrative and related costs.

Commodities supplied in connection with dispositions abroad (title III).—Commodities are supplied without cost to least developed countries through foreign governments for direct feeding, development of emergency food reserves, or may be sold with the proceeds of such sale used by the recipient country for specific economic development purposes. The Commodity Credit Corporation may pay ocean freight on shipments under this title, and may also pay overland transportation costs to a landlocked country, as well as internal distribution costs.

COMMITTEE PROVISIONS

The following table reflects the loan levels, subsidy levels, and administrative costs for all Public Law 480 programs:

	FY 1997 enacted	FY 1998 estimate	Committee provisions
Public Law 480 Program Account:			
Title I—Credit sales:			
Program level	($240,805,000)	($123,149,000)	($238,048,000)
Direct loans	(226,900,000)	(112,899,000)	(225,798,000)
Ocean freight differential	13,905,000	10,250,000	12,250,000
Title II—Commodities for disposition abroad:			
Program level	(837,000,000)	(837,000,000)	(837,000,000)
Appropriation	837,000,000	837,000,000	837,000,000
Title III—Commodity grants:			
Program level	(29,500,000)	(30,000,000)	(30,000,000)
Appropriation	29,500,000	30,000,000	30,000,000
Loan subsidies	185,589,000	87,869,000	175,738,000
Salaries and expenses:			
General Sales Manager	1,035,000	1,066,000	1,035,000
FSA	745,000	815,000	745,000
Subtotal	1,780,000	1,881,000	1,780,000
Total, Public Law 480:			
Program level	($1,107,305,000)	($990,149,000)	($1,105,048,000)
Appropriation	$1,067,774,000	$967,000,000	$1,056,768,000

CCC EXPORT LOANS PROGRAM ACCOUNT

	Guaranteed loan subsidy	*Administrative expenses*
1997 appropriation	[1] $390,305,000	$3,820,000
1998 budget estimate	[2] 527,546,000	3,975,000
Provided in the bill	527,546,000	3,820,000

	Guaranteed loan subsidy	*Administrative expenses*
Comparison:		
1997 appropriation	+137,241,000	.....
1998 budget estimate	.....	−155,000

[1] In 1997, the subsidy required will be financed by funding derived from the 1996 subsidy reestimate.
[2] In 1998, $181,506,000 will be financed by funding derived from the 1996 subsidy reestimate.

Under the export credit programs, guarantees are provided by CCC for the repayment of commercial credit extended to finance U.S. agricultural export sales. The GSM–102 program covers export credit with repayment terms of up to three years. The GSM–103 program provides intermediate-term credit with repayment terms of three to ten years. The Agricultural Trade Act of 1978, as amended, requires that not less than $5.5 billion be made available annually from 1996 through 2002 for GSM–102 and GSM–103. The FAIR Act provides $200,000,000 for the Emerging Markets Export Credit Program.

The Federal Credit Reform Act of 1990 established the Program Account. Appropriations to this account will be used to cover the lifetime subsidy costs associated with the loan guarantees committed in 1998 and beyond, as well as for administrative expenses.

Funding for the loan subsidy costs of CCC export credit is provided through a permanent, indefinite appropriation and not by annual appropriation.

TITLE VI—RELATED AGENCIES AND FOOD AND DRUG ADMINISTRATION

DEPARTMENT OF HEALTH AND HUMAN SERVICES

FOOD AND DRUG ADMINISTRATION

SALARIES AND EXPENSES

	Appropriation	*User fee accounts*	*Total, FDA, S&E*
1997 appropriation	$819,971,000	($100,931,000)	($920,902,000)
1998 budget estimate	750,922,000	(236,813,000)	(987,735,000)
Provided in the bill	857,971,000	(105,170,000)	(963,141,000)
Comparison:			
1997 appropriation	+38,000,000	(+4,239,000)	(+42,239,000)
1998 budget estimate	+107,049,000	(−131,643,000)	(−24,594,000)

The programs of the Food and Drug Administration (FDA) are designed to achieve a single overall objective: consumer protection. FDA's mission is to ensure that: (1) food is safe, pure, and wholesome; (2) human and animal drugs, biological products, and medical devices are safe and effective; and (3) radiological products and use procedures do not result in unnecessary exposure to radiation.

To accomplish its mission, FDA: (1) sets food and product standards; (2) evaluates the safety and efficacy of new drugs and medical devices before they are marketed; (3) conducts and sponsors research studies to detect health hazards and violations of laws or regulations, to improve the agency's base of scientific knowledge in toxicology and other disciplines, and to promote development of orphan products; (4) informs business firms and consumers about FDA-related topics; (5) works with state and local agencies to develop programs that will supplement or complement those of FDA; (6) maintains surveillance over foods, drugs, medical devices and electronic products to ensure that they are safe, effective, and honestly labeled; and (7) takes legal action where necessary to remove violative products from the marketplace and to prosecute firms or individuals that violate the law.

Through its regulation of food, FDA protects and promotes the health of nearly every American by monitoring the food industry to safeguard against contamination by dangerous bacteria and molds and other natural and man-made toxins, and by regulating the safe use of veterinary drugs and feed additives to protect consumers against hazardous drug residues or by-products that may remain in meat. FDA also assures that consumers are not victimized by adulteration; promotes informative labeling to assist consumers in choosing foods; and examines imported foods to see that they meet the same standards as domestic products. FDA also provides leadership and assistance to the states and local authorities in conducting their responsibilities.

COMMITTEE PROVISIONS

For the Food and Drug Administration, the Committee provides a program level of $963,141,000, an increase of $42,239,000 above the amount available in fiscal year 1997. The recommendation includes an increase of $3,676,000 for the Prescription Drug User Fee Act and an increase of $563,000 for the Mammography Quality Clinic Act. These increases are a result of increased user fee collections.

Again this year the agency has submitted a budget proposal that includes major changes in funding resulting from proposed user fees. The Administration has yet to provide legislative proposals to implement the user fees. The Food and Drug Administration is one of the country's most important safety agencies. It is disappointing that the Office of Management and Budget continues to play budget games with this agency.

In the past several years, as the agency's responsibilities have grown it has become increasingly difficult to track agency spending. For fiscal year 1997, the Committee provided specific amounts of funding for major functions of the agency. For fiscal year 1998, the Committee provides the following program accounts:

	Fiscal year 1997	Fiscal year 1998
Foods	$202,639,000	$222,639,000
Human drugs	251,730,000	254,618,000
Biologics	119,609,000	121,398,000
Animal drugs & feeds	40,704,000	44,704,000
Medical Devices	157,058,000	157,621,000
National Center for Toxicological Research	31,307,000	31,307,000
Tobacco	4,914,000	24,279,000
Other services including program management	88,741,000	83,810,000
Rent & related activities	24,200,000	22,765,000
Total	$920,902,000	$963,141,000

Except in the case of an imminent threat to the public health or safety, the Committee directs the FDA to provide advance written notification to the House and Senate Committees on Appropriations when reprogramming any amount from one of these line items to another.

The Committee supports the food safety initiative and has provided an increase of $20,000,000 to the Center for Foods and $4,000,000 to the Center for Animal Drugs and Feed. It is disappointing that the budget presented in February requested funding for a Food Safety Initiative, but details of how the funds would be used was not decided until May. It would appear a dollar figure was decided long before the Administration had a plan. Food safety of this country's citizens is a serious concern. Treating planning for this activity as an after thought to press releases does not put its importance in the proper perspective.

For the program relating to tobacco, the Committee provides $24,279,000. The Committee expects the agency to provide semi-annual reports on the specific use and obligation status of these funds.

The Committee expects the FDA to reduce its costs related to other services and program management. These are costs incurred by the Office of the Commissioner, Office of Policy, Office of Exter-

nal Affairs, Office of Management Systems and Central Services. The costs for these functions appears to be excessive. For example, the amount available for the Office of the Commissioner in fiscal year 1997 was $12,489,000. In comparison, the costs for the Office of the Secretary of the Department of Agriculture and all the Under and Assistant Secretaries totaled less than $11,000,000, even though USDA has over 10 times the staff years as FDA. The amount provided in the bill for these services is about $5,000,000 less than in fiscal year 1997.

In the past few years, the times for approval of food additive petitions and drug and medical device applications have improved. Nevertheless, there are statutory requirements that are not being met and the Committee expects FDA to meet the requirements established in law.

Health care costs in the country have increased to extraordinary levels. One effort that could assist in addressing this problem is the quick approval of generic products. FDA must assure bioequivalency, but should review applications as quickly as possible. The potential for savings runs in the billions of dollars. The Committee has provided an increase of $1,000,000 for the Office of Generic Drugs to assist with accelerated approvals.

The Committee has provided $200,000 for a grant to the Interstate Shellfish Sanitation Commission. These funds should be used to assist with shellfish safety rules, regulations, and monitoring activities.

The Committee notes the need for an on-going process of ensuring harmonization of international regulatory requirements and standards. The FDA should provide a status report on its efforts to reach world-wide harmonization.

The Committee requests that FDA give increased attention to the incidence of Hepatitis A outbreaks in the United States and to the incidence of potential for Hepatitis A caused by the import of fresh fruit and vegetables into the United States.

The Committee expects the Food and Drug Administration and the Substance Abuse and Mental Health Services Administration to cooperate and coordinate their efforts to prevent youth tobacco usage so as to avoid duplication of effort and to ensure efficient and effective use of scarce resources.

BUILDINGS AND FACILITIES

1997 appropriation	$21,350,000
1998 budget estimate	22,900,000
Provided in the bill	21,350,000
Comparison:	
1997 appropriation	.....
1998 budget estimate	−1,550,000

The Buildings and Facilities account was established for repair and improvement of existing facilities, as well as for construction of new facilities when needed.

COMMITTEE PROVISIONS

For Buildings and Facilities of the Food and Drug Administration, the Committee provides an appropriation of $21,350,000, the same as the amount available for fiscal year 1997 and a decrease

of $1,550,000 below the budget request. The amount includes $14,550,000 to continue the modernization of the National Center for Toxicological Research.

RENTAL PAYMENTS (FDA)

1997 appropriation	$46,294,000
1998 budget estimate	46,294,000
Provided in the bill	46,294,000
Comparison:	
1997 appropriation	
1998 budget estimate	

Annual appropriations are made to agencies of the Federal government so that they can pay the General Services Administration fees for rental of space and for related services.

COMMITTEE PROVISIONS

For Rental Payments of the Food and Drug Administration, the Committee provides an appropriation of $46,294,000, the same as the amount available for fiscal year 1997 and the same as the budget request.

DEPARTMENT OF THE TREASURY

FINANCIAL MANAGEMENT SERVICE

PAYMENTS TO THE FARM CREDIT SYSTEM FINANCIAL ASSISTANCE CORPORATION

1997 appropriation	$10,290,000
1998 budget estimate	7,728,000
Provided in the bill	7,728,000
Comparison:	
1997 appropriation	−2,562,000
1998 budget estimate	

The Agricultural Credit Act of 1987 (Public Law 100–233) authorized such sums as necessary to be appropriated to the Secretary of the Treasury for Payment to the Farm Credit System Financial Assistance Corporation. These payments reimburse the Corporation for interest expenses on U.S. guaranteed debt issued by the Corporation. Assistance Corporation debt proceeds will be used to provide assistance to financially troubled System institutions. Beginning in fiscal year 1989, Treasury annually reimburses 100 percent of the Assistance Corporation interest expense incurred until January 1994. Between January 1994 and the ensuing five years, Treasury will reimburse up to 50 percent of the Assistance Corporation's interest expense, with System banks paying the balance. Thereafter all Assistance Corporation interest expense will be paid by System banks.

COMMITTEE PROVISIONS

For interest expenses incurred by the Farm Credit System Financial Assistance Corporation, the Committee provides an appropriation of $7,728,000, a decrease of $2,562,000 below the amount available for fiscal year 1997 and the same amount as the budget request.

INDEPENDENT AGENCIES

COMMODITY FUTURES TRADING COMMISSION

1997 appropriation	$55,101,000
1998 budget estimate	60,101,000
Provided in the bill	57,101,000
Comparison:	
1997 appropriation	+2,000,000
1998 budget estimate	−3,000,000

The Commodity Futures Trading Commission (CFTC) administers the Commodity Exchange Act of 1936, as amended. The purpose of the Commission is to further the economic utility of futures and option markets by encouraging their efficiency, assuring their integrity, and protecting participants against abusive trade practices, fraud, and deceit. The objective is to enable the markets to better serve their designated function in providing a price discovery mechanism and as a means of offsetting price risk. In properly serving these functions, the futures markets contribute toward better planning, more efficient distribution and consumption, and more economical marketing.

COMMITTEE PROVISIONS

For the Commodity Futures Trading Commission, the Committee provides an appropriation of $57,101,000, an increase of $2,000,000 above the amount available for fiscal year 1997 and a decrease of $3,000,000 below the budget request.

FARM CREDIT ADMINISTRATION

LIMITATION ON ADMINISTRATIVE EXPENSES

1997 appropriation	($37,478,000)
1998 budget estimate	(34,423,000)
Provided in the bill	(34,423,000)
Comparison:	
1997 appropriation	(−3,055,000)
1998 budget estimate	(.....)

The Farm Credit Administration (FCA) originally created by Executive Order No. 6084 on May 27, 1933, was transferred to the Department of Agriculture on July 1, 1939, by Reorganization Plan No. 1. From December 4, 1953 to January 23, 1986, the Administration was an independent agency under the direction of a Federal Farm Credit Board (12 U.S.C. 636). The Farm Credit Amendments Act of 1985 (P.L. 99–205) clarified the FCA's role as an arm's-length financial regulator, granting it the same intermediate enforcement powers as other Federal financial regulatory agencies. The Act also replaced the Federal Farm Credit Board of 13 Presidentially appointed part-time Board members with the FCA Board, comprised of a Chairman and two other Board members, all serving in a full-time capacity. Not more than two members of the Board shall be members of the same political party.

The FCA is responsible for regulating, supervising, and examining the institutions of the Farm Credit System (System). The FCA and the System institutions operate under the authority of the Farm Credit Act of 1971 (12 U.S.C. 2001 et seq.). The institutions of the System are the Farm Credit banks, Federal land bank asso-

ciations, Federal intermediate credit banks, production credit associations, Federal land credit associations, agricultural credit associations, and banks for cooperatives. The combined lending activities in the System institutions provided short- and long-term credit to the nation's farmers, ranchers, and producers and harvesters of aquatic products, and their cooperatives. System institutions are owned by their member borrowers. The operation of the System is funded through the sale of systemwide consolidated bonds and discount notes in the public money markets, and the institutions are fully liable for the payment of these securities. The operating expenses of the FCA are paid by the System institutions and by the Federal Agricultural Mortgage Corporation through assessments, which are deposited in a special fund in the Treasury which is available for the use of the FCA.

COMMITTEE PROVISIONS

For a limitation on the expenses of the Farm Credit Administration, the Committee provides $34,423,000, a decrease of $3,055,000 below the amount available for fiscal year 1997 level and the same as the budget request.

TITLE VII—GENERAL PROVISIONS

Sections 701 through 720 of the General Provisions contained in the accompanying bill for fiscal year 1998 are fundamentally the same as those included in last year's appropriations bill.

Section 721. Provides that none of the funds in this Act shall be used to carry out an export enhancement program in excess of $270,000,000.

Section 722. Provides that no employee of the Department of Agriculture may be detailed or assigned from an agency or office funded by this bill to any other agency or office of the Department for more than 30 days unless the individual's employing agency or office is fully reimbursed by the receiving agency or office for the salary and expenses of the employee for the period of assignment.

Section 723. Provides that none of the funds in this Act shall be used to transmit questions or responses to questions related to information requested for the appropriations hearing process to any non-Department of Agriculture employee.

Section 724. Provides that none of the funds appropriated or otherwise made available in this Act may be expended or obligated to fund the activities of the Western Director and Special Assistant to the Secretary within the office of the Secretary of Agriculture or any similar position.

Section 725. Provides that none of the funds made available to the Department of Agriculture by this Act may be used to acquire new information technology systems or significant upgrades, as determined by the Office of the Chief Information Officer, without the approval of the Chief Information Officer and the concurrence of the Executive Information Technology Investment Review Board.

Section 726. Provides that none of the funds in this Act shall be used to fund the immediate Office of the Deputy and Assistant Deputy Administrator for Farm Programs within the Farm Service Agency.

Section 727. Provides that the City of Galt, California shall not be considered rural or a rural area for the purposes of section 520 of the Housing Act of 1949.

TRANSFER OF UNEXPENDED BALANCES

Pursuant to clause 1(b), rule X of the House of Representatives, the following statement is submitted describing the transfer of unexpended balances provided in the accompanying bill. Transfers of unexpended balances are assigned to the jurisdiction of the Committee on Appropriations by clause 1(b)(2) of rule X.

1. Office of the Secretary.—The bill allows the transfer of unobligated balances of representation funds in the Foreign Agricultural Service to the Office of the Secretary.

2. Agriculture Buildings and Facilities and Rental Payments.—The bill allows transfers to or from the rental payments account based on changing space requirements.

3. Hazardous Waste Management.—The bill allows the funds appropriated to the Department for hazardous waste management to be transferred to agencies of the Department as required.

4. Departmental Administration.—The bill allows reimbursement for expenses related to certain hearings.

5. Office of the Assistant Secretary for Congressional Relations.—The bill allows the funds appropriated to the Office of the Assistant Secretary to be transferred to agencies.

6. Office of the Inspector General.—Authority is provided to transfer funds to the Office of the Inspector General from the Department of Justice Assets Forfeiture Fund or the Department of Treasury Forfeiture Fund.

7. Animal and Plant Health Inspection Service.—Authority is included to enable the Secretary of Agriculture to transfer from other appropriations or funds of the Department such sums as may be necessary to combat emergency outbreaks of certain diseases of animals, plants, and poultry.

8. Agricultural Marketing Service.—The bill limits the transfer of section 32 funds to purposes specified in the bill.

9. Farm Service Agency.—The bill provides that funds provided to other accounts in the agency may be merged with the salaries and expenses account of the Farm Service Agency.

10. Dairy Indemnity Program.—The bill authorizes the transfer of funds to the Commodity Credit Corporation.

11. Agricultural Credit Insurance Fund.—The bill provides that funds from the account shall be transferred to the Farm Service Agency salaries and expenses account.

12. Rural Housing Insurance Fund Program Account; Rural Development Loan Program Account; and Rural Electrification and Telecommunications Loan Program Account.—The bill provides that administrative funds may be transferred to various salaries and expenses accounts.

13. Rural Housing Assistance Program; Rural Business-Cooperative Assistance Program; and Rural Utilities Assistance Program.—The bill allows funds to be transferred between authorized programs within the account.

14. Rural Economic Development Loans Program Account.—Language is included that allows for transfer of cushion of credit payments to this account.

15. Child Nutrition Programs.—The bill includes authority to transfer section 32 funds to these programs.

16. Foreign Agricultural Service.—The bill allows for the transfer of funds from the Commodity Credit Corporation Export Loan Program Account and Public Law 480 Program Account.

17. Public Law 480.—The bill allows for the transfer of up to 15 percent of the funds between titles I, II, and III.

18. Commodity Credit Corporation Export Loans Program.—The bill provides for transfer of funds to the Foreign Agricultural Service and to the Farm Service Agency for overhead expenses associated with credit reform.

19. Rental Payments (FDA).—The bill allows transfer to or from the rental payments account based on changing space requirements.

CHANGES IN THE APPLICATION OF EXISTING LAW

Pursuant to clause 3, rule XXI of the House of Representatives, the following statements are submitted describing the effect or provisions in the accompanying bill which directly or indirectly change the application of existing law. In most instances, these provisions have been included in prior appropriations bills, often at the request of or with the knowledge and consent of the responsible legislative committees.

Language is included in various parts of the bill to continue ongoing activities of those Federal agencies which require annual authorization or additional legislation which to date has not been enacted.

Language is included in the bill in several accounts that earmarks funds for empowerment zones and enterprise communities as authorized by title XIII of the Omnibus Budget Reconciliation Act of 1993.

The bill includes a number of provisions which place limitations on the use of funds in the bill or change existing limitations and which might, under some circumstances, be construed as changing the application of existing law:

1. *Office of the Secretary*.—Language is included to limit the amount of funds for official reception and representation expenses, as determined by the Secretary.

2. *Agriculture Buildings and Facilities and Rental Payments*.—Language is included which allows the transfer of limited amounts to and from this account.

3. *Departmental Administration*.—Language is included to reimburse the agency for travel expenses incident to the holding of hearings.

4. *Inspector General*.—Language is included to allow the Inspector General to use funds transferred through forfeiture proceedings for authorized law enforcement activities.

5. *National Agricultural Statistics Service*.—Language is included to provide the Secretary the authority to conduct the Census of Agriculture.

6. *Agricultural Research Service*.—The bill includes language that prohibits funds from being used to carry out research related to the production, processing or marketing of tobacco or tobacco products.

7. *Cooperative State Research, Education, and Extension Service*.—The bill includes language that prohibits funds from being used to carry out research related to the production, processing or marketing of tobacco or tobacco products.

8. *Animal and Plant Health Inspection Service*.—A provision carried in the bill since fiscal year 1973 regarding state matching funds has been continued to assure more effective operation of the brucellosis control program through state cost sharing, with resulting savings to the Federal budget.

Language is included to allow APHIS to recoup expenses incurred from providing training to non-APHIS personnel.

9. *Grain Inspection, Packers and Stockyards Administration, Inspection and Weighing Services*.—The bill includes authority to exceed the limitation on inspection and weighing services by 10 percent with notification to the Appropriations Committees. This allows for flexibility if export activities require additional supervision and oversight, or other uncontrollable factors occur.

10. *Agricultural Marketing Service*.—The bill includes language that allows the Secretary to charge user fees for AMS activity related to preparation of standards.

11. *Agricultural Marketing Service, Limitation on Administrative Expenses*.—The bill includes language to allow AMS to exceed the limitation on administrative expenses by 10 percent with notification to the Appropriations Committees. This allows flexibility in case crop size is understated and/or other uncontrollable events occur.

12. *Dairy Indemnity Program.*—Language is included that allows the Secretary to utilize the services of the Commodity Credit Corporation for the purpose of making dairy indemnity payments.

13. *Commodity Credit Corporation Fund, Reimbursement for Net Realized Losses*.—Language is included to provide for the reimbursement appropriation. Language is also included which limits the amount of funds that can be spent on operation and maintenance costs of CCC hazardous waste sites.

14. *Risk Management Agency.*—Language is included to limit the amount of funds for official reception and representation expenses.

15. *Natural Resources Conservation Service—Conservation Operations*.—This language, which has been included in the bill since 1938, prohibits construction of buildings on land not owned by the government, although construction on land owned by states and counties is authorized by basic law. This paragraph also includes language carried in the bill since 1950, which prohibits the use of funds for demonstration projects authorized by the Act of April 27, 1935.

16. *Watershed and Flood Prevention Operations.*—Language, which was also included in the Emergency Jobs Bill and all bills since 1984, provides that funds may be used for rehabilitation of existing works.

17. *Rural Housing Service—Rental Assistance Program*.—Language is included which provides that agreements entered into during fiscal year 1998 be funded for a five-year period.

18. *Rural Electrification and Telecommunications Loan Program Account.*—Language is included to allow borrowers' interest rates for electric loans to exceed seven percent.

19. *Rural Economic Development Loans Program Account.*—Language is included that allows for transfer of cushion of credit payments to this account.

20. *Child Nutrition Programs.*—Language is included to prohibit funds from being used for studies and evaluations.

21. *Special Supplemental Nutrition Program for Women, Infants, and Children (WIC).*—Language is included to prohibit funds from being used for studies and evaluations.

22. *Food Stamp Program.*—Language is included to prohibit funds from being used for studies and evaluations.

23. *Foreign Agricultural Service*.—Language carried since 1979 enables this organizational unit to utilize funds received by an advance or by reimbursement to carry out its activities involving international development and technical cooperation.

The bill includes language that prohibits funds from being used to promote the sale or export of tobacco or tobacco products. Language is included to limit the amount of funds for official reception and representation expenses.

24. *Food and Drug Administration*.—Language included since 1986 prohibits any user fee authorized by 31 U.S.C. 9701.

25. *Rental Payments (FDA)*.—Language included since 1985 allows transfer of limited amounts to and from this account.

26. *Commodity Futures Trading Commission*.—Language is included to allow CFTC to recoup expenses incurred from providing training to non-CFTC personnel.

27. *General Provisions*.—

Section 704: This provision repeats language carried since 1972 which permits the accumulation of growth capital not to exceed $2,000,000, and which provides that no funds appropriated to an agency shall be transferred to the Working Capital Fund without the approval of the agency administrator.

Section 705: This provision, carried since 1976, is again included which provides that certain appropriations in this Act shall remain available until expended where the programs or projects involved are continuing in nature under the provisions of authorizing legislation, but for which such legislation does not specifically provide for extended availability. This authority tends to result in savings by preventing the wasteful practice often found in government of rushing to commit funds at the end of the fiscal year without due regard to the value of the purpose for which the funds are used. Such extended availability is also essential in view of the long lead time frequently required to negotiate agreements or contracts which normally extend over a period of more than one year. Under these conditions such authority is commonly provided in Appropriations Acts where omitted from basic law. These provisions have been carried through the years in this Act to facilitate efficient and effective program execution and to assure maximum savings. They involve the following items: Animal and Plant Health Inspection Service, the contingency fund to meet emergency conditions, fruit fly program, the reserve fund for integrated systems acquisition project, the boll weevil program, and up to 10 percent of the screwworm program; Food Safety and Inspection Service, field automation and information management project; Cooperative State Research, Education, and Extension Service, funds for the Native American institutions endowment fund and competitive research grants; Foreign Agricultural Service, middle-income country training program; Farm Service Agency, salaries and expenses to county committees; National Agricultural Statistics Service, Census of Agriculture; and funds appropriated for rental payments.

Section 708: This provision, included since fiscal year 1981, limits the overhead that can be charged on cooperative agreements to a maximum of 10 percent. This provision is necessary

because many universities attempted to apply the same overhead rates to cooperative agreements as was being applied to grants and contracts, without giving consideration to the cooperator's contributions as an offset to the overhead charges.

Section 710: This provision, carried since 1983, provides that none of the funds in this Act shall be available to reimburse the General Services Administration for rental payment in excess of the amounts specified in the Act.

Section 711: This provision, added in 1987, provides that none of the funds in this Act may be used to restrict the authority of CCC to lease space. This provision allows CCC to continue to lease space at a lower cost than space leased by GSA.

Section 712: This provision, added in 1990, provides that none of the funds in this Act may be made available to pay indirect costs on competitive research grants awarded by the Cooperative State Research, Education, and Extension Service in excess of 14 percent of total direct costs, except for grants available under the Small Business Innovation and Development Act.

Section 713: This provision clarifies that loan levels provided in the Act are to be considered estimates and not limitations. The Federal Credit Reform Act of 1990 provides that the appropriated subsidy is the controlling factor for the amount of loans made and that as lifetime costs and interest rates change, the amount of loan authority will fluctuate.

Section 714: This provision allows funds made available in fiscal year 1998 for the Rural Development Loan Fund Program Account; Rural Telephone Bank Program Account; the Rural Electrification and Telecommunications Loans Program Account; and the Rural Economic Development Loans Program Account to remain available until expended. The Credit Reform Act requires that the lifetime costs of loans be appropriated. Current law requires that funds unobligated after five years expire. The life of some loans extends well beyond the five-year period and this provision allows funds appropriated to remain available until the loans are closed out.

Section 715: This provision provides that sums necessary for fiscal year 1998 pay raises shall be absorbed within the levels appropriated in this Act.

Section 716: This provision, added in fiscal year 1994, provides for compliance with the Buy American Act.

Section 717: This provision provides that the Agricultural Marketing Service and the Animal and Plant Health Inspection Service may use cooperative agreements.

Section 718: Provides that not more than 5 percent of Class A stock of the Rural Telephone Bank may be retired in fiscal year 1998. The provision also prohibits the maintenance of any account or subaccount which has not been specifically authorized by law. The provision also prohibits a transfer of any unobligated funds of the Rural Telephone Bank telephone liquidating account to the Treasury or the Federal Financing Bank that are in excess of current requirements.

Section 719: Provides that none of the funds in this Act may be used to provide market promotion/market access program assistance to the U.S. Mink Export Development Council or any mink industry trade association.

Section 720: Provides that of the funds made available, not more than $1,000,000 shall be used to cover expenses of activities related to all advisory committees, panels, commissions, and task forces of the Department of Agriculture except for panels used to comply with negotiated rule makings and panels used to evaluate competitive award grants.

Section 721: Provides that none of the funds in this Act shall be used to carry out an export enhancement program in excess of $270,000,000.

Section 722: This provision prohibits any employee of the Department of Agriculture from being detailed or assigned to any other agency or office of the Department for more than 30 days unless the individual's employing agency or office is fully reimbursed by the receiving agency or office for the salary and expenses of the employee for the period of assignment.

Section 723: This provision prohibits the Department of Agriculture from transmitting or making available to any non-Department of Agriculture employee questions or responses to questions that are a result of information requested for the appropriations hearing process.

COMPLIANCE WITH RULE XIII, CLAUSE 3

In compliance with clause 3 of rule XIII of the Rules of the House of Representatives, changes in existing law made by the bill, as reported, are shown as follows (existing law proposed to be omitted is enclosed in black brackets, new matter printed in italic, existing law in which no change is proposed is shown in roman):

Section 520 of the Housing Act of 1949 (42 U.S.C. 1490)

* * * * * * *

TITLE 42, UNITED STATES CODE 1490

* * * * * * *

As used in this subchapter, the terms "rural" and "rural area" mean any open country, or any place, town, village, or city which is not (except in the cases of Pajaro, in the State of California, and guadalupe, in the State of Arizona) part of or associated with an urban area and which (1) has a population not in excess of 2,500 inhabitants, or (2) has a population in excess of 2,500 but not in excess of 10,000 if it is rural in character, or (3) has a population in excess of 10,000 but not in excess of 20,000, and (A) is not contained within a standard metropolitan statistical area, and (B) has a serious lack of mortgage credit for lower and moderate-income families, as determined by the Secretary and the Secretary of Housing and Urban Development. For purposes of this subchapter, any area classified as "rural" or a "rural area" prior to October 1, 1990, and determined not to be "rural" or a "rural area" as a result of data received from or after the 1990 decennial census shall continue to be so classified until the receipt of data from the decennial

census in the year 2000, if such area has a population in excess of 10,000 but not in excess of 25,000, is rural in character, and has a serious lack of mortgage credit for lower and moderate-income families. Notwithstanding any other provision of this section, the city of Plainview, Texas, shall be considered a rural area for purposes of this subchapter*, and the City of Galt, California, shall not be considered rural or a rural area for purposes of this title.*

APPROPRIATIONS NOT AUTHORIZED BY LAW

Pursuant to clause 3 of rule XXI of the House of Representatives, the following table lists the appropriations in the accompanying bill which are not authorized by law:

Section 515, Multi-Family Housing,
Section 538 Guaranteed Multiple Family Housing,
Dairy Indemnity Program,
Prescription Drug User Fees,
Elderly Feeding Program,
Food Assistance for the Nuclear-Affected Islands.

COMPARISON WITH BUDGET RESOLUTION

Section 308(a)(1)(A) of the Congressional Budget and Impoundment Control Act of 1974 (Public Law 93–344), as amended, requires that the report accompanying a bill providing new budget authority contains a statement detailing how the authority compares with the reports submitted under section 602 of the Act for the most recently agreed to concurrent resolution on the budget for the fiscal year. This information follows:

[In millions of dollars]

Full committee data	602(b) allocation		This bill	
	Budget authority	Outlays	Budget authority	Outlays
Comparison with Budget Resolution:				
Discretionary	$13,651	$13,967	$13,650	$13,966
Mandatory	35,048	35,205	35,797	35,205
Total	$48,699	$49,172	$49,447	$49,171

The bill provides no new spending authority as described in section 401(c)(2) of the Congressional Budget and Impoundment Control Act of 1974 (Public Law 93–344), as amended.

FIVE-YEAR PROJECTION OF OUTLAYS

In compliance with section 308(a)(1)(C) of the Congressional Budget and Impoundment Control Act of 1974 (Public Law 93–344), as amended, the following table contains five-year projections associated with the budget authority provided in the accompanying bill:

Five year projections	Budget authority	Outlays
Budget Authority	$49,447	
Outlays:		
1998		$41,682

Five year projections	Budget authority	Outlays
1999		5,360
2000		566
2001		270
2002 and beyond		465

The bill provides no new revenues or tax expenditures, and will have no effect on budget authority, budget outlays, spending authority, revenues, tax expenditures, direct loan obligations, or primary loan guarantee commitments available under existing law for fiscal year 1997 and beyond.

FINANCIAL ASSISTANCE TO STATE AND LOCAL GOVERNMENTS

In accordance with section 308(a)(1)(D) of the Congressional Budget and Impoundment Control Act of 1974 (Public Law 93–344), as amended, the financial assistance to state and local governments is as follows:

[In millions of dollars]

New budget authority	$16,440,000
Fiscal year 1998 outlays resulting therefrom	15,036,000

PROGRAM, PROJECT, AND ACTIVITY

During fiscal year 1998, for purposes of the Balanced Budget and Emergency Deficit Control Act of 1985 (Public Law 99–177), the following information provides the definition of the term "program, project, and activity" for departments and agencies under the jurisdiction of the Agriculture, Rural Development, Food and Drug Administration, and Related Agencies Subcommittee. The term "program, project, and activity" shall include the most specific level of budget items identified in the Agriculture, Rural Development, Food and Drug Administration, and Related Agencies Appropriations Act of 1998, the House and Senate Committee reports, and the conference report and accompanying joint explanatory statement of the managers of the committee of conference.

If a Sequestration Order is necessary, in implementing the required Presidential Order, departments and agencies shall apply any percentage reduction for fiscal year 1998 pursuant to the provisions of Public Law 99–177 to all items specified in the explanatory notes submitted to the Committees on Appropriations of the House and Senate in support of the fiscal year 1998 budget estimates, as amended, for such departments and agencies, as modified by congressional action, and in addition:

For the Agricultural Research Service the definition shall include specific research locations as identified in the explanatory notes and lines of research specifically identified in the reports of the House and Senate Appropriations Committees.

For the Natural Resources Conservation Service the definition shall include individual flood prevention projects as identified in the explanatory notes and individual operational watershed projects as summarized in the notes.

For the Farm Service Agency the definition shall include individual state, district, and county offices.

FULL COMMITTEE VOTES

Pursuant to the provisions of clause 2(l)(2)(b) of rule XI of the House of Representatives, the results of each rollcall vote on an amendment or on the motion to report, together with the names of those voting for and those voting against, are printed below:

ROLLCALL NO. 1

Date: July 9, 1997.
Measure: FY 1998 Agriculture Appropriations Bill.
Motion by: Mr. Nethercutt.
Description of motion: To prohibit funding of the office of the Deputy and Assistant Deputy Administrator for Farm Programs in the Farm Service Agency.
Results: Adopted; 28 yeas, 21 nays.

Members Voting Yea	*Members Voting Nay*
Mr. Aderholt	Ms. DeLauro
Mr. Bonilla	Mr. Fazio
Mr. Callahan	Mr. Hefner
Mr. Cunningham	Mr. Hoyer
Mr. Forbes	Miss Kaptur
Mr. Frelinghuysen	Mrs. Lowey
Mr. Hobson	Mrs. Meek
Mr. Istook	Mr. Moran
Mr. Kingston	Mr. Obey
Mr. Knollenberg	Mr. Olver
Mr. Kolbe	Mr. Pastor
Mr. Latham	Ms. Pelosi
Mr. Lewis	Mr. Porter
Mr. Livingston	Mr. Price
Mr. McDade	Mr. Sabo
Mr. Miller	Mr. Serrano
Mr. Nethercutt	Mr. Skaggs
Mrs. Northup	Mr. Stokes
Mr. Packard	Mr. Torres
Mr. Parker	Mr. Visclosky
Mr. Skeen	Mr. Yates
Mr. Taylor	
Mr. Tiahrt	
Mr. Walsh	
Mr. Wamp	
Mr. Wicker	
Mr. Wolf	
Mr. Young	

COMPARATIVE STATEMENT OF NEW BUDGET (OBLIGATIONAL) AUTHORITY FOR 1997 AND BUDGET ESTIMATES AND AMOUNTS RECOMMENDED IN THE BILL FOR 1998

Agency and item (1)	Appropriated, 1997 (enacted to date) (2)	Budget estimates, 1998 (3)	Recommended in bill (4)	Bill compared with appropriated, 1997 (5)	Bill compared with budget estimates, 1998 (6)
TITLE I - AGRICULTURAL PROGRAMS					
Production, Processing, and Marketing					
Office of the Secretary	2,836,000	2,872,000	2,836,000	.....	-36,000
Executive Operations:					
Chief Economist	4,231,000	5,308,000	4,844,000	+613,000	-464,000
Commission on 21st Century Production Agriculture	.....	1,100,000	.....	.....	-1,100,000
National Appeals Division	11,718,000	13,359,000	11,718,000	.....	-1,641,000
Office of Budget and Program Analysis	5,986,000	5,918,000	5,986,000	.....	+68,000
Office of Small and Disadvantaged Business Utilization 1/	.....	795,000	.....	.....	-795,000
Office of Chief Information Officer	.....	4,828,000	4,773,000	+4,773,000	-55,000
Total, Executive Operations	21,935,000	31,308,000	27,321,000	+5,386,000	-3,987,000
Chief Financial Officer	4,283,000	4,718,000	4,283,000	.....	-435,000
Office of the Assistant Secretary for Administration	613,000	621,000	613,000	.....	-8,000
Agriculture buildings and facilities (USDA)	144,053,000	131,085,000	141,085,000	-2,968,000	+10,000,000
Payments to GSA	(103,754,000)	(98,600,000)	(98,600,000)	(-5,154,000)	.....
Building operations and maintenance	(16,794,000)	(24,785,000)	(24,785,000)	(+7,991,000)	.....
Repairs, renovations, and construction	(23,505,000)	(5,000,000)	(15,000,000)	(-8,505,000)	(+10,000,000)
Relocation expenses	.....	(2,700,000)	(2,700,000)	(+2,700,000)	.....
Hazardous waste management	15,700,000	25,000,000	20,000,000	+4,300,000	-5,000,000
Departmental administration	30,529,000	25,258,000	25,731,000	-4,798,000	+473,000

Office of the Assistant Secretary for Congressional Relations	3,668,000	3,714,000	3,668,000	.....	-46,000
Office of Communications	8,138,000	8,279,000	8,138,000	.....	-141,000
Office of the Inspector General	63,028,000	65,259,000	63,128,000	+100,000	-2,131,000
Office of the General Counsel	27,749,000	29,449,000	27,949,000	+200,000	-1,500,000
Office of the Under Secretary for Research, Education and Economics	540,000	547,000	540,000	.....	-7,000
Economic Research Service	53,109,000	54,310,000	71,604,000	+18,495,000	+17,294,000
National Agricultural Statistics Service	100,221,000	119,877,000	118,361,000	+18,140,000	-1,516,000
Census of Agriculture	(17,500,000)	(36,327,000)	(36,140,000)	(+18,640,000)	(-187,000)
Agricultural Research Service	716,826,000	726,797,000	725,059,000	+8,233,000	-1,738,000
Buildings and facilities	69,100,000	59,300,000	59,000,000	-10,100,000	-300,000
Total, Agricultural Research Service	785,926,000	786,097,000	784,059,000	-1,867,000	-2,038,000
Cooperative State Research, Education, and Extension Service:					
Research and education activities	421,504,000	422,342,000	420,723,000	-781,000	-1,619,000
Native Americans Institutions Endowment Fund	(4,600,000)	(4,600,000)	(4,600,000)	.....	.....
Buildings and facilities	61,591,000	.....	.....	-61,591,000	.....
Extension Activities	426,273,000	417,811,000	415,110,000	-11,163,000	-2,701,000
Total, Cooperative State Research, Education, and Extension Service	909,368,000	840,153,000	835,833,000	-73,535,000	-4,320,000
Office of the Assistant Secretary for Marketing and Regulatory Programs	618,000	625,000	618,000	.....	-7,000

COMPARATIVE STATEMENT OF NEW BUDGET (OBLIGATIONAL) AUTHORITY FOR 1997 AND BUDGET ESTIMATES AND AMOUNTS RECOMMENDED IN THE BILL FOR 1998—Continued

Agency and item (1)	Appropriated, 1997 (enacted to date) (2)	Budget estimates, 1998 (3)	Recommended in bill (4)	Bill compared with appropriated, 1997 (5)	Bill compared with budget estimates, 1998 (6)
Animal and Plant Health Inspection Service:					
Salaries and expenses	434,909,000	424,491,000	424,244,000	-10,665,000	-247,000
AQI user fees 2/	(98,000,000)	(100,000,000)	(88,000,000)	(-10,000,000)	(-12,000,000)
Buildings and facilities	3,200,000	7,200,000	3,200,000	.....	-4,000,000
Total, Animal and Plant Health Inspection Service	438,109,000	431,691,000	427,444,000	-10,665,000	-4,247,000
Agricultural Marketing Service:					
Marketing Services	38,507,000	49,786,000	45,592,000	+7,085,000	-4,194,000
New user fees	(3,887,000)	(4,000,000)	(4,000,000)	(+113,000)	.....
(Limitation on administrative expenses, from fees collected)	(59,012,000)	(59,521,000)	(59,521,000)	(+509,000)	.....
Funds for strengthening markets, income, and supply (transfer from section 32)	10,576,000	10,690,000	10,690,000	+114,000	.....
Payments to states and possessions	1,200,000	1,200,000	1,200,000	.....	.....
Total, Agricultural Marketing Service	50,283,000	61,676,000	57,482,000	+7,199,000	-4,194,000
Grain Inspection, Packers and Stockyards Administration	23,128,000	25,722,000	23,928,000	+800,000	-1,794,000
Inspection and Weighing Services (limitation on administrative expenses, from fees collected)	(43,207,000)	(43,092,000)	(43,092,000)	(-115,000)	.....
Office of the Under Secretary for Food Safety	446,000	583,000	446,000	.....	-137,000

Food Safety and Inspection Service	574,000,000	591,209,000	589,263,000	+15,263,000	-1,946,000
Lab accreditation fees 3/	(1,000,000)	(1,000,000)	(1,000,000)	.....	.....
Total, Production, Processing, and Marketing	3,258,280,000	3,240,053,000	3,234,330,000	-23,950,000	-5,723,000
Farm Assistance Programs					
Office of the Under Secretary for Farm and Foreign Agricultural Services	572,000	580,000	572,000	.....	-8,000
Farm Service Agency:					
Salaries and expenses	746,440,000	742,789,000	702,203,000	-44,237,000	-40,586,000
(Transfer from export loans)	(589,000)	(648,000)	(589,000)	.....	(-59,000)
(Transfer from P.L. 480)	(745,000)	(815,000)	(745,000)	.....	(-70,000)
(Transfer from ACIF)	(208,446,000)	(209,861,000)	(208,446,000)	.....	(-1,415,000)
Total, salaries and expenses	(956,220,000)	(954,113,000)	(911,983,000)	(-44,237,000)	(-42,130,000)
State mediation grants	2,000,000	4,000,000	2,000,000	.....	-2,000,000
Dairy indemnity program	100,000	100,000	350,000	+250,000	+250,000
Total, Farm Service Agency	748,540,000	746,889,000	704,553,000	-43,987,000	-42,336,000
Agricultural Credit Insurance Fund Program Account:					
Loan authorizations:					
Farm ownership loans:					
Direct	(50,000,000)	(30,828,000)	(30,828,000)	(-19,172,000)	.....
Guaranteed	(550,000,000)	(400,000,000)	(400,000,000)	(-150,000,000)	.....
Subtotal	(600,000,000)	(430,828,000)	(430,828,000)	(-169,172,000)	.....

COMPARATIVE STATEMENT OF NEW BUDGET (OBLIGATIONAL) AUTHORITY FOR 1997 AND BUDGET ESTIMATES AND AMOUNTS RECOMMENDED IN THE BILL FOR 1998—Continued

Agency and item (1)	Appropriated, 1997 (enacted to date) (2)	Budget estimates, 1998 (3)	Recommended in bill (4)	Bill compared with appropriated, 1997 (5)	Bill compared with budget estimates, 1998 (6)
Farm operating loans:					
Direct	(495,071,000)	(450,000,000)	(450,000,000)	(-45,071,000)	.....
Guaranteed unsubsidized	(1,700,000,000)	(1,700,000,000)	(1,700,000,000)	.....	.....
Guaranteed subsidized	(200,000,000)	(200,000,000)	(191,701,000)	(-8,299,000)	(-8,299,000)
Subtotal	(2,395,071,000)	(2,350,000,000)	(2,341,701,000)	(-53,370,000)	(-8,299,000)
Indian tribe land acquisition loans	(1,000,000)	(1,000,000)	(500,000)	(-500,000)	(-500,000)
Emergency disaster loans	(25,000,000)	(25,000,000)	(25,000,000)	.....	.....
Boll weevil eradication loans	(34,653,000)	.....	(34,653,000)	.....	(+34,653,000)
Credit sales of acquired property	(25,000,000)	(25,000,000)	(19,432,000)	(-5,568,000)	(-5,568,000)
Total, Loan authorizations	(3,080,724,000)	(2,831,828,000)	(2,852,114,000)	(-228,610,000)	(+20,286,000)
Loan subsidies:					
Farm ownership loans:					
Direct	5,920,000	4,020,000	4,020,000	-1,900,000	.....
Guaranteed	22,055,000	15,440,000	15,440,000	-6,615,000	.....
Subtotal	27,975,000	19,460,000	19,460,000	-8,515,000	.....

Farm operating loans:					
Direct	65,450,000	29,565,000	29,565,000	-35,885,000	.....
Guaranteed unsubsidized	19,210,000	19,890,000	19,210,000	.....	-680,000
Guaranteed subsidized	18,480,000	19,280,000	18,480,000	.....	-800,000
Subtotal	103,140,000	68,735,000	67,255,000	-35,885,000	-1,480,000
Indian tribe land acquisition	54,000	132,000	66,000	+12,000	-66,000
Emergency disaster loans	6,365,000	6,008,000	6,008,000	-357,000	.....
Boll weevil loans subsidy	499,000	.....	500,000	+1,000	+500,000
Credit sales of acquired property	2,530,000	3,255,000	2,530,000	.....	-725,000
Total, Loan subsidies	140,563,000	97,590,000	95,819,000	-44,744,000	-1,771,000
ACIF expenses:					
Salaries and expense (transfer to FSA)	208,446,000	209,861,000	208,446,000	.....	-1,415,000
Administrative expenses	12,600,000	10,000,000	10,000,000	-2,600,000	.....
Total, ACIF expenses	221,046,000	219,861,000	218,446,000	-2,600,000	-1,415,000
Total, Agricultural Credit Insurance Fund	361,609,000	317,451,000	314,265,000	-47,344,000	-3,186,000
(Loan authorization)	(3,080,724,000)	(2,831,828,000)	(2,852,114,000)	(-228,610,000)	(+20,286,000)
Risk Management Agency:					
Administrative and operating expenses	64,000,000	68,465,000	65,000,000	+1,000,000	-3,465,000
Sales commission of agents	.....	202,571,000	188,571,000	+188,571,000	-14,000,000
Total, Risk Management Agency	64,000,000	271,036,000	253,571,000	+189,571,000	-17,465,000
Total, Farm Assistance Programs	1,174,721,000	1,335,956,000	1,272,961,000	+98,240,000	-62,995,000

COMPARATIVE STATEMENT OF NEW BUDGET (OBLIGATIONAL) AUTHORITY FOR 1997 AND BUDGET ESTIMATES AND AMOUNTS RECOMMENDED IN THE BILL FOR 1998—Continued

Agency and item (1)	Appropriated, 1997 (enacted to date) (2)	Budget estimates, 1998 (3)	Recommended in bill (4)	Bill compared with appropriated, 1997 (5)	Bill compared with budget estimates, 1998 (6)
Corporations					
Federal Crop Insurance Corporation:					
Federal crop insurance corporation fund	1,785,013,000	1,584,135,000	1,584,135,000	-200,878,000	.....
Commodity Credit Corporation Fund:					
Reimbursement for net realized losses	1,500,000,000	783,507,000	783,507,000	-716,493,000	.....
Hazardous waste (limitation on administrative expenses)	(5,000,000)	(5,000,000)	(5,000,000)	.....	.....
Total, Corporations	3,285,013,000	2,367,642,000	2,367,642,000	-917,371,000	.....
Total, title I, Agricultural Programs	7,718,014,000	6,943,651,000	6,874,933,000	-843,081,000	-68,718,000
(By transfer)	(209,780,000)	(211,324,000)	(209,780,000)	.....	(-1,544,000)
(Loan authorization)	(3,080,724,000)	(2,831,828,000)	(2,852,114,000)	(-228,610,000)	(+20,286,000)
(Limitation on administrative expenses)	(107,219,000)	(107,613,000)	(107,613,000)	(+394,000)	.....
TITLE II - CONSERVATION PROGRAMS					
Office of the Under Secretary for Natural Resources and Environment	693,000	702,000	693,000	.....	-9,000
Natural Resources Conservation Service:					
Conservation operations	619,742,000	722,268,000	610,000,000	-9,742,000	-112,268,000
Watershed surveys and planning 4/	12,381,000	.....	10,000,000	-2,381,000	+10,000,000
Watershed and flood prevention operations 5/	101,036,000	40,000,000	101,036,000	.....	+61,036,000
Resource conservation and development	29,377,000	47,700,000	29,377,000	.....	-18,323,000
Forestry incentives program	6,325,000	6,325,000	6,325,000	.....	.....

Outreach for socially disadvantaged farmers and ranchers	1,000,000	5,000,000	2,000,000	+1,000,000	-3,000,000
Total, Natural Resources Conservation Service	769,861,000	821,293,000	758,738,000	-11,123,000	-62,555,000
Total, title II, Conservation Programs	770,554,000	821,995,000	759,431,000	-11,123,000	-62,564,000
TITLE III - RURAL ECONOMIC AND COMMUNITY DEVELOPMENT PROGRAMS					
Office of the Under Secretary for Rural Development	588,000	596,000	588,000	.....	-8,000
Rural Housing Service:					
Rural Housing Insurance Fund Program Account:					
Loan authorizations:					
Low-income housing (sec. 502)	(1,000,000,000)	(1,000,000,000)	(950,000,000)	(-50,000,000)	(-50,000,000)
Unsubsidized guaranteed	(2,300,000,000)	(3,000,000,000)	(3,000,000,000)	(+700,000,000)	.....
Housing repair (sec. 504)	(35,000,000)	(30,000,000)	(30,000,000)	(-5,000,000)	.....
Farm labor (sec. 514)	(15,000,000)	(15,001,000)	(15,000,000)	.....	(-1,000)
Rental housing (sec. 515)	(58,654,000)	(128,640,000)	(128,640,000)	(+69,986,000)	.....
Site loans (sec. 524)	(600,000)	(600,000)	(600,000)	.....	.....
Self-help housing land development fund	(600,000)	(587,000)	(587,000)	(-13,000)	.....
Credit sales of acquired property	(50,000,000)	(25,004,000)	(25,000,000)	(-25,000,000)	(-4,000)
Total, Loan authorizations	(3,459,854,000)	(4,199,832,000)	(4,149,827,000)	(+689,973,000)	(-50,005,000)
Loan subsidies:					
Single family (sec. 502):					
Direct	83,000,000	128,100,000	121,600,000	+38,600,000	-6,500,000
Unsubsidized guaranteed	6,210,000	6,900,000	6,900,000	+690,000	.....
Housing repair (sec. 504)	11,081,000	10,308,000	10,300,000	-781,000	-8,000
Farm labor (sec. 514)	6,885,000	7,388,000	7,388,000	+503,000	.....

COMPARATIVE STATEMENT OF NEW BUDGET (OBLIGATIONAL) AUTHORITY FOR 1997 AND BUDGET ESTIMATES AND AMOUNTS RECOMMENDED IN THE BILL FOR 1998—Continued

Agency and item (1)	Appropriated, 1997 (enacted to date) (2)	Budget estimates, 1998 (3)	Recommended in bill (4)	Bill compared with appropriated, 1997 (5)	Bill compared with budget estimates, 1998 (6)
Rental housing (sec. 515): Direct	28,987,000	68,745,000	68,745,000	+39,758,000	.....
Self-help housing land development fund	17,000	20,000	17,000	.....	-3,000
Credit sales of acquired property	4,050,000	3,493,000	3,492,000	-558,000	-1,000
Total, Loan subsidies	140,230,000	224,954,000	218,442,000	+78,212,000	-6,512,000
RHIF administrative expenses (transfer to RHS)	366,205,000	354,785,000	354,785,000	-11,420,000	.....
Multi-family housing guarantees (sec. 538)	.....	.....	1,200,000	+1,200,000	+1,200,000
Rental assistance program:					
(Sec. 521)	487,970,000	535,497,000	487,970,000	.....	-47,527,000
(Sec. 502(c)(5)(D))	5,900,000	5,900,000	5,900,000	.....	.....
Convert from HUD's section 8 contracts to USDA's section 521	.....	52,000,000	.....	.....	-52,000,000
Total, Rental assistance program	493,870,000	593,397,000	493,870,000	.....	-99,527,000
Total, Rural Housing Insurance Fund	1,000,305,000	1,173,136,000	1,068,297,000	+67,992,000	-104,839,000
(Loan authorization)	(3,459,854,000)	(4,199,832,000)	(4,149,827,000)	(+689,973,000)	(-50,005,000)
Mutual and self-help housing grants 6/	26,000,000	.....	26,000,000	.....	+26,000,000
Rural community fire protection grants	.....	2,000,000	2,000,000	+2,000,000	.....
Rural housing assistance program	130,433,000	.....	86,488,000	-43,945,000	+86,488,000
Rural housing assistance grants	.....	70,900,000	.....	.....	-70,900,000
Subtotal, grants and payments	156,433,000	72,900,000	114,488,000	-41,945,000	+41,588,000

RHS expenses:					
Administrative expenses	60,743,000	58,804,000	58,804,000	-1,939,000	.....
(Transfer from RHIF)	(366,205,000)	(354,785,000)	(354,785,000)	(-11,420,000)	.....
Total, RHS expenses	(426,948,000)	(413,589,000)	(413,589,000)	(-13,359,000)	.....
Total, Rural Housing Service	1,217,481,000	1,304,840,000	1,241,589,000	+24,108,000	-63,251,000
(Loan authorization)	(3,459,854,000)	(4,199,832,000)	(4,149,827,000)	(+689,973,000)	(-50,005,000)
Rural Business-Cooperative Service:					
Rural Development Loan Fund Program Account:					
(Loan authorization)	(37,544,000)	(35,000,000)	(35,000,000)	(-2,544,000)	.....
Loan subsidy	17,270,000	16,888,000	16,888,000	-382,000	.....
Administrative expenses (transfer to RBCS)	.....	3,482,000	3,482,000	+3,482,000	.....
Total, Rural Development Loan Fund	17,270,000	20,370,000	20,370,000	+3,100,000	.....
Rural Economic Development Loans Program Account:					
(Loan authorization)	(12,865,000)	(25,000,000)	(25,000,000)	(+12,135,000)	.....
Direct subsidy	2,830,000	.....	.....	-2,830,000	.....
Administrative expenses (transfer to RBCS)	654,000	.....	.....	-654,000	.....
By transfer from cushion of credit payments	.....	(5,978,000)	(5,978,000)	(+5,978,000)	.....
Alternative Agricultural Research and Commercialization Revolving Fund	7,000,000	10,000,000	.....	-7,000,000	-10,000,000
Rural cooperative development grants	.....	3,000,000	3,000,000	+3,000,000	.....
Rural business-cooperative assistance 7/	51,400,000	.....	51,400,000	.....	+51,400,000
Rural community advancement program	.....	688,570,000	.....	.....	-688,570,000

COMPARATIVE STATEMENT OF NEW BUDGET (OBLIGATIONAL) AUTHORITY FOR 1997 AND BUDGET ESTIMATES AND AMOUNTS RECOMMENDED IN THE BILL FOR 1998—Continued

Agency and item (1)	Appropriated, 1997 (enacted to date) (2)	Budget estimates, 1998 (3)	Recommended in bill (4)	Bill compared with appropriated, 1997 (5)	Bill compared with budget estimates, 1998 (6)
RBCS expenses:					
Salaries and expenses	25,680,000	27,482,000	25,680,000	.....	-1,802,000
(Transfer from RDLFP)	.....	(3,482,000)	(3,482,000)	(+3,482,000)	.....
(Transfer from REDLP)	(654,000)	.....	.....	(-654,000)	.....
Total, RBCS expenses	(26,334,000)	(30,964,000)	(29,162,000)	(+2,828,000)	(-1,802,000)
Total, Rural Business-Cooperative Service	104,834,000	749,422,000	100,450,000	-4,384,000	-648,972,000
(By transfer)	(654,000)	(9,460,000)	(9,460,000)	(+8,806,000)	.....
(Loan authorization)	(50,409,000)	(60,000,000)	(60,000,000)	(+9,591,000)	.....
Rural Utilities Service:					
Rural Electrification and Telecommunications Loans Program Account:					
Loan authorizations:					
Direct loans:					
Electric 5%	(125,000,000)	(125,000,000)	(125,000,000)	.....	.....
Telecommunicatins 5%	(75,000,000)	(40,000,000)	(75,000,000)	.....	(+35,000,000)
Subtotal	(200,000,000)	(165,000,000)	(200,000,000)	.....	(+35,000,000)
Treasury rates: Telecommunicatins	(300,000,000)	(300,000,000)	(300,000,000)	.....	.....
Muni-rate: Electric	(525,000,000)	(400,000,000)	(400,000,000)	(-125,000,000)	.....

FFB loans:					
Electric, regular	(300,000,000)	(300,000,000)	(300,000,000)	.....	.....
Telecommunicatins	(120,000,000)	(120,000,000)	(120,000,000)	.....	.....
Subtotal	(420,000,000)	(420,000,000)	(420,000,000)	.....	.....
Total, Loan authorizations	(1,445,000,000)	(1,285,000,000)	(1,320,000,000)	(-125,000,000)	(+35,000,000)
Loan subsidies:					
Direct loans:					
Electric 5%	3,625,000	9,325,000	9,325,000	+5,700,000	.....
Telecommunicatins 5%	1,193,000	1,568,000	3,136,000	+1,943,000	+1,568,000
Subtotal	4,818,000	10,893,000	12,461,000	+7,643,000	+1,568,000
Treasury rates: Telecommunicatins	60,000	60,000	60,000	.....	.....
Muni-rate: electric	28,245,000	16,880,000	16,880,000	-11,365,000	.....
FFB loans: Electric, regular	2,790,000	2,760,000	2,760,000	-30,000	.....
Total, Loan subsidies	35,913,000	30,593,000	32,161,000	-3,752,000	+1,568,000
RETLP administrative expenses (transfer to RUS)	29,982,000	34,398,000	34,398,000	+4,416,000	.....
Total, Rural Electrification and Telecommunications Loans Program Account	65,895,000	64,991,000	66,559,000	+664,000	+1,568,000
(Loan authorization)	(1,445,000,000)	(1,285,000,000)	(1,320,000,000)	(-125,000,000)	(+35,000,000)

COMPARATIVE STATEMENT OF NEW BUDGET (OBLIGATIONAL) AUTHORITY FOR 1997 AND BUDGET ESTIMATES AND AMOUNTS RECOMMENDED IN THE BILL FOR 1998—Continued

Agency and item (1)	Appropriated, 1997 (enacted to date) (2)	Budget estimates, 1998 (3)	Recommended in bill (4)	Bill compared with appropriated, 1997 (5)	Bill compared with budget estimates, 1998 (6)
Rural Telephone Bank Program Account:					
(Loan authorization)	(175,000,000)	(175,000,000)	(175,000,000)	.....	.....
Direct loan subsidy	2,328,000	3,710,000	3,710,000	+1,382,000	.....
RTP administrative expenses (transfer to RUS)	3,500,000	3,000,000	3,000,000	-500,000	.....
Total	5,828,000	6,710,000	6,710,000	+882,000	.....
Distance learning and medical link grants and loans:					
(Loan authorization)	(150,000,000)	(150,000,000)	(150,000,000)	.....	.....
Direct loan subsidy	1,530,000	30,000	30,000	-1,500,000	.....
Grants	7,470,000	20,970,000	15,000,000	+7,530,000	-5,970,000
Total	9,000,000	21,000,000	15,030,000	+6,030,000	-5,970,000
Rural utilities assistance program 7/	566,935,000	.....	577,242,000	+10,307,000	+577,242,000
RUS expenses:					
Salaries and expenses	33,195,000	33,000,000	33,000,000	-195,000	.....
(Transfer from RETLP)	(29,982,000)	(34,398,000)	(34,398,000)	(+4,416,000)	.....
(Transfer from RTP)	(3,500,000)	(3,000,000)	(3,000,000)	(-500,000)	.....
Total, RUS expenses	(66,677,000)	(70,398,000)	(70,398,000)	(+3,721,000)	.....
Total, Rural Utilities Service	680,853,000	125,701,000	698,541,000	+17,688,000	+572,840,000
(By transfer)	(33,482,000)	(37,398,000)	(37,398,000)	(+3,916,000)	.....
(Loan authorization)	(1,770,000,000)	(1,610,000,000)	(1,645,000,000)	(-125,000,000)	(+35,000,000)

Total, title III, Rural Economic and Community Development Programs	2,003,756,000	2,180,559,000	2,041,168,000	+37,412,000	-139,391,000
(By transfer)	(400,341,000)	(401,643,000)	(401,643,000)	(+1,302,000)	.....
(Loan authorization)	(5,280,263,000)	(5,869,832,000)	(5,854,827,000)	(+574,564,000)	(-15,005,000)
TITLE IV - DOMESTIC FOOD PROGRAMS					
Office of the Under Secretary for Food, Nutrition and Consumer Services	454,000	560,000	454,000	.....	-106,000
Food and Consumer Service:					
Child nutrition programs	3,219,544,000	2,617,375,000	2,543,555,000	-675,989,000	-73,820,000
Discretionary spending	.....	14,000,000	5,000,000	+5,000,000	-9,000,000
Transfer from section 32	5,433,753,000	5,151,391,000	5,218,411,000	-215,342,000	+67,020,000
Total, Child nutrition programs	8,653,297,000	7,782,766,000	7,766,966,000	-886,331,000	-15,800,000
Special supplemental nutrition program for women, infants, and children (WIC)	3,805,807,000	4,108,000,000	3,924,000,000	+118,193,000	-184,000,000
Reserve	.....	(100,000,000)	.....	.....	(-100,000,000)
Food stamp program:					
Expenses	26,244,029,000	23,747,479,000	23,736,479,000	-2,507,550,000	-11,000,000
Reserve	100,000,000	2,500,000,000	100,000,000	.....	-2,400,000,000
Nutrition assistance for Puerto Rico	1,174,000,000	1,204,000,000	1,204,000,000	+30,000,000	.....
The emergency food assistance program 8/	100,000,000	100,000,000	100,000,000	.....	.....
Total, Food stamp program	27,618,029,000	27,551,479,000	25,140,479,000	-2,477,550,000	-2,411,000,000
Commodity assistance program	166,000,000	272,165,000	141,000,000	-25,000,000	-131,165,000

COMPARATIVE STATEMENT OF NEW BUDGET (OBLIGATIONAL) AUTHORITY FOR 1997 AND BUDGET ESTIMATES AND AMOUNTS RECOMMENDED IN THE BILL FOR 1998—Continued

Agency and item (1)	Appropriated, 1997 (enacted to date) (2)	Budget estimates, 1998 (3)	Recommended in bill (4)	Bill compared with appropriated, 1997 (5)	Bill compared with budget estimates, 1998 (6)
Food donations programs for selected groups:					
Needy family program	1,250,000	.....	1,165,000	-85,000	+1,165,000
Elderly feeding program	140,000,000	.....	140,000,000	.....	+140,000,000
Total, Food donations programs 9/	141,250,000	.....	141,165,000	-85,000	+141,165,000
Food program administration	106,128,000	105,501,000	104,128,000	-2,000,000	-1,373,000
The Center for Nutrition Policy and Promotion 10/	.....	2,499,000	.....	.....	-2,499,000
Total, Food and Consumer Service	40,490,511,000	39,822,410,000	37,217,738,000	-3,272,773,000	-2,604,672,000
Total, title IV, Domestic Food Programs	40,490,965,000	39,822,970,000	37,218,192,000	-3,272,773,000	-2,604,778,000
TITLE V - FOREIGN ASSISTANCE AND RELATED PROGRAMS					
Foreign Agricultural Service:					
Direct appropriation 11/	131,295,000	146,549,000	131,295,000	.....	-15,254,000
(Transfer from export loans)	(3,231,000)	(3,327,000)	(3,231,000)	.....	(-96,000)
(Transfer from P.L. 480)	(1,035,000)	(1,066,000)	(1,035,000)	.....	(-31,000)
Total, Program level	(135,561,000)	(150,942,000)	(135,561,000)	.....	(-15,381,000)

Public Law 480 Program Account:					
Title I - Credit sales:					
Program level	(240,805,000)	(123,149,000)	(238,048,000)	(-2,757,000)	(+114,899,000)
Direct loans	(226,900,000)	(112,899,000)	(225,798,000)	(-1,102,000)	(+112,899,000)
Ocean freight differential	13,905,000	10,250,000	12,250,000	-1,655,000	+2,000,000
Title II - Commodities for disposition abroad:					
Program level	(837,000,000)	(837,000,000)	(837,000,000)	.....	.....
Appropriation	837,000,000	837,000,000	837,000,000	.....	.....
Title III - Commodity grants:					
Program level	(29,500,000)	(30,000,000)	(30,000,000)	(+500,000)	.....
Appropriation	29,500,000	30,000,000	30,000,000	+500,000	.....
Loan subsidies	185,589,000	87,869,000	175,738,000	-9,851,000	+87,869,000
Salaries and expenses:					
General Sales Manager (transfer to FAS)	1,035,000	1,066,000	1,035,000	.....	-31,000
Farm Service Agency (transfer to FSA)	745,000	815,000	745,000	.....	-70,000
Subtotal	1,780,000	1,881,000	1,780,000	.....	-101,000
Total, Public Law 480:					
Program level	(1,107,305,000)	(990,149,000)	(1,105,048,000)	(-2,257,000)	(+114,899,000)
Appropriation	1,067,774,000	967,000,000	1,056,768,000	-11,006,000	+89,768,000
CCC Export Loans Program Account:					
Loan guarantees:					
Short-term export credit	(5,500,000,000)	(5,500,000,000)	(5,500,000,000)	.....	.....
Loan subsidy	390,305,000	527,546,000	527,546,000	+137,241,000	.....
Emerging markets export credit	.....	(200,000,000)	(200,000,000)	(+200,000,000)	.....

COMPARATIVE STATEMENT OF NEW BUDGET (OBLIGATIONAL) AUTHORITY FOR 1997 AND BUDGET ESTIMATES AND AMOUNTS RECOMMENDED IN THE BILL FOR 1998—Continued

Agency and item (1)	Appropriated, 1997 (enacted to date) (2)	Budget estimates, 1998 (3)	Recommended in bill (4)	Bill compared with appropriated, 1997 (5)	Bill compared with budget estimates, 1998 (6)
Salaries and expenses (Export Loans):					
General Sales Manager (transfer to FAS)	3,231,000	3,327,000	3,231,000	.....	-96,000
Farm Service Agency (transfer to FSA)	589,000	648,000	589,000	.....	-59,000
Total, CCC Export Loans Program Account	394,125,000	531,521,000	531,366,000	+137,241,000	-155,000
Total, title V, Foreign Assistance and Related Programs	1,593,194,000	1,645,070,000	1,719,429,000	+126,235,000	+74,359,000
(By transfer)	(4,266,000)	(4,393,000)	(4,266,000)	.....	(-127,000)
TITLE VI - RELATED AGENCIES AND FOOD AND DRUG ADMINISTRATION					
DEPARTMENT OF HEALTH AND HUMAN SERVICES					
Food and Drug Administration					
Salaries and expenses, direct appropriation	819,971,000	750,922,000	857,971,000	+38,000,000	+107,049,000
Prescription drug user fee act 12/	(87,528,000)	(91,204,000)	(91,204,000)	(+3,676,000)	.....
Mammography clinics user fee 12/	(13,403,000)	(13,966,000)	(13,966,000)	(+563,000)	.....
New proposed user fees 12/	.....	(131,643,000)	.....	.....	(-131,643,000)
Total, Program level	(920,902,000)	(987,735,000)	(963,141,000)	(+42,239,000)	(-24,594,000)
Buildings and facilities	21,350,000	22,900,000	21,350,000	.....	-1,550,000

Rental payments	46,294,000	46,294,000	46,294,000	.....	.....
Total, Food and Drug Administration	887,615,000	820,116,000	925,615,000	+38,000,000	+105,499,000
DEPARTMENT OF THE TREASURY					
Financial Management Service: Payments to the Farm Credit System Financial Assistance Corporation	10,290,000	7,728,000	7,728,000	-2,562,000	.....
INDEPENDENT AGENCIES					
Commodity Futures Trading Commission	55,101,000	60,101,000	57,101,000	+2,000,000	-3,000,000
Farm Credit Administration (limitation on administrative expenses)	(37,478,000)	(34,423,000)	(34,423,000)	(-3,055,000)	.....
Total, title VI, Related Agencies and Food and Drug Administration	953,006,000	887,945,000	990,444,000	+37,438,000	+102,499,000
TITLE VII - EMERGENCY APPROPRIATIONS					
DEPARTMENT OF AGRICULTURE					
Farm Service Agency					
Emergency conservation program	25,000,000	.....	.....	-25,000,000	.....
Emergency appropriations (P.L. 105-18)	23,000,000	.....	.....	-23,000,000	.....
Natural Resources Conservation Service					
Watershed and flood prevention operations	63,000,000	.....	.....	-63,000,000	.....
Emergency appropriations (P.L. 105-18)	245,000,000	.....	.....	-245,000,000	.....

COMPARATIVE STATEMENT OF NEW BUDGET (OBLIGATIONAL) AUTHORITY FOR 1997 AND BUDGET ESTIMATES AND AMOUNTS RECOMMENDED IN THE BILL FOR 1998—Continued

Agency and item (1)	Appropriated, 1997 (enacted to date) (2)	Budget estimates, 1998 (3)	Recommended in bill (4)	Bill compared with appropriated, 1997 (5)	Bill compared with budget estimates, 1998 (6)
Rural Utilities Service					
Emergency appropriations (P.L. 105-18)	4,000,000	.....	.....	-4,000,000	.....
Total, title VII:					
New budget (obligational) authority	360,000,000	.....	.....	-360,000,000	.....
Grand total:					
New budget (obligational) authority	53,889,489,000	52,302,190,000	49,603,597,000	-4,285,892,000	-2,698,593,000
Appropriations	(53,801,489,000)	(52,302,190,000)	(49,603,597,000)	(-4,197,892,000)	(-2,698,593,000)
Emergency appropriations	(88,000,000)	.....	.....	(-88,000,000)	.....
(By transfer)	(614,387,000)	(617,360,000)	(615,689,000)	(+1,302,000)	(-1,671,000)
(Loan authorization)	(13,860,987,000)	(14,201,660,000)	(14,206,941,000)	(+345,954,000)	(+5,281,000)
(Limitation on administrative expenses)	(144,697,000)	(142,036,000)	(142,036,000)	(-2,661,000)	.....
RECAPITULATION					
Title I - Agricultural programs	7,718,014,000	6,943,651,000	6,874,933,000	-843,081,000	-68,718,000
Title II - Conservation programs	770,554,000	821,995,000	759,431,000	-11,123,000	-62,564,000
Title III - Rural economic and community development programs	2,003,756,000	2,180,559,000	2,041,168,000	+37,412,000	-139,391,000
Title IV - Domestic food programs	40,490,965,000	39,822,970,000	37,218,192,000	-3,272,773,000	-2,604,778,000
Title V - Foreign assistance and related programs	1,593,194,000	1,645,070,000	1,719,429,000	+126,235,000	+74,359,000
Title VI - Related agencies and Food and Drug Administration	953,006,000	887,945,000	990,444,000	+37,438,000	+102,499,000

Title VII - Emergency appropriations	360,000,000	.....	.....	-360,000,000	.....
Total, new budget (obligational) authority	53,889,489,000	52,302,190,000	49,603,597,000	-4,285,892,000	-2,698,593,000

1/ Funded under Departmental Administration in FY 1997.
2/ In addition, $41 million is anticipated from Farm Bill direct appropriations.
3/ In addition to appropriation.
4/ Budget proposes to fund this account under Conservation Operations.
5/ Budget proposes to fund technical assistance for WFPO under Conservation Operations.
6/ Budget proposes to fund this account under the Rural Housing Assistance program.
7/ The Administration proposed funding for this account under the name "Rural community advancement program".
8/ Program created in Welfare Reform.
9/ Budget proposes to include funding for these programs under the Commodity Assistance Program in FY 1998.
10/ $2,218,000 included under Food Program Administration in FY 1997.
11/ Includes $10 million shift from mandatory spending for IRM activities.
12/ President's budget proposes collections to be used as revenues.

ADDITIONAL VIEWS OF HONORABLE MARCY KAPTUR, HONORABLE DAVID R. OBEY, HONORABLE JOSE E. SERRANO, HONORABLE ROSA L. DELAURO AND HONORABLE DAVID PRICE

Overall, the fiscal year 1998 Agriculture, Rural Development, Food and Drug Administration, and Related Agencies appropriations bill represents a fair and bipartisan approach, incorporating a wide range of priorities for Members of the Committee. We are supportive of funding levels recommended for many vitally important programs in this bill, including important nutrition programs such as the Special Supplemental Nutritional Program for Women, Infants, and Children (WIC). We also note that increases are provided for the Food Safety initiative under both the Department of Agriculture (USDA) and the Food and Drug Administration (FDA), as well as the Youth Tobacco Prevention initiative proposed under FDA. While these programs are not funded at the full amount requested, the Committee has allocated additional resources to programs that primarily protect the most vulnerable in our society—our children.

For the most part, the bill represents a bipartisan approach on behalf of the Subcommittee chairman, and as reported out of subcommittee, the bill contained no extraneous or controversial riders.

We remain concerned about some of the reductions proposed for salary accounts under the Department of Agriculture, particularly reductions in the Farm Service Agency, and the potential for disruption of the delivery of programs and services provided by these agencies. We intend to work with USDA to evaluate the impact of these reductions and will work to make any necessary improvements in funding levels as the bill continues to move through the process.

While some of our concerns about the bill were addressed through amendments at the Full Committee, there were several amendments adopted that cause us to question our continuing support for the bill.

In the bill reported by the Subcommittee, $152 Million was provided for sales commissions paid to private crop insurance agents. At Full Committee, the Chairman's en bloc amendment included a further increase of $36 Million for crop insurance sales commissions. We feel that there are many other programs in this bill that are of a higher priority than underwriting private insurance agents, particularly in light of a report from the General Accounting office released in April of this year, as well as a proposal by the Administration to lower the commission rate from 28 percent to 24.5 percent.

In its April report, the GAO stated that some expenses reimbursed with taxpayer funds under the crop insurance sales commission program appeared excessive or did not appear to be reasonably

associated with the sale and service of Federal crop insurance. These include: agents' commissions that exceeded the industry average, unnecessary travel-related expenses, questionable entertainment activities, expenses associated with buying competitors' businesses, profit-sharing bonuses, and lobbying. GAO suggested that future reimbursement rates could be reduced. Consequently, USDA indicated to the Committee that $152 Million would be sufficient funding for this program for fiscal year 1998, and that these funds would provide assurance that valuable crop insurance products would be delivered by private insurance companies and their agents. We strongly support the crop insurance program as a continuing safety net for our nation's producers, but believe that a 24.5 percent level of commission should be sufficient to encourage private companies to provide this service. Providing an additional $36 Million increase to raise those commissions from 24.5 percent to about 27 percent of the value of the insurance policy is simply not the highest priority use of this Subcommittee's limited funding allocation.

We also strongly oppose the amendment adopted by the Full Committee that would eliminate the positions of the Deputy and Assistant Deputy Administrator of the Farm Service Agency. While we realize that farmers and landowners in Washington state are disappointed with the results of the most recent Conservation Reserve Program sign-up, we strongly oppose this punitive attempt to affect a change in program management through micro-management of a Federal agency.

We are concerned about an amendment which seems to give special preference and consideration to one university building under the Cooperative State Research, Education and Extension Buildings and Facilities account. With limited Federal funding available for priority programs, this Subcommittee agreed in fiscal year 1997 that it could no longer continue to try to meet the demand for building academic research facilities. While we followed this approach in Subcommittee markup and provided no funding for this account, the amendment adopted at Full Committee subverts an established process. It appears to give preference to one university, however valid its requirements may be, while disallowing other priority proposals from consideration.

We are also concerned about an amendment adopted by the Committee that would change the designation of a community in California from rural to urban. We have strong reservations about the intent of this language, and the unintended consequences that may result. We strongly urge that this language be removed.

Overall, we are pleased with many of the recommendations made in this bill. We think it represents, for the most part, a fair and thoughtful distribution of the limited resources available to the Subcommittee and we intend to work to improve the bill as the process continues.

DAVID PRICE.
MARCY KAPTUR.
JOSÉ E. SERRANO.
DAVID R. OBEY.
ROSA L. DELAURO.

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