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AGRICULTURE, RURAL DEVELOPMENT, FOOD AND DRUG ADMINISTRATION, AND RELATED AGENCIES APPROPRIATIONS BILL, 2003

JULY 26, 2002.—Committed to the Committee of the Whole House on the State of the Union and ordered to be printed

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

REPORT

[To accompany H.R. 5263]

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 2003.

SUMMARY OF ESTIMATES AND RECOMMENDATIONS

[In Thousands of Dollars]

	FY 2002 appropriation	FY 2003 estimates [1]	FY 2003 recommendation	FY 2003 recommendation compared with	
				FY 2002 appropriation	FY 2003 estimates
Title I—Agricultural Programs	$29,227,688	25,197,007	25,373,392	−3,854,296	+176,385
Title II—Conservation Programs	962,139	1,000,944	1,020,579	+58,440	+19,635
Title III—Rural Economic and Community Development Programs	2,581,924	2,587,065	2,823,288	+241,364	+236,223
Title IV—Domestic Food Programs	37,894,627	41,871,651	41,971,942	+4,077,315	+100,291
Title V—Foreign Assistance and Related Programs	1,124,518	1,449,591	1,491,081	+366,563	+41,490
Title VI—FDA and Related Agencies	1,456,651	1,424,269	1,464,586	+7,935	+40,317
Title VII—General Provisions	107,896	.....	118,200	+10,304	+118,200
Total	73,355,443	73,530,527	74,263,068	+907,625	+732,541

[1] Excludes proposed discretionary accrual amounts for pension and health benefits. Includes proposed FECA surcharge.

80–725

For discretionary programs the Committee provides $17,601,000,000, which is $1,048,000,000 more than the amount available in fiscal year 2002 and $179,541,000 more than the budget request.

INTRODUCTION

The programs funded in this legislation improve 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 all Americans and for many more people overseas.

Food safety remains one of the Committee's highest priorities. The bill provides funding for the Food Safety and Inspection Service, the Food and Drug Administration, the Office of the Chief Economist, the Economic Research Service, the Food and Nutrition Service, the Agricultural Research Service and the Cooperative State Research, Education and Extension Service for food safety related activities.

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.

In setting program levels the Committee was constrained by allocations for budget authority and outlays in comparison with fiscal year 2002. The Committee's recommended program levels are based upon appropriated funds as well as limitations on mandatory programs.

2002 Farm Bill.—The Committee has jurisdictional and budgetary concerns with the numerous mandatory spending programs created by the new Farm Bill (Farm Security and Rural Investment Act of 2002 (P.L. 107–171)) that historically and rightfully come under the discretionary funding jurisdiction of the Appropriations Committee. In some cases, the Farm Bill created new programs wholly or partially funded by the Commodity Credit Corporation (CCC) while authorizing additional expenditures subject to appropriations. In all, there are approximately 35 programs funded by the CCC, an additional 110 programs subject to appropriations, and unfunded requirements for 58 new various reports, studies, and commissions.

The Committee notes that, in addition to the roughly 80 rules that were already on the Department's agenda for 2002, the new Farm Bill will require the various agencies of the Department to draft and implement approximately 95 new rules. The Committee is concerned that the Department's financial and personnel re-

sources may be unduly stressed, and that program delivery may suffer.

The Committee notes that while most discretionary activities are adequately funded, each year commodity groups, public advocacy organizations and Members of the House and Senate request more than can be prudently allocated for activities funded by the Agriculture Appropriations bill. In addition, the Committee has a history of opposing the creation of mandatory spending for agricultural research, rural development and other non-agricultural production activities, as it is a practice which, in the case of mandatory agricultural research, places a higher priority on funding for academia than for the Special Supplemental Nutrition Program for Women, Infants and Children, the Food and Drug Administration, or the various food safety activities funded by this bill.

The Committee recognizes and supports the notion of additional resources for our Nation's producers and the rural communities in which they reside, but not at the expense of the budgetary discipline provided by the annual appropriations process. Nor can the Congress send a message to the American people that rural development and research, while important, are more important than the safety of our food supply, and the safety and efficacy of our prescription drugs.

The Committee recognizes that the Administration's budget was developed several months before the enactment of the new Farm Bill. The Department is encouraged to review its new and revised authorities, and to submit budget amendments so that provisions of the new Farm Bill can be implemented during fiscal year 2003. The Committee also notes that previously existing authorities, particularly those under the Rural Development accounts, can be used for many of the same purposes, including the development of biofuels, and other activities. To the extent that such authorities exist, the Committee encourages the Department to fully utilize such authorities until submitting budget amendments to fully implement new specific authorities provided by the new Farm Bill.

Department of Homeland Security.—On June 18, 2002, the Administration transmitted to Congress proposed legislation to create a new Department of Homeland Security. The only item in this proposal under the jurisdiction of this Appropriations Act is a proposal to transfer the entire Animal and Plant Health Inspection Service, as well as the Plum Island Animal Disease Center, from the Department of Agriculture to the Department of Homeland Security. The Committee recommendation includes no action to facilitate or prevent this transfer. However, the Committee does recommend a general provision to this Act (section 734), which provides that no funds may be transferred to any department, agency, or instrumentality of the United States Government, except pursuant to a transfer made by, or transfer authority provided in, this Act or any other appropriation Act.

Pay Costs.—The Committee's recommendation includes full funding to cover 2.6% pay increases for fiscal year 2003, the level proposed in the budget request. Without this funding, agencies would be required to reduce the level of services provided in order to cover mandatory cost increases.

Program Priorities/Loan Targeting.—The Committee will expect the Department to focus exclusively on economic need when at-

tempting to target increased lending under various farm loan and rural housing loan and assistance programs.

Proposed New User Fees.—The budget request assumes the establishment of new user fees in the following areas:

- Animal and Plant Health Inspection Service, Animal Welfare Inspections
- Grain Inspection, Packers and Stockyards Administration:
  - Grain Standardization Development
  - License Fees
- Commodity Futures Trading Commission, Transaction Fees

None of these proposed user fees are currently authorized in law. The Committee does not recommend establishing such fees in annual appropriations acts, but will consider such fees should they achieve authorization.

Accrual Funding of Retirement Costs and Post-Retirement Health Benefits.—The President's Budget included a legislative proposal under the jurisdiction of the House Committee on Government Reform to charge to individual agencies, starting in fiscal year 2003, the fully accrued costs related to retirement benefits of Civil Service Retirement System employees and retiree health benefits for all civilian employees. The Budget also requested an additional dollar amount in each affected discretionary account to cover these accrued costs.

Without passing judgment on the merits of this legislative proposal, the Committee has reduced the dollar amounts of the President's request shown in the "Comparative Statement of New Budget Authority" and other tables in this report to exclude the accrual funding proposal. The disposition by Congress of the legislative proposal is unclear at this time. Should the proposal be passed by Congress and enacted, the Committee will make appropriate adjustments to the President's request to include accrual amounts.

The Committee further notes that administration proposals requiring legislative action by the authorizing committees of Congress are customarily submitted in the budget as separate schedules apart from the regular appropriations requests. Should such a proposal be enacted, a budget amendment formally modifying the President's appropriation request for discretionary funding is then transmitted to the Congress.

The Committee is concerned that this practice, which has always worked effectively for both Congress and past administrations, was not followed for the accrual funding proposal. In this case, the Office of Management of Budget (OMB) decided to include accrual amounts in the original discretionary appropriations language request. These amounts are based on legislation that has yet to be considered and approved by the appropriate committees of Congress. This led to numerous misunderstandings both inside and outside of Congress of what was the "true" President's budget request. The Committee believes that, in the future, OMB should follow long-established procedures with respect to discretionary spending proposals that require legislative action.

Federal Employees' Compensation Act (FECA) Administrative Costs.—The President's Budget included a legislative proposal to allow the Department of Labor (DOL) to charge agencies for the administrative costs related to FECA benefits paid to employees.

DOL administers the FECA program, and it currently pays the benefits from the Special Benefits fund and the administrative costs from its discretionary budget. Benefits are currently billed back to agencies, while administrative costs are not.

This proposal would allow DOL to add an administrative surcharge to the amount billed to agencies for FECA benefits. The rationale is that it would give agencies a greater incentive to monitor and reduce FECA benefit costs.

The President's budget includes the administrative costs in each agency's budget. The effect on most agencies is relatively small. The government-wide cost is $87,000,000.

The Committee's recommendation assumes that this proposal will not be enacted into law. Therefore, funding recommendations for the accounts within the jurisdiction of this bill exclude these administrative costs.

Rental Payments to GSA.—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. For many years, funds for such payments for USDA have been appropriated as part of a central account titled "Agriculture Buildings and Facilities and Rental Payments". The budget request proposed decentralizing these expenses, and requested that the related amounts be appropriated under the accounts that finance individual agencies and activities.

There are strong arguments supporting either method of financing this cost. On balance, the Committee recommends retaining centralized funding in order to closely monitor the total amount of this expense. Therefore, appropriations for rental payments to GSA are recommended in a single account, and the budget requests for agencies and activities have been reduced accordingly.

Unauthorized Appropriations Requests.—The Committee directs that budget justification materials submitted in support of future appropriations requests will contain tabular listings of any item that is not authorized by law, as well as items for which the budget request includes amounts in excess of the authorized amount, in the format contained elsewhere in this report under the heading "Appropriations Not Authorized by Law".

CONSTITUTIONAL AUTHORITY

Clause 3(d)(1) of rule XIII 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 on Appropriations 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.

TITLE I—AGRICULTURAL PROGRAMS

PRODUCTION, PROCESSING, AND MARKETING

OFFICE OF THE SECRETARY

2002 appropriation [1]	$2,992,000
2003 budget estimate [2]	36,667,000
Provided in the bill	31,629,000
Comparison:	
2002 appropriation	+28,637,000
2003 budget estimate	−5,038,000

[1] Does not include FY 2002 supplemental of $80,919,000 For Homeland Security, P.L. 107–117.
[2] Excludes $74,000 for pension and health benefits.

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 of 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 $31,629,000, an increase of $28,637,000 above the amount available for fiscal year 2002 and a decrease of $5,038,000 below the budget request.

Building security and terrorism prevention.—The Committee recommends $28,250,000, to remain available until expended, for building security and other terrorism prevention costs, as requested.

Community Involved in Sustaining Agriculture.—The Committee directs the Secretary to work with the Community Involved in Sustaining Agriculture (CISA) to increase and expand buy local initiatives including farmer's markets throughout Massachusetts, to expand technical assistance provided for sustainable farming practices, and to expand their media campaign to educate consumers about the importance of buying locally grown agriculture products.

Organizational streamlining and restructuring activities.—The Committee does not recommend the budget request for $5,000,000,

to remain available until September 30, 2005, for workforce and organizational streamlining and restructuring activities related to Service Center Agencies.

Plant and animal pest and disease emergencies.—The Committee is concerned about the increasing risk to our nation's food supply from plant and animal pests and diseases. Recent examples include citrus canker in Florida, glassy-winged sharpshooter in California, Asian longhorned beetles in Illinois and New York, Mediterranean and Mexican fruit flies throughout the southern United States, and the possibility for a foot and mouth disease incursion. The Committee notes that the Secretary of Agriculture has authority to declare emergencies and to use the resources of the Commodity Credit Corporation for the arrest and eradication of such threats to American agriculture. This system has served our country well for many years by granting the Secretary the power to make virtually unlimited efforts to eliminate emerging pest and disease problems before outbreaks expand and become unmanageable.

Domestic shrimping industry.—The Committee is aware that the domestic shrimping industry has suffered an extraordinary increase in imported shrimp caused by European tariffs and financial problems in many Asian nations. Shrimp imports have increased to over 883 million pounds per year, while prices have plummeted. Free-falling shrimp wholesale prices are causing significant problems to our domestic shrimping industry. The Committee will expect the Secretary of Agriculture to review this situation and report on possible solutions to this predicament.

Egg industry.—The Committee is aware of the economic problems facing the U.S. egg industry and expects the Department of Agriculture to work in developing programs to utilize spent hens and otherwise assist egg producers.

Productivity of the tree fruit industry.—The Committee believes the U.S. tree fruit industry is a vital part of the economy in many regions of this country, and its economic viability is seriously threatened by a downturn in profitability. To enhance its competitiveness, the Committee requests that U.S. Department of Agriculture consult with the U.S. tree fruit industry to develop, enhance and disseminate a range of new approaches and technologies, including: fruit genomics, fruit quality, precision agriculture applications, sensor technology, and intelligent and automated orchard and fruit handling management systems that will lower costs and improve fruit quality. The Committee requests that USDA develop a plan to address the tree fruit industry's needs and report its progress to the Committee no later than January 1, 2003.

State Office Collocation.—The Committee continues to direct that any reallocation of resources related to the collocation of state offices scheduled for 2002 and subsequent years is subject to the Committee's reprogramming procedures. The Committee notes that no such reprogramming requests have been received to date.

Farmers' Market at USDA Headquarters.—The Committee continues to support the operation of the Farmers' Market operating at USDA headquarters in Washington DC. Given that this site offers a unique opportunity as a demonstration project viewed by visitors and government officials, the Committee strongly urges the

Department to develop the use of electronic benefit technology at this location, including the use of credit, ATM, and EBT cards.

Contracting.—The Committee is concerned that extensive use of contracting outside the Department for administrative and core mission activities may not yield the best cost benefit or the best customer benefit in terms of dealing with experienced career federal personnel. Customers of federal programs such as those administered by the Rural Development Services and the Farm Service Agency often have needs and circumstances that are not dealt with in the private sector. The Committee directs the Department to make cost comparisons of the use of private contractors with federal employee performance and to employ the most efficient organization process as described in OMB Circular A–76. The Committee also directs the Department to solicit input from federal employees in agencies affected by contracting out in order to ensure the expertise of those employees is a part of any decision made by management. The Committee also directs the Department to report on its contracting out policies, including the agency budgets for contracting out, with its annual budget submission for fiscal year 2004.

Food Safety Commission.—The Committee is aware that the Farm Security and Rural Investment Act included a provision which established a 'Food Safety Commission' to make specific recommendations to enhance the food safety system, including a report to the President and Congress addressing the findings, conclusions, and recommendations of the Commission, a summary of any other materials used by the Commission in the preparation of the report, and, if requested, a summary of the minority views of the Commission. Given continuing concerns about foodborne illness and the need to ensure the security of the U.S. food supply, the Committee urges the Secretary to commence establishment of the Food Safety Commission in fiscal year 2003, and to include specific funding for its operation in the FY 2004 Budget Request.

Cranberry acreage reserve program.—To the extent that any funds are provided for the Cranberry Acreage Reserve Program (established in Section 10608 of the Farm Security and Rural Investment Act of 2002), easement purchases should: be limited to areas composed of both wetlands and buffer lands adjacent to the wetlands where the ratio of wetlands and buffer lands is consistent with the prevailing ratios in the cranberry cultivation operations in the region; prohibit cranberry production and development, other than that needed for recreational use or other non-cranberry agricultural use; maximize the reduction in the cranberry surplus while targeting smaller cranberry growing operations; be implemented in a manner that ensures a reasonable distribution of easement purchases among cranberry producing regions with higher and lower potential easement purchase prices. Priority should be given to easement purchases that include non-federal funds and preserve open space in environmentally sensitive areas.

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, and the Office of Budget and Program Analysis.

OFFICE OF THE CHIEF ECONOMIST

2002 appropriation	$7,704,000
2003 budget estimate [1]	12,117,000
Provided in the bill [2]	8,566,000
Comparison:	
2002 appropriation	+862,000
2003 budget estimate	−3,551,000

[1] Excludes $391,000 for pension and health benefits.
[2] Excludes $101,000 for GSA Rent which is funded in a central account under Agriculture Buildings and Facilities.

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, energy and new uses, 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 $8,566,000, an increase of $862,000 above the amount available for fiscal year 2002 and a decrease of $3,551,000 below the budget request.

Agricultural supply and demand.—The Committee urges the Department to work with a qualified entity such as Columbia University's International Research Institute for Climate Prediction to obtain improved and available tools and mechanisms for foreign agricultural supply and demand estimates.

NATIONAL APPEALS DIVISION

2002 appropriation	$12,869,000
2003 budget estimate [1]	14,334,000
Provided in the bill [2]	13,759,000
Comparison:	
2002 appropriation	+890,000
2003 budget estimate	−575,000

[1] Excludes $928,000 for pension and health benefits.
[2] Excludes $575,000 for GSA Rent which is funded in a central account under Agriculture Buildings and Facilities.

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

COMMITTEE PROVISIONS

For the National Appeals Division, the Committee provides an appropriation of $13,759,000, an increase of $890,000 above the amount available for fiscal year 2002 and a decrease of $575,000 below the budget request.

OFFICE OF BUDGET AND PROGRAM ANALYSIS

2002 appropriation	$7,041,000
2003 budget estimate [1]	7,358,000
Provided in the bill	7,358,000
Comparison:	
2002 appropriation	+317,000
2003 budget estimate	.....

[1] Excludes $530,000 for pension and health benefits.

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 $7,358,000, an increase of $317,000 above the amount available for fiscal year 2002 and the same as the budget request.

OFFICE OF THE CHIEF INFORMATION OFFICER

2002 appropriation	$10,029,000
2003 budget estimate [1]	31,277,000
Provided in the bill	15,251,000
Comparison:	
2002 appropriation	+5,222,000
2003 budget estimate	−16,026,000

[1] Excludes $455,000 for pension and health benefits.

Section 808 of P.L. 104–208 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. The Office also provides telecommunications and ADP services to USDA agencies through the National Information Technology Center with locations in Ft. Collins, Colorado and Kansas City, Missouri. Direct ADP operational services are also provided to the Office of the Secretary, Office of the General Counsel, Office of Communications, the Office of the Chief Financial Officer and Executive Operations.

Additionally, the Office of the Chief Information Officer is responsible for certain activities under the Department's Working Capital Fund (7 U.S.C. 2235).

COMMITTEE PROVISIONS

For the Office of the Chief Information Officer, the Committee provides an appropriation of $15,251,000, an increase of $5,222,000 above the amount available for fiscal year 2002 and a decrease of $16,026,000 below the budget request.

COMMON COMPUTING ENVIRONMENT

2002 appropriation	$59,369,000
2003 budget estimate	133,155,000
Provided in the bill	133,155,000
Comparison:	
2002 appropriation	+73,786,000
2003 budget estimate	.....

The Department of Agriculture Reorganization Act of 1994 requires the Secretary of Agriculture to procure and use computer systems in a manner that enhances efficiency, productivity, and client services, and that promotes computer information sharing among agencies of the Department. Section 808 of P.L. 104–208 requires USDA to maximize the value of information technology acquisitions to improve the efficiency and effectiveness of USDA programs. Since its beginning in 1996, the USDA Service Center Modernization initiative has been working to restructure county field offices, modernize and integrate business approaches and replace the current, aging information systems with a modern Common Computing Environment that optimizes information sharing, customer service, and staff efficiencies.

COMMITTEE PROVISIONS

For the Common Computing Environment, the Committee provides an appropriation of $133,155,000, an increase of $73,786,000 above the amount available in fiscal year 2002 and the same amount as the budget request.

The Committee directs the Department to continue reporting to the Committee on Appropriations on a quarterly basis on the implementation of the Common Computing Environment.

The Committee includes language prohibiting the obligation of funds for CCE until the appointment of the Chief Information Officer.

OFFICE OF THE CHIEF FINANCIAL OFFICER

2002 appropriation	$5,384,000
2003 budget estimate [1]	7,918,000
Provided in the bill	5,572,000
Comparison:	
2002 appropriation	+188,000
2003 budget estimate	−2,346,000

[1] Excludes $481,000 for pension and health benefits.

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 for 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 $5,572,000, an increase of $188,000 above the amount available for fiscal year 2002 and a decrease of $2,346,000 from the budget request.

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

The Committee recommends language that allows the Secretary to transfer funds provided in this Act and other available unobligated balances of the Department of Agriculture, with the approval of the agency administrator, to the Working Capital Fund for the acquisition of plant and capital equipment necessary for the delivery of financial, administrative, and information technology services of the National Finance Center in New Orleans, LA, and the National Information Technology Center in Kansas City, MO and Ft. Collins, CO.

WORKING CAPITAL FUND

2002 appropriation	.....
2003 budget estimate	$21,000,000
Provided in the bill	$41,000,000
Comparison:	
2002 appropriation	+41,000,000
2003 budget estimate	+20,000,000

The Working Capital Fund was established in the 1944 Appropriations Act. It was created for certain central services in the Department of Agriculture, including duplicating and other visual information services, art and graphics, video services, supply, centralized accounting systems, centralized automated data processing systems for payroll, personnel, and related services, voucher payments services, and ADP systems. The National Finance Center's expenses are also funded through this fund.

The Thrift Savings Plan (TSP) is the retirement savings plan for all Federal employees, and members of the uniformed services. The Federal Retirement Thrift Investment Board (FRTIB) administers the TSP. The FRTIB contracts with the National Finance Center in New Orleans, LA, to serve as the record keeper for all the current 2.9 million account holders. The Board has an agreement with the NFC in New Orleans, Louisiana, to provide record keeping services for the TSP. NFC maintains the accounts of all TSP par-

ticipants. In addition, the TSP Service Office at NFC processes contribution allocations, loans, withdrawals, and interfund transfers, as well as participants' designations of beneficiaries. As of April 30, 2002, TSP fund balances totaled approximately $102 billion, and retirement savings accounts had been established for nearly 2.9 million Federal civilian employees and uniformed services members.

COMMITTEE PROVISIONS

For the Working Capital Fund, the Committee recommends an appropriation of $41,000,000, an increase of $41,000,000 above the amount available for fiscal year 2002, and an increase of $20,000,000 above the budget request.

The recommended one-time appropriation of $21,000,000 will provide for corporate, financial, administrative, information technology, or other systems of general benefit to the Department and its agencies, and for the acquisition of plant and capital equipment necessary for the delivery of financial, administrative, and information technology services of primary benefit to the agencies of the USDA.

The Committee directs the Chief Financial Officer, in conjunction with the Director of the National Finance Center, to report to the Committees on Appropriations of the House and Senate on the implementation of these funds by April 1, 2003, and subsequently on September 30, 2003.

The Committee has provided legislative language to allow the Department to transfer unobligated balances, discretionary and/or mandatory, to the Working Capital Fund for these same improvements and investments that the budget request included, and this appropriations bill is funding on a one-time basis. The Committee strongly encourages the Department to take advantage of this language, including the extended availability of funds until November 8, 2003. This extended availability should allow the Department and the Administration to close it books, identify unobligated balances, and transfer these balances to the Working Capital Fund in accordance with the provision.

In addition, the Committee recommends a one-time, appropriation of $20,000,000 for the purchase of hardware and software, and for the implementation of remote mirroring technology as part of a Disaster Recovery plan.

The Committee strongly urges the Secretary to work with the FRTIB to consider the annual operational costs of the data center as part of its costs to administer the TSP.

The Committee directs that the Director of the NFC, in conjunction with the CFO, report to the Committees on Appropriations of the House and Senate on the implementation of this data-mirroring system as it occurs.

OFFICE OF THE ASSISTANT SECRETARY FOR ADMINISTRATION

2002 appropriation	$647,000
2003 budget estimate [1]	780,000
Provided in the bill	664,000
Comparison:	
2002 appropriation	+17,000
2003 budget estimate	−116,000

[1] Excludes $17,000 for pension and health benefits.

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, ethics, 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 $664,000, an increase of $17,000 above the amount available for fiscal year 2002 and a decrease of $116,000 below the budget request.

AGRICULTURE BUILDINGS AND FACILITIES AND RENTAL PAYMENTS

2002 appropriation	$187,647,000
2003 budget estimate [1]	70,499,000
Provided in the bill	195,900,000
Comparison:	
2002 appropriation	+8,253,000
2003 budget estimate	+125,401,000

[1] Excludes $493,000 for pension and health benefits.

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 requirement that GSA charge commercial rent rates to agencies occupying GSA-controlled space was established by the Public Buildings Amendments of 1972. The methods used to establish commercial rent rates in GSA space follow commercial real estate appraisal practices. Appeal and rate review procedures are in place to assure that agencies have an opportunity to contest rates they feel are incorrect. The cost of newly leased space reflects current private sector market rates. The leases are competitively acquired in close coordination with USDA and other customer agencies. For FY 2003, USDA is proposing to fund rental payments to the General Services Administration (GSA) in the budgets of Agencies occupying GSA space instead of a central account in order to hold USDA managers accountable for the full cost of their programs.

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. In fiscal year 1999, USDA began operations of the Beltsville Office Facility.

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 improve 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. During FY 1998, the Beltsville Office Facility was completed. This facility was constructed with funds appropriated to the Department and is located on Government-owned land in Beltsville, Maryland. In fiscal year 1999, USDA began operations at the Beltsville Office Facility.

COMMITTEE PROVISIONS

For Agriculture Buildings and Facilities and Rental Payments to GSA, the Committee provides an appropriation of $195,900,000, an increase of $8,253,000 above the amount available for fiscal year 2002 and an increase of $125,401,000 above the budget request.

Included in this amount is $130,266,000 for rental payments to GSA.

The Committee includes language that allows for the reconfiguration and release of space back into the General Services Administration inventory in order to reduce space rental cost for space not needed for USDA programs. The Committee directs that the Appropriations Committees of both Houses of Congress shall be notified at least 15 days in advance of any proposal to commit or obligate funds for this purpose.

The following table represents the Committee's specific recommendations for this account:

AGRICULTURE BUILDINGS AND FACILITIES AND RENTAL PAYMENTS

[In thousands of dollars]

	2002 estimate	*2003 budget request*	*Committee recommendation*
Rental Payments	$130,266	.....	$130,266
Building Operations	31,438	$36,522	31,657
Strategic Space Plan	25,943	33,977	33,977
Total	187,647	70,499	195,900

HAZARDOUS MATERIALS MANAGEMENT

2002 appropriation	$15,665,000
2003 budget estimate [1]	15,685,000
Provided in the bill	15,685,000
Comparison:	
2002 appropriation	+20,000
2003 budget estimate	.....

[1] Excludes $59,000 for pension and health benefits.

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 materials as private businesses. The Department is required to contain, clean up, monitor, and inspect for hazardous materials in areas covered by the Department or within departmental jurisdiction.

COMMITTEE PROVISIONS

For Hazardous Materials Management, the Committee provides an appropriation of $15,685,000, an increase of $20,000 above the amount available for fiscal year 2002 and the same amount as the budget request.

DEPARTMENTAL ADMINISTRATION

2002 appropriation	$37,079,000
2003 budget estimate [1]	46,398,000
Provided in the bill [2]	38,095,000
Comparison:	
2002 appropriation	+1,016,000
2003 budget estimate	−8,303,000

[1] Excludes $2,144,000 for pension and health benefits.
[2] Excludes $3,898,000 for GSA Rent which is funded in a central account under Agriculture Buildings and Facilities.

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, equal opportunity and ethics, participation of small and disadvantaged businesses and socially disadvantaged farmers and ranchers in the Department's program activities, emergency preparedness, and the regulatory hearing and administrative proceedings conducted by the Administrative Law Judges and Judicial Officer. Departmental Administration also provides administrative support to the Board of Contract Appeals. Established as an independent entity within the Department, the Board adjudicates contract claims by and against the Department, and is funded as a reimbursable activity.

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.

COMMITTEE PROVISIONS

For Departmental Administration, the Committee provides an appropriation of $38,095,000, an increase of $1,016,000 above the amount available for fiscal year 2002 and decrease of $8,303,000 below the budget request.

Mentor Protégé Program.—The Committee is aware that USDA does not currently have a program to assist agriculturally-related businesses (mentors) in helping minority farmers, small disadvantaged businesses and women-owned small food producers (protégés) develop technical and business capabilities. The Committee expects the Department to establish within existing authorities a Mentor Protégé Pilot program in specialty crop regions, including the State of Georgia, which would assist protégés in filling food commodity requirements. The Department should consider making grants to mentors—specifically fresh fruit and vegetable businesses which can identify markets for agricultural products of small, limited resource farmers—to assist in paying costs of technical assistance and training for these farmers.

OUTREACH FOR SOCIALLY DISADVANTAGED FARMERS

2002 appropriation	$3,243,000
2003 budget estimate	3,243,000
Provided in the bill	8,243,000
Comparison:	
2002 appropriation	+5,000,000
2003 budget estimate	+5,000,000

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.

COMMITTEE PROVISIONS

For the Outreach for Socially Disadvantaged Farmers and Ranchers Program, the Committee provides an appropriation of $8,243,000, an increase of $5,000,000 above the amount available for fiscal year 2002 and an increase of $5,000,000 above the budget request.

OFFICE OF THE ASSISTANT SECRETARY FOR CONGRESSIONAL RELATIONS

2002 appropriation	$3,718,000
2003 budget estimate [1]	4,157,000
Provided in the bill	3,821,000
Comparison:	
2002 appropriation	+103,000
2003 budget estimate	−336,000

[1] Excludes $65,000 for pension and health benefits.

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 $3,821,000, an increase of $103,000 above the amount available for fiscal year 2002 and decrease of $336,000 below the budget request.

Within 30 days from the enactment of this Act, the Secretary shall notify the House and Senate Committees on Appropriations on the allocation of these funds by USDA agency, along with an explanation for the agency-by-agency distribution of the funds.

The Committee notes that for fiscal year 2002, the notification on the allocation of these funds by USDA agency was received well beyond the "30 days after enactment" provision of the language. The Committee reminds the Secretary that this language was inserted in lieu of legislative language requiring a specific funding level to the agency accounts. The Committee urges the Secretary to meet the notification requirement set forth in this directive.

OFFICE OF COMMUNICATIONS

2002 appropriation	$8,894,000
2003 budget estimate [1]	9,637,000
Provided in the bill	9,140,000
Comparison:	
2002 appropriation	+246,000
2003 budget estimate	−497,000

[1] Excludes $516,000 for pension and health benefits.

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 $9,140,000, an increase of $246,000 above the amount available for fiscal year 2002 and a decrease of $497,000 below the budget request.

The Committee directs the Office of Communications to provide to the Committee on Appropriations, upon request, copies of any open source news material made available to USDA officials that is purchased, or otherwise obtained, using appropriated funds.

OFFICE OF INSPECTOR GENERAL

2002 appropriation	$70,839,000
2003 budget estimate [1]	82,231,000
Provided in the bill [2]	74,097,000
Comparison:	
2002 appropriation	+3,258,000
2003 budget estimate	−8,134,000

[1] Excludes $4,878,000 for pension and health benefits.
[2] Excludes $4,034,000 for GSA Rent which is funded in a central account under Agriculture Buildings and Facilities.

The Office of 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 occurred. 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 Inspector General (OIG), the Committee provides an appropriation of $74,097,000, an increase of $3,258,000 above the amount available for fiscal year 2002, and a decrease of $8,134,000 below the budget request.

The Committee notes that the Office of Inspector General (OIG) will expend an estimated 54 staff years auditing the USDA 2001 consolidated financial statements while the Office of the Chief Financial Officer (OCFO) and agencies will only expend an estimated 50.4 staff years preparing these same statements. The Committee believes that this is an excessive amount of OIG oversight, and it expects OIG to reduce this level of audit oversight and transfer resources to investigative work. The Committee directs OIG to use commonly accepted norms of financial statement oversight to develop an audit plan, and to provide details of how OIG will implement that oversight level to the Committee within 60 days of enactment.

The Committee concurs with the OIG's decision to have independent auditors perform the financial statement audits for the Food and Nutrition Service (FNS) and Rural Development pro-

grams (RD). Budget increases for independent audits are included in the Committee recommendations for FNS and RD and are offset with a decrease in the OIG appropriation. Any OIG contract administration or oversight costs for these contract audits should be kept to a minimum.

Increased funding for audit work on Forest Service programs is not included. The Committee believes that both OIG and contract audit work on Forest Service financial statements and the Fire Program should continue to be funded from appropriations provided to the Forest Service.

The Committee understands that the OIG is requiring USDA agencies with user fee programs to comply with certain "full cost" provisions of the Statement of Federal Financial Accounting Standard No. 4, "Managerial Cost Accounting Concepts and Standards." User fee programs are being required to calculate and charge for "imputed unfunded pension and other retirement benefit costs" which is in conflict with the respective user fee authorizing legislation. The Committee does not agree with this requirement and expects this requirement to be deleted unless the respective authorizing legislation is amended to specifically require those calculations and charges, or Congress enacts legislation that transfers these unfunded costs to all Federal government programs.

OFFICE OF THE GENERAL COUNSEL

2002 appropriation	$32,627,000
2003 budget estimate [1]	37,287,000
Provided in the bill [2]	34,446,000
Comparison:	
2002 appropriation	+1,819,000
2003 budget estimate	−2,841,000

[1] Excludes $2,554,000 for pension and health benefits.
[2] Excludes $1,693,000 for GSA Rent which is funded in a central account under Agriculture Buildings and Facilities.

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 the General Counsel, the Committee provides an appropriation of $34,446,000, an increase of $1,819,000 above the amount available in fiscal year 2002 and a decrease of $2,841,000 below the budget request.

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

2002 appropriation	$573,000
2003 budget estimate [1]	780,000
Provided in the bill	588,000
Comparison:	
2002 appropriation	+15,000
2003 budget estimate	−192,000

[1] Excludes $17,000 for pension and health benefits.

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 $588,000, an increase of $15,000 above the amount available for fiscal year 2002 and a decrease of $192,000 below the budget request.

The Committee notes that all minority-serving institutions play a positive role in advancing the many educational and research interests of American agriculture, including related concerns with homeland security. Furthermore, funding across a wider range of post-secondary institutions is important to the strength and effectiveness of homeland security. The Committee urges the Cooperative State Research, Education and Extension Service and the Agricultural Research Service to take significant steps to increase outreach, cooperation, and engagement with minority-serving institutions—including 1890 Colleges/ Universities and Tuskegee University, 1994 Tribally-Controlled Colleges/Universities, and Hispanic Serving Institutions—in all areas, but especially as they develop and implement research programs and related defense of the nation's homeland and food supply.

ECONOMIC RESEARCH SERVICE

2002 appropriation	$67,200,000
2003 budget estimate [1]	79,243,000
Provided in the bill [2]	73,329,000
Comparison:	
2002 appropriation	+6,129,000
2003 budget estimate	−5,914,000

[1] Excludes $2,789,000 for pension and health benefits.
[2] Excludes $5,914,000 for GSA Rent which is funded in a central account under Agriculture Buildings and Facilities.

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 $73,329,000, an increase of $6,129,000 above the amount available for fiscal year 2002 and a decrease of $5,914,000 below the budget request.

The Committee recommendation provides the full increase for the ERS portion of the Agricultural Resources Management Survey.

Veal.—The Committee is very concerned about the impact of veal imports on the domestic veal industry and the discrepancy in the treatment afforded milk replacer used in veal production, which may be imported into the United States tariff-free, while exports of domestically produced milk replacer are subject to a 205 percent tariff. The Economic Research Service of the Department of Agriculture is encouraged to complete a study within 180 days after the date of the enactment of this Act on these issues as well as a study of general trends in United States consumption of veal, domestic veal production and prices, and details of top veal production States and foreign sources of imported veal.

NATIONAL AGRICULTURAL STATISTICS SERVICE

2002 appropriation	$113,786,000
2003 budget estimate [1]	143,659,000
Provided in the bill [2]	137,858,000
Comparison:	
2002 appropriation	+24,072,000
2003 budget estimate	−5,801,000

[1] Excludes $5,410,000 for pension and health benefits.
[2] Excludes $2,801,000 for GSA Rent which is funded in a central account under Agriculture Buildings and Facilities.

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.

Beginning with the fiscal year 1997 appropriation, funding has been provided to NASS 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.

COMMITTEE PROVISIONS

For the National Agricultural Statistics Service, the Committee provides an appropriation of $137,858,000, an increase of

$24,072,000 above the amount available in fiscal year 2002 and a decrease of $5,801,000 below the budget request.

Included in this amount is $41,274,000 for the Census of Agriculture. The Census of Agriculture collects and provides comprehensive data every five years on all aspects of the agricultural economy.

The budget year is the fourth year in a five-year funding cycle for the Census of Agriculture; Census funding needs are cyclical and the fourth year peak is due to data collection activities.

The Committee recommendation provides the full increase for the NASS portion of the Agricultural Resources Management Survey. The recommendation does not include the requested $3,000,000 increase for e-government activities.

AGRICULTURAL RESEARCH SERVICE

2002 appropriation [1]	$979,464,000
2003 budget estimate [2]	971,445,000
Provided in the bill [3]	1,002,193,000
Comparison:	
2002 appropriation	+22,729,000
2003 budget estimate	+30,748,000

[1] Does not include FY 2002 supplemental of $40,000,000 for Homeland Security, P.L. 107–117.
[2] Excludes $42,641,000 for pension and health benefits.
[3] Excludes $2,807,000 for GSA Rent which is funded in a central account under Agriculture Buildings and Facilities.

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. ARS conducts basic and applied research in the fields of animal sciences, plant sciences, entomology, soil, water and air sciences, 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 is also responsible for the Abraham Lincoln National Agricultural Library which provides agricultural information and library services to agencies of the USDA, public and private organizations, and individuals.

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 $1,002,193,000, an increase of $22,729,000 above the amount available for fiscal year 2002 and an increase of $30,748,000 above the budget request.

Acoustic technology.—The Committee recognizes the potential hazards posed by the reintroduction of sediment into the environment. The Committee provides an increase of $250,000 in fiscal year 2003 for research to develop a high resolution acoustic sub-

bottom profiling system for use in flood-control dams at the ARS National Sedimentation Laboratory at Oxford, Mississippi. This research will efficiently assess the effects of sediment movement on a dam's ability to regulate flood waters.

Advanced animal vaccines.—The USDA estimates that the annual monetary loss as a result of cattle and swine diarrheal disease is $500 million in the U.S. alone. Food borne pathogens cause between 6.5 million and 33 million cases of human disease and 9,000 deaths annually. The Committee provides an increase of $375,000 in fiscal year 2003 for expanded research on advanced animal vaccines and diagnostic applications currently carried out jointly by ARS, the University of Connecticut, and the University of Missouri.

Animal waste research.—The Committee supports the need for additional research to find solutions to reduce or eliminate risks to the environment and human health caused by animal waste. The Committee provides an increase of $1,250,000 in fiscal year 2003 to support this research at Florence, SC; Madison, WI; Fayetteville, AR; Clay Center, NE and Bushland, TX. In addition the Committee provides an increase of $750,000 over fiscal year 2002 for farm and watershed research and monitoring of manure nutrients, pathogens, and emissions at ARS laboratories at Ames, IA; Athens, GA; and Kimberly, ID.

Animal Welfare Information Center (AWIC).—AWIC is a key component of ARS' integrated information services program that enhances access to information about animal welfare. The Center assists researchers and others responsible for the care of laboratory animals with important information to enable them to comply with the humane standards established under the Animal Welfare Act. The Committee provides an increase of $80,000 in fiscal year 2003 to support animal welfare activities.

Aquaculture density research.—A growing aquaculture venture, particularly in Florida, is clam production. The State of Florida promotes aquaculture and specifically clam culture by leasing sovereignty-submerged land. However, very little is known on the ecological limits of large scale clam culture. The Committee provides an increase of $250,000 in fiscal year 2003 for research critical to the sustained growth of the clam industry.

Barley food health.—The Committee recognizes the need to investigate the benefits of barley foods to human health. The Committee provides an increase of $60,000 in fiscal year 2003 for investigation and documentation of the benefits of barley foods to human health, which are requisites to expanded domestic and international markets of barley.

Bee research.—The Committee recognizes the importance of honey bee research carried out by ARS at Beltsville, MD; Baton Rouge, LA; Weslaco, TX and Tucson, AZ and directs that these programs and resources be continued at the FY 2002 level.

Binational agriculture research and development.—The Committee recognizes the important research carried out through the binational agriculture research and development program and provides $519,120, the same level as in fiscal year 2002.

Biobased agricultural products.—The Committee provides an increase of $700,000 in fiscal year 2003 to develop new environmentally-friendly technologies utilizing novel enzymatic methods

and procedures for the modification of plant lipids to produce value-added products. This research will be carried out at the Peoria, IL research center.

Bioinformatics.—The Committee provides $6,723,000 the same level as in fiscal year 2002 to develop bioinformatic tools and provide database support for ARS' plant and animal science programs.

Biomass feedstock research.—To improve the quality and quantity of agricultural feedstock for production of energy and biobased products, the Committee provides additional funding of $250,000 for each of the following ARS laboratories: Albany, CA; Athens, GA; Lincoln, NE; St. Paul and Madison, WI.

Biotechnology Research and Development Corporation (BRDC).—BRDC is a uniquely successful public/private partnership dedicated to promoting technology development and commercialization of agricultural technology. The success of this investment can be measured by the large number of patents and technology licenses of inventions sponsored through BRDC. The Committee does not agree with the budget request to terminate this research and directs that this program be maintained at the fiscal year 2002 level.

Biotechnology risk assessment.—The Committee supports the need to develop technologies to provide tissue-specific expansion of genes for resistance to fungal pathogens and reduction of mycotoxins in maize. The Committee provides an increase of $300,000 in fiscal year 2003 to carry out this important research at ARS' National Center for Agricultural Utilization Research.

Bovine genetics.—The Committee supports the research program on biotechnology and genetics in cattle jointly carried out by ARS, the University of Connecticut and the University of Illinois. This program utilizes advanced research technologies to improve efficiency of clones and establish cell lines from elite cows and bulls for cloning. The Committee provides an increase of $400,000 to expand these studies in fiscal year 2003.

Cereal disease research.—Wheat and barley research conducted at the ARS Cereal Disease Laboratory, St. Paul, Minnesota is invaluable to the economic viability of these industries. The Committee recognizes the importance of maintaining scientific expertise at this laboratory and provides an increase of $250,000 in fiscal year 2003 to support priority research at this laboratory.

Chloroplast genetic engineering research.—The Committee supports the important research advances at the University of Central Florida (UCF) on chloroplast genetic engineering. The research team at UCF has internationally recognized expertise in this field of research. The Committee provides an increase of $600,000 in fiscal year 2003 for collaborative research with the University of Central Florida on the efficient and effective means of genetically-engineering chloroplast to increase the efficiency of photosynthesis as a key component of agricultural production.

Coffee and cocoa research.—The Committee provides the same level of funding in fiscal year 2003 for alternative crop research and development with specific emphasis on coffee and cocoa.

Continuing Programs.—The Committee recognizes the importance of ongoing research projects in addressing problems faced by the Nation's food and fiber producers. In this regard, the Committee directs the Agricultural Research Service to continue to fund

the following areas of research in fiscal year 2003 at the same funding level provided in fiscal year 2002: Biomineral Soil Amendments for Control of Nematodes, Beltsville, MD; Conservation Research, Pendleton, OR; Dryland Production Research, Akron, CO; Improved Animal Waste Management, Florence, SC; Improved Crop Production Practices, Auburn, AL; Manure Management Research, Ames, IA; Mid-West/Mid-South Irrigation Research, Columbia, MO; National Soil Dynamics Laboratory, Auburn, AL; New England Plant, Soil, and Water Laboratory, Orono, ME; Northern Great Plains Research Laboratory, Mandan, ND; Pasture Systems and Watershed Management, University Park, PA; Quantify Basin Water Budget Components in the Southwest, Tucson, AZ; Seismic and Acoustic Technologies in Soils, Oxford, MS; Soil Tilth Research, Ames, IA; Source Water Protection Initiatives, Columbus, OH/West Lafayette, IN; Water Resources Management Research, Tifton, GA; Water Use Management Technology, Tifton, GA; Watershed Research, Columbia, MO; Western Grazinglands, Burns, OR; Aerial Application Research, College Station, TX; Bee Research, Logan, UT/Weslaco, TX; Binational Agricultural Research and Development Program (BARD); Center for Biological Controls—FAMU, Tallahassee, FL; Cereal Crops Research, Madison, WI; Chloroplast Genetic Engineering Research, Urbana, IL; Citrus/Horticultural Research, Ft. Pierce, FL; Coffee and Cocoa Research, Miami, FL/Beltsville, MD; Crop Production and Food Processing, Peoria, IL; Endophyte Research, Booneville, AR; Floriculture/Nursery Crops Research, Ft. Pierce Horticultural Research Lab, Ft. Pierce, FL; Golden Nematode, Ithaca, NY; Grain Legume Plant Pathologist Position, Pullman, WA; Grape Rootstock Research, Geneva, NY; Great Basin Rangelands, Reno, NV/Burns, OR/Boise, ID; Greenhouse and Hydroponics Research, Wooster, OH; Greenhouse Lettuce Germplasm Research, Salinas, CA; Honey Bee Research, Baton Rouge, LA; Hops Research, Corvallis, OR; Integ. Farming Systems/Dairy Forage, Madison, WI; Jornada Experimental Range Research Station, Las Cruces, NM; Late Blight Fungus, Orono, ME; Lettuce Geneticist/Breeder Position, Salinas, CA; Microbial Genomics, Pullman, WA/Kerrville, TX; Minor Use Pesticides (IR–4); National Germplasm Resources Program; National Sclerotinia Initiative, Fargo, ND; National Wheat and Barley Scab Initiatives (Fusarium Head Blight), various locations; Nematology Research, Tifton, GA; Northwest Small Fruits Research, Corvallis, OR; Oat Virus (Barley/Cereal Yellow Dwarf), West Lafayette, IN; Olive Fruit Fly, Parlier, CA/Montpellier, France; Organic Minor Crop Research, Salinas, CA; Pecan Scab Research, Byron, GA; Pierce's Disease, Parlier, CA/Davis, CA/Ft. Pierce, FL; Plant Stress and Water Conservation Research, Lubbock, TX; Potato Breeding Research, Aberdeen, ID; Potato Research Enhancement, Prosser, WA; Rangeland Resources Research, Cheyenne, WY; Rangeland Resource Management, Las Cruces, NM; Residue Management in Sugarcane, Houma, LA; Rice Research, Stuttgart, AR; Risk Assessment for Bt. Corn, Ames, IA; Root Diseases in Wheat and Barley, Pullman, WA; Small Farms, Booneville, AR; Sorghum Research, Manhattan, KS/Bushland, TX/Stillwater, OK/Lubbock, TX; Southwest Pecan Research, College Station, TX; Soybean and Nitrogen Fixation, Raleigh, NC; Soybean Genetics, Columbia, MO; Sudden Oak Disease,

Frederick, MD; Sugarbeet Research, Kimberly, ID; Sugarcane Variety Research, Canal Point, FL; Sustainable Vineyard Practices Position, Davis, CA; Temperate Fruit Flies, Wapato, WA; U.S. National Arboretum, Washington, DC; Vegetable Crops Research, Madison, WI; Viticulture Research, Corvallis, OR; Wheat Quality Research, Pullman, WA/Wooster, OH/Manhattan, KS/Fargo, ND; Wild Rice Research, St. Paul, MN; Woody Genomics and Breeding for the Southeast, Poplarville, MS; Animal Vaccines, Greenport, NY; Aquaculture Initiative, Harbor Branch Oceanographic Institute, Stuttgart, AR; Aquaculture Initiative for Mid-Atlantic Highlands, Leetown, WV; Aquaculture Fisheries Research, Pine Bluff, AR; Aquaculture Systems (Rainbow Trout), Leetown, WV; Asian Bird Influenza, Athens, GA; Avian Pneumovirus, Athens, GA; Bovine Genetics, Beltsville, MD; Catfish Genome, Auburn, AL; Dairy Forage, Madison, WI; Dairy Genetics Research, Beltsville, MD; Formosan Subterranean Termite, New Orleans, LA; Livestock and Range Research, Miles City, MT; Malignant Catarrhal Fever (MCF) Virus, Pullman, WA; Mosquito Trapping Research/West Nile Virus, Gainesville, FL; Poultry Enteritis-Mortality Syndrome, Athens, GA; Poultry Diseases (Avian Pneumovirus/Coccidiosis) Athens, GA/Beltsville, MD; Poultry Diseases (Avian Coccidiosis/Leukosis-J Virus), Beltsville, MD; Shellfish Genetics, Newport, OR; Stuttgart National Aquaculture Research Center, Stuttgart, AR; Vaccines and Microbe Control for Fish Health, Auburn, AL; Aflatoxin in Cotton, Phoenix, AZ; Biotechnology Research and Development Corporation, Peoria, IL; Cotton Ginning Research, Las Cruces, NM; Food Safety for Listeria and E. Coli; Foundry Sand By-Products Utilization, Beltsville, MD; Postharvest and Controlled Atmosphere Chamber Research (Lettuce), Salinas, CA; Barley Food Health Benefits Research, Beltsville, MD; Diet and Immune Function, Little Rock, AR; Nutritional Requirements Research, Houston, TX; Animal Welfare Information Center, Beltsville, MD.

Accomplishments.—The Committee strongly objects to the Department's budget recommendations to terminate important research programs funded by the Congress. As stipulated in this report, certain research programs directed by this Committee proposed for reduction are fully restored. The Committee will continue to exercise its constitutionally-derived responsibility to fund critical and priority research programs important to the food and agriculture industry. The Congress is uniquely capable of making prudent decisions on program and resources based upon the information and justification expressed by the industry, consumers, and environmental and other stakeholders. The Committee recognizes the many and diverse issues confronting farmers, ranchers, consumers, and other interest groups. The research funded by this Committee is directed toward solving problems, both short- and long-term, to enhance the growth of the U.S. economy and international trade, preserve the environment, and promote the health and well-being of our citizenry. The following selected examples reflect the merit and successes of projects recently funded by Congress, as detailed justification for the Committee's Recommendation to continue these research programs:

Pullman, WA—Malignant Catarrhal Fever

Malignant catarrhal fever (MCF) is a severe disease of certain domestic and wild ruminants such as cattle, bison and deer. ARS, in collaboration with Washington State University (WSU), has developed the first monoclonal antibody-based serological test for MCF antibody. ARS has assisted the United Nations in establishment of MCF diagnostic testing capability. ARS has identified a new herpesvirus causing classic MCF in white-tailed deer and is investigating MCF in bison, a recently emerging, and serious obstacle for bison producers of North America.

Cheyenne, WY—Rangeland Resources Research

More than 800 million acres of rangelands located in the western United States have contributed to the environmental, economic, and social well being of the Nation. A series of field studies, conducted in cooperation with Colorado State University, has quantified parameters and features that affect infiltration and runoff on rangelands. An analysis of the carbon and nitrogen compounds of a sagebrush-grass range site has revealed that soil nitrate-nitrogen is significantly higher in heavily grazed "poor" condition pastures than in moderately grazed "good" condition pastures.

Phoenix, AZ—Aflatoxin in Cotton

This project has developed the manufacturing process carried out by the Arizona Cotton Research and Protection Council to increase from laboratory scale to production of 1,200 lb batches of fungal spores from non-toxin producing strains. This enabled the treatment of 20,000 acres of cotton in AZ in 2001 which prevents the contamination of cottonseed with aflatoxin. As the manufacturing process is optimized it is planned to address previously intractable problems on the biology and ecology of aflatoxin producing fungi.

Auburn, AL—Vaccines for Control of Fish Diseases

ARS scientists at Auburn, Alabama, lead the world in the development of vaccines to prevent fish diseases, as follows:

- Invented, patented, and transferred (licensed) the first modified live-fish vaccine. This vaccine, marketed as AQUAVAC–ESC, prevents a major bacterial disease that causes enteric septicemia (ESC) in channel catfish. Intervet, Inc., Millsboro, Delaware, sold out their ESC vaccine in 2001 at 200 million doses.
- Developed and patented a killed vaccine for control of the bacterium, Streptococcus iniae, a major disease of wild and cultured fish species worldwide. Intervet, Inc., plans to distribute the streptococcal vaccine formulation in Asia.
- Developed a modified live vaccine against Flavobacterium columnare, another major bacterial pathogen of catfish and other fish.

New Orleans, LA—Formosan Subterranean Termites—A One Billion Dollar Home Wrecker

ARS scientists at the Southern Regional Research Center in New Orleans, Louisiana, lead the National Formosan Subterranean Termite (FST) Program, in cooperation with State scientists at Louisiana State University (Louisiana Agricultural Center), Mississippi

State University, Texas A&M University, University of Florida, and University of Hawaii. ARS scientists, along with Louisiana Ag Center scientists and the New Orleans Mosquito and Termite Control Board, proved in a worst-case scenario-a 15–block area of the New Orleans French Quarter-that the FST can be reduced to non-pest status (only one building of 323 contained active termites 2 years after testing began) by using baiting technology in an area-wide approach. The key to this approach is using toxic baits to eliminate subterranean termite populations rather than the conventional approach of defending structures by encircling them with an underground pesticide barrier. Based on this success, the area-wide baiting technique is being expanded to include the entire 108–block French Quarter, as well as other parts of Louisiana, Mississippi, Florida, and Hawaii. ARS scientists invented (patent pending) a new bait that increases (10-fold) termite feeding of the toxicant-impregnated matrix, allowing reduction of toxicant concentration. Ensystex of Fayetteville, North Carolina, has been granted an exclusive license for use of the ARS-invented bait.

Gainesville, FL—Mosquito Trapping Research / West Nile Virus

Effective response by public health officials to epidemics of native or introduced vector-borne disease depends on knowing what the problem is and where it is. ARS scientists at the Mosquito and Fly Research Unit, Gainesville, Florida worked with commercial partners to invent two new traps, one of which, the MosquitoMagnet(r), is already being extensively tested in the Northeast for its ability to sample mosquitos that carry West Nile Virus.

Athens, GA—Asian Bird Influenza

In 1997, the H5N1 strain of the highly pathogenic avian influenza virus of poultry resulted in depopulation of all chickens in Hong Kong because of fear concerning its potential for killing humans. In 1999, the H5N1 avian influenza virus reappeared in Hong Kong. ARS scientists in Athens, Georgia, determined this virus was lethal to poultry but did not cause disease or death in a mouse model that predicted human infectivity.

Athens, GA—Poult Enteritis-Mortality Syndrome

ARS scientists identified a novel strain of astrovirus isolated from the thymus of turkeys with poult enteritis and mortality syndrome (PEMS) and sequenced the entire genome. ARS researchers then verified that this purified astrovirus caused PEMS-like disease in native turkey poults as characterized by growth depression, mortality, enteritis, and immunosuppression. A new diagnostic test was developed to identify conserved and divergent regions of the astrovirus genome and this test kit was used to detect astrovirus in commercial turkey flocks.

Ames, IA—Manure Management Research

Research was initiated to define the key compounds in swine manure that are objectionable by the general public. More than 20 organic compounds in manure have been identified by a human panel as being malodorous. Identification of these key compounds is the

first step to determine diet modification and treatment of waste to reduce the odor from swine production facilities.

Beltsville, MD—Dairy Genetics

This project has continued to work with U.S. dairy producers who need information on genetic merit of animals and germplasm regardless of the country of origin. The improved accuracy of U.S. evaluations and genetic indexes for economic merit include global information and enhanced competitiveness of U.S. dairy products, dairy animals, embryos, and semen.

Parlier, CA and Davis, CA—Pierce's Disease

Pierce's Disease is a major threat to the California wine industry, and this program has developed promising strategies to halt the spread of the disease by removing riparian vegetation near vineyards that harbors the disease and the insect that spreads the disease while replacing those plants with native, nonhost vegetation. ARS scientists developed a same-day on-site portable molecular assay for the Pierce's disease bacterium. Field tests demonstrate that infected grapestock can be diagnosed within 1–2 hours. ARS researchers at Parlier are determining the epidemiology and developing control measures for the disease and its sharpshooter vector. Researchers at Davis are testing substances that boost the grapevine's defenses against the bacterium.

Baton Rouge, LA—Russian Honey Bees Save U.S. Beekeeping Industry

Parasitic mites, particularly the ectoparasitic Varroa mite, are the most important factor limiting beekeeping in the United States. The exotic Varroa and tracheal mites have combined to virtually eliminate the presence of wild honey bees in the U.S., yet pollination by honey bees and other insects is valued at $6 billion per year. ARS scientists at Baton Rouge, Louisiana, identified and imported honey bees from northeast Russia that have proven to be strongly resistant to the Varroa mite, as well as the tracheal mite. Through cooperation with a commercial honey bee breeder and the American Honey Producers Association, the mite-resistant honey bee is being distributed to beekeepers throughout the U.S. Losses of honey bees to winter kill in 2000–2001 were 50–70% in some areas, but survival of the ARS-imported Russian honey bee in the same areas was over 99%. Consequently, demand for Russian honey bee queens is greater than supply.

Fargo, ND—Hard Red Spring and Durum Wheat Quality Lab

This laboratory evaluates approximately 2,000 samples of hard red spring wheat and 1,000 samples of durum annually to assure that newly released cultivars meet industry standards for milling, baking, and pasta. This work has led to the release of more than 30 commercial cultivars of hard red spring wheat and 10 cultivars of durum wheat in the last five years. Research from this lab demonstrated that flour components from strong gluten wheats had a highly positive effect, whereas weak gluten wheats had a negative effect on frozen dough quality. Research relating effects of enzyme combinations to shorten proof times, produce loaves with improved

crumb characteristics, and extend shelf life of the baked product addresses major concerns of the frozen dough industry.

Frederick, MD—Sudden Oak Disease

ARS researchers have initiated varietal host range testing of related species of oak to determine the range of pathogenicity of the pathogen causing sudden oak death. Studies are underway to elucidate the disease cycle.

Raleigh, NC—Soybean and Nitrogen Fixation

ARS scientists developed and released the novel soybean cultivar, Satellite, which is a first step toward a soybean oil that meets FDA rules for food product labeling for both saturated fat and trans-isomer content. In conjunction with the United Soybean Board, 5,000 gallons of refined Satellite oil was prepared for product testing by major companies in the food industry.

Minor Use Pesticides

The ARS segment of the IR–4 program worked cooperatively with the CSREES/States portion to increase pest management options for producers of minor crops. The regulations governing the registration and use of pest management chemicals have increasingly discouraged registrations for use on minor crops, a problem related to a lack of economic incentives for chemical companies to generate the necessary data. ARS scientists in nine States and the District of Columbia, in close coordination with State scientists, contributed data in FY 2001 that will be used in future registration petitions on 117 food, 265 ornamental and 59 residue projects to the IR–4 program. Adequate pest management tools are essential in maintaining a strong U.S. agricultural production system for minor crops, which account for almost half of U.S. crop sales.

Pullman, WA—Western Wheat Quality Laboratory

Each year ARS scientists evaluate milling and applications in traditional soft wheat uses (e.g. cookies and cakes) and unique products such as alkaline Chinese noodles and Japanese sponge cake over 8,000 breading lines submitted by wheat breeding programs in the Western States (Arizona, California, Idaho, Montana, Oregon, Utah and Washington). Researchers in the lab identified puroindoline proteins as the molecular genetic effectors of wheat grain softness, and the characterization of specific mutations that cause grain to become hard and filed a patent that covers the use of puroindolines in the modification of kernel texture in all cereals. The lab also developed D null partial waxy wheat germplasm and hard and soft completely waxy wheat and cooperated in the commercialization of waxy wheat food uses with a CRADA partner. They also developed an improved, nondestructive, small scale assay for polyphenol oxidase activity to predict alkaline noodle darkening, resulting in the development of a small scale alkaline noodle color test for evaluating the color potential of wheat breeding lines for Asian noodles. The method has been very broadly distributed and is used by nearly all wheat breeding programs west of the Mississippi.

Geneva, NY—Grape Rootstock (and Plant Pathology)

The U.S. grape crop, now grown in over 40 states, has more than tripled in fifteen years from $955 million in 1985 to $3.1 billion in 2000. This program has developed grape rootstocks with pest and disease resistance and stress tolerance for use in vineyards in the United States. In addition, outside of the Far West (CA), much of the nation's grape acreage is cultivated in areas of relatively high humidity where a range of disease organisms thrive and threaten the productivity and sustainability of grapes for fresh and processed consumption. This program developed a basic understanding of how these diseases actually infect the plant and make it sick, thus providing new approaches for control and management of these diseases.

Miami, FL and Beltsville, MD—Coffee and Cocoa

ARS scientists have identified and mapped genetic markers of resistance to the three most common diseases (witches broom, frosty pod, black pod), of cocoa that cause devastating economic loss worldwide. Using these markers to screen major collections in the Western Hemisphere, important sources of potential genetic resistance are being developed. Also, the establishment of genetic markers of quality and flavanoid characteristics point to promising phytopharmaceuticals from cocoa with important implications for improved human health and post-harvest product quality.

Auburn, AL—Conservation Tillage Production System Helps Profits and the Environment

ARS scientists at Auburn, Alabama, lead in the development of agricultural tillage systems in the Southeast and Mid-South U.S. that use cover crops and non-inversion tillage to build soil quality, manage soil compaction, and reduce the risk of short-term drought. ARS scientists partner with action agencies like the USDA Natural Resources Conservation Service and Cooperative Extension Systems in the Southeast, as well as private agribusiness and farmer groups like the Alabama Farmers Federation, Georgia Conservation Tillage Alliance, and Cotton Incorporated. Seventy-five percent of cotton growers in some regions of the Southeast have adopted ARS-developed conservation practices. State examples include a four-fold increase in conservation tillage practices in Alabama and two-fold in Georgia, where cotton alone in 2000 was valued at $141 million and $453 million, respectively.

Tifton, GA—Nematology Research

ARS researchers at Tifton, Georgia have maximized the use of non-chemical methods of nematode management in vegetable and agronomic crops. Control measures utilizing resistance, biological control, cropping sequences, and cultural practices have been developed. Interactions of nematodes with other pests have also been measured.

Orono, ME—Late Blight Fungus

ARS researchers at Orono, Maine have characterized the late blight pathogen from tomato and potato plots and gardens in Maine; unique genotypes of the pathogen have been identified.

Variable mating types of the fungus suggest that a shift in population structure is occurring to a more virulent strain.

Food Safety for Listeria and E. Coli

Listeria and E. coli research were added to new programs aimed at: sequencing the genome of various Listeria monocytogenes species to provide insight into the mechanisms of disease and evolution of the pathogen; developing strategies to rapidly identify and differentiate Listeria species and strains in conducting a prevalence study of Listeria in ready-to-eat foods, and for the development of FSIS and FDA regulatory policy on ready-to-eat foods; and determining if the prevalence and numbers of E. coli O157 in "downer" cattle sent to slaughter is higher than found in normal cattle.

East Lansing, MI—Avian Disease & Oncology Res. Lab

Avian myelocytomatosis, a tumor of chickens is induced by a novel subgroup-J of avian leukosis virus (ALV–J). ALV–J is a serious cause of mortality and other production problems in meat-type chickens in the United States. ARS developed a convenient diagnostic test for the presence of the virus and provided research that lead to another disease commercial test. This research to detect and eradicate this disease has been very successful.

Manhattan, KS—Hard Winter Wheat Quality Laboratory

Scientists in this laboratory evaluate the milling and baking quality of hard winter wheat breeding lines from three federal regional breeding nurseries for the best quality and maximum yields. The information obtained and provided to breeders ultimately helps U.S. farmers grow good quality, breadmaking wheats for domestic and export markets. The lab developed a simple, user-friendly relational database system that summarizes and interprets end use quality data to allow breeders to more rapidly and accurately assess the quality potential of experimental breeding lines, and ultimately facilitate the increased utilization of U.S. wheat flour for new and unique commercial products.

Wooster, OH—Soft Wheat Quality Laboratory

ARS scientists evaluated cultivars and about five thousand breeders' test lines for protein qualities that may be beneficial for domestic cracker production. New soft wheat lines were identified with sufficient gluten strength for cracker production without having to blend them with hard wheats.

Salinas, CA—Greenhouse Lettuce/LettuceBreeder

This program has provided disease resistant lettuce germplasm to the public that allows farmers to produce a high quality, disease-free and nutritious crop at a reasonable cost to the consumer.

Bushland, TX—Sorghum Research

Long-term dryland and furrow irrigation studies have been initiated at Bushland, Texas, on cotton-sorghum and sorghum-cotton rotations and continuous sorghum cropping to evaluate effects on water use, water use efficiency, tillage practices and crop production. Sensor technologies for the measurement of daily plant water

stress can provide a useful tool for sorghum growers to improve water management practices.

Columbus, OH—Source Water Protection Initiative

New and innovative best management practices (BMPs) are being installed in the Upper Big Walnut Creek watershed to improve the quality of the drinking water supply for Columbus, Ohio. Alternative BMPs will be installed in FY 2003 which include improved drainage management practices, advanced integrated pest management methods, enhanced cropping systems, installation of constructed wetlands and riparian areas, etc.

National Germplasm Resource Program—(Multi-location)

This program supported the acquisition, maintenance, and evaluation of plant germplasm that supplies the nation's food and fiber and insures homeland security.

College Station, TX—Southwest Pecan Research

The pecan program at College Station is the largest, and essentially the only, pecan breeding program in the world. ARS scientists have developed, tested and released superior pecan scion cultivars and rootstocks for all pecan growing areas of the United States. About 0.5 million acres of pecans are grown in the United States by some 20,000 small farmers that have an orchard size of about 25 acres.

Boise, ID—Great Basins Rangeland Research

Post-fire establishment of desirable rangeland grasses is hampered by the high variability in seasonal and annual precipitation on western rangelands. Scientists are using models to characterize the annual variability in seedbed conditions in order to predict the potential success level for the establishment of different grass species.

Ames, IA—National Soil Tilth Research

The National Soil Tilth Laboratory has established one of the largest, fully instrumented field-scale projects in the United States for quantifying the crop productivity, soil quality, water quality, and economic benefits of conventional and organic farming practices. Soil and crop management practices are also being developed for improved carbon sequestration and other soil quality factors. Basic properties associated with clay mineralogy and organic matter are providing the bases for improving soil water retention and a better understanding of the carbon cycle.

West Lafayette, IN—Oat Virus (Barley/Cereal Yellow Dwarf) with University of Illinois

Wheat lines were identified having wheatgrass DNA segments that confer complete resistance to cereal yellow dwarf virus. U.S. wheat breeders can exploit these new lines to develop virus-resistant wheat.

Ames, IA—Risk Assessment for Bt Corn

ARS scientists have found the impact of Bt corn on monarch butterfly populations to be negligible. Their results were published in a series of five articles in the October 9, 2001 issue of Proceedings of the National Academy of Sciences (PNAS).

Columbia, MO—Midwest/Mid-South Irrigation

Soil electrical conductivity (EC) sensing has been found to be a useful method for estimating differences in yields seen across Missouri fields. Using this technology, a cooperative irrigation research that includes precision applications of water and nutrients have been initiated at the Delta Center, University of Missouri, near Portageville.

Lubbock, TX—Plant Stress & Water Conservation Lab

Project has developed new diagnostic tests to identify plant lines that are more tolerant of high temperatures and identified genes involved in drought tolerance.

Pullman, WA—Grain Legume Plant Pathologist

Project has located chickpea genes for resistance to ascochyta blight and mapped these genes on a genetic map.

Root Diseases in Wheat and Barley

Project has recently identified eleven species of pythium that cause root rot in wheat and barley, an economically devastating disease of U.S. grain crops.

National Wheat and Barley Scab Initiative

Fusarium head blight (scab) has caused over a $3 billion cumulative loss to U.S. wheat and barley producers. More than 100 research projects from 27 states were funded in 2002 as part of this coordinated national effort to reduce scab losses. Plant breeding, biotechnology, chemical and biological control, disease management and food safety projects will all be affected by the budget cut. Scientists have identified resistant germplasm and are racing to incorporate this resistance into publicly available varieties.

Beltsville, MD—Barley Food Health Benefits

Human studies have been conducted that increasing the barley fiber content of the diet lowers serum cholesterol levels and provides health benefits. This work was done in men and new studies using women are underway.

Aberdeen, ID—Potato Breeding Research

A late blight resistant breeding selection has been released from the ARS program at Aberdeen, Idaho. Two new potato varieties, Bannock Russet, a French fry and fresh market russet with resistance to early dying disease and potato virus Y, and Ida Rose, a fresh market red type, were also introduced.

Corn germplasm.—Corn is a key resource in this country and throughout the world, providing food, industrial uses, livestock feed, and export. It is important to broaden the germplasm base of corn hybrids grown by American farmers to promote genetic diver-

sity and stability in corn production. The Committee provides an increase of $400,000 in fiscal year 2003 to the ARS Corn Insects and Crop Genetics Research Laboratory at Ames, Iowa for expanded research on the impact of insects on corn production in the Midwest.

Dairy genetics research.—The Committee provides an increase of $400,000 in fiscal year 2003 to the Animal Improvement Research Laboratory, Beltsville, Maryland for increased research on dairy cattle genetics and to undertake research related to their reproductive health. This research will include the maintenance of a national database for genetic research on milk yield, composition, and fitness traits; improved methods of comparing genetic evaluations across countries; and determining economic values of health and reproductive traits.

Emerging animal diseases.—The Committee provides an increase of $500,000 in fiscal year 2003 to establish collaborations with other countries to address emerging animal diseases and to characterize disease threats in their native areas. The Agricultural Research Service will validate diagnostics and vaccines in host countries to reduce threats to the United States.

Endophyte research.—There are over 35 million acres of endophyte infected tall fescue pastures in the United States responsible for annual losses to the beef cattle industry. This fescue toxicity problem plagues the cattle industry in Arkansas, Oklahoma, Missouri, Kansas, Tennessee, Alabama, Georgia, North Carolina, Indiana, Virginia, and Oregon. The Committee provides an increase of $300,000 in 2003 to the ARS Research Center at Booneville, Arkansas for expanded collaborative research with the University of Arkansas, University of Missouri and the Oregon State University.

Exotic diseases of plants.—The Committee supports research proposed to identify and characterize plant diseases at laboratories in Wooster, OH; Frederick, MD; and Prosser, WA. An increase of $250,000 is provided for fiscal year 2003 for each of these laboratories to study plant viruses and bacterial and fungal pathogens.

Floriculture and nursery research.—Floriculture and nursery crops represent more than 10% of the total U.S. crop cash receipts while environmental horticulture is the third largest value crop in the U.S. The Committee restores funding recommended for termination in the President's budget and continues funding at the fiscal year 2002 level for this research.

Food safety for Listeria and E. coli and other pathogens.—The Committee provides an increase of $400,000 in fiscal year 2003 for research on the control and prevention of Listeria monocytogenes in ready-to-eat meat and poultry products; E. coli 0157:H7 in raw beef products; and other agents of importance that contaminate the U.S. food supply.

Formosan subterranean termite.—The exotic Formosan Subterranean termite costs the U.S. one billion dollars each year. It is particularly damaging in the Greater New Orleans area, along the Gulf Coast, and Hawaii. ARS scientists, in cooperation with scientists from Louisiana State University Agricultural Center and the City of New Orleans Mosquito and Termite Control Board successfully demonstrated in a 15-block New Orleans French Quarter

test that populations of the termite can be dramatically reduced on an area-wide basis by the use of detection and baiting technologies. The Committee provides an increase of $200,000 in fiscal year 2003 to the Southern Regional Research Center at New Orleans, Louisiana to continue current efforts and to expand the 15-block test to encompass the entire 108-block area of the historically and economically important French Quarter.

Ft. Pierce horticultural research laboratory.—The Committee understands that the horticultural research laboratory continues to operate below scientific capacity. This laboratory carries out critical research on citrus, fruits, and vegetables and nursery crops. The Committee provides an increase of $600,000 in fiscal year 2003 for the U.S. Horticultural Research Laboratory at Ft. Pierce, Florida for a molecular biologist and bacteriologist.

Genetic resources.—The Committee recognizes the importance of acquiring, characterizing and evaluating germplasm resources and provides an increase of $2,750,000 for this program. The Committee directs funding of $250,000 for each of the programs and laboratories requested. Acquisition: Riverside, CA; and Parlier, CA. Characterization: Ft. Collins, CO; Corvallis, OR; Ames, IA: Davis, CA; and Raleigh, NC. Evaluation: Madison, WI; Pullman, WA; Hilo, HI; and Mayaguez, PR.

Genetically modified crops and plants.—The National Academy of Sciences report on "Genetically Modified Pest-Protected Plants" affirmed that genetically engineered organisms are not inherently more dangerous than conventionally bred organisms. ARS is at the forefront in determining the consequences of any genetically modified organism (GMO). These include the development of strategies to prevent the buildup of resistance in crop pest populations, the assessment on effects on non-target organisms, such as Monarch butterfly, and the reduction of pesticides run off from GMO fields. The Committee provides an increase in fiscal year 2003 for expanded research at four ARS research locations as follows: Corvallis, Oregon, $300,000; Ames, Iowa, $300,000; Phoenix, Arizona, $300,000; and Wapato, Washington, $300,000.

Ginning technologies.—The Committee directs that the important research carried out by ARS in cotton ginning harvesting and the development of ginning technologies be maintained at fiscal year 2002 funding levels.

Grape genetics.—Grapes are the 6th largest crop in the United States and one of the most important cash crops world wide. The U.S. is the 4th largest producer of wine, responsible for about 10% of all world wine. The Committee provides an increase of $300,000 in fiscal year 2003 for the grape genetics research program at the ARS facility in Geneva, New York. These funds will be used to hire a grape geneticist who will begin mapping the grape genome.

Grapefruit juice/drug interaction.—The Committee provides an increase of $400,000 in fiscal year 2003 to examine and obtain more precise data on the effect of grapefruit juice consumption on the absorption rates of certain medications. Research is needed to characterize the components of grapefruit juice responsible for enzyme suppression and to understand the dosage affected and determine the rate of consumption for safety and efficacy. Research will be conducted by ARS at the USDA Citrus Research Laboratory at

Winterhaven, Florida. The research will be in collaboration with the University of Florida-IFAS and Tufts University.

Great Basin rangelands.—The Agricultural Research Service carries out important investigations to control infestations such as medusahead, Canadian thistle, Russian knapweed, and many other existing and invasive weeds affecting the Great Basin. Research is conducted on management of rangelands, including conservation, restoration, and sustainable utilization. Research is also carried out to develop predictive models of basin-scale hydrologic systems. The Committee directs that this research be continued at the fiscal year 2002 funding level.

Greenhouse lettuce germplasm.—The Committee provides an increase of $50,000 in fiscal year 2003 for additional costs associated with the preservation, maintenance, and evaluation of greenhouse lettuce germplasm.

Harvesting research for sugarcane.—The Committee understands the need for research investigations to improve harvesting and processing efficiency for sugarcane. Environmental concerns for current "burning" practices require expanded research to develop new varieties that allow farmers to utilize "green cane" harvesting methods efficiently. In addition, to offset increased costs involved with residue, studies must be pursued to develop technologies and useful products from sugarcane biomass. The Committee provides an increase of $300,000 for this research in fiscal year 2003 to be carried out at the ARS research location in Houma, Louisiana.

Invasive weeds and insects.—The Committee continues to be supportive of Agency's research program to control and eradicate weeds and insects and the need to develop safe biological controls for invasive pests. The Committee provides an increase of $1,250,000 as requested for fiscal year 2003. These funds are to be implemented at the following laboratories: Davis, CA; Frederick, MD; Wooster, OH; Ft. Collins, CO; and Newark, DE.

Livestock genes of economic importance.—The Committee is aware of the need to identify the genes that influence disease resistance, reproduction, nutrition and other economically important traits in livestock. The Committee provides an increase of $750,000 for beef and swine research at Clay Center, Nebraska.

Malignant Catarrhal Fever (MCF) Virus.—The Committee provides an increase of $250,000 in fiscal year 2003 for this sheep-associated virus infecting small ruminants. This additional funding will be used for research on the development of vaccines critical to the systematic eradication of MCF virus in small ruminants at the ARS laboratory at Pullman, WA, and in cooperation with the ARS sheep station at Dubois, ID, and Washington State University.

Marek's Disease.—Marek's Disease, a herpes virus induced cancer like disease is one of the most devastating diseases of chickens. The Committee recognizes ARS' significant achievement in the development of vaccines currently used world wide to counter Marek's Disease. While the use of current vaccines have substantially reduced condemnation losses, the current vaccines are not 100% effective due to continuing emergence of new and more pathogenic wild strains. The Committee provides an increase of $500,000 in fiscal year 2003 for expanded research on development of more effective vaccines.

Microbial genomics initiative.—Analysis of the complete genome of microbial pathogens is revolutionizing our understanding of emerging and food-boorne diseases such as tuberculosis, salmonellosis, and E. coli 0157:H7, and bioterrorists threats such as anthrax. The ARS Animal Disease Research Unit at Pullman, Washington in collaboration with the Washington State University and the ARS Tick Research Unit at Kerrville, Texas is conducting research to address tick-transmitted bacterial agents in cattle as well as identifying additional genomic projects on diseases which pose trade barriers to our livestock industry. The Committee provides an increase of $400,000 in fiscal year 2003 for this collaborative research initiative.

Mid-West/Mid-South Irrigation.—While irrigation is normally associated with the arid, western part of the U.S., the fastest growing irrigation states are found in the Mid-West and the Mid-South. The need for irrigation in these areas is critical in reducing production risks, increase producer yields, promote good land management practices, and reduce input costs. The Committee provides an increase of $400,000 in fiscal year 2003 for cooperative research into irrigation methods and technologies with the Delta Center, University of Missouri at Portageville, Missouri.

Minor use pesticides (IR–4).—Pest management for minor crops continues to be a major problem in rural America. Pest control product registrations are critical to minor crop agriculture. However, the crop production industry has little incentive to pursue such registrations because of small acreage and low return of investment. This program produces research data for clearances for pest control products on minor food and ornamental crops and supports the FQPA. The Committee provides an increase of $200,000 in fiscal year 2003 to expand this research.

Nutrient management in the Northeastern United States.—The Committee provides an increase of $300,000 in fiscal year 2003 for research to measure and predict the farm and watershed scale in the Northeastern United States, as well as to measure input of manure nutrients and pathogens to sensitive bodies of water as a function of management practices and treatment technologies.

Nutritional requirements research.—The Children's Human Nutrition Center at the Baylor college of Medicine, Houston Texas is dedicated to investigating the nutritional needs of pregnant and nursing women and children from conception through adolescence. This Center has helped define the role of nutrition in children's health, growth, and development. The Committee provides an increase of $375,000 in fiscal year 2003 to the Center to develop better understanding of how dietary factors affect the growth and development of children and the onset of chronic diseases.

Olive fruitfly research.—The olive fruitfly is the world's number one pest of olives, causing devastating effects on the $66 million olive industry in California. The Committee provides an increase of $250,000 in fiscal year 2003 to expand the integrated pest management research program to control the olive fruitfly at ARS' Horticultural Research Laboratory and European Biological Control Laboratory.

Pay act costs.—The Committee provides funding for increased costs associated with Federal employees salaries and benefits.

Phytoestrogen research.—Phytoestrogens are compounds in plant food that are metabolized by the human body to resemble naturally occurring estrogens and which may retard some of the adverse effects of estrogens. The Committee recognizes the importance of phytoestrogen research at the Southern Regional Research Center (SRRC) in collaboration with the Tulane/Xavier Center for Bioenvironmental Research. This research is also being expanded to integrate the expertise of the Laboratory for Soy Products and Health at the University of Toledo. The Committee provides an increase of $900,000 in fiscal year 2003 for cooperative research with SRRC and Tulane, Xavier and the University of Toledo.

Pierce's disease.—Pierce's Disease and its vector the Glassy-winged Sharpshooter (PD–GWSS) continue to devastate vineyards in Southern California and established strongholds in several other premium growing areas threatening the entire grape and wine industry. Several other commodities have been impacted because they serve as hosts of the glassy-winged sharp shooters. Citrus and nursery stock growers now have costly requirements for inspection and treatment regimens to curb the spread of PD–GWSS. International trade has also been restricted as Australia recently banned imports of California grapes over fears of Pierce's Disease. The Committee provides an increase of $600,000 in fiscal year 2003 to enable the ARS center at Parlier to move aggressively and effectively against this serious pest/disease combination threat to the economic viability of many crops in California. The Committee directs that $120,000 of the increase be implemented to supplement ongoing research at Davis, California, and Ft. Pierce, Florida.

Plant/Crop genome sequencing.—Genomics is critical for developing improved crops that enable producers to maximize yields of high quality products, while minimizing environmental degradation and improving efficiency of production. The Committee supports the ARS research effort to expedite gene discovery and the development of physical maps and markers for maize, cereals, legumes, and insects, and provides an increase in fiscal year 2003 to the following ARS locations: Weslaco, Texas, $300,000; Ithaca, New York, $500,000; and Albany, California, $500,000.

Plant stress and water conservation research.—The Committee is aware of the staffing needs at the new U.S. Plant Stress and Water Conservation Laboratory in Lubbock, TX. Increased research is required to develop strategies to alleviate the impacts of temperature stress and water deficits on plant performance, improve the efficient use of available water supplies for dryland and irrigated production systems, and research production strategies to enhance the entire soil-plant-water relationship. An increase of $300,000 is provided in fiscal year 2003 for staffing needs at the U.S. Plant Stress and Water Conservation Laboratory.

Porcine Respiratory Disease Complex (PRDC).—With annual losses in the United States estimated in excess of $210 million, this newly emerging respiratory disease in pigs is the most important health concern of U.S. swine producers. The origin of the disease is still unknown and research initiatives are needed to develop methods for diagnosing and controlling PRDC. The Committee provides an increase of $600,000 in fiscal year 2003 to the ARS Res-

piratory Diseases Laboratory, Ames, Iowa to control this emerging swine disease.

Poultry diseases.—The Committee is aware that research on poultry diseases is critical to national and international competitiveness of animal agriculture and is a limiting factor to the expansion of U.S. poultry exports. Diagnostic tests and vaccines are critically needed to prevent outbreaks and the spread of exotic poultry diseases such as Avian Influenza, Newcastle disease and new variants of known viral diseases. The Committee provides an increase of $1,000,000 for fiscal year 2003 for increased research on poultry diseases at the Southeast Poultry Research Laboratory, Athens, Georgia.

Rangeland resources research.—The Committee continues to support the important research program at the ARS High Plains Grassland Research Station at Cheyenne, Wyoming. The Committee restores funding to the fiscal year 2002 level.

Regional grains genotyping research.—The Committee recognizes the need for research investigations to identify and deploy important genes for grain quality and pest resistance of cereals grown in the Southeast, including wheat, oats, and corn. The Committee provides an increase of $325,000 in fiscal year 2003 for this research to be carried out by ARS' Plant Science Laboratory, at Raleigh, NC.

Restoration of proposed base reductions and laboratory closures.—The Committee does not concur with the President's budget proposal to close selected research laboratories and terminate related ongoing research programs. The Committee directs the continuation of these important research laboratories and fully restores funding of $15,000,000 identified for reduction in the President's budget as "ongoing research programs and laboratory closures". The laboratories and base programs to be continued and restored by this Committee include: the Avian Disease and Oncology Laboratory, East Lansing, Michigan; Water Management Research Laboratory, Brawley, California; New England Plant, Soil, and Water Research Laboratory, Orono, Maine; the Honey Bee Research Laboratories located at Beltsville, Maryland; Baton Rouge, Louisiana; and Tucson, Arizona; the Cereal Crops Quality Research Laboratories located at Fargo, North Dakota; Madison, Wisconsin; and Wooster, Ohio; Biotechnology Research and Development Corporation, Peoria, Illinois; Animal Health Consortium, Peoria, Illinois; and the Western Regional Research Center, Albany, California.

Sorghum research.—Grain sorghum has long been an important crop in the U.S. and the world. The estimated value of the U.S. sorghum crops was over $2.1 billion in 1999, placing it fourth on the list of economically important grains, behind corn, soybeans, and wheat. However, little basic information exists on new and industrial uses of sorghum, including use of sorghum distiller dry grain as livestock feed or its many unique health properties. Also, as more and more U.S. producers implement new crop rotation schemes that include sorghum, new pest problems threaten farmer livelihoods. The Committee provides an increase of $712,000 for expanded sorghum research at the following ARS locations: $200,000 to the Cereal Grain Quality Laboratory, Manhattan, Kansas to develop new and industrial uses of sorghum; $212,000 to the Energy

Soil, & Animal Waste Research Unit, Bushland, Texas to evaluate the feed value of sorghum distiller dry grain; $200,000 to Arkansas Children's Nutrition Center, Little Rock, Arkansas for research on white, food-grade sorghum and other specialty sorghum high on anti-oxidants and other health benefits; and $100,000 to Stillwater, Oklahoma for developing new insect resistance lines of sorghum.

Source Water Protection Initiatives.—The Committee continues to be concerned with the agricultural and environmental water quality issues resulting from water movement through agricultural drainage systems serving as conduits for movement of pollutants into surface water systems. The management of subsurface or groundwater flow can have a major effect on pesticides and soil erosion. The Committee provides $360,000 in FY 2003 to the Soil Drainage Research Unit in Columbus, Ohio to continue the source water protection initiative started last year in the Upper Big Walnut Creek Watershed. The Committee also provides an increase of $360,000 in fiscal year 2003 to the National Soil Erosion Laboratory, West Lafayette, Indiana to continue the source water initiative started last year in the St. Joseph River Watershed. Additional funds will provide for additional research scientist positions and for required research equipment at both ARS locations.

Sudden Oak disease.—Since 1995, oak trees have been dying in large numbers along the California and Oregon coasts. The disease has spread to other plants including rhododendron and huckleberry. There is great potential for this disease to spread throughout the country. The Committee provides an increase of $300,000 to conduct research to identify causative agents and diagnostic tools. This research is carried out at the ARS Ft. Detrick research laboratory.

Sugarcane variety research.—The Committee provides an increase of $300,000 in fiscal year 2003 for the ARS Sugarcane Research Station at Canal Point, Florida. These funds will be used toward strengthening and expanding the breeding, pathology, and soil conservation projects currently in progress.

Sustainable olive production.—Olive oil production is a new value added farm industry of interest to many farmers in the south and southwest. The Committee is aware of research studies currently underway to develop sustainable methods for improved olive production and olive oil quality for Texas and other production areas in the United States. The Committee provides an increase of $150,000 at the ARS Weslaco, Texas laboratory for expanded research on sustainable olive production in the south and southwest.

Sustainable viticulture research.—The development of sustainable, biologically, and environmentally sound grape growing practices which enhances compatibility with soil, water, air, and biotic resources is important to the grape industry, since grape is a major U.S. farm product competing in a very competitive world market place. The Committee provides an increase of $300,000 in fiscal year 2003 for expanded sustainable viticulture practices research at the ARS research laboratory at Davis, CA.

Transgene activity research.—The issue of gene flow from crops to surrounding vegetation is urgent in light of legal questions of responsibility when proprietary genes are transferred from one farm to another by pollen dispersal. Technologies are needed for crops in

which gene transfer is considered most likely and potentially most dangerous, including biotechnology approaches that inhibit pollen or seed variability and ecological approaches such as safe buffer zones between crops and other management practices to reduce risk. The Committee provides an increase in fiscal year 2003 for expanded research at the following ARS locations: Albany, California, $500,000; Ames, Iowa, $500,000; Raleigh, North Carolina, $250,000; and Ithaca, New York, $300,000.

Transmissible Spongiform Encephalopathies (TSE).—TSE are fatal diseases that can affect both animals and humans. Scrapie of sheep and goats, bovine spongiform encephalopathy (BSE), and chronic wasting disease (CWD) of deer and elk are classified as TSE of ruminant animals. In order to reduce livestock losses and to improve efficiency of production it is important to eradicate TSE's in domestic animals. The Committee provides an increase of $1,500,000 in fiscal year 2003 to be allocated $500,000 each to the Animal Disease Research Laboratory, Pullman, Washington; National Animal Disease Center, Ames, Iowa; and the Western Regional Research Center, Albany, California.

United States National Arboretum (USNA).—The Committee recognizes the important work of the USNA and the additional resources required to accommodate the continuing growth of visitors to the Arboretum. The Committee provides an increase of $300,000 in fiscal year 2003 to meet the expanded workload at the USNA.

Utilization of agricultural commodities.—The Committee is aware of the need to develop technologies to produce biobased products from agricultural commodities and byproducts and provides an increase of $1,600,000 for fiscal year 2003 as follows: Albany, CA, $500,000; Athens, GA, $250,000; New Orleans, $250,000; Peoria, IL $300,000; and Wyndmoor, PA, $300,000. In addition, The Committee provides an increase of $1,000,000 to improve conversion of agricultural materials and wastes to biofuels to be carried out at Bushland, TX; Peoria, IL; Wyndmoor, PA; and Albany, CA.

Verticillum Wilt.—The Committee is aware of the extensive damages caused by "Verticillum Wilt" to lettuce and vegetable producers in California. The Committee directs ARS to utilize existing funds available to the ARS research station at Salinas, California to address this serious vegetable production problem in California.

Water use reduction/producer enhancement research.—A vital factor in the viability of rural economies is a quality natural resource base to sustain agricultural productivity. Available water supply is being stretched by rapidly growing demands for water by urban populations, irrigated agriculture, industry/energy sectors, and in-stream flow requirements. The dilemma for producers and local economies is finding solutions to reduce irrigation and natural resource consumption while at the same time maintaining and or enhancing producer net returns. The Committee provides an increase of $650,000 in fiscal year 2003 to the National Peanut Research Laboratory at Dawson, Georgia for research to enhance, in a sustainable manner, irrigated agriculture and associated rural economies in Southwest, Georgia.

Weather variability research.—Agricultural production is vulnerable to the extreme variability in weather patterns. Agricultural water supplies is likewise facing increasing competition from urban

and industrial uses, due to variability in weather extremes. Expanded research is needed to assess and manage risks of agricultural production and water supplies arising from weather variability. The Committee provides fiscal year 2003 increases of: $250,000 to the ARS research station at Boise, Idaho for research to develop hydrological and rangeland models; $250,000 to ARS research station at El Reno, Oklahoma for research to develop methods for prediction and early detection of drought; and $250,000 to ARS research station at Coshocton, Ohio for research on weather risk assessments as it relates to crop production.

West Nile Virus.—The Committee recognizes the continuing threat of mosquito-borne West Nile Virus to humans and domestic animals in northern New England and other parts of the United States. The Committee provides an increase of $350,000 in fiscal year 2003 for expanded cooperative research with the Connecticut State Agricultural Experiment Station to develop methods of efficiently controlling mosquitoes, to evaluate available anti-viral drugs to cure infected humans and to determine if the virus is mutating to more virulent forms.

Wheat quality research.—The Committee supports ARS' ongoing wheat research program carried out at Wooster, Ohio; Fargo, North Dakota; Manhattan, Kansas; Madison, Wisconsin; and Pullman, Washington. The research conducted at these laboratories is unique and funding is to be continued at the FY 2002 level.

Winegrape plant virus.—The Pacific Northwest is an increasingly important grape growing region of the United States. There are 25,000 acres of juice grapes planted in Washington and another 12,000 combined acres of wine grapes in Oregon and Idaho, creating a crop industry quickly becoming one of the most profitable to the region. However, plant viruses pose a significant danger to the grape and wine industries of the Pacific Northwest and farmers must be assured that the materials used to plant new vineyards are certified "clean" rootstock. The Committee provides an increase of $250,000 in fiscal year 2003 to the ARS research station at Prosser, Washington for collaborative winegrape plant virus research with the Washington State University's Irrigated Agriculture Research and Extension Center (AREC).

Woody ornamental genomics and breeding for the Southeast.—Ornamental horticulture is valued at $11 billion annually in farm gate receipts. Expansion of this industry in Tennessee and other Appalachian States would help offset the declining value of other traditional agricultural products such as tobacco, dairying, and feed grain. However, profitable expansion of ornamental horticulture is impeded by insect, disease, and nematode pests, which also cause extensive chemical usage. The Committee directs that funding for this collaborative program be restored at the FY 2002 level to continue the important cooperative research between ARS and the University of Tennessee, Knoxville, Tennessee.

Stephen F. Austin State University.—The Committee is aware of the proposed Stephen F. Austin State University project that, through the combined efforts of the Forest Resources Institute and the Center for Medicinal Plants Research in Nacogdoches, Texas, will study poultry science, animal nutrition, and plant biotechnology. The Committee expects the Agricultural Research Serv-

ice to give this proposal serious consideration for research funding in fiscal year 2003.

BUILDINGS AND FACILITIES

2002 appropriation[1]	$118,987,000
2003 budget estimate	16,580,000
Provided in the bill	95,280,000
Comparison:	
2002 appropriation	−23,707,000
2003 budget estimate	+78,700,000

[1] Does not include FY2002 supplemental of $73,000,000 for Homeland Security, P.L. 107–117.

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 of or used by the Agricultural Research Service. Routine facilities maintenance, construction or replacement items would continue 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 $95,280,000, a decrease of $23,707,000 below the amount available for fiscal year 2002 and an increase of $78,700,000 above the budget request.

The following table summarizes the Committee's provisions:

AGRICULTURAL RESEARCH SERVICE, BUILDINGS AND FACILITIES

[In thousands of dollars]

	FY 2003 estimate	Committee provisions
Arizona:		
U.S. Water Conservation and Western Cotton Laboratories, Maricopa	0	$12,300
District of Columbia:		
U.S. National Arboretum	$3,000	3,000
Iowa:		
USDA Facility Consolidation and Modernization, Ames	0	58,000
Maryland:		
Abraham Lincoln National Agricultural Library, Beltsville	7,400	7,400
Beltsville Agricultural Research Center	4,180	4,180
New York:		
Plum Island Animal Disease Center, Greenport	2,000	2,000
Wisconsin:		
Cereal Crops Research Laboratory, Madison	0	8,400
Total, Buildings and Facilities	16,580	95,280

BUILDINGS AND FACILITIES

USDA Facility Consolidation and Modernization.—The Department has developed a master plan to construct new animal facilities to replace and modernize the National Animal Disease Center (NADC), the National Veterinary Service Laboratories (NVSL), and the Center for Veterinary Biologics (CVB), which are all located in Ames, Iowa.

The Committee recommends $58,000,000 to support the accelerated master plan to consolidate and modernize existing animal research and diagnostic facilities. It is the Committee's view that this project is crucial to fulfilling USDA's mission to ensure a safe food

supply and to expand global markets for agricultural products and services. This multi-year construction effort is a cost-effective approach including utility infrastructure replacement, new facility construction, renovation of existing facilities, elimination of the need for rental space, and demolition of totally obsolete facilities.

As part of its recommendation, the Committee directs the Secretary of Agriculture to continue to submit quarterly reports on the execution status of this project, on the scope and schedule of remaining construction increments, and on cost reduction initiatives taken to assure that this project will remain within program requirements.

U.S. Water Conservation and Western Cotton Research Laboratories.—The U.S. Water Conservation Laboratory (USWCL) was constructed in 1959. The USWCL conducts research to increase water use efficiency in agricultural production for the irrigated West and to conserve and improve the quantity and quality of our Nation's water supplies. The Western Cotton Research Laboratory (WCRL) was constructed in 1971. The WCRL conducts research to increase the efficiency of producing cotton in the irrigated West to ensure that U.S. cotton will be competitive in both price and quality in the world market. The ARS laboratories in Phoenix utilized an adjacent University of Arizona research farm to conduct large scale field plot experiments essential to support the water conservation and cotton production research programs. The University established a new large farming and research facility near Maricopa. Due to the unavailability of field plot land near the Phoenix location, the ARS researchers must now travel about 28 miles to the Maricopa Agricultural Center (MAC) to conduct their field experiments. Existing facilities require extensive renovation and repair to meet safety and health codes and to provide modernized research facilities. To date $15,685,000 has been appropriated for new facilities. The Committee provides an additional $12,300,000 toward full construction requirements of the replacement facilities to be constructed at the Maricopa Agricultural Center.

Cereal Crops Research Laboratory.—The Committee provides $8,400,000 for the balance of funds required to complete construction of the Cereal Crops Research Laboratory located at Madison, Wisconsin. This laboratory will replace existing facilities which are inadequate to house the research requirements of the Agency. To date $3,000,000 has been appropriated for planning and construction of this facility.

Grape Genetics Research Center.—The Committee directs the Agency to submit a feasibility study on the establishment of a Grape Genetics Research Center at Geneva, New York. The Committee has been advised that a state-of-the-art facility can be constructed at the available site of the new Cornell Agriculture and Food Technology Park, adjacent to the New York State Agricultural Experiment Station. The feasibility study should be submitted to the Committee by March 1, 2003.

U.S. National Arboretum.—The Committee encourages the Department of Agriculture (USDA) to include, in their fiscal year 2004 budget request, adequate funding for the construction of the new Bladensburg Gate, road repairs and a new tram kiosk. Con-

struction of this new gate will help enhance security at the facility, as well as decrease traffic on nearby streets and intersections.

Plum Island Animal Disease Center.—Division B of the fiscal year 2002 appropriations bill for the Department of Defense (Public Law 107–117) included legislation regarding transfers from the Emergency Response Fund established under Public Law 107–38. One provision of this legislation appropriated funds for planning and design at the Plum Island Animal Disease Center. However, due to an ongoing review of security issues at Plum Island, obligation of these funds was prohibited, pending the Secretary's report to the Appropriations Committees of the House and the Senate on the conclusions of that review. A contract for this review was signed in May, and a final report is anticipated in August, 2002. Therefore, the Committee recommends continuation of the prohibition on obligation, pending the Secretary's report.

Agricultural Research Service (ARS)/Washington State University (WSU) Research Facilities, Pullman, Washington.—The Committee recognizes the strong partnership between ARS and WSU at Pullman, Washington. The Committee is aware of the need for additional space and modernized facilities to accommodate the agricultural research program at WSU. The Committee directs the Agency to undertake a feasibility study to review the existing and future space requirements at the Pullman Station, as well as technologies and systems essential to maximize quality research. The Committee expects the study to be developed in consultation with both institutions and should be submitted to the Committee no later than March 1, 2003.

Agriculture Research Technology Center.—The Committee is aware of the need for additional facilities to accommodate research and extension programs at the ARS research location in Salinas, California. Expanded research is essential to meet growing demands for sustainable agricultural technologies and the efficient production of specialty crops in the Central Coast region. The Committee directs the ARS to carry out a feasibility study to be submitted by March 1, 2003 on the building requirements at the Salinas research station including laboratory, office, greenhouse and support facility space as well as the estimated design and construction costs.

ARS Center for Health-Based Crop Genomics.—The Committee encourages the Agency to conduct a feasibility study on the establishment of a Center for Health-Based Crop Genomics at Ithaca, New York. The Committee has been advised that this facility can be constructed by expanding and upgrading the Agency's Plant, Soil & Nutrition Laboratory on the campus of Cornell University.

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 high-

er education in the food and agricultural sciences and related environmental and human sciences to benefit people, communities, and the Nation.

RESEARCH AND EDUCATION ACTIVITIES

2002 appropriation	$542,062,000
2003 budget estimate [1]	552,549,000
Provided in the bill [2]	572,616,000
Comparison:	
2002 appropriation	+30,554,000
2003 budget estimate	+20,067,000

[1] Excludes $1,084,000 for pension and health benefits.
[2] Excludes $1,837,000 for GSA Rent which is funded in a central account under Agriculture Buildings and Facilities.

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 out 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 Native American 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 $182,000,000, an increase of $1,852,000 above the amount available for fiscal year 2002 and an increase of $1,852,000 above the budget request.

For cooperative forestry research, the Committee provides an appropriation of $23,000,000, an increase of $1,116,000 above the amount available for fiscal year 2002 and an increase of $1,116,000 above the budget request.

For payments to the 1890 land-grant colleges and Tuskegee University, the Committee provides an appropriation of $36,000,000, an increase of $1,396,000 above the amount available for fiscal year 2002 and an increase of $1,396,000 above the budget request.

COOPERATIVE STATE RESEARCH, EDUCATION, AND EXTENSION SERVICE
RESEARCH AND EDUCATION ACTIVITIES

[In thousands of dollars]

	FY 2002 enacted	FY 2003 estimate	Committee provisions
Research Activities:			
Payments under the Hatch Act	$180,148	$180,148	$182,000

COOPERATIVE STATE RESEARCH, EDUCATION, AND EXTENSION SERVICE
RESEARCH AND EDUCATION ACTIVITIES—Continued

[In thousands of dollars]

	FY 2002 enacted	FY 2003 estimate	Committee provisions
Cooperative Forestry Research (McIntire-Stennis)	21,884	21,884	23,000
Payments to 1890 Colleges and Tuskegee University	34,604	34,604	36,000
Special Research Grants (P.L. 89–106):			
Advanced genetic technologies (KY)	600	0	600
Advanced spatial technologies (MS)	978	0	978
Aegilops cylindrica (jointed goatgrass) (WA)	367	0	400
Agricultural diversification (HI)	128	0	128
Agricultural diversity/Red River Corridor (MN, ND)	400	0	600
Agriculture water usage (GA)	293	0	0
Agroecology (MD)	400	0	400
Air quality (TX)	640	0	1,000
Alliance for food protection (GA, NE)	293	0	300
Alternative crops for arid lands (TX)	100	0	0
Alternative nutrient management (VT)	186	0	0
Alternative salmon products (AK)	631	0	0
Alternative uses for tobacco (MD)	360	0	0
Animal science food safety consortium (AR, IA, KS)	1,598	0	1,630
Apple fireblight (MI, NY)	489	0	500
Aquaculture (AR)	232	0	232
Aquaculture (FL)	490	0	0
Aquaculture (ID, WA)	600	0	750
Aquaculture (LA)	322	0	330
Aquaculture (MS)	579	0	579
Aquaculture (NC)	293	0	300
Aquaculture (VA)	100	0	100
Aquaculture product and marketing development (WV)	733	0	0
Armilliaria root rot (MI)	160	0	0
Asparagus technology and production (WA)	260	0	300
Babcock Institute (WI)	588	0	600
Beef technology transfer (MO)	294	0	0
Biomass-based energy research (OK, MS)	960	0	1,050
Biotechnology (NC)	306	0	0
Blocking Anhydrous Methamphetamine Production (IA)	242	0	0
Bovine Tuberculosis (MI)	318	0	318
Brucellosis vaccine (MT)	485	0	500
Center for rural studies (VT)	240	0	0
Chesapeake Bay agroecology (MD)	280	0	280
Citrus Canker (FL)	490	0	500
Citrus Tristeza	725	0	750
Competitiveness of agriculture products (WA)	665	0	700
Computational agriculture (NY)	0	0	500
Cool season legume research (ID, WA)	321	0	350
Cotton fiber quality (GA)	400	0	500
Cranberry/blueberry (MA)	172	0	175
Cranberry/blueberry disease and breeding (NJ)	216	0	260
Crop diversification center (MO/ND)	800	0	0
Crop genomes (MS)	640	0	640
Crop integration and production (SD)	200	0	250
Dairy and meat goat research (TX)	63	0	63
Dairy farm profitability (PA)	294	0	500
Delta rural revitalization (MS)	201	0	201
Designing foods for health (TX)	690	0	900
Diaprepes/Root Weevil (FL)	400	0	500
Drought mitigation (NE)	196	0	250
Ecosystems (AL)	489	0	500
Efficient irrigation (NM/TX)	1,176	0	1,550
Environmental biotechnology (RI)	400	0	500
Environmental horticulture (FL)	400	0	0
Environmental research (NY)	391	0	400
Environmental risk factors/cancer (NY)	222	0	222

COOPERATIVE STATE RESEARCH, EDUCATION, AND EXTENSION SERVICE
RESEARCH AND EDUCATION ACTIVITIES—Continued

[In thousands of dollars]

	FY 2002 enacted	FY 2003 estimate	Committee provisions
Environmentally safe products (VT)	240	0	0
Exotic pest diseases (CA)	1,600	0	2,000
Expanded wheat pasture (OK)	286	0	350
Farm injuries and illnesses (NC)	278	0	350
Feed barley for rangeland cattle (MT)	833	0	833
Feed efficiency in cattle (FL)	0	0	500
Feedstock conversion (SD)	560	0	0
Fish and shellfish technologies (VA)	465	0	465
Floriculture (HI)	400	0	400
Food and Agriculture Policy Research Institute (IA, MO)	1,000	0	1,250
Food irradiation (IA)	245	0	245
Food Marketing Policy Center (CT)	484	0	495
Food processing center (NE)	42	0	42
Food quality (AK)	342	0	0
Food safety (AL)	608	0	650
Food safety (OK)	400	0	450
Food safety research consortium (NY)	800	0	1,000
Food safety assessment (ND)	800	0	1,200
Food security (WA)	400	0	500
Food Systems Research Group (WI)	490	0	600
Forages for advancing livestock production (KY)	367	0	367
Forestry (AR)	512	0	512
Future foods (IL)	0	0	500
Generic commodity promotions, research and evaluation (NY)	194	0	200
Global Change/ultraviolet radiation	1,404	2,500	2,000
Grain sorghum (KS)	104	0	104
Grapefruit juice/drug interaction (FL)	0	0	500
Grass seed cropping for sustainable agriculture (ID, OR, WA)	414	0	500
Hispanic leadership in agriculture (TX)	0	0	500
Hoop barns (IA)	200	0	0
Human nutrition (IA)	463	0	1,000
Human nutrition (LA)	800	0	800
Human nutrition (NY)	609	0	622
Hydroponic tomato production (OH)	100	0	100
Illinois-Missouri Alliance for Biotechnology	1,214	0	1,214
Improved dairy management practices (PA)	389	0	400
Improved early detection of crop diseases (NC)	194	0	0
Improved fruit practices (MI)	239	0	239
Increasing shelf life of agricultural commodities (ID)	640	0	640
Infectious disease research (CO)	640	0	700
Institute for Food Science & Engineering (AR)	1,222	0	1,222
Integrated production systems (OK)	176	0	290
Intelligent quality sensor for food safety (ND)	360	0	0
International arid lands consortium	484	0	550
Iowa Biotechnology Consortium	1,530	0	2,000
Livestock and Dairy Policy (NY, TX)	558	0	650
Livestock genome sequencing (IL)	400	0	500
Lowbush blueberry research (ME)	254	0	265
Maple research (VT)	120	0	0
Meadow foam (OR)	293	0	300
Michigan Biotechnology Consortium	481	0	775
Midwest Advanced Food Manufacturing Alliance	452	0	500
Midwest agricultural products (IA)	632	0	632
Midwest poultry consortium (IA)	400	0	1,000
Milk safety (PA)	600	0	750
Minor use animal drugs (IR–4)	588	588	588
Molluscan shellfish (OR)	391	0	400
Montana Sheep Institute	400	0	0
Multi-commodity research (OR)	356	0	450
Multi-cropping strategies for aquaculture (HI)	124	0	124
National beef cattle genetic evaluation consortium (NY)	343	0	1,000

COOPERATIVE STATE RESEARCH, EDUCATION, AND EXTENSION SERVICE
RESEARCH AND EDUCATION ACTIVITIES—Continued

[In thousands of dollars]

	FY 2002 enacted	FY 2003 estimate	Committee provisions
National Biological Impact Assessment	248	253	253
Nematode resistance genetic engineering (NM)	147	0	147
Nevada Arid Rangelands Initiative (NV)	400	0	450
New crop opportunities (AK)	485	0	0
New crop opportunities (KY)	735	0	735
Non-food uses of agricultural products (NE)	64	0	64
Nursery, greenhouse, turf specialties (AL)	320	0	300
Oil resources from desert plants (NM)	196	0	250
Olive fly (CA)	0	0	40
Organic waste utilization (NM)	100	0	100
Oyster post harvest treatment (FL)	400	0	500
Ozone air quality (CA)	400	0	475
Pasture and forage research (UT)	244	0	0
Peach tree short life (SC)	175	0	300
Perennial wheat (WA)	0	0	150
Pest control alternatives (SC)	280	0	325
Phytophthora root rot (NM)	135	0	250
Phytoremediation plant research (OH)	280	0	0
Pierce's disease (CA)	1,960	0	2,000
Plant biotechnology (IA)	0	0	500
Plant, drought, and disease resistance gene cataloging (NM)	244	0	250
Potato research	1,568	0	1,600
Precision agriculture (KY)	733	0	733
Preharvest food safety (KS)	208	0	208
Preservation and processing research (OK)	221	0	226
Protein utilization (IA)	186	0	0
Rangeland ecosystems (NM)	320	0	0
Red snapper research (AL)	960	0	1,500
Regional barley gene mapping project	760	0	760
Regionalized implications of farm programs (MO, TX)	287	0	350
Rice agronomy (MO)	0	0	200
Ruminant nutrition (MT, ND, SD, WY)	400	0	400
Rural Development Centers (PA, IA, ND, MS, OR, LA) [1]	560	0	0
Rural policies institute (NE, IA, MO)	1,040	0	1,500
Russian wheat aphid (CO)	320	0	320
Satsuma orange research (AL)	800	0	1,000
Seafood havesting, processing and marketing (AK)	1,142	0	0
Seafood and aquaculture harvesting, processing and marketing (MS)	298	0	298
Seafood safety (MA)	400	0	450
Small fruit research (OR, WA, ID)	392	0	400
Soil and environmental quality (DE)	120	0	0
Southwest consortium for plant genetics and water resources	392	0	392
Soybean cyst nematode (MO)	686	0	700
Soybean research (IL)	800	0	900
STEEP water quality in Northwest	588	0	750
Sustainable agriculture (CA)	400	0	600
Sustainable agriculture (MI)	435	0	435
Sustainable agriculture and natural resources (PA)	123	0	175
Sustainable agriculture systems (NE)	59	0	59
Sustainable beef supply (MT)	1,000	0	1,000
Sustainable engineered materials from renewable sources (VA)	400	0	400
Sustainable pest management for dryland wheat (MT)	452	0	452
Swine and other animal waste management (NC)	489	0	500
Synthetic gene technology (OH)	168	0	168
Technological development of renewable resources (MO)	294	0	300
Tillage, silviculture, waste management (LA)	400	0	450
Tomato wilt virus (GA)	244	0	0
Tri-state joint peanut research (AL)	600	0	600
Tropical aquaculture (FL)	194	0	250
Tropical and subtropical research/T STAR	8,000	0	10,000

COOPERATIVE STATE RESEARCH, EDUCATION, AND EXTENSION SERVICE
RESEARCH AND EDUCATION ACTIVITIES—Continued

[In thousands of dollars]

	FY 2002 enacted	FY 2003 estimate	Committee provisions
Uniform farm management program (MN)	0	0	500
Value-added product development from agricultural resources (MT)	324	0	324
Value-added products (IL)	120	0	175
Viticulture consortium (NY, CA, PA)	1,600	0	2,000
Water conservation (KS)	79	0	79
Water use efficiency and water quality enhancements (GA)	480	0	600
Weed control (ND)	426	0	435
Wetland plants (LA)	587	0	600
Wheat genetic research (KS)	255	0	275
Wheat sawfly research (MT)	505	0	505
Wood utilization (AK, ID, ME, MI, MN, MS, NC, OR, TN)	5,670	0	5,786
Wool research (TX, MT, WY)	294	0	0
Subtotal, Special Grants	97,008	3,341	102,754
Improved pest control:			
Emerging pest/critical issues [1]	200	0	0
Expert IPM Decision Support System	177	177	177
Integrated pest management	2,725	2,725	2,725
IR–4 minor crop pest management	10,485	10,485	11,000
Pest Management Alternatives	1,619	1,619	1,619
Subtotal, Improved pest control	15,206	15,006	15,521
National Research Initiative	120,452	240,000	130,000
Animal health and disease (Sec. 1433)	5,098	5,098	5,098
Alternative crops:			
Canola	693	0	693
Hesperaloe and other natural products from desert plants	231	0	350
Critical Agricultural Materials Act	720	0	0
1994 Institutions research program	998	998	1,200
Joe Skeen Institute for Rangeland Restoration (NM, TX, MT)	0	0	2,250
Institution challenge grants	4,340	5,500	5,500
Graduate fellowships grants	2,993	3,500	3,500
Multicultural scholars program	998	998	998
Hispanic education partnership grants	3,492	3,492	4,500
Capacity building grants (1890 institutions)	9,479	9,479	10,000
Payments to the 1994 Institutions	1,549	1,549	1,700
Alaska Native-serving and Native Hawaiian-serving Institutions education grants	2,997	2,997	2,997
Secondary/agriculture education	1,000	1,000	1,000
Sustainable agriculture research and education/SARE	12,500	9,230	12,500
Aquaculture Centers (Sec. 1475)	3,996	3,996	3,996
Federal Administration:			
Agriculture-based industrial lubricants (IA)	360	0	500
Agriculture development in the American Pacific	552	0	552
Agriculture Waste Utilization (WV)	600	0	0
Agriculture Water Policy (GA)	600	0	750
Alternative fuels characterization laboratory (ND)	294	0	294
Animal Waste Management (OK)	320	0	350
Aquaculture (OH)	400	0	500
Biotechnology research (MS)	680	0	0
Botanical research (UT)	640	0	0
Center for Agricultural and Rural Development (IA)	600	0	750
Center for Food Industry Excellence (TX)	0	0	500
Center for innovative food technology (OH)	765	0	765
Center for North American Studies (TX)	200	0	200
Climate forecasting (FL)	0	0	1,750
Cotton research (TX)	880	0	1,500
Electronic Grants Administration System	0	2,250	2,250
Feed efficiency (WV)	160	0	0

COOPERATIVE STATE RESEARCH, EDUCATION, AND EXTENSION SERVICE
RESEARCH AND EDUCATION ACTIVITIES—Continued

[In thousands of dollars]

	FY 2002 enacted	FY 2003 estimate	Committee provisions
Fruit/vegetable market analysis (AZ, MO)	340	0	340
Geographic information system	1,199	0	1,199
Germplasm development in forage grasses (OH)	100	0	100
High value horticultural crops (VA)	0	0	500
Information Technology (GA)	0	0	500
Livestock marketing information center (CO)	196	0	196
Mariculture (NC)	360	0	360
Mississippi Valley State University	633	0	0
National Center for Peanut Competitiveness (GA)	391	0	0
Office of Extramural Programs	439	448	448
Pay costs and FERS	1,385	2,095	2,095
Peer Panels	342	349	349
Phytoremediation plant research (OH)	0	0	1,000
PM–10 air quality study (WA)	426	0	450
Precision Agriculture/Tennessee valley research center (AL)	480	0	450
Produce pricing (AZ)	76	0	80
REE Information System	2,078	2,750	2,750
Rental Payments to GSA	0	1,837	0
Salmon quality standards (AK)	120	0	0
Shrimp aquaculture (AZ, HI, LA, MA, MS, SC, TX)	4,214	0	4,214
Sustainable agriculture development (OH)	490	0	500
Urban silviculture (NY)	232	0	250
Water pollutants (WV)	206	0	0
Water Quality (IL)	341	0	0
Water Quality (ND)	417	0	417
Wetland Plants (WV)	160	0	200
Total, Federal Administration	21,676	9,729	27,059
Total, Research and Education Activities	542,062	552,549	572,616

[1] FY 2003 funding budgeted under Integrated Activities.

Indirect costs.—The Committee has recommended a general provision to this bill which limits indirect costs charged against competitively awarded grants to 19 percent of total direct costs, except for grants available under the Small Business Innovation and Development Act. By statute, indirect costs are not an allowable expense under Special Research Grants, but this limitation does not apply to Federal Administration grants. The Committee is interested in the level of indirect costs associated with Federal Administration grants and therefore directs the Administrator to report to the Committee by January 15, 2003, on the percentage of indirect costs charged to each Federal Administration Grant (under Research and Education Activities, as well as Extension Activities) during fiscal year 2002.

National Research Initiative.—The Committee recommends that grants made available through the National Research Initiative (NRI) include Genetically Modified Agriculture Products (GMAP) research grants. Such grants should be made for the purpose of evaluating the risks and benefits, to humans, of genetically modified plant and animal products. Overall, research may include, but not be limited to, initiatives that encompass scientific, social and economic evaluations, fundamental health and environment studies of GMAP's, related gene flow studies and quantitative risk assessments. The Committee recommends that all risks and benefits de-

rived from GMAP research be communicated through extension and education programs that engage the public and industry.

Dietary intervention (OH).—From within available funds, the Committee recommends $400,000 for the conduct of human clinical trials to determine the effects of dietary intervention on polyp development.

Facilities.—The Committee strongly encourages the Cooperative State Research, Education, and Extension Service to give careful consideration for bioterrorism laboratory facility upgrade funding to land-grant colleges and universities already engaged in research funded by the Department of Agriculture in the bioterrorism area. Specifically, research should be focused on animal and plant bioterrorism detection, containment and remediation.

NATIVE AMERICAN INSTITUTIONS ENDOWMENT FUND

2002 appropriation	$7,100,000
2003 budget estimate	7,100,000
Provided in the bill	9,000,000
Comparison:	
2002 appropriation	+1,900,000
2003 budget estimate	+1,900,000

The Native American Institutions Endowment Fund authorized by Public Law 103–382 provides authority to establish an endowment for the 1994 land-grant institutions (31 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. Funds also are available for facility renovation, repair, construction, and maintenance. 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 $9,000,000, an increase of $1,900,000 above the amount available in fiscal year 2002 and an increase of $1,900,000 above the budget request.

EXTENSION ACTIVITIES

2002 appropriation	$439,473,000
2003 budget estimate [1]	419,989,000
Provided in the bill [2]	441,821,000
Comparison:	
2002 appropriation	+2,348,000
2003 budget estimate	+21,832,000

[1] Excludes $1,046,000 for pension and health benefits.

[2] Excludes $1,629,000 for GSA Rent which is funded in a central account under Agriculture Buildings and Facilities.

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 $441,821,000, an increase of $2,348,000 above the amount available for fiscal year 2002 and an increase of $21,832,000 above the budget request.

The following table reflects the amount provided by the Committee:

EXTENSION ACTIVITIES

[In thousands of dollars]

	FY 2002 enacted	FY 2003 estimate	Committee provisions
Smith-Lever sections 3(b) and 3(c)	$275,940	$275,940	$277,000
Smith-Lever section 3(d):			
Farm safety	5,250	0	5,800
Food and nutrition education	58,566	58,566	58,566
Indian reservation agents	1,996	1,996	1,996
Pest management	10,759	10,759	10,759
Rural development centers [1]	953	0	0
Sustainable agriculture	4,750	3,792	4,750
Youth at risk	8,481	8,481	8,481
Youth farm safety education and certification	499	499	499
Renewable Resources Extension Act	4,093	4,093	5,000
1890 Colleges and Tuskegee University	31,181	31,181	32,000
1890 facilities grants	13,500	13,500	14,000
Rural health and safety education	2,622	0	2,622
Extension services at the 1994 institutions	3,273	3,273	3,273
Subtotal	421,863	412,080	424,746
Federal Administration:			
Ag in the classroom	600	600	700
Agricultural telecommunications (NY)	339	0	425
Avian Conservation (PA)	320	0	0
Beef producers improvement (AR)	193	0	193
Botanical garden initiative (IL)	232	0	250
Conservation technology transfer (WI)	490	0	500
Dairy education (IA)	232	0	0
Diabetes detection, prevention (WA)	906	0	924
Efficient irrigation (NM/TX)	1,960	0	2,050
Entrepreneurial alternatives (PA)	0	0	500
Extension specialist (MS)	100	0	0
Family farm industry network (OH)	1,372	0	1,400
Food Animal Residue Avoidance Database/FARAD	800	0	800
Food product development (AK)	280	0	0
Health education leadership (KY)	800	0	800
Income enhancement demonstration (OH)	241	0	241
Integrated cow/calf management (IA)	294	0	0
Iowa Vitality Center	280	0	0
National Center for Agriculture Safety (IA)	196	0	200

EXTENSION ACTIVITIES—Continued

[In thousands of dollars]

	FY 2002 enacted	FY 2003 estimate	Committee provisions
Nursery Production (RI)	0	0	500
Pilot technology transfer (WI)	160	0	165
Pilot technology transfer (OK, MS)	319	0	350
Potato pest management (WI)	396	0	200
Range improvement (NM)	240	0	0
Rental payments to GSA	0	1,629	0
Resilient communities (NY)	0	0	250
Rural development (AK)	637	0	0
Rural development (NM)	363	0	500
Rural rehabilitation (GA)	240	0	0
Urban horticulture (WI)	200	0	0
Urban market development (NY)	0	0	250
Wood biomass as an alternative farm product (NY)	193	0	197
General administration and pay	5,227	5,680	5,680
Total, Federal Administration	17,610	7,909	17,075
Total, Extension Activities	439,473	419,989	441,821

[1] FY 2003 funding budgeted under Integrated Activities.

Farm Safety: AgrAbility.—Within the funds provided for Smith-Lever 3(d) for Farm Safety, the Committee recommends $4,600,000 for the AgrAbility program, which helps people with disabilities to be able to farm safely, efficiently, and profitably through on-the-farm education and assistance.

Family farm industry network (OH).—The Committee expects that this project will identify and enhance opportunities to maximize sales by area producers in local markets, including school and other institutional feeding programs, farmers and other specialty markets, and new product development, while enhancing urban recognition of local farm production.

Income enhancement demonstration (OH).—The Committee expects that funds for this project will be used for a demonstration project regarding the sale of locally produced foods to school food service programs.

Indirect costs.—This matter is addressed under Research and Education Activities.

INTEGRATED ACTIVITIES

2002 appropriation	$42,853,000
2003 budget estimates	44,865,000
Provided in the bill	47,868,000
Comparison:	
2002 appropriation	+5,015,000
2003 budget estimate	+3,003,000

Section 406 of the Agricultural Research, Extension, and Education Reform Act of 1998 authorizes an integrated research, education, and extension competitive grants program. Programs included support multifunctional projects that integrate research, education and extension components. Additional programs that may support integrated projects and are authorized under other authorities are also included under this account.

INTEGRATED ACTIVITIES

[In thousands of dollars]

	FY 2002 enacted	FY 2003 estimate	Committee provisions
Integrated Research, Education, and Extension Competitive Grants Program:			
Critical Issues [1]	0	$500	$500
Rural Development Centers [2]	0	1,513	1,513
International Science and Education Grants	0	1,000	1,000
Water Quality	$12,971	12,971	12,971
Food Safety	14,967	14,967	14,967
Regional Pest Management Centers	4,531	4,531	4,531
Crops at Risk from FQPA Implementation	1,497	1,497	1,497
FQPA Risk Mitigation Program for Major Food Crop Systems	4,889	4,889	4,889
Methyl Bromide Transition Program	2,498	2,498	3,500
Organic Transition Program	1,500	499	2,500
Total, Integrated Activities	42,853	44,865	47,868

[1] FY 2002 funding provided under Research and Education Activities/Improved Pest Control.
[2] FY 2002 funding provided under Research and Education Activities/Special Research Grants, and Extension Activities/Smith-Lever section 3(d).

COMMITTEE PROVISIONS

For Integrated Activities, the Committee provides an appropriation of $47,868,000, an increase of $5,015,000 above the amount available for fiscal year 2002 and an increase of $3,003,000 above the budget request.

International Science and Education Grants.—The Committee will expect that funding for this program should be concentrated in those countries where a multi-agency U.S. Government strategy has been developed.

OFFICE OF THE UNDER SECRETARY FOR MARKETING AND REGULATORY PROGRAMS

2002 appropriation	$654,000
2003 budget estimate [1]	780,000
Provided in the bill	730,000
Comparison:	
2002 appropriation	+76,000
2003 budget estimate	−50,000

[1] Excludes $17,000 for pension and health benefits.

The Office of the Under 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 Under Secretary for Marketing and Regulatory Programs, the Committee provides an appropriation of $730,000, an increase of $76,000 above the amount available for

fiscal year 2002 and a decrease of $50,000 below the budget request.

ANIMAL AND PLANT HEALTH INSPECTION SERVICE

SALARIES AND EXPENSES

	Appropriations	*User Fees* [1]	*Total, APHIS Appropriations*
2002 appropriation [2]	$535,677,000	$84,813,000	$620,490,000
2003 budget estimate [3]	767,119,000	(275,000,000)	767,119,000
Provided in the bill [4]	735,937,000	(275,000,000)	735,937,000
Comparison:			
2002 appropriation	+200,260,000	−84,813,000	+115,447,000
2003 budget estimate ..	−31,182,000	.....	−31,182,000

[1] Excludes additional resources from the Federal Agriculture Improvement and Reform (FAIR) Act of 1996 direct appropriations.
[2] Does not include FY 2002 supplemental of $105,000,000 for Homeland Security, P.L. 107–117.
[3] Excludes $15,108,000 for pension and health benefits.
[4] Excludes $26,709,000 for GSA Rent which is funded in a central account under Agriculture Buildings and Facilities.

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 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 as required by the Animal Welfare and Horse Protection Acts. These activities include inspection of certain establishments that 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. The 1996 farm bill provides that beginning in 2003, all AQI user fee collections will become available without the need for annual appropriations, and the program will operate like typical user fee programs, with spending determined by the demand for AQI services.

COMMITTEE PROVISIONS

The following table reflects the amounts provided by the Committee:

ANIMAL AND PLANT HEALTH INSPECTION SERVICE

[In thousands of dollars]

Program	FY 2002 enacted	FY 2003 request	Committee provisions
1. Pest and Disease Exclusion:			
AQI appropriated	$47,254	$61,235	$59,835
AQI user fees [1]	84,813	0	0
Cattle ticks	6,232	6,361	6,361
Foreign animal diseases/FMD	3,839	7,990	7,990
Fruit fly exclusion and detection	36,818	61,760	47,600
Import-export inspection	8,132	9,565	9,565
Screwworm	30,557	30,681	30,681
Trade issues resolution management	11,367	11,530	11,530
Tropical bont tick	415	422	422
Total, Pest and Disease Exclusion	229,427	189,544	173,984
2. Plant and Animal Health Monitoring:			
Animal health monitoring and surveillance	70,931	92,223	92,973
Animal and plant health regulatory enforcement	8,101	8,385	8,385
Emergency management systems	4,044	11,044	9,044
Pest detection	6,844	26,707	16,707
Total, Plant and Animal Health Monitoring	89,920	138,359	127,109
3. Pest and Disease Management:			
Aquaculture	1,130	956	1,164
Biological control	8,759	9,125	9,125
Boll weevil	77,355	33,926	53,000
Brucellosis	9,800	8,639	8,639
Chronic wasting disease	0	7,233	14,933
Emerging plant pests	43,130	127,468	105,788
Golden nematode	810	630	630
Grasshopper	0	4,219	3,219
Gypsy moth	4,559	4,679	4,679
Imported fire ant	2,868	2,132	2,177
Johnes disease	3,000	3,056	20,356
Noxious weeds	1,255	1,138	1,438
Pink bollworm	1,866	1,667	6,000
Plum pox	0	5,551	2,551
Pseudorabies	4,151	4,288	4,288
Scrapie	3,119	22,474	20,474
Tuberculosis	8,694	19,624	18,124
Wildlife services operations	49,071	63,659	65,709
Witchweed	1,520	1,530	1,530
Total, Pest and Disease Management	221,087	321,994	343,824
4. Animal Care:			
Animal welfare	15,167	14,392	15,619

ANIMAL AND PLANT HEALTH INSPECTION SERVICE—Continued

[In thousands of dollars]

Program	FY 2002 enacted	FY 2003 request	Committee provisions
Horse protection	415	493	493
Total, Animal Care	15,582	14,885	16,112
5. Scientific and Technical Services:			
AITI	1,748	4,602	3,882
Biotechnology/environmental protection	10,516	11,006	11,006
Plant methods development labs	5,118	5,378	5,378
Veterinary biologics	11,763	13,177	13,177
Veterinary diagnostics	18,278	23,933	23,933
Wildlife services methods development	12,955	13,429	13,429
Total, Scientific and Technical Services	60,378	71,525	70,805
GSA Rent	.....	26,709	.....
6. Contingency fund	4,096	4,103	4,103
Total, Salaries and Expenses	620,490	767,119	735,937
Recap (Salaries and Expenses):			
Appropriated	535,677	767,119	735,937
AQI user fees	84,813	(275,000)	(275,000)
Total, Salaries and Expenses	620,490	767,119	735,937

[1] Does not include additional AQI resources provided in the Federal Agricultural Improvement and Reform (FAIR) Act of 1996 direct appropriation.

U.S./Mexico Border Inspection.—The Committee is concerned with the risk of invasive species introduction and rates of inspection along the U.S/Mexico border, particularly in the counties of Webb, Presidio, Maverick and Val Verde, TX. The Committee strongly encourages APHIS to allocate additional resources to inspection activities along the U.S./Mexico border. The Committee also directs the Department to provide a report to the Committees on Appropriations of the House and Senate by March 1, 2003, detailing the feasibility and need for additional inspectors and facilities along the U.S./Mexico border, with particular emphasis on the aforementioned counties.

Fruit fly.—The Committee provides $47,600,000 for the fruit fly program, an increase of $10,782,000 above the amount appropriated in fiscal year 2002. The Committee includes $150,000 for olive fly trapping efforts.

Chiapas, Mexico.—The Committee is concerned that repeated inquiries into how the facility in Chiapas, Mexico, may be used to provide additional benefit to producers in that region have been unsatisfactorily answered. The Committee directs the Department to provide a report detailing the use of the facility and what options may exist for additional uses in support of local producers prior to the fiscal year 2004 hearings.

Animal Health Monitoring and Surveillance (AHM&S).—The Committee provides $92,973,000 for AHM&S, an increase of $22,042,000 above the amount appropriated in fiscal year 2002.

The Committee provides $1,000,000, an increase of $250,000, for a cooperative agreement with the Wisconsin Animal Health Consortium for a pilot project to aid in creating a universal identifica-

tion and database retrieval system for tracking the movement of animal and animal-based food products.

The Committee provides $300,000 to assist in creating a data base of North Carolina's agricultural industry to enable a rapid response to acts of terrorism.

The Committee provides $500,000 for the continuation of the National Farm Animal Identification and Records Program. This will allow the Holstein Association, through a cooperative agreement with APHIS, to complete a pilot phase of an identification system that will qualify as a national system.

Within the amount provided for AHM&S, $4,000,000 is available for pseudorabies monitoring and surveillance.

Avian influenza.—The Committee encourages APHIS to develop an avian influenza control and eradication program, and expects the Agency to include such a program as part of its fiscal year 2004 budget request.

Greater Yellowstone Interagency Brucellosis Committee (GYIBC).—The Committee provides the fiscal year 2002 level of funding for the GYIBC and encourages the coordination of Federal, State, and private actions aimed at eliminating brucellosis from wildlife in the Greater Yellowstone area.

Emerging Plant Pests.—The Committee expects the Secretary of Agriculture to continue to use the authority provided in this bill to transfer funds from the Commodity Credit Corporation for the arrest and eradication of animal and plant pests and diseases that threaten American agriculture. By providing funds in this account, the Committee is enhancing the work that has begun to combat emergency outbreaks.

The Committee recommendation includes $17.5 million for glassy-winged sharpshooter containment and control. The Committee encourages APHIS to work with nursery growers for actions taken that help protect agricultural production from the glassy-winged sharpshooter.

The Committee recommendation includes $2,000,000 for Sudden Oak Death Syndrome.

The Committee provides $320,000 to establish a program to provide pest management assistance to olive growers.

The Committee provides $1,000,000 for a cooperative agreement with Miami-Dade County to assist in mosquito control efforts.

The Committee includes $100,000 to control and eradicate hydrilla in the lower Rio Grande of Texas, and Smith Mountain Lake and Lake Gaston (VA).

Johne's Disease.—The Committee provides $20,356,000 for Johne's Disease. This amount is $17,300,000 above the budget request. The Committee encourages the Department to develop a national, comprehensive herd-testing program, and to support infrastructure in the states that have established Johne's Disease Advisory Committees.

The Committee understands that there may be a rapid and specific molecular diagnostic test for Johne's Disease. The Committee urges APHIS to determine the efficacy and feasibility of this test as part of an overall Johne's Disease program.

Noxious weeds.—The Committee provides an increase of $300,000 above the budget request for the Kiski Basin Initiative (PA).

Wildlife Services.—The Committee provides $65,459,000 for Wildlife Services-Operations, an increase of $16,638,000 above the fiscal year 2002 appropriated level. The Committee does not concur with the proposed budget reduction of $9,960,000 to allow cooperators to assume a larger share of wildlife management programs.

The Committee recommendation includes an increase of $1,636,000 to fully implement the recommendations of the Aviation Safety Review Committee; an increase of $8,000,000 for a cooperative oral rabies vaccination program, for a total of $16,250,000; and $3,967,000 to provide an effective response to control FMD and other animal disease in wild animal populations in the United States.

The Committee provides an additional $1,000,000 through APHIS's Wildlife Services Programs for hazing programs to manage the growth of cormorants in central New York watersheds.

The Committee provides an increase of $750,000 for wolf predation in Wisconsin, Minnesota, and Michigan.

The Committee provides $50,000 to be used to assist the State of Missouri in eradicating feral hogs.

The Committee provides an additional $250,000 to assist North Carolina's Beaver Management Assistance Program.

The Committee directs the continuation of the following programs that were included in fiscal year 2002: $250,000 for wildlife services to contain crop and aquaculture losses in southeastern Missouri; $625,000 for a cooperative agreement with Georgia Wildlife Services and the University of Georgia to conduct research on and control of game bird predation in Georgia; $100,000 for trapping in Virginia to combat increased predation by coyotes; $100,000 for wildlife biologist to serve North Florida, southeast Louisiana, and southwest Georgia; $150,000 for blackbird control efforts for reduction in blackbird damage to rice; $240,000 for rodent control in Hawaii; $1,500,000 for predator control programs for livestock operators in Montana, Idaho, and Wyoming; $1,000,000 for Wildlife Services in the State of Texas; and $240,000 for Wildlife Services in South Dakota.

Veterinary Diagnostic Laboratory.—The Committee encourages the agency to determine the feasibility of establishing a regional veterinary diagnostic laboratory to be located in New York to identify and provide diagnostic services in response to disease threats from infectious agents.

Wildlife Services Methods Development.—The Committee directs APHIS to continue a $500,000 project to develop a reproductive inhibitor for Canadian geese at the National Wildlife Research Center.

Imported Fire Ant.—The Committee supports a program for the control, management, and eradication of the imported fire ant and provides $2,177,000 for this program, of which $45,000 is for New Mexico.

Mexican Avocados.—The Committee urges APHIS to continue working closely with U.S. avocado growers in implementing procedures for the importation of Mexican avocados. The Committee directs APHIS to report on the status of Mexican avocado imports, including problems in pest surveys, and oversight by APHIS personnel and including the diversion of Mexican avocados to other

than approved destinations. The Committee directs APHIS to include independent, third party scientists in the development of any Pest Risk Assessment for Mexican avocados, prior to publication of any such Pest Risk Assessment in the Federal Register. The Committee also directs APHIS to report to Congress prior to publishing any rules expanding the approved areas or lengthening time periods for importation of Mexican avocados.

Avian influenza.—The Committee notes with concern that subsequent to submission of the President's FY 2003 budget to Congress, significant outbreaks of Avian Influenza have occurred apparently due to poor sanitation practices at live bird markets. The Committee expects the department to aggressively exercise its regulatory authority to assure that Avian Influenza is controlled. The Committee directs the Secretary, within thirty days of enactment, to provide to the Committees on Appropriations of the House and Senate a statement of assurance that adequate control activities are in place at live bird markets to protect against further Avian Influenza outbreaks. Minus that assurance, the Secretary shall provide the Committees a statement of activities that will be undertaken, including utilization of the APHIS contingency fund and/or emergency utilization of Commodity Credit Corporation monies, to assure control of Avian Influenza at live bird markets.

BUILDINGS AND FACILITIES

2002 appropriation [1]	$7,189,000
2003 budget estimate	13,189,000
Provided in the bill	13,189,000
Comparison:	
2002 appropriation	+6,000,000
2003 budget estimate	.....

[1] Does not include FY 2002 supplemental of $14,081,000 for Homeland Security, P.L. 107–117.

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 $13,189,000, an increase of $6,000,000 above the amount available for fiscal year 2002 and the same as the budget request.

The following table summarizes the committee's provisions:

ANIMAL AND PLANT HEALTH INSPECTION SERVICE

[In thousands of dollars]

	FY 2002 enacted	FY 2003 request	Committee provisions
Buildings and Facilities:			
Plum Island, NY	$3,193	$3,193	$3,193
Miami Animal Import Center, FL	2,000	5,000	5,000
Basic buildings and facilities repair, alterations, and preventative maintenance	1,996	4,996	4,996
Total, Buildings & Facilities	7,189	13,189	13,189

AGRICULTURAL MARKETING SERVICE

MARKETING SERVICES

2002 appropriation	$71,430,000
2003 budget estimate [1]	75,411,000
Provided in the bill [2]	75,702,000
Comparison:	
2002 appropriation	+4,272,000
2003 budget estimate	+291,000

[1] Excludes $2,278,000 for pension and health benefits.
[2] Excludes $709,000 for GSA Rent which is funded in a central account under Agriculture Buildings and Facilities.

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 market news activities, 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 $75,702,000, an increase of $4,272,000 above the amount available for fiscal year 2002 and an increase of $291,000 above the budget request.

Pesticide Data Program.—The Committee provides $15,759,000 for the Pesticide Data Program (PDP), an increase of $1,500,000, of which not less than $1,000,000 of the increase, shall be added to the existing funding for the drinking water initiative. The PDP is responsible for collecting data on current pesticides for the Environmental Protection Agency, and providing input into the need for research on safer alternatives to existing pesticides. It is vital that the PDP provide data on real world usage. Lack of reliable scientific data is the single biggest fault of the registration process. Currently, only minimal collection occurs in the area of drinking water, yet its impact on consumers and the registration process is significant.

Microbiological Data Program.—The Committee is aware of continued concerns that have been raised by interested stakeholders regarding scientific and policy issues surrounding the implementation of Microbiological Data Program. The Committee encourages USDA, prior to the implementation of the current funding provided for this program, to work with stakeholders such as the newly appointed Department of Agriculture Fruit and Vegetable Advisory Committee to ensure that an appropriate framework is established for addressing the scientific and policy concerns that have been raised. The Committee strongly encourages the Department to certify that microbiological data can be produced that will be helpful in reducing the occurrence of harmful pathogens on fresh produce prior to further implementation of the program.

Farmers' Market Feasibility.—The Committee strongly encourages AMS to provide financial or technical assistance to study the feasibility of and develop plans for a regional farmers market in Loudoun County, Virginia, as well as a Portland, Oregon, Public Market.

Multi-State Farmers' Market Demonstration.—The Committee strongly encourages the USDA to establish a multi-state Farmers' Market Demonstration Program linking markets in Toledo and Cleveland (OH), and Detroit, Michigan, with specialty crop producers in southern states, including Mississippi, and North Carolina, and South Carolina.

LIMITATION ON ADMINISTRATIVE EXPENSES

2002 limitation	($60,596,000)
2003 budget limitation [1]	(61,619,000)
Provided in the bill	(61,619,000)
Comparison:	
2002 limitation	+1,023,000
2003 budget limitation	.....

[1] Excludes $1,836,000 for pension and health benefits.

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 $61,619,000, an increase of $1,023,000 above the amount available for fiscal year 2002 and the same as the budget request.

FUNDS FOR STRENGTHENING MARKETS, INCOME, AND SUPPLY

(SECTION 32)

MARKETING AGREEMENT AND ORDERS

2002 appropriation	($13,995,000)
2003 budget estimate [1]	(14,910,000)
Provided in the bill	(14,910,000)
Comparison:	
2002 appropriation	(+915,000)
2003 budget estimate	.....

[1] Excludes $575,000 for pension and health benefits.

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 commodities 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 2001 through 2003:

ESTIMATED TOTAL FUNDS AVAILABLE AND BALANCE CARRIED FORWARD, FISCAL YEARS 2001–2003

	FY 2001 actual	FY 2002 current estimate	FY 2003 budget estimate
Appropriation (30 percent of Customs Receipts)	$5,738,448,921	$6,139,942,369	$5,798,093,321
Agricultural Risk Protection Act (P.L. 106–224)	200,000,000		
Less Transfers:			
Food and Nutrition Service	−5,127,579,000	−5,172,458,000	−4,745,663,000
Commerce Department	−72,827,819	−79,126,813	−75,223,977
Total, Transfers	−5,200,406,819	−5,251,584,813	−4,820,886,977
Budget Authority	738,042,102	888,357,556	977,206,344
Unobligated Balance Available, Start of Year	241,269,708	107,824,527	164,011,656
Recoveries of Prior Year Obligations	3,254,060	0	0
Available for Obligation	982,565,870	996,182,083	1,141,218,000
Less Obligations:			
Commodity Procurement:			
Child Nutrition Purchases	400,000,000	400,000,000	400,000,000
State Option contract		5,000,000	
Removal of Defective Commodities		1,000,000	
Emergency Surplus Removal	200,234,102	206,851,437	
Diversion Payments	11,900,000		
Direct Payments	39,700,000	17,867,307	
Lamb Grading and Certification Support	957,317	1,542,683	
Specialty Crop Purchases	199,990,628		
Estimated Future Purchases	0	176,000,000	415,575,000
Total, Commodity Procurement	852,782,047	808,261,427	815,575,000
Administrative Funds:			
Commodity Purchase Service	8,964,131	9,914,000	10,733,000
Marketing Agreements & Orders	12,995,165	13,995,000	14,910,000
Total, Administrative Funds	21,959,296	23,909,000	25,643,000
Total, Obligations	874,741,343	832,170,427	841,218,000
Unobligated Balance Available, End Of Year	107,824,527	164,011,656	300,000,000

COMMITTEE PROVISIONS

For the Marketing Agreements and Orders Program, the Committee provides a transfer from section 32 funds of $14,910,000, an increase of $915,000 above the amount available for fiscal year 2002 and the same as the budget request.

The Committee urges the Department to pay closer attention to problems of oversupply and low prices caused by imports, and to

use its purchasing power under Section 32 to even out the markets. In addition, the Committee encourages the Department to purchase at least as many fresh and processed apples, and as much apple juice this year as it did in calendar year 2001.

The Committee notes that Section 10603 of the 2002 Farm Bill requires USDA to purchase not less than $200 million of fruits, vegetables, and other specialty crops, and encourages the Secretary to exceed historical Section 32 purchase levels during implementation of Section 10603.

Juice Blends.—The Committee recognizes the important role fruit juice and juice blends plays in children's diets. In the past the Agricultural Marketing Service has conducted pilot programs where a grapefruit and cranberry juice blend was offered through the food and nutrition program. The Committee urges the Department to continue its work with the Texas Department of Agriculture, the Florida Department of Citrus, and cranberry producers in developing and testing juice blends for use in Food and Nutrition Programs, and other commodity procurement programs. The Committee requests a report from the Department by April 1, 2003, on the progress of these efforts.

PAYMENTS TO STATES AND POSSESSIONS

2002 appropriation	$1,347,000
2003 budget estimate	1,347,000
Provided in the bill	1,347,000
Comparison:	
2002 appropriation	.....
2003 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 $1,347,000, the same amount available for fiscal year 2002, and the same as the budget request.

GRAIN INSPECTION, PACKERS AND STOCKYARDS ADMINISTRATION

SALARIES AND EXPENSES

2002 appropriation	$33,117,000
2003 budget estimate [1]	41,164,000
Provided in the bill [2]	44,746,000
Comparison:	
2002 appropriation	+11,629,000
2003 budget estimate	+3,582,000

[1] Excludes $1,744,000 for pension and health benefits.
[2] Excludes $1,418,000 for GSA Rent which is funded in a central account under Agriculture Buildings and Facilities.

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 $44,746,000, an increase of $11,629,000 above the amount available for fiscal year 2002, and an increase of $3,582,000 above the budget request.

Production Verification Protocols Pilot.—The Committee understands that the Secretary intends to implement a process verification program for grain production and handling for the purposes of establishing controls for regulated seed varieties, and to augment traditional grain marketing. The Committee encourages the Department to establish a cooperative relationship with the Missouri, Iowa, and Illinois Corn Growers Associations, and provides $500,000 to conduct a pilot program for development of production protocols.

Packer Ownership.—The Committee is very concerned about the economic impacts of Meat Packer Control, Feeding or Ownership of Livestock, and other captive supply issues, on local communities. The potential for shifts in livestock production, and the related shifts in live grain markets, for example, can impact local tax bases, as well as livestock and grain prices under Packer Ownership of Livestock. These types of swings can be significant to communities, and to independent producer viability.

The Committee is persuaded that the time has come for an earnest and objective study of the market and economic implications of laws that would prohibit meat packers from owning, feeding or substantially controlling livestock. The study should utilize expertise beyond traditional agricultural economics, including, but not limited to, industrial organization expertise and business school or business consulting expertise.

Accordingly, the Committee directs the Secretary to conduct a study of the issues surrounding a ban on Packer Ownership, particularly as to the economic impacts on the United States as a whole, and on individual states. The study shall include, but not be limited to, examination of alternative procurement and transfer methods for livestock in the farm to retail chain, including producers that participate with packers in vertically-integrated livestock or meat production; agricultural credit for livestock producers; livestock and grain prices and the quality and consistency of meat products and livestock under a ban. The Committee provides a total of $4,500,000, to remain available until expended, for this study. The Secretary shall report the findings of the study to the House and Senate Committees on Appropriations within twenty-four months of enactment of this Act.

LIMITATION ON INSPECTION AND WEIGHING SERVICES EXPENSES

2002 limitation	($42,463,000)
2003 budget limitation	(42,463,000)
Provided in the bill	(42,463,000)
Comparison:	
2002 limitation	.....
2003 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 $42,463,000, the same as the amount available for fiscal year 2002 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

2002 appropriation	$476,000
2003 budget estimate [1]	780,000
Provided in the bill	603,000
Comparison:	
2002 appropriation	+127,000
2003 budget estimate	−177,000

[1] Excludes $17,000 for pension and health benefits.

The Office of the Under Secretary for Food Safety provides direction and coordination in carrying out the laws enacted by the Con-

gress 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 $603,000, an increase of $127,000 above the amount provided for fiscal year 2002 and a decrease of $177,000 below the budget request.

Foodborne Illness Information.— The Committee supports efforts of the Food Safety and Inspection Service (FSIS), the Food and Drug Administration (FDA) and the Centers for Disease Control (CDC) to work together through FoodNet to improve national data on the incidence of foodborne illness. The Committee is particularly interested in studies that would determine the proportion of cases of bacterial pathogens, such as E. coli O157:H7, Salmonella, Listeria, and Campylobacter, attributable to meat, poultry, eggs, seafood, fruits and vegetables. The Committee requests a summary of planned, ongoing, or completed case-control studies before the fiscal year 2004 appropriations hearings.

FOOD SAFETY AND INSPECTION SERVICE

2002 appropriation [1]	$715,642,000
2003 budget estimate [2]	763,049,000
Provided in the bill [3]	755,793,000
Comparison:	
2002 appropriation	+40,151,000
2003 budget estimate	−7,256,000

[1] Does not include FY 2002 supplemental of $15,000,000 for Homeland Security, P.L. 107–117.
[2] Excludes $40,549,000 for pension and health benefits.
[3] Excludes $7,256,000 for GSA Rent which is funded in a central account under Agriculture Buildings and Facilities.

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 $755,793,000, an increase of $40,151,000 above the amount available for fiscal year 2002 and a decrease of $7,256,000 below the budget request.

The Committee provides the full amount requested for inspection costs, humane slaughter enforcement, and for activities related to the Codex Alimentarius.

The Committee continues to encourage the agency to outsource microbiological testing, and other activities which serve to increase budgetary efficiencies, expedite test turn around time and increase food safety, to private American Association for Laboratory Accreditation (A2LA) International Standards Organization (ISO) approved laboratories.

Listeria Risk Assessment.—The Committee is encouraged by the progress FDA and USDA have made in evaluating the risk of listeriosis in ready to eat products and in developing a plan for the reduction of risk through science-based policy. The Committee strongly urges the FDA and USDA to complete the listeria risk assessment and begin work on revising the listeria action plan. The Committee directs the FDA and USDA to rely solely on scientific data in their policy development process.

Pending Changes to Regulations on Labeling of Fresh Meat and Poultry.—The Committee commends the Food Safety and Inspection Service (FSIS) for having proposed in January 2001 to amend its current regulations dealing with the nutrition labeling of fresh meat and poultry. The public comment period on this proposal closed on July 17, 2001. The Committee strongly urges FSIS to issue final regulations in this matter by April 30, 2003.

FARM ASSISTANCE PROGRAMS

OFFICE OF THE UNDER SECRETARY FOR FARM AND FOREIGN AGRICULTURAL SERVICES

2002 appropriation	$606,000
2003 budget estimate [1]	899,000
Provided in the bill	622,000
Comparison:	
2002 appropriation	+16,000
2003 budget estimate	−277,000

[1] Excludes $24,000 for pension and health benefits.

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 $622,000, an increase of $16,000 above the amount available for fiscal year 2002 and a decrease of $277,000 below the budget request.

FARM SERVICE AGENCY

The Farm Service Agency (FSA), established by the Department of Agriculture Reorganization Act of 1994, (P.L. 103–354), 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.

Direct and Counter-Cyclical Payments.—The Farm Security and Rural Investment Act of 2002, P.L. 107–171 (2002 Act) mandates that the Secretary offer individuals with eligible cropland the opportunity to sign up for a multi-year contract for direct and counter-cyclical payments. Participants will receive annual fixed direct payments at a specified rate on contract base acres and program yields. Participants may update their program base acres based on historical acreage planted. Participants will also receive counter-cyclical payments when market prices fall below specified target prices adjusted for direct payment rates. For purposes of counter-cyclical payments, producers will be able to update program yields based on recent production. Participants must comply with certain requirements regarding land conservation, wetland protection, planting flexibility, and agriculture use. Contract crops include soybeans, wheat, corn, grain sorghum, barley, oats, upland cotton, rice, other oilseeds, and peanuts. This program does not include any production adjustment requirements except for restrictions on planting fruits and vegetables.

Marketing Assistance Loans and Loan Deficiency Payments (LDPs).—Nonrecourse commodity loans with marketing loan provisions are extended by the 2002 Act. Marketing loan provisions are extended to also include peanuts, wool, mohair, honey, small chickpeas, lentils, and dry peas in addition to the contract commodities. The 2002 Act provides fixed loan rates for covered commodities. Loan repayment rates may be determined to be less than the principal plus accrued interest per unit of commodity. Producers may have the option of taking a loan deficiency payment in lieu of the marketing assistance loan.

Other Programs.—The price support, quota, and allotment programs for tobacco are provided for by the Agricultural Act of 1949 and the 1938 Act. However, the quota program for peanuts is eliminated by the 2002 Act, which provides for payments to be made to peanut quota holders to compensate for the loss of the quota.

Payment Limitations.—Limitations are continued in the 2002 Act at $40,000 per person for direct payments, plus a limit of $65,000 for the new counter-cyclical payments, and separate limits are placed on the new direct and countercyclical payments for peanuts. A limit of $75,000 is placed on marketing loan benefits. Producers with adjustment gross income over $2.5 million averaged over 3 years are not eligible for payments, unless more than 75 percent of adjusted gross income is from agriculture. The 3-entity rule and the authority to use commodity certificates is retained.

Dairy Program.—The 2002 Act established a national Dairy Market Loss Payment (DMLP) program where producers enter into

contracts ending on September 30, 2005. A monthly direct payment is to be made to qualifying dairy farm operations when the monthly class I price in Boston is less that $16.94 per hundredweight on the quantity of eligible production marketed by the producer during the month. A milk price support program is also provided to support the price of milk via purchases of butter, cheese, and nonfat dry milk. The rate of support is $9.90 per hundredweight.

Sugar Program.—The Secretary is directed by the 2002 Act to operate the sugar program at no cost to the U.S. Treasury by avoiding sugar loan forfeitures in the nonrecourse loan program. The nonrecourse loan program is reauthorized through FY 2007 at 18 cents per pound for raw cane sugar and 22.9 per pound for refined beet sugar. Loan rates can be reduced at the Secretary's discretion, if foreign producers reduce export subsidies and support levels below their WTO commitments. Tariff Rate Quotas (TRQs) are retained. Inventory management is introduced by providing further authority to the Secretary to impose marketing allotments to balance markets, avoid forfeitures and comply with U.S. sugar import commitments under WTO and NAFTA. The program also extends to sugar processors the type of storage facility loan program available to grain and other crop production and will facilitate orderly marketing of sugar.

CCC 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 CCC. Personnel and facilities of the FSA are utilized in the administration of the CCC, and the Administrator of the FSA is also Executive Vice President of the Corporation.

The 2002 Act continued and expanded existing conservation programs and created new conservation programs to address high priority environmental protection goals and authorized 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 farm credit programs are administered by FSA 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.

SALARIES AND EXPENSES

	Appropriation	*Transfer from program accts.*	*Total, FSA, S&E*
2002 appropriation	$939,030,000	($274,357,000)	($1,213,387,000)
2003 budget estimate [1]	993,620,000	(281,036,000)	(1,274,656,000)
Provided in the bill [2]	976,738,000	(281,036,000)	(1,257,774,000)
Comparison:			
2002 appropriation	+37,708,000	+6,679,000	+44,387,000
2003 budget estimate	−16,882,000		−16,882,000

[1] Excludes $69,092,000 for pension and health benefits.
[2] Excludes $16,882,000 for GSA Rent which is funded in a central account under Agriculture Buildings and Facilities.

COMMITTEE PROVISIONS

For Salaries and Expenses of the Farm Service Agency (FSA), the Committee provides an appropriation of $976,738,000 and transfers from other accounts of $281,036,000, for a total program level of $1,257,774,000. This is an increase of $44,387,000 above the amount available for fiscal year 2002 (excluding supplementals) and a decrease of $16,882,000 below the budget request.

County Offices.—The Committee is concerned about any Departmental plans to close FSA county offices at a time when the FSA office network is essential to helping farmers address critical economic and environmental issues. The Committee reiterates its strong view that no county office closure or consolidation should occur except in those locations for which closures and relocations are supported by rigorous analysis to ensure actions are cost effective, and that services available to the public will not be reduced.

Farm bill implementation costs.—The Committee does not recommend additional funding for implementation costs of the recently enacted farm bill (Public Law 107–171), because no formal budget request for such costs has been submitted.

Location of Commodity Sales to the Commodity Credit Corporation (CCC).—The Committee continues last year's directive to the Department to increase its outreach to producers and grain traders so as to increase the pool of CCC-eligible vendors for any commodity sale. In particular, the Committee expects the Department to make special efforts in Ohio and other Great Lakes States to increase sales and shipments from these areas.

Wisconsin ginseng industry.—The Committee notes that Wisconsin ginseng growers have suffered four successive years of excessive rain which has severely damaged the crop and the ability of growers to continue to operate. In addition, government subsidies to Canadian ginseng growers have made it increasingly difficult for American ginseng growers to compete in international markets. The Committee urges the Department to work closely with the Wisconsin ginseng industry and ensure that the industry is receiving all the assistance to which it is entitled under federal farm programs.

Wisconsin windbreaks.—Counties in Central Wisconsin have requested that the Farm Service Agency allow cost-sharing on the plastic mulch that is utilized in the planting of field windbreaks. At the present time under the Conservation Reserve Program (CRP) windbreaks are cost-shared, but the plastic mulch is not.

This plastic mulch increases survival rates to 95% or more compared to survival rates of 50%–60% without the mulch. A request to change the rules through the State Technical Advisory Committee was denied on grounds that an area with 25 inches of rainfall or more per year does not require mulch. However, moisture conservation is only part of the need. The major benefit of this mulch is that it eliminates competition by weeds and other unwanted species for moisture and nutrients, which provides the optimum conditions for windbreak establishment and growth. FSA has indicated that it will evaluate expanding its cost-share policies to include plastic mulch. In light of the benefits associated with the use of plastic mulch that is utilized in the planting of field windbreaks, the Committee urges FSA to expand its cost-share policies to allow CRP participants to receive cost-share for plastic mulch when used for weed control purposes.

Soft red wheat.—The Committee is aware that farmers all over the country may have been financially disadvantaged by the Secretary's decision to make the new county loan rates effective for this year's winter wheat crop. The timing of the Secretary's decision has had significant impacts on soft red wheat procedures in the United States. The Committee urges the Secretary to postpone the effective date of these changes until the next crop year as it applies to soft red wheat.

Tree Assistance Program.—The Committee recognizes that beginning in January 2000, fruit growers throughout Michigan and several other states have incurred substantial economic and tree losses due to fireblight. These growers are in need for assistance to defray costs of replanting trees destroyed by fireblight. The Committee further notes that the Tree Assistance Program, which reimburses growers for costs for replacing destroyed trees, was reauthorized in the Farm Security Act of 2002, and urges the Secretary to consider obligating funds to the Tree Assistance Program in the amount necessary to reimburse for costs, going back to January 2000, of farmers who had replanted trees as a result of fireblight.

EMERGENCY CONSERVATION PROGRAM

2002 appropriation	0
2003 budget estimate	$48,700,000
Provided in the bill	0
Comparison:	
2002 appropriation	0
2003 budget estimate	−48,700,000

The Emergency Conservation Program provides cost-share assistant to farmers and ranchers to rehabilitate farmlands and rangelands damaged by wind erosion, floods, hurricanes, or other natural disasters, and to carry out emergency water conservation measures during periods of severe drought.

COMMITTEE PROVISIONS

The Committee does not recommend funding the Emergency Conservation Program in the annual appropriations bill, as requested. The Committee will expect this program to be funded as it has been in the past, as the need arises.

STATE MEDIATION GRANTS

2002 appropriation	$3,493,000
2003 budget estimate	4,000,000
Provided in the bill	4,000,000
Comparison:	
2002 appropriation	+507,000
2003 budget estimate	

This program is authorized under title V of the Agricultural Credit Act of 1987. Originally designed to address agricultural credit disputes, the program was expanded by the Federal Crop Insurance Reform and Department of Agriculture Reorganization Act of 1994 to include other agricultural issues such as wetland determinations, conservation compliance, rural water loan programs, grazing on national forest system lands, and pesticides. Grants are made to states whose mediation programs have been certified by FSA. Grants will be solely for operation and administration of the state's agricultural mediation program.

COMMITTEE PROVISIONS

For State Mediation Grants, the Committee provides an appropriation of $4,000,000, an increase of $507,000 over the amount available in fiscal year 2002 and the same as the budget request.

DAIRY INDEMNITY PROGRAM

2002 appropriation	$100,000
2003 budget estimate	100,000
Provided in the bill	100,000
Comparison:	
2002 appropriation	
2003 budget estimate	

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 $100,000 the same as the amount available for fiscal year 2002 and the same as 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

2002 loan level	$3,890,725,000
2003 budget estimate	3,802,000,000
Provided in the bill	3,802,000,000
Comparison:	
2002 loan level	−88,725,000
2003 budget estimate	.....

This fund makes the following loans to individuals: farm ownership, farm operating, and emergency. In addition, the fund makes loans to associations for Indian tribe land acquisition, and boll weevil eradication.

COMMITTEE PROVISIONS

Approximate loan levels provided by the Committee for fiscal year 2003 for the agricultural credit insurance fund programs are: $1,100,000,000 for farm ownership loans, of which $100,000,000 is for direct loans and $1,000,000,000 for guaranteed loans; $2,600,000,000 for farm operating loans, of which $600,000,000 is for direct loans, $300,000,000 is for guaranteed subsidized loans, and $1,700,000,000 is for guaranteed unsubsidized loans; $2,000,000 for Indian tribe land acquisition loans; $0 for emergency disaster loans; and $100,000,000 for boll weevil eradication loans.

AGRICULTURE CREDIT PROGRAMS

[In thousands of dollars]

	FY 2002 level	FY 2003 estimate	Committee provisions
Farm loan programs:			
Farm ownership:			
Direct	$146,996	$100,000	$100,000
Guaranteed	1,000,000	1,000,000	1,000,000
Farm operating:			
Direct	611,198	600,000	600,000
Unsubsidized guaranteed	1,500,000	1,700,000	1,700,000
Subsidized guaranteed	505,531	300,000	300,000
Indian tribe land acquisition	2,000	2,000	2,000

[In thousands of dollars]

	FY 2002 level	FY 2003 estimate	Committee provisions
Emergency disaster	25,000	0	0
Boll Weevil Eradication	100,000	100,000	100,000
Total, farm loans	3,890,725	3,802,000	3,802,000

ESTIMATED LOAN SUBSIDY AND ADMINISTRATIVE EXPENSES LEVELS

	Direct loan subsidy	*Guaranteed loan subsidy*	*Administrative expenses*
2002 appropriation	$61,927,000	$125,700,000	$280,595,000
2003 budget estimate	115,349,000	96,790,000	287,176,000
Provided in the bill	115,349,000	96,790,000	287,176,000
Comparison:			
2002 appropriation	+53,422,000	−28,910,000	+6,581,000
2003 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 and loan guarantees committed in 2003, as well as for administrative expenses.

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

	FY 2002 estimate	FY 2003 estimate	Committee provisions
Loan subsidies:			
Farm ownership:			
Direct	$3,866,000	$11,610,000	11,610,000
Guaranteed	4,500,000	7,500,000	7,500,000
Subtotal	8,366,000	19,110,000	19,110,000
Farm operating:			
Direct	54,580,000	103,560,000	103,560,000
Guaranteed unsubsidized	52,650,000	53,890,000	53,890,000
Guaranteed subsidized	68,550,000	35,400,000	35,400,000
Subtotal	175,780,000	192,850,000	192,850,000
Indian tribe land acquisition	118,000	179,000	179,000
Emergency disaster	3,363,000	0	0
Total, Loan subsidies	187,627,000	212,139,000	212,139,000
ACIF expenses:			
Salaries and expenses	272,595,000	279,176,000	279,176,000
Administrative expenses	8,000,000	8,000,000	8,000,000
Total, ACIF expenses	280,595,000	287,176,000	287,176,000

RISK MANAGEMENT AGENCY

2002 appropriation	$74,752,000
2003 budget estimate [1]	72,771,000
Provided in the bill [2]	70,726,000
Comparison:	
2002 appropriation	−4,026,000
2003 budget estimate	−2,045,000

[1] Excludes $3,291,000 for pension and health benefits.
[2] Excludes $2,045,000 for GSA Rent which is funded in a central account under Agriculture Buildings and Facilities.

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 $70,726,000, a decrease of $4,026,000 below the amount available for fiscal year 2002 and a decrease of $2,045,000 below the budget request.

CORPORATIONS

FEDERAL CROP INSURANCE CORPORATION FUND

2002 appropriation	[1] $2,900,000,000
2003 budget estimate	[1] 2,886,000,000
Provided in the bill	[1] 2,886,000,000
Comparison:	
2002 appropriation	−14,000,000
2003 budget estimate	.....

[1] Current indefinite appropriation.

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 55 percent of the expected price. The only cost to the producer is an administrative fee of $60 per crop 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 private companies serve as the sole source for CAT coverage.

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 established as part of the Risk Management Agency, under the FAIR Act of 1996, the NAP program was shifted to FSA and has been incorporated into the Commodity Credit Corporation program activities.

The Agricultural Risk Protection Act of 2000 (ARPA) amended the Federal Crop Insurance Act to strengthen the safety net for agricultural producers by providing greater access to more affordable risk management tools and improved protection from production and income loss, and to improve the efficiency and integrity of the Federal crop insurance program. ARPA allows for the improvement of basic crop insurance products by implementing higher premium subsidies to make buy-up coverage more affordable for producers; make adjustments in actual production history guarantees; and revise the administrative fees for catastrophic (CAT) coverage. More crops and commodities will become insurable through pilot programs effective with the 2002 crop year. ARPA provides for an investment of over $8.2 billion in five years to further improve Federal crop insurance.

COMMITTEE PROVISIONS

For the Federal Crop Insurance Corporation Fund, the Committee provides an appropriation of such sums as may be necessary (estimated to be $2,886,000,000 in the President's fiscal year 2003 Budget Request), a decrease of $14,000,000 below the amount provided in fiscal year 2002 and 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 Farm Security and Rural Investment Act of 2002 (2002 Act), enacted May 13, 2002; the Agricultural Act of 1949, as amended (1949 Act); the Agricultural Adjustment Act of 1938, as amended (1938 Act); and the Food Security Act of 1985, as amended (1985 Act).

The 2002 Act requires that the Secretary offer a program of direct and counter-cyclical payments and extends nonrecourse marketing assistance loans and loan deficiency payments for contract commodities (soybeans, wheat, corn, grain sorghum, barley, oats upland cotton, rice, other oilseeds and peanuts). The 2002 Act also provides for marketing loans for wool, mohair, honey, small chickenpeas, lentils and dry peas. The 2002 Act established a national Dairy Market Loss Payment (DMLP) program where producers enter into contracts ending on September 30, 2005. A milk price support program is also provided to support the price of milk via purchases of butter, cheese, and nonfat dry milk. The rate of support is $9.90 per hundredweight.

The Secretary is directed by the 2002 Act to operate the sugar program at no cost to the U.S. Treasury by avoiding sugar loan forfeitures in the nonrecourse loan program. The nonrecourse loan program is reauthorized through FY 2007 at 18 cents per pound for raw cane sugar and 22.9 cents per pound for refined beet sugar.

The 2002 Act extends and expands the conservation reserve program (CRP), the wetlands reserve program (WRP), the environmental quality incentives program (EQIP), the farmland protection program (FPP), and the wildlife habitat incentives program (WHIP). Each of these programs is funded through the Corporation.

The 2002 Act also authorizes and provides CCC funding for other conservation programs, including the conservation security program and the grassland reserve program.

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. 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 prices 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 uses for such commodities.

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

(g) Carry out conservation or environmental programs authorized by law.

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

REIMBURSEMENT FOR NET REALIZED LOSSES

2002 appropriation	[1] $20,279,000,000
2003 budget estimate	[1] 16,285,000,000
Provided in the bill	[1] 16,285,000,000
Comparison:	
2002 appropriation	−3,994,000,000
2003 budget estimate	

[1] 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 such sums as may be necessary to reimburse for net realized losses sustained, but not previously reimbursed (estimated to be $16,285,000,000 in the President's fiscal year 2003 Budget Request), a decrease of $3,994,000,000 below the amount provided in fiscal year 2002 and the same as the budget request.

HAZARDOUS WASTE MANAGEMENT

2002 limitation	$5,000,000
2003 budget estimate	5,000,000
Provided in the bill	5,000,000
Comparison:	
2002 limitation	
2003 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.

CCC funds operations and maintenance costs as well as site investigation and cleanup expenses. Investigative and cleanup costs associated with the management of CCC hazardous waste are also paid from USDA's hazardous waste management appropriation.

COMMITTEE PROVISIONS

For CCC Hazardous Waste Management, the Committee provides a limitation of $5,000,000, the same as the amount available for fiscal year 2002 and the same as the budget request.

TITLE II—CONSERVATION PROGRAMS

OFFICE OF THE UNDER SECRETARY FOR NATURAL RESOURCES AND ENVIRONMENT

2002 appropriation	$730,000
2003 budget estimate[1]	902,000
Provided in the bill	750,000
Comparison:	
2002 appropriation	+20,000
2003 budget estimate	−152,000

[1] Excludes $21,000 for pension and health benefits.

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 $750,000, an increase of $20,000 above the amount available for fiscal year 2002 and a decrease of $152,000 below the budget request.

The Committee strongly encourages the Department to establish cooperative relationships with nationally accredited universities that offer baccalaureate degrees in Natural Resources Management and Environmental Science.

Technical assistance for newly authorized and reauthorized conservation programs—The Committee expects that the agency's cost of providing technical assistance will be fully funded within the program, as provided by law for the following programs: conservation reserve; wetlands reserve; conservation security; ground water conservation; farmland protection; wildlife habitat incentives; environmental quality incentives; and grasslands reserve, as authorized in the Farm Security and Rural Investment Act of 2002 (P.L. 107–171).

The Committee is aware revised regulations are being drafted to implement changes to EQIP made in the Farm Security and Rural Investment Act of 2002. The Committee is concerned the program retains its focus on improving environmental quality. The Committee encourages the Department to retain and strengthen current program guidelines to place highest priority on the most significant natural resource concerns.

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 financial or technical assistance programs for natural resource conservation.

NRCS provides America's private land conservation 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

2002 appropriation	$779,000,000
2003 budget estimate [1]	840,963,000
Provided in the bill [2]	843,553,000
Comparison:	
2002 appropriation	+64,553,000
2003 budget estimate	+2,590,000

[1] Excludes $56,227,000 for pension and health benefits.
[2] Excludes $18,289,000 for GSA Rent which is funded in a central account under Agriculture Buildings and Facilities.

The purpose of conservation operations is to sustain agricultural productivity and protect and enhance the natural resource base. This is done through providing America's private land conservation 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 the wetlands reserve program (WRP), the conservation reserve program (CRP), and other CCC-funded conservation programs

COMMITTEE PROVISIONS

For Conservation Operations, the Committee provides an appropriation of $843,553,000, an increase of $64,553,000 above the amount available for fiscal year 2002 and an increase of $2,590,000 above the budget request.

Pay cost.—The Committee has included $18,864,000 for fiscal year 2003 pay costs.

State funding allocations.—The Committee is concerned that funding allocations to the States are being reduced in proportion to Congressional earmarks funded in the Conservation Operations account. The Committee directs the Chief of the NRCS, in making the fiscal year 2003 Conservation Operations funding allocations to the States, to treat Congressional earmarks as additions to the States' funding allocation. The Committee directs the NRCS to provide a report to the Committee on Appropriations, not later than 45 days after the enactment of this Act, including the following: fiscal year 2002 Conservation Operations allocation by State, fiscal year 2003 Conservation Operations allocation by State, the fiscal year 2003 Congressional earmarks by State, and the total conservation operations allocation by State.

Grazing Lands Conservation Initiative.—The Committee includes legislative language that provides $21,500,000 for the Grazing Lands Conservation Initiative.

Animal Feeding Operations Pilot Projects.—The Committee provides $3,000,000 for the continued implementation and acceleration of pilot projects for innovative technology systems resulting in a 75 percent reduction in nutrients of wastewater discharged by animal feeding operations to be managed by Farm Pilot Project Coordination, Inc. The Secretary is directed to release these funds after submitting a report to the Committees on Appropriations that a satisfactory cooperative agreement between the NRCS and Farm Pilot Project Coordination, Inc. has been consummated.

Assistance to Puerto Rico.—The Committee encourages the NRCS to provide assistance for the preservation and improvement of water and soil resources in Juana Diaz and Santa Isabel, Puerto Rico.

Congressional initiatives.—The Committee recommends that the following items be carried out in fiscal year 2003, many of which are continuations from fiscal year 2002: $200,000 to the State of Alabama Soil and Water Conservation Committee for the Sand Mountain Water Quality Conservation Project; $150,000 for the Central Alabama/Birmingham Water Quality Initiative; $375,000 for Contra Costa County (CA) Watershed Inventories; $1,000,000 in cooperation with the East Valley Conservation District (CA) and the Santa Ana Watershed Authority plant removal project; $355,000 to establish an Upper White River Water Quality Project office in Southern, MO; $1,250,000 for the Great Lakes Basin Program for soil and erosion; $84,000 to address agricultural non-point source water quality problems in conjunction with the San Luis Obispo (CA) County Farm Bureau; $2,100,000 for the Georgia Soil and Water Conservation Commission Cooperative Agreement; $1,500,000 to continue a field office telecommunications and field technology program and to implement new advanced soil survey methods in west Texas; $1,000,000 for the Maumee Watershed Hydrological Study and Flood Mitigation Plan in northwest Ohio; $500,000 to facilitate water conservation and efficient irrigation activities in the Bear, Medina, Uvalde Counties (TX) area of the Edwards Aquifer; $100,000 for the Trees Forever Program in Iowa; $500,000 for the Audobon at Home Pilot program; $2,000,000 for

a cooperative agreement Manatee Agricultural Reuse System project (FL); $100,000 for the Trees Forever Program in Illinois; $290,000 to for cooperative efforts with Delaware State University; $500,000 to promote pastureland management and rotational grazing in Central New York; $600,000 to establish an innovative, collaborative approach to protecting the resources of the Monterey Bay Sanctuary (CA); $300,000 for the Beaver Swamp Brook project (NY); $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 Owasso, New York watersheds; $250,000 to address agriculture non-point source pollution in the Onondaga Lake (NY) Watershed; $350,000 for technical assistance to the Westchester Soil and Conservation District to address land use and water quality issues affecting the Long Island Sound (NY); $300,000 for the Certified Environmental Management Systems for Agriculture (CEMSA) devoted to the Iowa Soybean Association's project in Northwest Iowa; GIS-based model (SC) $700,000; $250,000 to update and digitize soil surveys in north Alabama; $50,000 for a cooperative agreement with Marion County, Oregon, for a native seed project; $200,000 for technical assistance to the Lake Tahoe Basin Soil Conservation Project; $200,000 for completion of the Lake Tahoe Basin Area Soil Survey; $500,000 for the Leon River Restoration Project (TX); $650,000 for a study to characterize land use change-Clemson University (SC); $500,000 for a cooperative agreement with the Texas Water Resources Institute; $200,000 for the Weed It Now initiative in the southern Taconic Mountains of Massachusetts, New York, and Connecticut; $500,000 to design and implement natural stream restoration initiatives in the Mid-Atlantic Highlands (WV) in coordination with the Highlands Action Plan; $200,000 for the soil survey geographic database to conduct digitized soil surveys in the Mid-Atlantic Highlands (WV) in conjunction with the Canaan Valley Institute; $500,000 to provide technical assistance to North Carolina's livestock and poultry industry to address land use and water quality concerns regarding the application of phosphorus on agricultural lands; $200,000 to conduct an environmental investigation study and geological investigation of Rockhouse Creek, Leslie, KY; $500,000 for the Range Vegetation Pilot project at Ft. Hood, TX; $650,000 for technical assistance to implement the next phase of a multi-year agreement between NRCS and the Watershed Agricultural Council (WAC) in Walton, NY, of which $60,000 should be designated for perpetual stewardship funding for easements purchased by the WAC's Whole Farm Easement Program; the fiscal year 2002 funding level for Chesapeake Bay activities; $550,000 for the Wisconsin Grazing Lands Conservation initiative, of which $250,000 is for technical assistance, $150,000 competitive grants for education and demonstrations, and $150,000 is for competitive grants for applied on-farm research; $2,000,000 for a cooperative agreement with the Global Environment Management Education Center land use program at Stevens Point, WI; and $100,000 for dairy waste remediation in the Lake Ponchartrain Basin (LA).

Hawaii Plant Materials Center.—The Committee provides the fiscal year 2002 level of funding for the Hawaii Plant Materials Center.

Watershed Management and Demonstration.—The Committee continues the fiscal year 2002 level of funding for a cooperative agreement with the Texas Institute of Applied Environmental Research (TIAER) for watershed management and demonstration projects coordinated jointly by the National Pork Producers Council, Iowa Soybean Association and TIAER. The project will utilize water quality research, demonstrating a voluntary and incentive driven certification program that will help row crop and livestock agricultural producers comply with national environmental water quality regulations. The Committee encourages NRCS to work with these groups to identify additional federal resources available for the demonstration program and provide necessary technical assistance.

Assistance to livestock producers.—The Committee urges NRCS to target assistance to assist livestock producers comply with the National Pollutant Discharge Elimination System Permit Regulation and Effluent Limitations Guidelines and Standards for Concentrated Feeding Operations issued by the Environmental Protection Agency. Small and mid-sized producers are facing extreme financial hardships that will possibly result in the closure of operations throughout the country.

National Water Management Center.—The Committee encourages the NRCS to provide adequate funding to the National Water Management Center in Lonoke, AR.

Illinois River Basin.—The Committee directs the NRCS to use up to $600,000 in EQIP funds for conservation measures in the Illinois River Basin.

Source Water Protection Initiative.—NRCS is strongly encouraged to provide support and assistance to the local watershed associations in Ohio, Indiana and Missouri working on the Source Water Protection Initiative.

Northwesst Ohio.—The Committee directs the Department to undertake efforts to establish a coordinated Northwest Ohio Land Conservancy Program.

Embarras River/Shad Lake.—The Committee encourages the NRCS to provide technical assistance for the Embarras River watershed and Shad Lake in Illinois.

WATERSHED SURVEYS AND PLANNING

2002 appropriation	$10,960,000
2003 budget estimate	.....
Provided in the bill	11,197,000
Comparison:	
2002 appropriation	+237,000
2003 budget estimate	+11,197,000

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 1997 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 $11,197,000, an increase of $237,000 above the amount available for fiscal year 2002 and an increase of $11,197,000 above the budget request.

WATERSHED AND FLOOD PREVENTION OPERATIONS

2002 appropriation	$106,590,000
2003 budget estimate	.....
Provided in the bill	110,000,000
Comparison:	
2002 appropriation	+3,410,000
2003 budget estimate	+110,000,000

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

has made 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 $110,000,000, an increase of $3,410,000 above the amount available for fiscal year 2002 and an increase of $110,000,000 above the budget request. Language is included which limits the amount spent on technical assistance to not more than $45,514,000.

The Committee is aware of and expects progress to continue on the following projects: the four pilot projects in North Florida related to dairy and poultry cleanup efforts; Little Red River, Poinsett, and the Big Slough Watersheds in Arkansas; Squirrel Branch (MS) drainage project; and the Upper Cahaba Watershed (AL).

The Committee expects the Department to provide financial and/or technical assistance for the following: Martinez 5 flood detention dam in Bexar County, TX; southwest VA waterways of Clinch, Powell, Holston, Pound and Bluestone Rivers and tributaries; Marrowbee Creek Dam (VA); Pine Barren Watershed extension (AL); False River Sedimentation Project, Pointe Coupee Parish (LA); Sumter County (SC) to complete flood mitigation projects with Sumter County Soil and Water Conservation District; Elm Creek Watershed-Site number 34 construction (TX); Whitewater East and Whitewater West (KS); Big Cypress Reservation watershed (FL) as part of Everglades Restoration; Little Minnesota River/Big Stone Lake (SD); St. John the Baptist Parish Lake Bank Retention Project, Lincoln Parish (LA); Big Creek and Hurricane Creek, East Fork of Grand River, and East Locust Creek, MO; Bayou Bourbeux Watershed Project, Opelousas (LA); Swan Quarter (NC); Mill Creek Watershed and Little Toby Watershed (PA); Sugar Creek (OK) watershed project; Big Sandy Creek (TX); and the Lincoln Parish (LA) drainage project.

Cayuga Lake Watershed.—The Committee directs the NRCS to provide financial assistance to the Cayuga Lake Watershed, NY. The watershed recently completed a comprehensive restoration and protection plan that involved extensive input from all five counties in the watershed (Tompkins, Cayuga, Seneca, Schuyler, and Cortland).

DuPage County, IL.—The Committee includes funds for DuPage County, Illinois for financial and technical assistance.

Beardsley Wash Watershed.—The Committee urges the NRCS to complete the Beardsley Wash Watershed Project in Ventura County, CA.

Devils Lake.—The Committee is aware of continued flooding in the Devils Lake basin in North Dakota, and notes that the lake has risen 25 feet over the last several years. The Committee encourages, the NRCS in cooperation with the FSA to assist in the locally coordinated flood response and water management activities being developed with the Federal Emergency Management Agency. NRCS and FSA utilize conservation programs in providing water holding and storage areas on private land as necessary intermediate measures in watershed management.

Lake Waco Watershed.—The Committee is aware of continued water quality problems in the Lake Waco Watershed of Texas, particularly in the North Bosque River. The Committee encourages the NRCS, in cooperation with the Texas Natural Resource Conservation Commission, local communities and dairy producers, to assist in a locally coordinated program targeted at improving watershed management activities that address residential, commercial, and agricultural runoff.

EMERGENCY WATERSHED PROTECTION

2002 appropriation	.....
2003 budget estimate [1]	$110,000,000
Provided in the bill	.....
Comparison:	
2002 appropriation	.....
2003 budget estimate	−110,000,000

[1] Excludes $1,389,000 for pension and health benefits.

The emergency watershed protection program provides assistance to reduce hazards to life and property in watersheds damaged by severe natural events. An emergency is considered to exist when a watershed is suddenly impaired by flood, fire, drought, or other natural causes which results in life and property being endangered by flooding, erosion, sediment discharge, or other associated hazards.

COMMITTEE PROVISIONS

The Committee does not include funding for the Emergency Watershed Program as proposed by the budget.

WATERSHED REHABILITATION PROGRAM

2002 appropriation	$10,000,000
2003 budget estimate	.....
Provided in the bill	.....
Comparison:	
2002 appropriation	−10,000,000
2003 budget estimate	.....

The watershed rehabilitation program is for technical and financial assistance to carry out rehabilitation of structural measures, in accordance with section 14 of the Watershed Protection and Flood Prevention Act, approved August 4, 1954 (U.S.C. 1001 et seq.), as amended by Section 313 of Public law 106–472, November 9, 2000 (16 U.S.C. 1012).

COMMITTEE PROVISIONS

The Committee concurs with the budget request and does not include funding for the Watershed Rehabilitation Program. The Committee notes that the 2002 Farm Bill provided $45,000,000 for this program for fiscal year 2003.

RESOURCE CONSERVATION AND DEVELOPMENT

2002 appropriation	$48,048,000
2003 budget estimate [1]	49,079,000
Provided in the bill	55,079,000
Comparison:	
2002 appropriation	+7,031,000
2003 budget estimate	+6,000,000

[1] Excludes $2,952,000 for pension and health benefits.

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 $55,079,000, an increase of $7,031,000 above the amount available for fiscal year 2002 and an increase of $6,000,000 above the budget request.

FORESTRY INCENTIVES PROGRAM

2002 appropriation	$6,811,000
2003 budget estimate	.....
Provided in the bill	.....
Comparison:	
2002 appropriation	−6,811,000
2003 budget estimate	.....

The purpose of the Forestry Incentives Program is to encourage the development, management, and protection of nonindustrial private forest lands. The program is carried out by providing technical assistance and long-term cost sharing agreements with private landowners. The Farm Security and Rural Investment Act of 2002 (P.L. 107–171) repealed the authorization for this program.

COMMITTEE PROVISIONS

The Committee concurs with the President's budget and does not provide funding for the Forestry Incentives Program.

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

2002 appropriation	$623,000
2003 budget estimate [1]	898,000
Provided in the bill	640,000
Comparison:	
2002 appropriation	+17,000
2003 budget estimate	−258,000

[1] Excludes $25,000 for pension and health benefits.

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 $640,000, an increase of $17,000 above the amount available for fiscal year 2002 and a decrease of $258,000 below the budget request.

The Committee expects the Department to give consideration to the following organizations or projects requesting assistance under the Rural Community Advancement Program and other rural development programs only when such applications are judged to be meritorious when subject to established review procedures:

Automated Collateral Management System.—The Committee encourages the Department to strongly consider and implement an automated collateral management system capable of providing loan origination, pre-funding fraudulent practices avoidance, loss mitigation, regulatory compliance, appraisal-review-examination of sus-

picious properties, affiliated individuals and firms, and Extensible Markup Language facilitated data warehousing, with database integration of properties, appraisers, and lenders.

Committee recommendations.—The Committee recommends that the following items be considered for financial assistance, technical assistance, loans and/or grants made available under the Rural Community Advancement Program: Horizon City (TX) economic development project for water/sewer systems and roads; Eagle Pass and Maverick County (TX) Regional water and wastewater facilities plan; T–L Rural Water District, Peoria County (IL) for expanding water treatment plant facilities; City of Petersburg (IL) for construction of a water treatment plant; City of Virginia (IL) for construction of a water treatment plant; development and implementation of the Mobile Agribusiness Center, Macon County (IL); water and sewer projects in the Village of Saugerties (NY); water and wastewater projects in the Town of Nichols (NY); Sam's Point Conservation/Visitors Center in Ellenville (NY); Fayette County (AL) for an agribusiness center; Lewiston (ME) strategic plan implementation; industrial shell buildings in Craig, Floyd, and Grayson Counties (VA); Clinch Mountain farmers market expansion in Duffield (VA); a multi-purpose facility in Alexander (AR); Shannon Hills (AR) city hall/community center/senior center; municipal aqueduct system in Carolina (PR); Fox Islands Electric Cooperative (ME); R–TAP in Ames (IA); Bucks Springs Regional Leadership center (NC); Salkehatchie Leadership Center in Allendale (SC); Menifee (AR) sewer improvements; sewer improvements Lake Conway (AR); Cesar E. Chavez Education and Retreat Center (CA); improvements to Jamestown 4–H Center (VA); Berkeley Springs water line replacement (WV); Roane Co. Rural Development (WV); Jubilee Housing/Habitat for Humanity (WV); City of Hurricane Storm Drainage/Sewer Separation (WV); Buffalo (WV) Storm Sewer; water line repair Prairie du Rocher (IL); sewer extension project in Philomath (OR); wastewater treatment in Monroe (OR); internal agri-center in Tulare (CA); rural communities collaborative of Fresno (CA); public address system at Big Butler Fair (PA); streetscape program Borough of Greenville (PA); rural water system improvements Mau'a (AS); industrial park in Perry County (PA); construction of distance learning room at Worth County (MO) library; rural technical and manufacturing development system Beaver County (PA); Middlesex Township/Butler County (PA) expansion of sewer system; upgrade and repair water line in Bessemer Borough, Lawrence County (PA); Rhea County (TN) economic development; Oneida (TN) water pipeline; Holland Regional Water System (IL); Ballona Creek Trail (CA); Gateway Regional Water (IL); Dunn Richmond Park (IL); drinking water treatment facility in Lenoir County (NC); Lummi Nation wastewater treatment expansion (WA); install and complete sewer line in Jefferson County (NY); municipal water system in redwood (NY); Vandalia Heritage Foundation (WV); outdoor athletics/recreation complex at St. Francis University (PA); Point Stadium facilities (PA); Kiski Basin economic development (PA); ICMSA sewage renovation (PA); feasibility study of indoor public market in Springfield (MA); Noble County (OH) water extension; sewer service connection Morristown (OH); Bernheim Arboretum and Research Forest (KY); Quinebaug-

Shetucket Heritage Corridor, Inc. (CT); Neuse River drinking water treatment facility (NC); DeSoto County (FL) wastewater facility; equestrian center construction Erie (NY); water line extension to Las Colonias (TX); Smiths Station community facility (AL); indoor farmers market Winooski (VT); Longleaf Trace (MS) bike trail; industrial building improvements-New Hebron (MS); sewage system repair Gloster (MS); Magnolia (MS) water tank improvements; Franklin County (PA) agriculture service center; water/wastewater improvements White County (AR); Higginson (AR) improvements; Chesterfield County (SC) industrial park; Chester County (SC) industrial park; Warren Township (OH) public water service; Rutland (OH) water/sewer projects; L'Anse Township (MI) water/sewer; Keweenaw Industrial Council (MI); St. Martin Parish (LA) water/wastewater; St. James and St. John Parishes (LA) water/wastewater; Chitimacha Tribe (LA) drainage canal improvements; Iberia Parish (LA) conference center; Geyersville (CA) fire station; Laytonville (CA) wastewater treatment; interpretive center and public terminal in Vicksburg (MS); biomass combustion system (SD); aquaculture facility (SD); Long Lake (SD) Eureka Extension Project; South Dunnellon (FL) water association; Purdue University (IN) Regional Technical Center; Tangipahoa (LA) wastewater improvements; Washington Parish (LA) water treatment facility repairs; Sparta (LA) aquifer; West Baton Rouge Parish (LA) agriculture community facility; La Pine (OR) wastewater collection and treatment center; Klamath County (OR) economic development association for geothermal heat projects; Commonwealth Agri-Energy Ethanol Production Plant (KY); Purchase Area (KY) Regional Industrial Park; feasibility study for Center for Rural Innovation in Loudon County (VA); Camp Meeker wastewater reclamation (CA); Springdale (NY) farm expansion; Kenmoore (NY) tree enhancement program; community facilities in Washington County (WA); economic development and incubator program, Rural Enterprises Inc., (OK); Biofuels Consortium, northwest OH; Plant and Animal Agro-Security Research Facility at the Ohio Agriculture Research and Development Center in Wooster (OH); and National Trail Ag Coalition (IL) study to establish new business enterprise.

The Committee has included $200,000 to fund the completion of a study underway by the National Ground Water Association.

Value Added Agricultural Product Market Development Grants.—The Committee is aware the Department will develop application and evaluation guidelines for the Value Added Agricultural Product Market Development Grant Program. The Committee expects the Department to develop ranking criteria to reward projects that help increase self-employment and entrepreneurial opportunities in farming and ranching, enhance the profitability and viability of small and medium-sized farms and ranches, and contribute to conserving and enhancing the quality of land, water and other natural resources.

RURAL DEVELOPMENT SALARIES AND EXPENSES

	FY 2002 estimate	*FY 2003 estimate*	*Committee provisions*
Appropriations	$133,722,000	$145,736,000	$145,736,000

	FY 2002 estimate	FY 2003 estimate	Committee provisions
Transfer from:			
Rural Housing Insurance Fund Loan Program Account	422,241,000	455,630,000	434,980,000
Rural Electrification and Telecommunications Loans Program Account	36,000,000	38,035,000	37,833,000
Rural Telephone Bank Program Account	3,082,000	3,082,000	3,082,000
Rural Local Television Program Account	2,000,000	0	0
Rural Development Loan Fund Program Account	3,733,000	4,290,000	4,190,000
Total, RD Salaries and Expenses	600,778,000	[1] 646,773,000	[2] 625,821,000

[1] Excludes $38,603,000 for pension and health benefits.
[2] Excludes $17,065,000 for GSA Rent which is funded in a central account under Agriculture Buildings and Facilities.

These funds are used to administer the loan and grant programs of the Rural Utilities Service, the Rural Housing Service and 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.

Under credit reform, administrative costs associated with loan programs are appropriated to the program accounts. Appropriations to the salaries and expenses account will be for costs associated with grant programs.

COMMITTEE PROVISIONS

For Salaries and Expenses of the Rural Development mission areas, the Committee provides an appropriation of $145,736,000, an increase of $12,014,000 above the amount available for fiscal year 2002 and the same as the budget request.

RURAL COMMUNITY ADVANCEMENT PROGRAM

2002 appropriation	$806,557,000
2003 budget estimate	791,499,000
Provided in the bill	950,298,000
Comparison:	
2002 appropriation	+143,741,000
2003 budget estimate	+158,799,000

The Rural Community Advancement Program [RCAP], authorized by the Federal Agriculture Improvement and Reform Act of 1996 (Public Law 104–127), consolidates funding for the following programs: direct and guaranteed water and waste disposal loans, water and waste disposal grants, emergency community water assistance grants, solid waste management grants, direct and guaranteed community facility loans, community facility grants, direct and guaranteed business and industry loans, rural business enterprise grants, and rural business opportunity grants. This proposal is in accordance with the provisions set forth in the Federal Agriculture Improvement and Reform Act of 1996, Public Law 104–127. Consolidating funding for these 12 rural development loan and

grant programs under RCAP will provide greater flexibility to tailor financial assistance to applicant needs.

With the exception of the 10 percent in the "National Office Reserve" account, funding will be allocated to rural development State directors for their priority setting on a State-by-State basis. State directors are authorized to transfer not more than 25 percent of the amount in the account that is allocated for the State for the fiscal year to any other account in which amounts are allocated for the State for the fiscal year, with up to 10 percent of funds allowed to be reallocated nationwide.

Community facility loans were created by the Rural Development Act of 1972 and finance a variety of rural community facilities. Loans are made to organizations, including certain Indian tribes and corporations not operated for profit and public and quasipublic 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 (Public Law 104–127), would be 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. Communities that have lower population and income levels would receive a higher cost-share contribution through these grants, to a maximum contribution of 75 percent of the cost of developing the facility.

The Rural Business and Industry Loans program was created by the Rural Development Act of 1972, and finances a variety of rural industrial development loans. Loans are made 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, developing 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 startup 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 nonprofit 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.

Rural business opportunity grants are authorized under section 306(a)(11) of the Consolidated Farm and Rural Development Act, as amended. Grants may be made not to exceed $1,500,000 annually to public bodies and private nonprofit community development corporations or entities. Grants are made to identify and analyze business opportunities that will use local rural economic and human resources; to identify, train, and provide technical assistance to rural entrepreneurs and managers; to establish business support centers; to conduct economic development planning and coordination, and leadership development; and to establish centers for training, technology, and trade that will provide training to rural businesses in the utilization of interactive communications technologies.

The water and waste disposal program is authorized by several actions, including sections 306, 306A, 306C, 306D, 309A, and 310B of the Consolidated Farm and Rural Development Act (7 U.S.C. 1921 et seq., as amended). This program makes loans for water and waste development costs. Development loans are made to associations, including corporations operating on a nonprofit basis, municipalities and similar organizations, generally designated as public or quasipublic 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 310B(b) 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 and management of solid waste disposal facilities.

COMMITTEE PROVISIONS

The following table provides the Committee's recommendations as compared to the budget request:

RURAL COMMUNITY ADVANCEMENT PROGRAM

[Budget authority in thousands of dollars]

	FY 2002 level	FY 2003 estimate	Committee provisions
Housing:			
Community facility loans:			
Guaranteed	0	0	0
Direct	$13,545	$15,600	$20,000

RURAL COMMUNITY ADVANCEMENT PROGRAM—Continued

[Budget authority in thousands of dollars]

	FY 2002 level	FY 2003 estimate	Committee provisions
Community facility grants	70,000	17,000	22,000
Subtotal, housing	83,545	32,600	42,000
Business:			
Business and industry loans:			
Guaranteed	$27,400	$29,085	$35,688
Direct	0	0	0
Rural business enterprise grants	41,000	44,000	51,329
Rural business opportunity grants	5,100	3,000	6,346
Department of Energy matching grants	3,000	0	0
Subtotal, business	76,500	76,085	93,363
Utilities:			
Water and waste disposal loans:			
Direct	$60,497	$92,302	$93,441
Water and waste disposal grants	582,515	587,012	717,994
Solid waste management grants	3,500	3,500	3,500
Subtotal, utilities	646,512	682,814	814,935
Total, loans and grants	806,557	791,499	950,298

The following earmarks are included in bill language for the Rural Community Advancement Program: $24,000,000 for Federally recognized Native American Tribes, of which $4,000,000 is for community facilities grants to tribal colleges, and of which $250,000 is for transportation technical assistance; $6,000,000 for the Rural Community Development Initiative; $500,000 for rural transportation technical assistance; $2,000,000 for grants to Mississippi Delta Region counties; $25,000,000 for water and waste disposal systems in the Colonias; $17,465,000 for technical assistance for rural water and waste systems; $12,100,000 for a circuit rider program; and $37,648,000 for empowerment zones and enterprise communities (EZ/EC) and communities designated by the Secretary of Agriculture as Rural Economic Area Partnership Zones, of which $1,187,000 is for community facilities, of which $27,431,000 shall be for rural utilities programs, and of which $9,030,000 shall be for the rural business and cooperative development programs.

Rural Community Assistance Programs.—The Committee directs that, of the funds provided for rural waste systems, $5,250,000 is designated for the Rural Community Assistance Programs.

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 di-

rect 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 AND GRANT LEVELS

2002 loan and grant levels	$4,485,846,000
2003 budget estimate	3,924,311,000
Provided in the bill	4,551,457,000
Comparison:	
2002 loan level	+65,611,000
2003 budget estimate	+627,146,000

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, 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, are repayable in not to exceed 30 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

The following table reflects the loan levels for the Rural Housing Insurance Fund program account:

[In thousands of dollars]

	FY 2002 level	FY 2003 estimate	Committee provisions
Rural Housing Insurance Fund Loans and Grant:			
Single family housing (sec. 502):			
Direct	$1,079,848	$957,300	$1,084,151
Unsubsidized guaranteed	3,137,968	2,750,000	3,194,444
Rental housing (sec. 515)	114,068	60,000	115,805
Multi-family guaranteed (sec. 538)	99,770	100,000	100,000
Housing repair (sec. 504)	32,324	35,000	35,000
Credit sales of acquired property	11,778	12,000	12,000
Housing site development (sec. 524)	5,090	5,000	5,046
Self-help housing land development fund	5,000	5,011	5,011

[In thousands of dollars]

	FY 2002 level	FY 2003 estimate	Committee provisions
Total, Loan authorization	4,485,846	3,924,311	4,551,457

ESTIMATED LOAN SUBSIDY, GRANTS, AND ADMINISTRATIVE EXPENSES LEVELS

	Direct loan subsidy	Guaranteed loan subsidy	Administrative expenses
2002 appropriation	$201,800,000	$44,087,000	$422,241,000
2003 budget estimate	225,474,000	24,300,000	455,630,000
Provided in the bill	276,067,000	27,500,000	434,980,000
Comparison:			
2002 appropriation	+74,267,000	−25,587,000	+12,739,000
2003 budget estimate	+50,593,000	+3,200,000	−20,650,000

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 2003, as well as for administrative expenses.

The following table reflects the costs of the loan programs under credit reform. In many cases, changes from the fiscal year 2002 amounts reflect changes in the loan subsidy rates as set by the Office of Management and Budget.

[In thousands of dollars]

	FY 2002 level	FY 2003 estimate	Committee provisions
Rural Housing Insurance Fund Program Account (loan subsidies):			
Single family housing (sec. 502):			
Direct	$142,108	$185,429	$210,000
Unsubsidized guaranteed	40,166	19,800	23,000
Rental housing (sec. 515)	48,274	27,978	54,000
Multi-family guaranteed (sec. 538)	3,921	4,500	4,500
Housing repair (sec. 504)	10,386	10,857	10,857
Credit sales of acquired property	750	934	934
Housing site development (sec. 524)	28	55	55
Self-help housing land development fund	254	221	221
Total, Loan subsidies	245,887	249,774	303,567
RHIF expenses:			
Administrative expenses	422,241	455,630	434,980

RENTAL ASSISTANCE PROGRAM

2002 appropriation	$701,004,000
2003 budget estimate	712,000,000
Provided in the bill	722,000,000
Comparison:	
2002 appropriation	+20,996,000
2003 budget estimate	+10,000,000

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 $722,000,000, an increase of $20,966,000 above the amount available in fiscal year 2002 and an increase of $10,000,000 above the budget request.

MUTUAL AND SELF-HELP HOUSING GRANTS

2002 appropriation	$35,000,000
2003 budget estimate	34,000,000
Provided in the bill	35,000,000
Comparison:	
2002 appropriation	.....
2003 budget estimate	+1,000,000

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 $35,000,000, the same as the amount available in fiscal year 2002 and an increase of $1,000,000 above the budget request.

FARM LABOR PROGRAM ACCOUNT

	Loan level	Subsidy level	Grants
2002 appropriation	$28,459,000	$13,464,000	$17,967,000
2003 budget estimate	35,999,592	17,647,000	16,968,000
Provided in the bill	35,999,592	17,647,000	20,353,000
Comparison:			
2002 appropriation	+7,540,592	+4,183,000	+2,386,000
2003 budget estimate	.....	.....	+3,385,000

The direct farm labor housing loan program is authorized under section 514, and the rural housing for domestic farm labor housing grant program is authorized under section 516 of the Housing Act

of 1949, as amended. The loans, grants, and contracts are made to public and private nonprofit organizations for low-rent housing and related facilities for domestic farm labor. Grant assistance may not exceed 90 percent of the cost of a project. Loans and grants may be used for construction of new structures, site acquisition and development, rehabilitation of existing structures, and purchase of furnishings and equipment for dwellings, dining halls, community rooms and infirmaries.

COMMITTEE PROVISIONS

For the Farm Labor program account, the Committee provides a loan subsidy of $17,647,000 which supports a loan level of $35,999,592, an increase of $4,183,000 in loan subsidy and an increase of $7,540,592 in loan level above the amount available in fiscal year 2002 and the same as the budget request. The Committee also provides an additional $20,353,000 in grants, an increase of $2,386,000 above the amount available in fiscal year 2002 and an increase of $3,385,000 above the budget request. Of the $20,353,000 in grants, $16,991,900 is for farm labor housing grants and $3,361,100 is for grants for migrant and seasonal farmworkers.

RURAL HOUSING ASSISTANCE GRANTS

2002 appropriation	$38,914,000
2003 budget estimate	42,498,000
Provided in the bill	42,498,000
Comparison:	
2002 appropriation	+3,584,000
2003 budget estimate	.....

The following programs are consolidated under the Rural Housing Assistance Grants: very low-income housing repair grants, rural housing preservation grants, compensation for construction defects, and supervisory and technical assistance grants.

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.

The supervisory and technical assistance grant program is carried out under the provisions of section 509(f) and 525 of the Hous-

ing Act of 1949, as amended. Under section 509, grants are made to public and private nonprofit organizations for packaging loan applications for housing under sections 502, 504, 514/516, 515, and 533 of the Housing Act of 1949, as amended. The assistance is directed to underserved areas where at least 20 percent or more of the population is at or below the poverty level, and at least 10 percent or more of the population resides in substandard housing. Under section 525, grants are made to public and private nonprofit organizations and other associations for the developing, conducting, administering or coordinating of technical and supervisory assistance programs to demonstrate the benefits of Federal, State, and local housing programs for low-income families in rural areas.

COMMITTEE PROVISIONS

For the Rural Housing Assistance Grants program, the Committee provides an appropriation of $42,498,000, an increase of $3,584,000 above the amount provided for fiscal year 2002 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, the Rural Electrification Administration, and the Agricultural Cooperative Service.

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.

COMMITTEE PROVISIONS

Current economic conditions, together with the rapid changes taking place throughout the global economy, underscore the need for policies and programs to strengthen the ability of farmers to join together in cooperative self-help efforts to improve their income, manage their risk, move more into value-added production and processing, and capture a larger share of the consumer dollar. Programs carried out by Cooperative Services within the Rural Business and Cooperative Service as authorized under the Cooperative Marketing Act of 1926 (7 U.S.C. 453 (a) and (b)), including those related to research, education and technical assistance, play an important role in helping promote such cooperative self-help efforts for the benefit of farmers. Accordingly, the Committee believes such programs should be given a high priority to ensure the levels of funding and staffing necessary to meet their objectives.

RURAL DEVELOPMENT LOAN FUND PROGRAM ACCOUNT

ESTIMATED LOAN LEVEL

2002 loan level	$38,171,000
2003 budget estimate	40,000,000
Provided in the bill	40,000,000
Comparison:	
2002 loan level	+1,829,000
2003 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 2003, as well as for administrative expenses.

COMMITTEE PROVISIONS

For the Rural Development Loan Fund program account, the Committee provides for a loan level of $40,000,000, an increase of $1,829,000 above the amount provided in fiscal year 2002 and the same as the budget request.

ESTIMATED LOAN SUBSIDY AND ADMINISTRATIVE EXPENSES LEVELS

	Direct loan subsidy	*Administrative expenses*
2002 appropriation	$16,494,000	$3,733,000
2003 budget estimate	19,304,000	4,290,000
Provided in the bill	19,304,000	4,190,000
Comparison:		
2002 appropriation	+2,810,000	+457,000
2003 budget estimates	.....	−100,000

RURAL ECONOMIC DEVELOPMENT LOANS PROGRAM ACCOUNT

ESTIMATED LOAN LEVEL

2002 loan level	$14,966,000
2003 budget estimate	14,967,000
Provided in the bill	14,967,000
Comparison:	
2002 loan level	+1,000
2003 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 Adminis-

trator of RUS is authorized under the Act to utilize funds in this program to provide zero interest loans to electric and 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 $14,967,000, an increase of $1,000 above the amount provided for fiscal year 2002 and the same as the budget request.

ESTIMATED LOAN SUBSIDY

	Direct loan subsidy
2002 appropriation	[1] $3,616,000
2003 budget estimate	[1] 3,197,000
Provided in the bill	[1] 3,197,000
Comparison:	
2002 appropriation	−419,000
2003 budget estimate	

[1] Offset by a rescission from interest on the cushion of credit payments, as authorized by section 313 of the Rural Electrification Act of 1936.

RURAL COOPERATIVE DEVELOPMENT GRANTS

2002 appropriation	$7,750,000
2003 budget estimate	9,000,000
Provided in the bill	9,000,000
Comparison:	
2002 appropriation	+1,250,000
2003 budget estimate	

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 except 1994 Institutions which only need to provide 5 percent. Grants are competitive and are awarded based on specific selection criteria.

The Appropriate Technology Transfer to Rural Areas (ATTRA) program was first authorized by the Food Security Act of 1985. The program provides information and technical assistance to agricultural producers to adopt sustainable agricultural practices that are environmentally friendly and lower production costs.

Cooperative agreements are authorized under 7 U.S.C. 2201 to any qualified State department of agriculture, university, and other State entity to conduct research that will strengthen and enhance the operations of agricultural marketing cooperatives in rural areas.

Cooperative Research Agreements are authorized by 7 U.S.C. 2204(b). The funds are used for Cooperative Research Agreements,

primarily with colleges and universities to address critical operational, organizational and structural issues facing cooperatives.

COMMITTEE PROVISIONS

For Rural Cooperative Development Grants, the Committee provides an appropriation of $9,000,000, an increase of $1,250,000 above the amount available in fiscal year 2002 and the same as the budget request.

Of the funds provided, not to exceed $2,500,000 is provided for a cooperative agreement for the Appropriate Technology Transfer for Rural Areas (ATTRA) program.

The Committee notes that Agricultural Marketing Resource Center (AgMRC), a joint endeavor between Iowa State University, the University of California, Kansas State University, and Oklahoma State University, was initially funded in fiscal year 2002 for three years through a USDA Rural Business, Cooperative Service grant. The Committee urges additional funding to expand the work of the AgMRC in the area of value-added agriculture.

The Committee recommends consideration for the Northern Initiatives in Marquette (MI).

The Committee directs that the cooperative agreement for $2.5 million with the Appropriate Technology Transfer for Rural Areas program be implemented through a cooperative agreement with the National Center for Appropriate Technology.

RURAL EMPOWERMENT ZONES AND ENTERPRISE COMMUNITIES GRANTS

2002 appropriation	$14,967,000
2003 budget estimate	0
Provided in the bill	14,967,000
Comparison:	
2002 appropriation	.....
2003 budget estimate	+14,967,000

The Taxpayer Relief Act of 1997 authorized five new empowerment zones, and 20 new enterprise communities were authorized by the 1999 Appropriations Act. These 25 designated EZ/ECs make up Round II. The goal of the Empowerment Zone/Enterprise Community Initiative is to revitalize rural communities in a manner that attracts private sector investment and thereby provides self-sustaining community and economic development. The first four years of the ten years authorized for Round II EZ/ECs has been funded through the 1999, 2000, 2001, and 2002 Appropriations Acts.

COMMITTEE PROVISIONS

For Rural Empowerment Zones and Enterprise Communities Grants, the Committee provides an appropriation of $14,967,000, the same as the amount available in fiscal year 2002 and an increase of $14,967,000 above 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

2002 loan level	$4,565,934,000
2003 budget estimate	3,116,132,000
Provided in the bill	4,516,136,000
Comparison:	
2002 loan level	−49,798,000
2003 budget estimate	+1,400,004,000

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 Committee includes a general provision that provides for the continuation that waives population limits for RUS borrowers within 100 miles of New York City to respond to the consequences of the September 11 terrorist attacks. This provision does not authorize RUS to make loans or grants in New York City, but enables RUS borrowers in small communities near the City to provide back-up, off-site, redundant data processing and broadband services to companies with operations in the City to ensure that projects that are underway may be completed without interruption of their financing.

The Committee encourages the Department to consider the construction of fiber optic cable in cooperation with the Development Authority of the North Country (NY).

The following table reflects the loan levels for the Rural Electrification and Telecommunications Loans Program account:

[Dollars in thousands]

	FY 2002 enacted	FY 2003 estimate	Committee provisions
Loan authorizations:			
Electric:			
Direct, 5%	$121,107	$121,103	$121,107
Direct, Municipal rate	500,000	100,000	100,000
Direct, FFB	2,600,000	1,600,000	2,600,000
Direct, Treasury Rate	750,000	700,000	1,100,000

[Dollars in thousands]

	FY 2002 enacted	FY 2003 estimate	Committee provisions
Guaranteed electric	100,000	100,000	100,000
Subtotal	4,071,107	2,621,103	4,021,107
Telecommunications:			
Direct, 5%	74,827	75,029	75,029
Direct, Treasury rate	300,000	300,000	300,000
Direct, FFB	120,000	120,000	120,000
Subtotal	494,827	495,029	495,029
Total, Loan authorizations	4,565,934	3,116,132	4,516,136

ESTIMATED LOAN SUBSIDY AND ADMINISTRATIVE EXPENSES LEVELS

	Direct loan subsidy	*Guaranteed loan subsidy*	*Administrative expenses*
2002 appropriation	$5,645,000	$80,000	$36,000,000
2003 budget estimate	12,378,000	80,000	38,035,000
Provided in the bill	12,378,000	80,000	37,833,000
Comparison:			
2002 appropriation	+6,733,000		+1,833,000
2003 budget estimate			−202,000

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 2003, as well as for administrative expenses.

The following table reflects the costs of the loan programs under credit reform. In many cases, changes from the fiscal year 2002 amounts reflect changes in the loan subsidy rates as set by the Office of Management and Budget.

ESTIMATED LOAN SUBSIDY AND ADMINISTRATIVE EXPENSES LEVELS

[Dollars in thousands]

	FY 2002 enacted	FY 2003 estimate	Committee provisions
Loan subsidies:			
Electric:			
Direct, 5%	$3,609	$6,915	$6,915
Direct, Municipal rate	0	4,030	4,030
Private Sector Guarantee	80	80	80
Subtotal	3,689	11,025	11,025
Telecommunications:			
Direct, 5%	1,736	1,283	1,283
Direct, Treasury rate	300	150	150
Subtotal	2,036	1,433	1,433
Total, Loan subsidies	5,725	12,458	12,458
E & T expenses:			
Administrative expenses	36,000	38,035	37,833

RURAL TELEPHONE BANK PROGRAM ACCOUNT

ESTIMATED LOAN LEVEL

2002 loan level	$174,615,000
2003 budget estimate	0
Provided in the bill	174,638,000
Comparison:	
2002 loan level	+23,000
2003 budget estimate	+174,638,000

The Rural Telephone Bank (RTB) was 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 the General Counsel of the U.S. Department of Agriculture.

COMMITTEE PROVISIONS

For the Rural Telephone Bank, the Committee provides for a loan level of $174,638,000, an increase of $23,000 above the amount available in fiscal year 2002 and an increase of $174,638,000 above the budget request.

The Committee includes the same provision from the fiscal year 2002 bill which limits the retirement of the Class A stock of the Rural Telephone Bank.

The Committee does not concur with proposed bill language using unobligated balances of the Rural Telephone Bank Liquidating Account to pay for administrative expenses of the Rural Telephone Bank.

ESTIMATED LOAN SUBSIDY AND ADMINISTRATIVE EXPENSES LEVELS

	Direct loan subsidy	*Administrative expenses*
2002 appropriation	$3,737,000	$3,082,000
2003 budget estimate	0	3,082,000
Provided in the bill	2,410,000	3,082,000
Comparison:		
2002 appropriation	−1,327,000	.....
2003 budget estimate	+2,410,000	.....

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 in 2003, as well as for administrative expenses.

DISTANCE LEARNING AND TELEMEDICINE PROGRAM

	Loan level	*Subsidy level*	*Grants*
2002 appropriation	$380,000,000	0	$49,441,000
2003 budget estimate	129,535,000	4,104,000	26,945,000
Provided in the bill	380,000,000	4,128,000	40,000,000
Comparison:			
2002 appropriation		+4,128,000	−9,441,000
2003 budget estimates	+250,465,000	+24,000	+13,055,000

The Distance Learning and Telemedicine Program was authorized by the Food Agriculture, Conservation and Trade Act of 1990, as amended by the Federal Agriculture Improvement and Reform Act of 1996. This program provides incentives to improve the quality of phone services, 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 Telemedicine Program, the Committee provides an appropriation of $44,128,000, a decrease of $5,313,000 below the amount available for fiscal year 2002 and an increase of $13,079,000 above the budget request.

The Committee expects the Department to give consideration to the following projects or organizations requesting assistance under the Distance Learning and Telemedicine Program: the First Book Rural Outreach Initiative (DC); Jameson Hospital visiting nurse association (PA); Ed District 105 distance learning program (WA); Huntingdon College distance learning/telemedicine program (AL); Hi-Desert Neonatal Medical Center (CA); establish rural high-ed network Excelsior College (NY); Central Valley Applied Agriculture/technical center (CA); Online Louisiana; Western North Carolina-Ed Research Consortium Health Data Link; Chipola (FL) Junior College Distance Learning Program; University of Southern Maine's Healthy Rural Communities; distance learning sites in Bland, Craig, and Grayson Counties (VA); Imperial Valley Telecommunications authority (CA) to connect 58 county schools to technology infrastructure; rural Lane County (OR) telecommunication services; financial assistance including loan guarantees to enable broadband access to rural counties in West Tennessee; the University of the Virgin Islands to develop and support a research and telecommunications park and broadband applications; and the University of Florida to increase capacity and effectiveness of rural health community centers in Florida.

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

LOCAL TELEVISION LOAN GUARANTEE PROGRAM ACCOUNT

	Loan level	*Subsidy level*	*Administrative expenses*
2002 appropriation	$258,065,000	$20,000,000	$2,000,000
2003 budget estimate	0	0	0
Provided in the bill	0	0	0
Comparison:			
2002 appropriation	−258,065,000	−20,000,000	−2,000,000
2003 budget estimate			

The local television loan guarantee program is authorized by Public Law 106–533, Title X, Local TV Act. The purpose of this Act is to facilitate access, on a technologically neutral basis and by December 31, 2006, to signals of local television stations for households located in nonserved areas and underserved 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 servicing of guaranteed loans, as well as administrative expenses.

COMMITTEE PROVISIONS

The Committee concurs with the budget request, and does not recommend funds for the Local Television Loan Guarantee Program.

TITLE IV—DOMESTIC FOOD PROGRAMS

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

2002 appropriation	$587,000
2003 budget estimate [1]	774,000
Provided in the bill	603,000
Comparison:	
2002 appropriation	+16,000
2003 budget estimate	−171,000

[1] Excludes $23,000 for pension and health benefits.

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, nutrition and consumer activities. The Office has oversight and management responsibilities for the Food and Nutrition Service.

COMMITTEE PROVISIONS

For the Office of the Under Secretary for Food, Nutrition and Consumer Services the Committee provides $603,000, an increase of $16,000 over the amount provided in fiscal year 2002 and a decrease of $171,000 below the budget request.

WIC Reserve Fund.—The Committee recommendation for the Special Supplemental Nutrition Program for Women, Infants, and Children (WIC) includes $150,000,000 for a contingency fund, as proposed in the budget request. As described in documents provided to the Committee, the funds are to be placed in reserve to meet participation needs if those needs exceed the projected level in the budget request. However, no further details were provided to the Committee as to how and when these funds would be utilized. The Committee directs the Under Secretary to provide additional information by January 31, 2003, describing the decision making process that USDA will use to release these contingency funds. This report to the Committee should include a detailed discussion of data that will be considered, the factors that will trigger spending, and the potential impact on WIC administrative functions. The Committee is concerned about the difficulty of making such decisions in a non-mandatory program.

Wireless Pilot Program.—The Committee directs the Department to continue its efforts in conducting a pilot program with the state of New York to provide wireless equipment and services capable of supporting Food Stamp electronic benefit transfer transactions in farmers markets' authorized by the Department and operating in the state of New York.

Youth Nutrition.—The Committee notes that the state of children's health is of national concern. The Food and Nutrition Serv-

ice is urged to explore the feasibility of creating a Youth Nutrition Education Media Campaign. The campaign would use the principles of the *Food Guide Pyramid* and the *Dietary Guidelines,* and use in-school educational networks and school lunch menus to improve children's eating habits and physical activity. The Committee requests that FNS report to the Committee on the feasibility and costs of such a campaign by February 28, 2003.

FOOD AND NUTRITION SERVICE

The Food and Nutrition Service (FNS) represents an organizational effort to eliminate hunger and malnutrition in this country. Nutrition 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, the District of Columbia, Puerto Rico, Virgin Islands, and Guam for use in serving nutritious lunches, snacks, 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 electronic cards which may be used in retail stores for the purchase of food. The program also includes Nutrition Assistance for Puerto Rico. The Omnibus Budget Reconciliation Act of 1981 (Public Law 97–35) authorized a block grant for Nutrition Assistance for Puerto Rico which gives the Commonwealth broad flexibility in establishing a nutrition 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 $140,000,000 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 Farmers' Market Nutrition Program provides WIC or WIC-eligible participants with coupons to purchase fresh, nutritious, unprepared food, such as fruits and vegetables, from farmers' markets. The program is designed to accomplish two major goals: (1) improve the diets of WIC or WIC-eligible participants and (2) increase the awareness and use of farmers' markets by low-income households.

The Commodity Assistance Program (CAP).—This program combines funding for the Commodity Supplemental Food Program (CSFP) and storage and distribution expenses for The Emergency Food Assistance Program (TEFAP).

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 Programs.—Nutritious agricultural commodities are provided to residents of the Federated States of Micronesia and the Marshall Islands. Cash assistance is provided to distributing agencies to assist them in meeting administrative expenses incurred. Funding is provided for use in non-Presidentially declared disasters and for FNS administrative costs in connection with readiness activities and disaster relief for all disasters. Commodities or cash-in-lieu of commodities are provided to assist the Nutrition Services Incentive Program (NSIP), formally the nutrition program for the elderly. The 2003 budget request proposes to move the commodities or cash in lieu of commodities to the Department of Health and Human Services, Administration on Aging.

Food Program Administration.—This account represents most salaries and Federal operating expenses of the Food and Nutrition Service and the Center for Nutrition Policy and Promotion (CNPP). The Center oversees improvements in and revisions to the 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 purchased 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*
2002 appropriation	$4,914,788,000	$5,172,458,000	$10,087,246,000
2003 budget estimate ...	5,382,179,000	5,193,990,000	10,576,169,000 [1]
Provided in the bill	5,830,506,000	4,745,663,000	10,576,169,000
Comparison:			
2002 appropriation	+915,718,000	−426,795,000	+488,923,000
2003 budget estimate	+448,327,000	−448,327,000	.....

[1] Excludes $553,000 for Pension and Health Benefits.

Working through State agencies, the Food and Nutrition Service (FNS) 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. FNS 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 education 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, snacks, and breakfasts actually served by the States.

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 non-profit 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 $10,576,169,000, an increase of $488,923,000 above the amount available for fiscal year 2002 and the same amount as included in the budget request. Of the total amount provided, $5,830,506,000 is by direct appropriation and $4,745,663,000 is by transfer from Section 32.

Child Nutrition Programs:	
School lunch program	$6,074,648,000
School breakfast program	1,660,870,000
Child and adult care food program	1,904,494,000
Summer food service program	334,686,000
Special milk program	16,449,000
State administrative expenses	133,583,000
Commodity procurement	425,961,000
School meals initiative	10,025,000
Food safety education	1,000,000
Coordinated review effort	5,080,000
Computer support	9,373,000
Total	$10,576,169,000

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

2002 appropriation	[1] $4,348,000,000
2003 budget estimate	4,751,000,000
Provided in the bill	4,776,000,000
Comparison:	
2002 appropriation	+428,000,000
2003 budget estimate	+25,000,000

[1] Does not include FY 2002 supplemental of $39,000,000 for Homeland Security, P.L. 107–117.

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 income.

The William F. Goodling Child Nutrition Reauthorization Act of 1998, Public Law 105–336, reauthorized the program through 2003 and added several provisions to the program. The act requires that an individual seeking certification or recertification in the program must provide documentation of family income.

Infant Formula Rebate Contracts.—The Act permits State agencies to award infant formula rebate contracts to the bidder offering the lowest net wholesale price, unless the State agency demonstrates to the satisfaction of the Secretary that the weighted average retail price for different brands of formula in that State does not vary by more than 5 percent.

The Farmers' Market Nutrition Program (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.

COMMITTEE PROVISIONS

For the Special Supplemental Nutrition Program for Women, Infants, and Children (WIC) the Committee provides an appropriation of $4,776,000,000, an increase of $428,000,000 above the amount available in fiscal year 2002 and $25,000,000 over the budget request.

The Committee recommendation includes funding a $150,000,000 reserve, as proposed in the budget request, to support caseload if participation or food costs exceed budget estimates. The Committee requests additional information regarding this reserve under the account of the Under Secretary for Food, Nutrition, and Consumer Services.

Electronic Benefit Transfer.—The Committee recommendation includes language to allow funds to be used for WIC electronic benefit transfer (EBT) systems and sets the authorized level of infrastructure funding at $14,000,000, which includes funding to develop EBT systems.

Farmers' Market Nutrition Program.—The Committee recommendation includes $25,000,000 for the Farmers' Market Nutrition Program; the budget request included no funding for this purpose. The Committee strongly urges the Secretary to make these funds available as soon as possible after enactment, as farmers'

markets are seasonal and the Committee wants WIC participants and farmers to fully benefit. The Committee notes that, in addition to the recommended amount, funds made available in fiscal year 2002 by P.L. 107–171, Section 4307, and not spent in that year, are available for this program.

Infant Formula.—The Committee notes that Federal regulations set a maximum monthly amount for infant formula to be issued to WIC participants for ready-to-feed formula, liquid concentrate and powder. For powder, the maximum is 8 pounds, or 128 dry ounces. However, because of the available can sizes, a WIC client cannot reach that maximum. The Committee is concerned that infants in the WIC program receive proper nutrition, and directs the Department to provide a report to the Committee within 60 days of enactment that includes the Department's recommendation concerning providing flexibility to state WIC agencies, by allowing rounding up to the next whole can, or by other means, so that clients can receive the full authorized amount of formula.

WIC Food Prescription Package.—The Committee notes that the WIC food prescription package has changed little since 1974. The Committee is concerned that the food package reflect current nutrition research, be consistent with the *Dietary Guidelines*, include fruits and vegetables, and allow for food substitutions to accommodate cultural eating patterns or allergies. At the FNS appropriations hearing, the Department stated that the proposed rule to revise the WIC food package was in Department clearance and publication was expected in early fall 2002. The Committee expects this deadline to be met, and requests quarterly updates on the status of the rule until a final rule is published.

WIC Vendor Practices.—The Committee supports efforts to reduce fraud in the WIC program, and its funding recommendation includes $2,000,000 for the evaluation of WIC vendor practices.

Blended fruit juices.—The Secretary is directed to clarify to all WIC state and regional directors that blended 100 percent fruit juices are eligible WIC food products; further, the Secretary should emphasize that blended 100 percent fruit juices should be objectively evaluated by the states, on an equal basis to other eligible products, for inclusion in the approved WIC food lists.

FOOD STAMP PROGRAM

2002 appropriation	$22,991,986,000
2003 budget estimate	[1] 26,249,692,000
Provided in the bill	26,313,692,000
Comparison:	
2002 appropriation	+3,321,706,000
2003 budget estimate	+64,000,000

[1] Excludes $281,000 for pension and health benefits.

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 electronic cards or 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 Nutrition Service establishes a range of household food stamp allotments which are updated annually.

Electronic Benefit Transfer (EBT) is the predominant method of providing program participants with the benefits to make food purchases. Under this system, each recipient household is issued an electronic benefit card. At the authorized retail store, the recipient presents his/her card and enters a unique personal identification number into a terminal that debits the household's account for the amount of purchases. Federal funds are shifted from the Federal Reserve to the EBT processor's financial institution so that it may reimburse the grocer's account for the amount of purchases. The grocer's account at a designated bank is credited for the amount of purchases.

Over 82 percent of all households receive their benefits electronically. As of September 30, 2001, 40 EBT projects were operating statewide in: Alabama, Alaska, Arizona, Arkansas, Colorado, Connecticut, District of Columbia, Florida, Georgia, Hawaii, Idaho, Illinois, Kansas, Kentucky, Louisiana, Maryland, Massachusetts, Michigan, Minnesota, Missouri, New Hampshire, New Jersey, New Mexico, New York, North Carolina, North Dakota, Ohio, Oklahoma, Oregon, Pennsylvania, Rhode Island, South Carolina, South Dakota, Tennessee, Texas, Utah, Vermont, Washington, Wisconsin and Wyoming. EBT is also operating in parts of California, Indiana, and Iowa. All other States are in some stage of planning EBT implementation. Puerto Rico has implemented an EBT system that operates island-wide.

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.

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 Farm Security and Rural Investment Act of 2002, P.L. 107–171, substantially revised the performance requirements for States under the Quality Control (QC) System. States with poor performance over two years will face sanctions. States that demonstrate a high degree of accuracy or substantial improvement in their degree of accuracy under the QC system will be eligible for a bonus. The QC performance measurement commences in fiscal year 2003. However, bonus payments or sanctions based on fiscal year 2003 performance will not be implemented until fiscal year 2004.

Consolidated Block Grants for Puerto Rico and American Samoa.—The Farm Security And Rural Investment Act of 2002, Public Law 107–171, authorized a block grant for nutrition assistance to Puerto Rico and American Samoa.

COMMITTEE PROVISIONS

For the Food Stamp Program, the Committee provides $26,313,692,000, an increase of $3,321,706,000 above the amount available in fiscal year 2002 and $64,000,000 above the budget request. The total amount includes $2,000,000,000 for a contingency reserve in fiscal year 2003; $1,401,000,000 for nutrition assistance for Puerto Rico and American Samoa; and $140,000,000 for The Emergency Food Assistance Program (TEFAP).

The Committee recommendation is above the budget request due to an additional $64,000,000 in mandatory spending for TEFAP and block grants for Puerto Rico and American Samoa as directed in P.L. 107–171, Sections 4126 and 4124.

Food Stamp Quality Assurance.—The Secretary has broad authority to adjust quality control claims against States. The interest of this Committee is to see that this authority is used in a manner that is fair, while protecting the integrity of the Food Stamp Program. The Committee is aware that the Secretary of Agriculture has exercised this authority to adjust fiscal year 2001 quality control claims, taking into account disproportionate numbers of earners and immigrants when making adjustments to the State liabilities. The Committee appreciates the Secretary using her authority in this manner and encourages her to make appropriate use of this authority in the future.

COMMODITY ASSISTANCE PROGRAM

2002 appropriation	[1] $149,513,000
2003 budget estimate	144,991,000
Provided in the bill	170,000,000
Comparison:	
2002 appropriation	+20,487,000
2003 budget estimate	+25,009,000

[1] Includes rescission of $3,300,000.

The Commodity Assistance Program provides funding for the Commodity Supplemental Food Program (CSFP) and administrative expenses for The Emergency Food Assistance Program (TEFAP).

Commodity Supplemental Food Program.—The 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 Farm Security and Rural Investment Act of 2002 (P.L. 107–171) reauthorized CSFP through fiscal year 2007. This act continued the requirement that CCC donate 4 million pounds of nonfat dry milk and 9 million pounds of cheese to the program annually, subject to availability.

The Emergency Food Assistance Program.—TEFAP provides grant funds to State agencies to assist in the cost of storage and distribution of donated commodities for needy individuals.

COMMITTEE PROVISIONS

The Committee provides an appropriation of $170,000,000 for the commodity assistance program, an increase of $20,487,000 above the amount available for fiscal year 2002 and $25,009,000 above the budget request.

The recommended funding level for the Commodity Supplemental Food Program (CSFP) is $120,000,000. This level will fund administrative costs at the level authorized in P.L. 107–171, allow CSFP to rebuild its depleted food inventory, and allow caseload to expand to meet state demands. It is the Committee's understanding that no funds will carry over from fiscal year 2002 into fiscal year 2003.

The Committee has included $50,000,000 for administration of TEFAP, the same amount available in fiscal year 2002 and the same amount as the budget request. These funds may be used for administration purposes or for food costs at the discretion of the states.

Seniors Farmers' Market Program.—The Committee notes that it funded the Seniors Farmers' Market Nutrition Program from this account in fiscal year 2002. However, Public Law 107–171, Section 4402, directs mandatory funding for this program from funds available to the Commodity Credit Corporation. The funding level is $15,000,000 for fiscal year 2003.

Food Distribution and Preservation.—The Committee believes that there is an abundant and affordable supply of surplus foods, but the lack of distribution and transportation capacity can limit the program's effectiveness. The Committee urges the Department to support programs that can expand food distribution, particularly for perishable produce that may require special equipment. The Department is encouraged to work with and support community service organizations for this purpose.

FOOD DONATIONS PROGRAMS

2002 appropriation	$150,749,000
2003 budget estimate	1,081,000
Provided in the bill	1,081,000
Comparison:	
2002 appropriation	– 149,668,000
2003 budget estimate	.....

Nutrition Services Incentive Program.—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 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. The FY 2003 Budget proposed to move this program to the Department of Health and Human Services, Administration on Aging.

Pacific Island and Disaster Assistance.—This program provides for a directly funded food distribution program for low-income individuals in the nuclear-affected islands. This program attempts to alleviate hunger and malnutrition in low-income households by providing nutritious agricultural commodities to eligible persons. It also provides funding for use in non-presidentially declared disasters and for FNS' administrative costs in connection with disaster relief.

COMMITTEE PROVISIONS

For the Food Donations Programs the Committee provides an appropriation of $1,081,000 for Pacific Island Assistance, a decrease of $149,668,000 below the amount available for fiscal year 2002, and the same amount as the budget request.

The Committee recommendation accepts the budget proposal to transfer the Nutrition Services Incentive Program to the Department of Health and Human Services, Administration on Aging. This will consolidate existing elderly feeding programs, allowing for more efficient management. The Committee expects that the Administration on Aging would continue to purchase agricultural commodities for elderly feeding programs through the Department of Agriculture at or above the current funding level, benefiting both the feeding programs and producers.

Nutrition Program for the Elderly.—The Committee also specifically notes that in the past, nearly $150,000,000 per year has been provided in this bill for the Nutrition Program for the Elderly. As the move to the Department of Health and Human Services, Administration on Aging, is carried out, the Committee expects that these funds be used solely for meals and that none of it be transferred to fund any other services, nor should state matching requirements be applied to the program. Finally, the Committee expects that the ability of states to request commodities in lieu of cash be retained, even once funding is transferred to the Administration on Aging.

FOOD PROGRAM ADMINISTRATION

2002 appropriation [1]	$127,546,000
2003 budget estimate [2]	147,944,000
Provided in the bill [3]	134,397,000
Comparison:	
2002 appropriation	+6,851,000
2003 budget estimate	−13,547,000

[1] Excludes $2,496,000 transferred to the Congressional Hunger Center Foundation provided by P.L. 107–76.
[2] Excludes $7,911,000 in pension and health benefits.
[3] Excludes $11,047,000 for GSA Rent which is funded in a central account under Agriculture Buildings and Facilities.

The Food Program Administration appropriation provides for most of the Federal operating expenses of the Food and Nutrition 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, administrative expenses of The Emergency Food Assistance Program and the Seniors Farmers' Market Nutrition Program; Pacific Island Assistance and Disaster

Feeding; the Food Stamp Program and the Center for Nutrition Policy and Promotion.

The major objective of food program administration is to efficiently and effectively carry out the nutrition 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 has provided $134,397,000, an increase of $6,851,000 above the amount available for fiscal year 2002, and a decrease of $13,547,000 below the budget request.

The recommended level includes an increase of $2,000,000 for program integrity activities for Food Stamp and Child Nutrition Programs. This funding level represents a 30 percent increase over the fiscal year 2002 amounts available for these activities.

Dietary Guidelines.—The Committee urges the Center for Nutrition Policy and Promotion to conduct research on modifications to the Year 2000 *Dietary Guidelines for Americans,* and directs that the Center conduct a comprehensive reassessment of the *Food Guide Pyramid* and related educational materials. The Center is directed to submit a report summarizing its progress on the reassessment and the modifications to the *Guidelines* to the Committee by March 31, 2003.

TITLE V—FOREIGN ASSISTANCE AND RELATED PROGRAMS

FOREIGN AGRICULTURAL SERVICE

	Appropriation	*Transfer from loan accounts*	*Total, FAS*
2002 appropriation	$121,813,000	($4,257,000)	($126,070,000)
2003 budget estimate [1]	131,570,000	(4,257,000)	(135,827,000)
Provided in the bill [2]	129,964,000	(4,257,000)	(134,221,000)
Comparison:			
2002 appropriation	+8,151,000		+8,151,000
2003 budget estimate	−1,606,000		−1,606,000

[1] Excludes $3,902,000 for pension and health benefits.
[2] Excludes $454,000 for GSA Rent which is funded in a central account under Agriculture Buildings and Facilities.

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 $129,964,000 and transfers of $4,257,000, for a total salaries and expenses level of $134,221,000, an increase of $8,151,000 above the amount available for fiscal year 2002 and a decrease of $1,606,000 below the budget request.

Azores.—The Committee urges the Department to devote necessary resources to establish the Azores Collaborative Research and Education Group to assist the U.S. Government in meeting its treaty obligations to the government of Portugal.

Currency fluctuations.—The Committee provides bill language permitting the Department to maintain up to $2,000,000 solely for the purpose of offsetting international currency fluctuations.

U.S. commodities.—The Committee continues to believe that commodity assistance, including monetization, is a vital tool to help

alleviate the needs of recipients, and a prudent way to help move commodities that are in surplus and urgently needed. In any review of international commodity assistance, including section 416, the Committee expects that its prior directives on the matter be given full consideration. Further, while any change in Executive Administration will routinely delay decisions ordinarily made in the normal course of business, the Committee remains concerned that decisions with respect to commodity assistance are being made too late in the year to be of maximum value. The Committee directs the Department to develop a system for making these decisions no later than February 15 of each year, and to report to the Committee on the steps taken to implement this system.

Surplus Commodities.—The Committee understands that the CCC is currently holding a stockpile of non-fat dry milk exceeding 1 million pounds. The Committee believes it will benefit U.S. dairy farmers and taxpayers if this product is used to meet the nutrition demands of hungry people throughout the world. As such, the Committee encourages the Department to use this surplus to make humanitarian donations utilizing organizations such as Dairy Relief, Incorporated, a dairy industry funded non-profit organization, and other eligible humanitarian organizations.

The Committee encourages the Department to cooperate with the South Carolina Export Consortium efforts to expand export markets.

The Committee strongly encourages the Department to implement a data storage infrastructure to provide for the remote mirroring of geo-spatial information and applications for the Production Estimates & Crop Assessment Division to achieve a Continuance of Operations capability.

The Committee expects the Department to adhere to the statutory requirement that 1.875 million metric tons of food aid under the program is to be used for nonemergency purposes. The Committee also expects that its previous statements in the fiscal 2002 supplemental appropriations report regarding the importance of continuing the section 416(b) assistance program along with maintaining contact between USDA and Private Voluntary Organizations will continue to be followed. Finally, the committee expects the Department to maintain maximum flexibility with respect to the monetization of commodities and the use of monetized proceeds. The Department's report to the committee regarding the accomplishments of monetization sets a standard that should be continued.

The McGovern-Dole International Food for Education and Child Nutrition Program was established with the expectation that after a reasonable period of time, the local Private Voluntary Organizations or governments which sponsor the program would reach a point at which they would be able to continue the effort beyond the period of contribution of resources by the United States. The Committee urges the Department to undertake appropriate planning for such transitions, including efforts to open these new markets to additional commercial sales of American commodities. The Department is directed to provide a report regarding these efforts and what resources might be needed in advance of the fiscal 2004 appropriation hearings.

PUBLIC LAW 480

PROGRAM AND GRANT ACCOUNTS

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 2002 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 2002 enacted	FY 2003 estimate	Committee provisions
Public Law 480 Program Account:			
Title I—Credit sales:			
Direct loans	($154,664,000)	($131,676,000)	($169,085,000)
Loan subsidies	126,409,000	98,904,000	127,000,000
Ocean freight differential	20,277,000	28,000,000	28,000,000
Title II—Commodities for disposition abroad:			
Program level	(850,000,000)	(1,185,000,000)	(1,200,000,000)
Appropriation	850,000,000	1,185,000,000	1,200,000,000
Salaries and expenses:			
FAS	1,033,000	1,033,000	1,033,000
FSA	972,000	1,026,000	1,026,000
Subtotal	2,005,000	2,059,000	2,059,000
Total, Public Law 480:			
Program level	(850,000,000)	(185,000,000)	(1,200,000,000)
Appropriation	998,691,000	1,313,963,000	1,357,059,000

Rural electrification.—The Committee recognizes the importance of rural electrification as part of U.S. foreign assistance efforts. A direct linkage can be made between rural electrification and improved agriculture production, lower birth rates, microenterprise development, and better medical care. The committee is pleased with the track record and success of rural electrification programs based on the electric cooperative model and encourages the Department to consider proposals submitted by the National Rural Electric Cooperative Association and other organizations through the Food for Progress and related programs to advance rural electrification projects in developing nations.

Funds interchange.—The Committee has included bill language providing that funds made available for the cost of title I agreements and for title I ocean freight differential may be used interchangeably.

Reporting requirement.—The Committee has included language that would make the availability of $350,000,000 of the appropriation for Public Law 480, Title II, subject to the receipt of a plan from the Secretary for the use of these funds.

While the Committee supports international food assistance—and in fact provided a level of funding slightly above that requested by the Administration—it does not believe that it has received a full and complete justification for the budget request.

First, the budget information submitted by the Administration provides virtually no specific justification for the amount of the proposed increase.

Second, the budget request was prepared when the threat of massive famine in southern Africa was less acutely understood. The Committee needs to understand the Administration's view of the role that the United States will play in alleviating the famine

and how that role can be accommodated with the funds provided here and under other authorities available to the Administration.

Third, the budget request was prepared before enactment of the Farm Security and Rural Investment Act of 2002, Public Law 107–171, on May 13, 2002. That law established a number of new requirements relating to international food aid. For example, the law increased the minimum level of non-emergency assistance under P.L. 480, Title II, to 1,875,000 metric tons and it established a minimum level of CCC-funded tonnage for the Food for Progress program of 400,000 metric tons.

The Committee needs to be assured that these and other requirements are being implemented, and further, it needs information reconciling the Administration's 2003 request with these important new provisions.

The Committee is also disturbed by reports that even before the start of fiscal year 2003, the Administration may already be considering exercising its waiver authority with respect to non-emergency funding under P.L. 480, title II.

Finally, the Committee is concerned that the proposal in the Administration's food aid review to shift programs run by private voluntary organizations and the World Food Programme from the Department of Agriculture to the U.S. Agency for International Development may have the unintended consequence of disrupting the proper operation of food aid programs in fiscal year 2003 and may raise other policy concerns.

For these reasons, the Committee has restricted use of the funds above the fiscal year 2002 level until it receives further information from the Administration about its food aid proposals for fiscal year 2003.

CCC EXPORT LOANS PROGRAM ACCOUNT

ADMINISTRATIVE EXPENSES

2002 appropriation	$4,014,000
2003 budget estimate	4,058,000
Provided in the bill	4,058,000
Comparison:	
2002 appropriation	+44,000
2003 budget estimate	.....

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 through 2007 for GSM–102 and GSM–103.

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 2003 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.

COMMITTEE PROVISIONS

For administrative expenses of the Commodity Credit Corporation Export Loans Program Account, the Committee provides an appropriation of $4,058,000, an increase of $44,000 above the amount available for fiscal year 2002 and the same amount as the budget request.

TITLE VI—RELATED AGENCIES AND FOOD AND DRUG ADMINISTRATION

DEPARTMENT OF HEALTH AND HUMAN SERVICES

FOOD AND DRUG ADMINISTRATION

SALARIES AND EXPENSES

	Appropriation	*Prescription drug user fee* [3]	*Total, FDA, S&E*
2002 appropriation	[1] $1,183,670,000	$161,716,000	$1,345,386,000
2003 budget estimate	[2] 1,369,385,000	264,220,000	1,633,605,000
Provided in the bill	1,376,702,000	222,900,000	1,599,602,000
Comparison:			
2002 appropriation	+193,032,000	+61,184,000	+254,216,000
2003 budget estimate	+7,317,000	−41,320,000	−34,003,000

[1] Does not include the FY2002 supplemental of $151,100,000 for Homeland Security, P.L. 107–117.
[2] Excludes $54,751,000 in appropriated amount and $7,818,000 in user fee amount for pension and health benefits.
[3] User fee legislation was reauthorized through P.L. 107–188 at a level of $222,900,000 for fiscal year 2003. This was an adjusted amount from the budget estimate of $264,220,000.

The Food and Drug Administration (FDA) is the principal public health protection agency of the Federal Government. FDA has jurisdiction over a wide variety of products that affect every person, every day: foods and cosmetics; human and animal drugs; biologics including blood and vaccines; medical devices; and radiological products. FDA's mission is to promote and protect the public health by helping safe and effective products reach the market in a timely way, and to monitor products for continued safety after they are in use.

FDA works extensively with stakeholders—industry, consumers, and other interested parties—to: (1) set food and product standards; (2) evaluate the safety and efficacy of new drugs and medical devices before they are marketed; (3) conduct and sponsor research studies to detect health hazards and violations of laws or regulations, and improve the agency's base of scientific knowledge to allow for better regulatory decision-making; (4) inform business firms and consumers about FDA-related topics; (5) work with state and local agencies to develop programs that will supplement or complement those of FDA; (6) maintain surveillance over foods, drugs, medical devices and electronic products to ensure that they are safe, effective, and honestly labeled; and (7) take legal action when necessary to remove violative products from the marketplace and to prosecute firms or individuals that violate the law.

FDA's actions in responding to the terrorist events of 2001 serve as a reminder of the agency's role in the Federal Government's response to health emergencies or threats. In health crises, FDA responsibilities include: investigation and laboratory support for detection and management of food and medical product contamina-

tion; regulatory guidance to manufacturers and government agencies to assure the availability of medical products, including blood; acting as the approving body of medical products used to manage patients exposure to biological, chemical, or nuclear agents; and developing and maintaining a communications network that optimize preparedness within FDA and across government agencies.

COMMITTEE PROVISIONS

For the Food and Drug Administration, the Committee provides a total direct appropriation of $1,376,702,000 for salaries and expenses and makes available an additional $222,900,000 in fees collected under the Prescription Drug User Fee Act, for a total of $1,599,602,000. This is an increase of $254,216,000 above the total amount available in fiscal year 2002 and a decrease of $34,003,000 below the budget request. The decrease is due solely to a change in estimated revenues from prescription drug user fees, which are fully funded at the authorized level.

The Committee recommendation fully funds the budget authority request for the Food and Drug Administration (FDA), including $159,048,000 for counter-terrorism activities. Increases are recommended, as requested, for the generic drug program, activities related to medical errors and adverse events, and pay costs.

The Committee notes that the recommended funding level includes $7,317,000 for FDA public and legislative affairs activities. The Committee does not support the transfer of these functions to the Department of Health and Human Services, as proposed in the budget request.

The recommended funding level includes a total of $8,300,000 for costs associated with establishing the Unified Financial Management System (UFMS), a Department of Health and Human Services (DHHS) initiative, including costs for FDA to maintain and improve its legacy systems. The Committee recommendation fully funds the request; any additional costs to FDA for this purpose, either direct or by transfer, are subject to approval by the Committee. The Committee requires DHHS to provide a complete briefing to the Committee on the business case for UFMS by July 31, 2002, to include the system requirements that will be imposed upon participating agencies, the costs of meeting those requirements, and outyear cost estimates for the system. Further, the Committee requests quarterly updates on the progress of the system, its ability to meet agency needs, and updated cost estimates for implementation.

Generic Drug Education Activities.—The Committee expects the FDA to continue funding generic drug education activities at not less than $400,000. The Committee understands that the agency is conducting studies and developing continuing education programs for physicians and pharmacists. However, the Committee strongly believes that consumers should also be included in generic drug education efforts by the FDA, and expects increased consumer education in fiscal year 2003.

Generic Drug Program.—The recommended funding level includes a $4,582,000 increase for the generic drugs program, and also funds pay cost increases within the program, as requested. The Committee expects that the entire amount recommended for

the generic drugs program be applied solely to activities of the generic drugs program, and not transferred to any other activity within or outside of FDA. The Committee is aware that the fiscal year 2003 budget request for the generic drug program supports a performance level of reviewing 75 percent of Abbreviated New Drug Applications (ANDAs) within six months after submission of an application. The FDA should review 100 percent of ANDAs within the statutory timeframe for generic drug review. Therefore, the Committee directs the Commissioner to provide a plan to the Committee to eliminate this performance gap. The plan should include detailed estimates of the resources needed in the generic drug program, including field personnel, to meet statutory timeframes for drug application review and statutory inspection requirements, and infrastructure or technological upgrades required. The plan should be submitted to the Committee within 90 days of enactment.

Genetically Engineered Foods.—The Committee notes that the Food and Drug Administration proposed a rule on premarket notification of food that has been genetically engineered or made of ingredients that have been genetically engineered. In addition FDA published a draft guidance for companies that wish to label their products to indicate whether they have been genetically engineered. FDA is encouraged to finalize voluntary labeling guidance for companies to indicate whether the foods are prepared with or without the use of genetic engineering.

Import Tracking.—The Committee directs FDA to report to the Committee on updates and developments made to the Operational and Administrative System for Import Support (OASIS) system and import tracking, and any additional system or financial requirements to provide current, accurate data and to link into other federal import-related databases.

Intravenous Immune Globulin.—The Committee notes the importance of expedited review for intravenous immune globulin (IGIV). The Committee encourages the Center for Biologics Evaluation and Research to allocate adequate resources to the Office of Blood Research and Review to promote the timely review of new IGIV products that have been submitted for licensure under the FDA's revised IGIV clinical trial protocol.

Juice HACCP Implementation.—The Committee understands that in overseeing the juice industry's implementation of the juice Hazard Analysis and Critical Control Point (HACCP) rule, FDA is delaying initial HACCP inspections until the draft Juice HACCP Hazards and Controls Guide is released and until FDA investigators have been trained to conduct juice HACCP inspections. The Committee urges the agency to allow sufficient time and information sharing from the date of publication of the guide to scheduling of regulatory inspections. The Committee encourages FDA in its plans to make initial inspections educational in nature in order to counsel juice manufacturers on the adequacy of their HACCP plans and implementation of such plans, reserving regulatory actions for situations in which a safety issue is present.

Listeria Risk Assessment.—The Committee is encouraged by the progress FDA and USDA have made in evaluating the risk of listeriosis in ready to eat products and in developing a plan for the

reduction of risk through science-based policy. The Committee strongly urges the FDA and USDA to complete the listeria risk assessment and begin work on revising the listeria action plan. The Committee directs the FDA and USDA to rely solely on scientific data in their policy development process.

Medical Device Program.—The Committee recommendation fully funds the medical device program, as requested. In addition, the Committee notes that the prevalence of combination products should be taken into account in determinations about program resources. The Committee encourages the agency to fully integrate its programs and allocate resources so that combination products, in particular devices that require consultation by the Center for Biologics Evaluation and Research, are reviewed in a timely manner. The Committee requests a report regarding the prevalence of combination products and the review times of those products as opposed to standard products by May 31, 2003.

Medical Device Review.—The Committee is deeply concerned about the impact that delays in medical device application review have on Americans' health. In last year's Committee Report, the Committee directed that FDA provide updates of its medical device review performance, as compared to statutory requirements for application decisions, to the Committee in January and July 2002. The Committee has yet to receive the January update, and was not able to obtain an informative answer to a related question submitted to the agency at its fiscal year 2003 appropriations hearing. The Committee directs the Commissioner to provide a plan to the Committee to eliminate the medical device performance gap. The plan should include detailed estimates of the resources needed in the device program, including field personnel, to meet statutory timeframes for application review and statutory inspection requirements, and infrastructure or technological upgrades required. The plan should be submitted to the Committee within 90 days of enactment. The Committee notes that this information is critical to funding decisions on increases or decreases to budget items.

National Antimicrobial Resistance Monitoring System (NARMS).—The Committee remains interested in the function and administration of NARMS, and notes that it has not yet received the report it requested regarding NARMS, due May 1, 2002. The Committee directs FDA to provide the report, as detailed in the fiscal year 2002 conference report within 60 days of enactment.

Test Method Evaluation.—The Committee directs that the agency continue the fiscal year 2002 level of funding for FDA to continue its contract with New Mexico State University's Physical Science Laboratory to conduct method evaluation of rapid testing methods of fresh fruits and vegetables for microbial contamination.

Office of Women's Health.—The Committee strongly supports FDA's efforts to improve gender-based research, in part by encouraging women's participation in clinical trials and tracking demographic data about such participation. The Committee directs that FDA continue, at a minimum, the fiscal year 2002 level of funding for the Office of Women's Health and report to the Committee the agency's progress in developing an agency-wide data set focused on women's health activities before the fiscal year 2004 appropriations hearing.

Vaccine Review.—The Committee is aware that clinical testing of vaccines, including candidate HIV vaccines, requires careful review and oversight by the Center for Biologics Evaluation and Review (CBER), and notes that there is particular urgency for expediting clinical trials for HIV vaccines, as well as vaccines for other serious illnesses, without compromising safety. The Committee urges the agency to develop a feasibility plan for a Fast Track program to facilitate the awarding of Investigational New Drug status to new vaccine candidates. The Committee directs FDA to report on progress toward implementing this program by March 1, 2003.

Shellfish Safety.—The Committee expects that FDA will continue its work with the Interstate Shellfish Sanitation Commission (ISSC) to promote educational and research activities related to shellfish safety in general, and *Vibrio vulnificus* in particular. The Committee directs the use of $250,000 for this effort from within sums provided for food safety. In addition, the Committee understands that FDA's Office of Seafood has a memorandum of understanding with ISSC to work on assuring the safety and quality of shellfish, including regulation development when needed. The Committee directs that FDA continue this work with the ISSC, and that FDA continue to devote not less than $200,000 to these efforts.

Training.—The Committee recognizes the challenge FDA faces in training 635 new field hires for food-related counter-terrorism activities. The Committee understands that the Agency goal is for new field personnel to become functional in targeted operations within three months of the time they come on board, with additional training in the following nine months. The Committee directs FDA to report to the Committee, regarding its plans to adequately ensure that new inspection personnel are trained for duties in inspecting for both unintentional and intentional adulterates to food.

Drug Patent Listing.—The Committee understands that in May 2001 the Bureau of Competition and Policy Planning Staff of the Federal Trade Commission submitted a Citizen Petition to the FDA seeking specific guidance as to what patents may appropriately be listed in the Orange Book. The Committee is extremely concerned that the FDA has not responded to the FTC's request. Therefore, the Committee directs that within six months of enactment: (i) the FDA issue and publish in the Federal Register a final guidance for industry that provides clarification regarding the patent information submission requirements of sections 505(b)(1) and (c)(2) of the Federal Food, Drug, and Cosmetic Act, 21 U.S.C. §§ 355(b)(1), 355(c)(2), and the implementing regulation, 21 C.F.R. 314.53, including, but not limited to, clarification regarding the type of patents that may and may not be submitted for listing in the Orange Book; and (ii) the FDA issue a final response to the Citizen Petition, which shall be submitted to FDA's Dockets Management Branch for public dissemination.

Foodborne Illness Information.—The Committee supports efforts of the Food Safety and Inspection Service (FSIS), the Food and Drug Administration (FDA), and the Centers for Disease Control (CDC) to work together through FoodNet to improve national data on the incidence of foodborne illness. The Committee is particularly interested in studies that would determine the proportion of cases

of bacterial pathogens, such as E. coli O157:H7, Salmonella, Listeria, and Campylobacter, attributable to meat, poultry, eggs, seafood, fruits, and vegetables. The Committee requests a summary of planned, ongoing, or completed case-control studies before the fiscal year 2004 appropriations hearings.

Ginseng.—The Committee notes the Section 10806 of P.L. 107–171 states, in part: "(A) the term ginseng may only be considered to be a common or usual name (or part thereof) for any herb or herbal ingredient derived from the plant classified within the genus Panax; and (B) only labeling of or advertising for herbs or herbal ingredients classified within that genus may include the term "ginseng"." Despite this, a product labeled "siberian ginseng," which is, in fact, not ginseng and is unrelated to ginseng, is being sold in U.S. health food stores in competition with ginseng. "Siberian ginseng" is not an herb; it is correctly known as Eleutherococcus senticosus. Under the provisions of Section 10806 of P.L. 107–171, this product cannot be labeled and sold as ginseng. The Committee expects the Food and Drug Administration to take all appropriate action to expeditiously enforce Section 403 of the Federal Food, Drug, and Cosmetic Act in regard in ginseng labeling.

Office of Drug Safety.—The Committee has received assurance that, at the recommended funding level for fiscal year 2003, the Office of Drug Safety will receive at least a five million dollar increase over its fiscal year 2002 funding level.

Ephedra Products.—The Committee commends FDA for its recent statement that adverse event reports (AERs) regarding dietary supplements containing ephedrine alkaloids do not alone provide a scientific basis for assessing the safety of these products. Additionally, the Committee agrees that the Department of Health and Human Services (DHHS)-sponsored comprehensive review of the scientific data is the appropriate response to possible concerns raised by adverse event reports. The Committee further understands that the National Institutes of Health will use the review to guide an expanded research effort on ephedrine alkaloids, and that FDA will be guided by the review in regulatory discussions on ephedra products. The Committee urges that following publication of this review, a dialogue take place between FDA and industry to determine any necessary actions or decisions regarding ephedra products, including development of a standard label of warnings and contraindications.

Juice Labeling.—The Committee is concerned that labeling on a number of beverage products may lead consumers to believe they are purchasing orange juice when the actual content of orange juice is negligible. The Committee directs the FDA to review the labeling requirements for products that claim to be orange juice when the orange juice content is 5 percent or less. The Committee requests a report from FDA by April 1, 2003, regarding its recommendation to create new labeling guidelines, specific to this issue, to avoid consumer confusion.

Food Allergies.—The Committee is concerned about the incidence of food allergies, and notes that scientists and the public are increasingly concerned about the possibility of new food ingredients causing allergic reactions. While the FDA encourages careful eval-

uation of new proteins in genetically engineered foods, it has given less scrutiny to other food ingredients, such as whole new foods, such as kiwifruit, and mycoprotein (processed fungus). The Committee requests that the FDA, with input from the National Institutes of Health and other agencies it believes appropriate, review its practices on allergenicity and develop a comprehensive and consistent policy for evaluating novel foods and ingredients for potential allergenicity, including the types of tests that would be appropriate for evaluating different types of ingredients.

Building International Regulatory Capacity.—The Committee recognizes the need to expand regulatory capacity in low and middle income countries to facilitate local consideration of clinical trials of HIV and other vaccines and therapies. The Committee encourages the FDA to provide technical assistance to regulatory bodies in other countries to assist them in developing their own regulatory capacity. The Committee also supports continued efforts at international regulatory harmonization.

Dietary Supplement Study.—The Committee commends the Food and Drug Administration for having signed in September 2000 a two-year contract with the Institute of Medicine of the National Academies to develop a framework for evaluating the safety of dietary supplements and apply it to six dietary supplements. The Committee encourages the FDA to continue this contract into fiscal year 2003 and, if possible, to increase the number of dietary supplements to be evaluated by the Institute of Medicine.

Blood Safety and Adequacy.—The Committee is aware of several factors that have affected the nation's blood supply, including a recently implemented FDA deferral policy which restricts eligibility of blood donors who have traveled or lived in Europe or the U.K. because of the theoretical risk of variant Creutzfeldt-Jakob Disease. The Committee is concerned about existing blood shortages and the possibility of increasingly severe shortages in the future because of the elimination of blood donors, confusion about donor criteria, and the loss of up to 25 percent of the U.S. military donor base. The Committee understands that additional FDA donor restrictions will become effective October 31, 2002.

Maintaining an adequate blood supply is critical for the nation's public health and is essential for national preparedness in the event of public health emergencies. The Committee urges the FDA and the Department of Health and Human Services to address this issue and consider the potential need for modification of donor deferral criteria or other measures if serious blood shortages continue.

Recommendations by activity.—The Committee recommends that of the total amount provided: (1) $148,112,000 shall be for the Center for Food Safety and Applied Nutrition; (2) $330,766,000 shall be for the Center for Drug Evaluation and Research; (3) $163,663,000 shall be for the Center for Biologics Evaluation and Research; (4) $57,875,000 shall be for the Center for Veterinary Medicine; (5) $137,420,000 shall be for the Center for Devices and Radiological Health; (6) $473,346,000 shall be for the Office of Regulatory Affairs; (7) $40,688,000 shall be for the National Center for Toxicological Research (NCTR); (8) $36,498,000 shall be for Rent and Related activities, other than the amounts paid to the General

Services Administration; (9) $106,678,000 shall be for payments to the General Services Administration for rent and related costs; and (10) $104,556,000 shall be for other activities, including the Office of the Commissioner; the Office of Senior Associate Commissioner; the Office of International and Constituent Relations; the Office of Policy, Legislation and Planning; the Office of Management and Systems; the Office of Chief Counsel; and central services for these offices. Funds may be transferred from one specified activity to another with the prior approval of the Committee.

BUILDINGS AND FACILITIES

2002 appropriation	$34,281,000
2003 budget estimate	8,000,000
Provided in the bill	8,000,000
Comparison:	
2002 appropriation	−26,281,000
2003 budget estimate	.....

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 $8,000,000, decrease of $26,281,000 below the amount available for fiscal year 2002 and the same amount as the budget request.

The decrease in funding in this account is primarily due to the completion of the funding for construction of the Los Angeles regional laboratory. The funding in this account is directed toward repairs and improvements to existing facilities.

INDEPENDENT AGENCIES

COMMODITY FUTURES TRADING COMMISSION

2002 appropriation [1]	$70,700,000
2003 budget estimate [2]	79,884,000
Provided in the bill	79,884.000
Comparison:	
2002 appropriation	+9,184,000
2003 budget estimate	.....

[1] Does not include FY2002 supplemental of $16,900,000 for Homeland Security, P.L. 107–117.
[2] Excludes $2,916,000 in Pension and Health Benefits.

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 and the public against manipulation, fraud, and abusive trade practices. 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 $79,884,000, an increase of $9,184,000 above the amount available for fiscal year 2002 and the same as the budget request.

Pay Parity.—The Committee is aware that Public Law 107–171 contained a provision (Section 10702) authorizing the Commodity Futures Trading Commission to pay employees at a rate comparable to employees of any agency included in the Financial Institutions Reform, Recovery and Enforcement Act of 1989. The Committee encourages the agency to submit a budget proposal that includes resources dedicated to pay parity under the aforementioned authority.

Transaction fee.—The President's budget proposed a transaction fee of $33,000,000 on commodity futures and options contracts to be available for CFTC activities. Such a transaction fee is not authorized to be collected. Therefore, the Committee recommendation does not assume revenue from the fee. The Committee is concerned that the fee, although neither authorized nor received by the Congress as part of a legislative proposal, was included as revenue in the President's budget. In effect, the fee proposal created a $33,000,000 cost to the Committee to maintain CFTC operations. The Committee notes that this bill includes a General Provision, Section 723, that prohibits funds from being used to prepare a budget submission to Congress that assumes reductions from the previous year's budget due to user fee proposals unless the submission also identifies spending reductions which should occur if the user fees are not enacted.

Reporting Requirements.—The Committee directs that up to $1 million of this increase be provided to the Inspector General to conduct a thorough investigation into suspicious activities or transactions involving Enron, its subsidiaries, affiliates or related entities. While the Commission has been soliciting voluntary reporting of this activity, the situation is of such a serious nature that a more specific program for investigation should be developed and implemented. The Committee directs that the Commission provide a report regarding what action has been taken to comply with this requirement prior to the fiscal year 2004 appropriation hearings.

FARM CREDIT ADMINISTRATION

LIMITATION ON ADMINISTRATIVE EXPENSES

2002 limitation	($36,700,000)
2003 budget estimate [1]	(36,700,000)
Provided in the bill	(38,400,000)
Comparison:	
2002 limitation	+1,700,000
2003 budget estimate	+1,700,000

[1] Excludes $1,796,000 in Pension and Health Benefits.

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. 2003 et seq.). The institutions of the System are the Farm Credit banks, production credit associations, Federal land credit associations, agricultural credit associations, and one Agricultural Credit Bank. 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 $38,400,000, an increase of $1,700,000 above the amount available for fiscal year 2002 and an increase of $1,700,000 over the budget request.

The Committee has raised the cap on administrative expenses to allow the Farm Credit Administration flexibility to deal with hiring and retention issues. This flexibility would allow the FCA Board to make adjustments to the budget, if warranted by the results of their study of personnel needs. The Committee understands that no additional assessment on member institutions would be necessary, as the agency reserve funds are sufficient to cover the increase.

TITLE VII—GENERAL PROVISIONS

The General Provisions contained in the accompanying bill for fiscal year 2003 are fundamentally the same as those included in last year's appropriations bill.

Section 721: Language is included to prohibit funds from being used to carry out the Initiative for Future Agriculture and Food Systems.

Section 722: Language is included that prohibits the use of funds to reduce staff levels at certain Food and Drug Administration offices in Detroit, Michigan.

Section 723: Language is included that prohibits funds from being used to prepare a budget submission to Congress that assumes reductions from the previous year's budget due to user fee proposals unless the submission also identifies spending reductions which should occur if the user fees are not enacted.

Section 724: Language is included that provides that no funds may be used to close or relocate a state Rural Development office unless or until cost effectiveness and enhancement of program delivery have been determined.

Section 725: Language is included that provides that, of any shipments of commodities pursuant to section 416(b) of the Agricultural Act of 1949, the Secretary of Agriculture shall, to the extent practicable, direct that tonnage equal in value to not more than $25,000,000 shall be made available to foreign countries to assist in mitigating the effects of HIV and AIDS.

Section 726: Language is included that provides $4,000,000 for a hunger fellowship program.

Section 727: Language is included that provides that any balances available to carry out Title III of the Agricultural Trade Development and Assistance Act of 1954, and any recoveries and reimbursements that become available, may be used to carry out Title II of such Act. Funds were last appropriated for Title III programming in FY 2000. However, there are Title III balances remaining of less than $500,000. This provision allows remaining Title III account balances to be used for Title II programming since no new Title III programming is anticipated. This provision will allow the use of remaining Title III balances for Title II even though Section 412 of P.L. 480 provides that only 50 percent of the funds available for Title III may be used to carry out Title II.

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Section 733: Language is included that provides for a Livestock Assistance Program, to make and administer payments for livestock losses using similar criteria as established in the 1999 and 2000 Livestock Assistance Programs and as authorized in Sec. 10104 (P.L. 107–171; 116 Stat. 488)

Section 734: Language is included that provides that no funds may be transferred to any department, agency, or instrumentality of the United States Government, except pursuant to a transfer made by, or transfer authority provided in, this Act or any other appropriation Act.

Section 735: Language is included that limits the Export Enhancement Program.

Section 736: Language is included that makes funds available for temporary personnel, and for experts and consultants.

Section 737: Language is included that limits the use of funds for alteration and repair of buildings.

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Section 740: Language is included that makes the municipality of Carolina, Puerto Rico, eligible for grants and loans administered by the Rural Utilities Service.

Section 741: Section 7404 of the recently enacted Farm Security and Rural Investment Act of 2002 (Public Law 107–171) calls on the Secretary of Agriculture to establish a task force to conduct a review of the Agricultural Research Service, at a cost of approximately $1,000,000. The Committees notes that section 632 of the Agricultural Research, Extension, and Education Reform Act of 1998 (Public Law 105–185) called for a similar review, to be performed by the National Academy of Sciences, and that this work should be completed this summer. The Committee recommends a general provision to prohibit carrying out the new directive, and recommends review of the results of the National Academy of Sciences review prior to scarce research funds for another similar effort.

Section 742: The Committee recommends a technical provision regarding accounting procedures affecting the Agricultural Marketing Service (AMS) and the Grain Inspection, Packers and Stockyards Administration (GIPSA). Language is included that would exempt AMS and GIPSA user fee programs from the requirement

to reflect insured and/or collateralized investments as obligations and outlays. OMB Circulars require that Federal funds invested in interest bearing instruments outside of the U.S. Treasury be posted as obligations and outlays on the books of the investing agency. However, these Circulars do not address the security of investments that are insured by the Federal Deposit Insurance Corporation (FDIC) and/or are collateralized with U.S. securities. The obligation of insured and/or collateralized investments results in inflated obligation levels being reported to Congress for that program, and can reduce interest income for that same investing program. This general provision allows for an "accounting" recognition of FDIC insurance and/or U.S. securities collateral. In addition, it allows the user fee agencies of USDA to maximize their interest income, which is consistent with the intent of Congress when it enacted investment authority for those programs.

Section 743: Language is included that provides that the city of Starkville, Mississippi, shall be eligible for loans and grants provided through the Rural Community Advancement Program.

Section 744: Language is included that would provide the Secretary the authority to transfer up to $10,000,000 for costs associated with the processing, storage, transporting, and distribution of commodities.

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Section 746: Language is included to limit the amount of funds available for the Environmental Quality Incentives Program to $695,000,000.

Section 747: Language is included to limit the Conservation Security Program to the State of Iowa.

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Section 749: Language is included that prohibits the use of funds for consolidation of Food and Drug Administration offices at the Department of Health and Human Services.

Section 750: Language is included that amends Section 844 of the fiscal year 2001 Agriculture Appropriations Act.

Section 751: Language is included that makes the City of Vicksburg, Mississippi, eligible for Rural Housing Service programs.

Section 752: Language is included that rescinds $5,000,000 of unobligated balances in the Agricultural Stabilization and Conservation Service-Rural Clean Water Program.

Section 753: (a) LIMITATION.—None of the funds made available in this Act or any other Act may be obligated for payment on any new contract to a subsidiary of a publicly traded corporation if the corporation is incorporated in a tax haven country but the United States is the prinicipal market for the public trading of the corporation's stock.

(b) DEFINITION.—For purposes of subsection (a), the term "tax haven country" means each of the following: Barbados, Bermuda, British Virgin Islands, Cayman Islands, Commonwealth of the Bahamas, Cyprus, Gibraltar, Isle of Man, the Principality of Liechtenstein, the Principality of Monaco and the Republic of the Seychelles.

(c) WAIVER.—The President may waive subsection (a) with respect to any specific contract if the President certifies to the Appropriations Committees that the waiver is required in the interest of national security.

Underwriting gains.—The Committee does not recommend including a limitation on underwriting gains, which was included as a proposed general provision in the budget request.

Outlease agreements.—The Committee does not recommend a legislative provision regarding outlease agreements, which was included as a proposed general provision in the budget request.

Definition of "emergency."—The Committee does not recommend a legislative provision defining "emergency" as a precondition for a transfer of funds to combat infestations, which was included as a proposed general provision in the budget request.

TRANSFER OF UNEXPENDED BALANCES

Pursuant to clause 3(f)(2) of rule XIII of the Rules 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)(3) of rule X.

1. Hazardous Materials Management.—The bill allows the funds appropriated to the Department for hazardous materials management to be transferred to agencies of the Department as required.

2. Departmental Administration.—The bill requires reimbursement for expenses related to certain hearings.

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

4. 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.

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

6. 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.

7. Dairy Indemnity Program.—The bill authorizes the transfer of funds to the Commodity Credit Corporation, by reference.

8. Agricultural Credit Insurance Fund.—The bill provides that funds from the account shall be transferred to the Farm Service Agency salaries and expenses account, and that funds may be transferred among lending programs.

9. Rural Community Advancement Program.—The bill provides that funds available to administer certain programs may be transferred to the Rural Development, Salaries and Expenses account, and that funds for guaranteed business and industry loans may be transferred to direct business and industry loans.

10. Rural Development Salaries and Expenses.—The bill provides that prior year balances from certain accounts shall be transferred to and merged with this account.

11. Rural Housing Insurance Fund program account; Rural Development Loan Fund program account; Rural Electrification and Telecommunications Loans program account; and Rural Telephone Bank program account.—The bill provides that administrative funds shall be transferred to the Rural Development Salaries and Expenses Account.

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

13. 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.

14. Public Law 480.—The bill provides that funds made available for the cost of title I agreements and for title I ocean freight differential may be used interchangeably.

15. 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.

CHANGES IN THE APPLICATION OF EXISTING LAW

Pursuant to clause 3(f)(1)(A) of rule XIII of the Rules of the House of Representatives, the following statements are submitted describing the effect of 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 1995.

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. *Common Computing Environment.*—Language is included to provide that obligation of funds shall be consistent with the Service Center Modernization Plan, and with the concurrence of the Chief Information Officer, and only upon confirmation of the Chief Information Officer.

3. *Agriculture Buildings and Facilities and Rental Payments.*—Language is included that allows for the reconfiguration and release of space back into the General Services Administration inventory in order to reduce space rental cost for space not needed for USDA programs.

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

5. *Agricultural Research Service.*—Language is included that allows the Agricultural Research Service to grant easements at the Beltsville, MD agricultural research center, that hereafter prohibits funds from being used to carry out research related to the production, processing or marketing of tobacco or tobacco products, and that authorizes the Agricultural Research Service in fiscal year 2003 and thereafter to charge fees for any permit, easement, lease

or other special use authorization for the occupancy or use of land and facilities issued by the agency and such fees shall be credited to the Agricultural Research Service and remain available until expended. Under the Buildings and Facilities account, the bill includes language providing that, hereafter, funds may be received from any State, other political subdivision, organization, or individual for the purpose of establishing any research facility of the Agricultural Research Service, as authorized by law.

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

7. *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 technical assistance goods, or services to non-APHIS personnel, and to allow transfers of funds for Agricultural emergencies.

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

9. *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.

10. *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.

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

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

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. *Natural Resources Conservation Service—Conservation Operations*.—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.

15. *Watershed and Flood Prevention Operations*.—Language which was included in the Emergency Jobs Bill of 1983 (P.L. 98–

8) and all bills since 1984 provides that funds may be used for rehabilitation of existing works.

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

17. *Rural Electrification and Telecommunications Loan program account*.—Language is included to allow borrowers' interest rates for loans to exceed seven percent.

18. *Child Nutrition Programs*.—Language is included to prohibit funds from being used for studies and evaluations, except for verification of claims.

19. *Special Supplemental Nutrition Program for Women, Infants, and Children (WIC)*.—Language is included to prohibit funds from being used for studies and evaluations, except for a study of WIC vendor practices, and to require the use of funds for the farmers' market nutrition program.

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

21. *Foreign Agricultural Service*.—Language carried since 1979 enables this agency to use funds received by an advance or by reimbursement to carry out its activities involving international development and technical cooperation. Language is included that hereafter 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.

22. *Commodity Futures Trading Commission*.—Language is included to limit the amount of fund for official reception and representation expenses.

23. *General Provisions*.—

Section 704: This provision permits the Secretary to transfer discretionary funds made available by this Act, as well as other available unobligated discretionary balances of the Department of Agriculture, to the Working Capital fund for the acquisition of plant and capital equipment, and provides that no funds appropriated to an agency shall be transferred to the Working Capital Fund without the approval of the agency administrator. The time of availability of funds has been extended until November 8, 2003, for unobligated balances that may be transferred in order to allow the Department the time it needs to close out its books for the fiscal year. Only after the books have been closed, will the Department be able to determine if unobligated balances exist to transfer to the Working Capital Fund.

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 may 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 avail-

ability 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: Office of the Secretary, $28,250,000 to remain available until expended for building security and terrorism prevention costs; Animal and Plant Health Inspection Service, the contingency fund to meet emergency conditions, information technology infrastructure, the boll weevil program, up to 25 percent of the screwworm program, and up to $2,000,000 for costs associated with colocating regional offices; Grain Inspection, Packers and Stockyards Administration, packer concentration study; Food Safety and Inspection Service, field automation and information management project; Cooperative State Research, Education, and Extension Service, funds for competitive research grants, funds for the Research, Education, and Economics Information System (REEIS), and funds for the Native American Institutions Endowment Fund; Farm Service Agency, salaries and expenses to county committees; Foreign Agricultural Service, middle-income country training program and up to $2,000,000 for foreign currency fluctuations.

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 709: 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 710: This provision provides that none of the funds in this Act may be made available to pay indirect costs charged against competitive agricultural research, education, or extension grants awarded by the Cooperative State Research, Education, and Extension Service in excess of 19 percent of total direct costs, except for grants available under the Small Business Innovation and Development Act.

Section 711: 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 712: This provision allows funds made available in the current fiscal year for the Rural Development Loan Fund program account; Rural Telephone Bank program account; the Rural Electrification and Telecommunications Loans program

account; the Rural Housing Insurance Fund 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 713: This provision provides that, hereafter, marketing services of the Agricultural Marketing Service; the Grain Inspection, Packers and Stockyards Administration; the Animal and Plant Health Inspection Service; and the food safety activities of the Food Safety and Inspection Service may use cooperative agreements.

Section 714: Provides that not more than 5 percent of the Class A stock of the Rural Telephone Bank may be retired in fiscal year 2003. 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 715: Provides that of the funds made available, not more than $1,800,000 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 competitively awarded grants.

Section 716: Provides that none of the funds may be used to carry out certain provisions of meat and poultry inspection acts.

Section 717: 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 718: 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.

Section 719: Language is included that requires approval of the Chief Information Officer and the concurrence of the Executive Information Technology Investment Review Board for acquisition of new information technology systems or significant upgrades, and that prohibits the transfer of funds to the Office of the Chief Information Officer without the notification of the Committees on Appropriations of both Houses of Congress.

Section 720: Language is included that requires certain reprogramming procedures of funds provided in Appropriations Acts.

Section 721: Language is included to prohibit funds from being used to carry out the Initiative for Future Agriculture and Food Systems.

Section 722: Language is included that prohibits the use of funds to reduce staff levels at certain Food and Drug Administration offices in Detroit, Michigan.

Section 723: Language is included that prohibits funds from being used to prepare a budget submission to Congress that assumes reductions from the previous year's budget due to user fee proposals unless the submission also identifies spending reductions which should occur if the user fees are not enacted.

Section 724: Language is included that provides that no funds may be used to close or relocate a state Rural Development office unless or until cost effectiveness and enhancement of program delivery have been determined.

Section 725: Language is included that provides that, of any shipments of commodities pursuant to section 416(b) of the Agricultural Act of 1949, the Secretary of Agriculture shall, to the extent practicable, direct that tonnage equal in value to not more than $25,000,000 shall be made available to foreign countries to assist in mitigating the effects of HIV and AIDS.

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Section 749: Language is included that prohibits funds from being used for consolidation of Food and Drug Administration offices at the Department of Health and Human Services.

Section 750: Language is included that amends Section 844 of the fiscal year 2001 Agriculture Appropriations Act.

Section 751: Language is included that makes the City of Vicksburg, Mississippi, eligible for Rural Housing Service programs.

Section 752: Language is included that rescinds $5,000,000 of unobligated balances in the Agricultural Stabilization and Conservation Service—Rural Clean Water Program.

Section 753: (a) LIMITATION.—None of the funds made available in this Act or any other Act may be obligated for payment on any new contract to a subsidiary of a publicly traded corporation if the corporation is incorporated in a tax haven country but the United States is the principal market for the public trading of the corporation's stock.

(b) DEFINITION.—For purposes of subsection (a), the term "tax haven country" means each of the following: Barbados, Bermuda, British Virgin Islands, Cayman Islands, Commonwealth of the Bahamas, Cyprus, Gibraltar, Isle of Man, and Principality of Liechtenstein, the Principality of Monaco and the Republic of the Seychelles.

(c) WAIVER.—The President may waive subsection (a) with respect to any specific contract if the President certifies to the Appropriations Committees that the waiver is required in the interest of national security.

STATEMENT OF GENERAL PERFORMANCE GOALS AND OBJECTIVES

Pursuant to clause 3(c)(4) of rule XIII of the Rules of the House of Representatives, the following is a statement of general perform-

ance goals and objectives for which this measure authorizes funding:

The Committee on Appropriations considers program performance, including a program's success in developing and attaining outcome-related goals and objectives, in developing funding recommendations.

COMPLIANCE WITH CLAUSE 3 OF RULE XIII (RAMSEYER RULE)

In compliance with clause 3(e) 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 is printed in italic, existing law in which no change is proposed is shown in roman):

SECTION 375 OF THE CONSOLIDATED FARM AND RURAL DEVELOPMENT ACT

SEC. 375. NATIONAL SHEEP INDUSTRY IMPROVEMENT CENTER.

(a) * * *

* * * * * * *

(e) REVOLVING FUND.—

(1) * * *

* * * * * * *

(6) FUNDING.—

(A) * * *

(B) MANDATORY FUNDS.—Out of any moneys in the Treasury not otherwise appropriated, the Secretary of the Treasury shall provide to the Center not to exceed [$26,000,000] *$27,000,000* to carry out this section.

* * * * * * *

APPROPRIATIONS NOT AUTHORIZED BY LAW

Pursuant to clause 3(f)(1)(B) of rule XIII of the Rules of the House of Representatives, the following table lists the appropriations in the accompanying bill which are not authorized by law:

[In thousands of dollars]

Program and last year of authorization	Authorization level	Appropriations in last year of authorization	Appropriations in this bill
The following programs are not currently authorized by law:			
USDA:			
Compact of Free Association Act of 1985:			
Food and Nutrition Service:			
Food Donations Program:			
Commodity Assistance to Nuclear Affected. Islands: FY 2001	Indefinite	1,081	1,081
The following programs are funded in this bill at levels that exceed those currently authorized by law:			
USDA:			
Farm Service Agency:			
Direct Farm Loans:			
Operating	565,000	NA	600,000

[1] This program has never been authorized. It was initially funded in FY 2001 at $2 million.

RESCISSIONS

Pursuant to clause 3(f)(2) of rule XIII of the Rules of the House of Representatives, the following information is submitted describing the rescissions recommended in the accompanying bill:

The bill proposes rescission of $3,197,000 of funds derived from interest on the cushion of credit payments in fiscal year 2003 under the Rural Economic Development Loans Program Account, which is an annual technical adjustment contained in the budget estimates.

The bill includes a rescission of $5,000,000 of unobligated balances available at the beginning of fiscal year 2003 for the experimental Rural Clean Water Program authorized under the headings "AGRICULTURAL STABILIZATION AND CONSERVATION SERVICE—RURAL CLEAN WATER PROGRAM" in Public Law 96–108 (93 Stat. 835) and Public Law 96–528 (94 Stat. 3111).

COMPARISON WITH BUDGET RESOLUTION

Clause 3(c)(2) of Rule XIII of the Rules of the House of Representatives requires an explanation of compliance with section 308(a)(1)(A) of the Congressional Budget and Impoundment Control Act of 1974 (Public Law 93–344), as amended, which requires that the report accompanying a bill providing new budget authority contain a statement detailing how that authority compares with the reports submitted under section 302 of the Act for the most recently agreed to concurrent resolution on the budget for the fiscal year from the Committee's section 302(a) allocation. This information follows:

[In millions of dollars]

Full committee data	302(b) allocation		This bill	
	Budget authority	Outlays	Budget authority	Outlays
Comparison with Budget Resolution:				
Discretionary	$17,601	$17,907	$17,601	$17,581
Mandatory	14,096	15,310	14,096	15,310
Total	31,697	33,217	31,697	32,891

FIVE-YEAR OUTLAY PROJECTIONS

In compliance with section 308(a)(1)(B) 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, in millions of dollars]

Budget Authority	$74,306
Outlays:	
2003	46,932
2004	8,669
2005	892
2006	391
2007 and beyond	598

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 pri-

mary loan guarantee commitments available under existing law for fiscal year 2003 and beyond.

ASSISTANCE TO STATE AND LOCAL GOVERNMENTS

In accordance with section 308(a)(1)(C) 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	$21,656
Fiscal year 2003 outlays resulting therefrom	17,878

PROGRAM, PROJECT, AND ACTIVITY

During fiscal year 2003, 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 2003, 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 2003 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 2003 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 3(b) of rule XIII of the House of Representatives, the results of each roll call 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:

FULL COMMITTEE VOTES

Pursuant to the provisions of clause 3(b) of rule XIII of the House of Representatives, the results of each roll call 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:

ROLL CALL NUMBER: 1

DATE: July 11, 2002

MEASURE: Agriculture, Rural Development, Food and Drug Administration, and Related Agencies Appropriations Bill, FY 2003

MOTION BY: Mr. Hinchey

DESCRIPTION OF MOTION: To provide $250,000,000 to producers of specialty crops for the 2002 crop year, covering quantity and quality losses as well as severe economic losses, and covering all specialty crops as determined by the Secretary, including apples, cherries, almonds, and lebrusca grapes.

Results: Rejected Yeas 29 Nays 31

Members Voting Yea	Members Voting Nay
Mr. Boyd	Mr. Aderholt
Mr. Clyburn	Mr. Bonilla
Mr. Cramer	Mr. Callahan
Mr. Cunningham	Mr. Doolittle
Mr. Farr	Mr. Edwards
Mr. Fattah	Mrs. Emerson
Mr. Goode	Mr. Frelinghuysen
Mr. Hinchey	Ms. Granger
Mr. Hoyer	Mr. Hobson
Mr. Jackson	Mr. Istook
Ms. Kaptur	Mr. Kingston
Mr. Kennedy	Mr. Knollenberg
Ms. Kilpatrick	Mr. Kolbe
Mrs. Lowey	Mr. LaHood
Mrs. Meek	Mr. Latham
Mr. Mollohan	Mr. Lewis
Mr. Moran	Mr. Miller
Mr. Obey	Mr. Nethercutt
Mr. Olver	Mrs. Northup
Mr. Pastor	Mr. Regula
Mr. Peterson	Mr. Rogers
Mr. Price	Mr. Sherwood
Mr. Rothman	Mr. Skeen
Ms. Roybal-Allard	Mr. Sununu
Mr. Sabo	Mr. Taylor
Mr. Serrano	Mr. Tiahrt
Mr. Sweeney	Mr. Vitter
Mr. Visclosky	Mr. Wamp
Mr. Walsh	Mr. Wicker
	Mr. Wolf
	Mr. Young

COMPARATIVE STATEMENT OF NEW BUDGET (OBLIGATIONAL) AUTHORITY FOR 2002
AND BUDGET REQUESTS AND AMOUNTS RECOMMENDED IN THE BILL FOR 2003
(Amounts in Thousands)

	FY 2002 Enacted	FY 2003 Request	Bill	Bill vs. Enacted	Bill vs. Request
TITLE I - AGRICULTURAL PROGRAMS					
Production, Processing, and Marketing					
Office of the Secretary	2,992	36,667	31,629	+28,637	-5,038
Emergency appropriations (P.L. 107-117)	80,919	---	---	-80,919	---
Total, Office of the Secretary	83,911	36,667	31,629	-52,282	-5,038
Executive Operations:					
Chief Economist	7,704	12,117	8,566	+862	-3,551
National Appeals Division	12,869	14,334	13,759	+890	-575
Office of Budget and Program Analysis	7,041	7,358	7,358	+317	---
Office of the Chief Information Officer	10,029	31,277	15,251	+5,222	-16,026
Common computing environment	59,369	133,155	133,155	+73,786	---
Office of the Chief Financial Officer	5,384	7,918	5,572	+188	-2,346
Working capital fund	---	21,000	41,000	+41,000	+20,000
Total, Executive Operations	102,396	227,159	224,661	+122,265	-2,498
Office of the Assistant Secretary for Administration	647	780	664	+17	-116
Agriculture buildings and facilities and rental payments	(187,647)	(70,499)	(195,900)	(+8,253)	(+125,401)
Payments to GSA	130,266	---	130,266	---	+130,266
Building operations and maintenance	31,438	36,522	31,657	+219	-4,865
Repairs, renovations, and construction	25,943	33,977	33,977	+8,034	---
Hazardous materials management	15,665	15,685	15,685	+20	---
Departmental administration	37,079	46,398	38,095	+1,016	-8,303
Outreach for socially disadvantaged farmers	3,243	3,243	8,243	+5,000	+5,000
Office of the Assistant Secretary for Congressional Relations	3,718	4,157	3,821	+103	-336
Office of Communications	8,894	9,637	9,140	+246	-497
Office of the Inspector General	70,839	82,231	74,097	+3,258	-8,134
Office of the General Counsel	32,627	37,287	34,446	+1,819	-2,841
Office of the Under Secretary for Research, Education and Economics	573	780	588	+15	-192
Economic Research Service	67,200	79,243	73,329	+6,129	-5,914

COMPARATIVE STATEMENT OF NEW BUDGET (OBLIGATIONAL) AUTHORITY FOR 2002
AND BUDGET REQUESTS AND AMOUNTS RECOMMENDED IN THE BILL FOR 2003
(Amounts in Thousands)

	FY 2002 Enacted	FY 2003 Request	Bill	Bill vs. Enacted	Bill vs. Request
National Agricultural Statistics Service	113,786	143,659	137,858	+24,072	-5,801
Census of Agriculture	(25,350)	(41,274)	(41,274)	(+15,924)	---
Agricultural Research Service:					
Salaries and expenses	979,464	971,445	1,002,193	+22,729	+30,748
Emergency appropriations (P.L. 107-117)	40,000	---	---	-40,000	---
Buildings and facilities	118,987	16,580	95,280	-23,707	+78,700
Emergency appropriations (P.L. 107-117)	73,000	---	---	-73,000	---
Total, Agricultural Research Service	1,211,451	988,025	1,097,473	-113,978	+109,448
Cooperative State Research, Education, and Extension Service:					
Research and education activities	542,062	552,549	572,616	+30,554	+20,067
Native American Institutions Endowment Fund	(7,100)	(7,100)	(9,000)	(+1,900)	(+1,900)
Extension activities	439,473	419,989	441,821	+2,348	+21,832
Integrated activities	42,853	44,865	47,868	+5,015	+3,003
Total, Cooperative State Research, Education, and Extension Service	1,024,388	1,017,403	1,062,305	+37,917	+44,902
Office of the Under Secretary for Marketing and Regulatory Programs	654	780	730	+76	-50
Animal and Plant Health Inspection Service:					
Salaries and expenses	620,490	767,119	735,937	+115,447	-31,182
Emergency appropriations (P.L. 107-117)	105,000	---	---	-105,000	---
AQI user fees	(84,813)	(275,000)	(275,000)	(+190,187)	---
Animal welfare user fees (proposed)	---	-5,000	---	---	+5,000
Buildings and facilities	7,189	13,189	13,189	+6,000	---
Emergency appropriations (P.L. 107-117)	14,081	---	---	-14,081	---
Total, Animal and Plant Health Inspection Service	746,760	775,308	749,126	+2,366	-26,182

COMPARATIVE STATEMENT OF NEW BUDGET (OBLIGATIONAL) AUTHORITY FOR 2002
AND BUDGET REQUESTS AND AMOUNTS RECOMMENDED IN THE BILL FOR 2003
(Amounts in Thousands)

	FY 2002 Enacted	FY 2003 Request	Bill	Bill vs. Enacted	Bill vs. Request
Agricultural Marketing Service:					
Marketing Services	71,430	75,411	75,702	+4,272	+291
Standardization user fees	(5,000)	(5,000)	(5,000)	---	---
(Limitation on administrative expenses, from fees collected)	(60,596)	(61,619)	(61,619)	(+1,023)	---
Funds for strengthening markets, income, and supply (transfer from section 32)	13,995	14,910	14,910	+915	---
Payments to states and possessions	1,347	1,347	1,347	---	---
Total, Agricultural Marketing Service	86,772	91,668	91,959	+5,187	+291
Grain Inspection, Packers and Stockyards Administration:					
Salaries and expenses	33,117	41,164	44,746	+11,629	+3,582
Limitation on inspection and weighing services	(42,463)	(42,463)	(42,463)	---	---
Inspection and licensing user fees (proposed)	---	-29,000	---	---	+29,000
Total, Grain Inspection, Packers and Stockyards	33,117	12,164	44,746	+11,629	+32,582
Office of the Under Secretary for Food Safety	476	780	603	+127	-177
Food Safety and Inspection Service	715,642	763,049	755,793	+40,151	-7,256
Emergency appropriations (P.L. 107-117)	15,000	---	---	-15,000	---
Lab accreditation fees 1/	(1,000)	(1,000)	(1,000)	---	---
Total, Production, Processing, and Marketing	4,562,485	4,406,602	4,650,891	+88,406	+244,289

1/ In addition to appropriation.

COMPARATIVE STATEMENT OF NEW BUDGET (OBLIGATIONAL) AUTHORITY FOR 2002
AND BUDGET REQUESTS AND AMOUNTS RECOMMENDED IN THE BILL FOR 2003
(Amounts in Thousands)

	FY 2002 Enacted	FY 2003 Request	Bill	Bill vs. Enacted	Bill vs. Request
Farm Assistance Programs					
Office of the Under Secretary for Farm and Foreign Agricultural Services	606	899	622	+16	-277
Farm Service Agency:					
Salaries and expenses	939,030	993,620	976,738	+37,708	-16,882
(Transfer from export loans)	(790)	(834)	(834)	(+44)	---
(Transfer from P.L. 480)	(972)	(1,026)	(1,026)	(+54)	---
(Transfer from ACIF)	(272,595)	(279,176)	(279,176)	(+6,581)	---
Subtotal, transfers from program accounts	(274,357)	(281,036)	(281,036)	(+6,679)	---
Total, Salaries and expenses	(1,213,387)	(1,274,656)	(1,257,774)	(+44,387)	(-16,882)
Emergency conservation program	---	48,700	---	---	-48,700
State mediation grants	3,493	4,000	4,000	+507	---
Dairy indemnity program	100	100	100	---	---
Subtotal, Farm Service Agency	942,623	1,046,420	980,838	+38,215	-65,582
Agricultural Credit Insurance Fund Program Account:					
Loan authorizations:					
Farm ownership loans:					
Direct	(146,996)	(100,000)	(100,000)	(-46,996)	---
Guaranteed	(1,000,000)	(1,000,000)	(1,000,000)	---	---
Subtotal	(1,146,996)	(1,100,000)	(1,100,000)	(-46,996)	---
Farm operating loans:					
Direct	(611,198)	(600,000)	(600,000)	(-11,198)	---
Unsubsidized guaranteed	(1,500,000)	(1,700,000)	(1,700,000)	(+200,000)	---
Subsidized guaranteed	(505,531)	(300,000)	(300,000)	(-205,531)	---
Subtotal	(2,616,729)	(2,600,000)	(2,600,000)	(-16,729)	---

COMPARATIVE STATEMENT OF NEW BUDGET (OBLIGATIONAL) AUTHORITY FOR 2002
AND BUDGET REQUESTS AND AMOUNTS RECOMMENDED IN THE BILL FOR 2003
(Amounts in Thousands)

	FY 2002 Enacted	FY 2003 Request	Bill	Bill vs. Enacted	Bill vs. Request
Indian tribe land acquisition loans.....	(2,000)	(2,000)	(2,000)	---	---
Emergency disaster loans.....	(25,000)	---	---	(-25,000)	---
Boll weevil eradication loans.....	(100,000)	(100,000)	(100,000)	---	---
Total, Loan authorizations.....	(3,890,725)	(3,802,000)	(3,802,000)	(-88,725)	---
Loan subsidies:					
Farm ownership loans:					
Direct.....	3,866	11,610	11,610	+7,744	---
Guaranteed.....	4,500	7,500	7,500	+3,000	---
Subtotal.....	8,366	19,110	19,110	+10,744	---
Farm operating loans:					
Direct.....	54,580	103,560	103,560	+48,980	---
Unsubsidized guaranteed.....	52,650	53,890	53,890	+1,240	---
Subsidized guaranteed.....	68,550	35,400	35,400	-33,150	---
Subtotal.....	175,780	192,850	192,850	+17,070	---
Indian tribe land acquisition.....	118	179	179	+61	---
Emergency disaster loans.....	3,363	---	---	-3,363	---
Total, Loan subsidies.....	187,627	212,139	212,139	+24,512	---
ACIF expenses:					
Salaries and expense (transfer to FSA)....	272,595	279,176	279,176	+6,581	---
Administrative expenses.....	8,000	8,000	8,000	---	---
Total, ACIF expenses.....	280,595	287,176	287,176	+6,581	---
Total, Agricultural Credit Insurance Fund...	468,222	499,315	499,315	+31,093	---
(Loan authorization).....	(3,890,725)	(3,802,000)	(3,802,000)	(-88,725)	---
Total, Farm Service Agency.....	1,410,845	1,545,735	1,480,153	+69,308	-65,582

COMPARATIVE STATEMENT OF NEW BUDGET (OBLIGATIONAL) AUTHORITY FOR 2002
AND BUDGET REQUESTS AND AMOUNTS RECOMMENDED IN THE BILL FOR 2003
(Amounts in Thousands)

	FY 2002 Enacted	FY 2003 Request	Bill	Bill vs. Enacted	Bill vs. Request
Risk Management Agency	74,752	72,771	70,726	-4,026	-2,045
Total, Farm Assistance Programs	1,486,203	1,619,405	1,551,501	+65,298	-67,904
Corporations					
Federal Crop Insurance Corporation:					
Federal crop insurance corporation fund	2,900,000	2,886,000	2,886,000	-14,000	---
Commodity Credit Corporation Fund:					
Reimbursement for net realized losses	20,279,000	16,285,000	16,285,000	-3,994,000	---
Hazardous waste management (limitation on administrative expenses)	(5,000)	(5,000)	(5,000)	---	---
Total, Corporations	23,179,000	19,171,000	19,171,000	-4,008,000	---
Total, title I, Agricultural Programs	29,227,688	25,197,007	25,373,392	-3,854,296	+176,385
(By transfer)	(274,357)	(281,036)	(281,036)	(+6,679)	---
(Loan authorization)	(3,890,725)	(3,802,000)	(3,802,000)	(-88,725)	---
(Limitation on administrative expenses)	(108,059)	(109,082)	(109,082)	(+1,023)	---

COMPARATIVE STATEMENT OF NEW BUDGET (OBLIGATIONAL) AUTHORITY FOR 2002
AND BUDGET REQUESTS AND AMOUNTS RECOMMENDED IN THE BILL FOR 2003
(Amounts in Thousands)

	FY 2002 Enacted	FY 2003 Request	Bill	Bill vs. Enacted	Bill vs. Request
TITLE II - CONSERVATION PROGRAMS					
Office of the Under Secretary for Natural Resources and Environment	730	902	750	+20	-152
Natural Resources Conservation Service:					
Conservation operations	779,000	840,963	843,553	+64,553	+2,590
Watershed surveys and planning	10,960	---	11,197	+237	+11,197
Watershed and flood prevention operations	106,590	---	110,000	+3,410	+110,000
Emergency watershed protection	---	110,000	---	---	-110,000
Watershed rehabilitation program	10,000	---	---	-10,000	---
Resource conservation and development	48,048	49,079	55,079	+7,031	+6,000
Forestry incentives program	6,811	---	---	-6,811	---
Total, Natural Resources Conservation Service	961,409	1,000,042	1,019,829	+58,420	+19,787
Total, title II, Conservation Programs	962,139	1,000,944	1,020,579	+58,440	+19,635

COMPARATIVE STATEMENT OF NEW BUDGET (OBLIGATIONAL) AUTHORITY FOR 2002
AND BUDGET REQUESTS AND AMOUNTS RECOMMENDED IN THE BILL FOR 2003
(Amounts in Thousands)

	FY 2002 Enacted	FY 2003 Request	Bill	Bill vs. Enacted	Bill vs. Request
TITLE III - RURAL DEVELOPMENT PROGRAMS					
Office of the Under Secretary for Rural Development...	623	898	640	+17	-258
Rural Development:					
Rural community advancement program.....	806,557	791,499	950,298	+143,741	+158,799
(Transfer out).....	(-24,000)	---	---	(+24,000)	---
RD expenses:					
Salaries and expenses.....	133,722	145,736	145,736	+12,014	---
(Transfer from RHIF).....	(422,241)	(455,630)	(434,980)	(+12,739)	(-20,650)
(Transfer from RDLFP).....	(3,733)	(4,290)	(4,190)	(+457)	(-100)
(Transfer from RETLP).....	(36,000)	(38,035)	(37,833)	(+1,833)	(-202)
(Transfer from RTB).....	(3,082)	(3,082)	(3,082)	---	---
(Transfer from TLP).....	(2,000)	---	---	(-2,000)	---
Subtotal, Transfers from program accounts.	(467,056)	(501,037)	(480,085)	(+13,029)	(-20,952)
Total, RD expenses.....	(600,778)	(646,773)	(625,821)	(+25,043)	(-20,952)
Total, Rural Development.....	940,279	937,235	1,096,034	+155,755	+158,799

COMPARATIVE STATEMENT OF NEW BUDGET (OBLIGATIONAL) AUTHORITY FOR 2002
AND BUDGET REQUESTS AND AMOUNTS RECOMMENDED IN THE BILL FOR 2003
(Amounts in Thousands)

	FY 2002 Enacted	FY 2003 Request	Bill	Bill vs. Enacted	Bill vs. Request
Rural Housing Service:					
Rural Housing Insurance Fund Program Account:					
Loan authorizations:					
Single family (sec. 502)	(1,079,848)	(957,300)	(1,084,151)	(+4,303)	(+126,851)
Unsubsidized guaranteed	(3,137,968)	(2,750,000)	(3,194,444)	(+56,476)	(+444,444)
Subtotal, Single family	(4,217,816)	(3,707,300)	(4,278,595)	(+60,779)	(+571,295)
Housing repair (sec. 504)	(32,324)	(35,000)	(35,000)	(+2,676)	---
Rental housing (sec. 515)	(114,068)	(60,000)	(115,805)	(+1,737)	(+55,805)
Site loans (sec. 524)	(5,090)	(5,000)	(5,046)	(-44)	(+46)
Multi-family housing guarantees (sec. 538)	(99,770)	(100,000)	(100,000)	(+230)	---
Multi-family housing credit sales	(1,778)	(2,000)	(2,000)	(+222)	---
Single family housing credit sales	(10,000)	(10,000)	(10,000)	---	---
Self-help housing land development fund	(5,000)	(5,011)	(5,011)	(+11)	---
Total, Loan authorizations	(4,485,846)	(3,924,311)	(4,551,457)	(+65,611)	(+627,146)
Loan subsidies:					
Single family (sec. 502)	142,108	185,429	210,000	+67,892	+24,571
Unsubsidized guaranteed	40,166	19,800	23,000	-17,166	+3,200
Subtotal, Single family	182,274	205,229	233,000	+50,726	+27,771
Housing repair (sec. 504)	10,386	10,857	10,857	+471	---
Rental housing (sec. 515)	48,274	27,978	54,000	+5,726	+26,022
Site loans (sec. 524)	28	55	55	+27	---
Multi-family housing guarantees (sec. 538)	3,921	4,500	4,500	+579	---
Multi-family housing credit sales	750	934	934	+184	---
Single family housing credit sales	---	---	---	---	---
Self-help housing land development fund	254	221	221	-33	---
Total, Loan subsidies	245,887	249,774	303,567	+57,680	+53,793
RHIF administrative expenses (transfer to RD)	422,241	455,630	434,980	+12,739	-20,650

COMPARATIVE STATEMENT OF NEW BUDGET (OBLIGATIONAL) AUTHORITY FOR 2002
AND BUDGET REQUESTS AND AMOUNTS RECOMMENDED IN THE BILL FOR 2003
(Amounts in Thousands)

	FY 2002 Enacted	FY 2003 Request	Bill	Bill vs. Enacted	Bill vs. Request
Rental assistance program:					
(Sec. 521)	695,104	706,100	716,100	+20,996	+10,000
(Sec. 502(c)(5)(D))	5,900	5,900	5,900	---	---
Total, Rental assistance program	701,004	712,000	722,000	+20,996	+10,000
Total, Rural Housing Insurance Fund	1,369,132	1,417,404	1,460,547	+91,415	+43,143
(Loan authorization)	(4,485,846)	(3,924,311)	(4,551,457)	(+65,611)	(+627,146)
Mutual and self-help housing grants	35,000	34,000	35,000	---	+1,000
Rural housing assistance grants	38,914	42,498	42,498	+3,584	---
Farm labor program account	31,431	34,615	38,000	+6,569	+3,385
Subtotal, grants and payments	105,345	111,113	115,498	+10,153	+4,385
Total, Rural Housing Service	1,474,477	1,528,517	1,576,045	+101,568	+47,528
(Loan authorization)	(4,485,846)	(3,924,311)	(4,551,457)	(+65,611)	(+627,146)
Rural Business-Cooperative Service:					
Rural Development Loan Fund Program Account:					
(Loan authorization)	(38,171)	(40,000)	(40,000)	(+1,829)	---
Loan subsidy	16,494	19,304	19,304	+2,810	---
Administrative expenses (transfer to RD)	3,733	4,290	4,190	+457	-100
Total, Rural Development Loan Fund	20,227	23,594	23,494	+3,267	-100
Rural Economic Development Loans Program Account:					
(Loan authorization)	(14,966)	(14,967)	(14,967)	(+1)	---
Direct subsidy	3,616	3,197	3,197	-419	---
Rural cooperative development grants	7,750	9,000	9,000	+1,250	---
Rural empowerment zones and enterprise communities grants	14,967	---	14,967	---	+14,967
Total, Rural Business-Cooperative Service	46,560	35,791	50,658	+4,098	+14,867
(Loan authorization)	(53,137)	(54,967)	(54,967)	(+1,830)	---

COMPARATIVE STATEMENT OF NEW BUDGET (OBLIGATIONAL) AUTHORITY FOR 2002
AND BUDGET REQUESTS AND AMOUNTS RECOMMENDED IN THE BILL FOR 2003
(Amounts in Thousands)

	FY 2002 Enacted	FY 2003 Request	Bill	Bill vs. Enacted	Bill vs. Request
Rural Utilities Service:					
Rural Electrification and Telecommunications Loans Program Account:					
Loan authorizations:					
Electric:					
Direct, 5%	(121,107)	(121,103)	(121,107)	---	(+4)
Direct, Municipal rate	(500,000)	(100,000)	(100,000)	(-400,000)	---
Direct, FFB	(2,600,000)	(1,600,000)	(2,600,000)	---	(+1,000,000)
Direct, Treasury rate	(750,000)	(700,000)	(1,100,000)	(+350,000)	(+400,000)
Guaranteed electric	(100,000)	(100,000)	(100,000)	---	---
Subtotal, Electric	(4,071,107)	(2,621,103)	(4,021,107)	(-50,000)	(+1,400,004)
Telecommunications:					
Direct, 5%	(74,827)	(75,029)	(75,029)	(+202)	---
Direct, Treasury rate	(300,000)	(300,000)	(300,000)	---	---
Direct, FFB	(120,000)	(120,000)	(120,000)	---	---
Subtotal, Telecommunications	(494,827)	(495,029)	(495,029)	(+202)	---
Total, Loan authorizations	(4,565,934)	(3,116,132)	(4,516,136)	(-49,798)	(+1,400,004)
Loan subsidies:					
Electric:					
Direct, 5%	3,609	6,915	6,915	+3,306	---
Direct, Municipal rate	---	4,030	4,030	+4,030	---
Guaranteed electric	80	80	80	---	---
Subtotal, Electric	3,689	11,025	11,025	+7,336	---
Telecommunications:					
Direct, 5%	1,736	1,283	1,283	-453	---
Direct, Treasury rate	300	150	150	-150	---
Subtotal, Telecommunications	2,036	1,433	1,433	-603	---
Total, Loan subsidies	5,725	12,458	12,458	+6,733	---

COMPARATIVE STATEMENT OF NEW BUDGET (OBLIGATIONAL) AUTHORITY FOR 2002
AND BUDGET REQUESTS AND AMOUNTS RECOMMENDED IN THE BILL FOR 2003
(Amounts in Thousands)

	FY 2002 Enacted	FY 2003 Request	Bill	Bill vs. Enacted	Bill vs. Request
RETLP administrative expenses (transfer to RD)	36,000	38,035	37,833	+1,833	-202
Total, Rural Electrification and Telecommunications Loans Program Account..	41,725	50,493	50,291	+8,566	-202
(Loan authorization).....	(4,565,934)	(3,116,132)	(4,516,136)	(-49,798)	(+1,400,004)
Rural Telephone Bank Program Account:					
(Loan authorization).....	(174,615)	---	(174,638)	(+23)	(+174,638)
Direct loan subsidy.....	3,737	---	2,410	-1,327	+2,410
RTB administrative expenses (transfer to RD)..	3,082	3,082	3,082	---	---
Total, Rural Telephone Bank Program Account.	6,819	3,082	5,492	-1,327	+2,410
High energy costs grants (by transfer).....	(24,000)	---	---	(-24,000)	---
Distance learning and telemedicine program:					
(Loan authorization).....	(380,000)	(156,480)	(380,000)	---	(+223,520)
Grants/loans subsidy costs.....	49,441	31,049	44,128	-5,313	+13,079
Local Television Loan Guarantee Program Account:					
(Loan authorization).....	(258,065)	---	---	(-258,065)	---
Direct loan subsidy.....	20,000	---	---	-20,000	---
LTLP administration expenses (transfer to RD).	2,000	---	---	-2,000	---
Total, Local Television Loan Program Account	22,000	---	---	-22,000	---
Total, Rural Utilities Service.....	119,985	84,624	99,911	-20,074	+15,287
(Loan authorization).....	(5,378,614)	(3,272,612)	(5,070,774)	(-307,840)	(+1,798,162)
Total, title III, Rural Economic and Community Development Programs.....	2,581,924	2,587,065	2,823,288	+241,364	+236,223
(By transfer).....	(491,056)	(501,037)	(480,085)	(-10,971)	(-20,952)
(Loan authorization).....	(9,917,597)	(7,251,890)	(9,677,198)	(-240,399)	(+2,425,308)

COMPARATIVE STATEMENT OF NEW BUDGET (OBLIGATIONAL) AUTHORITY FOR 2002 AND BUDGET REQUESTS AND AMOUNTS RECOMMENDED IN THE BILL FOR 2003
(Amounts in Thousands)

	FY 2002 Enacted	FY 2003 Request	Bill	Bill vs. Enacted	Bill vs. Request
TITLE IV - DOMESTIC FOOD PROGRAMS					
Office of the Under Secretary for Food, Nutrition and Consumer Services	587	774	603	+16	-171
Food and Nutrition Service:					
Child nutrition programs	4,914,288	5,382,179	5,830,506	+916,218	+448,327
Transfer from section 32	5,172,458	5,193,990	4,745,663	-426,795	-448,327
Discretionary spending	500	---	---	-500	---
Total, Child nutrition programs	10,087,246	10,576,169	10,576,169	+488,923	---
Special supplemental nutrition program for women, infants, and children (WIC)	4,348,000	4,751,000	4,776,000	+428,000	+25,000
Emergency appropriations (P.L. 107-117)	39,000	---	---	-39,000	---
Food stamp program:					
Expenses	19,556,436	22,772,692	22,772,692	+3,216,256	---
Reserve	2,000,000	2,000,000	2,000,000	---	---
Nutrition assistance for Puerto Rico and Samoa	1,335,550	1,377,000	1,401,000	+65,450	+24,000
The emergency food assistance program	100,000	100,000	140,000	+40,000	+40,000
Total, Food stamp program	22,991,986	26,249,692	26,313,692	+3,321,706	+64,000
Commodity assistance program	152,813	144,991	170,000	+17,187	+25,009
Rescission	-3,300	---	---	+3,300	---
Total, Commodity assistance program	149,513	144,991	170,000	+20,487	+25,009
Food donations programs:					
Needy family program	1,081	1,081	1,081	---	---
Elderly feeding program	149,668	---	---	-149,668	---
Total, Food donations programs	150,749	1,081	1,081	-149,668	---
Food program administration	127,546	147,944	134,397	+6,851	-13,547
Total, Food and Nutrition Service	37,894,040	41,870,877	41,971,339	+4,077,299	+100,462
Total, title IV, Domestic Food Programs	37,894,627	41,871,651	41,971,942	+4,077,315	+100,291

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	FY 2002 Enacted	FY 2003 Request	Bill	Bill vs. Enacted	Bill vs. Request
TITLE V - FOREIGN ASSISTANCE AND RELATED PROGRAMS					
Foreign Agricultural Service:					
Salaries and expenses, direct appropriation.....	121,813	131,570	129,964	+8,151	-1,606
(Transfer from export loans).....	(3,224)	(3,224)	(3,224)	---	---
(Transfer from P.L. 480).....	(1,033)	(1,033)	(1,033)	---	---
Total, Salaries and expenses program level.....	(126,070)	(135,827)	(134,221)	(+8,151)	(-1,606)
Public Law 480 Program and Grant Accounts:					
Program account:					
Loan authorization, direct.....	(154,664)	(131,676)	(169,085)	(+14,421)	(+37,409)
Loan subsidies.....	126,409	98,904	127,000	+591	+28,096
Ocean freight differential grants.....	20,277	28,000	28,000	+7,723	---
Title II - Commodities for disposition abroad:					
Program level.....	(850,000)	(1,185,000)	(1,200,000)	(+350,000)	(+15,000)
Appropriation.....	850,000	1,185,000	1,200,000	+350,000	+15,000
Salaries and expenses:					
Foreign Agricultural Service (transfer to FAS)	1,033	1,033	1,033	---	---
Farm Service Agency (transfer to FSA).....	972	1,026	1,026	+54	---
Subtotal.....	2,005	2,059	2,059	+54	---
Total, Public Law 480:					
Program level.....	(850,000)	(1,185,000)	(1,200,000)	(+350,000)	(+15,000)
Appropriation.....	998,691	1,313,963	1,357,059	+358,368	+43,096

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	FY 2002 Enacted	FY 2003 Request	Bill	Bill vs. Enacted	Bill vs. Request
CCC Export Loans Program Account (administrative expenses):					
Salaries and expenses (Export Loans):					
General Sales Manager (transfer to FAS).....	3,224	3,224	3,224	---	---
Farm Service Agency (transfer to FSA).....	790	834	834	+44	---
Total, CCC Export Loans Program Account.....	4,014	4,058	4,058	+44	---
Total, title V, Foreign Assistance and Related Programs.....	1,124,518	1,449,591	1,491,081	+366,563	+41,490
(By transfer).....	(4,257)	(4,257)	(4,257)	---	---
TITLE VI - RELATED AGENCIES AND FOOD AND DRUG ADMINISTRATION					
DEPARTMENT OF HEALTH AND HUMAN SERVICES					
Food and Drug Administration					
Salaries and expenses, direct appropriation.....	1,183,670	1,369,385	1,376,702	+193,032	+7,317
Emergency appropriations (P.L. 107-117).....	151,100	---	---	-151,100	---
Prescription drug user fee act.....	(161,716)	(264,220)	(222,900)	(+61,184)	(-41,320)
Subtotal.....	(1,496,486)	(1,633,605)	(1,599,602)	(+103,116)	(-34,003)
Mammography clinics user fee (outlay savings).....	(15,590)	(16,612)	(16,612)	(+1,022)	---
Export certification.....	(6,181)	(6,378)	(6,378)	(+197)	---
Payments to GSA.....	(105,116)	(98,556)	(106,678)	(+1,562)	(+8,122)
Buildings and facilities.....	34,281	8,000	8,000	-26,281	---
Total, Food and Drug Administration.....	1,369,051	1,377,385	1,384,702	+15,651	+7,317

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	FY 2002 Enacted	FY 2003 Request	Bill	Bill vs. Enacted	Bill vs. Request
INDEPENDENT AGENCIES					
Commodity Futures Trading Commission	70,700	79,884	79,884	+9,184	---
Emergency appropriations (P.L. 107-117)	16,900	---	---	-16,900	---
Transaction fee (proposed)	---	-33,000	---	---	+33,000
Total, Commodity Futures Trading Commission	87,600	46,884	79,884	-7,716	+33,000
Farm Credit Administration (limitation on administrative expenses)	(36,700)	(36,700)	(38,400)	(+1,700)	(+1,700)
Total, title VI, Related Agencies and Food and Drug Administration	1,456,651	1,424,269	1,464,586	+7,935	+40,317
TITLE VII - GENERAL PROVISIONS					
Hunger fellowships	2,496	---	4,000	+1,504	+4,000
National Sheep Industry Improvement Center revolving fund	1,000	---	1,000	---	+1,000
Limit crop insurance education	-6,000	---	---	+6,000	---
Mallard Pointe conservation	150	---	---	-150	---
Jamestown conservation	250	---	---	-250	---
Child and adult care feeding program	10,000	---	---	-10,000	---
CCC Apple market loss	75,000	---	---	-75,000	---
Dairy price support extension	15,000	---	---	-15,000	---
Sugar beets	5,000	---	---	-5,000	---
Tobacco	5,000	---	---	-5,000	---

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Citrus canker compensation	---	---	18,200	+18,200	+18,200
Livestock assistance program	---	---	100,000	+100,000	+100,000
Rural clean water program (rescission)	---	---	-5,000	-5,000	-5,000
Total, title VII, General provisions	107,896	---	118,200	+10,304	+118,200
Grand total:					
New budget (obligational) authority	73,355,443	73,530,527	74,263,068	+907,625	+732,541
Appropriations	(72,823,743)	(73,530,527)	(74,268,068)	(+1,444,325)	(+737,541)
Rescission	(-3,300)	---	(-5,000)	(-1,700)	(-5,000)
Emergency appropriations	535,000	---	---	-535,000	---
(By transfer)	(769,670)	(786,330)	(765,378)	(-4,292)	(-20,952)
(Loan authorization)	(13,962,986)	(11,185,566)	(13,648,283)	(-314,703)	(+2,462,717)
(Limitation on administrative expenses)	(144,759)	(145,782)	(147,482)	(+2,723)	(+1,700)