

## Calendar No. 116

105TH CONGRESS } <i>1st Session</i>	SENATE	{ REPORT 105-51
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### AGRICULTURE, RURAL DEVELOPMENT, FOOD AND DRUG ADMINISTRATION, AND RELATED AGENCIES APPROPRIATION BILL, 1998

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JULY 17, 1997.—Ordered to be printed

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

### REPORT

[To accompany S. 1033]

The Committee on Appropriations reports the bill (S. 1033) making appropriations for Agriculture, Rural Development, Food and Drug Administration, and Related Agencies programs for the fiscal year ending September 30, 1998, and for other purposes, reports favorably thereon and recommends that the bill do pass.

#### *Total obligational authority, fiscal year 1998*

Amount of bill as reported to the Senate .....	\$50,684,701,000
Amount of 1997 appropriations acts to date .....	53,889,409,000
Amount of estimates, 1998 .....	52,302,190,000
The bill as recommended to the Senate:	
Under the appropriations provided in 1997 ....	3,204,708,000
Under the estimates for 1998 .....	1,617,489,000

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## BREAKDOWN BY TITLE

The amounts of obligational authority for each of the six titles are shown in the following table. A detailed tabulation, showing comparisons, appears at the end of this report. Recommendations for individual appropriation items, projects and activities are carried in this report under the appropriate item headings.

	1997 <sup>1</sup>	1998 Committee recommendation
Title I: Agricultural programs .....	\$7,717,934,000	\$6,921,331,000
Title II: Conservation programs .....	770,554,000	827,598,000
Title III: Rural economic and community development programs .....	2,003,756,000	2,078,855,000
Title IV: Domestic food programs .....	40,490,965,000	38,146,083,000
Title V: Foreign assistance and related programs .....	1,593,194,000	1,729,840,000
Title VI: Related agencies .....	953,006,000	980,994,000
Total, new budget (obligational) authority .....	53,529,409,000	50,684,701,000

<sup>1</sup> Excludes \$360,000,000 in fiscal year 1997 emergency appropriations in title VII of Public Law 105-18.

## COMPLIANCE WITH SECTION 308 OF THE BUDGET CONTROL ACT

Section 308(a) of the Budget Control Act (Public Law 93-344) requires that this Committee include in its report specific budgetary information on the status of recommended appropriations relative to the First Concurrent Resolution. The following table provides this data:

## BUDGETARY IMPACT OF BILL

PREPARED IN CONSULTATION WITH THE CONGRESSIONAL BUDGET OFFICE PURSUANT TO SEC.  
308(a), PUBLIC LAW 93-344, AS AMENDED

[In millions of dollars]

	Budget authority		Outlays	
	Committee allocation	Amount of bill	Committee allocation	Amount of bill
Comparison of amounts in the bill with Committee allocations to its subcommittees of amounts in the First Concurrent Resolution for 1998: Subcommittee on Agriculture, Rural Development, and Related Agencies				
Defense discretionary .....	.....	.....	.....	.....
Nondefense discretionary .....	13,791	13,791	14,167	<sup>1</sup> 14,039
Violent crime reduction fund .....	.....	.....	.....	.....
Mandatory .....	35,048	36,711	35,205	35,205
Projections of outlays associated with the recommendation:				
1998 .....	.....	.....	.....	<sup>2</sup> 41,756
1999 .....	.....	.....	.....	6,294
2000 .....	.....	.....	.....	582
2001 .....	.....	.....	.....	287
2002 and future year .....	.....	.....	.....	455
Financial assistance to State and local governments for 1998 in bill .....	NA	16,553	NA	15,008

<sup>1</sup> Includes outlays from prior-year budget authority.

<sup>2</sup> Excludes outlays from prior-year budget authority.

NA: Not applicable.

## OVERVIEW AND SUMMARY OF THE BILL

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

The bill also provides funding for the Food and Drug Administration [FDA] and the Commodity Futures Trading Commission [CFTC], and allows the use of collected fees for administrative expenses of the Farm Credit Administration [FCA]. It also provides money to the Department of the Treasury for payments to the Farm Credit System Financial Assistance Corporation.

Given the budgetary constraints that the Committee faces, the bill as reported provides the proper amount of emphasis on agricultural and rural development programs. It is within the subcommittee's 602(b) allocation.

All accounts in the bill have been closely examined to ensure that an appropriate level of funding is provided to carry out the programs of USDA, FDA, CFTC, and FCA. Details on each of the accounts, the funding level, and the Committee's justifications behind the funding levels are included in the report.

The Committee also has encouraged the consideration of grant and loan applications from various entities. The Committee expects the Department only to approve those applications judged meritorious when subjected to the established review process.

## GOVERNMENT PERFORMANCE AND RESULTS ACT

Public Law 103-62, the Government Performance and Results Act [GPRA] of 1993, requires Federal agencies to develop succinct and precise strategic plans and annual performance plans that focus on results of funding decisions made by the Congress. Rather than simply providing details of activity levels, agencies will set outcome goals based on program activities and establish performance measures for use in management and budgeting. The Committee understands that USDA is revising its plan to include all six required components of a strategic plan, as detailed in section 306(a) of title 5, U.S.C. In an era of restricted and declining resources, it is paramount that agencies focus on the difference they make in citizens' lives.

The Committee supports the concepts of this law and intends to use the agencies' plans for funding purposes. The Committee considers GPRA to be a viable way to reduce Federal spending while achieving a more efficient and effective Government and will close-

ly monitor compliance with this law. The Committee is fully committed to the success and outcome of GPRA requirements as envisioned by the Congress, the administration, and this Committee.

TITLE I—AGRICULTURAL PROGRAMS  
 PRODUCTION, PROCESSING, AND MARKETING  
 OFFICE OF THE SECRETARY

Appropriations, 1997 .....	\$2,836,000
Budget estimate, 1998 .....	2,872,000
Committee recommendation .....	2,836,000

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

The general authority of the Secretary to supervise and control the work of the Department is contained in the Organic Act (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 RECOMMENDATIONS

For the Office of the Secretary, the Committee recommends an appropriation of \$2,836,000. This amount is \$36,000 less than the budget request and the same as the 1997 appropriation.

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 Departmentwide services. Activities under the executive operations include the Office of the Chief Economist, the National Appeals Division, the Office of Budget and Program Analysis, and the Office of Small and Disadvantaged Business Utilization.

CHIEF ECONOMIST

Appropriations, 1997 .....	\$4,231,000
Budget estimate, 1998 .....	5,308,000
Committee recommendation .....	5,252,000

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



modity and aggregate agricultural and food-related data used to develop outlook and situation material within the Department.

COMMITTEE RECOMMENDATIONS

For the Office of the Chief Economist, the Committee recommends \$5,252,000. This amount is \$56,000 less than the budget request and \$1,021,000 more than the 1997 appropriation.

The Committee's recommendation includes the additional \$875,000 requested to enhance agriculture weather services and assumes the savings identified in the budget from Federal employment reductions due to streamlining.

COMMISSION ON 21ST CENTURY PRODUCTION AGRICULTURE

Appropriations, 1997 .....	
Budget estimate, 1998 .....	\$1,100,000
Committee recommendation .....	

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

COMMITTEE RECOMMENDATIONS

Due to budgetary constraints, the Committee does not recommend a separate appropriation for the Commission on 21st Century Production Agriculture. This is \$1,100,000 less than the budget request and the same as the fiscal year 1997 level. Funding for the Commission can be made available within the limitation on funds available to the Department for advisory committees, panels, commissions, and task forces.

NATIONAL APPEALS DIVISION

Appropriations, 1997 .....	\$11,718,000
Budget estimate, 1998 .....	13,359,000
Committee recommendation .....	12,360,000

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

COMMITTEE RECOMMENDATIONS

For the National Appeals Division, the Committee recommends \$12,360,000. This amount is \$999,000 less than the budget request and \$642,000 more than the 1997 appropriation.

The Committee provides \$642,000 of the total increase requested in the budget for participant appeals monitoring and employee training. These additional funds are to be applied to the Division's highest priority needs.

OFFICE OF BUDGET AND PROGRAM ANALYSIS

Appropriations, 1997 .....	\$5,986,000
Budget estimate, 1998 .....	5,918,000
Committee recommendation .....	5,986,000

The Office of Budget and Program Analysis provides direction and administration of the Department’s budgetary functions including development, presentation, and execution of the budget; reviews program and legislative proposals for program, budget, and related implications; analyzes program and resource issues and alternatives, and prepares summaries of pertinent data to aid the Secretary and departmental policy officials and agency program managers in the decisionmaking process; provides departmentwide 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 departmentwide coordination of the preparation and processing of regulations and legislative programs and reports.

COMMITTEE RECOMMENDATIONS

For the Office of Budget and Program Analysis, the Committee recommends \$5,986,000. This amount is the same as the 1997 appropriation and \$68,000 more than the budget request.

OFFICE OF SMALL AND DISADVANTAGED BUSINESS UTILIZATION

Appropriations, 1997 <sup>1</sup> .....	
Budget estimate, 1998 .....	\$795,000
Committee recommendation .....	783,000

<sup>1</sup> Fiscal year 1997 funding of \$783,000 for OSDBU was included in the departmental administration appropriation.

The Office of Small and Disadvantaged Business Utilization [OSDBU] oversees direction and implementation of sections 8 and 15 of the Small Business Act and oversees procurement to assure maximum participation of small and disadvantaged businesses in the Department’s contracts for goods and services; and directs and monitors USDA agencies’ compliance in promoting full and open competition in the Department’s contracting process.

COMMITTEE RECOMMENDATIONS

The Committee recommends \$783,000 for the Office of Small and Disadvantaged Business Utilization. This amount is \$12,000 less than the budget request and the same as the 1997 level of funding provided for the functions of this Office in the departmental administration appropriation.

OFFICE OF THE CHIEF INFORMATION OFFICER

Appropriations, 1997 .....	
Budget estimate, 1998 .....	\$4,828,000
Committee recommendation .....	4,773,000

The Clinger-Cohen Act of 1996 required the establishment of a Chief Information Officer for major Federal agencies. The Office of the Chief Information Officer was established in August 1996, pursuant to the Clinger-Cohen Act of 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. In addition, the Office of the Chief Information Officer is responsible for certain activities financed under the Department's working capital fund (7 U.S.C. 2235). Department level information resources management functions were transferred from Departmental Administration to this Office for fiscal year 1997 in the amount of \$4,498,000.

COMMITTEE RECOMMENDATIONS

The Committee recommends \$4,773,000 for the Office of the Chief Information Officer. This amount is \$55,000 less than the budget request and \$4,773,000 more than the 1997 appropriation.

INFORMATION TECHNOLOGY SYSTEMS

In each of the previous 2 years, the Committee has recommended that all USDA information technology [IT] systems investments be deferred until the Department examines and implements a Department-wide information systems technology architecture. The Committee notes that an integrated plan for coordination and control of USDA computer system purchases and upgrades still is not in place and that information system management problems have continued to plague the Department.

The Committee is encouraged by recent actions of the Secretary to extend the moratorium on IT purchases, to provide the authority and resources to the chief information officer necessary to make fundamental changes in IT management, to hold the chief information officer accountable for results, and to demand full support from subcabinet officials and agency heads in correcting IT problems.

The Committee believes that the acquisition of new systems and major system upgrades of all agencies of the Department should be subject to approval by the chief information officer and subject to standards set in a comprehensive Department-wide systems integration plan. In addition, concurrence of the Executive Information Technology Investment Review Board for IT system purchases and upgrades should be provided to assure that the acquisitions are cost beneficial and support program priorities. The Committee includes a provision in the bill prohibiting the Department from using funds made available by the act to acquire new IT systems or significant upgrades unless approved by the chief information officer and concurred with by the Executive Information Technology Investment Review Board.

OFFICE OF THE CHIEF FINANCIAL OFFICER

Appropriations, 1997 .....	\$4,283,000
Budget estimate, 1998 .....	4,718,000
Committee recommendation .....	4,283,000

Under the Chief Financial Officers Act of 1990, the Chief Financial Officer is responsible for the continued direction and oversight of the Department's financial management operations and systems. 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 RECOMMENDATIONS

For the Office of the Chief Financial Officer, the Committee recommends \$4,283,000. This amount is \$435,000 less than the budget request and the same as the 1997 appropriation. The Committee includes language in the bill directing the Chief Financial Officer to actively market cross-servicing activities of the National Finance Center.

OFFICE OF THE ASSISTANT SECRETARY FOR ADMINISTRATION

Appropriations, 1997 .....	\$613,000
Budget estimate, 1998 .....	621,000
Committee recommendation .....	613,000

The Office of the Assistant Secretary for Administration directs and coordinates the work of the departmental staff in carrying out the laws enacted by the Congress relating to real and personal property management, personnel management, equal opportunity and civil rights programs, and other general administrative functions. In addition, 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 RECOMMENDATIONS

For the Office of the Assistant Secretary for Administration, the Committee recommends \$613,000. This amount is the same as the 1997 level and \$8,000 less than the budget request.

AGRICULTURE BUILDINGS AND FACILITIES AND RENTAL PAYMENTS

Appropriations, 1997 .....	\$144,053,000
Budget estimate, 1998 .....	131,085,000
Committee recommendation .....	131,085,000

*Rental payments.*—Annual appropriations are made to finance the appropriated portion of the payments to the General Services Administration [GSA] for rental of space and for related services to all USDA agencies, except the Forest Service which is funded in another appropriations bill.

Agency budget estimates for rent are based on GSA's projection of what it will charge the Agency in a given budget year. GSA sets rates according to the market value of property or space occupied, and independent of any agency input. Rent receipts are placed in a fund used by GSA in the management of its real property operations. All Federal Government agencies utilizing Government-owned or leased property pay into this fund, which provides GSA with a pool of capital to support overall Government space needs. In effect, agencies are paying prevailing commercial rental rates in

order to subsidize the inflated cost of new construction and newly leased space, and to provide for vacant space in GSA's inventory.

*Building operations and maintenance.*—On October 1, 1984, the General Services Administration [GSA] delegated the operations and maintenance function 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. GSA expanded the delegation to include two additional buildings on October 1, 1986. One building is the Government-owned warehouse for forms in Lanham, MD, and the other is a leased warehouse for the excess property operation located at 49 L Street SW., Washington, DC. GSA retains responsibility for major nonrecurring repairs.

*Strategic space plan.*—The Department's headquarters staff is presently housed in a four-building Government-owned complex in downtown Washington, DC, 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 reallocation 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 Agriculture South Building.

#### COMMITTEE RECOMMENDATIONS

For U.S. Department of Agriculture buildings and facilities and payments for the rental of space and related services, the Committee recommends \$131,085,000. This amount is the same as the budget request and \$12,968,000 less than the 1997 appropriation. Included in the Committee's recommendation is \$98,600,000 for rental payments to the General Services Administration [GSA]; \$24,785,000 for building operations and maintenance; \$5,000,000 for repairs, renovations, and construction; and \$2,700,000 for relocation expenses.

As downsizing proceeds, the Committee believes that there will be opportunities for savings in rental payments through consolidation of activities and by reconfiguring existing space. While savings may occur over time from these changes, there may be a need to cover up-front costs to fund modifications, temporary swing space during renovations, moving expenses, and other costs. The Committee encourages the Department to take the steps necessary to achieve savings by consolidating and collocating offices and other appropriate means. In order to facilitate this process, the Committee intends that funds in this account not required for payment of rental costs shall be available to meet the up-front costs associated with collocations, relocations, and consolidations.

## HAZARDOUS WASTE MANAGEMENT

Appropriations, 1997 .....	\$15,700,000
Budget estimate, 1998 .....	25,000,000
Committee recommendation .....	15,700,000

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

## COMMITTEE RECOMMENDATIONS

The Committee recommends \$15,700,000 for hazardous waste management. This amount is the same as the 1997 appropriation and \$9,300,000 less than the budget request.

## DEPARTMENTAL ADMINISTRATION

Appropriations, 1997 <sup>1</sup> .....	\$30,529,000
Budget estimate, 1998 .....	25,258,000
Committee recommendation .....	24,948,000

<sup>1</sup> Includes \$783,000 for the Office of Small and Disadvantaged Business Utilization. The 1998 funds for this office are provided in a separate appropriation.

Departmental administration is comprised of activities that provide staff support to top policy officials and overall direction and coordination of administrative functions of the Department. These activities include Departmentwide programs for human resource management, management improvement, occupational safety and health management, real and personal property management, procurement, contracting, motor vehicle and aircraft management, supply management, civil rights and equal opportunity, emergency preparedness, small and disadvantaged business utilization, and the regulatory hearing and administrative proceedings conducted by the administrative law judges, judicial officer, and Board of Contract Appeals.

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

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

The Clinger-Cohen Act of 1996 required the establishment of a Chief Information Officer in major Federal agencies. Policy analysis and oversight activities for information resources management were reassigned to the Office of the Chief Information Officer.

COMMITTEE RECOMMENDATIONS

For departmental administration, the Committee recommends an appropriation of \$24,948,000. This amount is \$5,581,000 less than the 1997 appropriation and \$310,000 less than the budget estimate.

USDA CENTRAL CHARGES

The Committee is concerned with the continuing escalation of costs associated with departmental operations, such as the National Finance Center, computer center, telephone services, central supply services, et cetera. These costs are passed on to USDA agencies, which must underwrite these activities. However, these costs continue to escalate while agencies' budgets, in most cases, remain flat or suffer reductions. The Committee understands that the fiscal year 1998 charges run in excess of \$200,000,000.

The Committee expects the Department to maintain or reduce the fiscal year 1998 level of assessments for these centralized activities. The Committee also directs that the Department provide a detailed report by line item on the activities and associated costs assessed USDA agencies and offices for these services for each of fiscal years 1996-98. The Committee expects these costs and activities to be fully reflected, by agency, in the Department's explanatory notes accompanying the fiscal year 1999 budget.

OFFICE OF THE ASSISTANT SECRETARY FOR CONGRESSIONAL RELATIONS

Appropriations, 1997 .....	\$3,668,000
Budget estimate, 1998 .....	3,714,000
Committee recommendation .....	3,668,000

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

COMMITTEE RECOMMENDATIONS

For the Office of the Assistant Secretary for Congressional Relations, the Committee recommends an appropriation of \$3,668,000. This amount is the same as the 1997 level and \$46,000 less than the budget estimate.

The Committee provides that not less than \$2,241,000 shall be transferred to agencies funded by this act to support congressional relations' activities at the agency level. The following table indicates the specific amounts provided by the Committee:

Animal and Plant Health Inspection Service .....	\$101,000
Agricultural Marketing Service .....	176,000
Agricultural Research Service .....	129,000

Cooperative State Research, Education, and Extension Service .....	120,000
Farm Service Agency .....	355,000
Food and Consumer Service .....	270,000
Food Safety and Inspection Service .....	309,000
Foreign Agricultural Service .....	188,000
Natural Resources Conservation Service .....	148,000
Rural Business-Cooperative Service .....	52,000
Rural Housing Service .....	251,000
Rural Utilities Service .....	142,000
Headquarters .....	957,000
Intergovernmental affairs .....	470,000
Total .....	3,668,000

#### OFFICE OF COMMUNICATIONS

Appropriations, 1997 .....	\$8,138,000
Budget estimate, 1998 .....	8,279,000
Committee recommendation .....	8,138,000

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

#### COMMITTEE RECOMMENDATIONS

For the Office of Communications, the Committee recommends an appropriation of \$8,138,000. This amount is the same as the 1997 appropriation and \$141,000 less than the budget request.

#### OFFICE OF THE INSPECTOR GENERAL

Appropriations, 1997 .....	\$63,028,000
Budget estimate, 1998 .....	65,259,000
Committee recommendation .....	63,728,000

The Office of the Inspector General was established October 12, 1978, by the Inspector General Act of 1978. This act expanded and provided specific authorities for the activities of the Office of the Inspector General which had previously been carried out under the general authorities of the Secretary of Agriculture.

The Office is administered by an inspector general who reports directly to the Secretary of Agriculture. Functions and responsibilities of this Office include direction or 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 RECOMMENDATIONS

For the Office of the Inspector General, the Committee recommends an appropriation of \$63,728,000. This is \$1,531,000 less than the budget request and \$700,000 more than the 1997 appropriation. Included in the Committee's recommendation is the additional funding requested to help meet the increased cost of law enforcement retirement benefits under the Federal Employees Retirement System.

OFFICE OF THE GENERAL COUNSEL

Appropriations, 1997 .....	\$27,749,000
Budget estimate, 1998 .....	29,449,000
Committee recommendation .....	29,098,000

The Office of the General Counsel, originally known as the Office of the Solicitor, was established in 1910 as the law office of the Department of Agriculture, and performs 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 and in quasi-judicial hearings held in connection with the administration of various programs and acts; and in proceedings before the Interstate Commerce Commission involving freight rates and practices relating to farm commodities, including appeals from and decisions of the Commission to the courts. 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 RECOMMENDATIONS

For the Office of the General Counsel, the Committee recommends an appropriation of \$29,098,000. This amount is \$351,000 less than the budget request and \$1,349,000 more than the 1997 appropriation.

The Committee's recommendation includes the increased funding requested to enable the Office to maintain current staff to provide adequate legal support for USDA programs.

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

Appropriations, 1997 .....	\$540,000
Budget estimate, 1998 .....	547,000
Committee recommendation .....	540,000

The Office of the Under Secretary for Research, Education, and Economics provides direction and coordination in carrying out the laws enacted by the Congress for food and agricultural research, education, extension, and economic and statistical information. The Office has oversight and management responsibilities for the Agri-

cultural Research Service; Cooperative State Research, Education, and Extension Service; Economic Research Service; and National Agricultural Statistics Service.

#### COMMITTEE RECOMMENDATIONS

For the Office of the Under Secretary for Research, Education, and Economics, the Committee recommends an appropriation of \$540,000. This amount is \$7,000 less than the budget request and the same as the 1997 level.

#### ECONOMIC RESEARCH SERVICE

Appropriations, 1997 .....	\$53,109,000
Budget estimate, 1998 .....	54,310,000
Committee recommendation .....	53,109,000

The Economic Research Service [ERS] provides economic and other social science information and analysis for public and private decisions on agriculture, natural resources, and food, and on rural America. The information ERS produces is 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 RECOMMENDATIONS

For the Economic Research Service, the Committee recommends an appropriation of \$53,109,000. This amount is \$1,201,000 less than the budget request and the same as the 1997 appropriation.

The Committee encourages the Department to consider the relationship between the core analytical program of the Economic Research Service and the short-term and longer-run needs of other USDA program agencies, including the circumstances under which reimbursement to the Economic Research Service would be appropriate.

#### NATIONAL AGRICULTURAL STATISTICS SERVICE

Appropriations, 1997 .....	\$100,221,000
Budget estimate, 1998 .....	119,877,000
Committee recommendation .....	118,048,000

The National Agricultural Statistics Service [NASS] administers the Department's program of collecting and publishing current national, State, and county agricultural statistics. These statistics provide accurate and timely projections of current agricultural production and measures of the economic and environmental welfare of the agricultural sector which are essential for making effective policy, production, and marketing decisions. NASS also furnishes statistical services to other USDA and Federal agencies in support of their missions, and provides consulting, technical assistance, and training to developing countries.

The 1998 budget estimate includes funding for the census of agriculture which was transferred from the Department of Commerce to the Department of Agriculture in fiscal year 1992 to consolidate the activities of the two agricultural statistics programs. The census of agriculture is taken every 5 years and provides comprehensive data on the agricultural economy including: data on the num-

ber of farms, land use, production expenses, farm product values, value of land and buildings, farm size, and characteristics of farm operators. The census will provide national, State, and county data as well as selected data for Puerto Rico, Guam, and the United States Virgin Islands. Fiscal year 1998 is the fourth year and the peak year of the 6-year funding cycle for the census. The next agricultural census will be conducted in January 1998. During this year, census questionnaires are prepared, labeled, and mailed. Data are collected, edited, tabulated, and reviewed for approximately 2.5 million report forms.

COMMITTEE RECOMMENDATIONS

For the National Agricultural Statistics Service, the Committee recommends an appropriation of \$118,048,000. This amount is \$17,827,000 more than the 1997 appropriation and \$1,829,000 less than the budget estimate.

The Committee's recommendation includes \$36,327,000 for the census of agriculture, and assumes the savings identified in the budget in NASS list frame development and maintenance costs due to efficiencies gained from NASS conducting the census.

AGRICULTURAL RESEARCH SERVICE

Appropriations, 1997 .....	\$716,826,000
Budget estimate, 1998 .....	726,797,000
Committee recommendation .....	738,000,000

The Agricultural Research Service [ARS] is responsible for conducting basic, applied, and developmental research on: soil and water conservation; plant productivity; animal productivity; commodity conversion and delivery; human nutrition; and integration of agricultural systems. The research applies to a wide range of goals, commodities, natural resources, fields of science, and geographic, climatic, and environmental conditions.

ARS is also responsible for the National Agricultural Library which provides agricultural information and library services through traditional library functions and modern electronic dissemination to agencies of the USDA, public and private organizations, and individuals.

As the U.S. Department of Agriculture's in-house agricultural research unit, ARS has major responsibilities for conducting and leading the national agricultural research effort. It provides initiative and leadership in five areas: research on broad regional and national problems; research to support Federal action and regulatory agencies; expertise to meet national emergencies; research support for international programs; and scientific resources to the executive branch and Congress.

The mission of ARS research is to develop new knowledge and technology which will ensure an abundance of high-quality agricultural commodities and products at reasonable prices to meet the increasing needs of an expanding economy and to provide for the continued improvement in the standard of living of all Americans. This mission focuses on the development of technical information and technical products which bear directly on the need to: (1) manage and use the Nation's soil, water, air, and climate resources, and im-

prove the Nation's environment; (2) provide an adequate supply of agricultural products by observing practices that will maintain a permanent and effective agriculture; (3) improve the nutrition and well-being of the American people; (4) improve living in rural America; and (5) strengthen the Nation's balance of payments.

#### COMMITTEE RECOMMENDATIONS

For salaries and expenses of the Agricultural Research Service, the Committee recommends \$738,000,000. This is \$21,174,000 more than the 1997 level and \$11,203,000 more than the budget request.

The budget requests a number of funding increases to address high priority, critical research needs. Of the increases requested, the Committee approves the following: \$4,000,000 for research on food safety, of which \$250,000 is for apple-specific *E. coli* research to be carried out at the Eastern Regional Research Center, Wyndmoor, PA; \$3,000,000 for integrated pest management research, including the full amount requested for augmentative and biologically based IPM in field, horticultural, and vegetable crops and for host-plant resistance and pest management strategies; \$1,000,000 for grazing lands utilization and conservation research, \$250,000 of which is for research to be carried out at the ARS Pasture Center, Logan, UT; \$5,000,000 for research on emerging diseases and exotic pests, of which \$500,000 is for fusarium head blight research at the Cereal Rust Laboratory, St. Paul, MN, and \$500,000 is for research to improve resistance of wheat varieties to karnal bunt at Manhattan, KS; \$1,250,000 for the Everglades initiative, of which \$1,000,000 is for research on the biocontrol of melaleuca and other exotic pests to be carried out at Fort Lauderdale, FL, and \$250,000 is to fund a hydrologist to work with Corps of Engineers on the south Florida everglades restoration project; \$5,000,000 for the survey of food intakes by infants and children; \$3,000,000 for dietary research, of which \$1,000,000 is for research at each of the Houston, TX, and Little Rock, AR, locations and \$250,000 is for each of the other centers proposed to conduct this work; and \$1,500,000 for genetics resources. Of the \$1,500,000 provided by the Committee for critical plant genetics resources, the Committee directs the implementation of these funds at the proposed laboratories located at Fort Collins, CO, Beltsville, MD, and Fresno, CA, in the amount of \$250,000 each; includes funding to support clonal repositories and introduction stations as follows: Hilo, HI, Riverside, CA, Davis, CA, and Corvallis, OR, \$50,000 each; College Station, TX, \$100,000; Ames, IA, \$200,000; and Pullman, WA, \$250,000.

The Committee notes that the \$5,000,000 made available for the USDA food survey of food consumption patterns by infants and children is to provide information required by the USDA and the Environmental Protection Agency [EPA] and is in response to the Food Quality Protection Act of 1996. The Committee directs that the full amount provided be used to meet the costs associated with the survey.

The Committee does not concur with the proposed closure of ARS laboratories and worksites and continues funding at the fiscal year 1997 levels for the Mandan, ND; Prosser, WA; Orono, ME; and

Brawley, CA, ARS locations. The Federal Agricultural Improvement and Reform [FAIR] Act calls for a strategic planning task force to review all USDA research facilities. The Committee believes that all ARS facilities should remain open, funded, and fully staffed until this review is complete. Furthermore, the Committee recognizes that the weed scientist at the ARS Prosser station has resigned due to the administration's proposal to close the Prosser, WA, station. The Committee directs the ARS to immediately refill this and any other positions which have been vacated due to the budget proposal to close these locations to prevent disruptions in the research work carried out at Prosser, Mandan, Brawley, and Orono.

The Committee recommendation includes \$4,805,400 of the requested savings from project terminations proposed in the President's budget, as well as the general reductions and administrative efficiency savings identified in the budget request. The Committee agrees with the \$550,000 in cost reductions in headquarters administration and management staffs. The Committee recognizes the agency's effort to consolidate, streamline, and improve its research support services and expects the agency to continue in those cost-cutting measures at the Washington, DC, and surrounding metropolitan area complex. In addition, the Committee assumes further savings of \$1,000,000 through the termination of base funding for evaluation studies. These savings are to be redirected to those research areas recommended to receive increased funding by the Committee.

In complying with the Committee's directives, ARS is expected not to redirect support for programs from one State to another without prior notification to and approval by the House and Senate Committees on Appropriations. Unless otherwise directed, the Agricultural Research Service shall implement appropriations by programs, projects, commodities, and activities as specified by the Appropriations Committees. Unspecified reductions necessary to carry out the provisions of this bill are to be implemented in accordance with the definitions contained in the "Program, project, and activity" section of this report.

The Committee's recommendations with respect to specific areas of research are as follows:

*Appalachian fruit research.*—The Committee is aware of progress at the Appalachian Fruit Research Station in developing multispectral imaging technology to electronically grade apples. The Committee directs the ARS to continue its support for the project at this facility.

*Appalachian Soil and Water Conservation Laboratory.*—The Committee provides an increase of \$250,000 above the fiscal year 1997 level at the Appalachian Soil and Water Conservation Laboratory to initiate research relating to the effect of timber management and accelerated harvesting on forest biosystems.

*Apple research.*—The Committee expects ARS to increase its research on alternatives to pesticides and improving postharvest technologies for apples.

*Arctic germplasm repository.*—The Congress and the administration recognize the importance of genetic resources and the need to preserve plant germplasm. The Committee provides \$750,000 to

ARS to assist Alaska in support of arctic germplasm. The Alaska Plant Materials Center serves the Nation's interest in germplasm preservation and also supports the development of new markets for native plant species.

*Barley research, Pullman, WA.*—The Committee recognizes the important research conducted at the Pullman ARS unit on barley stripe rust. Barley stripe rust is a major threat to the Pacific Northwest barley production. The Committee maintains the fiscal year 1997 funding level for research on barley stripe rust.

*Biological control research.*—The Committee has been impressed by results of the various approaches which have been taken by the Midsouth research unit in the area of biological controls of cotton insect pests. The economic and environmental benefits of this research could eventually reduce the vulnerability of crops to major insect pests and create alternatives to traditional crop protection methods. The Committee continues funding for this project at the fiscal year 1997 and budget request levels.

*Biotechnology Research and Development Corp. [BRDC].*—The Committee expects the agency to support the Corporation's research at the same level as in fiscal year 1997.

*Center for Food Safety and Postharvest Technology.*—The Committee is aware of the significance of the research currently underway relating to catfish products at the Mississippi Center for Food Safety and Postharvest Technology and supports the expansion of the program to include other foods.

*Citrus tristeza.*—The Committee recognizes that the citrus tristeza virus [CTV] is a serious threat to the U.S. citrus industry. CTV can cause citrus trees to die and/or cause reduced yield or the fruit to be so small as to be unmarketable. The virus is spreading throughout citrus-growing areas in the United States. The Committee recommends continued research on this critical citrus disease.

*Citrus tristeza virus and brown citrus aphid.*—The National Citrus Research Council has issued a research needs document entitled "A Cooperative National Citrus Research Initiative to Control Citrus Tristeza Virus and Brown Citrus Aphid." ARS is to report to the Committee by December 31, 1997, on how it is utilizing its funding to address the most immediate needs established in this document and the additional funding required to comprehensively address this critical citrus disease complex.

*Club wheat breeding.*—The Committee provides continued funding at the fiscal year 1997 level for the ARS Pacific Northwest Club Wheat Breeding Program.

*Cool and cold water aquaculture.*—Cool and cold water aquaculture production is expanding rapidly across the Nation. To ensure that risks associated with the long-term stability of the industry are reduced, it is imperative that the research objectives of the National Center for Cool and Cold Water Aquaculture are implemented expeditiously. The Committee provides \$250,000 to initiate the program for the National Center for Cool and Cold Water Aquaculture at the Department of the Interior's Leetown Science Center, where the national aquaculture center will be collocated.

*Cotton genetics.*—The Committee recognizes the urgency to develop high yielding cotton germplasm and provides an additional

\$250,000 for research conducted by ARS at Stoneville, MS, and directs the agency to fill the cotton geneticist position.

*Corn genome research.*—The Committee understands that the ARS is currently conducting corn genome research and that efforts are underway for a major plant genome initiative. The Committee expects the ARS to improve its current corn genome research efforts as may be necessary to ensure that ARS corn genome research is directed, coordinated, and designed to complement national or interagency plant genome initiatives.

*Corn germplasm research.*—The Committee provides continued funding at the fiscal year 1997 level for the special corn germplasm research program. The program holds significant promise for improving the genetic base of U.S. corn hybrids to improve yield prospects and resistance to insect, disease, and weather-related problems.

*Cotton value-added/quality research.*—U.S. agriculture's continued economic strength depends on efficient production and value-added technology. The Committee urges ARS to continue to place high priority on cotton textile processing research conducted at New Orleans, LA, to improve quality, reduce defects, and improve easy-care products. The Committee recommends funding at the budget request level for this research.

*Endophyte.*—For the center of excellence in endophyte/grass research to be operated cooperatively by the University of Missouri and the University of Arkansas, the Committee recommends \$198,000, the same as the budget request. The purpose of this research is to enhance the sustainability of fescue-based beef production and to develop innovative applications of endophyte in improving stress resistance in other forage, turf, and grain crop species.

*Fish disease research.*—The Committee provides an additional \$250,000 to increase scientific support for research on preventing infectious diseases in warmwater fish carried out at the ARS Fish Disease and Parasite Research Laboratory at Auburn, AL.

*Fish Farming Experiment Laboratory.*—The Committee provides an increase of \$500,000 above the fiscal year 1997 level for the National Aquaculture Research Center, Stuttgart, AR.

The Committee acknowledges the importance of avoiding duplication in research being administered by the U.S. Department of Agriculture at various locations throughout the country. In order to ensure that duplication does not occur in the field of warmwater aquaculture research, the Stuttgart research facility should not engage in channel catfish research related to production systems, nutrition, water quality, genetics, disease diagnosis, or food processing which is ongoing at the National Warmwater Aquaculture Research Center at Stoneville, MS.

The Committee encourages all facilities to share research results to benefit and enhance the Nation's aquaculture industry.

*Fruit fly.*—The Committee supports continued funding by ARS to provide \$298,000 to the Hawaii Institute of Tropical Agriculture and Human Resources to develop and implement a program to address control of the papaya ringspot virus; and \$298,000 to the Hawaii Institute of Tropical Agriculture and Human Resources to establish nematode resistance in commercial pineapple cultivars.

The Committee provides continued funding at the fiscal year 1997 level of \$275,100 for the University of Hawaii Institute of Tropical Agriculture and Human Resources for the collaborative work on developing and evaluating efficacious and nontoxic methods to control tephritid fruit flies.

*Fruit research.*—The Committee is aware of the very important work carried out on fruit research at Wenatchee and Yakima in the State of Washington. The Committee expects the Department to continue to give increased attention to the important work carried out at these two facilities. The Committee provides funding at the budget request levels for the Yakima and Wenatchee ARS facilities.

*Ginning research.*—The Committee expects the Department to provide adequate funding for ginning research at the three laboratories in Mesilla Park, NM; Stoneville, MS; and Lubbock, TX.

*Grain legume research.*—The Committee acknowledges the importance of a grain legume genetics research position at Washington State University in Pullman, WA, and provides \$250,000 to support this position. This research will focus on approaches to increase surface crop residues and on methods to overcome disease and insect problems in grain legumes.

*Grape horticulturist position, Prosser, WA.*—The Committee acknowledges the importance of a horticulturist position specializing in grape production at the ARS station in Prosser, WA. The Committee recognizes that a research horticulturist is an important link to the research efforts conducted at the Northwest Center for Small Fruits Research Center at the ARS Corvallis, OR, station. The Committee believes that the position is important to address on site production problems for Pacific Northwest grape growers. The Committee continues funding for the position and urges that more resources be placed on grape production research.

*Hawaiian Agriculture Research Center [HARC].*—The Committee provides \$950,000, the same as the fiscal year 1997 level, for the Hawaii Agriculture Research Center [HARC], formerly called the Hawaiian Sugar Planters' Association Experiment Station. The Committee expects these funds to be administered as in the past and be used to maintain the competitiveness of U.S. sugarcane producers and to place increased emphasis supporting the expansion of new crops and products to complement sugarcane production.

*Honeybee research.*—Honeybees pollinate more than one-third of crops produced in the United States and it is essential that this bee population be maintained. The Committee is aware of the devastation to the domestic and wild honeybee population caused by parasitic mites. To increase ARS's research effort on parasitic mites and Africanized honeybees, the Committee provides an increase of \$500,000 above the fiscal year 1997 level for additional scientists at the ARS Bee Laboratory in Weslaco, TX.

*Hops.*—The Committee recognizes the outstanding increase in production of the U.S. hops industry, which has taken the lead in worldwide production, and of Washington State which produces 75 percent of the total U.S. crop. Included in the recommendation is \$388,000, the same as the fiscal year 1997 and budget request levels, to continue hops research in the Pacific Northwest.

*Integrated farming systems.*—The Committee provides \$500,000, the same as the fiscal year 1997 and budget request levels, to con-



tinue integrated crop and livestock production systems research at the ARS Dairy Forage Center, Madison, WI. The Committee expects all of the agency's integrated farming systems projects to be implemented in partnership with farmers, nongovernmental organizations, and, where appropriate, other scientists and educators; to be interdisciplinary; to include biological, physical, and social sciences; and, to the maximum extent possible, to include animal as well as crop production.

*IR-4 project.*—The Committee recognizes the importance of the IR-4 project, which produces research data for clearances for pest control products on minor food crops and ornamental commodities. The Committee notes that this project is especially critical at this time in order for the Department to meet the new requirements of the Food Quality Protection Act and to fully implement its reduced risk pest management strategy for minor crops.

*Kenaf.*—The Committee recommends continued funding at the fiscal year 1997 level for the cooperative agreement between ARS and Mississippi State University to further kenaf research and product development efforts.

*Meadowfoam.*—The Committee urges the ARS to continue to fund needed research for meadowfoam, a product whose oil seed is currently being used for a number of purposes in the cosmetic and personal care industries. Seed oil research is currently being conducted at the ARS facility in Peoria, IL, and the seed cultivar is being developed at Oregon State University in Corvallis, OR.

*Methyl bromide.*—The Committee provides \$14,580,000, the same as the budget request, for research on a replacement for methyl bromide. The Committee expects the ARS to direct research to those facilities and universities that have expertise or ongoing programs in this area.

*Minor crop pests.*—The Committee recommends that the ARS continue funding at the fiscal year 1997 level for the Hawaii Institute of Tropical Agriculture and Human Resources to develop environmentally safe methods to control pests prominent in small scale farms in tropical and subtropical agricultural systems.

*National Center for Agricultural Law Research and Information.*—The Committee provides continued funding at the fiscal year 1997 level for the National Center for Agricultural Law Research and Information at the Leflar School of Law in Fayetteville, AR.

*National Sedimentation Laboratory.*—The Committee continues funding at the fiscal year 1997 level, the same as the budget request, for work now underway at the National Sedimentation Laboratory, and encourages the ARS to provide additional support to the laboratory in accordance with the approved cooperative agreement. The laboratory is to expand its studies on the use of acoustics to characterize soils, determine moisture content, and monitor crop growth. Further, it is encouraged to continue its close relationship with the National Center for Physical Acoustics in these research efforts and to develop additional applications.

*National Warmwater Aquaculture Research Center.*—The Committee provides an additional \$500,000 from the fiscal year 1997 level to continue to meet the objectives outlined in the original USDA plan for the National Warmwater Aquaculture Research Center at Stoneville, MS.

*Natural products.*—The Committee provides an additional \$1,000,000 for the ARS to initiate a cooperative agreement with the University of Mississippi for pharmaceutical research in support of research on natural products.

*Northwest Nursery Crops Research Center.*—Nursery and greenhouse products rank third in the Nation and No. 1 in Oregon. As the public demands more and more plants and trees to help clean and cool the air, stem runoff and soil erosion, and improve water quality and conservation, the nursery industry is playing an expanding and significant environmental and research role. The Committee encourages the ARS to expand its support for the Northwest Nursery Crops Research Center's research program (Corvallis, OR) in these environmental areas. The Committee provides the fiscal year 1997 level of funding for the ARS Corvallis station.

*Peanut research.*—The Committee continues funding at the fiscal year 1997 level to provide the minimum level of funding required to support two scientists for the ARS peanut research unit at Stillwater, OK. The plant pathology, breeding, and physiology research conducted by this unit is of benefit to the entire Southwestern U.S. peanut industry.

*Pear thrips.*—The Committee recognizes the value of collaboration between ARS and the University of Vermont to develop controls for pear thrips and continues funding at the fiscal year 1997 level. ARS application of project funds for overhead expenses are not to exceed 10 percent of the amount appropriated for the project.

*Poisonous plants.*—Poisonous plants continue to cause a significant loss to livestock producers. The USDA-ARS Poisonous Plant Research Laboratory, Logan, UT, conducts research on livestock poisoning by plants in the United States and provides assistance to livestock producers to reduce losses. The Committee encourages ARS to provide continued funding to support the Poisonous Plant Laboratory to enable it to continue current research projects, including continuing chemistry research support.

*Potato breeder position, Aberdeen, ID.*—The Committee is aware that the current ARS potato breeder at the Aberdeen, ID, station plans to retire. The Committee provides funding at the fiscal year 1997 level to maintain this important position.

*Potato late blight research.*—The Committee is aware that late blight has become an ongoing problem in the Pacific Northwest. The Committee urges the Agricultural Research Service to continue its research at the Aberdeen, ID, ARS station to identify horticulturally acceptable clones with late blight resistance and both early generation and advanced clonal material that have a high level of resistance for use as crossing parents. The Committee urges the ARS to work with the National Potato Council on how funds can best be used for research priorities.

*Program continuations.*—Including research programs specifically mentioned herein, the Committee directs the ARS to continue at the fiscal year 1997 level the following areas of research: Postharvest technologies to improve flavor quality of food crops (\$357,600), postharvest research on vegetable oils for industrial use (\$681,900), research on postharvest quality of potatoes and tomatoes (\$398,900), development of food and industrial products from bacterial sugars (\$324,200), biopolymers from agricultural commod-

ities for industrial applications (\$282,500), and biological control of Yellow Starthistle on rangelands (\$88,200), Albany, CA; research on ground water management for crop production (\$245,700), Fresno/Parlier, CA; research on control of Formosan termites (\$144,100), Gainesville, FL; research on aquaculture production efficiency (\$1,612,400), Hilo, HI; biotechnology techniques to enhance oat production efficiency (\$160,700), Aberdeen, ID; utilization research to develop new uses for corn (\$161,700), developing postharvest uses of plant proteins (\$577,900), genetic engineering of rumen bacteria to improve animal feed efficiency (\$490,800), Peoria, IL; production efficiency research on forage crops (\$171,000), research on soybean genetic improvement (\$178,900), Ames, IA; alfalfa and wheat genetics research (\$250,000), Manhattan, KS; biotechnology research on sugarcane (\$400,000), New Orleans, LA; research on lyme disease in deer ticks, including extramural research in New York and Connecticut (\$175,200), remote sensing technologies for crop production (\$206,100), research on postharvest quality of apples (\$378,600), tissue culture research on small fruit crops (\$237,900), National Turfgrass Evaluation Program (\$55,300), and postharvest technologies for food quality of fruits and vegetables (\$454,000), Beltsville, MD; engineering research to improve harvesting and handling of vegetable crops (\$222,200) and research to improve the efficiency of dairy and forage production (\$170,800), East Lansing, MI; research on the genetic improvement of wild rice (\$147,000), St. Paul, MN; agronomic and economic evaluation of kenaf as a field crop (\$491,500), Stoneville, MS; research on watershed hydrology, Columbia, MO (\$393,200); research on swine nutrition and growth (\$208,400), Clay Center, NE; research on sorghum virus diseases (\$143,100), Lincoln, NE; research on control of pear thrips on maple trees in Vermont (\$50,000), Ithaca, NY; enhance peanut flavor quality through genetics research (\$285,800), postharvest quality of processed sweetpotato (\$217,200), evaluation of warm climate forage crops for sustainable agriculture (\$374,200), Raleigh, NC; research on soybean genetics (\$210,100), Wooster, OH; research on peanut germplasm improvement (\$150,000), Stillwater, OK; characterization of environment and nutritional induced cytokinin changes in wheat (\$214,800), partitioning of photosynthate (\$175,800), onfarm utilization of grass/straw residues (\$215,200), and Northwest small fruit research (\$325,000), Corvallis, OR; research to develop value-added products from fruit and vegetable processing wastes (\$691,500), Wyndmoor, PA; Northwest club wheat genetics (\$350,000), Pullman, WA; and animal health consortium research, (\$919,800) Washington, DC.

*Poultry disease research.*—Poult enteritis and mortality syndrome [PEMS] continues to pose a severe threat to turkey producers. It has cost the industry almost \$100,000,000 since 1991. North Carolina has been hit the hardest, where 1996 losses are estimated to have exceeded \$60,000,000, but outbreaks have also been reported in Arkansas, Georgia, Indiana, New York, South Carolina, and Virginia. The disease is transmittable and infectious, generally striking poults between 7 and 28 days of age, and its origins and causes still remain unknown. The Committee provides an increase of \$300,000 from the fiscal year 1997 level for the ARS Southeast

Poultry Research Laboratory in Athens, GA, to increase its contribution to the cooperative research effort to combat this disease.

*Reproductive efficiency of beef cattle.*—The Committee recognizes the importance of the animal production research carried out at the Fort Keough Laboratory, Miles City, MT. An increase of \$250,000 from the fiscal year 1997 level is provided for an animal physiologist position at this facility.

*Rice research.*—The Committee provides an increase of \$1,050,000 from the fiscal year 1997 level for additional staffing at the Rice Germplasm Laboratory, Stuttgart, AR.

*Rural geriatric nutrition research.*—The Committee continues the fiscal year 1997 level of funding for the further development of a comprehensive nutrition outreach, treatment, and research program to assist the rural elderly population. The program will include a regional screening program to identify elderly individuals at nutritional risk and a coordinated case management initiative to deliver social, health, and nutritional interventions as appropriate. Geisinger Health System's Rural Geriatric Nutrition Center in Danville, PA, is the lead organization undertaking this initiative in collaboration with other universities.

*Small farms.*—The Committee expects the ARS to continue its support for the South Central Family Farm Research Center at Booneville, AR. The Committee expects no less than the 1997 level for the continuation of agroforestry research in conjunction with work at the University of Missouri.

*Small fruits research, Poplarville, MS.*—The Committee recognizes the importance of the ARS Small Fruits Research Laboratory in Poplarville, MS, as the only small fruits research station in the South, to the development of the southern blueberry and other small farm industries, such as strawberries, blackberries, vegetables, and other horticultural crops adapted to the Gulf State region. The Committee provides a \$250,000 increase from the fiscal year 1997 level to strengthen scientific staffing at this research station.

*Small grains geneticist, Aberdeen, ID.*—The Committee is aware that the ARS is considering the elimination of the small grains geneticist position at the USDA-ARS Aberdeen, ID, station. The Committee provides the fiscal year 1997 funding level to continue research to improve both barley and oat genetic stocks. This research provides direct benefits to the U.S. barley industry, including end users who rely on improved quality traits in malting barley.

*Small grains plant pathologist, Raleigh, NC.*—The Committee is aware of the need to expand research in small grains pathology. This has become even more critical given the threat of head scab to much of the eastern wheat crop and the presence of karnal bunt. The Committee provides an additional \$250,000 from the fiscal year 1997 level for ARS to establish a small grains pathologist research position at Raleigh, NC.

*Southern Insect Management Laboratory.*—For several years, the Committee has urged the Department to participate in a joint research project with the National Center for Physical Acoustics [NCPA]. The Committee continues the fiscal year 1997 level of funding for a cooperative agreement with the National Center for Physical Acoustics to develop automated methods to monitor pest

populations using advanced acoustic techniques; at least \$180,000 of this amount will be used to support the existing program at the NCPA.

*Soybean research.*—The Committee is aware of the important ARS-supported soybean genetics work being done and continues to strongly support ongoing research at Ames, IA, and Stoneville, MS, aimed at increasing the productivity and profitability of soybean production and processing. The Committee expects ARS to continue both of the programs at not less than the current fiscal year 1997 funding levels.

*Subterranean termite.*—The Committee recognizes the substantial damage to forests and structures caused by subterranean termites in tropical and subtropical regions of the United States. The Committee further recognizes the need to devise effective termite control methods that do not endanger public health and safety and the natural environment. The Committee provides \$144,100 for the ARS to continue the termite research work in Hawaii at the fiscal year 1997 level.

*Sugarcane biotechnology research.*—The Committee recognizes the importance of furthering the science of molecular techniques in sugarcane. By mapping useful genes into sugarcane germplasm, improving selection techniques for sugarcane cultivars, much progress can be made to increase the efficiency and global competitiveness of the U.S. sugar industry. To continue the strong public/private relationship between ARS and the American Sugar Cane League and expand biotechnology at the work site of the ARS Southern Regional Research Center in Houma, LA, the Committee provides \$600,000, an increase of \$200,000 from the fiscal year 1997 funding level. The Committee expects ARS to collaborate with the American Sugar Cane League in efforts to coordinate research with other commodity-based biotechnology research.

*Sweet potato whitefly.*—The sweet potato whitefly has caused millions of dollars in crop damage in several States including Hawaii. The Committee recommends participation by all affected States in the national collaborative effort to control this pest.

*Tropical aquaculture research.*—The Committee supports tropical aquaculture as a way to enhance the competitiveness of the U.S. aquaculture industry and in creating long-term sustainable employment of human and marine resources. The Committee further recognizes the unique scientific, environmental, and geographical conditions found only in Hawaii. The Committee continues funding at the fiscal year 1997 level of \$1,612,400 for the aquaculture productivity research and the requirements and sources of nutrients for marine shrimp projects in Hawaii.

*U.S. Pacific Basin Agricultural Research Center.*—The Committee directs the Agricultural Research Service to assess the feasibility of expanding its mission in Hawaii to establish a U.S. Pacific Basin Agricultural Research Center on the island of Hawaii. The Center should define the role of the region in enhancing agriculture and agricultural trade in the entire United States and also serve the State of Hawaii, Guam, American Samoa, the Commonwealth of the Northern Marianas and the other U.S.-affiliated Pacific islands. It also should address the relationship of this center to other Government agencies, the University of Hawaii, the University of

Guam, and similar institutions. This report should be submitted to the Committee by January 30, 1998.

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

*Water quality.*—The Committee acknowledges the progress which has been made toward water quality objectives in conjunction with the pesticide application technology research currently conducted at the Midsouth Research Center. The ARS should continue this joint research initiative and expand it through the integrated pest management objectives outlined in the agency's budget request.

#### BUILDINGS AND FACILITIES

Appropriations, 1997 .....	\$69,100,000
Budget estimate, 1998 .....	59,300,000
Committee recommendation .....	69,100,000

The ARS "Buildings and facilities" account was established for the acquisition of land, construction, repair, improvement, extension, alteration, and purchase of fixed equipment or facilities of, or used by, the Agricultural Research Service. Routine construction or replacement items continue to be funded under the limitations contained in the regular account.

#### COMMITTEE RECOMMENDATIONS

For Agricultural Research Service buildings and facilities, the Committee recommends an appropriation of \$69,100,000. This is \$9,800,000 more than the budget estimate and the same as the 1997 appropriation. The Committee's specific recommendations are indicated in the following table:

#### ARS BUILDINGS AND FACILITIES

[In thousands of dollars]

State and facility	Fiscal year 1997 enacted	Fiscal year 1998 budget estimate	Committee recommenda- tion
California:			
U.S. Horticultural Crop and Water Management Research Laboratory, Parlier .....		23,400	23,400
Western Regional Research Center, Albany .....	4,000		
Florida:			
Horticultural Research Laboratory, Fort Pierce .....	27,000		
Melaleuca research and quarantine facility, Fort Lauderdale .....		4,000	
France: European Biological Control Laboratory .....		3,400	3,400
Illinois:			
National Center for Agricultural Utilization Research, Peoria .....	1,500	8,000	3,370
Ethanol Pilot Plant .....	1,500		
Kansas: U.S. Grain Marketing Research Laboratory, Manhattan ..	500		
Louisiana: Southern Regional Research Center, New Orleans .....		1,100	1,100

## ARS BUILDINGS AND FACILITIES—Continued

[In thousands of dollars]

State and facility	Fiscal year 1997 enacted	Fiscal year 1998 budget estimate	Committee recommenda- tion
Maryland:			
Agricultural Research Center, Beltsville .....	4,500	3,200	3,200
National Agricultural Library, Beltsville .....		6,000	2,500
Mississippi:			
Biocontrol and Insect Rearing Laboratory, Stoneville .....			900
National Center for Natural Products, Oxford .....			7,000
Montana: Pest quarantine and integrated pest management facility, Sidney .....			606
New York: Plum Island Animal Disease Center, Greenport .....	5,000	5,000	2,000
North Dakota: Human Nutrition Research Center, Grand Forks ...			5,000
Pennsylvania: Eastern Regional Research Center, Philadelphia ...	4,000	5,200	5,200
South Carolina: U.S. Vegetable Laboratory, Charleston .....	3,000		4,824
Texas:			
Plant Stress and Water Conservation Laboratory, Lubbock .....	8,100		
Subtropical Agricultural Research Laboratory, Weslaco .....	4,000		
Utah: Poisonous Plant Laboratory, Logan .....			600
West Virginia: National Center for Cool and Cold Water Aquaculture, Leetown .....	6,000		6,000
Total .....	69,100	59,300	69,100

The Committee is aware that the Grand Forks Human Nutrition Center in North Dakota sustained severe damage from flooding and has provided \$5,000,000 for the repair and reconstruction of this facility. The Department is to use any excess funds to restore funds diverted to the repair of this facility in fiscal year 1997 from other repair and maintenance projects.

The Committee has not approved ARS construction funding requested in the budget for the Melaleuca research and quarantine facility in Florida. Planning and design work for this facility has been funded and undertaken by the U.S. Army Corps of Engineers. The Committee supports the importance of this facility to the restoration of the south Florida ecosystem. However, the Committee believes funds for construction of the facility should be provided to the Corps of Engineers to ensure the continuity of design and construction of this project.

In its report accompanying the fiscal year 1997 bill, the Committee requested a summary of the capabilities of ARS to meet present and future needs for insect rearing. ARS indicated to the Committee that one of the primary factors limiting the development of new biologically based technologies (biological control, sterile insect release, et cetera) is its lack of ability to mass produce high quality and effective agents at acceptable costs. To eliminate this constraint, ARS proposes that two old and inadequate facilities in Mississippi be combined into a single new facility at Stoneville, MS. The proposed new 50,000 square foot facility will include both developmental laboratories and a pilot plant for scaleup production of organisms of commercial value. The Committee provides \$900,000 for planning and design work on this facility.

The Committee continues support for the National Center for Cool and Cold Water Aquaculture dedicated to promote research related to health, genetics, and engineering to improve production efficiencies and provides \$6,000,000 to complete the construction of this facility. The Committee also provides funds to complete construction of the U.S. Horticultural Crop and Water Management Research Laboratory and the European Biological Control Laboratory.

A scheduled maintenance plan has not been developed for the 17-year-old Appalachian Soil and Water Conservation Research Laboratory, which includes sensitive scientific equipment and instrumentation. Without a scheduled maintenance plan, the Committee is concerned that aging equipment and building infrastructure will fail simultaneously, jeopardizing research and overextending budgeted maintenance funds. The Committee expects the ARS to develop and implement a scheduled maintenance plan for the facility.

COOPERATIVE STATE RESEARCH, EDUCATION, AND EXTENSION SERVICE

The Cooperative State Research, Education, and Extension Service 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 Extension Service. The mission is to work with university partners to advance research, extension, and higher education in the food and agricultural sciences and related environmental and human sciences to benefit people, communities, and the Nation.

RESEARCH AND EDUCATION ACTIVITIES

Appropriations, 1997 .....	\$421,504,000
Budget estimate, 1998 .....	422,342,000
Committee recommendation .....	427,526,000

The research and education programs administered by the Cooperative State Research, Education, and Extension Service [CSREES] are the U.S. Department of Agriculture's principal entree to the university system of the United States for the purpose of conducting agricultural research as authorized by the Hatch Act of 1887, as amended (7 U.S.C. 361a-361i); the Cooperative Forestry Research Act of 1962, as amended (16 U.S.C. 582a-7); Public Law 89-106, section (2), as amended (7 U.S.C. 450i); and the National Agricultural Research, Extension, and Teaching Policy Act of 1977, as amended (7 U.S.C. 3101 et seq.). Through these authorities, the U.S. Department of Agriculture participates with State and other sources of funding to encourage and assist the State institutions in the conduct of agricultural research through the State agricultural experiment stations of the 50 States, the District of Columbia, and the territories; by approved schools of forestry; by the 1890 land-grant institutions and Tuskegee University; by colleges of veterinary medicine; and by other eligible institutions.

The research and education programs participate in a nationwide system of agricultural research program planning and coordination



among the State institutions, U.S. Department of Agriculture, and the agricultural industry of America.

COMMITTEE RECOMMENDATIONS

For research and education activities of the Cooperative State Research, Education, and Extension Service, the Committee recommends \$427,526,000. This amount is \$6,022,000 more than the 1997 appropriation and \$5,184,000 more than the budget request.

The following table summarizes the Committee's recommendations for research and education activities of the Cooperative State Research, Education, and Extension Service:

COOPERATIVE STATE RESEARCH, EDUCATION, AND EXTENSION SERVICE [CSREES]—RESEARCH AND EDUCATION ACTIVITIES

[In thousands of dollars]

	1997 appropriation	1998 budget	Committee recommen- dation
Payments under Hatch Act .....	168,734	168,734	168,734
Cooperative forestry research (McIntire-Stennis) .....	20,497	20,497	20,497
Payments to 1890 colleges and Tuskegee .....	27,735	27,735	27,735
Special research grants (Public Law 89-106):			
Aflatoxin (Illinois) .....	113	.....	113
Agriculture-based industrial lubricants (Iowa) .....	.....	.....	250
Agricultural diversification (Hawaii) .....	131	.....	131
Alliance for food protection (Nebraska, Georgia) .....	300	.....	300
Alternative crops (North Dakota) .....	550	.....	550
Alternative crops for arid lands (Texas) .....	85	.....	.....
Alternative marine and fresh water species (Mississippi) ...	308	.....	308
Alternative salmon products (Alaska) .....	.....	.....	500
Animal science food safety consortium (Arkansas, Iowa, Kansas) .....	1,690	.....	1,690
Apple fireblight (Michigan, New York) .....	325	.....	325
Aquaculture (Illinois) .....	169	.....	158
Aquaculture (Louisiana) .....	330	.....	330
Aquaculture (Mississippi) .....	592	.....	642
Aquaculture (North Carolina) .....	150	.....	.....
Aquaculture product and marketing development (West Vir- ginia) .....	.....	.....	750
Babcock Institute (Wisconsin) .....	312	.....	312
Binational agricultural research and development fund (United States-Israel) .....	2,000	2,500	2,000
Biodiesel research (Missouri) .....	152	.....	152
Biotechnology (Oregon) .....	250	.....	.....
Broom snakeweed (New Mexico) .....	175	.....	175
Canola (Kansas) .....	85	.....	85
Center for Animal Health and Productivity (Pennsylvania) ...	113	.....	.....
Center for Innovative Food Technology (Ohio) .....	181	.....	.....
Center for Rural Studies (Vermont) .....	32	.....	34
Chesapeake Bay aquaculture .....	370	.....	370
Coastal cultivars (Georgia) .....	200	.....	200
Competitiveness of agricultural products (Washington) .....	677	.....	677
Cool season legume research (Idaho, Washington) .....	329	.....	329
Cotton research (Texas) .....	.....	.....	300
Cranberry/blueberry disease and breeding (New Jersey) .....	220	.....	220
Dairy (Alaska) .....	.....	.....	250
Dairy and meat goat research (Texas) .....	63	.....	63

COOPERATIVE STATE RESEARCH, EDUCATION, AND EXTENSION SERVICE [CSREES]—RESEARCH  
AND EDUCATION ACTIVITIES—Continued

[In thousands of dollars]

	1997 appropriation	1998 budget	Committee recommen- dation
Delta rural revitalization (Mississippi) .....	148	.....	148
Drought mitigation (Nebraska) .....	200	.....	.....
Environmental research (New York) .....	486	.....	.....
Environmental risk factors—cancer (New York) .....	100	.....	.....
Expanded wheat pasture (Oklahoma) .....	285	.....	285
Farm and rural business finance (Arkansas, Illinois) .....	106	.....	106
Feed barley for rangeland cattle (Montana) .....	500	.....	600
Floriculture (Hawaii) .....	250	.....	250
Food and Agriculture Policy Institute (Iowa, Missouri) .....	800	.....	800
Food irradiation (Iowa) .....	201	.....	201
Food Marketing Policy Center (Connecticut) .....	332	.....	332
Food Processing Center (Nebraska) .....	42	.....	.....
Food safety initiative .....	.....	2,000	.....
Food Systems Research Group (Wisconsin) .....	221	.....	221
Forestry (Arkansas) .....	523	.....	523
Fruit and vegetable market analysis (Arizona, Missouri) .....	296	.....	.....
Generic commodity promotion research, and evaluation (New York) .....	212	.....	.....
Global change .....	1,567	1,567	1,567
Global marketing support service (Arkansas) .....	92	.....	127
Grain sorghum (Kansas) .....	106	.....	106
Grass seed cropping systems for a sustainable agriculture (Washington, Oregon, Idaho) .....	423	.....	423
Human nutrition (Iowa) .....	473	.....	473
Human nutrition (Louisiana) .....	752	.....	752
Human nutrition (New York) .....	622	.....	.....
Illinois-Missouri Alliance for Biotechnology .....	1,316	.....	1,316
Improved dairy management practices (Pennsylvania) .....	296	.....	.....
Improved fruit practices (Michigan) .....	445	.....	445
Institute for Food Science and Engineering (Arkansas) .....	750	.....	950
Integrated production systems (Oklahoma) .....	161	.....	161
International arid lands consortium .....	329	.....	329
Iowa biotechnology consortium .....	1,738	.....	1,738
Jointed goatgrass (Washington) .....	296	.....	296
Landscaping for water quality (Georgia) .....	300	.....	300
Livestock and dairy policy (New York, Texas) .....	445	.....	445
Lowbush blueberry research (Maine) .....	220	.....	220
Maple research (Vermont) .....	84	.....	100
Michigan biotechnology consortium .....	750	.....	750
Midwest Advanced Food Manufacturing Alliance .....	423	.....	.....
Midwest agricultural products (Iowa) .....	592	.....	592
Milk safety (Pennsylvania) .....	268	.....	268
Minor use animal drugs (IR-4) .....	550	550	550
Molluscan shellfish (Oregon) .....	400	.....	400
Multicommodity research (Oregon) .....	364	.....	364
Multicropping strategies for aquaculture (Hawaii) .....	127	.....	127
National biological impact assessment .....	254	254	254
Nematode resistance genetic engineering (New Mexico) .....	127	.....	127
Nonfood uses of agricultural products (Nebraska) .....	64	.....	.....
North central biotechnology initiative .....	1,940	.....	.....
Oil resources from desert plants (New Mexico) .....	175	.....	175
Organic waste utilization (New Mexico) .....	100	.....	.....
Pasture and forage research (Utah) .....	200	.....	250

COOPERATIVE STATE RESEARCH, EDUCATION, AND EXTENSION SERVICE [CSREES]—RESEARCH  
AND EDUCATION ACTIVITIES—Continued

[In thousands of dollars]

	1997 appropriation	1998 budget	Committee recommen- dation
Peach tree short life (South Carolina) .....	162	.....	162
Pest control alternatives (South Carolina) .....	106	.....	106
Phytophthora root rot (New Mexico) .....	127	.....	127
Plant, drought, and disease resistance gene cataloging (New Mexico) .....	.....	.....	200
Poultry carcass recycling (Alabama) .....	.....	.....	400
Postharvest rice straw (California) .....	100	.....	.....
Potato cultivars (Alaska) .....	120	.....	.....
Potato research .....	1,214	.....	1,214
Preharvest food safety (Kansas) .....	212	.....	212
Preservation and processing research (Oklahoma) .....	226	.....	226
Red River corridor (Minnesota, North Dakota) .....	169	.....	.....
Regional barley gene mapping project .....	348	.....	348
Regionalized implications of farm programs (Missouri, Texas) .....	294	.....	294
Rice modeling (Arkansas) .....	395	.....	395
Rural development centers (Pennsylvania, Iowa, North Da- kota, Mississippi, Oregon) .....	423	423	423
Rural Policies Research Institute (Nebraska, Missouri, Iowa) .....	644	.....	644
Seafood and aquaculture harvesting, processing, and mar- keting (Mississippi) .....	305	.....	305
Small fruit research (Oregon, Washington, Idaho) .....	212	.....	212
Southwest consortium for plant genetics and water re- sources .....	338	.....	338
Soybean cyst nematode (Missouri) .....	303	.....	500
Spatial technologies for agriculture (Mississippi) .....	350	.....	750
STEEP—water quality in Northwest .....	500	.....	500
Sustainable agriculture (Michigan) .....	445	.....	445
Sustainable agriculture and natural resources (Pennsylva- nia) .....	94	.....	94
Sustainable agriculture systems (Nebraska) .....	59	.....	59
Sustainable pest management for dryland wheat (Mon- tana) .....	200	.....	500
Swine waste management (North Carolina) .....	215	.....	.....
Tillage, silviculture, waste management (Louisiana) .....	212	.....	212
Tropical and subtropical .....	2,724	.....	2,724
Urban pests (Georgia) .....	64	.....	75
Viticulture consortium (New York, California) .....	500	.....	500
Water conservation (Kansas) .....	79	.....	79
Water management (Alabama) .....	170	.....	.....
Water quality .....	2,757	2,757	2,757
Weed control (North Dakota) .....	423	.....	423
Wheat genetic research (Kansas) .....	176	.....	176
Wood utilization (Oregon, Mississippi, Minnesota, North Carolina, Maine, Michigan) .....	3,536	.....	3,628
Wool (Texas, Montana, Wyoming) .....	212	.....	212
<b>Total, special research grants .....</b>	<b>49,767</b>	<b>10,051</b>	<b>47,525</b>
Improved pest control:			
Integrated pest management .....	2,731	8,000	2,731
Pesticide clearance (IR-4) .....	5,711	10,711	7,561

COOPERATIVE STATE RESEARCH, EDUCATION, AND EXTENSION SERVICE [CSREES]—RESEARCH  
AND EDUCATION ACTIVITIES—Continued

[In thousands of dollars]

	1997 appropriation	1998 budget	Committee recommen- dation
Pesticide impact assessment .....	1,327	1,327	1,327
Expert IPM decision support system .....	177	300	177
Critical issues .....	200	200	200
Emerging pest and disease issues .....	1,623	4,200	1,623
<b>Total, improved pest control .....</b>	<b>11,769</b>	<b>24,738</b>	<b>13,619</b>
<b>Competitive research grants:</b>			
Plant systems .....	36,044	47,000	38,100
Animal systems .....	23,104	29,500	25,154
Nutrition, food quality, and health .....	7,209	11,000	8,000
Natural resources and the environment .....	17,194	27,000	18,094
Processes and new products .....	6,755	9,000	6,755
Markets, trade, and policy .....	3,897	6,500	3,897
<b>Total, competitive research grants .....</b>	<b>94,203</b>	<b>130,000</b>	<b>100,000</b>
Animal health and disease (sec. 1433) .....	4,775	4,775	4,775
Critical Agricultural Materials Act .....	500	.....	600
Aquaculture centers (sec. 1475) .....	4,000	4,000	4,000
Rangeland research grants (sec. 1480) .....	475	.....	.....
Alternative crops .....	650	650	550
Sustainable agriculture .....	8,000	8,000	8,000
Capacity building grants .....	9,200	9,200	9,200
Payments to the 1994 institutions .....	1,450	1,450	1,450
Graduate fellowship grants .....	3,000	3,000	3,000
Institute challenge grants .....	4,000	4,350	4,350
Multicultural scholars program .....	1,000	1,000	1,000
Hispanic education partnership grants .....	1,500	1,500	1,500
<b>Federal administration:</b>			
Agriculture development in the American Pacific .....	564	.....	564
Alternative fuels characterization laboratory (North Da- kota) .....	218	.....	218
Animal waste management (Oklahoma) .....	.....	.....	350
Center for Agricultural and Rural Development (Iowa) .....	355	.....	355
Center for Hawaiian Nutrition (Maryland) .....	.....	.....	200
Center for North American Studies (Texas) .....	87	.....	87
Data information system .....	400	1,000	850
Geographic information system .....	844	.....	844
Mariculture (North Carolina) .....	.....	.....	200
Mississippi Valley State University .....	583	.....	583
National Education Center for Agricultural Safety (Iowa) .....	300	.....	.....
Office of Extramural Programs .....	310	310	310
Pay costs and FERS .....	833	1,002	925
Peer panels .....	350	350	350
PM-10 study (Washington, California) .....	873	.....	873
Rural partnership (Nebraska) .....	250	.....	.....
Shrimp aquaculture (Hawaii, Mississippi, Arizona, Massa- chusetts, South Carolina) .....	3,354	.....	3,354
Water quality (Illinois) .....	492	.....	492
Water quality (North Dakota) .....	436	.....	436

COOPERATIVE STATE RESEARCH, EDUCATION, AND EXTENSION SERVICE [CSREES]—RESEARCH  
AND EDUCATION ACTIVITIES—Continued

[In thousands of dollars]

	1997 appropriation	1998 budget	Committee recommen- dation
Total, Federal administration .....	10,249	2,662	10,991
Total, Cooperative State Research, Education, and Extension Service, research and education activities .....	421,504	422,342	427,526

*Special research grants under Public Law 89-106.*—The Committee recommends a total of \$46,525,000. Specifics of individual grant allowances are included in the table above. Special items are discussed below.

*Aquaculture (Stoneville).*—Of the \$642,000 provided for this grant, the Committee recommends at least \$140,000 for continued studies of the use of acoustics in aquaculture research to be conducted by the National Center for Physical Acoustics in cooperation with the Mississippi Agriculture and Forestry Experiment Station [MAFES] and the Delta Research and Extension Center in Stoneville. The Committee encourages the National Center for Physical Acoustics to utilize funds to cooperate with the National Warmwater Aquaculture Center in providing two sonar detection devices to allow the Center to advance its study of fish behavior.

*Potato research.*—The Committee expects the Department to ensure that funds provided to CSREES for potato research are utilized for varietal development testing. Further, these funds are to be awarded competitively after review by the potato industry working group.

*Water quality.*—The Committee expects a continuation of funding at current levels for the Agricultural Systems for Environmental Quality Program and the Management Systems Evaluation Area Program.

*Aquaculture centers.*—The Committee provides \$4,000,000, the same as the 1997 and budget request levels, to support the regional aquaculture centers. The Committee encourages the Northeast Regional Aquaculture Center to study the demand for value-added fish products in the Northeast and the resources and facilities required to meet this demand.

*Competitive research grants.*—The Committee supports the National Research Initiative Competitive Grants Program [NRI] and recommends funding of \$100,000,000.

The Committee remains determined to see that quality research and enhanced human resources development in the agricultural and related sciences be a nationwide commitment. Therefore, the Committee continues its direction that 10 percent of the competitive research grant funds be used for a USDA experimental program to stimulate competitive research [USDA-EPSCoR].

*Alternative crops.*—The Committee recommends \$550,000 for alternative crop research to continue research on canola.

*Sustainable agriculture.*—The Committee recommends \$8,000,000 for sustainable agriculture, the same as the 1997 and budget request levels.

*Higher education.*—The Committee recommends \$9,850,000 for higher education. The Committee provides \$3,000,000 for graduate fellowships; \$4,350,000 for challenge grants; \$1,000,000 for multicultural scholarships; and \$1,500,000 for grants for Hispanic education partnership grants. Of the funds appropriated for the Challenge Grants Program, the Committee directs that funds be made available to support the continued operation of the food and agricultural education information system [FAEIS].

*Federal administration.*—The Committee provides \$10,991,000 for Federal administration. The Committee's specific recommendations are reflected in the table above.

*Center for Human Nutrition (Maryland).*—The Committee includes \$200,000 for the Center for Human Nutrition in Baltimore, MD, for nutrition-related research that focuses on the prevention of cancer through diet and monitoring populations at risk for chronic nutrition-related illness.

*Geographic Information System Program.*—The Committee recommends \$844,000, the same as the fiscal year 1997 level. The Committee recommends the same amounts as in 1997 for each of the participating entities in Georgia, the Chesapeake Bay, Arkansas, North Dakota, Washington, and Wisconsin. Also, it is expected that program management costs will be kept to a minimum and any remaining funds will be distributed to the sites.

*Mariculture (North Carolina).*—The Committee provides \$200,000 to support the mariculture program at the University of North Carolina at Wilmington. This research focuses on growth and survival rates of marine species best suited to commercial use. The program will conduct additional research toward repopulation of depleted fish stocks off the Atlantic coasts.

NATIVE AMERICAN INSTITUTIONS ENDOWMENT FUND

Appropriations, 1997 .....	(\$4,600,000)
Budget estimate, 1998 .....	(4,600,000)
Committee recommendation .....	(4,600,000)

The Native American Institutions Endowment Fund authorized by Public Law 103-382 provides an endowment for the 1994 land-grant institutions (29 tribally controlled colleges). This program will enhance educational opportunity for Native Americans by building educational capacity at these institutions in the areas of student recruitment and retention, curricula development, faculty preparation, instruction delivery systems, and scientific instrumentation for teaching. On the termination of each fiscal year, the Secretary shall withdraw the income from the endowment fund for the fiscal year, and after making adjustments for the cost of administering the endowment fund, distribute the adjusted income as follows: 60 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 40 percent of the adjusted income shall be distributed in equal shares to the 1994 land-grant institutions.

COMMITTEE RECOMMENDATIONS

For the Native American Institutions Endowment Fund, the Committee recommends \$4,600,000. This is the same as the budget request and the 1997 level.

BUILDINGS AND FACILITIES

Appropriations, 1997 .....	\$61,591,000
Budget estimate, 1998 .....	
Committee recommendation .....	

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

COMMITTEE RECOMMENDATIONS

The Committee recommends no appropriations for buildings and facilities of the Cooperative State Research, Education, and Extension Service. This amount is the same as the budget estimate and \$61,591,000 less than the 1997 level.

EXTENSION ACTIVITIES

Appropriations, 1997 <sup>1</sup> .....	\$426,273,000
Budget estimate, 1998 .....	417,811,000
Committee recommendation .....	423,322,000

<sup>1</sup> Includes \$753,000 for the 1890 Institutions and Tuskegee University provided by Public Law 104-208.

Cooperative extension work was established by the Smith-Lever Act of May 8, 1914, as amended. Legislation authorizes the Department of Agriculture to provide, through the land-grant colleges, cooperative extension work that consists of the development of practical applications of research knowledge and the giving of instruction and practical demonstrations of existing or improved practices or technologies in agriculture, uses of solar energy with respect to agriculture, home economics, related subjects, and to encourage the application of such information by demonstrations, publications, through 4-H clubs, and other means to persons not in attendance or resident at the colleges.

To fulfill the requirements of the Smith-Lever Act, State and county extension offices in each State, the District of Columbia, Puerto Rico, the Virgin Islands, Guam, American Samoa, the Northern Marianas, and Micronesia conduct educational programs to improve American agriculture and strengthen the Nation’s families and communities.

COMMITTEE RECOMMENDATIONS

For extension activities of the Cooperative State Research, Education, and Extension Service, the Committee recommends an appropriation of \$423,322,000. This amount is \$2,951,000 less than the amount provided for 1997 and \$5,511,000 more than the budget estimate.

The following table summarizes Committee action on extension activities:

## EXTENSION ACTIVITIES—FISCAL YEAR 1998 CONGRESSIONAL ACTION

[In thousands of dollars]

	Fiscal year 1997 enacted	Fiscal year 1998 budget	Committee recommendation
Smith-Lever sections 3(b) and 3(c) .....	268,493	268,493	268,493
Smith-Lever section 3(d):			
Food safety .....	2,365	4,365	2,365
Youth at risk .....	9,554	11,700	9,554
Water quality .....	10,733	9,061	9,061
Food and nutrition education .....	58,695	58,695	58,695
Pest management .....	10,783	15,000	10,783
Farm safety .....	2,855	.....	2,855
Pesticide impact assessment .....	3,214	3,313	3,214
Rural development centers .....	908	908	908
Indian reservation agents .....	1,672	1,672	1,672
Sustainable agriculture .....	3,309	3,309	3,309
Pesticide applicator training .....	.....	1,500	.....
Renewable Resources Extension Act .....	3,192	.....	3,192
1890 colleges and Tuskegee .....	25,090	25,090	25,090
1890's facilities grants .....	7,549	7,549	7,549
Agricultural telecommunications .....	1,167	.....	1,167
Rural health and safety education .....	2,628	.....	2,628
Extension services at the 1994 institutions .....	2,000	2,000	2,000
Subtotal .....	414,207	412,655	412,535
Federal administration and special grants:			
General administration .....	4,995	5,156	4,995
Beef producers improvement (Arkansas) .....	197	.....	197
Delta Teachers Academy .....	3,850	.....	3,850
Extension specialist (Arkansas) .....	99	.....	99
Extension specialist (Mississippi) .....	50	.....	50
Income enhancement demonstration (Ohio) .....	246	.....	.....
Integrated cow/calf management (Iowa) .....	345	.....	300
National Center for Agriculture Safety (Iowa) .....	( <sup>1</sup> )	.....	300
Pilot technology project (Wisconsin) .....	163	.....	.....
Pilot technology transfer (Oklahoma and Mississippi) .....	326	.....	326
Range improvement (New Mexico) .....	197	.....	197
Rural Center for HIV/STD Prevention (Indiana) .....	246	.....	.....
Rural development (Nebraska) .....	386	.....	.....
Rural development (New Mexico) .....	227	.....	227
Rural development (Oklahoma) .....	296	.....	.....
Rural rehabilitation (Georgia) .....	246	.....	246
Wood biomass as an alternative farm product (New York) .....	197	.....	.....
Subtotal, Federal administration .....	12,066	5,156	10,787
Total, extension activities .....	426,273	417,811	423,322

<sup>1</sup> Funded for fiscal year 1997 as CSREES Federal administration research grant.

*Farm safety.*—Of the funds recommended for farm safety, the Committee includes \$1,910,000 for the AgrAbility project being carried out in cooperation with the National Easter Seal Society.

*Pest management.*—Included in the amount provided by the Committee for pest management Smith-Lever 3(d) funds is continued funding at the fiscal year 1997 level for potato late blight con-



trol, including \$400,000 for early disease identification, comprehensive composting for cull disposal, and late blight research activities in Maine.

*Rural health and safety.*—The Committee recommends \$2,628,000, the same as the fiscal year 1997 level, for rural health and safety education. Included in this amount is \$2,150,000 for the ongoing rural health program in Mississippi to train health care professionals to serve in rural areas, and \$478,000 for the ongoing rural health and outreach initiative in Louisiana.

OFFICE OF ASSISTANT SECRETARY FOR MARKETING AND REGULATORY PROGRAMS

Appropriations, 1997 .....	\$618,000
Budget estimate, 1998 .....	625,000
Committee recommendation .....	618,000

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

COMMITTEE RECOMMENDATIONS

For the Office of the Assistant Secretary for Marketing and Regulatory Programs, the Committee recommends an appropriation of \$618,000. This is the same as the 1997 level and \$7,000 less than the budget request.

ANIMAL AND PLANT HEALTH INSPECTION SERVICE

SALARIES AND EXPENSES

	Appropriations	User fees	Total, APHIS appropriations
Appropriations, 1997 .....	\$336,909,000	<sup>1</sup> (\$98,000,000)	(\$434,909,000)
Budget estimate, 1998 .....	324,491,000	<sup>2</sup> (100,000,000)	(424,491,000)
Committee recommendation .....	337,183,000	<sup>2</sup> (100,000,000)	(437,183,000)

<sup>1</sup> Does not include an increase of \$37,300,000 in AQI user fee authority.  
<sup>2</sup> Does not include \$41,000,000 anticipated from FAIR Act direct appropriation.

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.

*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.

*Plant and animal health monitoring.*—The Agency conducts programs to assess animal and plant health and to detect endemic and exotic diseases and pests.

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

*Animal care.*—The Agency conducts regulatory activities which ensure the humane care and treatment of animals and horses as required by the Animal Welfare and Horse Protection Acts. These activities include inspection of certain establishments which handle animals intended for research, exhibition, and as pets, and monitoring of certain horse shows.

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

#### COMMITTEE RECOMMENDATIONS

For salaries and expenses of the Animal and Plant Health Inspection Service, the Committee recommends total funding of \$437,183,000. This is \$2,274,000 more than the 1997 appropriation and \$12,692,000 more than the budget request.

The following table reflects the Committee's specific recommendations for the Animal and Plant Health Inspection Service:

#### ANIMAL AND PLANT HEALTH INSPECTION SERVICE

[In thousands of dollars]

	Fiscal year 1997 enacted	Fiscal year 1998 budget request	Committee recommenda- tions
Pest and disease exclusion:			
Agricultural quarantine inspection .....	26,547	27,814	28,547
User fees <sup>1</sup> .....	98,000	100,000	100,000
Subtotal, agricultural quarantine inspection .....	124,547	127,814	126,547
Cattle ticks .....	4,537	4,427	4,627
Foot-and-mouth disease .....	3,991	3,803	3,991

## ANIMAL AND PLANT HEALTH INSPECTION SERVICE—Continued

[In thousands of dollars]

	Fiscal year 1997 enacted	Fiscal year 1998 budget request	Committee recommenda- tions
Sanitary/phytosanitary standards:			
Import-export inspection .....	6,847	6,815	6,847
International programs .....	6,643	6,630	6,643
Fruit fly exclusion and detection .....	21,161	20,970	21,161
Screwworm .....	31,713	31,335	31,713
Tropical bont tick .....	452	444	452
Subtotal, pest and disease exclusion .....	199,891	202,238	201,981
Plant and animal health monitoring:			
Animal health monitoring and surveillance .....	60,831	60,564	60,831
Animal and plant health regulatory enforcement .....	5,855	5,722	5,855
Pest detection .....	4,202	8,732	4,302
Subtotal, plant and animal health monitoring .....	70,888	75,018	70,988
Pest and disease management programs:			
Animal damage control operations .....	26,967	23,713	26,967
Aquaculture .....	571	567	571
Biological control .....	6,290	6,275	6,290
Boll weevil .....	16,209	6,376	16,209
Brucellosis eradication .....	21,661	19,818	21,661
Golden nematode .....	444	435	444
Gypsy moth .....	4,367	4,366	4,367
Imported fire ant .....	1,000		1,000
Miscellaneous plant diseases .....	1,516	1,533	1,516
Noxious weeds .....	404	406	404
Pink bollworm .....	1,069	1,048	1,069
Pseudorabies .....	4,518	4,481	4,518
Scrapie .....	2,967	2,931	2,967
Sweetpotato whitefly .....	1,888	1,877	1,888
Tuberculosis .....	4,948	4,920	4,948
Witchweed .....	1,662	1,638	1,662
Subtotal, pest and disease management .....	96,481	80,384	96,481
Animal care:			
Animal welfare .....	9,185	9,175	9,185
Horse protection .....	360	353	760
Subtotal, animal care .....	9,545	9,528	9,945
Scientific and technical services:			
Animal damage control methods development .....	10,951	9,672	10,275
Biotechnology/environmental protection .....	8,132	8,139	8,132
Integrated systems acquisition .....	4,000	4,000	4,000
Plant methods development laboratories .....	5,048	5,102	5,048
Veterinary biologics .....	10,360	10,345	10,360
Veterinary diagnostics .....	15,473	15,622	15,473
Subtotal, scientific and technical services .....	53,604	52,880	53,288
Contingency fund .....	4,500	4,443	4,500

## ANIMAL AND PLANT HEALTH INSPECTION SERVICE—Continued

[In thousands of dollars]

	Fiscal year 1997 enacted	Fiscal year 1998 budget request	Committee recommenda- tions
Total, salaries and expenses .....	434,909	424,491	437,183
Recap:			
Appropriated .....	334,909	324,491	337,183
Agricultural quarantine inspection user fees <sup>1</sup> .....	98,000	100,000	100,000

<sup>1</sup> An additional \$37,300,000 in 1997 and \$41,000,000 in 1998 is anticipated from farm bill direct appropriation.

*Agricultural quarantine inspection [AQI].*—The Federal Agriculture Improvement and Reform [FAIR] Act (Public Law 104–127) makes amounts in excess of \$100,000,000 in the AQI user fee account directly available for program operations. Amounts collected in the user fee account up to \$100,000,000 are subject to appropriation. Accordingly, the Committee has provided \$100,000,000 from the AQI user fee account. The Department has estimated that an additional \$41,000,000 will be collected and available as provided in the FAIR Act (Public Law 104–127).

The Committee recognizes the importance of protecting domestic agriculture in the continental United States from the introduction of pests while at the same time not disrupting the tourist traffic in Hawaii. In part, this is achieved by providing adequate airport inspections in Hawaii of passengers and cargo destined for the U.S. mainland. The Committee has provided an additional \$200,000 above the 1997 level to support the addition of 21 full-time inspection positions to supplement existing resources devoted to agriculture quarantine inspection at Hawaii's direct departure and interline airports. The Committee urges APHIS to pursue cost-saving, innovative approaches, and hiring practices for preclearance baggage inspection.

In addition to establishing treatment protocols, the Committee encourages the Department to actively seek alternative protocols that allow for the expansion of domestic markets for fresh agricultural products grown in Hawaii while minimizing the pest risks to mainland agriculture.

*Pest disease and exclusion.*—The Committee is concerned with the erosion of APHIS' ability to prevent the illegal or inadvertent entry of tick-infested cattle across the Mexican border of Texas. The Committee has provided funds for the cattle ticks program to ensure that APHIS maintains current staffing levels.

*International programs.*—The Committee encourages the agency to work with the Mexican/American Bi-National Committee on Brucellosis and Bovine Tuberculosis to check areas of Mexico for eradication of cattle brucellosis and tuberculosis. This assistance is essential to prevent infection of areas in the United States where these diseases have been eradicated successfully.

*Import-export inspection.*—The Committee understands that the Department is considering a proposal to close the animal inspection facilities in Derby Line, VT, and Champlain, NY. The Committee requests that USDA consider the cost savings which could be achieved at these stations by keeping both facilities open on an ap-

pointment-only basis 1 day a week. In addition, the Department should explore the possibility of utilizing Canada's new livestock inspection facility in Lacolle, Canada, in place of its current facility in Champlain.

*Plant protection and quarantine.*—The Committee directs the agency to fill vacancies at the Gulfport office once the Southeast Regional Office of the U.S. Department of Agriculture Plant Protection and Quarantine is transferred to the eastern hub.

*Animal health monitoring and surveillance.*—The Committee intends that \$500,000 be used by APHIS to sponsor a project to develop a reliable livestock identification and tracking system to monitor, control, eradicate animal diseases, and enhance the safety of the Nation's meat supply.

The Committee remains concerned that funding for the National Poultry Improvement Program has declined in recent years. The Committee indicated in the report accompanying the fiscal year 1997 act that it expected the agency to enhance funding for this activity. This has not occurred to date. The Committee directs the agency to restore funding for this program in fiscal year 1998.

*Pest detection.*—The Committee is aware of the significant economic risk the recent discovery of Asian long-horned beetles in New York poses to maple trees in the Northeast. The Committee provides funding for APHIS to conduct a detection survey to prevent future infestations. The survey should include notification to all port personnel and increased monitoring of imported cargo made of heavy wood crating or blocking from China, Japan, or the Malaysian peninsula.

The Committee supports current plans by the agency to provide assistance to producers who have suffered losses due to karnal bunt.

*Animal damage control.*—Funding at the fiscal year 1997 level is included to continue cattail management and blackbird control efforts in North and South Dakota and Louisiana.

The Committee encourages cost sharing of control activities to the maximum extent possible in regard to resident wildlife control in all States.

The Committee includes an additional \$150,000 from the fiscal year 1997 level for the beaver damage control assistance program to further reduce beaver damages in the Delta National Forest and other areas in Mississippi.

The Committee maintains funding at the fiscal year 1997 level for the cooperative agreement with the Hawaii Agriculture Research Center, formerly known as the Hawaiian Sugar Planters Association, for rodent control in sugarcane and macadamia nut crops.

The Committee provides the 1997 level of funding to continue depredation efforts on fish-eating birds. The Committee also directs animal damage control to work jointly with the U.S. Fish and Wildlife Service to evaluate and implement population management strategies for fish-eating bird species at nesting, roosting, and wintering sites when depredating on commercial, sport, or forage fish in the mid-South.

Funding is continued at the fiscal year 1997 level for the Jack H. Berryman Institute of Wildlife Damage Management in Utah.

The Committee provides an increase of \$115,000 for the coyote control program for sheep operators in West Virginia. Predators have been the primary obstacle to sheep production in the State.

The Committee is concerned about the spread of raccoon rabies in the Northeast and directs the agency to begin the elimination of the spread of rabies in this area within available funds for this purpose.

The Committee provides an additional \$455,000 from the fiscal year 1997 level for the Texas Oral Rabies Vaccination Program to halt the spread of the rabies virus.

The U.S. Trade Representative is currently negotiating with Canada, Russia, and the European Community to develop an international standard for humane traps which would eliminate the need for the import ban of furs taken with steel leghold traps. The Committee provides \$350,000 for APHIS to initiate the National Trap Testing Program to test a variety of trap types to determine the most humane design while maintaining efficiency.

The Committee expects the Department to maintain the animal damage control office in Vermont at the fiscal year 1997 level.

The Committee believes that nonlethal methods of control should be the practice of choice when appropriate.

*Avocados.*—The Committee expects APHIS to provide an update on the protocol for importation of Mexican avocados. The Committee encourages APHIS to work with the U.S. avocado growers in implementing procedures to meet phytosanitary standards.

*Horse protection.*—The Committee expects the Secretary to issue regulations expeditiously for the Commercial Transportation of Equine for Slaughter Act. The Committee has included funding for enforcement and expects the Secretary to enforce this program.

*Silverleaf whitefly.*—The Committee encourages APHIS to continue its work on the silverleaf whitefly to develop an effective control program.

*Grasshopper/Mormon cricket control.*—The Committee recognizes the seriousness of grasshopper population control to the health of both rangeland and crop production in Western States. The Committee expects the agency to use moneys available in the no-year reserve fund for the management of western grasshopper and Mormon cricket populations. Furthermore, should the need arise, the Committee directs APHIS to supplement funds for grasshopper and Mormon cricket control as a priority use of its contingency funds.

*Imported fire ants.*—The Committee provides funds at the fiscal year 1997 level for the continuation of the work that is being conducted at the University of Arkansas at Monticello and to coordinate such activities with the cooperative extension abatement program.

*Noxious weeds.*—The Committee provides an increase of \$50,000 for APHIS to initiate a demonstration project on kudzu and includes language in the bill to designate kudzu as a noxious weed.

The Committee expects APHIS to continue funding for eradication of orbanche ramosa in Texas.

## BUILDINGS AND FACILITIES

Appropriations, 1997 .....	\$3,200,000
Budget estimate, 1998 .....	7,200,000
Committee recommendation .....	4,200,000

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

## COMMITTEE RECOMMENDATIONS

For buildings and facilities of the Animal and Plant Health Inspection Service, the Committee recommends an appropriation of \$4,200,000. This amount is \$1,000,000 more than the 1997 level and \$3,000,000 less than the budget request.

The Committee has provided an increase of \$1,000,000 for APHIS to plan, develop, and construct a quarantine facility in Montana in which to hold and test bison leaving the confines of Yellowstone National Park. The State of Montana is responsible for providing the land necessary for the facility.

## AGRICULTURAL MARKETING SERVICE

## MARKETING SERVICES

Appropriations, 1997 .....	\$38,507,000
Budget estimate, 1998 .....	49,786,000
Committee recommendation .....	49,627,000

The Agricultural Marketing Service was established by the Secretary of Agriculture on April 2, 1972. AMS carries out programs authorized by some 31 different statutory authorities, the primary ones being the Agricultural Marketing Act of 1946 (7 U.S.C. 1621-1627); the U.S. Cotton Standards Act (7 U.S.C. 51-65); the Cotton Statistics and Estimates Act (7 U.S.C. 471-476); the Tobacco Inspection Act (7 U.S.C. 511-511q); the Perishable Agricultural Commodities Act (7 U.S.C. 499a-499s); the Egg Products Inspection Act (21 U.S.C. 1031-1056); and section 32 (15 U.S.C. 713c).

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

## COMMITTEE RECOMMENDATIONS

For marketing services of the Agricultural Marketing Service, the Committee recommends an appropriation of \$49,627,000. This amount is \$11,120,000 more than the 1997 appropriation and \$159,000 less than the budget request.

The Committee's recommendation includes all savings in Federal employment costs identified in the budget request as a result of streamlining efforts, and the increased funding requested to operate the Pesticide Data Program and to continue implementation of the Organic Certification Program. The Committee also provides an increase of \$1,050,000 for AMS marketing assistance to Alaska.

The Committee is concerned by the delay in the promulgation of standards necessary for the full implementation of the Organic Certification Program and strongly urges the Department to publish the final rule as soon as possible.

#### LIMITATION ON ADMINISTRATIVE EXPENSES

Limitation, 1997 .....	(\$59,012,000)
Budget limitation, 1998 .....	(59,521,000)
Committee recommendation .....	(59,521,000)

The Omnibus Budget Reconciliation Act of 1981 (Public Law 97-35) initiated a system of user fees for the cost of grading and classing tobacco, cotton, naval stores, and for warehouse examination. These activities, authorized under the U.S. Cotton Standards Act, the Tobacco Inspection Act, the Naval Stores Act, the U.S. Warehouse Act, and other provisions of law are designed to facilitate commerce and to protect participants in the industry.

#### COMMITTEE RECOMMENDATIONS

The Committee recommends a limitation on administrative expenses of the Agricultural Marketing Service of \$59,521,000. This amount is \$509,000 more than the 1997 level and the same as the budget request.

#### FUNDS FOR STRENGTHENING MARKETS, INCOME, AND SUPPLY

##### (SECTION 32)

Appropriations, 1997 .....	\$10,576,000
Budget estimate, 1998 .....	10,690,000
Committee recommendation .....	10,690,000

Under section 32 of the act of August 24, 1935, (7 U.S.C. 612c), an amount equal to 30 percent of customs receipts collected during each preceding calendar year and unused balances are available for encouraging the domestic consumption and exportation of agricultural commodities. An amount equal to 30 percent of receipts collected on fishery products is transferred to the Department of Commerce. Additional transfers to the child nutrition programs of the Food and Consumer Service have been provided in recent appropriation acts.

The following table reflects the status of this fund for fiscal years 1996-98:

#### ESTIMATED TOTAL FUNDS AVAILABLE AND BALANCE CARRIED FORWARD—FISCAL YEARS 1996-98

	Fiscal year—		
	1996 actual	1997 current estimate	1998 current estimate
Appropriation (30 percent of customs receipts) ...	\$6,263,764,062	\$5,923,376,725	\$5,799,067,890
Less rescission .....	- 5,000,000	.....	.....
Less transfers:			
Food and Consumer Service .....	- 5,597,858,000	- 5,433,753,000	- 5,151,391,000
Commerce Department .....	- 72,893,162	- 66,381,020	- 66,381,000
Total, transfers .....	- 5,670,751,162	- 5,500,134,020	- 5,217,772,000



ESTIMATED TOTAL FUNDS AVAILABLE AND BALANCE CARRIED FORWARD—FISCAL YEARS 1996–  
98—Continued

	Fiscal year—		
	1996 actual	1997 current estimate	1998 current estimate
Budget authority .....	588,012,900	423,242,705	581,295,890
Unobligated balance available, start of year .....	235,129,235	300,000,000	152,711,705
Recoveries of prior-year obligations .....	739,082		
Available for obligation .....	823,881,217	723,242,705	734,007,595
Less obligations:			
Commodity procurement:			
Child nutrition purchases .....	399,084,074	400,000,000	400,000,000
Emergency surplus removal .....	56,171,527	139,900,000	
Diversion payments .....		11,000,000	
Disaster relief .....	1,167,904	2,900,000	
Sunflower and cottonseed oil pur- chases .....	23,900,000		
Total, commodity procurement ....	480,323,505	553,800,000	400,000,000
Administrative funds:			
Commodity Purchase Service .....	5,733,351	6,155,000	6,198,000
Marketing agreements and orders .....	10,016,377	10,576,000	10,690,000
Total, administrative funds .....	15,749,728	16,731,000	16,888,000
Total, obligations .....	496,073,233	570,531,000	416,888,000
Carryout .....	327,807,984	152,711,705	317,119,595
Return to Treasury .....	27,807,984		17,119,595
Unobligated balance available, end of year .....	300,000,000	152,711,705	300,000,000

COMMITTEE RECOMMENDATIONS

The Committee recommends a transfer from section 32 funds of \$10,690,000 for the formulation and administration of marketing agreements and orders. This amount is the same as the budget estimate and \$114,000 more than the 1997 amount.

In fiscal year 1997, \$13,700,000 of section 32 funding has been spent to purchase and distribute salmon for donation to schools, institutions, and other domestic feeding programs. The Committee expects the Agricultural Marketing Service [AMS] to continue to assess the existing inventories of canned pink salmon, pouched pink salmon, and salmon nuggets made from chum salmon and determine whether or not there is a surplus and continued low prices in fiscal year 1998. If there is surplus salmon and continued low prices in fiscal year 1998, the Committee encourages the Department to purchase surplus salmon.

## PAYMENTS TO STATES AND POSSESSIONS

Appropriations, 1997 .....	\$1,200,000
Budget estimate, 1998 .....	1,200,000
Committee recommendation .....	1,200,000

The Federal-State Marketing Improvement Program [FSMIP] 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 RECOMMENDATIONS

For payments to States and possessions for Federal-State marketing projects and activities, the Committee provides \$1,200,000. This amount is the same as the budget request and the 1997 appropriation.

## GRAIN INSPECTION, PACKERS AND STOCKYARDS ADMINISTRATION

## SALARIES AND EXPENSES

Appropriations, 1997 .....	\$23,128,000
Budget estimate, 1998 .....	25,722,000
Committee recommendation .....	23,583,000

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

## COMMITTEE RECOMMENDATIONS

For salaries and expenses of the Grain Inspection, Packers and Stockyards Administration, the Committee recommends an appropriation of \$23,583,000. This amount is \$2,139,000 less than the budget request and \$455,000 more than the amount provided for 1997.

The Committee's recommendation assumes the savings identified in the budget from Federal employment reductions due to streamlining and provides \$700,000 of the increased funding requested for packer competition and industry structure.

INSPECTION AND WEIGHING SERVICES

LIMITATION ON INSPECTION AND WEIGHING SERVICES EXPENSES

Limitation, 1997 .....	(\$43,207,000)
Budget limitation, 1998 .....	(43,092,000)
Committee recommendation .....	(43,092,000)

The Agency provides an official grain inspection and weighing system under the U.S. Grain Standards Act [USGSA], and official inspection of rice and grain-related products under the Agricultural Marketing Act [AMA] of 1946. The USGSA was amended in 1981 to require the collection of user fees to fund the costs associated with the operation, supervision, and administration of Federal grain inspection and weighing activities.

COMMITTEE RECOMMENDATIONS

The Committee recommends a \$43,092,000 limitation on inspection and weighing services expenses. This amount is the same as the budget estimate and \$115,000 less than the 1997 amount.

OFFICE OF THE UNDER SECRETARY FOR FOOD SAFETY

Appropriations, 1997 .....	\$446,000
Budget estimate, 1998 .....	583,000
Committee recommendation .....	446,000

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

COMMITTEE RECOMMENDATIONS

For the Office of the Under Secretary for Food Safety, the Committee recommends an appropriation of \$446,000. This amount is the same as the level provided for 1997 and \$137,000 less than the budget request.

FOOD SAFETY AND INSPECTION SERVICE

Appropriations, 1997 .....	\$574,000,000
Budget estimate, 1998 .....	591,209,000
Committee recommendation .....	590,614,000

The major objectives of the Food Safety and Inspection 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; and provide continuous in-plant inspection to egg processing plants under the Egg Products Inspection Act.

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 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 RECOMMENDATIONS

For the Food Safety and Inspection Service, the Committee recommends an appropriation of \$590,614,000. This amount is \$16,614,000 more than the amount provided in 1997 and \$595,000 less than the budget request.

The following table represents the Committee's specific recommendations for the Food Safety and Inspection Service:

#### FOOD SAFETY AND INSPECTION SERVICE SALARIES AND EXPENSES

	1997 estimates	1998 budget request	Committee recommendation
Slaughter inspection .....	\$325,283,000	\$335,863,000	\$335,863,000
Processing inspection .....	135,777,000	139,545,000	139,545,000
Egg product inspection .....	11,272,000	11,495,000	11,495,000
Import/export inspection .....	12,674,000	13,051,000	13,051,000
Laboratory services .....	19,845,000	20,275,000	20,775,000
Pathogen reduction program .....	18,902,000	19,600,000	19,600,000
Field automation and information management .....	8,525,000	8,525,000	7,400,000
Grants to States .....	41,728,000	42,855,000	42,885,000
<b>Total .....</b>	<b>574,000,000</b>	<b>591,209,000</b>	<b>590,614,000</b>

The Committee's recommendations include the full amount requested in the budget for the food safety initiative to reduce the risk of foodborne illness and to fully implement the hazard analysis and critical control points [HACCP] inspection system. The Committee remains in strong support of the new HACCP inspection system and expects the Department to expeditiously implement this system. The agency's target is for all HACCP regulatory reforms to be completed in 1999. The organoleptic inspection system is to be maintained until HACCP is fully in place. The Committee is opposed to mandating any food safety activities at the animal production site.

The Committee has deferred funding for automated data processing and telecommunications technology pending the completion and review of the Departmentwide information systems technology architecture. The Committee is aware of the agency's ability to request a waiver for upgraded automated data processing and telecommunications technology. Should a waiver be granted, the Committee expects the agency to use the appropriated amount for field automation and information management only. However, the Committee feels strongly that the agency should honor the moratorium.

The Committee remains concerned that the Food Safety and Inspection Service has not promulgated regulations governing the storage and transportation of shell eggs. Legislation enacted in 1991 mandates the promulgation of regulations on this issue with

which the agency has not complied. It is the Committee's understanding that a rule could be published by the end of 1997. The Committee directs the agency to do so by December 31, 1997.

OFFICE OF THE UNDER SECRETARY FOR FARM AND FOREIGN  
AGRICULTURAL SERVICES

Appropriations, 1997 .....	\$572,000
Budget estimate, 1998 .....	580,000
Committee recommendation .....	572,000

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

COMMITTEE RECOMMENDATIONS

For the Office of the Under Secretary for Farm and Foreign Agricultural Services, the Committee recommends an appropriation of \$572,000. This amount is the same as the 1997 appropriation and \$8,000 less than the budget request.

FARM SERVICE AGENCY

The Farm Service Agency [FSA] was established by the Department of Agriculture Reorganization Act of 1994, Public Law 103-354, enacted October 13, 1994. Originally called the Consolidated Farm Service Agency, the name was changed to the Farm Service Agency on November 8, 1995. The FSA administers the commodity price support and production adjustment programs financed by the Commodity Credit Corporation, the warehouse examination function, the Conservation Reserve Program [CRP], and several other cost-share programs; the Noninsured Crop Disaster Assistance Program [NAP]; and farm ownership and operating, and emergency disaster and other loan programs.

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

*Marketing assistance loan program, price support programs, and other loan and related programs.*—The 1996 act provides for marketing assistance loans to producers of contract commodities, extra long staple [ELS] cotton, and oilseeds for the 1996 through 2002 crops. With the exception of ELS cotton, these nonrecourse loans are characterized by loan repayment rates that may be determined to be less than the principal plus accrued interest per unit of the commodity. However, with respect to cotton and rice, the Secretary must allow repayment of marketing loans at the adjusted world price. And, specifically with respect to the cotton marketing assistance loan, the program continues to provide for redemption at the lower of the loan principal plus accrued storage and interest, or the adjusted world price. The three-step competitiveness provisions are unchanged, except that the total expenditures under step 2 during the next 7 years cannot exceed \$701,000,000. Producers have the option of taking a loan deficiency payment, if available, in lieu of the marketing assistance loan.

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

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

The 1996 act amended the payment limitation provisions in the Food Security Act of 1985, as amended (1985 act), by changing the annual \$50,000 payment limit per person for deficiency and diversion payments to an annual \$40,000 payment limit per person for contract payments. The annual \$75,000 payment limit per person applicable to combined marketing loan gains and loan deficiency payments for all commodities that was in effect for the 1991 through 1995 crop years continues through the 2002 crop year. Similarly, the three entity rule is continued.

*Commodity Credit Corporation program activities.*—Various price support and related programs have been authorized in numerous legislative enactments since the early 1930's. Operations under these programs are financed through the Commodity Credit Corporation. Personnel and facilities of the Farm Service Agency are utilized in the administration of the Commodity Credit Corpora-

tion, and the Administrator of the Agency is also Executive Vice President of the Corporation.

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

*Foreign assistance programs and other special activities.*—Various surplus disposal programs and other special activities are conducted pursuant to 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.*—FSA reviews applications, makes and collects loans, and provides technical assistance and guidance to borrowers. Under credit reform, administrative costs associated with agricultural credit insurance fund [ACIF] loans are appropriated to the ACIF program account and transferred to FSA salaries and expenses.

*Risk management.*—Noninsured Crop Disaster Assistance Program [NAP] which provides crop loss protection for growers of many crops for which crop insurance is not available.

#### SALARIES AND EXPENSES

	Appropriations	Transfers from program accounts	Total, FSA, salaries and expenses
Appropriations, 1997 .....	\$746,440,000	\$209,780,000	\$956,220,000
Budget estimate, 1998 .....	742,789,000	211,324,000	954,113,000
Committee recommendation .....	700,659,000	211,265,000	911,924,000

The account "Salaries and expenses, Farm Service Agency," funds the administrative expenses of program administration and other functions assigned to FSA. The funds consist of appropriations and transfers from the CCC export credit guarantees, Public Law 480 loans, and agricultural credit insurance fund program accounts, and miscellaneous advances from other sources. All administrative funds used by FSA are consolidated into one account. The consolidation provides clarity and better management and control of funds, and facilitates accounting, fiscal, and budgetary work by eliminating the necessity for making individual allocations and allotments and maintaining and recording obligations and expenditures under numerous separate accounts.

#### COMMITTEE RECOMMENDATIONS

For salaries and expenses of the Farm Service Agency, the Committee recommends \$911,924,000. This is \$44,296,000 less than the 1997 level and \$42,189,000 less than the budget request.

The Committee is encouraged by the agency's effort to reduce its expenses to prevent an additional 500 Farm Service Agency field offices from being closed in fiscal year 1998, as proposed in the President's budget.

In executing its current office streamlining, the Committee directs USDA to base any closure decisions on workload and complexity rather than geography and arbitrary distances between county offices.

STATE MEDIATION GRANTS

Appropriations, 1997 .....	\$2,000,000
Budget estimate, 1998 .....	4,000,000
Committee recommendation .....	2,000,000

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

COMMITTEE RECOMMENDATIONS

The Committee recommends \$2,000,000 for State mediation grants. This is the same as the amount provided in 1997 and \$2,000,000 less than the budget request.

DAIRY INDEMNITY PROGRAM

Appropriations, 1997 .....	\$100,000
Budget estimate, 1998 .....	100,000
Committee recommendation .....	550,000

Under the program, the Department makes indemnification payments to dairy farmers and manufacturers of dairy products who, through no fault of their own, suffer losses because they are directed to remove their milk from commercial markets due to contamination of their products by registered pesticides. The program also authorizes indemnity payments to dairy farmers for losses resulting from the removal of cows or dairy products from the market due to nuclear radiation or fallout.

COMMITTEE RECOMMENDATIONS

For the dairy indemnity program, the Committee recommends \$550,000. This is \$450,000 more than the 1997 amount and the budget request. The additional amount provided by the Committee represents the Department's estimate of currently unfunded fiscal year 1997 claims under the program.

AGRICULTURAL CREDIT INSURANCE FUND PROGRAM ACCOUNT

The Agricultural Credit Insurance Fund Program Account is used to insure or guarantee farm ownership, farm operating, and emergency loans to individuals, as well as the following types of loans to associations: irrigation and drainage, grazing, Indian tribe land acquisition and boll weevil eradication. The insurance endorsement on each insured loan may include an agreement by the Government to purchase the loan after a specified initial period.

FSA is also authorized to provide financial assistance to borrowers by guaranteeing loans made by private lenders having a contract of guarantee from FSA as approved by the Secretary of Agriculture.

The following programs are financed through this fund:



*Farm ownership loans.*—Made to borrowers who cannot obtain credit elsewhere to restructure their debts, improve or purchase farms, refinance nonfarm enterprises which supplement but do not supplant farm income, or make additions to farms. An insured loan may not exceed \$200,000 and a guaranteed loan may not exceed \$300,000. Loans are made for 40 years or less.

*Farm operating loans.*—Provide short-to-intermediate term production or chattel credit to farmers who cannot obtain credit elsewhere, to improve their farm and home operations, and to develop or maintain a reasonable standard of living. An insured loan may not exceed \$200,000 and a guaranteed loan is limited to \$400,000. The term of the loan varies from 1 to 7 years.

*Emergency disaster loans.*—Made available in designated areas (counties) and in contiguous counties where property damage and/or severe production losses have occurred as a direct result of a natural disaster. Areas may be declared by the President or designated for emergency loan assistance by the Secretary of Agriculture. The loan may be up to \$500,000.

*Credit sales of acquired property.*—Property is sold out of inventory and is made to an eligible buyer by providing FSA loans.

*Indian tribe land acquisition loans.*—Made 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.

*Boll weevil eradication loans.*—Made to assist foundations in financing the operations of the boll weevil eradication programs provided to farmers.

#### COMMITTEE RECOMMENDATIONS

The Committee recommends a total level for farm loans of \$2,940,653,000. This is \$140,071,000 less than the 1997 level and \$108,825,000 more than the budget request.

The Committee has continued funding for the operation of a loan program to be made available to grower organizations authorized to carry out activities related to boll weevil eradication. The Committee expects USDA to ensure that these loans supplement rather than replace funds directly provided to APHIS to meet its cost share of the boll weevil eradication program.

The following table reflects the program levels for farm credit programs administered by the Consolidated Farm Service Agency recommended by the Committee, as compared to 1997, and the budget request:

#### AGRICULTURAL CREDIT PROGRAMS—LOAN LEVELS

[In thousands of dollars]

	1997 enacted	1998 budget	Committee recommendation
Farm ownership:			
Direct .....	50,000	30,828	60,000
Guaranteed .....	550,000	400,000	400,000

## AGRICULTURAL CREDIT PROGRAMS—LOAN LEVELS—Continued

[In thousands of dollars]

	1997 enacted	1998 budget	Committee recommendation
Farm operating:			
Direct <sup>1</sup> .....	445,071	450,000	495,000
Unsubsidized guaranteed .....	1,700,000	1,700,000	1,700,000
Subsidized guaranteed .....	200,000	200,000	200,000
Indian tribe land acquisition .....	1,000	1,000	1,000
Emergency disaster .....	25,000	25,000	25,000
Boll weevil eradication loans .....	34,653	.....	34,653
Credit sales of acquired property .....	25,000	25,000	25,000
Total, farm loans .....	3,080,724	2,831,828	2,940,653

<sup>1</sup>Includes estimated \$50,000,000 increase funded by supplemental subsidy appropriation provided by Public Law 105-18.

## ESTIMATED LOAN SUBSIDY AND ADMINISTRATIVE EXPENSES LEVELS

	Insured loan subsidy	Guaranteed loan subsidy	Total subsidy	Administrative expenses
Appropriations, 1997 .....	\$80,818,000	\$59,665,000	\$140,483,000	\$221,046,000
Budget estimate, 1998 .....	42,980,000	54,610,000	97,590,000	219,861,000
Committee recommendation .....	47,809,000	54,610,000	102,419,000	219,861,000

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

## COMMITTEE RECOMMENDATIONS

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

[In thousands of dollars]

	1997 enacted	1998 budget	Committee recommendation
Loan subsidies:			
Farm ownership:			
Direct .....	5,920	4,020	5,940
Guaranteed .....	22,055	15,440	15,440
Farm operating:			
Direct <sup>1</sup> .....	65,450	29,565	32,224
Unsubsidized guarantees .....	19,210	19,890	19,890
Subsidized guarantees .....	18,400	19,280	19,280
Indian tribe land acquisition .....	54	132	132
Emergency disaster .....	6,365	6,008	6,008
Boll weevil eradication loans .....	499	.....	250
Credit sales of acquired properties .....	2,530	3,255	3,255
Total, loan subsidies .....	140,483	97,590	102,419
ACIF expenses .....	221,046	219,861	219,861

<sup>1</sup>Includes \$6,300,000 supplemental appropriation for the subsidy costs of additional loans provided by Public Law 105-18.

## RISK MANAGEMENT AGENCY

## ADMINISTRATIVE AND OPERATING EXPENSES

Appropriations, 1997 .....	\$64,000,000
Budget estimate, 1998 <sup>1</sup> .....	271,036,000
Committee recommendation <sup>1</sup> .....	266,571,000

<sup>1</sup> Includes \$202,571,000 for sales commissions to agents.

Under the Federal Agriculture Improvement and Reform Act of 1996 [FAIR Act], risk management activities previously performed by the Farm Service Agency will be performed by the new Risk Management Agency.

Risk management includes 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. Functional areas of risk management 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 RECOMMENDATIONS

For the Risk Management Agency, the Committee recommends an appropriation of \$266,571,000. This is \$4,465,000 less than the budget request and \$202,571,000 more than the 1997 level. Included in the Committee's recommendation is \$64,000,000 for administrative and operating expenses and \$202,571,000 for sales commissions of agents.

## CORPORATIONS

## FEDERAL CROP INSURANCE CORPORATION FUND

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

Producers of insurable crops are eligible to receive a basic level of protection against catastrophic losses, which cover 50 percent of the normal yield at 60 percent of the expected price. The only cost to the producer is an administrative fee of \$50 per policy, or \$200 for all crops grown by the producer in a county, with a cap of \$600 regardless of the number of crops and counties involved. At least catastrophic [CAT] coverage was required for producers who participate in the commodity support, farm credit, and certain other farm programs. This coverage is available either through FSA local offices or private insurance companies. Under the Federal Agriculture Improvement and Reform [FAIR] Act of 1996, producers are offered 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]. Beginning with the 1997 crop, the Secretary began phasing out delivery of CAT coverage through the FSA offices, ex-

cept in those areas where there are insufficient private insurance providers.

The Reform Act of 1994 also provides 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 level at 100 percent price. For coverage equal to or greater than 65 percent at 100 percent of the price, the amount is equivalent to an amount equal to the premium established for 50 percent loss in yield indemnified at 75 percent of the expected market price and an amount of operating and administrative expenses.

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

FEDERAL CROP INSURANCE CORPORATION FUND

Appropriations, 1997 .....	\$1,785,013,000
Budget estimate, 1998 <sup>1</sup> .....	1,584,135,000
Committee recommendation .....	1,584,135,000

<sup>1</sup>The budget requests such sums as may be necessary to remain available until expended.

The Federal Crop Insurance Act, as amended by the Federal Crop Insurance Reform Act of 1994, authorizes the payment of expenses which may include indemnity payments, loss adjustment, delivery expenses, program-related research and development, startup costs for implementing this legislation such as studies, pilot projects, data processing improvements, public outreach, and related tasks and functions.

All program costs for 1998, except for Federal salaries and expenses, are mandatory expenditures subject to appropriation.

COMMITTEE RECOMMENDATIONS

For the Federal Crop Insurance Corporation fund, the Committee recommends an appropriation of such sums as may be necessary, estimated to be \$1,584,135,000. This is the same as the budget request and \$200,878,000 less than the amount provided in 1997.

COMMODITY CREDIT CORPORATION FUND

The Commodity Credit Corporation [CCC] is a wholly owned Government corporation created in 1933 to stabilize, support, and protect farm income and prices; to help maintain balanced and adequate supplies of agricultural commodities, including products, foods, feeds, and fibers; and to help in the orderly distribution of these commodities. CCC was originally incorporated under a Delaware charter and was reincorporated June 30, 1948, as a Federal

corporation within the Department of Agriculture by the Commodity Credit Corporation Charter Act, approved June 29, 1948 (15 U.S.C. 714).

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

Activities of the Corporation are primarily governed by the following statutes: the Commodity Credit Corporation Charter Act, as amended; the Federal Agriculture Improvement and Reform Act of 1996, Public Law 104–127 (1996 act), enacted April 4, 1996; 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 1996 act requires that the following programs be offered for the 1996 through 2002 crops: 7-year production flexibility contracts for contract commodities (wheat, feed grains, upland cotton, and rice); nonrecourse marketing assistance loans for contract commodities, extra long staple [ELS] cotton, and oilseeds; a nonrecourse loan program for peanuts; and a nonrecourse/recourse loan program for sugar. The 1996 act also requires a milk price support program that begins after enactment of the act and continues through December 31, 1999, followed by a recourse loan program for dairy product processors.

The 7-year production flexibility contracts are offered to eligible landowners and producers on a one-time basis in 1996, with some contracts being available in subsequent years for eligible contract-commodity acreage in the CRP program that, prior to 2002, is either withdrawn early or for which the contract expires. Statutorily established fixed dollar amounts are to be distributed annually among contract participants according to statutory formulas. With the exception of limitations on fruits and vegetables, contract acreage may be planted (or not planted) to any crop, but the contract acreage must be devoted to an approved agricultural use and contract participants must comply with applicable land conservation and wetland protection requirements.

Marketing assistance loans are available to producers of ELS cotton and oilseeds. Such loans are also available to producers of contract commodities, but only if the producers of such commodities are contract participants. Marketing loan provisions and loan deficiency payments are applicable to all such commodities except ELS cotton.

The peanut loan program as provided by the 1996 act is accompanied by the poundage quota program authorized the 1938 act, as amended by the 1996 act. The loan rate for quota peanuts is set

at \$610 per ton for each of the crop years, 1996 through 2002. The quota poundage floor (1.35 million tons in 1995) authorized by the 1938 act for 1995 is eliminated for the 1996 through 2002 crops. The 1996 act also amends the peanut provisions of the 1938 act pertaining to undermarketings of farm quotas and transfers of quotas across county lines.

The 1996 act created a recourse loan program for sugar that reverts to a nonrecourse loan program in a given fiscal year if the tariff rate quota for imports of sugar exceeds 1.5 million short tons (raw value) in any fiscal year, 1997–2002. The 1996 act suspends marketing allotment provisions in the 1938 act and implements a 1-cent-per-pound penalty if cane sugar pledged as collateral for a Corporation loan is forfeited. A similar penalty applies to beet sugar.

The tobacco loan program authorized by the 1949 act is supplemented by the quota and allotment programs authorized by the 1938 act. The tobacco program provisions in both acts were not affected by the 1996 act.

Milk prices are supported each year through the end of calendar year 1999 at statutorily established levels through purchases of butter, cheese, and nonfat dry milk. The calendar year 1996 support level is \$10.35 per hundredweight for milk containing 3.67 percent butterfat, and the rate declines annually to \$9.90 per hundredweight for calendar year 1999. A recourse loan program for commercial processors of dairy products begins on January 1, 2000. The recourse loan rate is to be established for eligible dairy products at a level that reflects a milk equivalent value of \$9.90 per hundredweight of milk containing 3.67 percent butterfat.

The interest rate on commodity loans secured on or after October 1, 1996, will be 1 percentage point higher than the formula which was used to calculate commodity loans secured prior to fiscal year 1997. The CCC monthly commodity loan interest rate will in effect be 1 percentage point higher than CCC's cost of money for that month. Moreover, the Corporation's use of funds for purchases of information technology equipment, including computers, is more restricted than it was prior to enactment of the 1996 act.

The 1996 act amends the 1985 act to establish the Environmental Conservation Acreage Reserve Program [ECARP], which encompasses the Conservation Reserve Program [CRP], the Wetland Reserve Program [WRP], and the Environmental Quality Incentives Program [EQIP]. Each of these programs is funded through the Corporation.

The CRP continues through fiscal year 2002, with up to 36.4 million acres enrolled at any one time. Except for lands that are determined to be of high environmental value, the Secretary is to allow participants to terminate any CRP contract entered into prior to January 1, 1995, upon written notice, provided the contract has been in effect for at least 5 years. The Secretary maintains discretionary authority to conduct future early outs and future sign-ups of lands that meet enrollment eligibility criteria.

WRP is reauthorized through the year 2002, not to exceed 975,000 acres in total enrollment. Beginning October 1, 1996, one-third of the land enrolled will be in permanent easements, one-third 30-year easements or less, and one-third wetland restoration

agreements with cost sharing; 75,000 acres of land in less than permanent easements must be placed in the program before any additional permanent easements are placed.

A new, cost-share assistance program, EQIP, is established to assist crop and livestock producers in dealing with environmental and conservation improvements on the farm. Program funding will be \$200,000,000 annually through 2002, except for fiscal year 1996 in which case funding was \$124,720,000. One-half of the available funds are for addressing conservation problems associated with livestock operations and one-half for other conservation concerns. Five- to ten-year contracts, based on a conservation plan will be used to implement the program.

The 1996 act also authorizes other new Corporation-funded conservation programs, including the conservation farm option, flood risk reduction contracts, the Wildlife Habitat Incentives Program, and the Farmland Protection Program.

Management of the Corporation is vested in a board of directors, subject to the general supervision and direction of the Secretary of Agriculture, who is an ex-officio director and chairman of the board. The board consists of seven members, in addition to the Secretary, who are appointed by the President of the United States with the advice and consent of the Senate. Officers of the Corporation are designated according to their positions in the Department of Agriculture.

The activities of the Corporation are carried out mainly by the personnel and through the facilities of the Farm Service Agency [FSA] and the Farm Service Agency [FSA] State and county committees. The Foreign Agricultural Service, the General Sales Manager, other agencies and offices of the Department, and commercial agents are also used to carry out certain phases of the Corporation's activities.

The Corporation's capital stock of \$100,000,000 is held by the United States. Under present law, up to \$30,000,000,000 may be borrowed from the U.S. Treasury, from private lending agencies, and from others at any one time. The Corporation reserves a sufficient amount of its borrowing authority to purchase at any time all notes and other obligations evidencing loans made by such agencies and others. All bonds, notes, debentures, and similar obligations issued by the Corporation are subject to approval by the Secretary of the Treasury.

Under Public Law 87-155 (15 U.S.C. 713a-11, 713a-12), annual appropriations are authorized for each fiscal year, commencing with fiscal year 1961. These appropriations are to reimburse the Corporation for net realized losses.

REIMBURSEMENT FOR NET REALIZED LOSSES

Appropriations, 1997 .....	\$1,500,000,000
Budget estimate, 1998 <sup>1</sup> .....	783,507,000
Committee recommendation .....	783,507,000

<sup>1</sup> Amount proposed to be reimbursed through a current indefinite appropriation.

COMMITTEE RECOMMENDATIONS

For the payment to reimburse the Commodity Credit Corporation for net realized losses, the Committee recommends an appropria-

tion of such sums as may be necessary, but not to exceed \$783,507,000. This is \$716,493,000 less than the amount provided for 1997. The budget requested a current indefinite appropriation and estimated the amount to be \$783,507,000.

*Food Security Commodity Reserve*

The Committee urges USAID and USDA to manage the Food Security Commodity Reserve effectively to meet international food aid commitments of the United States, including supplementing Public Law 480 title II funds to meet emergency food needs.

OPERATIONS AND MAINTENANCE FOR HAZARDOUS WASTE  
MANAGEMENT

Limitation, 1997 .....	(\$5,000,000)
Budget estimate, 1998 .....	(5,000,000)
Committee recommendation .....	(5,000,000)

The Commodity Credit Corporation's [CCC] hazardous waste management program is intended to ensure compliance with the Comprehensive Environmental Response, Compensation, and Liability Act, as amended, and the Resource Conservation and Recovery Act, as amended. Investigative and cleanup costs associated with the management of CCC hazardous waste are paid from USDA's hazardous waste management appropriation. CCC funds operations and maintenance costs only.

COMMITTEE RECOMMENDATIONS

For Commodity Credit Corporation operations and maintenance for hazardous waste management, the Committee provides a limitation of \$5,000,000. This amount is the same as the 1997 level and the budget request.



## TITLE II—CONSERVATION PROGRAMS

### OFFICE OF THE UNDER SECRETARY FOR NATURAL RESOURCES AND ENVIRONMENT

Appropriations, 1997 .....	\$693,000
Budget estimate, 1998 .....	702,000
Committee recommendation .....	693,000

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

#### COMMITTEE RECOMMENDATIONS

For the Office of the Under Secretary for Natural Resources and Environment, the Committee recommends an appropriation of \$693,000. This amount is the same as the amount provided for in 1997 and \$9,000 less than the budget request.

#### NATURAL RESOURCES CONSERVATION SERVICE

The Natural Resources Conservation Service [NRCS] was established pursuant to Public Law 103-354, the Department of Agriculture Reorganization Act of 1994 (7 U.S.C. 6962). NRCS combines the authorities of the former Soil Conservation Service as well as five natural resource conservation cost-share programs previously administered by the Agricultural Stabilization and Conservation Service. Through the years, this Service, together with the agricultural conservation programs and over 2 million conservation district cooperatives, has been a major factor in holding down pollution. The Natural Resources Conservation Service works with conservation districts, watershed groups, and the Federal and State agencies having related responsibilities in bringing about physical adjustments in land use that will conserve soil and water resources, provide for agricultural production on a sustained basis, and reduce damage by flood and sedimentation. The Service, with its dams, debris basins, and planned watersheds, provides technical advice to the agricultural conservation programs, where the Federal Government pays about one-third of the cost, and, through these programs, has done perhaps more to hold down pollution than any other activity. These programs and water sewage systems in rural areas tend to hold pollution back from the areas of greatest damage, the rivers and harbors near our cities.

The conservation activities of the Natural Resources Conservation Service are guided by the priorities and objectives as set forth in the National Conservation Program [NCP] which was prepared in response to the provisions of the Soil and Water Resources Con-

servation Act of 1977 [RCA] (Public Law 95–192). The long-term objectives of the program are designed to maintain and improve the soil, water, and related resources of the Nation’s nonpublic lands by: reducing excessive soil erosion; improving irrigation efficiencies; improving water management; reducing upstream flood damages; improving range condition; and improving water quality.

#### CONSERVATION OPERATIONS

Appropriations, 1997 .....	\$619,742,000
Budget estimate, 1998 <sup>1</sup> .....	722,268,000
Committee recommendation <sup>1</sup> .....	729,880,000

<sup>1</sup> Includes funding for the watershed surveys and planning and technical assistance for watershed and flood prevention operations.

Conservation operations is authorized by Public Law 74–46 (16 U.S.C. 590a–590f). Activities include:

*Conservation technical assistance.*—Provides assistance to district cooperators and other land users in the planning and application of conservation treatments to control erosion and improve the quantity and quality of soil resources, improve and conserve water, enhance fish and wildlife habitat, conserve energy, improve woodland, pasture and range conditions, and reduce upstream flooding; all to protect and enhance the natural resource base.

Inventory and monitoring provides soil, water, and related resource data for land conservation, use, and development; guidance of community development; identification of prime agricultural producing areas that should be protected; use in protecting the quality of the environment; and issuance of periodic inventory reports of resource conditions.

Resource appraisal and program development ensures that programs administered by the Secretary of Agriculture for the conservation of soil, water, and related resources shall respond to the Nation’s long-term needs.

*Soil surveys.*—Inventories the Nation’s basic soil resources and determines land capabilities and conservation treatment needs. Soil survey publications include interpretations useful to cooperators, other Federal agencies, State, and local organizations.

*Snow survey and water forecasting.*—Provides estimates of annual water availability from high mountain snow packs and relates to summer stream flow in the Western States and Alaska. Information is used by agriculture, industry, and cities in estimating future water supplies.

*Plant materials centers.*—Assembles, tests, and encourages increased use of plant species which show promise for use in the treatment of conservation problem areas.

*Water resources assistance.*—Beginning in 1998, the salaries and expenses component of the watershed and flood prevention operations and the entire watershed surveys and planning will be incorporated into the “Conservation operations” account.

#### COMMITTEE RECOMMENDATIONS

For conservation operations, the Committee recommends an appropriation of \$729,880,000. This amount is \$110,138,000 more than the 1997 level and \$7,612,000 more than the budget estimate. Included in the Committee’s recommendation is funding for the wa-

tershed surveys and planning and technical assistance for watershed and flood prevention operations. However, the Committee expects the agency to maintain current levels of technical assistance for watershed surveys and planning and watershed and flood prevention operations and includes language in the bill to provide a minimum of \$80,138,000 for this purpose.

The Committee has included \$250,000, the same as the 1997 amount, for the continued support of agricultural development and resource conservation in the native Hawaiian communities serviced by the Molokai Agriculture Community Committee.

The Committee provides \$250,000, the same amount as available for 1997, to continue work on the Great Lakes Basin Program for soil and erosion sediment control.

The Committee is aware that the science of soil taxonomy and soil classification serves as the foundation for determining hydric and nonhydric characteristics for soils in the United States. Recent research conducted in the lower Mississippi Valley indicates that a significant percentage of soils commonly referred to as Sharkey series soils do not possess characteristics consistent with hydric status. Since Sharkey soils currently appear on the hydric soils list, the Committee requests that the agency initiate steps to reconcile any inconsistencies between the existing hydric soils list and the findings from research results on Sharkey soils. The Committee instructs the agency to provide the Committee with a final report regarding this matter no later than December 15, 1997.

The Committee expects the Department to work with the Corps of Engineers in funding the demonstration erosion control program.

The Committee expects NRCS to continue support of ground water activities in eastern Arkansas and programs related to Boeuf-Tensas and Bayou Meto. In addition, the Committee expects the continuation of planning and design activities for the Kuhn Bayou, AR, project.

The Committee has provided an additional \$3,500,000 above the fiscal year 1997 level for technical assistance in Franklin County, MS.

The Committee supports and encourages the Department to provide technical assistance and funding to assist the Great Lakes watershed initiative.

Also included is \$4,750,000, the same amount as provided in 1997, for continued work on the Chesapeake Bay.

The Committee supports the GIS Center for Advanced Spatial Technology in Arkansas, its development of digital soil maps, and the continuation of the National Digital Orthophotography Program. NRCS has been the lead agency within USDA for the development of GIS capabilities, and NRCS is urged to maintain its strong relationship with the center.

The Committee provides funding at the fiscal year 1997 level for the Mississippi Delta water resources study to extend this project into the next phase. This study is vitally important to the entire lower Mississippi Valley.

The Committee continues funding at the fiscal year 1997 level for the Golden Meadow, LA, Plant Materials Center for further development and commercialization of the artificial seed for smooth cord grass, which is used to prevent coastal erosion. This important bio-

technology research is done in collaboration with the Crowley, LA, Rice Research Station.

The Committee notes the economic potential for small farmers relating to the expansion of aquaculture in West Virginia and supports the development of water treatment practices for wastewater from aquaculture.

The Committee supports the Department to provide the needed financial assistance to complete the Indian Creek Watershed project in Mississippi.

The Committee includes \$400,000, the same as the fiscal year 1997 amount, to continue a pilot program for the development of techniques to address the loess hills erosion problem in Iowa.

The Committee includes an increase of \$5,000,000 from the 1997 level for the grazing land conservation assistance program begun in fiscal year 1997. The Committee encourages the agency to establish and implement a unique code within conservation operations to provide an accountability of funds used and a means of tracking accomplishments.

The Committee provides an additional \$120,000 from the 1997 level for a poultry litter composting project utilizing sawdust in West Virginia.

The Committee urges the Natural Resource Conservation Service to provide additional support to initiate work on Poinsett Channel main ditch No. 1, Arkansas.

The Committee encourages the Department to use current balances in the Colorado River Basin Salinity Control Program fund until expended, to meet existing contract obligations.

West Virginia has approximately 1.6 million acres of grazing land. Of that total, 1.3 million acres are eroding beyond the soil's ability to replenish itself. The Committee provides \$300,000, the 1997 funding level, to carry out a long-range grazing lands initiative to reduce the current erosion in West Virginia.

The Committee is concerned that the introduction of alien weed pests into Hawaii poses a serious threat to pastures, forests, and watersheds. The Committee directs the Department to work with the Hawaii Department of Agriculture in securing environmentally safe biological controls for these pests including explorations for insect and plant pathogens and to provide funds as necessary.

The Committee provides an increase of \$200,000 from the 1997 level for the NRCS to work in cooperation with the U.S. Army Corps of Engineers to develop a feasibility study for a watershed project in Waianae, HI, to alleviate and prevent the kind of flood disaster which has occurred in the area.

The Committee is aware of the need for a sound solution to reduce poultry-related pollution in the South Branch of the Potomac River. The Committee provides \$500,000 and directs the agency to work with the West Virginia Department of Agriculture to continue operation and testing of concepts such as the Micgas methane gas process at the poultry waste energy recovery [POWER] project in Moorefield, WV, and to study the feasibility of resource recovery at Franklin, WV.

## WATERSHED SURVEYS AND PLANNING

Appropriations, 1997 .....	\$12,381,000
Budget estimate, 1998 <sup>1</sup> .....	
Committee recommendation <sup>1</sup> .....	

<sup>1</sup> Funding is included under conservation operations.

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

River basin activities provide for cooperation with other Federal, State, and local agencies in making investigations and surveys of the watersheds of rivers and other waterways as a basis for the development of coordinated programs. Reports of the investigations and surveys are prepared to serve as a guide for the development of agricultural, rural, and upstream watershed aspects of water and related land resources, and as a basis for 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 for floodwater retardation, erosion control, and reduction of sedimentation in the watersheds of rivers and streams and to further the conservation, development, utilization, and disposal of water. The work of the Department in 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.

Beginning in 1998, the entire watershed surveys and planning will be incorporated into the "Conservation operations" account.

## COMMITTEE RECOMMENDATIONS

The Committee concurs with the budget request and includes funding for watershed surveys and planning under conservation operations.

## WATERSHED AND FLOOD PREVENTION OPERATIONS

Appropriations, 1997 .....	\$101,036,000
Budget estimate, 1998 <sup>1</sup> .....	40,000,000
Committee recommendation <sup>1</sup> .....	40,000,000

<sup>1</sup> Funding for technical assistance is included under conservation operations.

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 between the Federal Government and the States and their 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 Natural Resources Conservation Service has general responsibility for administration of activities which include cooperation with local sponsors, State, and other public agencies in the installation of planned works of improvement to reduce erosion, floodwater, and sediment damage; conserve, develop, utilize, and dispose of water; plan and install works of improvement for flood prevention including the development of recreational facilities and the improvement of fish and wildlife habitat; and loans to local organizations to help finance the local share of the cost of carrying out planned watershed and flood prevention works of improvement.

Beginning in 1998, the salaries and expenses component of this account will be incorporated into the "Conservation operations" account.

#### COMMITTEE RECOMMENDATIONS

For watershed and flood prevention operations, the Committee recommends an appropriation of \$40,000,000. This amount is \$61,036,000 less than the 1997 appropriation and the same as the budget request.

The Committee understands that the budget includes funding for the following projects, which the Committee supports: the Little Sioux and Mosquito Creek projects in Iowa; the Little Auglaize watershed in Ohio; the Bush River in Virginia; and supports the continuation of the Potomac headwaters project in West Virginia at a level of \$1,800,000.

The Committee expects NRCS to continue to work on the necessary resources to complete innovative community-based comprehensive resource management plans for West Virginia communities devastated by these flood events.

The Committee is aware of limited water storage and inefficient delivery systems on the islands of Hawaii and Maui which are unable to mitigate persistent drought conditions and conserve water to support diversified agriculture activities. The Committee encourages the Department to raise the priority of developing this storage capacity and improving the efficiency of the delivery systems.

The Committee is aware of outstanding emergency watershed needs in the following Mississippi counties: Adams, Alcorn, Claiborne, Covington, DeSoto, Forrest, Grenada, Hinds, Holmes, Itawamba, Jones, Leake, Lee, Lowndes, Madison, Monroe, Neshoba, Panola, Perry, Pontotoc, Prentiss, Rankin, Tippah, Union, Warren, Benton, Copiah, Hancock, Jackson, Lauderdale, Leflore, Marshall, Montgomery, Simpson, Tallahatchie, Tate, Webster, Winston, Lamar, and Yazoo. The Committee encourages the Department to give consideration to these outstanding needs when allocating funds to the States. Other outstanding emergency watershed needs are: Tioga County, PA; Deadman-Bullard project, Lakeview, OR; Port Gibson, MS; and Seely Creek, NY.

The Committee is aware of the need for a cost-share pilot flood plain project for the Tygart River basin in West Virginia.

The Committee encourages the Department to complete work on the following projects: Lower Otter and Dead Creek, lower Winooski River, the Barton and Clyde River projects in Vermont; the Park River Dam in North Dakota; and the South Delta watershed project in Mississippi.

The Committee remains aware of continuous flooding in the Devils Lake basin in North Dakota, and notes that the lake has risen 20 feet over the past 5 years. The Committee encourages the Natural Resource Conservation Service, with the cooperation of the Farm Services Agency, to assist in the locally coordinated flood response and water management activities being developed with the Federal Emergency Management Agency. NRCS and FSA should continue to utilize conservation programs in providing water holding and storage areas on private land as necessary intermediate measures in watershed management.

#### RESOURCE CONSERVATION AND DEVELOPMENT

Appropriations, 1997 .....	\$29,377,000
Budget estimate, 1998 .....	47,700,000
Committee recommendation .....	47,700,000

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

#### COMMITTEE RECOMMENDATIONS

For resource conservation and development, the Committee recommends an appropriation of \$47,700,000. This amount is \$18,323,000 more than the 1997 level and the same as the budget estimate.

#### FORESTRY INCENTIVES PROGRAM

Appropriations, 1997 .....	\$6,325,000
Budget estimate, 1998 .....	6,325,000
Committee recommendation .....	6,325,000

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

## COMMITTEE RECOMMENDATIONS

For the Forestry Incentives Program, the Committee recommends an appropriation of \$6,325,000. This amount is the same as the 1997 appropriation and the budget request.

## OUTREACH FOR SOCIALLY DISADVANTAGED FARMERS

Appropriations, 1997 .....	\$1,000,000
Budget estimate, 1998 .....	5,000,000
Committee recommendation .....	3,000,000

This program is authorized under section 2501 of title XXV of the Food, Agriculture, Conservation, and Trade Act of 1990. Grants are made to eligible community-based organizations with demonstrated experience in providing education on 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 postsecondary education facilities.

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

## COMMITTEE RECOMMENDATIONS

For grants for socially disadvantaged farmers the Committee recommends an appropriation of \$3,000,000. This amount is \$2,000,000 more than the 1997 level and \$2,000,000 less than the budget request.



TITLE III—RURAL ECONOMIC AND COMMUNITY  
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 and Community Development Service, (currently, the Rural Housing Service), Rural Business and Cooperative Development Service (currently, the Rural Business-Cooperative Service), and Rural Utilities Service and placed them under the oversight of the Under Secretary for Rural Economic and Community Development, (currently, 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 multibillion dollar loan program throughout all America providing loan and grant assistance for single family, multifamily housing, and special housing needs, a variety of community facilities, infrastructure, and business development programs.

OFFICE OF THE UNDER SECRETARY FOR RURAL DEVELOPMENT

Appropriations, 1997 .....	\$588,000
Budget estimate, 1998 .....	596,000
Committee recommendation .....	588,000

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

COMMITTEE RECOMMENDATIONS

For the Office of the Under Secretary for Rural Development, the Committee recommends an appropriation of \$588,000. This amount is \$8,000 less than the budget request and the same as the 1997 level.

RURAL COMMUNITY ADVANCEMENT PROGRAM

Appropriations, 1997 .....	
Budget estimate, 1998 .....	\$688,570,000
Committee recommendation .....	644,259,000

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 12.5 percent in the "National office reserve" account and the 3 percent of the funding in the "Federally recognized Indian tribe" 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, 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 310(b)(2) of the Consolidated Farm and Rural Development Act, as amended. Grants are made to public bodies and private nonprofit organizations to provide technical assistance to local and regional governments for the purpose of reducing or eliminating pollution of water resources and for improving the planning and management of solid waste disposal facilities.

## COMMITTEE RECOMMENDATIONS

For the Rural Community Advancement Program [RCAP], the Committee recommends \$644,259,000. This amount is \$44,311,000 less than the budget request and \$644,259,000 more than the fiscal year 1997 amount.

Due to limitations of funding, the Committee has chosen not to initiate grants to States in the Rural Community Advancement Program [RCAP] and includes language in the bill prohibiting the availability of funds for this purpose.

Of the total amount provided, the Committee earmarks \$97,000 for empowerment zones and enterprise communities.

*Community facility loans.*—The Committee is aware of the unique problem facing the Alaska Village Electric Cooperative serving 50 rural Alaskan villages and the environmental problems resulting from leaking fuel lines and tanks. The Committee directs the Department to work with this cooperative to finance the needed repairs and equipment through a combination of a community facilities direct loan at the poverty interest rate of 4.5 percent and some community facilities grant funds so that environmental laws are not broken. Should the Department find that no assistance can be provided, the Committee requests that the Department report to the Committee no later than December 31, 1997.

*Community facility grants.*—The Committee is aware of an application for a community facility grant from the Native Village Health Clinic in Nelson Lagoon, AK, and encourages the Department to give this application the utmost consideration should it meet the program eligibility requirements.

*Rural business and industry loans.*—The Committee expects that State allocations under the Business and Industry Loan Guarantee Program will not be pooled ahead of schedule without providing at least 4 weeks notice to State directors.

*Rural business enterprise grants.*—The Committee is aware of and encourages the Department to give consideration to applications for rural business enterprise grants from the following: Television demonstration grants; Rural Education and Technology Center, Illinois; South Carolina Heritage Corridor; Institute for Decision Making, Iowa; Cooperative Development Energy Program for multiple States; development of entrepreneurial capacities, Hawaii; expansion of Alaska Village Initiatives' rural enterprise technical assistance program, Alaska; the University of Colorado Health Science Center telemedicine project, Colorado; Swope Parkway, the Rural Health Outreach project, and the Delta Research Telecommunications Resource Center, Missouri; and the Velarde Apple Cooperative, New Mexico.

The Committee expects the Department to consider only those applications judged meritorious when subjected to the established review process. The Committee also expects the Department to ensure that the system by which applications for rural business enterprise grants are considered does not discriminate against applications which may benefit multiple States.

The Committee has included the 1997 level of funding of \$500,000 for transportation technical assistance.

*Venture capital.*—The Committee expects the Department to issue regulations and implement the rural venture capital demonstration program as authorized in section 3810 of the Federal Agriculture Improvement and Reform Act of 1996 (Public Law 104–127).

*Water and waste disposal loans and grants.*—The Committee is aware of and encourages the Department to consider applications for the following projects should they meet the proper criteria: Fallowfield, Connellsville, and Bullsken Townships, PA; Coontail Water Association, and the city of Macon, Noxubee County, MS; and Kotzebue and Nome, AK.

The Committee recognizes that \$725,000 has been granted by the State of Alaska to the city of Kotzebue from a prior-year State appropriation toward the 50 percent non-Federal matching funds requirement of a USDA rural development grant of \$875,000. Provided the city of Kotzebue contributes the balance of \$150,000, the combined State and city funds meet the Committee's intent in establishing this non-Federal matching fund requirement.

The Committee also includes language in the bill to make up to \$15,000,000 available for water systems for rural and native villages in Alaska, and \$24,500,000 for water and waste disposal systems for the colonias along the United States-Mexico border. The Committee also makes up to \$5,650,000 for the circuit rider program.

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

RURAL COMMUNITY ADVANCEMENT PROGRAM

[Budget authority in thousands of dollars]

	Fiscal year 1998 budget request	Committee rec- ommendation
Housing:		
Community facility loans:		
Guaranteed .....	838	838
Direct .....	17,548	17,548
Community facility grants .....	9,176	9,176
State mandatory grants .....	1,269	.....
State matching grants .....	1,206	.....
Subtotal, housing .....	30,037	27,562
Business:		
Business and industry loans:		
Guaranteed .....	5,921	6,018
Direct .....	.....	.....
Rural business enterprise grants .....	40,375	40,375
Rural business opportunity grants .....	.....	2,000
State mandatory grants .....	2,132	.....
State matching grants .....	2,025	.....
Subtotal, business .....	50,453	48,393
Utilities:		
Water and waste disposal loans:		
Guaranteed .....	.....	.....

## RURAL COMMUNITY ADVANCEMENT PROGRAM—Continued

[Budget authority in thousands of dollars]

	Fiscal year 1998 budget request	Committee rec- ommendation
Direct .....	71,647	73,509
Water and waste disposal grants .....	483,582	491,295
Solid waste management grants .....	2,753	3,500
State mandatory grants .....	25,691	.....
State matching grants .....	24,407	.....
Subtotal, utilities .....	608,080	568,304
Total, loans and grants .....	688,570	644,259

## RURAL HOUSING SERVICE

## TOTAL APPROPRIATIONS LEVEL

Appropriations, 1997 .....	\$1,217,481,000
Budget estimate, 1998 .....	1,304,840,000
Committee recommendation .....	1,235,372,000

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

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

## COMMITTEE RECOMMENDATIONS

The Committee recommends total appropriations of \$1,235,272,000 for the Rural Housing Service. This is \$69,468,000 less than the budget request and \$17,891,000 more than the 1997 level.

## RURAL HOUSING INSURANCE FUND PROGRAM ACCOUNT

## ESTIMATED LOAN LEVEL

Loan level, 1997 .....	(\$3,459,854,000)
Budget estimate, 1998 .....	(4,199,832,000)
Committee recommendation .....	(3,519,532,000)

This fund was established in 1965 (Public Law 89-117) pursuant to section 517 of title V of the Housing Act of 1949, as amended. This fund may be used to insure or guarantee rural housing loans

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

#### COMMITTEE RECOMMENDATIONS

The following table presents loan and grant program levels recommended by the Committee, compared to the 1997 levels, and the 1998 budget request:

#### RURAL HOUSING LOAN AND GRANT LEVELS

[In thousands of dollars]

	Fiscal year—		Committee recommendation
	1997 level	1998 request	
Rural Housing Insurance Fund Program Account:			
Low-income family housing (sec. 502):			
Direct .....	(1,000,000)	(1,000,000)	(1,000,000)
Unsubsidized guaranteed .....	(2,300,000)	(3,000,000)	(2,300,000)
Housing repair (sec. 504) .....	(35,000)	(30,000)	(30,000)
Farm labor (sec. 514) .....	(15,000)	(15,001)	(15,001)
Rental housing (sec. 515) .....	(58,654)	(128,640)	(128,640)
Multifamily housing guarantees (sec. 538) .....	( <sup>1</sup> )	.....	(19,700)
Credit sales of acquired property .....	(50,000)	(25,004)	(25,004)
Site loans (sec. 524) .....	(600)	(600)	(600)
Self-help housing land development fund .....	(600)	(587)	(587)
Total, RHIF .....	(3,459,854)	(4,199,832)	(3,519,532)
Rural Housing Assistance Program [RHAP] .....	130,433	.....	.....
Rural Housing Service grants and payments:			
Mutual and self-help housing .....	26,000	.....	26,000
Rental assistance .....	493,870	593,397	541,397
Rural community fire protection grants .....	( <sup>1</sup> )	2,000	1,285
Rural housing assistance grants [RHAG] .....	.....	70,900	45,720
Total, rural housing grants and payments .....	650,303	666,297	614,402
Total, RHS loans and grants .....	(4,110,157)	(4,866,129)	(4,133,934)

<sup>1</sup> Funded in fiscal year 1997 under the Rural Housing Assistance Program [RHAP].

## ESTIMATED LOAN SUBSIDY AND ADMINISTRATIVE EXPENSES LEVELS

	Direct loan subsidy	Guaranteed loan subsidy	Administrative expenses
Appropriations, 1997 .....	\$134,020,000	\$6,210,000	\$426,948,000
Budget estimate, 1998 .....	218,054,000	6,900,000	413,589,000
Committee recommendation .....	219,254,000	5,290,000	413,589,000

The Federal Credit Reform Act of 1990 established the program account. Appropriations to this account will be used to cover the lifetime subsidy costs associated with the direct loans obligated and loan guarantees committed in 1998, as well as for administrative expenses. The following table presents the loan subsidy levels as compared to the 1997 levels and the 1998 budget request:

(In thousands of dollars)

	Fiscal year—		Committee recommenda- tion
	1997 level	1998 request	
Loan subsidies:			
Single family (sec. 502):			
Direct .....	83,000	128,100	128,100
Unsubsidized guaranteed .....	6,210	6,900	5,290
Housing repair (sec. 504) .....	11,081	10,308	10,308
Farm labor (sec. 514) .....	6,885	7,388	7,388
Rental housing (sec. 515) .....	28,987	68,745	68,745
Multifamily housing guarantees (sec. 538) .....	( <sup>1</sup> )		1,200
Credit sales of acquired property .....	4,050	3,493	3,493
Self-help housing land development fund .....	17	20	20
Total, loan subsidies .....	140,230	224,954	224,544
RHIF expenses: Administrative expenses .....	426,948	413,589	413,589

<sup>1</sup> Funded in fiscal year 1997 under the Rural Housing Assistance Program (RHAP).

## RENTAL ASSISTANCE PROGRAM

Appropriations, 1997 .....	<sup>1</sup> \$493,870,000
Budget estimate, 1998 .....	<sup>2</sup> 593,397,000
Committee recommendation .....	541,397,000

<sup>1</sup> Funding for the portion of rental assistance payments supporting rental housing section 515 new construction is included in the "Rural Housing Assistance Program" (RHAP) account.

<sup>2</sup> Includes proposed \$52,000,000 to convert HUD section 8 contracts to USDA section 521.

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

For rural rental assistance payments, the Committee recommends an appropriation of \$541,397,000. This amount is \$52,000,000 less than the budget request and \$47,527,000 more than the 1997 appropriated level.

MUTUAL AND SELF-HELP HOUSING GRANTS

Appropriations, 1997 .....	\$26,000,000
Budget estimate, 1998 .....	(1)
Committee recommendation .....	2 26,000,000

<sup>1</sup>Funding for mutual and self-help housing grants is included in the rural housing assistance grants program request.

<sup>2</sup>Funding for mutual and self-help housing grants is not included in the rural housing assistance grants program recommended by the Committee.

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 6 to 10 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 RECOMMENDATIONS

The Committee recommends \$26,000,000 for mutual and self-help housing grants. This is the same amount as the 1997 level. The budget request was included in the Rural Housing Assistance Grants Program. The Committee has provided funding for this program as a separate appropriation.

RURAL COMMUNITY FIRE PROTECTION GRANTS

Appropriations, 1997 .....	(1)
Budget estimate, 1998 .....	\$2,000,000
Committee recommendation .....	1,285,000

<sup>1</sup>This program was funded under the Rural Housing Assistance Program [RHAP] in 1997.

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

## COMMITTEE RECOMMENDATIONS

The Committee recommends \$1,285,000, which is the same level funded in 1997 in the Rural Housing Assistance Program and \$715,000 less than the budget request.

The Committee suggests that planning and development is provided for the Rural Fire Protection Task Force.

## RURAL HOUSING ASSISTANCE PROGRAM

[In thousands of dollars]

	Fiscal year—		Committee recommenda- tion
	1997 current level	1998 request	
Loan subsidies:			
Community facility:			
Direct .....	14,636	(1)	(1)
Guaranteed .....	403	(1)	(1)
Rental assistance payments .....	22,902	(2)	(2)
Rural rental housing—new construction .....	35,023	(3)	(3)
Multifamily guarantee .....	1,200		(3)
Subtotal .....	74,164		
Grants:			
Rural community fire protection .....	1,285	(4)	(4)
Community facility grants .....	9,836	(1)	(1)
Domestic farm labor .....	9,836	10,000	(5)
Very low-income housing repair .....	24,492	24,900	(5)
Rural housing preservation .....	10,820	10,000	(5)
Subtotal, grants .....	56,269		
Total, RHAP .....	130,433		

<sup>1</sup> Funds included in Rural Community Assistance Program.

<sup>2</sup> Funds included in rental assistance program.

<sup>3</sup> Funds included in "Rural Housing Insurance Fund Program" account.

<sup>4</sup> Funds included in rural community fire protection grants.

<sup>5</sup> Funds included in "Rural housing assistance grants" account.

## COMMITTEE RECOMMENDATIONS

The Committee does not recommend funding for the Rural Housing Assistance Program [RHAP]. This is the same as the budget request and \$130,433,000 less than the 1997 level. The Committee provides funding for programs included in RHAP for fiscal year 1997 in the rural housing assistance grants, rural housing insurance fund, and rural community fire protection grants programs.

## RURAL HOUSING ASSISTANCE GRANTS

Appropriations, 1997 .....	(1)
Budget estimate, 1998 .....	\$70,900,000
Committee recommendation .....	45,720,000

<sup>1</sup> Included in the Rural Housing Assistance Program [RHAP].

This new program consolidates funding for rural housing grant programs. This consolidation of housing grant funding will provide greater flexibility to tailor financial assistance to applicant needs.

*Rural housing for domestic farm labor.*—Financial assistance in the form of grants is authorized to public or private nonprofit organizations or other eligible organizations for low-rent housing and related facilities for domestic farm labor.

Under section 516 of the Housing Act of 1949, Rural Housing Service is authorized to share with States or other political subdivisions, public or private nonprofit organizations, or nonprofit organizations of farm workers, the cost of providing low-rent housing, basic household furnishings, and related facilities to be used by domestic farm laborers. Such housing may be for year-round or seasonal occupancy and consist of family units, apartments, or dormitory-type units, constructed in an economical manner, and not of elaborate or extravagant design or materials. Grant assistance may not exceed 90 percent of the total development cost. Applicants furnish as much of the development cost as they can afford by using their own resources, by borrowing either directly from private sources, or by obtaining an insured loan under section 514 of the Housing Act. The applicant must agree to charge rentals which do not exceed amounts approved by the Secretary, maintain the housing at all times in a safe and sanitary condition, and give occupancy preference to domestic farm laborers.

The obligations incurred by the applicant as a condition of the grant continue for 50 years from the date of the grant unless sooner terminated by the Rural Housing Service. Grant obligations are secured by a mortgage of the housing or other security. In the event of default, the Rural Housing Service has the option to require repayment of the grant.

*Very low-income housing repair 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 rural housing repair grant program is carried out by making 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.

These grants may be made to cover the cost of improvements or additions, such as repairing roofs, providing toilet facilities, providing a convenient and sanitary water supply, supplying screens, repairing or providing structural supports or making similar repairs, additions, or improvements, including all preliminary and installation costs in obtaining central water and sewer service. A grant can be made in combination with a section 504 very low-income housing repair loan.

No assistance can be extended to any one individual in the form of a loan, grant, or combined loans and grants in excess of \$5,000, and grant assistance is limited to persons, or families headed by persons, who are 62 years of age or older.

*Supervisory and technical assistance grants.*—Supervisory and technical assistance grants are made to public and private nonprofit organizations for packaging loan applications for housing assistance under sections 502, 504, 514/516, 515, 524, and 533. The assistance is directed to very low-income families in underserved areas where at least 20 percent of the population is below the poverty level and at least 10 percent or more of the population resides in substandard housing. In fiscal year 1994 a Homebuyer Edu-

cation Program was implemented under this authority. This program provides low-income individuals and families education and counseling on obtaining and/or maintaining occupancy of adequate housing and supervised credit assistance to become successful homeowners.

*Compensation for construction defects.*—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. Claims are not paid until provisions under the builder's warranty have been fully pursued. Requests for compensation for construction defects must be made by the owner of the property within 18 months after the date financial assistance was granted.

*Rural housing preservation grants.*—Rural housing preservation grants (section 522) of the Housing and Urban-Rural Recovery Act of 1983 authorized the Rural Housing Service to administer a program of home repair directed at 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 will be administered by local grantees.

#### COMMITTEE RECOMMENDATIONS

For the Rural Housing Assistance Grants Program the Committee recommends \$45,720,000. This is \$25,180,000 less than the budget request. Funding for these programs for fiscal year 1997 was provided under the "Rural Housing Assistance Program" account.

The following table compares the grant program levels recommended by the Committee to the 1997 levels and the budget request:

#### RURAL HOUSING ASSISTANCE GRANTS

[In thousands of dollars]

	Fiscal year—		Committee recommenda- tion
	1997 level	1998 request	
Domestic farm labor grants .....	( <sup>1</sup> )	10,000	10,000
Very low-income housing repair grants .....	( <sup>1</sup> )	24,900	24,900
Mutual and self-help housing grants .....	26,000	26,000	( <sup>2</sup> )
Supervisory and technical assistance grants .....	( <sup>1</sup> )	.....	.....
Compensation for construction defects .....	( <sup>1</sup> )	.....	.....
Rural housing preservation grants .....	( <sup>1</sup> )	10,000	10,820
Subtotal .....	156,433	70,900	45,720

<sup>1</sup> Included in the Rural Housing Assistance Program [RHAP].

<sup>2</sup> Included in Mutual and Self-help Housing Grants Program.

## SALARIES AND EXPENSES

	Appropriation	Transfer from loan accounts	Total, RHS sala- ries and expenses
Appropriations, 1997 .....	\$60,743,000	(\$366,205,000)	(\$426,948,000)
Budget estimate, 1998 .....	58,804,000	(354,785,000)	(413,589,000)
Committee recommendation .....	58,804,000	(354,785,000)	(413,589,000)

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

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

## COMMITTEE RECOMMENDATIONS

For salaries and expenses of the Rural Housing Services, including transfers from other accounts, the Committee recommends an appropriation of \$413,589,000, the same as the budget request and \$13,359,000 less than fiscal year 1997.

## RURAL BUSINESS-COOPERATIVE SERVICE

Appropriations, 1997 .....	\$104,834,000
Budget estimate, 1998 .....	60,852,000
Committee recommendation .....	64,438,000

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

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

## COMMITTEE RECOMMENDATIONS

The following table presents the Committee's recommended program levels for loans and grants administered by the Rural Business-Cooperative Service as compared to the 1997 levels and the budget request:

## RURAL BUSINESS-COOPERATIVE SERVICE GRANTS AND LOANS

[In thousands of dollars]

	Fiscal year—		Committee recommendation
	1997 level	1998 request	
Rural business and industry loans program:			
Direct and guaranteed .....	( <sup>1</sup> )	( <sup>2</sup> )	( <sup>2</sup> )
Rural development loan fund .....	(37,544)	(35,000)	(40,000)
Rural economic development loans .....	(12,865)	(25,000)	(12,865)
<b>Total, RBS loans .....</b>	<b>(50,409)</b>	<b>(60,000)</b>	<b>(52,865)</b>
Grants:			
Rural business enterprise grants .....	( <sup>1</sup> )	( <sup>2</sup> )	( <sup>2</sup> )
Rural cooperative development .....	( <sup>1</sup> )	3,000	3,000
Alternative agriculture research and commercialization .....	7,000	10,000	10,000
<b>Total, RBS grants .....</b>	<b>7,000</b>	<b>13,000</b>	<b>13,000</b>
<b>Total, RBS loans and grants .....</b>	<b>(57,409)</b>	<b>(73,000)</b>	<b>(65,865)</b>

<sup>1</sup> Funded under the Rural Business-Cooperative Assistance Program.<sup>2</sup> Funded under the Rural Community Advancement Program.

The Committee has previously recognized the need to stimulate economic growth in Union County, PA, by specifically directing the Department of Agriculture to consider a rural business enterprise grant application by the Union County Planning Commission to facilitate the construction of the Union County Business Park. Since the Department of Agriculture has not provided any funds to date for this project, the Committee encourages the agency to work with county commissioners of Union County, PA, in order to explore options to facilitate the construction of the Union County Business Park.

## RURAL DEVELOPMENT LOAN FUND PROGRAM ACCOUNT

## ESTIMATED LOAN LEVEL

Loan level, 1997 .....	(\$37,544,000)
Budget estimate, 1998 .....	(35,000,000)
Committee recommendation .....	(40,000,000)

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

The Federal Credit Reform Act of 1990 established the program account. Appropriations to this account will be used to cover the

lifetime subsidy costs associated with the direct loans obligated in 1998, as well as for administrative expenses.

COMMITTEE RECOMMENDATIONS

The Committee recommends for rural development loans a total loan level of \$40,000,000, which is \$5,000,000 more than the budget request and \$2,456,000 more than the 1997 level.

The Committee directs the Department to publish a final rule on the Intermediary Relending Program [IRP] as soon as possible.

The Committee is aware of the need for financing new or expanded diversified agricultural operations in Hawaii because of the closure of several sugarcane plantations. To address these problems the Committee directs the agency to develop and implement a pilot program in Hawaii where intermediary relending program funds can be used to match any non-Federal funds loaned by intermediary lenders to support the establishment or expansion of diversified agricultural enterprises.

ESTIMATED LOAN SUBSIDY AND ADMINISTRATIVE EXPENSES LEVELS

	Direct loan subsidy	Administrative expenses
Appropriations, 1997 .....	\$17,270,000	.....
Budget estimate, 1998 .....	16,888,000	\$3,482,000
Committee recommendation .....	19,200,000	3,482,000

COMMITTEE RECOMMENDATIONS

For rural development loans, the Committee recommends \$19,200,000 for the loan subsidy costs under credit reform. This amount is \$2,312,000 more than the budget request and \$1,930,000 more than fiscal year 1997. Administrative expenses are provided at the level of \$3,482,000, the same as the budget request.

RURAL ECONOMIC DEVELOPMENT LOANS PROGRAM ACCOUNT

ESTIMATED LOAN LEVEL

Loan level, 1997 .....	(\$12,865,000)
Budget estimate, 1998 .....	(25,000,000)
Committee recommendation .....	(12,865,000)

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

## COMMITTEE RECOMMENDATION

The Committee recommends a loan level for rural economic development loans of \$12,865,000. This is the same as the 1997 level and \$12,135,000 less than the budget request.

## ESTIMATED LOAN SUBSIDY AND ADMINISTRATIVE EXPENSES LEVELS

	Direct loan subsidy	Administrative expenses
Appropriations, 1997 .....	\$2,830,000	<sup>1</sup> \$654,000
Budget estimate, 1998 .....	<sup>2</sup> 5,978,000	.....
Committee recommendation .....	3,076,000	.....

<sup>1</sup>Transfer to RBCS.

<sup>2</sup>Up to \$5,977,500 to be derived by transfer from interest on the cushion of credit payments, as authorized by section 313 of the REA Act of 1936, as amended.

## COMMITTEE RECOMMENDATION

The Committee recommends a direct loan subsidy for rural economic development loans of \$3,076,000. This amount is \$246,000 more than the 1997 level. The budget request proposes \$5,977,500, to be derived by transfer from interest on the cushion of credit payments.

ALTERNATIVE AGRICULTURAL RESEARCH AND COMMERCIALIZATION  
REVOLVING FUND

Appropriations, 1997 .....	\$7,000,000
Budget estimate, 1998 .....	10,000,000
Committee recommendation .....	10,000,000

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

## COMMITTEE RECOMMENDATION

The Committee recommends an appropriation of \$10,000,000. This is \$3,000,000 more than the fiscal year 1997 level and the same as the budget request.

## RURAL COOPERATIVE DEVELOPMENT GRANTS

Appropriations, 1997 .....	( <sup>1</sup> )
Budget estimate, 1998 .....	\$3,000,000
Committee recommendation .....	3,000,000

<sup>1</sup>Funded under the Rural Business-Cooperative Assistance Program.

Rural cooperative development grants are authorized under section 310B(e) of the Consolidated Farm and Rural Development Act, as amended. Grants are made to fund the establishment and operation centers for rural cooperative development with their primary purpose being the improvement of economic conditions in rural areas. Grants may be made to nonprofit institutions or institutions



of higher education. Grants may be used to pay up to 75 percent of the cost of the project and associated administrative costs. The applicant must contribute at least 25 percent from non-Federal sources. Grants are competitive and are awarded based on specific selection criteria.

#### COMMITTEE RECOMMENDATIONS

The Committee recommends \$3,000,000 for rural cooperative development grants. This is the same amount as the budget request and \$3,000,000 more than the 1997 level.

The Committee is aware of and encourages the Department to consider the following for cooperative development grants: Rural economic development through tourism at New Mexico State University and America's Agricultural Heritage Partnership in Iowa.

Of the funds provided for rural cooperative development grants, not to exceed \$1,500,000 is provided through a cooperative agreement for the Appropriate Technology Transfer for Rural Areas Program, and \$250,000 through a cooperative agreement for an agribusiness and cooperative development program at Mississippi State University.

#### RURAL BUSINESS-COOPERATIVE ASSISTANCE PROGRAM

[In thousands of dollars]

	Fiscal year—		Committee recommenda- tion
	1997 level	1998 request	
Loans:			
Business and industry:			
Direct .....		(1)	(1)
Guaranteed .....	6,742	(1)	(1)
Total loans .....	6,742	(1)	(1)
Grants:			
Rural business enterprise .....	43,033	(1)	(1)
Rural cooperative development .....	1,625	(2)	(2)
Rural business opportunity .....		(1)	(1)
Total, grants .....	44,658	(1)	(1)
Total, RB-CAP .....	51,400	(1)	(1)

<sup>1</sup> Funded under the Rural Community Advancement Program [RCAP].

<sup>2</sup> Funded in a separate appropriation account.

#### COMMITTEE RECOMMENDATIONS

The Committee concurs with the budget request and provides funding under the Rural Community Advancement Program [RCAP].

## SALARIES AND EXPENSES

	Appropriation	Transfer from loan accounts	Total, RBS, salaries and expenses
Appropriations, 1997 .....	\$25,680,000	(\$654,000)	(\$26,334,000)
Budget estimate, 1998 .....	27,482,000	(3,482,000)	(30,964,000)
Committee recommendation .....	25,680,000	(3,482,000)	(29,162,000)

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

## COMMITTEE RECOMMENDATIONS

The Committee recommends \$29,162,000 for salaries and expenses of the Rural Business-Cooperative Service. This is \$2,828,000 more than the 1997 level and \$1,802,000 less than the budget request.

The Committee recommends continued staffing and operations of the cooperative services office in Hilo, HI, to address the increasing demand for cooperatives for the expanding diversified agriculture sector.

## 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 LOAN PROGRAM  
ACCOUNT

## ESTIMATED LOAN LEVEL

Loan level, 1997 .....	(\$1,445,000,000)
Budget estimate, 1998 .....	(1,285,000,000)
Committee allowance .....	(1,397,756,000)

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 RECOMMENDATIONS

The following table reflects the Committee's recommendation for the loan levels for the rural electrification and telecommunications loan program account as compared to the fiscal year 1997 levels and the budget request:

[In thousands of dollars]

	Fiscal year—		Committee recommendation
	1997 level	1998 request	
Loan authorizations:			
Direct loans:			
Electric 5 percent .....	(125,000)	(125,000)	(125,000)
Telecommunications 5 percent .....	(75,000)	(40,000)	(52,756)
Subtotal .....	(200,000)	(165,000)	(177,756)
Treasury rate: Telecommunications .....	(300,000)	(300,000)	(300,000)
Muni-rate: Electric .....	(525,000)	(400,000)	(500,000)
FFB loans:			
Electric, regular .....	(300,000)	(300,000)	(300,000)
Telecommunications .....	(120,000)	(120,000)	(120,000)
Subtotal .....	(420,000)	(420,000)	(420,000)
Total, loan authorizations .....	(1,445,000)	(1,285,000)	(1,397,756)

ESTIMATED LOAN SUBSIDY AND ADMINISTRATIVE EXPENSES LEVELS

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

COMMITTEE RECOMMENDATIONS

The following table presents the Committee's recommendation for the loan subsidy and administrative expenses as compared to the 1997 level and the budget request:

[In thousands of dollars]

	Fiscal year—		Committee recommendation
	1997 level	1998 request	
Loan subsidies:			
Direct loans:			
Electric 5 percent .....	3,625	9,325	9,325
Telecommunications 5 percent .....	1,193	1,568	2,068
Subtotal .....	(4,818)	10,893	11,393
Treasury rate: Telecommunications .....	60	60	60

[In thousands of dollars]

	Fiscal year—		Committee recommendation
	1997 level	1998 request	
Muni-rate: Electric .....	28,245	16,880	21,100
FFB loans: Regular electric .....	2,790	2,760	2,760
<b>Total, loan subsidies .....</b>	<b>35,913</b>	<b>30,593</b>	<b>35,313</b>
RETLP administrative expenses .....	29,982	34,398	29,982
<b>Total, Rural electrification and telecommuni- cations loans program account .....</b>	<b>65,895</b>	<b>64,991</b>	<b>65,295</b>
(Loan authorization) .....	(1,445,000)	(1,285,000)	(1,397,756)

## RURAL TELEPHONE BANK PROGRAM ACCOUNT

## ESTIMATED LOAN LEVEL

Loan level, 1997 .....	(\$175,000,000)
Budget estimate, 1998 .....	(175,000,000)
Committee recommendation .....	(175,000,000)

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

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

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

## COMMITTEE RECOMMENDATIONS

The following table presents the Committee's recommendations for the direct loan subsidy and administrative expenses as compared to the 1997 level and the budget request:

## ESTIMATED LOAN SUBSIDY AND ADMINISTRATIVE EXPENSES LEVELS

	Direct loan subsidy	Administrative expenses
Appropriations, 1997 .....	\$2,328,000	\$3,500,000
Budget estimate, 1998 .....	3,710,000	3,000,000
Committee recommendation .....	3,710,000	3,000,000

## DISTANCE LEARNING AND MEDICAL LINK PROGRAM

## LOANS AND GRANTS

Budget authority, loan subsidies, and grants	Fiscal year—		Committee recommendation
	1997 level	1998 request	
Loan authorization .....	(\$150,000,000)	(\$150,000,000)	(\$150,000,000)
Direct loan subsidy .....	1,530,000	30,000	30,000
Grants .....	7,470,000	20,970,000	12,000,000
<b>Total .....</b>	<b>9,000,000</b>	<b>21,000,000</b>	<b>12,030,000</b>

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

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

## COMMITTEE RECOMMENDATIONS

For the distance learning and medical link program, the Committee recommends \$12,030,000. This is \$3,030,000 more than the 1997 level and \$8,970,000 less than the budget request.

The Committee is aware of and encourages the Department to give consideration to applications for the University of Colorado Health Science Center telemedicine project, a demonstration project with the Maui Community College, the Hawaii Community Hospital system, and the nutrition education activities of the University of Hawaii's College of Tropical Agriculture and Human Resources. This project would build upon existing resources and advance the use of telecommunications by rural communities, especially those large geographic areas separated by natural barriers, islands, and other similar areas.

The Committee is aware of and encourages the Department to give consideration to a proposal by the Vermont Department of Education to provide high schools in some of the State's most rural areas with two-way audio/video connections.

## RURAL UTILITIES ASSISTANCE PROGRAM

Appropriations, 1997 .....	\$566,935,000
Budget estimate, 1998 .....	( <sup>1</sup> )
Committee recommendation .....	( <sup>1</sup> )

<sup>1</sup> Funding provided under the Rural Community Advancement Program [RCAP].

In 1997, the Congress appropriated funds under the rural utilities assistance program to support water and waste disposal loans and grants and solid waste management grants and the associated

administrative expenses. This program allows for greater flexibility to tailor the assistance to the applicant's needs.

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

The program makes grants for water and waste disposal development costs. Development grants are made to associations, including corporations operating on a nonprofit basis, municipalities and similar organizations generally designated as public or 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 310(b)(2) of the Consolidated Farm and Rural Development Act, as amended. Grants are made to public bodies and private nonprofit organizations to provide technical assistance to local and regional governments for the purpose of reducing or eliminating pollution of water resources and for improving the planning and management of solid waste disposal facilities.

[In thousands of dollars]

	Fiscal year—		Committee recommenda- tion
	1997 level	1998 request	
Loans:			
Water and waste disposal:			
Direct .....	58,784	( <sup>1</sup> )	( <sup>1</sup> )
Guaranteed .....		( <sup>1</sup> )	( <sup>1</sup> )
Total loans .....	58,784	( <sup>1</sup> )	( <sup>1</sup> )
Grants:			
Water and waste disposal .....	505,610	( <sup>1</sup> )	( <sup>1</sup> )
Solid waste management .....	2,571	( <sup>1</sup> )	( <sup>1</sup> )
Total, grants .....	508,181	( <sup>1</sup> )	( <sup>1</sup> )
Total, RUAP .....	566,965	( <sup>1</sup> )	( <sup>1</sup> )

<sup>1</sup> Funding provided under the "Rural Community Advancement Program [RCAP]" account.

#### COMMITTEE RECOMMENDATIONS

The Committee provides no funding for the Rural Utilities Assistance Program. This is the same as the budget request and \$566,935,000 less than the 1997 level. The Committee includes funding for this program's activities under this program for fiscal

year 1997 under the Rural Community Advancement Program [RCAP].

SALARIES AND EXPENSES

	Appropriation	Transfer from loan accounts	Total, RUS, salaries and expenses
Appropriations, 1997 .....	\$33,195,000	(\$33,482,000)	(\$66,677,000)
Budget estimate, 1998 .....	33,000,000	(37,398,000)	(70,398,000)
Committee recommendation .....	33,000,000	(32,982,000)	(65,982,000)

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

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

COMMITTEE RECOMMENDATIONS

The Committee recommends \$65,982,000 for salaries and expenses of the Rural Utilities Service. This is \$695,000 less than the 1997 level and \$4,416,000 less than the budget request.

TITLE IV—DOMESTIC FOOD PROGRAMS

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

Appropriations, 1997 .....	\$454,000
Budget estimate, 1998 .....	560,000
Committee recommendation .....	454,000

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

COMMITTEE RECOMMENDATIONS

For the Office of the Under Secretary for Food, Nutrition and Consumer Services, the Committee recommends an appropriation of \$454,000. This amount is the same as the 1997 level and \$106,000 less than the budget request.

FOOD AND CONSUMER SERVICE

The Food and Consumer Service represents an organizational effort to eliminate hunger and malnutrition in this country. Food assistance programs 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.*—The national school lunch and school breakfast, summer food service, and child and adult care food programs provide funding to the States, Puerto Rico, the Virgin Islands, and Guam for use in serving nutritious lunches and breakfasts to children attending schools of high school grades and under, to children of preschool age in child care centers, 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. Funds for this program are provided by direct appropriation and transfer from section 32.

*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. Assistance is provided to eligible households to enable them to obtain a better diet by increasing their food purchasing capability, usually by furnishing benefits in the form of food stamps. The program also includes nutrition assistance to Puerto Rico. The Omnibus Budget Reconcili-



ation Act of 1981 (Public Law 97–35) authorizes a block grant for nutrition assistance to Puerto Rico which gives the Commonwealth broad flexibility in establishing a food assistance program that is specifically tailored to the needs of its low-income households.

The program 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.

Effective October 1, 1997, the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (Public Law 104–193) added section 27 to the Food Stamp Act which provides that \$100,000,000 of food stamp funds be used to purchase commodities for The Emergency Food Assistance Program.

Funds for this program are provided by direct appropriation.

*Special Supplemental Nutrition Program for Women, Infants, and Children [WIC].*—This program safeguards the health of pregnant, post partum, and breast-feeding women; infants; and children up to age 5 who are at nutritional risk because of inadequate nutrition and inadequate income by providing supplemental foods. The 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. Funds for this program are provided by direct appropriation.

*Commodity Assistance Program [CAP].*—This program provides funding for the Commodity Supplemental Food Program [CSFP] and the Emergency Food Assistance Program [TEFAP].

CSFP provides supplemental foods to infants and children up to age 6, and to pregnant, post partum, and breast-feeding women with low incomes, and who reside in approved project areas. In addition, this program operates commodity distribution projects directed at low-income elderly persons.

TEFAP provides commodities and grant funds to State agencies to assist in the cost of storage and distribution of donated commodities. The Soup Kitchen/Food Bank Program was absorbed into TEFAP under the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (Public Law 104–193), by an amendment to section 201A of the Emergency Food Assistance Act.

*Food donations programs for selected groups.*—Nutritious agricultural commodities are provided to residents of the Pacific Territory of Palau and Federated States of Micronesia and the Marshall Islands. Cash assistance is provided to distributing agencies to assist them in meeting administrative expenses incurred. Commodities, or cash in lieu of commodities, are provided to assist nutrition programs for the elderly. Funds for this program are provided by direct appropriation.

*Food Program Administration.*—All salaries and Federal operating expenses of the Food and Consumer Service are funded from this account. Also included is the Center for Nutrition Policy and Promotion [CNPP] which oversees improvements in and revisions to the food and guidance systems, and serves as the focal point for advancing and coordinating nutrition promotion and education policy to improve the health of all Americans. As of September 30, 1996, there were 1,684 full-time permanent and 78 part-time and temporary employees in the Agency. FCS's headquarters staff,

which is located in Alexandria VA, totals 583, and 1,179 FCS employees are located in the field. There are 7 regional offices employing 769 employees, and the balance of the Agency is located in 6 food stamp compliance offices, 1 computer support center in Minneapolis, MN, 2 administrative review offices, and 67 field offices. Funds for this program are provided by direct appropriation.

## CHILD NUTRITION PROGRAMS

	Appropriation	Section 32 transfers	Total
Appropriations, 1997 .....	\$3,219,544,000	\$5,433,753,000	\$8,653,297,000
Budget estimate, 1998 .....	2,631,375,000	5,151,391,000	7,782,766,000
Committee recommendation .....	2,617,365,000	5,151,391,000	7,769,066,000

The child nutrition programs, authorized by the National School Lunch Act and the Child Nutrition Act of 1966, provide Federal assistance to State agencies in the form of 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. Milk is provided to children either free or at a low cost depending on their family income level. FCS provides cash subsidies to States administering the programs; and directly administers the program in the States which choose not to do so. Grants are also made for nutritional training and surveys and for State administrative expenses. Under current law, most of these payments are made on the basis of reimbursement rates established by law and applied to lunches and breakfasts actually served by the States. The reimbursement rates are adjusted annually to reflect changes in the Consumer Price Index for food away from home.

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

*Summer Food Service Program [SFSP].*—Reauthorizes and expands SFSP to private, nonprofit organizations under certain conditions.

*Child and Adult Care Food Program [CACFP].*—Provides funds for demonstration projects to expand services to homeless children and family day care homes in low-income areas.

*National School Lunch Program [NSLP].*—(1) Mandates a unified system for compliance and accountability to integrate Federal and State efforts and provide for increased Federal monitoring of SFSP operations; and (2) authorizes the Food Service Management Institute to improve school food service operations.

*Nutrition education and training [NET].*—Requires demonstration projects and studies to examine a number of program issues. This information aids in making informed decisions and improving program operations. Public Law 95-166 institutes a program of grants to the States for nutrition education in schools.

A description of child nutrition programs follows:

1. *Cash payments to States.*—The programs are operated under an agreement entered into by the State agencies and the Department. Funds are made available under letters of credit to State agencies for use in reimbursing participating schools and other institutions. Sponsors make application to the State agencies, and if approved, are reimbursed on a per-meal basis in accordance with the terms of their agreements and rates prescribed by law. The reimbursement rates are adjusted annually to reflect changes in the Consumer Price Index for food away from home.

(a) *School Lunch Program.*—Assistance is provided to the States for the service of lunches to all school children, regardless of family income. States must match some of the Federal cash grant. In fiscal year 1998, the School Lunch Program will provide assistance for serving an estimated 4.4 billion school lunches including 1.9 billion for children from upper-income families and 2.5 billion for children from lower and low-income families. An estimated 26.5 million children are expected to participate in the program daily during the school year.

(b) *Special assistance for free and reduced-price lunches.*—Additional assistance is provided to the States for serving lunches free or at a reduced price to needy children. In fiscal year 1998, under current law, the program will provide assistance for about 4.4 billion lunches, of which 2.2 billion will be served free of charge and 0.3 billion at reduced price. Over 15 million needy children will participate in the program on an average schoolday during the year.

(c) *School Breakfast Program.*—Federal reimbursement to the States is based on the number of breakfasts served free, at a reduced price, or at the general rate for those served to nonneedy children. Certain schools are designated in severe need because, in the second preceding year, they served at least 40 percent of their lunches at free or reduced prices and because the regular breakfast reimbursement is insufficient to cover cost, receive higher rates of reimbursement in both the free and reduced-price categories. In fiscal year 1998, the program will serve an estimated 1.2 billion breakfasts to a daily average of 7.3 million children.

(d) *State administrative expenses.*—The funds may be used for State employee salaries, benefits, support services, and office equipment. Public Law 95-627 made the State administrative expenses grant equal to 1.5 percent of certain Federal payments in the second previous year. In fiscal year 1998, \$112,808,000 will be allocated among the States to fund ongoing State administrative expenses and to improve the management of various nutrition programs.

(e) *Summer Food Service Program.*—Meals served free to children in low-income neighborhoods during the summer months are supported on a performance basis by Federal cash subsidies to State agencies. Funds are also provided for related State and local administrative expenses. During the summer of 1998, approximately 143.9 million meals will be served.

(f) *Child and Adult Care Food Program.*—Preschool children receive year-round food assistance in nonprofit child care centers and family and group day care homes under this program.

Public Law 97–35 permits profitmaking child care centers receiving compensation under title XX of the Social Security Act to participate in the program if 25 percent of the children served are title XX participants. Certain adult day care centers are also eligible for participation in this program, providing subsidized meals to nonimpaired individuals age 60 years or older. The Child and Adult Care Food Program reimburses State agencies at varying rates for breakfasts, lunches, suppers, and meal supplements and for program-related State audit expenses. In fiscal year 1998, approximately 1.7 billion meals will be served.

2. *Commodity procurement.*—Commodities are purchased for distribution to the school lunch, child care food, and summer food service programs. The minimum commodity support rate for all school lunch and child care center lunches and suppers served is mandated by law and adjusted annually on July 1 to reflect changes in the producer price index for food used in schools and institutions. The commodities purchased with these funds are supplemented by commodities purchased with section 32 funds.

3. *Nutrition studies and education.*—

(a) *Nutrition education and training [NET].*—This program provides funds to State agencies for the development of comprehensive nutrition education and information programs for children participating in or eligible for school lunch and related child nutrition programs.

(b) *Food Service Management Institute [FSMI].*—The Food Service Management Institute provides instruction for educators and school food service personnel in nutrition and food service management.

4. *Special milk.*—In fiscal year 1998 approximately 154 million half-pints will be served in the Special Milk Program. These include about 145 million half-pints served to children whose family income is above 130 percent of poverty. During fiscal year 1998, the average full cost reimbursement for milk served to needy children is expected to be 16.4 cents for each half-pint. Milk served to nonneedy children is expected to be reimbursed at 12.6 cents for each half-pint.

COMMITTEE RECOMMENDATIONS

For the child nutrition programs, the Committee recommends an appropriation of \$2,617,675,000, plus transfers from section 32 of \$5,151,391,000, for a total program of \$7,769,066,000. This amount is \$884,231,000 less than the 1997 program level and \$13,700,000 less than the budget request.

The Committee’s recommendation provides for the following annual rates for the child nutrition programs.

TOTAL OBLIGATIONAL AUTHORITY

[In thousands of dollars]

Child nutrition programs	1997 estimate	1998 budget	Committee recommendation
School Lunch Program .....	5,236,389	4,327,804	4,327,804
School Breakfast Program .....	1,189,972	1,265,507	1,265,507

## TOTAL OBLIGATIONAL AUTHORITY—Continued

[In thousands of dollars]

Child nutrition programs	1997 estimate	1998 budget	Committee recommendation
State administrative expenses .....	104,089	112,808	112,808
Summer Food Service Program .....	254,941	277,292	277,292
Child and Adult Care Food Program .....	1,525,712	1,411,590	1,411,590
Special Milk Program .....	19,350	19,747	19,747
Commodity procurement, processing, and computer support .....	304,113	337,194	337,194
Nutrition studies and surveys .....	1,000	3,000	3,000
Coordinated review system .....	4,031	4,124	4,124
School meals initiative .....	6,250	10,000	10,000
Nutrition education and training .....	<sup>1</sup> 3,750	10,000	.....

<sup>1</sup> By transfer from funding provided for the school meals initiative.

The total includes \$10,000,000 for the school meals initiative. Included in this amount is a minimum of \$1,900,000 for food service training and technical assistance, of which \$1,000,000 is for technical assistance materials, \$400,000 is for print and electronic food service resource systems, and \$500,000 is for cooperative agreements with the National Food Service Management Institute for food service; and \$4,000,000 for food service training grants to States.

## SPECIAL SUPPLEMENTAL NUTRITION PROGRAM FOR WOMEN, INFANTS, AND CHILDREN [WIC]

Appropriations, 1997 <sup>1</sup> .....	\$3,805,807,000
Budget estimate, 1998 <sup>2</sup> .....	4,108,000,000
Committee recommendation .....	3,927,600,000

<sup>1</sup> Includes \$76,000,000 in supplemental funding provided by Public Law 105-18.

<sup>2</sup> Includes a proposed contingency reserve of \$100,000,000.

The special supplemental nutrition program for women, infants, and children [WIC] is authorized by section 17 of the Child Nutrition Act of 1966. Its purpose is to safeguard the health of pregnant, breast-feeding and post partum women and infants, and children up to age 5 who are at nutritional risk because of inadequate nutrition and inadequate income. The budget estimate assumes an average monthly participation of 7.4 million participants at an average food cost of \$33.17 per person per month in fiscal year 1998.

The WIC program food packages are designed to provide foods which studies have demonstrated are lacking in the diets of the WIC program target population. The authorized supplemental foods are iron-fortified breakfast cereal, fruit or vegetable juice which contains vitamin C, dry beans, peas, and peanut butter.

There are three general types of delivery systems for WIC foods: (1) retail purchase in which participants obtain supplemental foods through retail stores; (2) home delivery systems in which food is delivered to the participant's home; and (3) direct distribution systems in which participants pick up food from a distribution outlet. The food is free of charge to all participants.

The Child Nutrition and WIC Reauthorization Act of 1989, Public Law 101-147, reauthorized and added several provisions to the program. For example, the act requires State agencies with a retail

food delivery system to use a competitive bidding system or a system with equal savings for the procurement of infant formula. Savings are to be used to expand program participation. In addition, the act permits States with an approved cost containment system to use first quarter funds to cover obligations incurred during the fourth quarter of the preceding fiscal year.

Public Law 101-147 changed the administrative formula for State program administrative costs from 20 percent of total available funds to a national monthly per person administrative grant. In addition, Public Law 101-147 makes one-half of 1 percent of program funds, not to exceed \$3,495,000, for evaluation of program performance. These evaluations are to be determined by the Secretary of Agriculture.

The WIC Farmers' Market Nutrition Program [FMNP] is also funded from the WIC appropriation. FMNP is designed to accomplish two major goals: (1) to improve the diets of WIC (or WIC-eligible) 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. Although directly related to the WIC Program, about one-half of the current FMNP operations are administered by State departments of agriculture rather than the State WIC agencies.

#### COMMITTEE RECOMMENDATIONS

For the Special Supplemental Food Program for Women, Infants, and Children [WIC], the Committee recommends an appropriation of \$3,927,600,000. This amount is \$121,793,000 more than the 1997 appropriation and \$180,400,000 less than the budget request. The Committee does not provide the \$100,000,000 included in the budget request to create a program contingency reserve. Should additional funding become necessary, the Committee will consider a supplemental request.

The WIC program continues to be a high priority of this Committee. The appropriation recommended by the Committee, together with anticipated carryover funds, will provide sufficient funding to maintain the current average participation level of 7.4 million in fiscal year 1998.

The Committee makes available up to \$12,000,000, \$5,250,000 more than the fiscal year 1997 level, to carry out the WIC Farmers' Market Nutrition Program. This is the same as the budget request level.

The Committee also includes language in the bill requested in the President's budget authorizing the Secretary to adjust the funds allocation process in fiscal year 1998. Each State agency's allocation for fiscal year 1998 appropriated funds would be reduced by the amount of food funds that the State chooses to spend forward from fiscal year 1997. In addition, fiscal year 1997 funds that are recovered from the States would be made available to States to maintain the level of funding received in fiscal year 1997, adjusted for inflation. Priority is to be given to under fair share States (those not receiving funds commensurate with their percent of the total WIC population) that the Secretary determines can effectively manage and utilize additional funds. The Committee

grants the authority requested as an interim measure and directs the Department to proceed to revise the current food funding formula, in consultation with WIC State agencies, and publish a proposed rule early in fiscal year 1998.

To safeguard WIC cost containment savings, the Committee continues to include in the bill a provision to ensure competitive contracting of infant formula based on lowest net wholesale price. The Committee again urges the Department to address this issue on a permanent basis through the rulemaking process.

The Committee also has learned that several States have included provisions in WIC infant formula competitive bid solicitations specifying the truckload weight that will be used to determine the wholesale price of formula when evaluating bids. Specifying the weight for a truckload results in States evaluating bids using the best price from some manufacturers and a higher (less competitive) price from others. Wholesale price is one of two factors used in evaluating competitive bids. The Committee is concerned that States including this type of provision in their bids are not awarding WIC infant formula contracts to the manufacturer providing the most savings to the State. These types of provisions are anti-competitive and do not make the best use of Federal funds provided to the WIC program. The Committee understands that the Department is taking steps to fix the provision administratively. The Committee directs the Department to do whatever is necessary as soon as possible to alleviate this situation.

The Committee restates its concern about the notice of intent to propose rulemaking and solicitation of comments issued on March 18, 1996, by the Food and Consumer Service (7 CFR part 246) regarding review of the sugar limitation applicable to breakfast cereals approved for the Special Supplemental Nutrition Program for Women, Infants, and Children [WIC]. In the Committee report for fiscal year 1997, the Committee noted that the sugar limitation on WIC-eligible cereals has been formally reviewed and reaffirmed by the Department on at least seven prior occasions. The Committee expressed its view that further review of the sugar standard would appear unwarranted absent specific new evidence of potential benefits to WIC participants from modifying the sugar limitation.

The Committee is concerned that despite significant public response to the notice of intent last year, the Department has not yet reached a resolution of the matter. The Department is encouraged to resolve the matter expeditiously and to provide the Committee with any scientific evidence or rationale which would support further scrutiny of this particular nutritional standard at this time.

While the Committee recognizes that the Department is considering a comprehensive review of the full WIC food package, the Committee wishes to emphasize that any such review should be conducted promptly and efficiently and should not waste limited Government resources by duplicating previous studies of the sugar cap issue.

## FOOD STAMP PROGRAM

	Expenses	Amount in reserve	Puerto Rico	TEFAP commodity purchases	Total
Appropriations, 1997 .....	\$26,264,029,000	\$100,000,000	\$1,174,000,000	<sup>1</sup> \$80,000,000	\$27,618,029,000
Budget estimate, 1998 .....	23,747,479,000	2,500,000,000	1,204,000,000	100,000,000	27,551,479,000
Committee recommendation ....	23,747,479,000	1,000,000,000	1,204,000,000	100,000,000	26,051,479,000

<sup>1</sup> Reduced from \$100,000,000 to \$80,000,000 by Public Law 105-18.

The Food Stamp Program, authorized by the Food Stamp Act of 1964, attempts to alleviate hunger and malnutrition among low-income persons by increasing their food purchasing power. Eligible households receive food stamps with which they can purchase food through regular retail stores. They are thus enabled to obtain a more nutritious diet than would be possible without food stamp assistance. The Personal Responsibility and Work Opportunity Reconciliation Act of 1996, Public Law 104-193, reauthorizes the Food Stamp Program through fiscal year 2002.

The Food Stamp Program is currently in operation in all 50 States, the District of Columbia, the Virgin Islands, and Guam. Participating households receive food stamps, the value of which is determined by household size and income. The cost of the stamps is paid by the Federal Government and is called the benefit cost. As required by law, the Food and Consumer Service periodically revises household stamp allotments to reflect changes in the cost of the thrifty food plan. The last revision was made on October 1, 1995.

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. Authorized grocery stores accept the stamps as payment for food purchases and forward them to commercial banks for cash or credit. The stamps flow through the banking system to the Federal Reserve Bank for redemption out of a special account maintained by the U.S. Treasury Department. As the major alternative to the paper food stamp system, electronic benefit transfer [EBT] is operating statewide in Maryland, New Mexico, South Carolina, Texas, and Utah, and in parts of Pennsylvania, Minnesota, Ohio, New Jersey, Iowa, Kansas, North Dakota, South Dakota, and Illinois, and is planned in other States. Wyoming implemented an off-line demonstration project for food stamps and WIC benefits in March 1995. Approximately 35 other States have some EBT activity underway, ranging from early planning through system design and development.

*Nutrition assistance to Puerto Rico.*—The Omnibus Budget Reconciliation Act of 1981, Public Law 97-35, authorized a block grant for nutrition assistance to Puerto Rico which gives the commonwealth broad flexibility to establish a food assistance program that is specifically tailored to the needs of its low-income households. However, the commonwealth must submit its annual plan of operation to the Secretary for approval. The FAIR Act of 1996, Public Law 104-127, enacted November 5, 1990, reauthorizes appropriations through fiscal year 2002. In addition to the provision of direct benefits to the needy, a portion of the grant may be used to fund up to 50 percent of the cost of administering the program. The



grant may also be used to fund projects to improve agriculture and food distribution in Puerto Rico.

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.

Effective October 1, 1997, the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (Public Law 104-193) added section 27 to the Food Stamp Act which provides that \$100,000,000 of food stamp funds be used to purchase commodities for the Emergency Food Assistance 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. Under the Hunger Prevention Act of 1988, a State agency is held liable if its error rate of overissuances exceeds the lowest achieved national error rate average plus 1 percent. Liabilities are based on the level of State issuance and the extent to which the State's error rate exceeds a tolerance level. State agencies which reduce quality control error rates below 6 percent receive up to a maximum match of 60 percent of their administrative expenses. Also, State agencies are paid up to 100 percent of the costs of administering the program on Indian reservations.

*State administration also includes State antifraud activities.*—Under the provisions of the Food Stamp Act of 1977, as amended by the Mickey Leland Childhood Hunger Relief Act of 1993, States are eligible to be reimbursed for 50 percent of the costs of their food stamp fraud investigations and prosecutions.

States are required to implement an employment and training program for the purpose of assisting members of households participating in the Food Stamp Program in gaining skills, training, or experience that will increase their ability to obtain regular employment. In fiscal year 1987, the Department of Agriculture implemented a new grant program to States to assist them in providing employment and training services.

#### COMMITTEE RECOMMENDATIONS

For the Food Stamp Program, the Committee recommends \$26,051,479,000. This is \$1,566,550,000 less than the 1997 level and \$1,500,000,000 less than the budget request. Of the amount provided, \$1,000,000,000 is made available as a contingency reserve. This is \$1,500,000,000 less than the contingency reserve level proposed in the budget and \$900,000,000 more than the 1997 level.

#### COMMODITY ASSISTANCE PROGRAM

Appropriations, 1997 .....	\$166,000,000
Budget estimate, 1998 <sup>1</sup> .....	272,165,000
Committee recommendation .....	148,600,000

<sup>1</sup>Includes funding for the Nutrition Program for the Elderly and Pacific Island assistance funded under the "Food donations programs for selected groups" account.

The Commodity Assistance Program includes funding for the Commodity Supplemental Food Program and the Emergency Food

Assistance Program. Beginning in fiscal year 1998, the President proposes to consolidate the Nutrition Program for the Elderly and Pacific Island assistance into the program.

*The Commodity Supplemental Food Program [CSFP].*—Authorized by section 4(a) of the Agricultural and Consumer Protection Act of 1973, as amended in 1981 by Public Law 97–98, this program provides supplemental food to infants and children up to age 6, and to pregnant, post partum, and breast-feeding women who have low incomes, and reside in approved project areas. In addition, the program operates commodity distribution projects directed at low-income elderly persons 60 years of age or older.

In fiscal year 1998 approximately 123,900 women, infants, and young children and 187,600 elderly are authorized to receive food packages each month. The foods are provided by the Department of Agriculture for distribution through State agencies. The authorized commodities are iron-fortified infant formula, rice cereal, canned juice, evaporated milk and/or nonfat dry milk, canned vegetables or fruits, canned meat or poultry, egg mix, dehydrated potatoes, farina, and peanut butter or dry beans. Elderly participants may receive all commodities except iron-fortified infant formula and rice cereal.

The 1996 FAIR Act, Public Law 104–127, reauthorizes the program through fiscal year 2002

*The Emergency Food Assistance Program [TEFAP].*—Title II of Public Law 98–8, enacted March 3, 1983, authorized and appropriated funds for the costs of intrastate storage and transportation of CCC-donated commodities. In fiscal year 1997, \$45,000,000 was provided for the purchase and distribution of commodities authorized by section 104 of the Hunger Prevention Act of 1988. Enactment of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (Public Law 104–193), the Soup Kitchen/Food Bank Program was absorbed into TEFAP by amending section 201A of the Emergency Food Assistance Act. While commodities will not be purchased specifically for soup kitchens and food banks, they will be eligible to receive commodities through TEFAP.

Funds are administered by FCS through grants to State agencies which operate commodity distribution programs. Allocation of the funds to States is based on a formula which considers the States' unemployment rate and the number of persons with income below the poverty level.

In fiscal year 1996, \$14,300,000 worth of surplus commodities were distributed to assist needy individuals. Donations will continue in fiscal year 1997. Precise levels depend upon the availability of surplus commodities and requirements regarding displacement. In fiscal year 1998, \$45,000,000 will be used to help State and local authorities with the storage and distribution costs of providing surplus commodities to needy individuals. Although the \$45,000,000 was allocated to each State in the form of administrative funds, each State is authorized to redirect funding for the purchase of additional commodities.

The 1996 FAIR Act reauthorizes administrative funding through fiscal year 2002 and allows these funds to be used for local repackaging and further processing of commodities high in nutrient content. The law requires CCC bonus commodities to be distributed

through TEFAP, and reauthorizes funding for the purchase of TEFAP commodities.

COMMITTEE RECOMMENDATIONS

For the Commodity Assistance Program, the Committee recommends an appropriation of \$148,600,000. This amount is \$17,400,000 less than the 1997 appropriation and \$123,565,000 less than the budget request.

FOOD DONATIONS PROGRAMS FOR SELECTED GROUPS

Appropriations, 1997 .....	\$141,250,000
Budget estimate, 1998 .....	(1)
Committee recommendation .....	141,165,000

<sup>1</sup> Proposed to be funded under the "Commodity Assistance Program" account.

*Nutrition Program for the Elderly.*—Commodity support for the Nutrition Program for the Elderly is authorized by titles III and VI of the Older Americans Act of 1965. The foods provided are used in preparing meals which are served in senior citizen centers and similar settings or delivered to the homebound elderly. These meals are the focal point of the nutrition projects for the elderly which have the dual objective of promoting better health and reducing the isolation of old age.

Currently, commodities or cash in lieu of commodities are distributed through State agencies to the local meal sites at a specific rate per meal set by law. The rate for 1997 is 58.57 cents per meal. Some States elect to take all of their subsidy in cash and some States choose to receive a combination of cash and commodities. The commodities made available to the Nutrition Program for the Elderly are generally the same as those provided to schools under the child nutrition programs.

*Pacific Island assistance.*—This program provides funding for a food distribution program for low-income individuals in the Pacific Island territories. Nutritious agricultural commodities are provided to low-income households in an attempt to alleviate hunger and malnutrition among eligible participants.

COMMITTEE RECOMMENDATIONS

For the food donations programs for selected groups, the Committee recommends \$141,165,000. This amount is \$85,000 less than the 1997 appropriation and \$141,165,000 more than the budget request. The budget proposes to fund programs included in this account under the Commodity Assistance Program. Of the amount recommended by the Committee, \$1,165,000 is for food distribution payments to the Pacific Islands and \$140,000,000 is for the elderly feeding program.

CENTER FOR NUTRITION POLICY AND PROMOTION

Appropriations, 1997 <sup>1</sup> .....	
Budget estimate, 1998 .....	\$2,499,000
Committee recommendation .....	

<sup>1</sup> Fiscal year 1997 funding of \$2,218,000 for this activity is included under the "Food Program Administration" account.

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

COMMITTEE RECOMMENDATIONS

The Committee does not concur with the budget proposal to create a separate appropriations account for the Center for Nutrition Policy and Promotion. The Committee provides funding for the functions of this office under food program administration.

FOOD PROGRAM ADMINISTRATION

Appropriations, 1997 .....	\$106,128,000
Budget estimate, 1998 .....	105,501,000
Committee recommendation .....	107,719,000

The Food Program Administration appropriation provides for all of the Federal operating expenses of the Food and Consumer Service, which includes the child nutrition programs; Special Milk Program; Special Supplemental Nutrition Program for Women, Infants, and Children [WIC]; Food Stamp Program; nutrition assistance for Puerto Rico; and the Commodity Assistance Program, including the Commodity Supplemental Food Program, food donations programs for selected groups; and the Emergency Food Assistance Program, the Nutrition Program for the Elderly and Pacific Island assistance.

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

COMMITTEE RECOMMENDATIONS

For Food Program Administration, the Committee recommends an appropriation of \$107,719,000. This amount is \$2,218,000 more than the budget request and \$1,591,000 more than the 1997 level.

The Committee provides the full amount requested for food program administration in light of the need to minimize the erosion of staff essential to the agency's ability to properly maintain the integrity and operation of nearly \$40,000,000,000 in Federal food assistance programs. Included in the amount recommended by the Committee is \$2,218,000, the same as the fiscal year 1997 level, for the Center for Nutrition Policy and Promotion.

TITLE V—FOREIGN ASSISTANCE AND RELATED PROGRAMS

FOREIGN AGRICULTURAL SERVICE AND GENERAL SALES MANAGER

	Appropriations	Transfers from loan accounts	Total
Appropriations, 1997 .....	\$131,295,000	\$4,266,000	\$135,561,000
Budget estimate, 1998 .....	146,549,000	4,393,000	150,942,000
Committee recommendation .....	132,367,000	4,297,000	136,664,000

The Foreign Agricultural Service [FAS] was established March 10, 1953, by Secretary's Memorandum No. 1320, supplement 1, Public Law 83-690, approved August 28, 1954, transferred the agricultural attachés from the Department of State to the Foreign Agricultural Service.

The Agency maintains a worldwide agricultural intelligence and reporting service to provide U.S. farmers and traders with information on world agricultural production and trade that they can use to adjust to changes in world demand for U.S. agricultural products. This is accomplished through a continuous program of reporting by 62 posts located throughout the world covering some 128 countries.

The Foreign Agricultural Service analyzes agricultural information essential to the assessment of foreign supply and demand conditions in order to provide estimates of the current situation and to forecast the export potential for specific U.S. agricultural commodities. Published economic data about commodities are combined with attaché reports and subjected to analysis through advanced econometric techniques to generate these estimates.

In addition, the Service is now using advanced techniques for identifying, delineating, and assessing the impact of events which may affect the condition and expected production of foreign crops of economic importance to the United States. The crop condition activity relies heavily on computer-aided analysis of satellite, meteorological, agricultural, and related data.

The mission of FAS overseas is to represent U.S. agricultural interests, to promote export of domestic farm products, improve world trade conditions, and report on agricultural production and trade in foreign countries. FAS staff are stationed at 75 offices around the world where they provide expertise in agricultural economics and marketing, as well as provide attaché services.

The Foreign Agricultural Service works in conjunction with market development cooperators, trade associations, State departments of agriculture and their affiliates, and U.S. sales teams to develop foreign markets for U.S. farm products. FAS sponsors overseas trade exhibits to promote U.S. agricultural products, provides information about foreign importers, and performs a wide range of market development activities.

FAS carries out several export assistance programs to counter the adverse effects of unfair trade practices by competitors on U.S. agricultural trade. The Export Enhancement Program uses CCC-owned commodities as export bonuses to provide export enhancements to U.S. producers. The Market Access Program [MAP] conducts both generic and brand-identified promotional programs in conjunction with nonprofit agricultural associations and private firms financed through reimbursable CCC payments.

These programs are supplemented by the Cooperator Program, a joint FAS-nonprofit private trade and producer association partnership program developing strategies for U.S. agriculture export expansion. Through 1996, nonprofit private trade and producer associations have generated an estimated \$1,200,000,000 in contributions to more than match the \$707,000,000 contributed by FAS to finance overseas market promotion activities under the Cooperator Program. In addition, GSM credit guarantee programs play an integral role in the recent progress of American agriculture in the world marketplace.

The Agricultural Trade Act of 1978 includes authority to establish up to 25 agricultural trade offices. Currently, 12 such offices are in operation at key foreign trading centers to assist U.S. exporters, trade groups, and State export marketing officials in trade promotion.

The Service initiates, directs, and coordinates the Department's formulation of trade policies and programs with the goal of maintaining and expanding world markets for U.S. agricultural products. It monitors international compliance with bilateral and multilateral trade agreements. It identifies restrictive tariff and trade practices which act as barriers to the import of U.S. agricultural commodities, then supports negotiations to remove them. It acts to counter and eliminate unfair trade practices by other countries that hinder U.S. agricultural exports to third markets.

FAS also carries out the mission of the former Office of International Cooperation and Development [OICD] to promote U.S. agriculture and to advance the agriculture of developing countries as parts of a complementary global agricultural system capable of providing ample food and fiber for all people. To accomplish this mission, FAS applies USDA policies and U.S. agricultural perspectives in its programs of international agricultural cooperation and development, and in its work with foreign countries, international organizations, U.S. universities and other institutions, agencies of the U.S. Government, and the U.S. private sector.

The General Sales Manager was established pursuant to section 5(f) of the charter of the Commodity Credit Corporation and 15 U.S.C. 714-714p. The funds allocated to the General Sales Manager are used for conducting the following programs: (1) CCC Export Credit Guarantee Program (GSM-102), including supplier credit guarantees and facilities financing guarantees, (2) Intermediate Credit Guarantee Program (GSM-103), (3) Public Law 480, (4) section 416 Overseas Donations Program, (5) Export Enhancement Program, (6) Market Access Program, and (7) programs authorized by the Commodity Credit Corporation Charter Act including barter, export sales of most CCC-owned commodities, export payments,

and other programs as assigned to encourage and enhance the export of U.S. agricultural commodities.

COMMITTEE RECOMMENDATIONS

For the Foreign Agricultural Service, the Committee recommends an appropriation of \$132,367,000. This is \$1,072,000 more than the 1997 appropriation and \$14,182,000 less than the budget request.

The Committee's recommendation includes \$3,000,000 for the Cochran Fellowship Program and the \$500,000 requested in the budget for market access barrier identification.

The Committee continues funding at the 1997 level for the Foreign Market Development Cooperator Program. The Committee expects the FAS to draw on available carryover balances, to the extent feasible, to supplement this funding to maintain support for marketing plan activities under the program.

The Committee does not provide FAS funding for information resources management costs and the Emerging Markets Program, as proposed in the budget. These activities are to continue to be supported through funds of the Commodity Credit Corporation. The Committee includes bill language, as requested in the budget, to provide an advance appropriation of up to \$3,000,000 to fund overseas wage and price increases. The Committee expects to receive documentation from the Department of overseas inflation and exchange rate variations requiring the use of these funds.

With respect to the Dairy Export Incentive Program [DEIP], the Committee notes that in spite of the 1996 farm bill requirement and the fiscal year 1997 report language from this Committee, the Secretary has failed to fully utilize the DEIP program to the full extent allowed under GATT. The Committee strongly urges the Secretary to fully utilize the DEIP program, and requests that the Department submit quarterly reports to the Committee on the progress it is making toward meeting this goal for fiscal year 1998.

PUBLIC LAW 480

PUBLIC LAW 480 TITLE I PROGRAM ACCOUNT

	Credit level	Loan subsidy	Administrative expenses
Appropriations, 1997 .....	\$226,900,000	\$185,589,000	\$1,780,000
Budget estimate, 1998 .....	112,899,000	87,869,000	1,881,000
Committee recommendation .....	226,900,000	176,596,000	1,881,000

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

*Financing sales of agricultural commodities to developing countries and private entities for dollars on credit terms, or for local currencies (including for local currencies on credit terms) for use under section 104; and for furnishing commodities to carry out the Food for Progress Act of 1985, as amended (title I).*—Title I of the act 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 pro-

vides 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.

COMMITTEE RECOMMENDATIONS

For Public Law 480, title I, the Committee recommends a program level of \$247,530,000. This amount is \$6,725,000 more than the 1997 level and \$124,381,000 more than the budget request. The corresponding loan levels, subsidies, and administrative expenses are reflected in the table above.

PUBLIC LAW 480 GRANTS ACCOUNT (TITLE I OCEAN FREIGHT DIFFERENTIAL, TITLE II AND TITLE III)

Appropriations, 1997 .....	\$880,405,000
Budget estimate, 1998 .....	877,250,000
Committee recommendation .....	887,630,000

*Ocean freight differential costs in connection with commodity 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 RECOMMENDATIONS

The following table shows the Committee's recommendations for the Public Law 480 grant account:

PUBLIC LAW 480 GRANT ACCOUNT

	1997 enacted	1998 budget	Committee recommendation
Title I ocean freight differential .....	\$13,905,000	\$10,250,000	\$20,630,000
Title II commodities supplied in connection with dispositions abroad .....	837,000,000	837,000,000	837,000,000
Title III commodities supplied in connection with dispositions abroad .....	29,500,000	30,000,000	30,000,000
Total .....	880,405,000	877,250,000	887,630,000

*Public Law 480, title II.*—The Federal Agriculture Improvement and Reform Act of 1996 [FAIR Act], Public Law 104–127, requires that a minimum of 2.025 million metric tons of commodities be provided each fiscal year under title II authority, of which 1.55 million metric tons—three-fourths of the total minimum tonnage—is designated for development programs that address chronic hunger and its root causes in areas with inadequate food security.

The Committee expects USAID's administration of Public Law 480 title II to encourage private voluntary organizations [PVO's], cooperatives, and the World Food Program [WFP] to generate a sufficient volume of proposals to allocate roughly three-fourths of the total title II tonnage funded for fiscal year 1998 for these PVO's, cooperatives, and the WFP for developmental food security programs.

The Committee recognizes the authority of USAID to waive this minimum when this volume of commodities cannot be used effectively and for certain emergencies, but believes this waiver should be used rarely, and only when emergency needs can be weighed against concrete proposals for a fully funded longer-term development program.

CCC EXPORT LOANS PROGRAM ACCOUNT

(EXPORT CREDIT PROGRAMS, GSM–102 AND GSM–103)

	Guaranteed loan levels	Guaranteed loan subsidy	Administrative expenses
Appropriations, 1997 .....	<sup>1</sup> \$3,500,000,000	<sup>2</sup> \$390,305,000	\$3,820,000
Budget estimate, 1998 .....	5,700,000,000	<sup>3</sup> 527,546,000	3,975,000
Committee recommendation .....	5,700,000,000	<sup>3</sup> 527,546,000	3,820,000

<sup>1</sup> Reduced from \$5,550,000,000 to \$3,500,000,000 by Public Law 105–18.

<sup>2</sup> In 1997, the subsidy required will be financed by funding derived from the 1996 subsidy reestimates.

<sup>3</sup> In 1998, \$181,506,000 will be financed by funding derived from the 1996 subsidy reestimate.

In 1980, CCC instituted the Export Credit Guarantee Program (GSM–102) under its charter authority. With this program, CCC guarantees, for a fee, payments due U.S. exporters under deferred

payment sales contracts (up to 36 months) for defaults due to commercial as well as noncommercial risks. The risk to CCC extends from the date of export to the end of the deferred payment period covered in the export sales contract and covers only that portion of the payments agreed to in the assurance agreement. Operation of this program is based on criteria which will assure that it is used only where it is determined that it will develop new market opportunities and maintain and expand existing world markets for U.S. agricultural commodities. The program encourages U.S. financial institutions to provide financing to those areas where the institutions would be unwilling to provide financing in the absence of the CCC guarantees.

In 1986, the Intermediate Export Credit Guarantee Program (GSM-103) was implemented by CCC under its charter authority as required by the Food Security Act of 1985. The program is similar to the Export Credit Guarantee Program (GSM-102), but provides for CCC guarantees to exporters for commodities sold on credit terms in excess of 3 years, but not more than 10 years. The program also provides for adjusting the maximum amount of interest which CCC guarantees to pay under the payment guarantee and permits freight costs to be covered for breeding animals financed under the GSM-102 and GSM-103 programs.

The Federal Credit Reform Act of 1990 establishes the program account. The subsidy costs of the CCC export guarantee programs are exempt from the requirement of advance appropriations of budget authority according to section 504(c)(2) of the Federal Credit Reform Act of 1990, Public Law 101-508. Appropriations to this account will be used for administrative expenses.

TITLE VI—RELATED AGENCIES AND FOOD AND DRUG  
ADMINISTRATION

DEPARTMENT OF HEALTH AND HUMAN SERVICES

FOOD AND DRUG ADMINISTRATION

The mission of the Food and Drug Administration [FDA] is to ensure that: (1) food is safe, pure, and wholesome; (2) cosmetics are unadulterated; (3) human and animal drugs, biological products, and therapeutic devices are safe and effective; and (4) radiological products and use procedures do not result in unnecessary exposure to radiation.

Under the foods program, FDA sets food standards; evaluates food additives and packaging for potential health hazards; conducts research to reduce food-borne disease, to determine specific health impacts of hazardous substances in food and to develop methods for detecting them in foods; maintains surveillance over foods through plant inspections, laboratory analyses, and legal action where necessary; and ensures fair and informative labeling and nutrient information.

The drugs program includes the premarket review of human and animal drugs and biological products in order to ensure their safety and efficacy; research to improve the agency's base of scientific knowledge; and the postmarketing monitoring of drug experience. FDA conducts manufacturer inspections and sample examinations to ensure industry compliance. Included under this program activity is the similar regulation of animal devices and feeds, as well as a program to assure the safety of animal-derived human foods.

The devices and radiological products program conducts premarket review and postmarket surveillance of medical devices to assure their safety and efficacy, and sets standards for the manufacture and use of radiological products to protect the public from unnecessary exposure to radiation. FDA monitors experience with medical devices, and conducts inspections of manufacturing plants and tests of radiological products to ensure compliance with regulations and standards; conducts research to improve the agency's base of scientific knowledge; and conducts education programs to promote safe and effective use of devices and radiological products.

For these three major product-oriented programs, the agency utilizes a wide variety of scientific skills to deal with the many types of products regulated and the many scientific decisions FDA must make. These skills range from field investigators, all of whom must have education in the physical or biological sciences, to chemists, microbiologists, engineers, medical officers, and scientists from many other disciplines. Similarly, FDA utilizes a variety of laboratory facilities, both to test products for safety and to conduct the

research necessary to evaluate health hazards and to develop the means to detect product hazards and prevent them.

In addition, the National Center for Toxicological Research in Jefferson, AR, serves as a specialized resource for FDA's other program elements. This facility conducts research to improve the base of scientific knowledge and applied science which the agency uses in conducting its regulatory and consumer protection missions.

#### SALARIES AND EXPENSES

	Appropriation	Prescription drug user fees	Mammography clinics inspection fees	Proposed new user fees	Total
Appropriations, 1997 .....	\$819,971,000	\$87,528,000	\$13,403,000	.....	\$920,902,000
Budget estimate, 1998 .....	750,922,000	91,204,000	13,966,000	<sup>1</sup> \$131,643,000	987,735,000
Committee recommendation .....	843,971,000	91,204,000	13,966,000	.....	949,141,000

<sup>1</sup>The President's fiscal year 1998 budget proposes legislation to authorize existing and new user fees to allow the FDA to collect an additional \$131,643,000.

#### COMMITTEE RECOMMENDATIONS

For salaries and expenses, the Committee recommends an appropriation of \$843,971,000. This amount is \$24,000,000 more than the 1997 level and \$93,049,000 more than the budget request. The Committee also recommends \$91,204,000 in Prescription Drug User Fee Act user fee collections, and \$13,966,000 in Mammography Quality Standards Act fee collections, as requested in the President's budget. These amounts are \$3,676,000 and \$563,000 above the 1997 levels, respectively. The Committee includes bill language which prohibits FDA from developing, establishing, or operating any program of user fees authorized by 31 U.S.C. 9701. The Committee continues its view that legislative proposals to establish new user fees should be submitted for consideration by the appropriate authorizing committees of the Congress and not assumed in the appropriations request until enacted into law.

The Committee provides increased funding of \$24,000,000, as requested, to fund FDA's proposed initiatives to increase the safety of the Nation's food supply. This includes \$20,000,000 for the Foods Program and \$4,000,000 for the Animal Drugs and Feeds Program.

The Committee recommends continued funding at the fiscal year 1997 level for costs associated with FDA's final rule for the regulation of nicotine-containing tobacco products.

The administration's budget request includes \$34,000,000 to fund the Food and Drug Administration's [FDA] implementation of its August 28, 1996, final rule entitled "Regulations Restricting the Sale and Distribution of Cigarettes and Smokeless Tobacco to Protect Children and Adolescents".

The Committee is aware of the ongoing litigation regarding the FDA's tobacco rule. A preliminary decision was rendered on April 25, 1997, by the U.S. District Court for the Middle District of North Carolina. That decision upheld some parts of the rule, invalidated others, and stayed all but those regulations that previously had gone into effect on February 28, 1997. The February 28 regulations set a Federal minimum age of 18 for the sale of tobacco products and required proof of age for anyone under the age of 27. The dis-

strict court's decision is being appealed to the U.S. Court of Appeals for the Fourth Circuit.

Given the court ruling currently in effect, the Committee expects the FDA's funding needs may be more limited than when it submitted its \$34,000,000 request, which was based on the implementation of all provisions of the FDA's rule. Moreover, the Committee notes that the results of settlement discussions between numerous State attorneys general, plaintiffs' lawyers, public health representatives, and lawyers representing the tobacco companies have been presented to the Congress for consideration which would cover FDA's costs rather than placing this burden on the taxpayer.

Given that FDA's assertion of jurisdiction over tobacco products is pending before the Federal courts, and a settlement proposal is pending before the Congress, the Committee does not provide the \$29,086,000 increase requested for additional outreach activities and for enforcement grants to States.

The Committee emphasizes that its action is in no way to be construed as concurring or disagreeing with any court ruling regarding FDA's authority to implement its tobacco rule or the proposed tobacco settlement.

Further, the Committee provides \$100,000, the same as the fiscal year 1997 level for a cooperative research program related to molluscan shellfish and further expects the agency to continue its education program on the consumption of raw shellfish.

The Committee also expects the FDA to maintain funding in fiscal year 1998 for orphan products grants at no less than the fiscal year 1997 current level of \$11,345,000.

The following table reflects the amounts provided by the Committee:

#### FOOD AND DRUG ADMINISTRATION SALARIES AND EXPENSES

[In thousands of dollars]

	Current fiscal year 1997 estimate	Fiscal year 1998 Committee rec- ommendation	Increase for food safety initiatives	Total fiscal year 1998 Committee rec- ommendation
Centers and related field activities:				
Foods .....	202,639	201,766	20,000	221,766
Center for Food Safety and Applied Nutrition [CFAN] .....	83,164	82,514	12,000	94,514
Field activities .....	119,475	119,252	8,000	127,252
Human drugs .....	199,740	198,734	.....	198,734
Center for Drug Evaluation and Research [CDER] <sup>1</sup> .....	142,186	141,487	.....	141,487
Field activities .....	57,554	57,247	.....	57,247
Biologics .....	88,295	87,513	.....	87,513
Center for Biologics Evaluation and Research [CBER] .....	75,061	74,267	.....	74,267
Field activities .....	13,234	13,246	.....	13,246

## FOOD AND DRUG ADMINISTRATION SALARIES AND EXPENSES—Continued

[In thousands of dollars]

	Current fiscal year 1997 estimate	Fiscal year 1998 Committee rec- ommendation	Increase for food safety initiatives	Total fiscal year 1998 Committee rec- ommendation
Animal drugs .....	40,704	40,029	4,000	44,029
Center for Veterinary Medicine [CVM] .....	26,814	26,613	4,000	30,613
Field activities .....	13,890	13,416	.....	13,416
Medical and radiological devices .....	143,655	143,222	.....	143,222
Center for Devices and Radiological Health [CDRH] .....	110,495	110,172	.....	110,172
Field activities .....	33,160	33,050	.....	33,050
National Center for Toxicological Re- search [NCTR] .....	31,307	31,307	.....	31,307
Other activities:				
Office of the Commissioner .....	12,394	12,799	.....	12,799
Tobacco .....	4,914	4,914	.....	4,914
Office of Policy .....	2,705	2,848	.....	2,848
Office of External Affairs .....	14,659	15,079	.....	15,079
Office of Operations .....	3,566	3,687	.....	3,687
Office of Orphan Products Develop- ment .....	(1,832)	(1,887)	.....	(1,887)
Office of Science .....	(675)	(696)	.....	(696)
Office of Management and Systems .....	42,944	44,089	.....	44,089
FDA central services .....	8,249	8,099	.....	8,099
Rent and related activities .....	24,200	25,885	.....	25,885
Total, FDA salaries and expenses, new budget authority .....	819,971	819,971	24,000	843,971

<sup>1</sup> Includes \$11,345,000 in each of fiscal years 1997 and 1998 for orphan products grants.

The Committee directs the FDA to provide advance written notification to the House and Senate Committees on Appropriations when reprogramming \$500,000, or 5 percent, whichever is greater, of the amount provided for each of the line items specified in the Committee report, except in the case of an imminent threat to the public health or safety. In such case, the Committee is to be notified subsequent to the reprogramming action.

The FDA also is required to seek advance reprogramming approval if a reallocation of funds within an account would result in a major policy, program, or personnel change contrary to the action taken by the Congress or presented to the Committee in the agency's budget justification. In addition, the agency is expected to provide advance written notification to the Committee if it intends to initiate new activities, studies, or investigations of a significant nature, regardless of whether a reprogramming action is required in accordance with the threshold amounts set forth in this report.

*Timely FDA reviews.*—The Federal Food and Drug and Cosmetic Act [FFDC or the act] requires various FDA premarket approvals

to protect consumers from unsafe drug, medical device, and food products, and to address ancillary matters related to those products. The act specifies review periods to prevent excessive delays. This requirement provides assurance that is important as an incentive for companies to invest in development of innovative products and in permitting access to state-of-the-art treatment and prevention techniques for various diseases. Because delay in approval of safe and effective products can have a significant adverse affect on public health, the Committee remains deeply concerned that FDA generally does not meet its statutory duty to timely review and approve or deny various petitions and applications. While improvements in processing times have occurred in some areas, much further improvement is required for FDA to meet its statutory duties.

FDA has told this Committee that it interprets its statutory requirement to approve or disapprove a generic drug application within 180 days to mean that FDA must review and take action on such applications within 180 days. The Committee notes that FDA's interpretation does not require final agency action within 180 days, as the plain language of the statute requires. The Committee expects FDA to comply with the plain language of all statutory timeframes specified in the FFDCFA.

The Committee notes that Secretary Shalala has transmitted to Congress legislative proposals that, among other things, would require FDA to annually submit to Congress a report stating progress in achieving agency-established goals regarding review of various applications and petitions. The Committee believes that compliance with the statutory duty of timely review would be an appropriate initial goal for FDA. The Committee directs the FDA, consistent with the administration's legislative proposal, to submit to the House and Senate Committees on Appropriations, as well as the House Committee on Commerce and the Senate Committee on Labor and Human Resources, within 90 days after the beginning of the fiscal year, a performance report stating the progress of FDA in complying with statutory review periods and explaining its plans and actions to perform timely, effective reviews as required under the Federal Food and Drug and Cosmetic Act.

*Blood and blood product safety.*—The Committee understands that as a result of language included in the Committee's report accompanying the fiscal year 1997 appropriations act, the FDA initiated discussions with the National Hemophilia Foundation on concerns over the need to strengthen FDA's safeguards to protect the integrity of the U.S. blood supply and blood products. Much still needs to be done to prevent, as well as respond rapidly and effectively, to cases of viral or pathogenic contamination of blood products. The Committee directs the FDA to move forward on: (1) defining and documenting the decisionmaking steps for initiating a blood product investigation following an adverse event and proceeding with blood product withdrawal or recall, and (2) convening a working group to improve patient notification of adverse events in blood products. The Committee believes the working group should include not only other Public Health Service entities as the Centers for Disease Control and Prevention [CDC] and the National Institutes of Health [NIH] but also the National Hemophilia Foundation, consumers and treaters, blood collectors, and blood product

manufacturers. The Committee expects a progress report from FDA no later than December 1, 1997.

*Asthma inhalers.*—The Committee is aware that FDA has issued an advance notice of proposed rulemaking [ANPR] that would expedite the phaseout of the use of chlorofluorocarbons [CFC's] in metered-dose inhalers for asthma patients. Because of the seriousness and prevalence of asthma, particularly among children and lower income individuals, the Committee urges FDA to consider carefully all ramifications of its ANPR before proceeding further on the matter, including the relative environmental significance of CFC emissions from asthma inhalers, the effect of such action on costs to patients, its possible impacts on asthma morbidity and mortality, and the availability of feasible alternatives to CFC's for use in asthma inhalers. The Committee expects FDA to consider carefully whether the public health would be better served by a less intrusive and proscriptive approach.

#### BUILDINGS AND FACILITIES

Appropriations, 1997 .....	\$21,350,000
Budget estimate, 1998 .....	22,900,000
Committee recommendation .....	22,900,000

In addition to Washington area laboratories which are in nine separate locations, there are 24 lab facilities around the country, including regular field laboratories and specialized facilities, as well as the National Center for Toxicological Research complex. Continued repairs, modifications, and improvements to FDA headquarters and field facilities must be made to preserve the properties, ensure employee safety, meet changing program requirements, and permit the agency to keep its laboratory methods up to date.

#### COMMITTEE RECOMMENDATIONS

For continued repairs and improvements of FDA buildings and facilities, the Committee recommends \$22,900,000. This amount is \$1,550,000 more than the 1997 appropriation and the same as the budget request.

The Committee recommendation includes the \$14,550,000 requested for construction of phase II of the Arkansas Regional Laboratory for the Office of Regulatory Affairs in Jefferson, AR. The fiscal year 1997 appropriation included \$13,000,000 for phase I construction.

#### RENTAL PAYMENTS (FDA)

Appropriations, 1997 .....	\$46,294,000
Budget estimate, 1998 .....	46,294,000
Committee recommendation .....	46,294,000

Annual appropriations are made to agencies of the Federal Government to pay the General Services Administration [GSA] fees for rental of space and for related services.



## COMMITTEE RECOMMENDATIONS

The Committee recommends an appropriation of \$46,294,000 for rental payments of the Food and Drug Administration. This amount is the same as the budget estimate and the 1997 level.

## DEPARTMENT OF THE TREASURY

## FINANCIAL MANAGEMENT SERVICE

## PAYMENTS TO THE FARM CREDIT SYSTEM FINANCIAL ASSISTANCE CORPORATION

Appropriations, 1997 .....	\$10,290,000
Budget estimate, 1998 .....	7,728,000
Committee recommendation .....	7,728,000

The Agricultural Credit Act of 1987 (Public Law 100-233) authorized such sums as necessary to be appropriated to the Secretary of the Treasury for payment to the Farm Credit System Assistance Corporation [FAC]. Treasury payments annually reimburse the Corporation for interest expenses on debt issued by the Corporation, which is authorized to be issued through 1992. Treasury is authorized to pay all or part of FAC interest for the first 10 years on each 15-year debt issuance. Debt proceeds are used to provide assistance to financially troubled Farm Credit System lending institutions. Under the Agricultural Credit Act of 1997, the Farm Credit System's share of interest assessment for FAC debt would increase if the System's retained earnings exceeded 5 percent of its assets. For 1996, 1997, and 1998, the Treasury portion of interest assessments was estimated at 13, 9, and 7 percent, respectively.

## COMMITTEE RECOMMENDATIONS

For interest expenses incurred by the Farm Credit System Financial Assistance Corporation as authorized by the Farm Credit Assistance Board, the Committee recommends \$7,728,000. This is \$2,562,000 less than the 1997 level and the same as the budget estimate.

## INDEPENDENT AGENCIES

## COMMODITY FUTURES TRADING COMMISSION

Appropriations, 1997 .....	\$55,101,000
Budget estimate, 1998 .....	60,101,000
Committee recommendation .....	60,101,000

The Commodity Futures Trading Commission [CFTC] was established as an independent agency by the Commodity Futures Trading Commission Act of 1974 (88 Stat. 1389; 7 U.S.C. 4a).

The Commission administers the Commodity Exchange Act, 7 U.S.C. section 1, et seq. The 1974 act brought under Federal regulation futures trading in all goods, articles, services, rights, and interests; commodity options trading; and leverage trading in gold and silver bullion and coins; and otherwise strengthened the regulation of the commodity futures trading industry. It established a comprehensive regulatory structure to oversee the volatile futures trading complex.

The purpose of the Commission is to protect and further the economic utility of futures markets by encouraging their efficiency, assuring their integrity, and protecting participants against manipulation, abusive trade practices, fraud, and deceit. The objective is to enable the markets better to serve their designated functions of providing a price discovery mechanism and providing price risk insurance. In properly serving these functions, the futures markets contribute toward better production and financial planning, more efficient distribution and consumption, and more economical marketing.

Programs in support of the overall mission include market surveillance analysis and research; registration, audits, and contract markets; enforcement; reparations; proceedings; legal counsel; agency direction; and administrative support services. CFTC activities are carried out in Washington, DC; four regional offices located in Chicago, New York, Kansas City, and Los Angeles; and a branch office located in Minneapolis.

COMMITTEE RECOMMENDATIONS

For the Commodity Futures Trading Commission, the Committee recommends \$60,101,000. The amount provided is \$5,000,000 more than the 1997 appropriation and the same as the budget request.

The Committee has recommended the full budget request for the Commission. The additional resources will enhance the Commission's ability to detect fraud, provide a greater level of customer protection, and ensure the continued integrity of the commodities markets. The Commission's strong market presence is critical given the growth in market trading volume, the use of more complex trading and derivative instruments, and the expanded international participation in U.S. markets and trading links between U.S. exchanges and foreign markets.

FARM CREDIT ADMINISTRATION

LIMITATION ON ADMINISTRATIVE EXPENSES

Limitations, 1997 .....	\$37,478,000
Budget estimate, 1998 .....	34,423,000
Committee recommendation .....	34,423,000

The Farm Credit Administration [FCA] is the independent agency in the executive branch of the Government responsible for the examination and regulation of the banks, associations, and other institutions of the Farm Credit System.

Activities of the Farm Credit Administration include the planning and execution of examinations of Farm Credit System institutions and the preparation of examination reports. FCA also establishes standards, enforces rules and regulations, and approves certain actions of the institutions.

The administration and the institutions under its jurisdiction now operate under authorities contained in the Farm Credit Act of 1971, Public Law 92-181, effective December 10, 1971. Public Law 99-205, effective December 23, 1985, restructured FCA and gave the agency regulatory authorities and enforcement powers.

The act provides for the farmer-owned cooperative system to make sound, adequate, and constructive credit available to farmers and ranchers and their cooperatives, rural residences, and associations and other entities upon which farming operations are dependent, and to modernize existing farm credit law to meet current and future rural credit needs.

The Agricultural Credit Act of 1987 authorized the formation of the Federal Agricultural Mortgage Corporation [FAMC] to operate a secondary market for agricultural and rural housing mortgages. The Farm Credit Administration, under section 8.11 of the Farm Credit Act of 1971, as amended, is assigned the responsibility of regulating this entity and assuring its safe and sound operation.

Expenses of the Farm Credit Administration are paid by assessments collected from the Farm Credit System institutions and by assessments to the Federal Agricultural Mortgage Corporation.

#### COMMITTEE RECOMMENDATIONS

The Committee recommends a limitation of \$34,423,000 on administrative expenses of the Farm Credit Administration. This is the same as the budget request and \$3,055,000 less than the fiscal year 1997 level.

## TITLE VII—GENERAL PROVISIONS

Sections 701–721 of the general provisions are essentially the same as those included in the fiscal year 1997 and previous years' appropriations acts.

In addition, the Committee recommends the following new provisions:

Section 722 to prohibit the use of funds provided by the act from being used to carry out an export enhancement program in excess of \$150,000,000 in fiscal year 1998.

Section 723 to prohibit the use of funds made available to the Department of Agriculture by the act from being used to acquire or significantly upgrade new information technology systems unless approved by the chief information officer with the concurrence of the Executive Information Technology Investment Review Board.

Section 724 to amend the Federal Noxious Weed Act of 1974 to include *Pueraria lobata* Dc.

Section 725 to exempt the Martin Luther King area of Pawley's Island in Georgetown County, SC, from the population eligibility ceiling under section 520 of the Housing Act of 1949 to continue its eligibility for a section 504 housing rehabilitation grant issued prior to a new population survey placing the area over the population ceiling.

Section 726 to prohibit the use of funds provided by the act to the Food and Drug Administration to relocate the FDA Division of Drug Analysis from St. Louis, MO; or to proceed with a plan to close or consolidate FDA's Baltimore, MD, field laboratory.

Section 727 to require the Secretary of Agriculture to submit a plan to the House and Senate Committees on Appropriations before certain reductions occur in the employee levels of the Rural Development Agency. This plan should include a justification and cost savings of such reductions.

### PROGRAM, PROJECT, AND ACTIVITY

During fiscal year 1998, for purposes of the Balanced Budget and Emergency Deficit Control Act of 1985 (Public Law 99–177) or the Balanced Budget and Emergency Deficit Control Reaffirmation Act of 1987 (Public Law 100–119), 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, 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, 1998, the House and Senate Committee reports, and the conference report and accompanying joint explanatory statement of the managers of the committee of conference.

If a sequestration order is necessary, in implementing the Presidential order, departments and agencies shall apply any percentage reduction required for fiscal year 1998 pursuant to the provisions of Public Law 99-177 or Public Law 100-119 to all items specified in the explanatory notes submitted to the Committees on Appropriations of the House and Senate in support of the fiscal year 1998 budget estimates, as amended, for such departments and agencies, as modified by congressional action, and in addition:

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

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

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

#### COMPLIANCE WITH PARAGRAPH 7, RULE XVI OF THE STANDING RULES OF THE SENATE

Paragraph 7 of rule XVI requires that Committee reports accompanying general appropriations bills identify each recommended amendment which proposes an item of appropriation which is not made to carry out the provisions of an existing law, a treaty stipulation, or an act or resolution previously passed by the Senate during that session.

The Committee recommends funding for the following programs or activities which currently lack authorization for fiscal year 1998:

Section 515 rental housing loans;

Section 538 guaranteed multifamily housing loans;

Dairy indemnity program;

Nutrition program for the elderly;

Food assistance for nuclear-affected islands; and

Prescription Drug User Fee Act and Mammography Quality Standards Act user fee collections.

#### COMPLIANCE WITH PARAGRAPH 7(C), RULE XXVI OF THE STANDING RULES OF THE SENATE

Pursuant to paragraph 7(c) of rule XXVI, the Committee ordered reported en bloc H.R. 2016, Military Construction appropriations bill, 1998, and S. 1033, an original Agriculture, Rural Development appropriations bill, 1998, subject to amendment and subject to their budget allocations, and S. 1034, an original VA-HUD appropriations bill, subject to amendment and subject to appropriate scoring, by a recorded vote of 28-0, a quorum being present. The vote was as follows:

Yeas

Nays

Chairman Stevens  
Mr. Cochran  
Mr. Specter  
Mr. Domenici  
Mr. Bond

Mr. Gorton  
 Mr. McConnell  
 Mr. Burns  
 Mr. Shelby  
 Mr. Gregg  
 Mr. Bennett  
 Mr. Campbell  
 Mr. Craig  
 Mr. Faircloth  
 Mrs. Hutchison  
 Mr. Byrd  
 Mr. Inouye  
 Mr. Hollings  
 Mr. Leahy  
 Mr. Bumpers  
 Mr. Lautenberg  
 Mr. Harkin  
 Ms. Mikulski  
 Mr. Reid  
 Mr. Kohl  
 Mrs. Murray  
 Mr. Dorgan  
 Mrs. Boxer

COMPLIANCE WITH PARAGRAPH 12, RULE XXVI OF THE  
 STANDING RULES OF THE SENATE

Paragraph 12 of rule XXVI requires that Committee reports on a bill or joint resolution repealing or amending any statute or part of any statute include “(a) the text of the statute or part thereof which is proposed to be repealed; and (b) a comparative print of that part of the bill or joint resolution making the amendment and of the statute or part thereof proposed to be amended, showing by stricken-through type and italics, parallel columns, or other appropriate typographical devices the omissions and insertions which would be made by the bill or joint resolution if enacted in the form recommended by the committee.”

In compliance with this rule, the following changes in existing law proposed to be made by the bill are shown as follows: existing law to be omitted is enclosed in black brackets; new matter is printed in Italics; and existing law in which no change is proposed is shown in Roman.

**TITLE 7—AGRICULTURE**

\* \* \* \* \*

**CHAPTER 50—AGRICULTURAL CREDIT**

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**SUBCHAPTER IV—ADMINISTRATIVE PROVISIONS**

\* \* \* \* \*

**§ 2009d. Rural Development Trust Funds**

(a) \* \* \*

**(3) Rural business and cooperative development**

The rural business and cooperative development category consists of all amounts made available for—

(A) rural business opportunity grants under section 1926(a)(11)(A) of this title;

(B) business and industry *direct and* guaranteed loans under section 1932(a)(1) of this title; or

(C) rural business enterprise grants or rural educational network grants under section 1932(c) of this title.

\* \* \* \* \*

**CHAPTER 61—NOXIOUS WEEDS**

\* \* \* \* \*

**§ 2802. Definitions**

As used in this chapter, except where the context otherwise requires:

(a) \* \* \*

\* \* \* \* \*

(c) “Noxious weed” means any living stage (including but not limited to, seeds and reproductive parts) of any parasitic or other plant of a kind, or subdivision of a kind, which is of foreign origin, is new to or not widely prevalent in the United States, and can directly or indirectly injure crops, other useful plants, livestock, or poultry or other interests of agriculture, including irrigation, or navigation or the fish and wildlife resources of the United States or the public health, *and includes kudza (Pueraria lobata Dc).*

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

Item	1997 appropriation	Budget estimate	Committee recommendation	Senate Committee recommendation compared with (+ or -)	
				1997 appropriation	Budget estimate
<b>TITLE I—AGRICULTURAL PROGRAMS</b>					
Production, Processing, and Marketing					
Office of the Secretary .....	\$2,836,000	\$2,872,000	\$2,836,000	.....	-\$36,000
Executive Operations:					
Chief Economist .....	4,231,000	5,308,000	5,252,000	+\$1,021,000	-56,000
Commission on 21st Century Production Agriculture .....	.....	1,100,000	.....	.....	-1,100,000
National Appeals Division .....	11,718,000	13,359,000	12,360,000	+642,000	-999,000
Office of Budget and Program Analysis .....	5,986,000	5,918,000	5,986,000	.....	+68,000
Office of Small and Disadvantaged Business Utilization <sup>1</sup> .....	.....	795,000	783,000	+783,000	-12,000
Office of Chief Information Officer .....	.....	4,828,000	4,773,000	+4,773,000	-55,000
Total, Executive Operations .....	21,935,000	31,308,000	29,154,000	+7,219,000	-2,154,000
Chief Financial Officer .....	4,283,000	4,718,000	4,283,000	.....	-435,000
Office of the Assistant Secretary for Administration .....	613,000	621,000	613,000	.....	-8,000
Agriculture buildings and facilities (USDA) .....	144,053,000	131,085,000	131,085,000	-12,968,000	.....
Payments to GSA .....	(103,754,000)	(98,600,000)	(98,600,000)	(-5,154,000)	.....
Building operations and maintenance .....	(16,794,000)	(24,785,000)	(24,785,000)	(+7,991,000)	.....
Repairs, renovations, and construction .....	(23,505,000)	(5,000,000)	(5,000,000)	(-18,505,000)	.....
Relocation expenses .....	.....	(2,700,000)	(2,700,000)	(+2,700,000)	.....
Hazardous waste management .....	15,700,000	25,000,000	15,700,000	.....	-9,300,000
Departmental administration .....	30,529,000	25,258,000	24,948,000	-5,581,000	-310,000
Office of the Assistant Secretary for Congressional Relations .....	3,668,000	3,714,000	3,668,000	.....	-46,000
Office of Communications .....	8,138,000	8,279,000	8,138,000	.....	-141,000
Office of the Inspector General .....	63,028,000	65,259,000	63,728,000	+700,000	-1,531,000
Office of the General Counsel .....	27,749,000	29,449,000	29,098,000	+1,349,000	-351,000
Office of the Under Secretary for Research, Education and Economics .....	540,000	547,000	540,000	.....	-7,000



Economic Research Service .....	53,109,000	54,310,000	53,109,000	.....	+17,827,000	-1,201,000
National Agricultural Statistics Service .....	100,221,000	119,877,000	118,048,000	.....	(+18,827,000)	-1,829,000
Census of Agriculture .....	(17,500,000)	(36,327,000)	(36,327,000)	.....	+21,174,000	+11,203,000
Agricultural Research Service .....	716,826,000	726,797,000	738,000,000	.....	.....	+9,800,000
Buildings and facilities .....	69,100,000	59,300,000	69,100,000	.....	.....	.....
Total, Agricultural Research Service .....	785,926,000	786,097,000	807,100,000	.....	+21,174,000	+21,003,000
Cooperative State Research, Education, and Extension Service:						
Research and education activities .....	421,504,000	422,342,000	427,526,000	.....	+6,022,000	+5,184,000
Native Americans Institutions Endowment Fund .....	(4,600,000)	(4,600,000)	(4,600,000)	.....	.....	.....
Buildings and facilities .....	61,591,000	.....	.....	.....	-61,591,000	.....
Extension Activities .....	426,273,000	417,811,000	423,322,000	.....	-2,951,000	+5,511,000
Total, Cooperative State Research, Education, and Extension Service .....	909,368,000	840,153,000	850,848,000	.....	-58,520,000	+10,695,000
Office of the Assistant Secretary for Marketing and Regulatory Programs .....	618,000	625,000	618,000	.....	.....	-7,000
Animal and Plant Health Inspection Service:						
Salaries and expenses .....	434,909,000	424,491,000	437,183,000	.....	+2,274,000	+12,692,000
AQI user fees <sup>2</sup> .....	(98,000,000)	(100,000,000)	(100,000,000)	.....	(+2,000,000)	.....
Buildings and facilities .....	3,200,000	7,200,000	4,200,000	.....	+1,000,000	-3,000,000
Total, Animal and Plant Health Inspection Service .....	438,109,000	431,691,000	441,383,000	.....	+3,274,000	+9,692,000
Agricultural Marketing Service:						
Marketing Services .....	38,507,000	49,786,000	49,627,000	.....	+11,120,000	-159,000
New user fees .....	(3,887,000)	(4,000,000)	(4,000,000)	.....	(+113,000)	.....
(Limitation on administrative expenses, from fees collected) .....	(59,012,000)	(59,521,000)	(59,521,000)	.....	(+509,000)	.....
Funds for strengthening markets, income, and supply (transfer from section 32) .....	10,576,000	10,690,000	10,690,000	.....	+114,000	.....
Payments to states and possessions .....	1,200,000	1,200,000	1,200,000	.....	.....	.....
Total, Agricultural Marketing Service .....	50,283,000	61,676,000	61,517,000	.....	+11,234,000	-159,000
Grain Inspection, Packers and Stockyards Administration .....	23,128,000	25,722,000	23,583,000	.....	+455,000	-2,139,000
Inspection and Weighing Services (limitation on administrative expenses, from fees collected) .....	(43,207,000)	(43,092,000)	(43,092,000)	.....	(-115,000)	.....
Office of the Under Secretary for Food Safety .....	446,000	583,000	446,000	.....	.....	-137,000

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

Item	1997 appropriation	Budget estimate	Committee recommendation	Senate Committee recommendation compared with (+ or -)	
				1997 appropriation	Budget estimate
Food Safety and Inspection Service .....	574,000,000	591,209,000	590,614,000	+ 16,614,000	- 595,000
Lab accreditation fees <sup>3</sup> .....	(1,000,000)	(1,000,000)	(1,000,000)		
Total, Production, Processing, and Marketing .....	3,258,280,000	3,240,053,000	3,261,057,000	+ 2,777,000	+ 21,004,000
Farm Assistance Programs					
Office of the Under Secretary for Farm and Foreign Agricultural Services ..	572,000	580,000	572,000		- 8,000
Farm Service Agency:					
Salaries and expenses .....	746,440,000	742,789,000	700,659,000	- 45,781,000	- 42,130,000
(Transfer from export loans) .....	(589,000)	(648,000)	(589,000)		(- 59,000)
(Transfer from Public Law 480) .....	(745,000)	(815,000)	(815,000)	(+ 70,000)	
(Transfer from ACIF) .....	(208,446,000)	(209,861,000)	(209,861,000)	(+ 1,415,000)	
Total, salaries and expenses .....	(956,220,000)	(954,113,000)	(911,924,000)	(- 44,296,000)	(- 42,189,000)
State mediation grants .....	2,000,000	4,000,000	2,000,000		- 2,000,000
Dairy indemnity program .....	100,000	100,000	550,000	+ 450,000	+ 450,000
Total, Farm Service Agency .....	748,540,000	746,889,000	703,209,000	- 45,331,000	- 43,680,000
Agricultural Credit Insurance Fund Program Account:					
Loan authorizations:					
Farm ownership loans:					
Direct .....	(50,000,000)	(30,828,000)	(60,000,000)	(+ 10,000,000)	(+ 29,172,000)
Guaranteed .....	(550,000,000)	(400,000,000)	(400,000,000)	(- 150,000,000)	
Subtotal .....	(600,000,000)	(430,828,000)	(460,000,000)	(- 140,000,000)	(+ 29,172,000)
Farm operating loans:					
Direct .....	(495,071,000)	(450,000,000)	(495,000,000)	(- 71,000)	(+ 45,000,000)

Guaranteed unsubsidized .....	(1,700,000,000)	(1,700,000,000)	(1,700,000,000)	.....
Guaranteed subsidized .....	(200,000,000)	(200,000,000)	(200,000,000)	.....
Subtotal .....	(2,395,071,000)	(2,350,000,000)	(2,395,000,000)	(-71,000)
Indian tribe land acquisition loans .....	(1,000,000)	(1,000,000)	(1,000,000)	.....
Emergency disaster loans .....	(25,000,000)	(25,000,000)	(25,000,000)	.....
Boll weevil Loans .....	(34,653,000)	(34,653,000)	(34,653,000)	(+34,653,000)
Credit sales of acquired property .....	(25,000,000)	(25,000,000)	(25,000,000)	.....
Total, Loan authorizations .....	(3,080,724,000)	(2,831,828,000)	(2,940,653,000)	(-140,071,000)
Loan subsidies:				
Farm ownership loans:				
Direct .....	5,920,000	4,020,000	5,940,000	+20,000
Guaranteed .....	22,055,000	15,440,000	15,440,000	-6,615,000
Subtotal .....	27,975,000	19,460,000	21,380,000	-6,595,000
Farm operating loans:				
Direct .....	65,450,000	29,565,000	32,224,500	-33,225,500
Guaranteed unsubsidized .....	19,210,000	19,890,000	19,890,000	+680,000
Guaranteed subsidized .....	18,400,000	19,280,000	19,280,000	+880,000
Subtotal .....	103,060,000	68,735,000	71,394,500	-31,665,500
Indian tribe land acquisition .....	54,000	132,000	132,000	+78,000
Emergency disaster loans .....	6,365,000	6,008,000	6,008,000	-357,000
Boll weevil loans subsidy .....	499,000	.....	249,500	-249,500
Credit sales of acquired property .....	2,530,000	3,255,000	3,255,000	+725,000
Total, Loan subsidies .....	140,483,000	97,590,000	102,419,000	-38,064,000
ACIF expenses:				
Salaries and expense (transfer to FSA) .....	208,446,000	209,861,000	209,861,000	+1,415,000
Administrative expenses .....	12,600,000	10,000,000	10,000,000	-2,600,000
Total, ACIF expenses .....	221,046,000	219,861,000	219,861,000	-1,185,000
Total, Agricultural Credit Insurance Fund .....	361,529,000	317,451,000	322,280,000	-39,249,000
				+4,829,000

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

Item	1997 appropriation	Budget estimate	Committee recommendation	Senate Committee recommendation compared with (+ or -)	
				1997 appropriation	Budget estimate
(Loan authorization) .....	(3,080,724,000)	(2,831,828,000)	(2,940,653,000)	(-140,071,000)	(+108,825,000)
Office of Risk Management:					
Administrative and operating expenses .....	64,000,000	68,465,000	64,000,000		-4,465,000
Sales commission of agents .....		202,571,000	202,571,000	+202,571,000	
Total, Office of Risk Management .....	64,000,000	271,036,000	266,571,000	+202,571,000	-4,465,000
Total, Farm Assistance Programs .....	1,174,641,000	1,335,956,000	1,292,632,000	+117,991,000	-43,324,000
Corporations					
Federal Crop Insurance Corporation: Federal crop insurance corporation fund .....	1,785,013,000	1,584,135,000	1,584,135,000	-200,878,000	
Commodity Credit Corporation Fund:					
Reimbursement for net realized losses .....	1,500,000,000	783,507,000	783,507,000	-716,493,000	
Hazardous waste (limitation on administrative expenses) .....	(5,000,000)	(5,000,000)	(5,000,000)		
Total, Corporations .....	3,285,013,000	2,367,642,000	2,367,642,000	-917,371,000	
Total, title I, Agricultural Programs .....	7,717,934,000	6,943,651,000	6,921,331,000	-796,603,000	-22,320,000
(By transfer) .....	(209,780,000)	(211,324,000)	(211,265,000)	(+1,485,000)	(-59,000)
(Loan authorization) .....	(3,080,724,000)	(2,831,828,000)	(2,940,653,000)	(-140,071,000)	(+108,825,000)
(Limitation on administrative expenses) .....	(107,219,000)	(107,613,000)	(107,613,000)	(+394,000)	
TITLE II—CONSERVATION PROGRAMS					
Office of the Under Secretary for Natural Resources and Environment .....	693,000	702,000	693,000		-9,000

Natural Resources Conservation Service:					
Conservation operations .....	619,742,000	722,268,000	729,880,000	+ 110,138,000	+ 7,612,000
Watershed surveys and planning 4 .....	12,381,000	.....	.....	- 12,381,000	.....
Watershed and flood prevention operations 5 .....	101,036,000	40,000,000	40,000,000	- 61,036,000	.....
Resource conservation and development .....	29,377,000	47,700,000	47,700,000	+ 18,323,000	.....
Forestry incentives program .....	6,325,000	6,325,000	6,325,000	.....	.....
Outreach for socially disadvantaged farmers and ranchers .....	1,000,000	5,000,000	3,000,000	+ 2,000,000	- 2,000,000
Total, Natural Resources Conservation Service .....	769,861,000	821,293,000	826,905,000	+ 57,044,000	+ 5,612,000
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Total, title II, Conservation Programs .....	770,554,000	821,995,000	827,598,000	+ 57,044,000	+ 5,603,000
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TITLE III—RURAL ECONOMIC AND COMMUNITY DEVELOPMENT PROGRAMS					
Office of the Under Secretary for Rural Development .....	588,000	596,000	588,000	.....	- 8,000
Rural community advancement program .....	.....	688,570,000	644,259,000	+ 644,259,000	- 44,311,000
Rural Housing Service:	.....	.....	.....	.....	.....
Rural Housing Insurance Fund Program Account:	.....	.....	.....	.....	.....
Loan authorizations:	.....	.....	.....	.....	.....
Low-income housing (sec. 502) .....	(1,000,000,000)	(1,000,000,000)	(1,000,000,000)	.....	.....
Unsubsidized guaranteed .....	(2,300,000,000)	(3,000,000,000)	(2,300,000,000)	.....	(- 700,000,000)
Housing repair (sec. 504) .....	(35,000,000)	(30,000,000)	(30,000,000)	(- 5,000,000)	.....
Farm labor (sec. 514) .....	(15,000,000)	(15,001,000)	(15,001,000)	(+ 1,000)	.....
Rental housing (sec. 515) .....	(58,654,000)	(128,640,000)	(128,640,000)	(+ 69,986,000)	.....
Multi-family housing quarantees (sec. 538) .....	.....	.....	(19,700,000)	(+ 19,700,000)	(+ 19,700,000)
Site loans (sec. 524) .....	(600,000)	(600,000)	(600,000)	.....	.....
Self-help housing land development fund .....	(600,000)	(687,000)	(587,000)	(- 13,000)	.....
Credit sales of acquired property .....	(50,000,000)	(25,004,000)	(25,004,000)	(- 24,996,000)	.....
Total, Loan authorizations .....	(3,459,854,000)	(4,199,832,000)	(3,519,532,000)	(+ 59,678,000)	(- 680,300,000)
Loan subsidies:	.....	.....	.....	.....	.....
Single family (sec. 502):	.....	.....	.....	.....	.....
Direct .....	83,000,000	128,100,000	128,100,000	+ 45,100,000	.....
Unsubsidized guaranteed .....	6,210,000	6,900,000	5,290,000	- 920,000	- 1,610,000
Housing repair (sec. 504) .....	11,081,000	10,308,000	10,308,000	- 773,000	.....
Farm labor (sec. 514) .....	6,885,000	7,388,000	7,388,000	+ 503,000	.....

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

Item	1997 appropriation	Budget estimate	Committee recommendation	Senate Committee recommendation compared with (+ or -)	
				1997 appropriation	Budget estimate
Rental housing (sec. 515): Direct	28,987,000	68,745,000	68,745,000	+ 39,758,000	.....
Multi-family housing grantees (sec. 538)	.....	.....	1,200,000	+ 1,200,000	+ 1,200,000
Self-help housing land development fund	17,000	20,000	20,000	+ 3,000	.....
Credit sales of acquired property	4,050,000	3,493,000	3,493,000	- 557,000	.....
Total, Loan subsidies	140,230,000	224,954,000	224,544,000	+ 84,314,000	- 410,000
RHF administrative expenses (transfer to RHS)	366,205,000	354,785,000	354,785,000	- 11,420,000	.....
Rental assistance program:					
(Sec. 521)	487,970,000	535,497,000	535,497,000	+ 47,527,000	.....
(Sec. 502(c)(5)(D))	5,900,000	5,900,000	5,900,000	.....	.....
Convert from HUD's section 8 contracts to USDA's section 521	.....	52,000,000	.....	.....	- 52,000,000
Total, Rental assistance program	493,870,000	593,397,000	541,397,000	+ 47,527,000	- 52,000,000
Total, Rural Housing Insurance Fund	1,000,305,000	1,173,136,000	1,120,726,000	+ 120,421,000	- 52,410,000
(Loan authorization)	(3,459,854,000)	(4,199,832,000)	(3,519,532,000)	(+ 59,678,000)	(- 680,300,000)
Mutual and self-help housing grants <sup>6</sup>	26,000,000	.....	26,000,000	.....	+ 26,000,000
Rural community fire protection grants	.....	2,000,000	1,285,000	+ 1,285,000	- 715,000
Rural housing assistance program	130,433,000	.....	.....	- 130,433,000	.....
Rural housing assistance grants	.....	70,900,000	45,720,000	+ 45,720,000	- 25,180,000
Multi-family housing grantees (sec. 538)	(1,200,000)	.....	(1,200,000)	.....	(+ 1,200,000)
Subtotal, grants and payments	156,433,000	72,900,000	73,005,000	- 83,428,000	+ 105,000
RHS expenses:					
Administrative expenses	60,743,000	58,804,000	58,804,000	- 1,939,000	.....

(Transfer from RHIF) .....	(366,205,000)	(354,785,000)	(354,785,000)	(-11,420,000)	.....
Total, RHS expenses .....	(426,948,000)	(413,589,000)	(413,589,000)	(-13,359,000)	.....
Total, Rural Housing Service .....	1,217,481,000	1,304,840,000	1,252,535,000	+35,054,000	-52,305,000
(Loan authorization) .....	(3,459,854,000)	(4,199,832,000)	(3,519,532,000)	(+59,678,000)	(-680,300,000)
<b>Rural Business-Cooperative Service:</b>					
Rural Development Loan Fund Program Account:					
Loan subsidy .....	(37,544,000)	(35,000,000)	(40,000,000)	(+2,456,000)	(+5,000,000)
Administrative expenses (transfer to RBCS) .....	17,270,000	16,888,000	19,200,000	+1,930,000	+2,312,000
.....	.....	3,482,000	3,482,000	+3,482,000	.....
Total, Rural Development Loan Fund .....	17,270,000	20,370,000	22,682,000	+5,412,000	+2,312,000
Rural Economic Development Loans Program Account:					
Direct subsidy .....	(12,865,000)	(25,000,000)	(12,865,000)	.....	(-12,135,000)
Administrative expenses (transfer to RBCS) .....	2,830,000	.....	3,076,000	+246,000	+3,076,000
By transfer from cushion of credit payments .....	654,000	.....	.....	-654,000	.....
Alternative Agricultural Research and Commercialization Revolving Fund .....	.....	(5,978,000)	.....	.....	(-5,978,000)
Rural cooperative development grants .....	7,000,000	10,000,000	10,000,000	+3,000,000	.....
Rural business-cooperative assistance 7 .....	.....	3,000,000	3,000,000	+3,000,000	.....
RBCS expenses:	.....	.....	.....	-51,400,000	.....
Salaries and expenses .....	25,680,000	27,482,000	25,680,000	.....	-1,802,000
(Transfer from RDLFP) .....	.....	(3,482,000)	(3,482,000)	(+3,482,000)	.....
(Transfer from REDLP) .....	(654,000)	.....	.....	(-654,000)	.....
Total, RBCS expenses .....	(26,334,000)	(30,964,000)	(29,162,000)	(+2,828,000)	(-1,802,000)
Total, Rural Business-Cooperative Service .....	104,834,000	60,852,000	64,438,000	-40,396,000	+3,586,000
(By transfer) .....	(654,000)	(9,460,000)	(3,482,000)	(+2,828,000)	(-5,978,000)
(Loan authorization) .....	(50,409,000)	(60,000,000)	(52,865,000)	(+2,456,000)	(-7,135,000)





Subtotal .....	4,818,000	10,893,000	11,393,000	+ 6,575,000	+ 500,000
Treasury rates:					
Electric .....	60,000	60,000	60,000		
Telephone .....	60,000	60,000	60,000		
Subtotal .....	60,000	60,000	60,000		
Muni-rate: electric .....	28,245,000	16,880,000	21,100,000	- 7,145,000	+ 4,220,000
FFB loans: Electric, regular .....	2,790,000	2,760,000	2,760,000	- 30,000	
Total, Loan subsidies .....	35,913,000	30,593,000	35,313,000	- 600,000	+ 4,720,000
RETLP administrative expenses (transfer to RUS) .....	29,982,000	34,398,000	29,982,000		- 4,416,000
Total, Rural Electrification and Telecommunications Loans Program Account .....	65,895,000	64,991,000	65,295,000	- 600,000	+ 304,000
(Loan authorization) .....	(1,445,000,000)	(1,285,000,000)	(1,397,756,000)	(- 47,244,000)	(+ 112,756,000)
Rural Telephone Bank Program Account:					
(Loan authorization) .....	(175,000,000)	(175,000,000)	(175,000,000)		
Direct loan subsidy .....	2,328,000	3,710,000	3,710,000	+ 1,382,000	
RTP administrative expenses (transfer to RUS) .....	3,500,000	3,000,000	3,000,000	- 500,000	
Total .....	5,828,000	6,710,000	6,710,000	+ 882,000	
Distance learning and medical link grants and loans:					
(Loan authorization) .....	(150,000,000)	(150,000,000)	(150,000,000)		
Direct loan subsidy .....	1,530,000	30,000	30,000	- 1,500,000	
Grants .....	7,470,000	20,970,000	12,000,000	+ 4,530,000	- 8,970,000
Total .....	9,000,000	21,000,000	12,030,000	+ 3,030,000	- 8,970,000
Rural utilities assistance program <sup>7</sup> .....	566,935,000			- 566,935,000	
RUS expenses:					
Salaries and expenses .....	33,195,000	33,000,000	33,000,000	- 195,000	
(Transfer from RETLP) .....	(29,982,000)	(34,398,000)	(29,982,000)		(- 4,416,000)
(Transfer from RTP) .....	(3,500,000)	(3,000,000)	(3,000,000)	(- 500,000)	
Total, RUS expenses .....	(66,677,000)	(70,398,000)	(65,982,000)	(- 695,000)	(- 4,416,000)

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

Item	Senate Committee recommendation compared with (+ or -)		
	1997 appropriation	Budget estimate	1997 appropriation
Total, Rural Utilities Service .....	680,853,000	125,701,000	-563,818,000
(By transfer) .....	(33,482,000)	(37,398,000)	(-500,000)
(Loan authorization) .....	(1,770,000,000)	(1,610,000,000)	(-47,244,000)
			(+112,756,000)
Total, title III, Rural Economic and Community Development Programs .....	2,003,756,000	2,180,559,000	+75,099,000
(By transfer) .....	(400,341,000)	(401,643,000)	(-9,092,000)
(Loan authorization) .....	(5,280,263,000)	(5,869,832,000)	(+14,890,000)
			(-574,679,000)
TITLE IV—DOMESTIC FOOD PROGRAMS			
Office of the Under Secretary for Food, Nutrition and Consumer Services ..			
Food and Consumer Service:			
Child nutrition programs .....	454,000	560,000	454,000
Discretionary spending .....	3,219,544,000	2,617,375,000	-601,869,000
Transfer from section 32 .....	5,433,753,000	5,151,391,000	-282,362,000
			(-13,700,000)
Total, Child nutrition programs .....	8,653,297,000	7,782,766,000	-884,231,000
Special supplemental nutrition program for women, infants, and children (WIC) .....	3,805,807,000	4,108,000,000	+392,600,000
Reserve .....		(100,000,000)	
Food stamp program:			
Expenses .....	26,264,029,000	23,747,479,000	-2,516,550,000
Reserve .....	100,000,000	2,500,000,000	+900,000,000
Nutrition assistance for Puerto Rico .....	1,174,000,000	1,204,000,000	+30,000,000
The emergency food assistance program <sup>6</sup> .....	80,000,000	100,000,000	+20,000,000
			(-1,500,000,000)
Total, Food stamp program .....	27,618,029,000	27,551,479,000	-66,550,000
			(-1,500,000,000)

Commodity assistance program .....	166,000,000	272,165,000	148,600,000	-17,400,000	-123,565,000
Food donations programs for selected groups:					
Needy family program .....	1,250,000	.....	1,165,000	-85,000	+1,165,000
Elderly feeding program .....	140,000,000	.....	140,000,000	.....	+140,000,000
Total, Food donations programs <sup>9</sup> .....	141,250,000	.....	141,165,000	-85,000	+141,165,000
Food program administration .....	106,128,000	105,501,000	107,719,000	+1,591,000	+2,218,000
The Center for Nutrition Policy and Promotion <sup>10</sup> .....	.....	2,499,000	.....	.....	-2,499,000
Total, Food and Consumer Service .....	40,490,511,000	39,822,410,000	38,145,629,000	-2,344,882,000	-1,676,781,000
Total, title IV, Domestic Food Programs .....	40,490,965,000	39,822,970,000	38,146,083,000	-2,344,882,000	-1,676,887,000

TITLE V—FOREIGN ASSISTANCE AND RELATED PROGRAMS

Foreign Agricultural Service:					
Direct appropriation <sup>11</sup> .....	131,295,000	146,549,000	132,367,000	+1,072,000	-14,182,000
(Transfer from export loans) .....	(3,231,000)	(3,327,000)	(3,231,000)	.....	(-96,000)
(Transfer from Public Law 480) .....	(1,035,000)	(1,066,000)	(1,066,000)	(+31,000)	.....
Total, Program level .....	(135,561,000)	(150,942,000)	(136,664,000)	(+1,103,000)	(-14,278,000)

Public Law 480 Program Account:

Title I—Credit sales:					
Program level .....	(240,805,000)	(123,149,000)	(247,530,000)	(+6,725,000)	(+124,381,000)
Direct loans .....	(226,900,000)	(112,899,000)	(226,900,000)	.....	(+114,001,000)
Ocean freight differential .....	13,905,000	10,250,000	20,630,000	+6,725,000	+10,380,000
Title II—Commodities for disposition abroad:					
Program level .....	(837,000,000)	(837,000,000)	(837,000,000)	.....	.....
Appropriation .....	837,000,000	837,000,000	837,000,000	.....	.....
Title III—Commodity grants:					
Program level .....	(29,500,000)	(30,000,000)	(30,000,000)	(+500,000)	.....
Appropriation .....	29,500,000	30,000,000	30,000,000	+500,000	.....
Loan subsidies .....	185,589,000	87,869,000	176,596,000	-8,993,000	+88,727,000
Salaries and expenses:					
General Sales Manager (transfer to FAS) .....	1,035,000	1,066,000	1,066,000	+31,000	.....

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

Item	1997 appropriation	Budget estimate	Committee recommendation	Senate Committee recommendation compared with (+ or -)	
				1997 appropriation	Budget estimate
Farm Service Agency (transfer to FSA) .....	745,000	815,000	815,000	+ 70,000	.....
Subtotal .....	1,780,000	1,881,000	1,881,000	+ 101,000	.....
Total, Public Law 480: Program level .....	(1,107,305,000)	(990,149,000)	(1,114,530,000)	(+ 7,225,000)	(+ 124,381,000)
Appropriation .....	1,067,774,000	967,000,000	1,066,107,000	- 1,667,000	+ 99,107,000
CCC Export Loans Program Account:					
Loan guarantees: Short-term export credit .....	(3,500,000,000)	(5,500,000,000)	(5,500,000,000)	(+ 2,000,000,000)	.....
Loan subsidy .....	390,305,000	527,546,000	527,546,000	+ 137,241,000	.....
Emerging markets export credit .....	.....	(200,000,000)	(200,000,000)	(+ 200,000,000)	.....
Salaries and expenses (Export Loans):					
General Sales Manager (transfer to FAS) .....	3,231,000	3,327,000	3,231,000	.....	- 96,000
Farm Service Agency (transfer to FSA) .....	589,000	648,000	589,000	.....	- 59,000
Total, CCC Export Loans Program Account .....	394,125,000	531,521,000	531,366,000	+ 137,241,000	- 155,000
Total, title V, Foreign Assistance and Related Programs .....	1,593,194,000	1,645,070,000	1,729,840,000	+ 136,646,000	+ 84,770,000
(By transfer) .....	(4,266,000)	(4,393,000)	(4,297,000)	(+ 31,000)	(- 96,000)
TITLE VI—RELATED AGENCIES AND FOOD AND DRUG ADMINISTRATION					
DEPARTMENT OF HEALTH AND HUMAN SERVICES					
Food and Drug Administration					
Salaries and expenses, direct appropriation .....	819,971,000	750,922,000	843,971,000	+ 24,000,000	+ 93,049,000
Prescription drug user fee act <sup>12</sup> .....	(87,528,000)	(91,204,000)	(91,204,000)	(+ 3,676,000)	.....

Mammography clinics user fee <sup>12</sup> .....	(13,403,000)	(13,966,000)	(13,966,000)	(13,966,000)	(+ 563,000)	.....	(- 131,643,000)
New proposed user fees <sup>12</sup> .....							
Total, Program level .....	(920,902,000)	(987,735,000)	(949,141,000)	(949,141,000)	(+ 28,239,000)	.....	(- 38,594,000)
Buildings and facilities .....	21,350,000	22,900,000	22,900,000	22,900,000	+ 1,550,000	.....	
Rental payments .....	46,294,000	46,294,000	46,294,000	46,294,000		.....	
Total, Food and Drug Administration .....	887,615,000	820,116,000	913,165,000	913,165,000	+ 25,550,000	.....	+ 93,049,000
DEPARTMENT OF THE TREASURY							
Financial Management Service: Payments to the Farm Credit System Financial Assistance Corporation .....	10,290,000	7,728,000	7,728,000	7,728,000	- 2,562,000	.....	
INDEPENDENT AGENCIES							
Commodity Futures Trading Commission .....	55,101,000	60,101,000	60,101,000	60,101,000	+ 5,000,000	.....	
Farm Credit Administration (limitation on administrative expenses) .....	(37,478,000)	(34,423,000)	(34,423,000)	(34,423,000)	(- 3,055,000)	.....	
Total, title VI, Related Agencies and Food and Drug Administration .....	953,006,000	887,945,000	980,994,000	980,994,000	+ 27,988,000	.....	+ 93,049,000
TITLE VII—EMERGENCY APPROPRIATIONS							
DEPARTMENT OF AGRICULTURE							
Farm Service Agency							
Emergency conservation program .....	25,000,000				- 25,000,000	.....	
Emergency appropriations (Public Law 105-18) .....	23,000,000				- 23,000,000	.....	
Natural Resources Conservation Service							
Watershed and flood prevention operations .....	63,000,000				- 63,000,000	.....	
Emergency appropriations (Public Law 105-18) .....	245,000,000				- 245,000,000	.....	
Rural Utilities Service							
Emergency appropriations (Public Law 105-18) .....	4,000,000				- 4,000,000	.....	
Total, title VII: New budget (obligational) authority .....	360,000,000				- 360,000,000	.....	

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

Item	Senate Committee recommendation compared with (+ or -)			
	1997 appropriation	Budget estimate	Committee recommendation	1997 appropriation
Grand total:				Budget estimate
New budget (obligational) authority .....	53,889,409,000	52,302,190,000	50,684,701,000	- 3,204,708,000
Appropriations .....	(53,801,409,000)	(52,302,190,000)	(50,684,701,000)	( - 3,116,708,000)
Emergency appropriations .....	(88,000,000)	.....	.....	( - 88,000,000)
(By transfer) .....	(614,387,000)	(617,360,000)	(606,811,000)	( - 7,576,000)
(Loan authorization) .....	(11,860,987,000)	(14,201,660,000)	(13,735,806,000)	( + 1,874,819,000)
(Limitation on administrative expenses) .....	(144,697,000)	(142,036,000)	(142,036,000)	( - 2,661,000)
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RECAPITULATION				
Title I—Agricultural programs .....	7,717,934,000	6,943,651,000	6,921,331,000	- 796,603,000
Title II—Conservation programs .....	770,554,000	821,995,000	827,598,000	+ 57,044,000
Title III—Rural economic and community development programs .....	2,003,756,000	2,180,559,000	2,078,855,000	+ 75,099,000
Title IV—Domestic food programs .....	40,490,965,000	39,822,970,000	38,146,083,000	- 2,344,882,000
Title V—Foreign assistance and related programs .....	1,593,194,000	1,645,070,000	1,729,840,000	+ 136,646,000

				- 22,320,000
				+ 5,603,000
				- 101,704,000
				- 1,676,887,000
				+ 84,770,000

Title VI—Related agencies and Food and Drug Administration .....	953,006,000	887,945,000	980,994,000	+27,988,000	+93,049,000
Title VII—Emergency Appropriations (Public Law 105-18) .....	360,000,000			-360,000,000	
Total, new budget (obligational) authority .....	53,889,409,000	52,302,190,000	50,684,701,000	-3,204,708,000	-1,617,489,000

1 Funded under Departmental Administration in fiscal year 1997.  
2 In addition, \$41,000,000 is anticipated from Farm Bill direct appropriations.  
3 In addition to appropriation.  
4 Budget proposes to fund this account under Conservation Operations.  
5 Budget proposes to fund technical assistance for WFPO under Conservation Operations.  
6 Budget proposes to fund this account under the Rural Housing Assistance program.  
7 The Administration proposed funding for this account under the name "Rural community advancement program".  
8 Program created in Welfare Reform.  
9 Budget proposes to include funding for these programs under the Commodity Assistance Program in fiscal year 1998.  
10 \$2,218,000 included under Food Program Administration in fiscal year 1997.  
11 Includes \$10,000,000 shift from mandatory spending for IRM activities.  
12 President's budget proposes collections to be used as revenues.