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SENATE

{ REPORT
104-317

AGRICULTURE, RURAL DEVELOPMENT, FOOD AND DRUG ADMINISTRATION, AND RELATED AGENCIES APPROPRIATION BILL, 1997

JULY 11, 1996.—Ordered to be printed

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

REPORT

[To accompany H.R. 3603]

The Committee on Appropriations, to which was referred the bill (H.R. 3603) making appropriations for Agriculture, Rural Development, Food and Drug Administration, and Related Agencies programs for the fiscal year ending September 30, 1997, and for other purposes, reports the same to the Senate with amendments and recommends that the bill as amended do pass.

Total obligational authority, fiscal year 1997

Amount of bill as passed by the House	\$53,052,037,000
Amount of change by Senate Committee	+ 1,224,755,000
Amount of bill as reported to Senate	54,276,792,000
Amount of 1996 appropriations acts to date	63,323,678,000
Amount of estimates, 1997	58,317,314,000
The bill as reported to the Senate:	
Under the appropriations provided in 1996	9,046,886,000
Under the estimates for 1997	4,040,522,000
Over the House bill	1,224,755,000

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.

	1996	1997 Committee recommendation
Title I: Agricultural programs	\$16,032,325,000	\$7,498,049,000
Title II: Conservation programs	2,826,968,000	790,385,000
Title III: Rural economic and community development programs	2,126,506,000	2,112,726,000
Title IV: Domestic food programs	39,762,868,000	41,321,206,000
Title V: Foreign assistance and related programs	1,627,542,000	1,599,920,000
Title VI: Related agencies	947,469,000	954,506,000
Total, new budget (obligational) authority	63,323,678,000	54,276,792,000

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 1997: Subcommittee on Agriculture, Rural Development, and Related Agencies				
Defense discretionary .....	.....	.....	.....	.....
Nondefense discretionary	13,118	13,118	13,411	13,409
Violent crime reduction fund .....	.....	.....	.....	.....
Mandatory	42,300	40,783	40,813	38,968
Projections of outlays associated with the recommendation:				
1997 .....	.....	.....	.....	¹ 45,192
1998 .....	.....	.....	.....	5,527
1999 .....	.....	.....	.....	588
2000 .....	.....	.....	.....	297
2001 and future year .....	.....	.....	.....	493
Financial assistance to State and local governments for 1997 in bill	NA	17,810	NA	15,037

¹ Excludes outlays from prior-year budget authority.

NA: Not applicable.

CONTENTS

SUMMARY OF THE BILL

Overview and summary of the bill	Page 6
--	-----------

TITLE I—AGRICULTURAL PROGRAMS

PRODUCTION, PROCESSING, AND MARKETING

Office of the Secretary	7
Executive operations	9
Office of Small and Disadvantaged Business Utilization	11
Office of the Chief Financial Officer	11
Office of the Assistant Secretary for Administration	12
Agriculture buildings and facilities and rental payments	12
Advisory committees, USDA	13
Hazardous waste management	14
Departmental administration	14
Office of the Assistant Secretary for Congressional Relations	16
Office of Communications	16
Office of the Inspector General	17
Office of the General Counsel	17
Office of the Under Secretary for Research, Education, and Economics	18
Economic Research Service	19
National Agricultural Statistics Service	19
Agricultural Research Service	20
Cooperative State Research, Education, and Extension Service	31
Office of Assistant Secretary for Marketing and Regulatory Programs	44
Animal and Plant Health Inspection Service	45
Agricultural Marketing Service	49
Grain Inspection, Packers and Stockyards Administration	53
Office of the Under Secretary for Food Safety	53
Food Safety and Inspection Service	54
Office of the Under Secretary for Farm and Foreign Agricultural Services	55
Farm Service Agency	56
Risk Management Agency	63

CORPORATIONS

Federal Crop Insurance Corporation fund	64
Commodity Credit Corporation fund	65

TITLE II—CONSERVATION PROGRAMS

Office of the Under Secretary for Natural Resources and Environment	70
Natural Resources Conservation Service	70
Farm Service Agency	79

TITLE III—RURAL ECONOMIC AND COMMUNITY DEVELOPMENT PROGRAMS

Office of the Under Secretary for Rural Development	82
Rural Community Advancement Program	82
Rural Housing Service Programs	83
Rural Housing Service	93
Rural Business-Cooperative Service	93

	Page
Rural Utilities Service	101
TITLE IV—DOMESTIC FOOD PROGRAMS	
Office of the Under Secretary for Food, Nutrition, and Consumer Services	106
Food and Consumer Service	106
TITLE V—FOREIGN ASSISTANCE AND RELATED PROGRAMS	
Foreign Agricultural Service and the General Sales Manager	120
TITLE VI—RELATED AGENCIES	
Food and Drug Administration	126
Commodity Futures Trading Commission	135
Farm Credit Administration	136
TITLE VII—GENERAL PROVISIONS	
General provisions	138
Program, project, and activity	141
Compliance with paragraph 7, rule XVI of the standing rules of the Senate	142
Compliance with paragraph 7(c), rule XXVI of the standing rules of the Senate	142
Compliance with paragraph 12, rule XXVI of the standing rules of the Senate	143

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 notes that it has not commented on many items included as House report language. However, some of these items may be revisited in a conference committee with the House.

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.

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

Appropriations, 1996	\$10,227,000
Budget estimate, 1997 ¹	10,336,000
House allowance	2,836,000
Committee recommendation	2,836,000

¹ The 1997 budget proposes that the immediate Office of the Secretary be funded in a single account under the Office of the Secretary.

The Secretary of Agriculture, assisted by the Deputy Secretary, Under Secretaries and Assistant Secretaries, 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.

The Secretary has direct authority over the USDA Service Center implementation effort which has incorporated the former InfoShare activity. This activity is a partnership among the agricultural, rural development, and natural resource agencies of USDA to improve information resources management, data sharing, and communications, and thereby provide improved and more efficient service to customers at the USDA service centers.

COMMITTEE RECOMMENDATIONS

For the Office of the Secretary, the Committee recommends an appropriation of \$2,836,000. This amount is \$7,500,000 less than the budget request, the same as the House level, and \$7,391,000 less than the 1996 appropriation. The Committee continues the practice of appropriating funds for the Under and Assistant Secretaries in separate accounts.

The Committee does not recommend the \$7,500,000 requested in the budget for the Office of the Secretary for service center implementation. The Committee concurs with the House recommendation that funds to coordinate the service center plan be drawn from the budgets of those agencies involved in the implementation of this plan.

The Committee notes that the Department has not complied with a directive included in the Committee report accompanying the fiscal year 1996 appropriations act that all computer acquisitions

should be deferred until the Department examines and implements a Department-wide information systems technology architecture. The Committee also directed the Department to provide a report on this examination by January 31, 1996. The Committee has not yet received this report, which may indicate that this examination is ongoing. The Committee expects this report, when submitted, to provide justification for excluding any system from the Department's information systems technology architecture. The Committee continues to expect that all acquisitions cease until this examination is complete.

The Federal Agriculture Improvement and Reform Act of 1996 [FAIR Act], Public Law 104-127, creates the Fund for Rural America, a mandatory spending program which will make \$100,000,000 available for competitive research and rural development beginning on January 1, 1997. The FAIR Act specifies the activities and purposes for which the fund can be used. It also includes a provision (section 793(d)) which prohibits the use of the fund for a program activity which is funded for the fiscal year at a level which is less than 90 percent of the fiscal year 1996 appropriation for the activity, adjusted for inflation. The Committee retains House bill language to prohibit the use of funds made available by the act to enforce section 793(d) of Public Law 104-127. The Committee agrees with the House that this provision would have the effect of disqualifying many worthy, high-priority ongoing programs and activities from being eligible to receive additional funds. Given the limitations on total discretionary appropriations to control Federal spending, appropriations for many critical research and rural development programs will not meet the threshold appropriations levels required under this provision. In addition, the interest rates on which loan subsidies are calculated contained in the budget for rural development and housing programs are more optimistic than those for fiscal year 1996 and may not accurately reflect actual interest rates for fiscal year 1997. As an example, in fiscal year 1996, a subsidy appropriation of \$145,833,000 supported \$1,000,000,000 in direct section 502 low-income housing loans. Under the assumptions included in the 1997 budget, the same loan level is supported by a subsidy appropriation of \$83,000,000. The impact of higher interest rates on the subsidy requirements for these programs, including low-income housing and water and sewer loans, would cause dramatic reductions in the loan levels contained in the President's budget and recommended by the Committee. If this happens, critical assistance would be denied to the many Americans who reside in our Nation's small towns and rural communities. The Committee agrees with the House that should this happen, the Secretary should utilize the Fund for Rural America to protect loan program levels from the impact of interest rate increases.

The Committee has deleted a House bill provision prohibiting the use of funds provided in the act to detail an individual from an agency funded in the act to any Under Secretary or Assistant Secretary office for a period in excess of 30 days. The Committee concurs with the House that employee details should be of limited duration and has included a general provision in the bill to impose this requirement on all USDA employees. The provision recommended by the Committee prohibits the use of funds appro-

priated for any employee detail or assignment in excess of 60 days, unless the Secretary notifies the Committees on Appropriations that an employee detail or assignment of greater length is required.

The Committee is concerned that the Department is utilizing employee detailees and assignments in certain cases to avoid congressional limitations on personnel funded by the amount appropriated for specific offices and agencies. Of particular concern is the information provided to the Committee which indicates that most of the USDA subcabinet offices are operating through the use of detailees at staffing levels far in excess of those indicated in the administration's budget and that permitted by the amount appropriated for these offices. Some of these offices are enhancing their staffing levels through the use of employee details, or through personnel specifically tasked within a mission area to carry out a subcabinet function or assignment of indefinite length. Some of these assignments are for such a significant period of time to strongly suggest to the Committee that the individual employee may not be required by the employing agency.

The Committee believes that intra-Department employee details and details of USDA employees to other executive branch agencies should benefit the employing program, office, or activity and should be of limited duration to respond to crises or other priority work assignments. The Committee makes appropriations decisions based on the funding and staffing requirements, by appropriations account, contained in the justification submitted to it by the Department in explanation of the President's budget. The Committee expects the Department to reassess its staffing requirements and to accurately reflect and justify in its budget request the staffing levels and related funding required by each office or agency to properly perform its functions.

Further, the Committee submits questions to the Department as part of its annual hearing process to obtain the information it needs to make critical funding and policy decisions. The Department's response to these questions is pertinent to the Committee's ability to support initiatives proposed by the administration, to properly oversee the use of funds provided for ongoing programs and activities, and to weigh the merits of funding particular programs and activities within limited resources. The Committee expects these responses to be timely, accurate, and complete.

EXECUTIVE OPERATIONS

Executive operations was established as a result of the reorganization of the Department to provide a support team for USDA policy officials and selected Department-wide services. Activities under 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.

OFFICE OF THE CHIEF ECONOMIST

Appropriations, 1996	\$3,948,000
Budget estimate, 1997	4,292,000
House allowance	4,231,000
Committee recommendation	4,231,000

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

COMMITTEE RECOMMENDATIONS

For the Office of the Chief Economist, the Committee recommends \$4,231,000. This amount is \$61,000 less than the budget request, the same as the House level, and \$283,000 more than the 1996 appropriation. The Committee's recommendation includes the amount requested for the Office of Risk Assessment and Cost-Benefit Analysis.

NATIONAL APPEALS DIVISION

Appropriations, 1996	\$11,846,000
Budget estimate, 1997	13,363,000
House allowance	11,718,000
Committee recommendation	11,718,000

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 \$11,718,000. This amount is \$1,645,000 less than the budget request, the same as the House level, and \$128,000 less than the 1996 appropriation.

OFFICE OF BUDGET AND PROGRAM ANALYSIS

Appropriations, 1996	\$5,899,000
Budget estimate, 1997	5,986,000
House allowance	5,986,000
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 in-

terested 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 \$87,000 more than the 1996 appropriation, and the same as the budget estimate and the House level.

OFFICE OF SMALL AND DISADVANTAGED BUSINESS UTILIZATION

Appropriations, 1996 ¹	.....	
Budget estimate, 1997	.....	\$804,000
House allowance ¹	.....	
Committee recommendation ¹	.....	

¹The funds for this office are included in the appropriations for departmental administration.

The Office of Small and Disadvantaged Business Utilization 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 concurs with the House in not providing a separate appropriation for the Office of Small and Disadvantaged Business Utilization. The budget requested a separate appropriation of \$804,000. The Committee continues the 1996 level of funding of \$707,000 for the functions of this Office in the departmental administration appropriation.

OFFICE OF THE CHIEF FINANCIAL OFFICER

Appropriations, 1996	.....	\$4,133,000
Budget estimate, 1997	.....	4,437,000
House allowance	.....	4,283,000
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 Communications, and executive operations.

COMMITTEE RECOMMENDATIONS

For the Office of the Chief Financial Officer, the Committee recommends \$4,283,000. This amount is \$154,000 less than the budget request, the same as the House level, and \$150,000 more than the 1996 appropriation. The Committee retains House bill language directing the Chief Financial Officer to actively market cross-servicing activities of the National Finance Center.

OFFICE OF THE ASSISTANT SECRETARY FOR ADMINISTRATION

Appropriations, 1996	\$596,000
Budget estimate, 1997 ¹	613,000
House allowance	613,000
Committee recommendation	613,000

¹The 1997 budget proposes that this office be funded in a single account under the Office of the Secretary.

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, automated data processing, personnel management, equal opportunity and civil rights programs, development and dissemination of departmental information resources management, 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 budget request and the House recommendation, and \$17,000 more than the 1996 level.

AGRICULTURE BUILDINGS AND FACILITIES AND RENTAL PAYMENTS

Appropriations, 1996	\$135,774,000
Budget estimate, 1997	149,635,000
House allowance	125,548,000
Committee recommendation	146,135,000

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 \$146,135,000. This amount is \$3,500,000 less than the budget request, \$20,587,000 more than the House level, and \$10,361,000 more than the 1996 appropriation. Included in the Committee's recommendation is \$120,548,000 for rental payments to the General Services Administration [GSA] and building operations and maintenance; and \$25,587,000 for repairs, renovations, and construction.

The Committee expects GSA to reduce its billing to USDA by \$3,500,000, the amount included in the budget request for the Kansas City collocation project. This project has been delayed and the amount included in the budget request will not be required in fiscal year 1997.

The Committee has included the \$5,000,000 requested to complete the Beltsville facility, as well as the \$20,587,000 to begin modernization of the South Building. The Committee understands that the design work on the South Building project is expected to be completed in the spring of 1997, and has provided the funds requested to allow work to correct the health and safety defects in this building to begin as expeditiously as possible.

ADVISORY COMMITTEES [USDA]

Appropriations, 1996	\$650,000
Budget estimate, 1997 ¹	856,000
House allowance	
Committee recommendation	

¹ Reflects budget amendment submitted on May 16, 1996 (H. Doc. 104-215).

The Department of Agriculture utilizes advisory committees to obtain expertise which is not feasible to maintain on the permanent staff. Because of the broad range of missions performed by the Department and the complexity of skills needed in this performance from time to time, it is essential to call upon experts in academia and the private sector to supplement the expertise of depart-

mental employees in order to assure that decisions on major national issues are based upon state-of-the-art information.

COMMITTEE RECOMMENDATIONS

The Committee recommends no direct appropriation for advisory committees of the Department of Agriculture. This is the same as the House recommendation, \$856,000 less than the budget request, and \$650,000 less than the 1996 appropriation.

The Committee modifies the general provision included in the House bill which establishes a \$1,000,000 limitation on total spending by the Department for advisory committees, panels, commissions, and task forces, excluding panels used to comply with negotiated rulemakings to also exclude panels used to evaluate competitively awarded grants.

HAZARDOUS WASTE MANAGEMENT

Appropriations, 1996	\$15,700,000
Budget estimate, 1997	15,700,000
House allowance	15,700,000
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 budget request, the House recommendation, and the 1996 appropriation.

There is a potential health risk to the residents of many communities in Nebraska resulting from the use of fumigants containing carbon tetrachloride, a carcinogen, at Commodity Credit Corporation [CCC] grain storage sites from the 1940's through the early 1970's. The ground water at many sites has been found to be contaminated. CCC grain bins were located in about 280 Nebraska communities, many of which have not been fully assessed for carbon tetrachloride contamination. Within available funds, the Committee directs the Department to conduct an assessment of water quality in private wells of those Nebraska communities that have not yet had a complete assessment, and to provide alternative water supplies as needed.

DEPARTMENTAL ADMINISTRATION

Appropriations, 1996 ¹	\$27,986,000
Budget estimate, 1997	29,137,000
House allowance	28,304,000
Committee recommendation	30,529,000

¹Includes \$707,000 for the Office of Small and Disadvantaged Business Utilization. The 1997 funds for this office are requested 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, ADP and telecommunications management, civil rights and equal opportunity, emergency preparedness, 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.

COMMITTEE RECOMMENDATIONS

For departmental administration, the Committee recommends an appropriation of \$30,529,000. This amount is \$2,543,000 more than the 1996 appropriation, \$1,392,000 more than the budget estimate, and \$2,225,000 more than the House level. Included in the Committee's recommendation is continued funding for the Office of Small and Disadvantaged Business Utilization at the fiscal year 1996 level of \$707,000.

The Committee has learned that USDA has over 1,700 open equal opportunity complaint cases. By law, the investigation of these complaints should take no more than 180 days. The average processing time for a complaint at USDA is over 700 days. As a result, the Department now has about 1,450 cases that are considered overdue, many of which have been pending for 2 years or longer. The Secretary has stated his commitment to eliminate this backlog, providing timely processing of complaints and seeking the earliest resolution possible in complaints of discrimination. To address this problem, the Committee has provided an additional \$1,500,000 and has included language in the bill that no less than \$11,774,000 of the funds appropriated for departmental administration shall be used for civil rights enforcement.

OFFICE OF THE ASSISTANT SECRETARY FOR CONGRESSIONAL RELATIONS

Appropriations, 1996	\$3,797,000
Budget estimate, 1997 ¹	3,842,000
House allowance	3,728,000
Committee recommendation	3,668,000

¹The 1997 budget proposes that this office be funded in a single account under the Office of the Secretary.

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 \$129,000 less than the amount available for 1996, \$60,000 less than the House level, and \$174,000 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, 1996	\$8,198,000
Budget estimate, 1997	8,317,000
House allowance	8,138,000
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 House level, \$179,000 less than the budget request, and \$60,000 less than the 1996 appropriation.

OFFICE OF THE INSPECTOR GENERAL

Appropriations, 1996	\$63,639,000
Budget estimate, 1997	64,523,000
House allowance	63,028,000
Committee recommendation	63,028,000

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 \$63,028,000. This is \$1,495,000 less than the budget request, the same as the House level, and \$611,000 less than the 1996 appropriation.

OFFICE OF THE GENERAL COUNSEL

Appropriations, 1996	\$27,860,000
Budget estimate, 1997	29,249,000
House allowance	27,749,000
Committee recommendation	27,749,000

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 rep-

resents 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 \$27,749,000. This amount is \$1,500,000 less than the budget request, the same as the House level, and \$111,000 less than the 1996 appropriation.

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

Appropriations, 1996	\$520,000
Budget estimate, 1997 ¹	540,000
House allowance	540,000
Committee recommendation	540,000

¹The 1997 budget proposes that this office be funded in a single account under the Office of the Secretary.

The Office of the Under Secretary for Research, Education, and Economics provides direction and coordination in carrying out the laws enacted by the Congress for food and agricultural research, education, extension, and economic and statistical information. The Office has oversight and management responsibilities for the Agricultural Research Service; Cooperative State Research, Education, and Extension Service; Economic Research Service; and National Agricultural Statistics Service.

COMMITTEE RECOMMENDATIONS

For the Office of the Under Secretary for Research, Education, and Economics, the Committee recommends an appropriation of \$540,000. This amount is the same as the budget request and the House level, and \$20,000 more than the 1996 level.

The Committee encourages the Department of Agriculture to work to ensure that a crises due to mad-cow disease (bovine spongiform encephalopathy, or BSE) will be avoided in the United States. Because it is unknown how the disease is transmitted, the Committee encourages the Department to match funds provided by Great Britain and other nations, for a collaborative research project by scientists that have done extensive research in the field in regard to the transmission of spongiform encephalopathies, including scrapie, BSE, or Creutzfeldt-Jacob disease. By cost sharing with other nations, scarce resources will be used more effectively, while providing a mutual benefit to participating countries.

ECONOMIC RESEARCH SERVICE

Appropriations, 1996	\$53,131,000
Budget estimate, 1997	54,947,000
House allowance	54,176,000
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 \$1,838,000 less than the budget request, \$1,067,000 less than the House level, and \$22,000 less than the 1996 appropriation.

The Committee concurs with the House in directing the Economic Research Service, in cooperation with the Natural Resources Conservation Service, to do a comprehensive study of conservation tillage. The study should include the current status of conservation tillage and the benefits to agriculture, the environment, and society as a whole, as well as recommendations concerning what actions are needed to increase the use of conservation tillage and estimates of the benefits and costs of doing so.

NATIONAL AGRICULTURAL STATISTICS SERVICE

Appropriations, 1996	\$81,107,000
Budget estimate, 1997 ¹	102,624,000
House allowance	100,221,000
Committee recommendation	98,121,000

¹ Includes \$17,500,000 for the transfer of the census of agriculture from the Department of Commerce to the Department of Agriculture.

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 1997 budget estimate includes a proposal to transfer the census of agriculture from the Department of Commerce to the Department of Agriculture to consolidate the activities of the two agricultural statistics programs. The census of agriculture is taken every 5 years and provides comprehensive data on the agricultural economy including: data on the number of farms, land use, production expenses, farm product values, value of land and buildings, farm size, and characteristics of farm operators. The census will provide national, State, and county data as well as selected data

for Puerto Rico, Guam, and the United States Virgin Islands. The next agricultural census will be conducted in January 1998 for the calendar year 1997.

COMMITTEE RECOMMENDATIONS

For the National Agricultural Statistics Service, the Committee recommends an appropriation of \$98,121,000. This amount is \$17,014,000 more than the 1996 appropriation, \$4,503,000 less than the budget estimate, and \$2,100,000 less than the House recommended level.

Included in the Committee's recommendation is \$17,500,000, the amount requested in the budget, for the transfer of the census of agriculture from the Department of Commerce to the Department of Agriculture.

AGRICULTURAL RESEARCH SERVICE

Appropriations, 1996	\$710,000,000
Budget estimate, 1997 ¹	728,853,000
House allowance	702,831,000
Committee recommendation	721,758,000

¹ Reflects budget amendment submitted on May 16, 1996 (H. Doc. 104-215).

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 resource 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 improve 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 \$721,758,000. This is \$11,758,000 more than the 1996 level, \$7,095,000 less than the budget request, and \$18,927,000 more than the House level.

As the Department's science agency, the Committee recognizes ARS' mandate to provide research support to USDA action agencies. The Committee notes the wide array of research required by these agencies dealing with issues such as food safety, economic trade barriers, environmental restrictions, human nutrition, plant and animal disease, and pest control. Given the overall importance that Congress places on the missions of action and regulatory agencies within the Department, the Committee directs ARS to provide annual reports detailing the agreement reached on the priority issues identified by USDA action agencies and the resources ARS plans to commit to these important initiatives. The Committee will expect this report to be furnished when the President's budget is forwarded to the Congress.

The budget requests a number of funding increases to address high priority, critical research needs. Of the increases requested, the Committee approves the following: \$7,500,000 for research on food safety; \$1,000,000 for research on alternatives to the use of methyl bromide; \$2,000,000 for research on biomass to generate electricity; \$500,000 of the amount requested for genetic resources and biodiversity for plant germplasm activities carried out at the Fort Collins, CO, National Seed Storage Laboratory; \$1,000,000 of the amount requested for integrated farming systems, including \$500,000 to finance integrated systems for dairy and livestock to be carried out at the University Park, PA, research laboratory, and \$500,000 for integrated low-input crop and livestock production systems to be carried out at the Madison, WI, research laboratory; \$3,000,000 for integrated pest management and biocontrol of pests, of which \$400,000 is provided for expanded research investigations for the eradication of tamarisks in the Walker River basin, NV; and \$500,000 of the amount requested for waste management for research to utilize beef cattle feedlot waste in a sustainable agricultural production system. The Committee concurs with the House that the \$2,000,000 requested in the budget for research to strengthen the South Florida Ecosystem Restoration Program be funded through the Everglades ecosystem restoration project established by the Federal Agriculture Improvement and Reform Act of 1996.

The Committee recommendation includes \$9,339,400 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. 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 pro-

grams, 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 concurs with language in the House report emphasizing the importance of specific project funding as directed in the bills and reports; expecting the Agency's diligence in executing and reporting these provisions as directed by the Congress; and noting the increased emphasis the Committee will direct to oversight and project review, as necessitated by more restrictive budgets.

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

Alfalfa research.—The Committee provides \$300,000 above the fiscal year 1996 level to support the breeding program conducted by the plant science unit in Manhattan, KS, geared to improving the resistance of alfalfa to the heat and drought characteristics of the region. Alfalfa is an important feed source and will play an increasingly critical role in crop rotation strategies in the Central Plains.

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

Arkansas staffing.—The Committee recommends an increase of \$250,000 for scientist staffing for the aquaculture unit at Pine Bluff, AR, and encourages continued coordination with activities at the National Aquaculture Research Center, Stuttgart, AR.

Arkansas Children's Hospital.—The Committee continues its support for the ARS Center of Excellence in Nutrition Research located at the Arkansas Children's Hospital Research Institute and provides an increase of \$425,000 above the fiscal year 1996 level.

Bee research.—The Committee provides continued funding at the fiscal year 1996 level for research at the Hayden Bee ARS Laboratory in Tucson, AZ.

Biological control research.—The Committee is encouraged by results of a project at the Midsouth Research Center aimed at biological control of heliothis. This pilot project is aimed at producing economic and environmental benefits through proposed reduction in pesticide use. The Committee provides the fiscal year 1996 level of funding, the same as the budget request, for the ARS to continue this research project 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.

Club wheat breeding.—The Committee provides an increase of \$450,000 above the fiscal year 1996 level for the ARS Pacific Northwest Club Wheat Breeding Program. The funding will refill the molecular and cytogenetics position and help fund the other scientists in the Pullman breeding program. Of the amount provided, \$100,000 will be used for technical staff and equipment at the Pendleton ARS Station, provided through a cooperative agreement with Oregon State University and ARS.

Corn germplasm research.—The Committee provides continued funding at the fiscal year 1996 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.

Crop and entomology.—The Committee continues the fiscal year 1996 level of funding for the ARS Crop and Entomology Research Laboratory in Brookings, SD. Included in this amount is continued funding for the cereal aphid scientist position at the laboratory.

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 \$200,000, 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 Farming Experiment Laboratory.—The Committee provides an increase of \$250,000 above the fiscal year 1996 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. Further, ARS is directed to submit a report to the Committee by January 31, 1997, which inventories the operations, facilities, and personnel support at each ARS location where warmwater aquaculture research is conducted.

Fruit fly.—The Committee continues its fiscal year 1996 recommendation to scale back the fruit fly eradication experiment in Hawaii to release funds for the development and approval of high-priority quarantine treatments for viable exports. The Committee supports continued funding by ARS to provide \$300,000 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 \$300,000 to the Hawaii Institute of Tropical Agriculture and Human Resources to establish nematode resistance in commercial pineapple cultivars. The Committee views the nematode and ringspot virus activities as supportive of a national agricultural research agenda as well as one specific to Hawaii.

The Committee provides funding at the fiscal year 1996 level of \$316,500 for ARS to continue its collaborative work on developing efficacious and nontoxic methods to control tephritid fruit flies with the Hawaii Institute of Tropical Agriculture and Human Resources at the University of Hawaii.

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 will expect the Department to continue to give increased attention to the important work carried out at these two facilities.

Grain legume research.—The Committee acknowledges the importance of a grain legume genetics research position at Washington State University in Pullman, WA. This research will focus on approaches to increase surface crop residues and on methods to overcome disease and insect problems in grain legumes. The Committee encourages the Department to consider funding this important research position.

Grape research.—The Committee understands that the long-term research needs of America's grape producers are not being adequately addressed and directs the agency to conduct an evaluation of those needs and report its findings to the Committee.

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 \$392,200, the same as the fiscal year 1996 and budget request levels, to continue hops research in the Pacific Northwest.

Insect rearing.—The Committee is informed of the critical importance of the role of ARS in terms of insect rearing capabilities for purposes of the development of new technology in crop production. The Committee is interested in obtaining a summary of the capabilities of ARS to meet present and future needs for insect rearing, and specifically requests that a proposal be submitted to the Committee outlining these needs prior to the submission of the fiscal year 1998 budget. The Committee further directs ARS to refrain from closing any existing facilities or programs aimed at insect rearing until the results of this study have been reviewed by the Congress.

Jointed goatgrass control.—Jointed goatgrass infests nearly 5 million acres of winter wheat in the western United States, costing wheat growers an estimated \$145,000,000 annually. Jointed goatgrass is impossible to control selectively in wheat with current methods because it is genetically related to wheat and has increased rapidly with widespread adoption of conservation tillage systems. It reduces yields, increases dockage costs, and reduces grain and seed value. The Committee expects the ARS to continue, at the fiscal year 1996 level, in the multidisciplinary national research effort among State and Federal scientists to develop effective control measures to reduce the impact of jointed goatgrass on wheat production. This research is to be coordinated with companion research funded by the Cooperative State Research, Education, and Extension Service.

Kenaf.—The Committee recommends continued funding at the fiscal year 1996 level for the cooperative agreement between ARS

and Mississippi State University to further kenaf research and product development efforts.

Lower Mississippi Delta nutrition intervention project.—The Committee is aware of the funding needs of the Lower Mississippi Delta nutrition intervention project required to begin planned nutrition intervention studies in the Lower Mississippi Delta region in Louisiana, Mississippi, and Arkansas. To begin studies to examine the nutrition needs of at-risk mothers and infants, low birthweight babies, diabetes, and excessive weight gain during pregnancy, the Committee provides an increase above the fiscal year 1996 funding level of \$2,000,000.

Methyl bromide.—The Committee provides \$14,702,400, the same as the budget request, for research on a replacement for methyl bromide. Methyl bromide is a critically important chemical for agricultural producers throughout the Nation. Given the approaching ban of methyl bromide from the marketplace, the U.S. agriculture industry must find viable and cost-effective alternatives to 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 1996 level for the Hawaii Institute of Tropical Agriculture and Human Resources to develop environmentally safe methods to control insect, weed, and other pests prominent in small scale farms in tropical and subtropical agricultural systems.

Montana ARS research station consolidation.—The Committee understands that the ARS is planning to consolidate research stations in Montana. Staff from Bozeman is to be transferred to Sidney. The Committee expects the ARS to maintain the fiscal year 1996 level of funding as well as the full complement of research scientists for both these facilities in the transfer process from Bozeman to Sidney, MT.

National Arboretum.—The Committee directs the ARS to continue its support for the U.S. National Arboretum at no less than the fiscal year 1996 funding level.

National Center for Agricultural Law Research and Information.—The Committee provides continued funding at the fiscal year 1996 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 1996 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 acknowledges that progress has been made toward the original plans for fully staffing the National Warmwater Aquaculture Research Center at Stoneville, MS. In recognition of the need to

continue the expansion of research for the future of aquaculture throughout the Midsouth region, the Committee encourages ARS to establish a critical mass of research capabilities as originally proposed by the agency. Priority is to be given to the completion of the staffing for this center. In this regard, the Committee provides \$1,300,000 above the fiscal year 1996 level to continue to meet the objectives outlined in the original USDA plan for the Aquaculture Center.

Natural products.—The Committee is aware of the Agency's plan to consolidate resources at the newly completed National Center for Natural Products. The Committee recognizes the importance of collocating natural products research and expects ARS to expedite this transfer. Achieving critical mass of valuable resources and scientific expertise at the new national center will enhance the effectiveness and productivity of this important research.

Northern California salinity study.—The Committee provides continued funding at the fiscal year 1996 level for research to address the issues associated with a decrease in soil and water quality and crop losses due to increasing levels of salinity in California's Sacramento Valley. This salt buildup in soils and water threatens the productivity of agricultural lands and the livelihood of many farmers in the Sacramento Valley.

Northwest Nursery Crops Research Center.—Nursery and greenhouse products rank No. 1 among Oregon's diverse agricultural commodities and third in the Nation. 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 in these environmental areas.

Peanut research.—The Committee provides an increase of \$250,000 above the fiscal year 1996 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 1996 level. ARS application of project funds for overhead expenses are not to exceed 10 percent of the amount appropriated for the project.

Plant stress.—The Committee provides an increase of \$150,000 above the fiscal year 1996 level to support the operation of the Plant Stress Water Conservation Laboratory in Lubbock, TX.

Poisonous plants.—Poisonous plants continue to cause a significant loss to western 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 an adequate level of funding to support the Poisonous Plant Laboratory to enable it to continue current research projects, including much needed 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 in 1997. The Committee expects the ARS to make every effort to refill the potato breeder position at the Aberdeen station.

Potato late blight screening.—The Committee is aware of the recent incident of late blight in the Pacific Northwest. The Committee urges the ARS to continue additional 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.

Potato research.—The Committee urges the Agricultural Research Service to continue to work closely with the National Potato Council on how funds can best be used to solve production and marketing problems relating to early dying, marketing, potato scab, ring rot, variety development, aphids, and beetle insect problems. The Committee further recognizes the need for research relating to late blight, a new disease that is causing major losses in potato production.

Program continuations.—In addition to those research programs specifically mentioned herein, the Committee directs the ARS to continue at the fiscal year 1996 level the following areas of research: Management systems to ameliorate soils stress, Auburn, AL, (\$406,000); yellow star thistle integrated pest management, Albany, CA, (\$93,900); lyme disease research, Beltsville, MD, (\$172,900), including extramural research in New York and Connecticut; remote sensing and associated technologies for production, Beltsville, MD, (\$206,000); National Turfgrass Evaluation Program, Beltsville, MD, (\$55,800); sugarbeet research, Fort Collins, CO, (\$626,700); wild rice research, St. Paul, MN, (\$150,300); texture control of sweet potato products, Raleigh, NC, (\$219,400); roles of molybdenum-independent nitrogenases in nature, Raleigh, NC, (\$235,000); partitioning of photosynthate, Corvallis, OR, (\$177,600); characterization of environment and nutritional induced cytokinin changes in wheat, Corvallis, OR, (\$217,000); and biology, ecology, and control of plant parasitic nematodes in field and range plants, Logan, UT, (\$149,800).

In addition, the Committee continues funding at the fiscal year 1996 and budget request level for a number of research activities, including research on silverleaf whitefly, western pecans, long-staple cotton, citrus tristeza, solutions to environmental and economic problems, IR-4, poisonous plants, and PM-10 dust emissions.

Poultry disease research.—Poultry enteritis and mortality syndrome [PEMS] is a new disease that is causing significant mortality losses of young poults between 7 and 28 days of age in the United States. The disease has cost U.S. poultry producers more than \$34,000,000 since it was first reported in 1991. The Committee provides an increase of \$200,000 above the fiscal year 1996 level for ARS poultry enteritis and mortality syndrome research. This funding is to be used on those projects which ARS deems most appropriate to eradicate the disease. Industry and State governments will continue to carry the primary burden for identifying causes and cures for the disease.

Rural geriatric nutrition research.—The Committee continues the fiscal year 1996 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 1996 level for the continuation of agroforestry research in conjunction with work at the University of Missouri.

Small grains geneticist, Aberdeen, ID.—The Committee is aware that the ARS is considering to eliminate the small grains geneticist position at the USDA-ARS Aberdeen, ID, station. The Committee provides \$162,300, the same as the fiscal year 1996 funding level, and expects the ARS to maintain this position 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 fruits.—The Committee provides an increase of \$450,000 above the fiscal year 1996 level for the Northwest Small Fruits Research Center in Corvallis, OR. Of this amount, \$270,000 is provided for an additional position, and \$180,000 is for extramural agreements.

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 1996 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 provides continued funding for soybean composition research, production agronomy and breeding programs as in previous fiscal years, and expects the agency to continue to emphasize these research priorities.

In addition, the Committee is aware of the important ARS-supported work being done in the soybean genetics research project at Iowa State University in Ames, IA, and in the soybean breeding and production research project at Ohio State University in Wooster, OH. The Committee expects the Department to continue to provide not less than the current level of funding to continue these important soybean research projects.

Subterranean termite.—The Committee recognizes the substantial damage to forests and structures caused by subterranean termites in Hawaii and in other States. The Committee further recognizes the need to devise effective termite control methods that do not endanger public health and safety. The Committee provides

\$145,500 for the ARS to continue the termite research work in Hawaii at the fiscal year 1996 level.

Sugarcane research.—The Committee continues funding at the fiscal year 1996 level for the Hawaii Agriculture Research Center (formerly called the Hawaiian Sugar Planters' Association Experiment Station). The Committee expects this program to assist in maintaining the competitiveness of the remaining sugarcane plantations and to continue to support sugarcane research throughout the United States. The Committee further expects that these funds will support the expansion of new and existing crops and products to complement sugarcane production.

The Committee also recognizes the importance of furthering the science of molecular techniques in sugarcane. By mapping useful genes, transferring these and exotic genes into sugarcane germplasm, and 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 sight of the ARS Southern Regional Research Center in Houma, LA, the Committee provides an increase of \$500,000 above the fiscal year 1996 level. The Committee expects ARS to collaborate with the American Sugar Cane League in efforts to coordinate research with other commodity-based biotechnology research and continue funding for this vital 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 collaborative effort to control this pest.

Tropical aquaculture research.—The Committee recognizes the important role of tropical aquaculture in reversing the Nation's trade deficits in seafood products and in creating long-term sustainable employment of human and marine resources. The Committee further recognizes the significant scientific and commercial contributions offered by the expertise and natural resource conditions found in Hawaii. To fully realize these benefits, the Committee continues funding at the fiscal year 1996 level of \$1,628,900 for the aquaculture productivity research and the requirements and sources of nutrients for marine shrimp projects in Hawaii.

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.

Wheat resistance to leaf rust.—Leaf rust is a leading scourge of wheat. The Committee continues funding at the fiscal year 1996 level to support research by the ARS plant science unit at Manhattan, KS, in searching for new genes for leaf rust resistance that show no damage to end use qualities in wheat, selecting germplasm out of prior crosses for release, and crossing wild wheat relatives to secure additional genes resistant to leaf rust.

BUILDINGS AND FACILITIES

Appropriations, 1996	\$30,200,000
Budget estimate, 1997	80,100,000
House allowance	59,600,000
Committee recommendation	59,200,000

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 buildings and facilities owned and operated by the Agricultural Research Service, the Committee recommends an appropriation of \$59,200,000. This is \$20,900,000 less than the budget estimate, \$400,000 less than the House level, and \$29,000,000 more than the amount provided in 1996. These funds shall remain available until expended. The Committee's recommendations are indicated in the following table:

ARS BUILDINGS AND FACILITIES

[In thousands of dollars]

State and facility	Fiscal year 1996 enacted	Fiscal year 1997 budget estimate	House allowance	Committee recommenda- tion
Arkansas: National Rice Research Center, Stuttgart	1,000	.....	.....	.....
California:				
U.S. Horticultural Crop and Water Management Research Laboratory, Parlier .....	.....	22,000	.....	11,000
Western Regional Research Center, Albany .....	.....	4,600	4,000	.....
Florida:				
Horticultural Research Laboratory, Fort Pierce	1,500	29,800	27,000	14,900
Melaleuca research and quarantine facility, Fort Lauderdale .....	.....	4,000	.....	.....
Illinois:				
National Center for Agricultural Utilization Research, Peoria	3,900	1,500	1,500	1,500
Ethanol Pilot Plant .....	.....	.....	1,500	.....
Kansas: U.S. Grain Marketing Research Laboratory, Manhattan	1,000	.....	.....	500
Louisiana: Southern Regional Research Center, New Orleans	900	.....	.....	.....
Maryland: Agricultural Research Center, Beltsville	8,000	4,500	4,500	4,500
Mississippi:				
National Center for Natural Products, Oxford	1,500	.....	.....	.....
National Center for Warmwater Aquaculture, Stoneville	1,900	.....	.....	.....
New York: Plum Island Animal Disease Center, Greenport	5,000	5,000	5,000	5,000

ARS BUILDINGS AND FACILITIES—Continued

[In thousands of dollars]

State and facility	Fiscal year 1996 enacted	Fiscal year 1997 budget estimate	House allowance	Committee recommenda- tion
Pennsylvania: Eastern Regional Research Center, Philadelphia		4,700	4,000	4,700
South Carolina: U.S. Vegetable Laboratory, Charleston	3,000			3,000
Texas:				
Plant Stress and Water Conservation Lab- oratory, Lubbock	1,500		8,100	8,100
Subtropical Agricultural Research Labora- tory, Weslaco	1,000	4,000	4,000	
West Virginia: National Center for Cool and Cold Water Aquaculture, Leetown				6,000
Total	30,200	80,100	59,600	59,200

The Committee has not approved ARS construction funding requested in the budget for the Melaleuca research and quarantine facility in Florida. The Committee is advised that the planning and design work for this facility is currently underway and that the U.S. Army Corps of Engineers received \$1,000,000 in fiscal year 1994 for this purpose. The Committee supports the importance of this facility to the restoration of the south Florida ecosystem. However, the Committee believes the additional funds for construction of the facility should continue to be provided to the Corps of Engineers to ensure the continuity of design and construction of this project.

The growing demand for aquaculture-related products raises problems of insufficient domestic production capacity. To help overcome the deficiencies in cool and cold water aquaculture production, 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. The Committee notes the completion of land acquisition, and that planning and design work on this project is underway, and provides \$6,000,000 in initial construction funding for the project.

The Committee is aware of the growing backlog in the repairs, maintenance, and modernization of aging and outdated ARS buildings and facilities' inventory. The Committee expects the fiscal year 1998 budget request for ARS to reflect the heightened priority given to existing building modernization and replacement facilities, with particular emphasis on facilities with existing or imminent health and safety code violations.

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

Appropriations, 1996	\$421,929,000
Budget estimate, 1997	418,572,000
House allowance	411,849,000
Committee recommendation	418,358,000

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 entry 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 \$418,358,000. This amount is \$3,571,000 less than the 1996 appropriation, \$214,000 less than the budget request, and \$6,509,000 more than the House-recommended level.

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]

	1996 appropriation	1997 budget	House allowance	Committee recommen- dation
Payments under Hatch Act	168,734	168,734	163,671	168,734
Cooperative forestry research (McIntire-Stennis) ...	20,497	20,497	19,882	20,497
Payments to 1890 colleges and Tuskegee	27,735	27,735	26,902	27,735

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

[In thousands of dollars]

	1996 appropriation	1997 budget	House allowance	Committee recommen- dation
Special research grants (Public Law 89–106):				
Aflatoxin (Illinois)	113	.....	113	.....
Agricultural diversification (Hawaii)	131	.....	131	131
Agricultural management systems (Massa- chusetts)	221	.....	.....	.....
Alfalfa (Kansas)	106	.....	.....	.....
Alliance for food protection (Nebraska, Geor- gia)	300	.....	300	300
Alternative cropping systems (Southeast)	235	.....	.....	.....
Alternative crops (North Dakota)	550	.....	550	550
Alternative crops for arid lands (Texas)	85	.....	85	.....
Alternative marine and fresh water species (Mississippi)	308	.....	308	308
Apple fireblight (Michigan, New York) .....	.....	.....	325	350
Aquaculture (Connecticut)	181	.....	.....	.....
Aquaculture (Illinois)	169	.....	169	169
Aquaculture (Louisiana)	330	.....	330	330
Aquaculture (Mississippi)	592	.....	592	642
Aquaculture (North Carolina) .....	.....	.....	150	.....
Asian products laboratory (Oregon)	212	.....	212	.....
Babcock Institute (Wisconsin)	312	.....	.....	.....
Barley feed for rangeland cattle (Mon- tana)	250	.....	250	500
Binational agricultural research and devel- opment fund (United States-Israel) .....	.....	.....	2,500	2,500
Biodiesel research (Missouri)	152	.....	150	152
Biotechnology (Oregon)	217	.....	217	250
Broom snakeweed (New Mexico)	169	.....	175	169
Canola (Kansas)	85	.....	85	85
Center for Animal Health and Productivity (Pennsylvania)	113	.....	113	.....
Center for Innovative Food Technology (Ohio)	181	.....	181	.....
Center for Rural Studies (Vermont)	32	.....	.....	32
Chesapeake Bay aquaculture	370	.....	370	370
Coastal cultivars (Georgia) .....	.....	.....	200	.....
Competitiveness of agricultural products (Washington)	677	.....	677	677
Cool season legume research (Idaho, Wash- ington)	329	.....	329	329
Cranberry/blueberry disease and breeding (New Jersey)	220	.....	220	220
Dairy and meat goat research (Texas)	63	.....	.....	63
Delta rural revitalization (Mississippi)	148	.....	148	148
Dried bean (North Dakota)	85	.....	.....	.....
Drought mitigation (Nebraska)	200	.....	200	200
Environmental research (New York)	486	.....	486	.....
Environmental risk factors—cancer (New York) .....	.....	.....	100	.....
Expanded wheat pasture (Oklahoma)	285	.....	285	285
Farm and rural business finance (Arkansas, Illinois)	106	.....	106	106
Floriculture (Hawaii)	250	.....	.....	250

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

[In thousands of dollars]

	1996 appropriation	1997 budget	House allowance	Committee recommen- dation
Food and Agriculture Policy Institute (Iowa, Missouri)	850	.....	800	850
Food irradiation (Iowa)	201	.....	.....	201
Food Marketing Policy Center (Connecti- cut)	332	.....	332	332
Food Processing Center (Nebraska)	42	.....	.....	42
Food safety consortium (Arkansas, Kansas, Iowa)	1,743	.....	1,690	1,743
Food Systems Research Group (Wiscon- sin)	221	.....	221	221
Forestry (Arkansas)	523	.....	523	723
Fruit and vegetable market analysis (Ari- zona, Missouri)	296	.....	296	.....
Generic commodity promotion research, and evaluation (New York)	212	.....	212	.....
Global change	1,615	1,615	1,567	1,615
Global marketing support service (Arkan- sas)	92	.....	.....	92
Grain sorghum (Kansas) .....	.....	.....	.....	106
Grass seed cropping systems for a sustain- able agriculture (Washington, Oregon, Idaho)	423	.....	.....	423
Human nutrition (Arkansas)	425	.....	425	.....
Human nutrition (Iowa)	473	.....	473	473
Human nutrition (Louisiana)	752	.....	752	752
Human nutrition (New York)	622	.....	622	.....
Illinois-Missouri Alliance for Biotechnol- ogy	1,357	.....	1,316	1,357
Improved dairy management practices (Pennsylvania)	296	.....	296	.....
Improved fruit practices (Michigan)	445	.....	445	445
Institute for Food Science and Engineering (Arkansas)	750	.....	750	750
Integrated production systems (Oklahoma) ..	161	.....	161	161
International arid lands consortium	329	.....	329	.....
Iowa biotechnology consortium	1,792	.....	.....	1,792
Jointed goatgrass (Washington)	296	.....	296	296
Landscaping for water quality (Georgia)	300	.....	300	300
Livestock and dairy policy (New York, Tex- as)	445	.....	445	445
Lowbush blueberry research (Maine)	220	.....	220	220
Maple research (Vermont)	84	.....	.....	84
Michigan biotechnology consortium	750	.....	750	750
Midwest Advanced Food Manufacturing Alli- ance	423	.....	423	423
Midwest agricultural products (Iowa)	592	.....	592	592
Milk safety (Pennsylvania)	268	.....	.....	268
Minor use animal drugs (IR-4)	550	550	550	550
Molluscan shellfish (Oregon)	300	.....	300	400
Multicommodity research (Oregon)	364	.....	.....	364
Multicropping strategies for aquaculture (Hawaii)	127	.....	.....	127
National biological impact assessment	254	254	254	254

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

[In thousands of dollars]

	1996 appropriation	1997 budget	House allowance	Committee recommen- dation
Nematode resistance genetic engineering (New Mexico)	127	.....	127	127
Nonfood uses of agricultural products (Ne- braska)	64	.....	.....	64
North central biotechnology initiative	2,000	.....	1,940	.....
Oil resources from desert plants (New Mex- ico)	169	.....	175	169
Organic waste utilization (New Mexico)	150	.....	100	.....
Pasture and forage research (Utah) .....	.....	.....	.....	200
Peach tree short life (South Carolina)	162	.....	.....	.....
Pest control alternatives (South Carolina)	106	.....	.....	.....
Phytophthora root rot (New Mexico)	127	.....	127	127
Postharvest rice straw (California) .....	.....	.....	100	.....
Potato cultivars (Alaska) .....	.....	.....	.....	120
Potato research	1,214	.....	1,214	1,214
Preharvest food safety (Kansas)	212	.....	212	212
Preservation and processing research (Okla- homa)	226	.....	226	.....
Red River corridor (Minnesota, North Da- kota)	169	.....	.....	169
Regional barley gene mapping project	348	.....	348	348
Regionalized implications of farm programs (Missouri, Texas)	294	.....	294	294
Rice modeling (Arkansas)	395	.....	395	395
Rural development centers (Pennsylvania, Iowa, North Dakota, Mississippi, Ore- gon)	423	423	423	423
Rural Policies Research Institute (Nebraska, Missouri)	644	.....	644	644
Russian wheat aphid (Washington, Oregon, Idaho, California, Colorado)	455	.....	.....	455
Seafood and aquaculture harvesting, proc- essing, and marketing (Mississippi)	305	.....	305	305
Small fruit research (Oregon, Washington, Idaho)	212	.....	212	212
Southwest consortium for plant genetics and water resources	338	.....	338	338
Soybean cyst nematode (Missouri)	303	.....	303	303
Spatial technologies for agriculture (Mis- sissippi) .....	.....	.....	.....	500
STEEP—water quality in Northwest	500	.....	500	500
Sunflower insects (North Dakota)	127	.....	.....	127
Sustainable agriculture (Michigan)	445	.....	445	445
Sustainable agriculture and natural re- sources (Pennsylvania)	94	.....	.....	94
Sustainable agriculture systems (Nebras- ka)	59	.....	.....	59
Sustainable pest management for dryland wheat (Montana) .....	.....	.....	.....	350
Swine waste management (North Carolina) ..	.....	.....	150	280
Tillage, silviculture, waste management (Louisiana)	212	.....	212	212

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

[In thousands of dollars]

	1996 appropriation	1997 budget	House allowance	Committee recommen- dation
Tropical and subtropical	2,809	.....	2,724	2,809
Urban pests (Georgia)	64	.....	64	64
Viticulture consortium (New York, Califor- nia)	500	.....	500	500
Water conservation (Kansas)	79	.....	79	79
Water management (Alabama) .....	.....	.....	.....	337
Water quality	2,757	2,757	2,757	2,757
Weed control (North Dakota)	423	.....	.....	423
Wheat genetic (Kansas)	176	.....	176	176
Wood utilization (Oregon, Mississippi, Min- nesota, North Carolina, Maine, Michi- gan)	3,758	.....	3,536	3,758
Wool (Texas, Montana, Wyoming)	212	.....	212	212
Total, special research grants	47,846	5,599	44,235	46,068
Improved pest control:				
Integrated pest management	2,731	8,000	2,731	2,731
Pesticide clearance (IR-4)	5,711	10,711	5,711	5,711
Pesticide impact assessment	1,327	1,327	1,327	1,327
Expert IPM decision support system ¹	177	300	177	177
Critical issues ¹	200	200	200	200
Emerging pest and disease issues ¹	1,623	4,200	1,623	1,623
Total, improved pest control	11,769	24,738	11,769	11,769
Competitive research grants:				
Plant systems	37,000	47,000	37,000	35,744
Animal systems	23,750	29,500	23,750	23,136
Nutrition, food quality, and health	7,400	11,000	7,400	7,209
Natural resources and the environment	17,650	27,000	17,650	17,194
Processes and new products	6,935	9,000	6,935	6,755
Markets, trade, and policy	4,000	6,500	4,000	3,897
Total, competitive research grants	² 96,735	130,000	96,735	93,935
Animal health and disease (sec. 1433)	5,051	5,051	4,775	5,051
Critical Agricultural Materials Act	500	.....	500	700
Aquaculture centers (sec. 1475)	4,000	4,000	4,000	4,000
Rangeland research grants (sec. 1480)	475	475	475	475
Advanced materials .....	.....	650	.....	.....
Alternative crops	650	.....	650	500
Sustainable agriculture	8,100	8,100	8,000	8,100
Capacity building grants	9,200	9,200	9,200	9,200
Payments to the 1994 institutions	1,450	1,450	1,450	1,450
Graduate fellowship grants	3,500	3,500	3,000	3,000
Institute challenge grants	4,350	4,350	4,000	4,000
Multicultural scholars program	1,000	1,000	1,000	1,000
Hispanic education partnership grants .....	.....	1,500	.....	.....
Hispanic serving institutions .....	.....	.....	2,000	1,500
Federal administration:				
Agriculture development in the American Pa- cific	564	.....	564	564

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

[In thousands of dollars]

	1996 appropriation	1997 budget	House allowance	Committee recommen- dation
Alternative fuels characterization laboratory (North Dakota)	218	.....	218	218
Center for Agricultural and Rural Develop- ment (Iowa)	655	.....	655	655
Center for North American Studies (Tex- as)	87	.....	87	87
Data information system .....	.....	500	400	400
Geographic information system	939	.....	750	939
Herd management (Tennessee)	535	.....	.....	.....
Mississippi Valley State University	583	.....	583	583
National Education Center for Agricultural Safety (Iowa) .....	.....	.....	.....	300
Office of Grants and Program Systems	314	310	310	310
Pay costs and FERS	551	833	833	833
Peer panels	350	350	350	350
PM-10 study (Washington, California)	873	.....	873	873
Rural partnership (Nebraska)	250	.....	.....	250
Shrimp aquaculture (Hawaii, Mississippi, Ar- izona, Massachusetts, South Caro- lina)	3,054	.....	3,054	3,354
Vocational aquaculture education	436	.....	.....	.....
Water quality (Illinois)	492	.....	492	492
Water quality (North Dakota)	436	.....	436	436
Total, Federal administration	10,337	1,993	9,605	10,644
Total, Cooperative State Research, Edu- cation, and Extension Service, research and education activities	421,929	418,572	411,849	418,358

¹ Funded for fiscal year 1996 from \$2,000,000 special research grant for alternatives to pesticides and critical issues.

² Includes \$2,500,000 transferred by USDA to fund the United States-Israel Binational Agricultural Research and Development Fund.

Special research grants under Public Law 89-106.—The Committee recommends a total of \$46,068,000. 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 Warm-water Aquaculture Center in providing two sonar detection devices to allow the Center to advance its study of fish behavior.

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.

Competitive research grants.—The Committee supports the National Research Initiative Competitive Grants Program [NRI] and recommends funding of \$93,935,000.

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].

Of the amount recommended for plant systems under the National Research Initiative [NRI] Competitive Grants Program, the Committee directs that \$3,000,000 be made available for the national corn initiative's competitive corn genome mapping program that has been identified by the National Corn Growers Association. This provision is not to be interpreted to reduce funding that would otherwise be available for other crops or commodities within the plant systems category. This project has the potential to deliver many important benefits to the agricultural industry, to the consumer, and to the U.S. economy. Potential benefits include significant reductions in crop losses and the reliance on pesticides, and improved animal nutrition resulting in healthier meat and increased meat productivity. In implementing this project, the Committee expects the Department to coordinate with public and private research interests to ensure that the projects funded are not duplicative of ongoing or planned private or public research.

Alternative crops.—The Committee recommends \$500,000 for alternative crop research to continue research on canola.

Sustainable agriculture.—The Committee recommends \$8,100,000 for sustainable agriculture.

The Committee supports the application of sustainable principles to the fragile ecosystems in Hawaii and the American Pacific and expects the Sustainable Agriculture Research and Education [SARE] Program to consider tropical agriculture and forestry proposals from the American Pacific region. Within available funds, the Committee expects SARE to fund those proposals judged meritorious when subjected to the established review process.

Higher education.—The Committee recommends \$9,500,000 for higher education. The Committee concurs with the House in providing \$3,000,000 for graduate fellowships, \$4,000,000 for challenge grants, and \$1,000,000 for multicultural scholarships. The Committee also provides \$1,500,000 for grants for Hispanic serving institutions. Of the funds appropriated for the Challenge Grants Program, the Committee directs that \$150,000 be made available to support the continuing operations of the food and agricultural education information system [FAEIS].

Federal administration.—The Committee provides \$10,344,000 for Federal administration. The Committee's specific recommendations are reflected in the table above.

For the geographic information system program, the Committee recommends \$939,000, the same as the fiscal year 1996 level. The Committee recommends the same amounts as in 1996 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.

For shrimp aquaculture research, the Committee provides an additional \$300,000 above the fiscal year 1996 level. Initial payoffs from the U.S. Marine Shrimp Farming Program have been reflected in increased U.S. shrimp production and ever increasing export of shrimp technologies and stocks. However, exotic viruses, which found their way to isolated shrimp farms in this country in 1995, continue to pose a threat to the emerging U.S. shrimp farming industry. The Committee has provided additional resources to enable the U.S. Marine Shrimp Farming Consortium to enhance its efforts to control foreign disease agents. The Committee expects the consortium to continue its cooperative association with the shrimp processing industry and for industry to contribute at least an equal amount to the cost of these activities.

NATIVE AMERICAN INSTITUTIONS ENDOWMENT FUND

Appropriations, 1996	\$4,600,000
Budget estimate, 1997	4,600,000
House allowance	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, the House recommendation, and the 1996 level.

BUILDINGS AND FACILITIES

Appropriations, 1996	\$57,838,000
Budget estimate, 1997	
House allowance	30,449,000
Committee recommendation	55,668,000

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

For buildings and facilities, the Committee recommends an appropriation of \$55,668,000. This amount is \$25,219,000 more than the House level, \$55,668,000 more than the budget estimate, and \$2,170,000 less than the 1996 amount.

The following table summarizes the Committee's provisions:

BUILDINGS AND FACILITIES

[In thousands of dollars]

State and facility	1996 appropriation	1997 request	House allowance	Committee rec- ommendation
Alabama: Poultry science facility, Auburn University	1,338	.....	.....	4,140
Arkansas: Alternative Pest Control Center, Carnall Hall	1,000	.....	.....	.....
California: Alternative Pest Control Containment and Quarantine Facility, University of California at Davis	3,057	.....	5,000	.....
Colorado: Animal Reproduction and Biotechnology Laboratory, Colorado State University .....	.....	.....	1,100	1,100
Connecticut: Agricultural biotechnology building, University of Connecticut	1,347	.....	.....	4,000
Delaware: Poultry Biocontainment Laboratory	1,751	.....	.....	.....
Florida: Aquatic research facility, University of Florida	1,500	.....	.....	.....
Idaho: Agricultural biotechnology facilities, University of Idaho .....	.....	.....	.....	3,544
Illinois:				
Biotechnology Center, Northwestern University	1,366	.....	1,000	5,464
Science facility, DePaul University .....	.....	.....	2,000	.....
Louisiana: Southeast research station, Franklinton	1,280	.....	.....	.....
Maryland: Institute for Natural Resources and Environmental Science, University of Maryland	2,288	.....	2,288	2,288
Massachusetts: Center for Hunger, Poverty, Nutrition, and Policy, Tufts University	1,641	.....	.....	1,641
Mississippi:				
Center for Water and Wetland Resources, University of Mississippi ..	1,555	.....	.....	.....
National Food Service Management Institute	3,000	.....	.....	.....
Missouri: Center for Plant Biodiversity, St. Louis	3,995	.....	500	3,161
New Jersey: Plant bioscience facility, Rutgers University	2,262	.....	3,850	1,000
New Mexico: Center for Sustainable Development of Arid Lands, New Mexico State University	1,464	.....	7,318	5,044
New York: New York Botanical Garden	1,665	.....	.....	.....
North Carolina: Bowman-Gray Nutrition Center, Wake Forest	3,000	.....	1,000	1,000
Ohio: Lake Erie Soil and Water Research and Education Center .....	.....	.....	2,308	.....

BUILDINGS AND FACILITIES—Continued

[In thousands of dollars]

State and facility	1996 appropriation	1997 request	House allowance	Committee rec- ommendation
Oklahoma: Grain Storage Research and Ex- tension Center, Oklahoma State Univer- sity	495	.....	.....	.....
Oregon: Forest Ecosystem Research Labora- tory, Oregon State University	5,000	.....	.....	5,000
Pennsylvania: Center for Food Marketing, St. Joseph's University	2,438	.....	.....	.....
Rhode Island: Coastal Institute on Narra- gansett Bay, University of Rhode Island ..	3,854	.....	.....	.....
South Dakota: Animal resource wing, South Dakota State University	2,700	.....	.....	2,700
Tennessee:				
Agriculture, biological, and environ- mental research complex, University of Tennessee	1,928	.....	.....	3,500
Horse Science and Teaching Center, Middle Tennessee State Univer- sity			2,585	.....
Texas: Southern crop improvement, Texas A&M	1,400	.....	.....	4,508
Vermont: Rural Community Interactive Learning Center, University of Vermont	2,000	.....	.....	.....
Washington:				
Animal disease biotechnology facility, Washington State University	1,263	.....	1,500	7,578
Wheat research facility, Washington State University	3,251	.....	.....	.....
Total, CSRS construction	57,838	.....	30,449	55,668

Federal funding for facilities funded by this appropriation shall not exceed 50 percent of the total project cost. The non-Federal project share may include amounts from private sources and from local units of government. Non-Federal matching requirements for a facility are to be based on cash, rather than in-kind contributions, except for a facility which received initial funding prior to fiscal year 1994. In addition, construction of a project is to be based on a firm indication of local support, including a commitment for paying all operating costs (including the total research program) of the facility. Institutions must document availability of all non-Federal matching funds prior to the release of Federal funds. Further, the research programs to be carried out at these facilities shall be complementary to the overall programs of the Department of Agriculture.

The agency has indicated to the Committee that two universities have relinquished Federal funds previously provided for facilities projects. Specifically, the University of Wyoming has relinquished \$2,204,959 in Federal funding for the environmental simulation facility and northwestern Louisiana has relinquished \$68,870 provided for the red meat facility. The Committee directs that the total \$2,273,829 available be reprogrammed to the New Mexico State University's Center for Sustainable Development of Arid

Lands. This amount, coupled with the fiscal year 1997 funds recommended by the Committee for the Center, will complete the Federal funding share of this project.

The conference agreement on the fiscal year 1996 appropriation indicated that funding for the CSREES buildings and facilities program would be terminated after fiscal year 1997. In honor of that agreement, the Committee has made every effort to complete the Federal funding share of as many projects as possible. Unfortunately, severe budgetary constraints prevent the Committee from recommending the final amount necessary to complete the Federal share of all projects initiated under this program. The Committee concurs with the House in recommending that the agency monitor all projects closely and withdraw any remaining Federal funds if alternative funding is not available within 3 years to complete the facility.

EXTENSION ACTIVITIES

Appropriations, 1996	\$427,750,000
Budget estimate, 1997	423,488,000
House allowance	409,670,000
Committee recommendation	431,072,000

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 attending or resident in 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 \$431,072,000. This amount is \$21,402,000 more than the House level, \$3,322,000 more than the amount provided for 1996, and \$7,584,000 more than the budget estimate.

The following table summarizes Committee action on extension activities:

EXTENSION ACTIVITIES—FISCAL YEAR 1997 CONGRESSIONAL ACTION

[In thousands of dollars]

	Fiscal year 1996 enacted	Fiscal year 1997 budget	House allowance	Committee recommendation
Smith-Lever sections 3(b) and 3(c)	268,493	268,493	260,438	268,493

EXTENSION ACTIVITIES—FISCAL YEAR 1997 CONGRESSIONAL ACTION—Continued

[In thousands of dollars]

	Fiscal year 1996 enacted	Fiscal year 1997 budget	House allowance	Committee recommendation
Smith-Lever section 3(d):				
Food safety	2,438	2,438	2,365	2,438
Youth at risk	9,850	9,850	9,554	9,850
Water quality	11,065	11,065	10,733	11,065
Food and nutrition education	60,510	60,510	58,695	60,510
Pest management	10,783	15,000	10,783	10,783
Farm safety	2,943	988	2,855	2,943
Pesticide impact assessment	3,313	3,313	3,214	3,313
Rural development centers	936	936	908	936
Indian reservation agents	1,724	1,724	1,672	1,724
Sustainable agriculture	3,411	3,411	3,309	3,411
Renewable Resources Extension Act	3,291	3,291	3,192	3,291
1890 colleges and Tuskegee	25,090	25,090	24,337	25,090
1890's facilities grants	7,782	7,782	7,549	7,782
1994 institutions facilities grants				1,700
Agricultural telecommunications	1,203	1,203	1,167	1,203
Rural health and safety education	2,709	2,709	2,628	2,709
Extension services at the 1994 institutions				2,500
Subtotal	415,541	417,803	403,399	419,741
Federal administration and special grants:				
General administration	5,162	5,685	4,995	5,162
Beef producers improvement (Arkansas) ..	197			197
Delta Teachers Academy	3,876			3,850
Extension specialist (Arkansas)	99			99
Income enhancement demonstration (Ohio)	246		246	
Integrated cow/calf management (Iowa) ..	345			345
Pilot technology project (Wisconsin)	163		163	
Pilot technology transfer (Oklahoma and Mississippi)	326			326
Range improvement (New Mexico)	197		197	197
Rural Center for HIV/STD Prevention (Indi- ana)	246		246	
Rural development (Nebraska)	386			386
Rural development (New Mexico)	227		227	227
Rural development (Oklahoma)	296			296
Rural rehabilitation (Georgia)	246			246
Wood biomass as an alternative farm product (New York)	197		197	
Subtotal, Federal administration	12,209	5,685	6,271	11,331
Total, extension activities	427,750	423,488	409,670	431,072

Farm safety.—Of the funds recommended for farm safety, the Committee includes \$1,969,000 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 1996 level for potato late blight control, including \$400,000 for early disease identification, comprehen-

sive composting for cull disposal, and late blight research activities in Maine.

Rural health and safety.—The Committee recommends \$2,709,000, the same as the fiscal year 1996 level and budget request, for rural health and safety education. Included in this amount is \$2,216,000 for the ongoing rural health program in Mississippi to train health care professionals to serve in rural areas, and \$493,000 for the ongoing rural health and outreach initiative in Louisiana.

1994 institutions.—The Committee recommends a total of \$4,200,000 under the Extension Service for activities authorized by the Equity in Educational Land-Grant Status Act of 1994 (Public Law 103–382), which granted land-grant status to 29 tribally controlled colleges and institutions. Included in this amount is \$1,700,000 for institutional capacity building grants and \$2,500,000 for extension work at the 1994 institutions. This is in addition to \$1,450,000 for equity payments to the 1994 institutions provided under CSREES research and education and the \$4,600,000 appropriation recommended for the native American institutions endowment fund.

OFFICE OF ASSISTANT SECRETARY FOR MARKETING AND REGULATORY PROGRAMS

Appropriations, 1996	\$605,000
Budget estimate, 1997 ¹	618,000
House allowance	618,000
Committee recommendation	618,000

¹The 1997 budget proposes that this office be funded in a single account under the Office of the Secretary.

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 budget request and the House recommendation, and \$13,000 more than the 1996 level.

ANIMAL AND PLANT HEALTH INSPECTION SERVICE
SALARIES AND EXPENSES

	Appropriations	User fees		Total, APHIS appropriations ¹
		Appropriated	Direct	
Appropriations, 1996	\$331,667,000	\$100,254,000	\$26,773,000	\$431,921,000
Budget estimate, 1997 ²	339,033,000	100,000,000	³ 24,857,000	439,033,000
House allowance	337,428,000	98,000,000	³ 24,857,000	435,428,000
Committee recommendation	334,103,000	98,000,000	³ 24,857,000	432,103,000

¹ Does not include direct appropriation.

² Reflects budget amendment submitted on May 16, 1996 (H. Doc. 104-215).

³ Direct appropriation provided in Public Law 104-127

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 \$432,103,000. This is \$182,000 more than the 1996 appropriation, \$6,930,000 less than the budget request, and \$3,325,000 less than the House level.

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 1996 enacted	Fiscal year 1997 budget request	House allowance	Committee recommenda- tions
Pest and disease exclusion:				
Agricultural quarantine inspection	24,914	26,047	26,047	26,747
User fees	100,254	100,000	98,000	98,000
Subtotal, agricultural quarantine inspec- tion	125,168	126,047	124,047	124,747
Cattle ticks	4,537	4,537	4,537	4,537
Foot-and-mouth disease (Darien Gap)	3,991	4,132	3,991	3,991
Import-export inspection	6,528	7,165	6,847	6,847
International programs	6,100	7,186	6,643	6,643
Fruit fly exclusion and detection	16,151	26,238	21,161	21,161
Screwworm	33,969	31,713	31,713	31,713
Tropical bont tick	452	535	452	452
Subtotal, pest and disease exclusion	196,896	207,553	199,391	200,091
Plant and animal health monitoring:				
Animal health monitoring and surveil- lance	59,276	60,831	60,831	60,831
Animal and plant health regulatory enforce- ment	5,855	5,855	5,855	5,855
Pest detection	4,202	4,853	4,202	4,202
Subtotal, plant and animal health mon- itoring	69,333	71,539	70,888	70,888
Pest and disease management programs:				
Animal damage control—operations	26,642	26,642	26,842	26,842
Aquaculture	470	672	571	571
Biocontrol	6,290	6,387	6,290	6,290
Boll weevil	18,084	9,834	16,209	16,209
Brucellosis eradication	23,360	19,962	23,360	19,962
Golden nematode	435	444	444	444
Grasshopper and mormon cricket		2,659		
Gypsy moth	4,367	4,985	4,367	4,367
Imported fire ant	1,000		1,000	800
Miscellaneous plant and animal diseases ..	1,516	1,799	1,516	1,516
Noxious weeds	338	304	304	404
Pink bollworm	1,069	1,463	1,069	1,069
Pseudorabies	4,543	4,518	4,518	4,518

ANIMAL AND PLANT HEALTH INSPECTION SERVICE—Continued

[In thousands of dollars]

	Fiscal year 1996 enacted	Fiscal year 1997 budget request	House allowance	Committee recommenda- tions
Scrapie	2,967	2,161	2,967	2,967
Sweetpotato whitefly	2,398	1,888	1,888	1,888
Tuberculosis eradication	4,609	5,288	4,948	4,609
Witchweed	1,663	1,662	1,662	1,662
Subtotal, pest and disease manage- ment	99,751	90,668	97,955	94,118
Animal care:				
Animal welfare	9,185	9,624	9,185	9,185
Horse protection	362	360	360	360
Subtotal, animal care	9,547	9,984	9,545	9,545
Scientific and technical services:				
Animal damage control—methods develop- ment	9,665	10,591	10,591	10,591
Biotechnology	7,677	7,722	7,677	7,677
Integrated systems acquisition project	4,055	4,000	4,000	4,000
Plant methods development	5,053	5,048	5,048	5,048
Veterinary biologics	10,360	10,768	10,360	10,360
Veterinary diagnostics	14,785	16,160	15,473	14,785
Subtotal, scientific and technical serv- ices	51,595	54,289	53,149	52,461
Contingency fund	4,799	5,000	4,500	5,000
Total, salaries and expenses	431,921	439,033	435,428	432,103
Less, AQI user fees	— 100,254	— 100,000	— 98,000	— 98,000
Total, APHIS appropriations	331,667	339,033	337,428	334,103

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 \$98,000,000 from the AQI user fee account. The Department has estimated that an additional \$24,857,000 will be collected and available as provided in the FAIR Act (Public Law 104–127).

The Committee expects the Department to retain the Derby Line Inspection Station in Vermont until work underway at the Highgate Station is complete.

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 \$700,000 to support the addition of 21 full-time inspection positions to supple-

ment existing resources devoted to agriculture quarantine inspection at Hawaii's direct departure and interline airports.

The Committee recognizes the need for cost-saving approaches to preclearance baggage inspection at Hawaii's direct departure and interline airports, and arrival inspection at major international arrival airports. The Committee continues to encourage the Department to test and evaluate new inspection technologies and other methods and hiring arrangements for conducting preclearance and arriving baggage inspections. The Department is requested to provide a report on the progress made in this area by January 31, 1997.

The Committee encourages the Department to actively seek procedural and/or treatment methods that allow for the expansion of domestic markets for fresh agricultural products grown in Hawaii while minimizing the pest risks to mainland agriculture.

Animal damage control.—The Committee concurs with the House in encouraging cost sharing of control activities to the maximum extent possible.

Funding is included to continue cattail management and black-bird control efforts in North and South Dakota and Louisiana.

The Committee includes an additional \$125,000 for the beaver damage control assistance program to further assist in beaver control efforts in Mississippi.

The Committee maintains funding for the cooperative agreement with the Hawaiian Sugar Planters Association for rodent control in sugarcane and macadamia nut crops.

The Committee also includes funding to continue depredation efforts on fish-eating birds and other species which cause damage to the commercial fish industry in the mid-South.

Funding is continued at the fiscal year 1996 level for the Jack H. Berryman Institute of Wildlife Damage Management in Utah and the Monell Field Station in Pennsylvania.

The Committee expects the Department to maintain the animal damage control office in Vermont.

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

Avocados.—The Committee concurs with the House report language regarding the regulation of importation of Mexican avocados.

Horse protection.—The Committee understands that no additional funding will be needed in fiscal year 1997 to promulgate the regulations necessary to implement the Equine Transportation to Slaughter Act. The Committee urges the Department to expeditiously act to implement this law.

The Committee expects the Department to provide for more effective use of available funds regarding enforcement of the Horse Protection Act. The Committee expects the Department to use its existing authority under the act to establish programs and policies that will delegate primary responsibility for conducting horse show inspections and other related enforcement activities to USDA-certified horse industry organizations that meet or exceed Department criteria for industry self-regulation. This criteria should be developed with input from all sectors of the industry.

The Committee concurs with House report language on the use of thermovision. It is the Committee's understanding that the reli-

ability of this technology for diagnostic or enforcement uses has not been fully ascertained.

The Committee requests that the Secretary provide the Committee with a report on its implementation of these recommendations by January 31, 1997.

Imported fire ants.—The Committee has not provided funds for the work that has previously been conducted at the University of Arkansas at Monticello.

National Poultry Improvement Program.—The Committee is concerned that funding for the National Poultry Improvement Program, which is funded in the “Animal health monitoring and surveillance” account, has declined in recent years. The Committee expects funding for this account to be enhanced for fiscal year 1997.

Noxious weeds.—The Committee includes funding at the fiscal year 1995 level for the Department to continue its work in the eradication of goatsrue in Utah. The Committee also encourages the Department to continue its efforts to control tropical soda apple in the Southeast.

The Committee is concerned that the introduction of alien weed pests to Hawaii poses a threat to Hawaiian agriculture. The Committee encourages the Department to work with the Hawaii Department of Agriculture to secure environmentally safe controls for these weed pests.

Plant and animal health monitoring.—The Committee expects the Department to take all necessary actions to protect the United States and its domestic horse population from equine piroplasmosis by ensuring that the disease does not become established in the United States or spread to the domestic horse population.

BUILDINGS AND FACILITIES

Appropriations, 1996	\$8,757,000
Budget estimate, 1997	3,200,000
House allowance	3,200,000
Committee recommendation	3,200,000

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 \$3,200,000. This amount is the same as the House and budget request levels, and \$5,557,000 less than the 1996 amount.

AGRICULTURAL MARKETING SERVICE

MARKETING SERVICES

Appropriations, 1996	\$46,517,000
Budget estimate, 1997	48,311,000
House allowance	37,592,000
Committee recommendation	47,829,000

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 \$47,829,000. This amount is \$1,312,000 more than the 1996 appropriation, \$482,000 less than the budget request, and \$10,237,000 more than the House level.

The Committee's recommendation includes all administrative efficiency savings identified in the budget request, continues funding for the pesticide data program, and provides the increase requested in the budget for pesticide recordkeeping. The Committee also provides additional funding of \$1,100,000 for market news reporting. The Federal State Market News Service is historically a cooperative effort between the Federal and State governments. Unfortunately, financial pressures have resulted in States cutting or completely eliminating funding for their market news programs. This trend has placed added pressure on the Federal program and an infusion of funds is now required to fill critical gaps. The additional funding recommended by the Committee will enable AMS to continue to provide producers and marketers of farm products and those in related industries with timely, accurate, and unbiased market information to ensure competitive pricing and market efficiency. The Committee also expects the Service to continue implementation of the organic certification program.

LIMITATION ON ADMINISTRATIVE EXPENSES

Limitation, 1996	\$58,461,000
Budget limitation, 1997	59,012,000
House allowance	59,012,000
Committee recommendation	59,012,000

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 \$59,012,000. This

amount is \$551,000 more than the 1996 level, and the same as the House level and the budget request.

FUNDS FOR STRENGTHENING MARKETS, INCOME, AND SUPPLY

(SECTION 32)

Appropriations, 1996	\$10,451,000
Budget estimate, 1997	10,576,000
House allowance	10,576,000
Committee recommendation	10,576,000

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 1995–97:

ESTIMATED TOTAL FUNDS AVAILABLE AND BALANCE CARRIED FORWARD—FISCAL YEARS 1995–97

	Fiscal year—		
	1995 actual	1996 current estimate	1997 current estimate
Appropriation (30 percent of customs receipts) ...	\$5,789,935,663	\$6,263,764,062	\$5,923,376,725
Less transfers:			
Food and Consumer Service	– 5,249,077,000	– 5,597,858,000	– 5,433,753,000
Commerce Department	– 64,765,383	– 72,893,162	– 66,381,020
Total, transfers	– 5,313,842,383	– 5,670,751,162	– 5,500,134,020
Budget authority	476,093,280	593,012,900	423,242,705
Unobligated balance available, start of year	245,951,017	235,129,235	300,000,000
Recoveries of prior-year obligations	25,755,147		
Available for obligation	747,799,444	828,142,135	723,242,705
Less obligations:			
Commodity procurement:			
Child nutrition purchases	399,876,216	400,000,000	400,000,000
Emergency surplus removal	96,679,225	49,274,000	
Diversion payments	– 300,000		
Disaster relief	530,000	2,000,000	
Sunflower and cottonseed oil purchases		23,900,000	
Total, commodity procurement	496,785,441	475,174,000	400,000,000
Administrative funds:			
Commodity Purchase Service	5,907,293	6,106,000	6,155,000
Marketing agreements and orders	9,977,475	10,451,000	10,576,000
Total, administrative funds	15,884,768	16,557,000	16,731,000

ESTIMATED TOTAL FUNDS AVAILABLE AND BALANCE CARRIED FORWARD—FISCAL YEARS 1995–
97—Continued

	Fiscal year—		
	1995 actual	1996 current estimate	1997 current estimate
Total, obligations	512,670,209	491,731,000	416,731,000
Carryout	235,129,235	336,411,135	306,511,705
Return to Treasury		36,411,135	6,511,705
Unobligated balance available, end of year	235,129,235	300,000,000	300,000,000

COMMITTEE RECOMMENDATIONS

The Committee recommends a transfer from section 32 funds of \$10,576,000 for the formulation and administration of marketing agreements and orders. This amount is the same as the budget estimate and the House level, and \$125,000 more than the 1996 amount.

PAYMENTS TO STATES AND POSSESSIONS

Appropriations, 1996	\$1,200,000
Budget estimate, 1997	1,200,000
House allowance	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 House level, the budget request, and the 1996 amount.

The Committee encourages AMS to consider FSMIP applications which are public-private partnerships intended to promote international marketing of value-added agriculture products.

GRAIN INSPECTION, PACKERS AND STOCKYARDS ADMINISTRATION
SALARIES AND EXPENSES

Appropriations, 1996	\$23,058,000
Budget estimate, 1997	24,595,000
House allowance	22,728,000
Committee recommendation	22,728,000

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 \$22,728,000. This amount is the same as the House level, \$1,867,000 less than the budget request, and \$330,000 less than the amount provided for 1996.

LIMITATION ON INSPECTION AND WEIGHING SERVICES EXPENSES

Limitation, 1996	\$42,784,000
Budget limitation, 1997	43,207,000
House allowance	43,207,000
Committee recommendation	43,207,000

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 \$43,207,000 limitation on inspection and weighing services expenses. This amount is the same as the House level and the budget estimate, and \$423,000 more than the 1996 amount.

OFFICE OF THE UNDER SECRETARY FOR FOOD SAFETY

Appropriations, 1996	\$440,000
Budget estimate, 1997 ¹	576,000
House allowance	446,000
Committee recommendation	446,000

¹The 1997 budget proposes that this office be funded in a single account under the Office of the Secretary.

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 \$6,000 more than the level provided for 1996, \$130,000 less than the budget request, and the same as the House recommendation. The Committee's recommendation includes the full increase requested for pay costs and the savings assumed in the budget request.

FOOD SAFETY AND INSPECTION SERVICE

SALARIES AND EXPENSES

Appropriations, 1996	\$544,906,000
Budget estimate, 1997	574,000,000
House allowance	574,000,000
Committee recommendation	557,697,000

The major objectives of the Service are to assure that meat and poultry products are wholesome, unadulterated, and properly labeled and packaged, as required by the Federal Meat Inspection Act and the Poultry Products Inspection Act; 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 \$557,697,000. This amount is \$12,791,000 more than the amount provided in 1996, and \$16,303,000 less than the budget request and the House level.

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

FOOD SAFETY AND INSPECTION SERVICE SALARIES AND EXPENSES

	1996 estimates	1997 budget request	House allowance	Committee recommendation
Slaughter inspection	\$314,448,000	\$325,283,000	.....	\$322,218,000
Processing inspection	131,174,000	135,771,000	.....	134,400,000
Egg product inspection	11,079,000	11,272,000	.....	11,272,000

FOOD SAFETY AND INSPECTION SERVICE SALARIES AND EXPENSES—Continued

	1996 estimates	1997 budget request	House allowance	Committee recommendation
Import/export inspection	12,457,000	12,674,000	.....	12,674,000
Laboratory services	18,032,000	19,845,000	.....	19,845,000
Pathogen reduction program	8,766,000	18,902,000	.....	15,560,000
Field automation and information management	8,425,000	8,525,000	.....	.....
Grants to States	40,469,000	41,728,000	.....	41,728,000
Unobligated balances .....	.....	.....	.....	.....
Total	544,906,000	574,000,000	574,000,000	557,697,000

The Committee's recommendations include the full amount requested in the budget to fill all inspector vacancies and to fully implement the hazard analysis and critical control points [HACCP] inspection system. Funding is also provided for all pay costs, including the annualization of fiscal year 1996 pay raises, and annualization of anticipated fiscal year 1997 pay raises, and includes all savings assumed in the budget request. The Committee remains in strong support of the new HACCP inspection system and expects the Department to expeditiously implement this system. The organoleptic inspection system is to be maintained until HACCP is fully in place.

Due to severe fiscal constraints, the Committee has deferred funding for the field automation and information management project in light of higher priority areas and pending the completion and review of the Department-wide information systems technology architecture. Further discussion of computer acquisition may be found under the Office of the Secretary.

The Committee concurs with House report language on the transportation and storage of eggs and egg products.

The Committee does not concur with House report language urging the Department to seek authority for the imposition of civil penalties for violations of meat and poultry inspection laws.

The Committee concurs with House report language encouraging the Department to consider establishing a joint FSIS/APHIS National Farm Animal Identification Pilot Program for dairy cows. Of the funds provided in the bill to the Food Safety and Inspection Service Pathogen Reduction Program, up to \$1,500,000 may be used to establish this program at the Holstein Association in Brattleboro, VT.

OFFICE OF THE UNDER SECRETARY FOR FARM AND FOREIGN
AGRICULTURAL SERVICES

Appropriations, 1996	\$549,000
Budget estimate, 1997 ¹	572,000
House allowance	572,000
Committee recommendation	572,000

¹The 1997 budget proposes that this office be funded in a single account under the Office of the Secretary.

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 and crop insurance, 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 House level and the budget request, and \$23,000 more than the 1996 amount.

The Committee intends that certain business functions of the Risk Management Agency, the Farm Service Agency, and the Foreign Agricultural Service shall be located in an office reporting directly to the Under Secretary for Farm and Foreign Agricultural Services. The functions for which the office will be responsible should include, but not necessarily be limited to, budget, fiscal, and accounting affairs; data processing; telecommunications; and such other integrated functions as are deemed necessary by the Under Secretary. The Committee is concerned about the current structure, in which these functions are centralized within FSA for the other agencies. The Committee believes that while it is appropriate for such administrative functions to be centralized rather than duplicated in each agency, centralizing them in a structure responsible to one agency head and not the others may create the potential for distorting policy decisions to the detriment of the other agencies. Since the Under Secretary bears overall responsibility for the operations of the agencies, he or she will be better able to set policies, adjudicate disputes, and establish relative priorities if the line of reporting proceeds directly to him or her.

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; crop insurance and other risk management programs of the Federal Crop Insurance Corporation; 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 cer-

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

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 Agency.—Under the 1996 act, the Risk Management Agency reports to the Under Secretary for Farm and Foreign Agricultural Services. This agency is assuming the program activities in direct support of the Federal crop insurance program as authorized by the Federal Crop Insurance Reform and Department of Agriculture Reorganization Act of 1994 and the FAIR Act of 1996. The act repeals ad hoc disaster authority and replaces disaster bills as the Federal response to emergencies involving widespread crop loss. Functions included are research and development, insurance service, and compliance. Included are policy formulation, procedures, and regulations development. Reviews and evaluations are conducted for overall performance to ensure the actuarial soundness of the insurance program.

SALARIES AND EXPENSES

	Appropriations	Transfers from program accounts	Total, FSA, S&E
Appropriations, 1996	\$795,000,000	\$209,780,000	\$1,004,780,000
Budget estimate, 1997	820,495,000	210,891,000	1,031,386,000
House allowance	746,440,000	209,780,000	956,220,000
Committee recommendation	795,000,000	209,818,000	1,004,818,000

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 al-

lotments 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 an appropriation of \$795,000,000. This amount is the same as the 1996 level, \$25,495,000 less than the budget request, and \$48,560,000 more than the House recommended level.

The Committee is concerned that in conducting signup for 7-year production flexibility contracts, USDA's Farm Service Agency has given producers the impression that acreage reporting requirements from the previous farm bill will continue without change. In the past, except for crop insurance and conservation reserve reporting requirements, the principle purpose of acreage certification was to verify a producer's compliance with the acreage base and acreage reduction program associated with a commodity, and to establish the producer's eligibility for price support. Under the Agricultural Marketing Transition Act [AMTA] enacted April 1, 1996 as part of Public Law 104-127, it is unnecessary to require AMTA participants to certify acreage because planting restrictions have been largely eliminated (except for fruits and vegetables). Because acreage planted to fruits and vegetables will likely constitute less than 5 percent of acreage enrolled under AMTA, compliance with fruit and vegetable planting restrictions can generally be achieved through spot checks and aerial photography. The Committee expects that acreage certification within AMTA (except for marketing assistance loans) will be recognized by the Secretary as an unnecessary regulatory burden on producers, and that such regulation will be minimized.

To ensure the continued efficient administration of the boll weevil eradication program, to facilitate the accurate collection of growers' cost-share assessments, and to assist APHIS and other agencies in ensuring Federal cost-share funds are utilized as efficiently as possible, the Committee expects the Secretary to utilize the authority provided in section 374(a) of the Agricultural Adjustment Act of 1938 and other acts to direct local FSA offices to require cotton producers to report acreage planted to cotton in posteradication zones, active eradication zones, and any area in which a referendum is scheduled to be conducted in the next 3 years. This requirement to report acreage will apply even if the producer were otherwise not required to report acreage to remain in compliance with farm program provisions.

STATE MEDIATION GRANTS

Appropriations, 1996	\$2,000,000
Budget estimate, 1997	3,000,000
House allowance	
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 \$2,000,000 more than the House level, the same as the amount provided in 1996, and \$1,000,000 less than the budget request.

DAIRY INDEMNITY PROGRAM

Appropriations, 1996	\$100,000
Budget estimate, 1997	100,000
House allowance	100,000
Committee recommendation	100,000

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 \$100,000. This is the same as the 1996 amount, the budget request, and the House allowance.

OUTREACH FOR SOCIALLY DISADVANTAGED FARMERS AND RANCHERS

Appropriations, 1996	\$1,000,000
Budget estimate, 1997	3,000,000
House allowance	1,000,000
Committee recommendation	1,000,000

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.

COMMITTEE RECOMMENDATIONS

For grants for socially disadvantaged farmers and ranchers, the Committee recommends an appropriation of \$1,000,000. This amount is the same as the 1996 amount and the House level, and \$2,000,000 less than the budget request.

AGRICULTURAL CREDIT INSURANCE FUND PROGRAM ACCOUNT

The Agricultural Credit Insurance Fund Program Account is used to insure or guarantee farm ownership, soil and water, farm operating, and emergency loans to individuals, as well as the following types of loans to associations: irrigation and drainage, grazing, and Indian tribe land acquisition. 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.

COMMITTEE RECOMMENDATIONS

The Committee recommends a total level for farm loans of \$3,061,455,000. This is \$99,295,000 less than the 1996 level, \$134,616,000 less than the budget request, and \$65,384,000 more than the House recommended level.

The Committee has provided 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. Loans should be made available under this program to assist the operation of boll weevil eradication programs. The Committee requests APHIS, FSA, and representatives of industry boll weevil eradication action committees to confer in establishing program priorities. The Committee believes the program can be used to: (1) enhance the opportunity for successful completion of eradication when circumstances beyond the control of the participants would otherwise threaten completion; (2) protect eradication areas from reinfestation; and (3) provide important assistance to new program areas during initial startup when costs are the highest. The Committee expects the Secretary to establish terms and conditions including repayment schedules, interest rates, and collateral requirements that best meet the needs of the borrowers. Loans under this program should not be utilized in a way that results in total grower contributions that are significantly below a reasonable share of the estimated total cost of conducting the program. Except in unusual circumstances, loans authorized under this section should only be

made available with respect to areas in which producers have approved referendums authorizing producer assessments and in which an active eradication (or posteradication) program is underway or is scheduled to begin in the applicable fiscal year.

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 1996, and the budget request and House recommended levels for fiscal year 1997:

AGRICULTURAL CREDIT PROGRAMS—LOAN LEVELS

[In thousands of dollars]

	1996 enacted	1997 budget	House allowance	Committee recommendation
Farm ownership:				
Direct	60,000	50,000	50,000	50,000
Guaranteed	550,000	650,000	550,000	550,000
Farm operating:				
Direct	550,000	445,071	445,071	445,071
Unsubsidized guaranteed	1,700,000	1,750,000	1,700,000	1,700,000
Subsidized guaranteed	200,000	250,000	200,000	200,000
Indian tribe land acquisition	750	1,000	1,000	1,000
Emergency disaster	100,000	.....	25,000	75,000
Boll weevil eradication loans .....	.....	.....	.....	15,384
Credit sales of acquired property .....	.....	50,000	25,000	25,000
Total, farm loans	3,160,750	3,196,071	2,996,071	3,061,455

ESTIMATED LOAN SUBSIDY AND ADMINISTRATIVE EXPENSES LEVELS

	Insured loan subsidy	Guaranteed loan subsidy	Total subsidy	Administrative expenses
Appropriations, 1996	\$121,505,000	\$56,339,000	\$177,844,000	\$221,541,000
Budget estimate, 1997	70,184,000	68,940,000	139,124,000	222,091,000
House allowance	74,019,000	59,745,000	133,764,000	221,046,000
Committee recommendation	88,749,000	59,745,000	148,494,000	221,046,000

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]

	1996 enacted	1997 budget	House allowance	Committee recommendation
Loan subsidies:				
Farm ownership:				
Direct	14,034	5,920	5,920	5,920
Guaranteed	20,019	26,065	22,055	22,055
Farm operating:				
Direct	75,185	59,150	59,150	59,150
Unsubsidized guarantees	18,360	19,775	19,210	19,210

[In thousands of dollars]

	1996 enacted	1997 budget	House allowance	Committee recommendation
Subsidized guarantees	17,960	23,100	18,480	18,480
Indian tribe land acquisition	206	54	54	54
Emergency disaster	32,080	.....	6,365	19,095
Boll weevil eradication loans .....	.....	.....	.....	2,000
Credit sales of acquired properties .....	.....	5,060	2,530	2,530
Total, loan subsidies	177,844	139,124	133,764	148,494
ACIF expenses	221,541	222,091	221,046	221,046

RISK MANAGEMENT AGENCY

OFFICE OF RISK MANAGEMENT

Appropriations, 1996 .....	.....
Budget estimate, 1997 .....	.....
House allowance	\$62,198,000
Committee recommendation .....	.....

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 Office of Risk Management, the Committee recommends no appropriation. Funding for this office is included in the Farm Service Agency. This is the same as the budget request and \$62,198,000 less than the House recommendation. No appropriation was provided for this account in 1996.

The Federal Agriculture Improvement and Reform [FAIR] Act of 1996, Public Law 104-127, establishes the Risk Management Agency. Previously, risk management activities were managed within the Farm Service Agency. Because the FAIR Act was enacted only a short time ago, the Department has not had ample time to divide staff and responsibilities between the Risk Management Agency and the Farm Service Agency. The Committee believes this is the reason that a separate budget request for the Office of Risk Management was not included in the budget amendments submitted on May 16, 1996. Accordingly, the Committee has not provided a separate appropriation for the Office of Risk Management, but instead has provided funding to the Farm Service Agency, with the expectation that once implementation of the Office of Risk Management is complete, funds will be allocated to this office. The Committee

will give full consideration to a request to provide a separate appropriation to this agency in fiscal year 1998, and expects the budget request to reflect all allocations of funds made to this office for fiscal year 1997.

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 will be 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 will begin phasing out delivery of CAT coverage through the FSA offices, except in those areas where there are insufficient private insurance providers. The Secretary will announce phasing out plans within 90 days of enactment of the FAIR Act of 1996.

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, 1996	\$1,263,708,000
Budget estimate, 1997 ¹	1,591,000,000
House allowance	1,591,000,000
Committee recommendation	1,591,000,000

¹ 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, noninsured crop assistance payments, 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 1997, 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 \$1,591,000,000. This is \$327,292,000 more than the amount provided in 1996 and the same as the House recommendation. The budget requested a current indefinite appropriation and estimated the amount to be \$1,591,000,000.

The Committee encourages the Department to review the current crop insurance program for peaches, and to establish a pilot program for peaches in South Carolina and Georgia that takes into consideration the cost of producing a crop or to protect the expected income from a crop in the future.

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 at level 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 deal 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 will be \$130,000,000. 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. EQIP is to be phased in over the first 6 months following passage of the 1996 act. At the end of that time, authority for the Agricultural Conservation Program, the Colorado River Basin Salinity Control Program, the Water Quality In-

centives Program, and the Great Plains Conservation Program is to be terminated.

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, 1996	\$10,400,000,000
Budget estimate, 1997 ¹	1,500,000,000
House allowance	1,500,000,000
Committee recommendation	1,500,000,000

¹ 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 appropriation of such sums as may be necessary, but not to exceed \$1,500,000,000. This is \$8,900,000,000 below the amount provided for 1996 and the same as the House recommendation. The budget requested a current indefinite appropriation and estimated the amount to be \$1,500,000,000.

HAZARDOUS WASTE MANAGEMENT

Limitation, 1996	\$5,000,000
Budget estimate, 1997	15,750,000
House allowance	5,000,000
Committee recommendation	5,000,000

CCC's 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. In 1996, 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. Beginning in 1997, CCC will fund investigative and cleanup costs and operations and maintenance costs.

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 \$10,750,000 less than the budget request, and the same as the 1996 level and the House recommendation.

TITLE II—CONSERVATION PROGRAMS

OFFICE OF THE UNDER SECRETARY FOR NATURAL RESOURCES AND ENVIRONMENT

Appropriations, 1996	\$677,000
Budget estimate, 1997 ¹	693,000
House allowance	693,000
Committee recommendation	693,000

¹ The 1997 budget proposes that this office be funded in a single account under the Office of the Secretary.

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 \$16,000 more than the amount provided for 1996, and the same as the House level and 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 Conservation 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, 1996	\$629,986,000
Budget estimate, 1997 ¹	662,910,000
House allowance	619,392,000
Committee recommendation	638,954,000

¹ Reflects budget amendment submitted on May 16, 1996 (H. Doc. 104–215).

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.

COMMITTEE RECOMMENDATIONS

For conservation operations, the Committee recommends an appropriation of \$638,954,000. This amount is \$8,968,000 more than the 1996 level, \$23,956,000 less than the budget estimate, and \$19,562,000 more than the House recommendation.

The Committee concurs with House report language clarifying provisions in the Federal Agriculture Improvement and Reform [FAIR] Act of 1996 (Public Law 104–127) relating to the availability of funds to implement the Wetlands Reserve Program [WRP] and the Conservation Reserve Program [CRP]. Both WRP and CRP were previously funded through appropriated accounts, but section 341 of the FAIR Act provides that these programs be administered by the Secretary through funds provided directly from the Commodity Credit Corporation [CCC]. Consistent with provisions within the FAIR Act limiting section 11 transfers from the CCC, the Committee concludes that the FAIR Act specifically charges the Secretary with implementing these programs in their entirety, including technical assistance, through CCC, the funding mechanism provided in law, in conjunction with assistance from other technical agencies within the Department. Accordingly, the funds recommended by the Committee for conservation operations are not to supplant use of CCC funds for the full implementation of WRP and CRP, as directed by the FAIR Act.

The Committee has included \$250,000, the same as the 1996 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 1996, to continue work on the Great Lakes Basin Program for soil and erosion sediment control.

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 \$750,000 for continued design and 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 1996, 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 encourages the Department to continue work on the upper Mud River Dam project in West Virginia.

The Committee provides funding at the fiscal year 1996 level for the Mississippi Delta water resources study. This study is vitally important to the entire lower Mississippi Valley.

The Committee understands that substantial progress has been made at the Golden Meadow, LA, Plant Materials Center to develop artificial seed for smooth cord grass, which is used to prevent coastal erosion. To facilitate the testing of application technologies, the Committee provides \$100,000. The Committee further expects the Service to continue important biotechnology research with the

Crowley, LA, Rice Research Station on tissue culture to develop additional species for revegetating coastal areas to prevent erosion of inland wetlands and barrier islands. The Committee also provides \$150,000, the same as the fiscal year 1996 level, to continue a program for research on nutria-resistant materials.

The Committee provides \$3,000,000, the same amount as available in fiscal year 1996, for continuation of the multiyear rural recycling and water resource protection initiative in the Mississippi Delta region of Louisiana, Arkansas, and Mississippi.

The Committee expects the Department to assist in the evaluation of the New York City Watershed Agriculture Program to measure its effectiveness in the effort to protect the quality of drinking water for New York City.

The Committee expects the Department to continue to provide assistance to complete the Indian Creek Watershed project in Mississippi.

The Committee urges the Department to provide necessary funding to meet Federal obligations to complete the upper Trinity basin cooperative study in Texas.

The Committee includes \$400,000, the same as the fiscal year 1996 amount, to continue a pilot program for the development of techniques to address the loess hills erosion problem in Iowa.

The Committee expects the Department to begin construction of the plant materials center in Monroe County, WV, from funds earmarked for this purpose in previous appropriations.

The Committee expects the Department to provide a feasibility study on the establishment of a plant materials center in Monroe County, WV.

The Committee includes bill language which allows up to \$250,000 of the funds provided to be used for the National Natural Resources Conservation Service Foundation.

The Committee concurs with House report language providing an increase for the grazing land conservation assistance program begun in fiscal year 1996. The Committee encourages enhancement activities that will provide greater technical assistance in the development and implementation of grazing management programs.

The Committee recognizes the unique value of intensive rotational grazing for dairy farms and believes that this should be a major focus of the new private grazing lands initiative. The Committee also recognizes the unique contribution and outstanding technical assistance provided by the pasture outreach program at the University of Vermont.

WATERSHED SURVEYS AND PLANNING

Appropriations, 1996	\$14,000,000
Budget estimate, 1997	19,188,000
House allowance	10,762,000
Committee recommendation	14,000,000

The Watershed Protection and Flood Prevention Act, Public Law 83-566, August 4, 1954, provided for the establishment of the Small Watershed Program (16 U.S.C. 1001-1008), and section 6 of the act provided for the establishment of the River Basin Surveys and 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.

COMMITTEE RECOMMENDATIONS

For watershed surveys and planning, the Committee recommends an appropriation of \$14,000,000. This amount is the same as the 1996 appropriation, \$5,188,000 less than the budget request, and \$3,238,000 more than the House allowance.

The Committee includes funding for the Zuni River Watershed at the fiscal year 1996 level.

WATERSHED AND FLOOD PREVENTION OPERATIONS

Appropriations, 1996 ¹	\$180,514,000
Budget estimate, 1997	116,036,000
House allowance	101,036,000
Committee recommendation	101,036,000

¹ Includes enacted emergency supplemental of \$80,514,000.

The Watershed Protection and Flood Prevention Act (Public Law 566, 83d Cong.), as amended (16 U.S.C. 1001–1005, 1007–1009), provides for cooperation 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 dis-

pose 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.

COMMITTEE RECOMMENDATIONS

For watershed and flood prevention operations, the Committee recommends an appropriation of \$101,036,000. This amount is \$79,478,000 less than the 1996 appropriation, \$15,000,000 less than the budget request, and the same as the House level.

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; Little Whitestick-Cranberry Creek in West Virginia; the Potomac headwaters project in West Virginia; and Virgil Creek in New York.

The Committee encourages the Department to work with local government entities in Oregon to provide assistance on the lower Amazon and Flat Creek project, including, but not limited to, assistance using other conservation programs of the Department, such as the Wetlands Reserve Program.

To address watershed issues as a result of the 1996 historical floods in West Virginia, the Committee expects NRCS to provide the necessary resources to complete innovative community-based comprehensive resource management plans for 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 believes the Department should give consideration to enhancing these water storage and 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, and Yazoo. The Committee encourages the Department to give consideration to these outstanding needs when allocating funds to the States.

The Committee remains aware of the flooding situation in the Devil's Lake basin in North Dakota and encourages the Natural Resources Conservation Service [NRCS], with the cooperation of the Farm Service Agency [FSA], 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.

The Committee encourages the Department to complete work on the following projects in Vermont as funding allows: Lower Otter and Dead Creek, Lemon Fair River, lower Winooski River, lower

LaMoille River, lower Black River, and the Barton and Clyde River projects.

RESOURCE CONSERVATION AND DEVELOPMENT

Appropriations, 1996	\$29,000,000
Budget estimate, 1997	29,377,000
House allowance	29,377,000
Committee recommendation	29,377,000

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 \$29,377,000. This amount is \$377,000 more than the 1996 level, and the same as the budget estimate and the House recommended level.

FORESTRY INCENTIVES PROGRAM

Appropriations, 1996	\$6,325,000
Budget estimate, 1997	6,325,000
House allowance	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 1996 appropriation, the budget request, and the House level.

COLORADO RIVER BASIN SALINITY CONTROL PROGRAM

Appropriations, 1996	\$2,681,000
Budget estimate, 1997 ¹	
House allowance	
Committee recommendation	

¹ Reflects budget amendment submitted on May 16, 1996 (H. Doc. 104-215).

The Colorado River Basin Salinity Control Program was established by section 101 of title II of the Colorado River Basin Salinity Control Act of 1974 (Public Law 93-320), as amended. The program is to assist landowners and others in the Colorado River Basin in establishing on-farm irrigation management systems and related lateral improvement measures to decrease the salt load and sedimentation level in the Colorado River and to enhance the supply and quality of water available for use in the United States and the Republic of Mexico.

A new program, the Environmental Quality Incentive Program [EQIP], is established under the Federal Agriculture Improvement and Reform Act of 1996. This program is established to assist crop and livestock producers deal with environmental and conservation improvements on the farm. Activities previously performed under the Colorado River Basin Salinity Control Program are now part of EQIP.

COMMITTEE RECOMMENDATIONS

For the Colorado River Basin Salinity Control Program, the Committee recommends no appropriation. This amount is \$2,681,000 less than the 1996 level and the same as the budget request and the House-recommended level. Public Law 101-127 provides funding for this activity under the new Environmental Quality Incentives Program.

WETLANDS RESERVE PROGRAM

Appropriations, 1996	\$77,000,000
Budget estimate, 1997	188,000,000
House allowance	
Committee recommendation	

The Wetlands Reserve Program [WRP] is authorized by title XIV, section 1438 of the Food, Agriculture, Conservation, and Trade Act of 1990 [FACT Act] as amended by the 1993 Omnibus Reconciliation Act and the Federal Agriculture Improvement and Reform Act of 1996. 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 permanent easements, one-third 30-year easements or less, and one-third wetland restoration agreements with cost sharing. WRP is one component of the larger Environmental Conservation Acreage Reserve Program [ECARP], which also includes the existing Conservation Reserve Program [CRP]. The primary objectives of the WRP are to preserve, protect, and restore wetlands, improve wildlife habitat, and protect migratory bird habitat. The Secretary of Agriculture, through designated county offices, uses program funds to enter into contracts with landowners who operate farmed or converted wetlands, farmed wetlands, or prior converted wetlands and adjoining land in CRP or riparian corridors. The contracts provide permanent easements or easements of 30 years or the maximum allowable under State law. Technical assistance is provided by the Natural Resources Conservation Service and the Fish and Wildlife Service.

The Federal Agriculture Improvement and Reform Act of 1996 states that the Secretary of Agriculture shall use the funds of the

Commodity Credit Corporation to carry out the Wetlands Reserve Program.

COMMITTEE RECOMMENDATIONS

For the Wetlands Reserve Program, the Committee recommends no appropriation. This amount is \$188,000,000 less than the budget request, \$77,000,000 less than the 1996 amount, and the same as the House recommendation. The Federal Agriculture Improvement and Reform Act, Public Law 104–127, provides for funding for this program from the Commodity Credit Corporation. For fiscal year 1997, the Committee has recommended a general provision limiting total enrollments in the program to 130,000 acres.

The Committee encourages the Department to continue its relationship at a level equal to that for 1996 with the private organization that was selected to support the implementation of the Wetlands Reserve Program. This program shall provide added value, both in leveraging funds and enhancing the wildlife and natural resource values enhanced through WRP projects. A programmatic match of at least one to one should be sought in this agreement. The Committee has been pleased with the results of this relationship thus far, and continues to believe that this delivery mechanism will result in lower program costs, and serve as an example for innovative ways to deliver Federal conservation programs.

NATIONAL NATURAL RESOURCES CONSERVATION SERVICE FOUNDATION

Appropriations, 1996	
Budget estimate, 1997 ¹	\$500,000
House allowance	
Committee recommendation	

¹ Reflects budget amendment submitted on May 16, 1996 (H. Doc. 104–215).

The 1996 FAIR Act authorizes the establishment of a nongovernmental foundation to promote partnerships between government and private interests in the promotion of natural resources on private lands. The foundation is to be organized as a charitable and nonprofit corporation and will promote scientific and educational programs in natural resources conservation.

COMMITTEE RECOMMENDATION

The Committee recommends no appropriation for the Natural Resources Conservation Service Foundation. This is \$500,000 less than the budget request and the same as the House allowance. No appropriation was provided for this account in 1996.

Due to severe fiscal constraints, the Committee is unable to provide funding for this new nongovernmental entity. However, if the foundation is of higher priority to the Department than other existing conservation programs, the Committee has allowed the use of no more than \$250,000 of conservation operations funding to meet the minimum needs of this new entity.

The Federal Agriculture Improvement and Reform Act, Public Law 104–127, which authorizes the creation of the National Natural Resources Conservation Service Foundation, gives little guidance on the priorities of this new institution. In the absence of clearer direction, the Committee believes that the Foundation

should seek to fill needs in the conservation arena not currently being served by other nonprofit foundations or conservation groups.

The Committee further recommends that the National Natural Resources Conservation Service Foundation be administered to support the basic objectives of the Natural Resources Conservation Service: to conserve soil and water resources on farmland through technical assistance and demonstration projects to provide important coordination and outreach to farmers; to promote the use of best management practices at the farm level; and to provide educational materials designed to educate and promote the public on improving the Nation's soil and water resources.

FARM SERVICE AGENCY

The FSA administers the following conservation programs:

AGRICULTURAL CONSERVATION PROGRAM

Appropriations, 1996	\$75,000,000
Budget estimate, 1997 ¹	
House allowance	
Committee recommendation	

¹ Reflects budget amendment submitted on May 16, 1996 (H. Doc. 104-215).

The Agricultural Conservation Program [ACP] was authorized by sections 7 to 15, 16(a), 16(f), and 17 of the Soil Conservation and Domestic Allotment Act (Public Law 74-46), sections 1001-1004, 1006-1008, and 1010 of the Agricultural Act of 1970 (Public Law 91-524), as added by the Agricultural and Consumer Protection Act of 1973 (Public Law 93-86), section 1501 of the Food and Agriculture Act of 1977 (Public Law 95-113), and section 259 of the Energy Security Act of 1980 (Public Law 96-294). Under the Federal Agriculture Improvement and Reform Act of 1996 (Public Law 104-127), funding for activities previously conducted under the Agriculture Conservation Program is provided through the Commodity Credit Corporation under the Environmental Quality Incentives Program [EQIP].

This activity is a joint effort by Government and landowners to restore and protect basic land and water resources. Objectives include helping to ensure a continuous, adequate supply of food and fiber; improving water quality in rural America; facilitating resource management systems; and achieving national priorities reflected in the National Environmental Policy Act of 1969 and related legislation.

COMMITTEE RECOMMENDATIONS

For the Agricultural Conservation Program, the Committee recommends no appropriation. This amount is \$75,000,000 less than the 1996 level, and the same as the budget estimate and the House recommendation. The Federal Agriculture Improvement and Reform Act, Public Law 104-127, provides for funding for this activity under the new Environmental Quality Incentives Program.

EMERGENCY CONSERVATION PROGRAM

Appropriations, 1996 ¹	\$30,000,000
Budget estimate, 1997	
House allowance	
Committee recommendation	

¹An emergency appropriation of \$30,000,000 was provided by Public Law 104-134, the Omnibus Consolidated Rescissions and Appropriations Act of 1996.

The appropriation for the Emergency Conservation Program of the FSA funds the activities authorized by the Agricultural Credit Act of 1978 (Public Law 95-334). Under the program, the Government shares the cost of carrying out approved practices to assist and encourage farmers to rehabilitate farmlands damaged by natural disasters.

Assistance is made available to treat new conservation problems which: (1) if not treated, will impair or endanger the land; (2) materially affect the productive capacity of the land; (3) represent damage which is unusual in character and, except for wind erosion, is not the type which would recur frequently in the same area; and (4) will be so costly to rehabilitate that Federal assistance is or will be required to return the land to productive agricultural use.

COMMITTEE RECOMMENDATIONS

The Committee recommends no appropriation for the Emergency Conservation Program. This is \$30,000,000 less than the 1996 appropriation, and the same as the budget request and the House level.

CONSERVATION RESERVE PROGRAM

Appropriations, 1996	\$1,781,785,000
Budget estimate, 1997	1,924,850,000
House allowance	
Committee recommendation	

The Conservation Reserve Program [CRP] authorized by the Food Security Act of 1985, as amended by sections 1411-1499 of the Food, Agriculture, Conservation, and Trade Act of 1990 [FACT Act], was established as a voluntary program to help farmers prevent or control the critical soil erosion on highly erodible and environmentally sensitive cropland. Unchecked, soil erosion would reduce the Nation's long-term capability to produce food and fiber and adversely impact water quality and wildfire resources.

The FACT Act, as amended by the Omnibus Budget Reconciliation Act of 1993, required that not less than 38 million acres be enrolled in CRP by the end of 1995. Under the Federal Agriculture Improvement and Reform [FAIR] Act of 1996 (Public Law 104-127), the CRP continues through 2002, with up to 36.4 million acres enrolled at any one time. Also under authority of the FAIR Act, funding for the CRP is provided through the Commodity Credit Corporation.

The CRP is authorized in all 50 States, Puerto Rico, and the Virgin Islands on all cropland meeting the eligibility criteria. Cropland is defined as land that has been annually tilled to produce an agricultural commodity, including sugarcane, other than orchards, vineyards, or ornamental planting or has been set aside in a pro-

duction adjustment program in two of the five crop years immediately preceding 1991 and is suitable for crop production. Alfalfa and other grasses and legumes in rotation are considered an agricultural commodity for CRP purposes.

The CRP is administered under the general supervision of the Administrator, FSA, and is carried out in the field by State and local FS committees. Technical assistance is provided by the Natural Resources Conservation Service, which determines eligibility of the land and assists farmers in preparing conservation plans. The Forest Service and cooperating State forestry agencies plan for tree planting and install planned practices involving trees.

Under the program, farmers enter into a 10-year contract with USDA to take eligible land out of annual crop production and put it into permanent vegetative cover. The option of 15-year contracts is offered to farmers willing to plant trees.

Farmers decide what eligible cropland to offer for the reserve and bid what they would accept for an annual rental payment for the 10- or 15-year period at the time of application. In addition, farmers receive one-time payments of 50 percent of the eligible costs of establishing vegetative cover on the reserve acreage.

COMMITTEE RECOMMENDATIONS

For the Conservation Reserve Program, the Committee recommends no appropriation. This amount is the same as the House recommendation, \$1,924,850,000 less than the budget request, and \$1,781,785,000 less than the 1996 appropriation. The Federal Agriculture Improvement and Reform Act, Public Law 104-127, provides for funding for this program from the Commodity Credit Corporation.

The Committee includes language proposed by the House prohibiting the Secretary from extending an existing or expiring Conservation Reserve Program [CRP] contract. Producers whose contracts expire shall be offered the opportunity to rebid their land into the program. The Committee expects the Secretary in promulgating regulations pursuant to the Federal Agriculture Improvement and Reform Act, Public Law 104-127, on the criteria for land bid or rebid for the CRP not to differentiate between land planted to grass and land planted to trees. The Committee expects that the land eligibility criteria used to evaluate all land bid or rebid for the program, including cropped wetlands, shall be flexible enough so that the program's soil erosion, water quality, wildlife habitat, tree planting, and tree management objectives can be met.

TITLE III—RURAL ECONOMIC AND COMMUNITY DEVELOPMENT PROGRAMS

The Department of Agriculture Reorganization Act of 1994 (Public Law 103-354) abolishes the Farmers Home Administration, Rural Development Administration, and Rural Electrification Administration and replaces those agencies with the Rural Housing Service, Rural Business-Cooperative Service, and Rural Utilities Service and places them under the oversight of the Under Secretary for Rural Development. These agencies deliver a variety of programs through a network of State, district, and county offices.

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

OFFICE OF THE UNDER SECRETARY FOR RURAL DEVELOPMENT

Appropriations, 1996	\$568,000
Budget estimate, 1997 ¹	588,000
House allowance	588,000
Committee recommendation	588,000

¹The fiscal year 1997 budget proposes that this office be funded in a single account under the Office of the Secretary.

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 the same as the budget request and the House level, and \$20,000 more than the amount provided in 1996.

RURAL COMMUNITY ADVANCEMENT PROGRAM

This new program consolidates funding for 14 existing housing and rural development programs and places the ultimate decision for allocation of funding among these programs with State directors. Also, the Committee continues the consolidation of three rural utility programs which were consolidated in the fiscal year 1996 appropriations act.

The increased flexibility that this new program will provide should help to address the declining availability of funds while being as responsive as possible to the individual needs of communities.

The Rural Community Advancement Program is comprised of three subprograms for housing, business and cooperative development, and rural utilities. These three subprograms are comprised of the following existing programs:

Rural Housing Assistance Program: Direct community facility loans; guaranteed community facility loans; new construction of multifamily rental housing (sec. 515); rental assistance to accompany new section 515 housing; community facility grants; very-low income housing repair grants (sec. 504); rural housing for domestic farm labor (sec. 516); rural community fire protection grants; compensation for construction defects; and rural housing preservation grants.

Rural Business-Cooperative Assistance Program: Direct business and industry loans; guaranteed business and industry loans; rural business enterprise grants; and rural technology and cooperative development grants.

Rural Utilities Assistance Program: Water and waste disposal loans, water and waste disposal grants; and solid waste management grants.

RURAL HOUSING SERVICE PROGRAMS

The Rural Housing Service [RHS] was established under the Department of Agriculture Reorganization Act of 1994, dated October 13, 1994 (Public Law 103-354).

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 are: (1) to facilitate the economic revitalization of rural areas by providing direct and indirect economic benefits to individual borrowers, families, and rural communities; (2) to 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) to 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) to leverage the economic benefits through the use of low-cost credit programs, especially guaranteed loans.

COMMITTEE RECOMMENDATIONS

The following table presents program levels recommended by the Committee for loan and grant programs administered by the Rural Housing Service, compared to the 1996 levels, and the 1997 budget request and House recommended levels:

RURAL HOUSING AND COMMUNITY DEVELOPMENT

LOAN AND GRANT LEVELS

[In thousands of dollars]

	1996 level	1997 budget	House allowance	Committee recommendation
Rural Housing Insurance Fund Program Account:				
Low-income housing (sec. 502):				
Direct	¹ 1,034,965	1,320,000	1,000,000	1,000,000
Guaranteed	1,700,000	2,300,000	2,300,000	2,300,000
Housing repair (sec. 504)	¹ 38,995	35,000	35,000	35,000
Farm labor housing (sec. 514)	15,000	16,482	15,000	15,000
Rental housing (sec. 515)	150,000	² 58,654	58,654	58,654
Site loans (sec. 524)	600	600	600	600
Credit sales of acquired property		75,000	50,000	50,000
Self-help housing land development	603	600	600	600
Total, rural housing loan programs	2,940,163	3,806,336	3,459,854	3,459,854
Community Facility Loans Program:				
Direct	200,000	(³)	(⁴)	(⁴)
Guaranteed	75,000	(³)	(⁴)	(⁴)
Total, Rural Community Facility Loans Program	275,000	(³)	(⁴)	(⁴)
Rural Housing Service grants and payments:				
Very low-income housing repair grants	¹ 26,000	24,900	(⁴)	(⁴)
Rural housing for domestic farm labor	10,000	10,000	(⁴)	(⁴)
Mutual and self-help housing	12,650	26,000	26,000	26,000
Rural community fire protection grants	2,000	(³)	(⁴)	(⁴)
Compensation for construction defects	495			
Rural housing preservation grants	11,000	11,000	(⁴)	(⁴)
Rental assistance	540,900	493,870	493,870	493,870
Total, Rural Housing Service grants and payments	603,045	565,770	519,870	519,870
Total, RHS loans and grants	3,818,208	4,384,106	3,979,724	3,979,724

¹ Includes enacted emergency supplemental of \$34,965,000 for section 502 single family housing loans; \$3,995,000 for section 504 very low-income housing repair loans; and \$1,100,000 for very low-income housing repair grants.

² Excludes \$125,688 for new construction included in the proposed Rural Performance Partnership Program.

³ Included in proposed Rural Performance Partnership Program.

⁴ Included in proposed Rural Housing Assistance Program.

RURAL HOUSING INSURANCE FUND PROGRAM ACCOUNT

	Insured loans	Guaranteed loans	Total loans
Appropriations, 1996	¹ \$1,240,163,000	² \$1,700,000,000	\$2,940,163,000
Budget estimate, 1997	1,506,336,000	2,300,000,000	3,806,336,000
House allowance	1,159,854,000	2,300,000,000	3,459,854,000
Committee recommendation	1,159,854,000	2,300,000,000	3,459,854,000

¹ Includes enacted emergency supplemental of \$38,960,000 for direct housing loans.

² Includes funds for the self-help housing land development fund because this program is included in this account in 1997.

The Rural Housing Insurance Fund was established under the authority contained in section 1003(a) of the Housing and Urban Development Act of 1965 (Public Law 89-117), approved August

10, 1965. Public Law 89-117 authorized an appropriation of such sums as may be necessary for the purposes of the fund.

This fund may be used to insure or guarantee rural housing loans; loans for purchasing new or existing rural homes, loans for modernizing or improving rural dwellings, especially in order to make them safer or more sanitary; loans for rural rental and cooperative housing; farm labor housing loans; rural housing site loans; and mobile home park loans. Beginning in fiscal year 1978, rental assistance payments were made from the fund. 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, and areas with a population in excess of 10,000 but less than 20,000 if such area is not included in a standard metropolitan statistical area [SMSA] and has a serious lack of mortgage credit for low- and moderate-income borrowers.

This fund provides a variety of loans, within the income categories mentioned, including the following low-income housing assistance: subsidized loans for repairs, general purpose loans, domestic farm labor loans, and rental or cooperative loans. Unsubsidized loans for low-income persons include general purpose loans, site loans, and certain repair loans.

Very low-income housing repair loans (sec. 504).—Loans are made to eligible very low-income applicants who are owners of farms or nonfarm rural property, for the purpose of improving or modernizing a rural dwelling, making the dwellings safer or more sanitary, or removing hazards. The Secretary determines the maximum amount of the loan. These secured loans are made at 1 percent interest and are repayable within 20 years, except that a loan for less than \$2,500 need only be secured by a promissory note.

Rural housing building and repair loans (sec. 502).—Loans are made to enable eligible low-income applicants to purchase, construct, improve, alter, repair, or replace dwellings in rural areas, if their need for necessary housing cannot be met with financial assistance from other sources. Not less than 40 percent of the funding authorized nationally shall be set aside and 30 percent in each State will be available for very low-income families. These loans bear a note rate based on the cost of money to the Treasury with provisions for interest credit which may reduce the interest rate to as low as 1 percent under certain circumstances. Such loans may not exceed amounts necessary to provide adequate housing, modest in size, design, and cost.

Rural rental and cooperative building loans (sec. 515).—Loans are authorized to be made to individuals, corporations, Indian tribes, associations, public bodies, trusts, or partnerships to provide moderate cost rental or cooperative housing and related facilities for elderly or handicapped persons or families and other persons of low and moderate income in rural areas. Repaired or rehabilitated rental projects are encouraged in order to provide affordable housing. These loans are repayable in not more than 50 years and currently bear a note rate based on the cost of money to the Treasury with provision for interest credit to tenants which may reduce the interest rate to as low as 1 percent under certain circumstances. These loans are made only if the need for necessary housing cannot

be met with financial assistance from other sources except in the case of public bodies.

Farm labor housing loans (sec. 514).—Loans are authorized to be made to a farm owner, to certain public or broad-based private nonprofit organizations, public bodies, or to a nonprofit organization of farm workers to provide modest living quarters, basic household furnishing, and related facilities, including land necessary for an adequate site, for domestic farm labor. Loans will be made based on a determination of need considering housing needs of domestic farm labor, including migrant farm workers in the area, without regard to other housing needs in the area. These loans are repayable in not more than 33 years and bear interest not in excess of 1 percent, except under certain circumstances. Loans to organizations may be made simultaneously with farm labor housing grants which are discussed elsewhere in this report.

Rural housing site loans (sec. 524) (unsubsidized).—Loans are made for purchase and development of land to be subdivided into building sites for low- to moderate-income housing borrowers and rural rental and cooperative housing borrowers. Insured loans are made at a note rate based on the cost of money to the Treasury, and are repayable in 2 years.

Credit sales of acquired property.—Property is sold out of inventory and is made to an eligible buyer by providing him with a RHS loan.

Self-help housing and land development fund.—This fund is authorized by section 523(b)(1)(B) of the Housing Act of 1949, as amended. It is used as a revolving fund for making loans to public and private nonprofit organizations for the acquisition and development of land as building sites to be subdivided and sold to eligible families, nonprofit organizations, and cooperatives.

ESTIMATED LOAN SUBSIDY AND ADMINISTRATIVE EXPENSES LEVELS

	Insured	Guaranteed loan subsidy	Total subsidy	Administrative expenses
Appropriations, 1996	¹ \$257,221,000	\$2,890,000	\$260,111,000	\$385,889,000
Budget estimate, 1997	163,308,000	6,210,000	169,518,000	366,205,000
House allowance	134,020,000	6,210,000	140,230,000	366,205,000
Committee recommendation	134,020,000	6,210,000	140,230,000	366,205,000

¹ Includes enacted emergency supplemental of \$6,500,000 in direct housing loans.

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 the loan programs under credit reform:

[In thousands of dollars]

	1996 enacted	1997 budget	House allowance	Committee recommendation
Loan subsidies:				
Low-income housing (sec. 502):				
Direct	¹ 150,833	109,560	83,000	83,000
Guaranteed	2,890	6,210	6,210	6,210
Housing repair (sec. 504)	¹ 15,693	11,081	11,081	11,081
Farm labor housing (sec. 514)	8,629	7,565	6,885	6,885
Rental housing (sec. 515)	82,035	² 28,987	28,987	28,987
Credit sales of acquired property		6,098	4,050	4,050
Self-help housing land development fund	31	17	17	17
Total, loan subsidies	260,111	169,518	140,230	140,230
RHIF administrative expenses	385,889	366,205	366,205	366,205

¹ Includes emergency supplemental enacted of \$5,000,000 for section 502 and \$1,500,000 for section 504 for very low-income repair.

² Excludes \$125,688,000 for new construction included in the proposed Rural Performance Partnership Program.

RENTAL ASSISTANCE PROGRAM

Appropriations, 1996	\$540,900,000
Budget estimate, 1997 ¹	493,870,000
House allowance	493,870,000
Committee recommendation	493,870,000

¹ Excludes \$47,030,000 in rental assistance for new construction included in proposed Rural Performance Partnership Program.

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

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

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

The program is administered in tandem with Rural Housing Service section 515 rural rental and cooperative housing programs and the farm labor loan and grant programs. Priority is given to existing projects for units occupied by low-income families to renew expiring contracts. Remaining funding is used for projects receiving new construction commitments under sections 514, 515, or 516 for very low-income families with certain limitations and to provide additional rental assistance units to existing projects.

COMMITTEE RECOMMENDATIONS

For rural rental assistance payments, the Committee recommends an appropriation of \$493,870,000. This amount is the

same as the budget request and the House level, and \$47,030,000 less than the 1996 amount.

RURAL COMMUNITY FACILITY LOANS PROGRAM ACCOUNT

	Insured loans	Guaranteed loans	Total loans
Loan level, 1996	\$200,000,000	\$75,000,000	\$275,000,000
Budget estimate, 1997	(¹)	(¹)	(¹)
House allowance	(²)	(²)	(²)
Committee recommendation	(²)	(²)	(²)

¹Included in proposed Rural Performance Partnership Program.

²Included in proposed Rural Housing Assistance Program.

This fund, created by the Rural Development Act of 1972, finances a variety of rural community facilities.

Community facility loans.—Loans are made to organizations, including certain Indian tribes and corporations not operated for profit and public and quasi-public agencies, to construct, enlarge, extend, or otherwise improve community facilities providing essential services to rural residents. Such facilities include those providing or supporting overall community development such as fire and rescue services, health care, transportation, community, social, and cultural 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.

COMMITTEE RECOMMENDATIONS

The Committee includes funding for rural community facility loans in the Rural Housing Assistance Program, the same as provided by the House. The budget requests funding for this program in the proposed Rural Development Performance Partnerships Program.

ESTIMATED LOAN SUBSIDY AND ADMINISTRATIVE EXPENSES LEVELS

	Insured loan subsidy	Guaranteed loan subsidy	Total subsidy	Administrative expenses
Appropriations, 1996	\$34,880,000	\$3,555,000	\$38,435,000	\$8,836,000
Budget estimate, 1997	(¹)	(¹)	(¹)	.....
House allowance	(²)	(²)	(²)	.....
Committee recommendation	(²)	(²)	(²)	.....

¹Included in proposed Rural Performance Partnership Program.

²Included in proposed Rural Housing Assistance Program.

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.

VERY LOW-INCOME HOUSING REPAIR GRANTS

Appropriations, 1996 ¹	\$26,000,000
Budget estimate, 1997	24,900,000
House allowance	(²)
Committee recommendation	(²)

¹ Includes enacted emergency supplemental of \$1,100,000.

² Included in proposed Rural Housing Assistance Program.

This grant 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 grant 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.

COMMITTEE RECOMMENDATIONS

The Committee includes funding for very low-income housing repair grants in the Rural Housing Assistance Program, the same as provided by the House. The budget requests \$24,900,000 for this program.

RURAL HOUSING FOR DOMESTIC FARM LABOR

Appropriations, 1996	\$10,000,000
Budget estimate, 1997	10,000,000
House allowance	(¹)
Committee recommendation	(¹)

¹ Included in proposed Rural Housing Assistance Program.

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, the Rural Housing Service is authorized to share with States or other political subdivisions, public or private nonprofit organizations, or nonprofit organizations of farmworkers, 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.

COMMITTEE RECOMMENDATIONS

The Committee includes funding for rural housing for domestic farm labor in the Rural Housing Assistance Program, the same as provided by the House. The budget requests \$10,000,000 for this program.

MUTUAL AND SELF-HELP HOUSING GRANTS

Appropriations, 1996	\$12,650,000
Budget estimate, 1997	26,000,000
House allowance	26,000,000
Committee recommendation	26,000,000

This grant program is authorized by title V of the Housing Act of 1949, as amended. Grants are made to local organizations to promote the development of mutual or self-help programs under which groups of usually 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

For mutual and self-help housing grants, the Committee recommends an appropriation of \$26,000,000. This amount is the same as the budget request and the House level, and \$13,350,000 more than the amount provided for 1996.

RURAL COMMUNITY FIRE PROTECTION GRANTS

Appropriations, 1996	\$2,000,000
Budget estimate, 1997	(¹)
House allowance	(²)
Committee recommendation	(²)

¹ Included in proposed Rural Performance Partnership Program.

² Included in proposed Rural Housing Assistance Program.

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 includes funding for rural community fire protection grants in the Rural Housing Assistance Program, the same as provided by the House. The budget requests funding for this program in the proposed Rural Development Performance Partnerships Program.

COMPENSATION FOR CONSTRUCTION DEFECTS

Appropriations, 1996	\$495,000
Budget estimate, 1997	
House allowance	
Committee recommendation	

This program is authorized under section 509(c) of the Housing Act of 1949, as amended. The Secretary of Agriculture is authorized to make expenditures to correct structural defects, or to pay claims of owners arising from such defects on newly constructed dwellings purchased with RHS financial assistance. Claims will not be paid until provisions under the builder's warranty have been fully pursued. Requests for compensation for construction defects must be made within 18 months of loan closing.

COMMITTEE RECOMMENDATIONS

The Committee recommends no appropriation for compensation for construction defects. This is the same as the House recommendation and the budget request, and is \$495,000 less than the 1996 appropriation.

RURAL HOUSING PRESERVATION GRANTS

Appropriations, 1996	\$11,000,000
Budget estimate, 1997	11,000,000
House allowance	(¹)
Committee recommendation	(¹)

¹ Included in proposed Rural Housing Assistance Program.

Section 522 of the Housing and Urban-Rural Recovery Act of 1983 authorizes the Rural Housing Service to administer a program of home repair directed at low- and very low-income people.

Nationally, with only one-fourth of the population, rural areas have over 50 percent of the units lacking plumbing and over one-third of the units considered substandard.

The rural housing preservation grants program seeks to attack this problem by forging a working relationship between RHS and public bodies and nonprofit institutions capable of carrying out a program of home repair.

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 grant funds. These funds may be administered as loans, loan writedowns, or grants to finance home repair. The program will be administered by local grantees.

COMMITTEE RECOMMENDATIONS

The Committee includes funding for rural housing preservation grants in the Rural Housing Assistance Program, the same as provided by the House. The budget requests \$11,000,000 for this program.

COMMUNITY FACILITY GRANTS

Appropriations, 1996	
Budget estimate, 1997 ¹	\$10,000,000
House allowance	(²)
Committee recommendation	(²)

¹ Reflects budget amendment submitted on May 16, 1996 (H. Doc. 104-215).

² Included in proposed Rural Housing Assistance Program.

The 1996 FAIR Act authorizes the establishment of a program of grants for community facilities. Grants are provided to low-income rural communities for the development of essential community facilities, such as hospitals, fire stations, and community centers. Grants are provided in conjunction with the existing direct and guaranteed loan programs to support the development of facilities for use by the community. Communities that have lower income and population levels receive higher cost-share funding through grants, up to a maximum of 75 percent.

COMMITTEE RECOMMENDATIONS

The Committee includes funding for community facility grants in the Rural Housing Assistance Program, the same as provided by the House. The budget requests \$10,000,000 for this program.

RURAL HOUSING ASSISTANCE PROGRAM

The Committee has consolidated funding for 10 housing and community development programs in the Rural Housing Assistance Program, one of three subprograms of the Rural Community Advancement Program. The existing programs that comprise the Rural Housing Assistance Program are: Direct community facility loans; guaranteed community facility loans; new construction of multifamily rental housing (sec. 515); rental assistance to accompany new section 515 housing; community facility grants; very-low income housing repair grants (sec. 504); rural housing for domestic farm labor (sec. 516); rural community fire protection grants; compensation for construction defects; and rural housing preservation grants.

COMMITTEE RECOMMENDATIONS

For the Rural Housing Assistance Program, the Committee provides \$136,435,000. These activities were funded in separate appropriations accounts for fiscal year 1996.

The Committee does not concur with the House in deferring funding for section 515 new construction. However, the Committee shares the belief that legislative reforms of the program are long overdue and should be enacted before additional Federal investment in this program is made.

The Committee expects the Department to maintain funding proportionate to historic levels for new construction of section 515 rental housing unless the absence of need is demonstrated.

Included in the appropriation is an earmark of \$1,200,000 for empowerment zones and enterprise communities.

RURAL HOUSING SERVICE

SALARIES AND EXPENSES

	Appropriations	Transfers from other accounts	Total
Appropriations, 1996	\$46,583,000	\$385,976,000	\$432,559,000
Budget estimate, 1997	89,660,000	366,205,000	455,865,000
House allowance	53,889,000	366,205,000	420,094,000
Committee recommendation	66,354,000	366,205,000	432,559,000

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 are for costs associated with grant programs.

COMMITTEE RECOMMENDATIONS

For salaries and expenses of the Rural Housing and Community Development Service, including transfers from other accounts, the Committee recommends an appropriation of \$432,559,000. This amount is \$12,465,000 more than the House level, \$23,306,000 less than the budget request, and the same as the 1996 amount.

RURAL BUSINESS-COOPERATIVE SERVICE

The Rural Business-Cooperative Service [RB-CS] was established under the Department of Agriculture Reorganization Act of 1994, dated October 13, 1994 (Public Law 103-354). 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 1996 levels, the budget request, and the House levels.

LOAN AND GRANT PROGRAM LEVELS

[In thousands of dollars]

	1996 level	1997 budget	House allowance	Committee recommendation
Rural Business-Cooperative Service:				
Rural Business and Industry Loans Program:				
Direct		(¹)	(²)	(²)
Guaranteed	500,000	(¹)	(²)	(²)
Subtotal, Rural Business and Industry Loans Program	500,000	(¹)	(²)	(²)
Rural development loan fund	37,544	80,000	40,000	37,544
Rural economic development loans	12,865	14,000	12,865	12,865
Total, RBS loans	550,409	94,000	52,865	50,409
Rural business and cooperative development grants:				
Rural business enterprise grants	45,000	(¹)	(²)	(²)
Rural technology and cooperative development grants	2,300	³ 1,300	(²)	(²)
Alternative agricultural research and commercialization cooperative agreements	6,500	6,975	6,000	10,000
Total, RBCS grants	53,800	8,275	6,000	10,000
Total, RBCS loans and grants	604,209	102,275	58,865	60,409

¹ Included in proposed Rural Performance Partnership Program.² Included in proposed Rural Business-Cooperative Assistance Program.³ Excludes \$1,700,000 which is included in the proposed Rural Performance Partnership Program.

RURAL BUSINESS AND INDUSTRY LOANS PROGRAM ACCOUNT

	Insured loans	Guaranteed loans	Total loans
Loan level, 1996		\$500,000,000	\$500,000,000
Budget estimate, 1997	(¹)	(¹)	(¹)
House allowance	(²)	(²)	(²)
Committee recommendation	(²)	(²)	(²)

¹ Included in proposed Rural Performance Partnership Program.² Included in proposed Rural Business-Cooperative Assistance Program.

This fund created by the Rural Development Act of 1972, finances a variety of rural industrial development loans.

Rural industrialization loans.—Loans for rural industrialization and rural community facilities are authorized under the 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 employ-

ment 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 not 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.

COMMITTEE RECOMMENDATIONS

The Committee includes funding for this program in the Rural Business-Cooperative Assistance Program, the same as provided by the House. The budget requests funding for this program in the proposed Rural Development Performance Partnerships Program.

ESTIMATED LOAN SUBSIDY AND ADMINISTRATIVE EXPENSES LEVELS

	Insured loan subsidy	Guaranteed loan subsidy	Total subsidy	Administrative expenses
Appropriations, 1996		\$6,437,000	\$6,437,000	\$14,868,000
Budget estimate, 1997		(¹)	(¹)	.....
House allowance	(²)	(²)	(²)	.....
Committee recommendation	(²)	(²)	(²)	.....

¹ Included in proposed Rural Performance Partnership Program.

² Included in proposed Rural Business-Cooperative Assistance Program.

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.

RURAL DEVELOPMENT LOAN FUND PROGRAM ACCOUNT

	<i>Insured loans</i>
Loan level, 1996	\$37,544,000
Budget estimate, 1997	80,000,000
House allowance	40,000,000
Committee recommendation	37,544,000

The rural development 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 is reauthorized by Public Law 99-425, the Human Services Reauthorization Act of 1986.

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

COMMITTEE RECOMMENDATIONS

For rural development loans, the Committee recommends a total loan level of \$37,544,000. This is the same as the 1996 amount, \$2,456,000 less than the House level, and \$42,456,000 less than the budget request.

ESTIMATED LOAN SUBSIDY AND ADMINISTRATIVE EXPENSES LEVELS

	Direct loan subsidy	Administrative expenses
Appropriations, 1996	\$22,395,000	\$1,476,000
Budget estimate, 1997	36,928,000	.....
House allowance	18,400,000	.....
Committee recommendation	17,270,000	.....

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, as well as for administrative expenses.

RURAL ECONOMIC DEVELOPMENT LOANS PROGRAM ACCOUNT

	<i>Insured loans</i>
Loan level, 1996	\$12,865,000
Budget estimate, 1997	14,000,000
House allowance	12,865,000
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) establishes a cushion of credits payment program and creates the rural economic development subaccount. The Administrator of RBS is authorized under the act to utilize funds in this program to provide zero interest loans to electric and telecommunications borrowers for the purpose of promoting rural economic development and job creation projects, including funding for feasibility studies, startup costs, and other reasonable expenses for the purpose of fostering rural economic development.

COMMITTEE RECOMMENDATIONS

For rural economic development loans, the Committee recommends a total loan level of \$12,865,000. This is the same as the 1996 level and the House recommendation, and \$1,135,000 less than the budget request.

ESTIMATED LOAN SUBSIDY AND ADMINISTRATIVE EXPENSES LEVELS

	Insured loan subsidy	Administrative expenses
Appropriations, 1996	\$3,729,000	\$654,000
Budget estimate, 1997	3,095,000	699,000
House allowance	2,830,000	654,000
Committee recommendation	2,830,000	654,000

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, as well as for administrative expenses.

COMMITTEE RECOMMENDATIONS

For rural economic development loans, the Committee recommends \$2,830,000 for the loan subsidy costs under credit reform. This amount is \$899,000 less than the 1996 level, \$265,000 less than the budget request, and the same as the House level.

ALTERNATIVE AGRICULTURAL RESEARCH AND COMMERCIALIZATION

REVOLVING FUND

COOPERATIVE AGREEMENTS

Appropriations, 1996	\$6,500,000
Budget estimate, 1997	6,975,000
House allowance	6,000,000
Committee recommendation	10,000,000

The Alternative Agricultural Research and Commercialization Act of 1990 (7 U.S.C. 5901 et seq.) as amended by the Federal Agriculture Improvement and Reform Act of 1996, authorizes the provision of assistance on a competitive basis to foster the development and commercialization of new nonfood, nonfeed products derived from agricultural and forestry materials and animal byproducts. Development of nontraditional uses for farm, ranch, and forestry products provides an opportunity to improve U.S. competitiveness in foreign markets, support rural development and provide employment opportunities in rural areas, address environmental concerns, and lower farm program costs. Programs are managed by the Alternative Agricultural Research and Commercialization [AARC] Corporation which was established by the Secretary of Agriculture on March 18, 1992. Program policy and oversight is provided by a board which is composed of Federal and private sector scientists, producers, and business experts.

The alternative agricultural research and commercialization revolving fund (7 U.S.C. 5908) is available to carry out the authorized programs and activities of the Corporation. The revolving fund also contains fees and royalties, donations, and other funds received by the AARC. Funds support the development and commercialization of new industrial and consumer products and uses for agricultural and forestry materials, with preference for projects that benefit rural communities, and are environmentally friendly.

Support may be provided through competitively awarded grants, contracts, and cooperative agreements. These investments are repayable to the AARC revolving fund. Ultimate commercial interest in projects is assured through private sector representation on the AARC Board and project selection criteria that require the matching of funds and incorporate the sharing of resources and risks (cash and expertise). AARC programs complement research on new uses conducted by the Agricultural Research Service and Forest Service at Federal labs, and grant programs managed by the Cooperative State Research, Education, and Extension Service.

COMMITTEE RECOMMENDATIONS

For alternative agricultural research and commercialization cooperative agreements, the Committee recommends an appropriation of \$10,000,000. This is \$3,500,000 more than the 1996 amount, \$3,025,000 more than the budget request, and \$4,000,000 more than the House level.

RURAL BUSINESS ENTERPRISE GRANTS

Appropriations, 1996	\$45,000,000
Budget estimate, 1997	(¹)
House allowance	(²)
Committee recommendation	(²)

¹Included in proposed Rural Performance Partnership Program.

²Included in proposed Rural Business-Cooperative Assistance Program.

This program is 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, utility extensions; refinancing; fees; technical assistance; and startup operating costs and working capital.

COMMITTEE RECOMMENDATIONS

The Committee includes funding for rural business enterprise grants in the Rural Business-Cooperative Assistance Program, the same as provided by the House. The budget requests funding for this program in the proposed Rural Development Performance Partnerships Program.

RURAL TECHNOLOGY AND COOPERATIVE DEVELOPMENT GRANTS

Appropriations, 1996	\$2,300,000
Budget estimate, 1997 ¹	1,300,000
House allowance	(²)
Committee recommendation	(²)

¹Excludes \$1,700,000 which is included in the proposed Rural Performance Partnership Program.

²Included in proposed Rural Business-Cooperative Assistance Program.

This grant program is authorized by section 310(f) of the Consolidated Farm and Rural Development Act, as amended by section 2347 of the Food, Agriculture, Conservation and Trade [FACT] Act of 1990. These grants are made available to public bodies and nonprofit organizations to fund the establishment and operation of centers for rural technology or cooperative development with their primary purpose being the improvement of economic conditions in rural areas. Funds are used to promote the development (through technological innovation, cooperative development, and adaptation of existing technology) and commercialization of new services and products that can be produced or provided in rural areas; new processes that can be utilized in the production of products in rural areas; and new enterprises that add value to on-farm production through processing or marketing. The Rural Business-Cooperative Service proposes to fund up to 75 percent of the project cost while

requiring the applicant's contribution be at least 25 percent which must be cash from non-Federal sources.

COMMITTEE RECOMMENDATIONS

The Committee includes funding for rural technology and cooperative development grants in the Rural Business-Cooperative Assistance Program, the same as provided by the House. The budget requests funding for this program in the proposed Rural Development Performance Partnerships Program.

RURAL BUSINESS-COOPERATIVE ASSISTANCE PROGRAM

The Committee has consolidated funding for four rural business and cooperative development programs in the Rural Business-Cooperative Assistance Program, one of three subprograms of the Rural Community Advancement Program which is authorized by Public Law 104-127. The existing programs that comprise the Rural Business-Cooperative Assistance Program are: Direct business and industry loans; guaranteed business and industry loans; rural business enterprise grants; and rural technology and cooperative development grants.

COMMITTEE RECOMMENDATIONS

For the Rural Business-Cooperative Assistance Program, the Committee provides an appropriation of \$53,750,000, which is \$2,350,000 more than the House recommendation. The budget proposes funding for these activities in the Rural Performance Partnerships Program. These activities were funded in separate appropriations accounts for fiscal year 1996.

The Committee has included \$500,000 for transportation technical assistance, the same amount as provided in 1996; \$148,000 of the funds included are set aside for the subsidy cost of business and industry loans in empowerment zones and enterprise communities.

The Committee retains House bill language that makes available no more than \$3,000,000 for cooperative development grants. The Committee believes that such grants should be made available on a competitive basis and should be coordinated through USDA's Cooperative Service. This will help maximize available resources, strengthen existing cooperative development programs, and build on what has been a highly successful public-private partnership aimed at enhancing the ability of farmers and others to join together in cooperative efforts.

Of the funds provided for rural technology and cooperative development grants, not to exceed \$1,300,000 is provided through a cooperative agreement for the Appropriate Technology Transfer for Rural Areas Program, and \$250,000 is through a cooperative agreement for an agribusiness and cooperative development program at Mississippi State University.

The Committee is aware of, and encourages the Department to give consideration to, applications for rural business enterprise grants for the following: television demonstration grants; Coastal Enterprises, Inc., Maine; Arkansas communications project, Arkansas; self-help ventures fund, North Carolina; Institute for Decision

Making, Iowa; Oregon Trail Interpretive Center, Oregon; South Carolina Office for Recruitment and Retention of Health Professionals, South Carolina; the development of entrepreneurial capacities in Hawaii; GW Plastics, Vermont; Sustainable Jobs Fund, Vermont; Bennington, VT; Enterprise Corporation of the Delta, Mississippi; Alaska Villages initiative, Alaska; Union County Business Park, Pennsylvania; Estranosa Water and Wastewater Cooperative, New Mexico; Northern New Mexico Apple Cooperative, New Mexico; very special arts, Mississippi; the Pojoaque Pueblo Industrial/Business Park, New Mexico; Southwest Virginia Agricultural Association, Virginia; Thorne Bay, AK; and the Local Initiatives Support Corp.

The Committee is also aware of, and encourages the Department to give consideration to, a community facility grant application for the Allied Health Facilities Center in North Dakota.

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.

RURAL BUSINESS-COOPERATIVE SERVICE

SALARIES AND EXPENSES

	Appropriations	Transfers from loan accounts	Total
Appropriations, 1996	\$9,013,000	\$16,877,000	\$25,890,000
Budget estimate, 1997	27,068,000	699,000	27,767,000
House allowance	25,680,000	654,000	26,334,000
Committee recommendation	25,680,000	654,000	26,334,000

¹ Included in proposed Rural Performance Partnership Program.

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.

Under credit reform, administrative costs associated with loan programs are appropriated to the program accounts for the rural development loan fund and rural economic development loans. Appropriations to the "Salaries and expenses" account are for costs associated with grant programs.

COMMITTEE RECOMMENDATIONS

For salaries and expenses of the Rural Business and Cooperative Development Service, the Committee recommends an appropriation of \$26,334,000. This amount is \$444,000 more than the level provided for 1996, \$1,433,000 less than the budget request, and the same as the House recommended level.

The Committee expects that in meeting the purposes of the National Sheep Improvement Center, the Board of Directors shall ensure that the priorities, which include infrastructure development, of all interested parties representing all segments of the sheep and

goat industry, are taken into consideration in developing the center's strategic plan. The Committee further expects the Board to facilitate a public hearing to review the plan, prior to its submission to the Secretary.

The Committee recognizes the importance of improving private sector investment in rural areas. Section 3810 of the Federal Agriculture Improvement and Reform Act of 1996 (Public Law 104-127), authorizes a demonstration using Federal business and industry loan guarantees to attract venture funds to rural areas. Under the law, the Secretary may designate up to 10 organizations per year to establish rural business investment pools. The Committee strongly urges the Department to allocate the resources necessary to implement this demonstration. The Committee also urges the Department to utilize at least 10 percent of the funds for this demonstration to guarantee projects supported by the Alternative Agricultural Research and Commercialization Corporation, an entity of USDA.

The Committee continues to be concerned over the decline in the number of staff positions and available funding for USDA's Cooperative Service programs relating to cooperative research, development, and education. The Committee believes that such programs, which were formerly administered by the Agricultural Cooperative Service, should be strengthened to help farmers join together in cooperative efforts. Accordingly, the Committee expects that no less than \$3,000,000 will be available to support the salaries and expenses of Cooperative Service employees.

RURAL UTILITIES SERVICE

The Rural Utilities Service [RUS] was established under the Department of Agriculture Reorganization Act of 1994 (Public Law 103-354), October 13, 1994. RUS administers the electric and telecommunications programs and the water and waste programs.

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 disposal 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 and creating jobs. 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 TELEPHONE LOANS PROGRAM ACCOUNT

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 recommended levels for rural electric and telephone loans administered by the Rural Utilities Service, as compared to the 1996 levels, the budget request, and the levels proposed by the House.

	1996 loan level	1997 budget	House allowance	Committee recommendation
Electric loans:				
REA 5 percent	\$90,000,000	\$125,000,000	\$125,000,000	\$125,000,000
FFB insured	300,000,000	400,000,000	300,000,000	300,000,000
Municipal-rate	525,000,000	600,000,000	525,000,000	525,000,000
Total, electric	915,000,000	1,125,000,000	950,000,000	950,000,000
Telephone loans:				
REA 5 percent	70,000,000	75,000,000	75,000,000	75,000,000
Treasury-rate	300,000,000	300,000,000	300,000,000	300,000,000
FFB insured	120,000,000	120,000,000	120,000,000	120,000,000
Total, telephone	490,000,000	495,000,000	495,000,000	495,000,000
Total, rural electrification and telephone loans program account	1,405,000,000	1,620,000,000	1,445,000,000	1,445,000,000

COMMITTEE RECOMMENDATIONS

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

ESTIMATED LOAN SUBSIDY AND ADMINISTRATIVE EXPENSES LEVELS

[In thousands of dollars]

	Fiscal year 1996 enacted	Fiscal year 1997 budget	House allowance	Committee recommendation
Loan subsidies:				
Direct loans:				
Electric (5 percent)	21,168	3,625	3,625	3,625
Telephone (5 percent)	13,958	1,193	1,193	1,193
Subtotal	35,126	4,818	4,818	4,818
Treasury-rate: Telephone	60	60	60	60
Municipal-rate	56,858	32,280	28,245	28,245
FFB loans: Electric, regular	2,520	3,720	2,790	2,790
Total, loan subsidies	94,564	40,878	35,913	35,913
Rural Electrification and Telephone Loan Program administrative expenses	29,982	33,070	29,982	29,982

Section 748 of the Federal Agriculture Improvement and Reform Act of 1996 (Public Law 104-127) authorizes the Secretary to restructure loans of troubled rural credit borrowers in a manner consistent with other USDA lending activities. By providing the Secretary adequate flexibility, total borrower defaults should be re-

duced, projected revenues to the Treasury should improve, and rural utility customers should benefit. The Committee urges the Department to exercise this authority in a manner most productive to maintain the long-term health of rural credit borrowers and result in greatest protection for Federal resources.

RURAL TELEPHONE BANK PROGRAM ACCOUNT

Loan levels, 1996	\$175,000,000
Budget estimate, 1997	175,000,000
House allowance	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 United States and outstanding at any time after September 30, 1995, has been fully redeemed and retired. Activities of the Bank are carried out by RUS employees and the Office of the General Counsel of the U.S. Department of Agriculture.

COMMITTEE RECOMMENDATIONS

For Rural Telephone Bank loans, the Committee recommends \$175,000,000, the same as the budget request, the 1996 level, and the House recommendation.

ESTIMATED LOAN SUBSIDY AND ADMINISTRATIVE EXPENSES LEVELS

	Loan subsidy	Administrative expenses
Appropriations, 1996	\$5,023,000	\$3,541,000
Budget estimate, 1997	2,328,000	3,500,000
House allowance	2,328,000	3,500,000
Committee recommendation	2,328,000	3,500,000

For Rural Telephone Bank loans, the Committee recommends \$2,328,000 for loan subsidy costs under credit reform. This amount is \$2,695,000 less than the 1996 level, and the same as the budget estimate and the House level.

DISTANCE LEARNING AND MEDICAL LINK GRANT PROGRAM

Appropriations, 1996	\$7,500,000
Budget estimate, 1997	20,261,000
House allowance	7,500,000
Committee recommendation	10,000,000

The distance learning and medical link program was established by the Rural Economic Development Act of 1990 (104 Stat. 4106, 7 U.S.C. 950a et seq.). This program is authorized in the Federal Agriculture Improvement and Reform Act of 1996 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.

COMMITTEE RECOMMENDATIONS

For distance learning and medical link grants, the Committee recommends an appropriation of \$10,000,000. This amount is \$10,261,000 less than the budget request, and \$2,500,000 more than the House recommendation and the 1996 level.

The Committee is aware of, and urges the Department to give consideration to, applications for distance learning and medical link grants from Maui Community College, Hawaii; Hawaii Community Hospital, Hawaii; the University of Hawaii; the Des Moines public school system, Iowa; Schumpert Medical Center, Louisiana; KotaSys, South Dakota; and the University of Illinois/Lincoln Land Community College.

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

RURAL UTILITIES ASSISTANCE PROGRAM

Appropriations, 1996 ¹	\$498,868,000
Budget estimate, 1997	(²)
House allowance	496,868,000
Committee recommendation	657,942,000

¹ Includes enacted emergency supplemental of \$11,000,000, and does not include an additional \$36,000,000 transferred to the program from fiscal year 1995 WIC Program carryover funds.

² Included in the proposed Rural Performance Partnership Program at a level of \$661,560,000.

In 1996, 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 increased flexibility to tailor the assistance to the applicants' needs.

The water and waste disposal program is authorized by several actions, including sections 306, 306A, 309A, and 310B of the Consolidate Farm and rural Development Act (7 U.S.C. 1921 et seq., as amended).

This 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 organizations usually designated as public and quasi-public agencies, that propose projects for the development, storage, treatment, purification, and distribution of domestic water or the collection, treatment, or disposal of waste in rural areas.

The program also 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 usually designated as public or quasi-public agencies, that propose projects for development, storage, treatment, purification, and distribution of domestic water or the

collection, treatment, or disposal of waste in rural areas. These 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 in order to reduce or eliminate pollution of water resources and to the planning of management of solid waste disposal facilities.

COMMITTEE RECOMMENDATIONS

For the Rural Utilities Assistance Program, the Committee recommends \$657,942,000. This amount is \$3,618,000 less than the budget request, \$161,074,000 more than the House recommendation, and \$159,074,000 more than the 1996 appropriation.

The Committee is aware of, and urges the Department to give consideration to, loan and grant applications from the following: Otto Township, PA; Angel Fire, NM; Pollock, LA; Paris, IL; Henry County, VA; Agua Sana Water Users Association, NM; and Montross/Westmoreland Counties, VA.

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

RURAL UTILITIES SERVICE

SALARIES AND EXPENSES

	Appropriations	Transfers from loan accounts	Total
Appropriations, 1996	\$18,449,000	\$46,464,000	\$64,913,000
Budget estimate, 1997	33,873,000	36,570,000	70,443,000
House allowance	33,195,000	33,482,000	66,677,000
Committee recommendation	33,195,000	33,482,000	66,677,000

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 rural electrification and telephone loans and the rural telephone bank. Appropriations to the "Salaries and expenses" account are for costs associated with grant programs.

COMMITTEE RECOMMENDATIONS

For salaries and expenses of the Rural Utilities Service, the Committee recommends an appropriation of \$66,677,000. This amount is \$1,764,000 more than the 1996 level, \$3,766,000 less than the budget request, and the same as the House recommended level.

TITLE IV—DOMESTIC FOOD PROGRAMS

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

Appropriations, 1996	\$440,000
Budget estimate, 1997 ¹	554,000
House allowance	454,000
Committee recommendation	554,000

¹The 1997 budget proposes that this office be funded in a single account under the Office of the Secretary.

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 \$554,000. This amount is \$114,000 more than the 1996 level, the same as the budget request, and \$100,000 more than the House-recommended level.

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 pro-

vided 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 Reconciliation 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. 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 was created by the Agriculture, Rural Development, Food and Drug Administration, and Related Agencies Appropriations Act, 1996 (Public Law 104-37), by consolidating funding for the Commodity Supplemental Food Program [CSFP], the Emergency Food Assistance Program [TEFAP], and the Soup Kitchens and Food Banks Program [SK/FB].

CSFP provides supplemental foods to infants and children up to age 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. In addition, commodities are also provided to soup kitchens and food banks.

Food donations programs for selected groups.—Nutritious agricultural commodities are provided to low-income persons living on or near Indian reservations who choose not to participate in the food stamp program and 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. In addition, commodities will be provided to soup kitchens and food banks in fiscal year 1997. 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, 1995, there were 1,797 full-time permanent and 147 part-time and temporary employees in the Agency. FCS's headquarters staff,

which is located in Alexandria VA, totals 643, and 1,301 FCS employees are located in the field. There are 7 regional offices employing 870 employees, and the balance of the Agency is located in 6 food stamp compliance offices, 1 computer support center in Minneapolis, MN, 5 administrative review offices, and 74 field offices. Funds for this program are provided by direct appropriation.

CHILD NUTRITION PROGRAMS

	Appropriation	Section 32 transfers	Total
Appropriations, 1996	\$2,348,166,000	\$5,597,858,000	\$7,946,024,000
Budget estimate, 1997	3,255,215,000	5,413,453,000	8,668,668,000
House allowance	3,218,844,000	5,433,753,000	8,652,597,000
Committee recommendation	3,221,044,000	5,433,753,000	8,654,797,000

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.

School Breakfast Program [SBP].—Provides startup grants for programs serving low-income children.

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 1997, 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 26.3 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 1997, 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 1997, 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 1997, \$108,874,000 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 1997, approximately 137.8 million meals will be served.

(f) *Child and Adult Care Food Program.*—Preschool children receive year-round food assistance in nonprofit child care cen-

ters 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 1997, 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 1997 approximately 155 million half-pints will be served in the Special Milk Program. These include about 146 million half-pints served to children whose family income is above 130 percent of poverty. During fiscal year 1997, the average full cost reimbursement for milk served to needy children is expected to be 14.9 cents for each half-pint. Milk served to nonneedy children is expected to be reimbursed at 11.6 cents for each half-pint.

COMMITTEE RECOMMENDATIONS

For the child nutrition programs, the Committee recommends an appropriation of \$3,221,044,000, plus transfers from section 32 of \$5,433,753,000, for a total program of \$8,654,797,000. This amount is \$708,773,000 more than the 1996 program level, \$2,200,000 more than the House level, and \$13,871,000 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	1996 estimate	1997 budget	House allowance	Committee recommendation
School Lunch Program	4,525,812	4,904,852	4,904,852	4,904,852
School Breakfast Program	1,160,218	1,264,949	1,264,949	1,264,949
State administrative expenses	98,468	108,874	108,874	108,874
Summer Food Service Program	264,558	288,920	288,920	288,920
Child and Adult Care Food Program	1,578,112	1,739,767	1,739,767	1,739,767
Special Milk Program	17,689	18,074	18,074	18,074
Commodity procurement, processing, and computer support	278,841	312,830	312,830	312,830
Nutrition studies and surveys	4,162	4,162	.....	2,000
Coordinated review system	3,964	4,031	4,031	4,031
School meals initiative	10,500	18,509	10,300	10,500

The total includes \$10,500,000 for the school meals initiative, the same as the fiscal year 1996 level. The Committee provides \$3,500,000 for food service training and technical assistance, including the budget request for technical assistance materials (\$2,300,000), print and electronic food service resource systems (\$400,000), and cooperative agreements with the National Food Service Management Institute for food service (\$800,000). In addition, the Committee provides the \$5,000,000 for food service training grants to States, and \$2,000,000 for in-school education materials.

The Committee encourages the Department to establish a panel to review and evaluate food service training grant applications submitted by States to ensure the award of funds to the highest quality projects benefiting the maximum number of students and school districts. This panel should include representatives of the American School Food Service Association, the American Dietetic Association, the National Food Service Management Institute, and State Child Nutrition Directors.

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

Appropriations, 1996	\$3,729,807,000
Budget estimate, 1997 ¹	3,880,000,000
House allowance	3,729,807,000
Committee recommendation	3,729,807,000

¹ 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 \$31.91 per person per month in fiscal year 1997.

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 and 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 \$5,000,000, 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 \$3,729,807,000. This amount is the same as the 1996 appropriation and the House level, and \$50,193,000 less than the budget request. The Committee does not provide the \$100,000,000 requested in the budget 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 Committee shares the view of the House that the appropriation of \$3,729,807,000, together with the anticipated carryover of \$245,000,000, will provide sufficient funding to support an average participation level of 7.5 million and to achieve full funding of the program by the end of the year.

The Committee makes available up to \$6,750,000, the same as the fiscal year 1996 level, to carry out the WIC Farmers' Market Nutrition Program. The Committee also retains a House bill provi-

sion which limits the use of fiscal year 1997 funds to begin no more than two program studies and evaluations.

The Committee includes language to permit the Secretary, once the amount of carryover funds from the previous fiscal year have been determined, to transfer funds in excess of \$100,000,000 to any loan program of the Department and/or to make up to \$10,000,000 available for the WIC farmers' market nutrition program. In fiscal year 1996, the Secretary utilized similar authority to transfer \$36,000,000 in 1995 carryover funds to the Rural Utilities Assistance Program.

Competitive bidding by States for the purchase of infant formula for WIC participants now generates more than \$1,000,000,000 in savings per year, allowing nearly one out of four WIC participants to be served at no additional Federal cost. The Committee shares the concern expressed by the House over the loss of one of the domestic infant formula manufacturers from the market, along with concerns that procedures adopted by some States to evaluate bids may result in a higher net price for infant formula than might otherwise be the case. To safeguard WIC cost containment savings, the Committee has included a provision in the bill to allow the use of funds appropriated to purchase infant formula under a contract entered into during fiscal year 1997 only if the contract was awarded to the company offering the lowest net price, unless the State agency awarding the contract has reliable data showing that retail prices for different formula brands are similar. This would allow a State that establishes that there is a minimal variance in the retail prices of different formula brands to award the contract on the basis of either lowest net price or highest rebate. The Committee recommends this as an interim measure to avert the loss of cost containment savings that could result in reductions in WIC caseload and unnecessarily increase Federal program costs. The Department is encouraged to utilize the rulemaking process to address this issue on a permanent basis.

The Committee is aware of 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 the Special Supplemental Nutrition Program for Women, Infants, and Children [WIC]. In this notice, the Department proposes to further review nutritional regulations that currently limit the amount of sugar in WIC-eligible cereals to 6 grams per ounce. This issue has been examined by the Department formally on at least seven occasions. Absent new evidence that this particular provision of the national nutrition standards requires further study at this time, the Committee is concerned that these proceedings may represent an inefficient use of limited resources. The Committee requests that the Department furnish to it any specific new evidence of benefit to WIC Program participants which clearly warrants the reopening of this issue. The Committee expects the Department to include in these findings the rationale for reviewing this issue separately, rather than as a part of a comprehensive review of the content and scope of the existing national nutrition standards.

FOOD STAMP PROGRAM

	Expenses	Amount in reserve	Puerto Rico	Total
Appropriations, 1996	\$25,954,828,000	\$500,000,000	\$1,143,000,000	\$27,597,828,000
Budget estimate, 1997 ¹	26,353,555,000	2,461,200,000	1,174,000,000	29,988,755,000
House allowance	26,341,029,000	100,000,000	1,174,000,000	27,615,029,000
Committee recommendation	26,347,029,000	1,000,000,000	1,174,000,000	28,521,029,000

¹ Reflects budget amendment submitted on May 16, 1996 (H. Doc. 104-215).

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 FAIR Act of 1996, Public Law 104-127, reauthorizes the Food Stamp Program through fiscal year 1997.

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, and Texas, and in parts of Pennsylvania, Utah, Minnesota, Ohio, New Jersey, and Iowa, 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.

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 \$28,521,029,000. This is \$923,201,000 more than the 1996 level, \$1,467,726,000 less than the budget request, and \$906,000,000 more than the House recommended level. Of the amount provided, \$1,000,000,000 is available as a contingency reserve.

The Committee has included language in the bill to limit funding for food stamp program studies and evaluations to no more than \$6,000,000 for fiscal year 1997.

COMMODITY ASSISTANCE PROGRAM

Appropriations, 1996	\$166,000,000
Budget estimate, 1997	172,000,000
House allowance	166,000,000
Committee recommendation	166,000,000

The Commodity Assistance Program includes funding for the Commodity Supplemental Food Program, the Emergency Food Assistance Program, and soup kitchens and food banks.

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 1997 approximately 164,000 women, infants, and young children and 214,000 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 1996, \$46,281,183 was provided for the purchase and distribution of commodities authorized by section 104 of the Hunger Prevention Act of 1988.

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 1995, 29.2 million dollars' worth of surplus commodities were distributed to assist needy individuals. Donations will continue in fiscal year 1996. Precise levels depend upon the availability of surplus commodities and requirements regarding displacement. In fiscal year 1996, \$31,800,000 will be used to help State and local authorities with the storage and distribution costs of providing surplus commodities to needy individuals.

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.

Soup kitchens/food banks.—In fiscal year 1996, \$33,718,817 was provided for the purchase and distribution of commodities to soup kitchens and food banks, as authorized by section 110 of the Hunger Prevention Act of 1988 (Public Law 100-435).

Commodities are distributed to the States which, in turn, distribute them to soup kitchens and food banks which provide food to needy homeless persons on a regular basis. Distribution of commodities and payments for storage are the responsibility of State distribution agencies. States are responsible for requesting commodities only in quantities that can be efficiently used by public and charitable institutions, managing distribution of commodities to local organizations, and ensuring that the organizations comply with all Federal program regulations and requirements.

The 1996 FAIR Act (Public Law 104-127) reauthorizes the purchase and distribution of commodities to soup kitchens and food banks through fiscal year 2002.

COMMITTEE RECOMMENDATIONS

For the Commodity Assistance Program, the Committee recommends an appropriation of \$166,000,000. This amount is the

same as the 1996 appropriation and the House level, and \$6,000,000 less than the budget request.

The Committee encourages the Department to distribute these funds equitably among the States, based on an assessment of the needs and priorities of each State and the State's preference to receive commodity allocations through each of the three programs funded under this account.

FOOD DONATIONS PROGRAMS FOR SELECTED GROUPS

Appropriations, 1996	\$215,000,000
Budget estimate, 1997 ¹	215,000,000
House allowance	205,000,000
Committee recommendation	141,250,000

¹The fiscal year 1997 budget proposes to transfer \$150,000,000 for the elderly feeding program to the Department of Health and Human Services.

The Agriculture and Consumer Protection Act of 1973, as amended (7 U.S.C. 612c (note)), provides for a directly funded food distribution program for low-income persons residing on or near Indian reservations who choose not to participate in the Food Stamp Program, and to low-income individuals in the Pacific Island territories. This program attempts to alleviate hunger and malnutrition in low-income households by providing nutritious agricultural commodities to eligible persons. This program also funds commodity support for elderly feeding programs under titles III and IV of the Older Americans Act of 1965. Donated foods are used in meals served in the senior citizens centers or similar settings. States may elect cash in lieu of commodities.

Food distribution program on Indian reservations and in the Pacific Islands.—The Food and Agriculture Act of 1977 authorizes the distribution of agricultural commodities to eligible needy persons residing on or near Indian reservations or in the Trust Territories of the Pacific. The act requires that a food distribution program be established on an Indian reservation if an Indian tribal organization [ITO] requests the program. If the ITO is capable of administering the program, it may do so in lieu of administration by a State agency. Public Law 97-98 authorizes low-income Indian households residing in Oklahoma and not living on a reservation to participate in the program.

Cash payments are made to distributing agencies to assist them in meeting the administrative expenses incurred in operating a food distribution program. Included among these costs are local warehousing and transportation of commodities, utilities, salaries, and equipment.

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 1996 is 59 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.

COMMITTEE RECOMMENDATIONS

For the food donations programs for selected groups, the Committee recommends an appropriation of \$141,250,000. This amount is \$73,750,000 less than the 1996 appropriation and the budget request, and \$63,750,000 less than the House level. Of this amount, \$1,250,000 is for food distribution payments to Palau and islands in the nuclear-affected zones and for emergency assistance for the Marshall Islands and the Federated States of Micronesia; and \$140,000,000 is for the elderly feeding program.

The Committee notes that distribution of commodities to low-income Indian households in lieu of food stamps is authorized under section 4(b) of the Food Stamp Act, including the payment of administrative costs for such distribution on Indian reservations, whenever the Secretary determines that tribal organizations are capable of effectively and efficiently administering such distributions. The Committee is aware that participation fluctuations have made it difficult to properly budget for this program. Commodity distribution, including administrative expenses, to low-income Indian households in lieu of food stamps may be provided under the appropriation for the Food Stamp Program. Therefore, the Committee has not provided separate funding for the distribution of commodities to Indian households.

CENTER FOR NUTRITION POLICY AND PROMOTION

Appropriations, 1996	(¹)
Budget estimate, 1997	\$4,470,000
House allowance	
Committee recommendation	

¹ Fiscal year 1996 funding for this activity is included under the "Food Program Administration" account, and is estimated at \$2,499,000.

Pursuant to the Department of Agriculture Reorganization Act of 1994 (7 U.S.C. 6901), the Center for Nutrition Policy and Promotion was created for the 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 agrees with the House recommendation that the functions of this office be retained under food program administration.

FOOD PROGRAM ADMINISTRATION

Appropriations, 1996	\$107,769,000
Budget estimate, 1996	110,982,000
House allowance	104,487,000
Committee recommendation	107,769,000

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]; Commodity Supplemental Food Program; Food Stamp Program; nutrition assistance for Puerto Rico; food donations programs for selected groups; and The Emergency Food Assistance Program.

The major objective of Food Program Administration is to efficiently and effectively carry out the food assistance programs mandated by law. This is to be accomplished by the following: (1) giving clear and consistent guidance and supervision to State agencies and other cooperators; (2) assisting the States and other cooperators by providing program, managerial, financial, and other advice and expertise; (3) measuring, reviewing, and analyzing 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 \$107,769,000. This amount is \$3,282,000 more than the House level, \$3,213,000 less than the budget request, and the same as the 1996 level.

The Committee maintains funding for food program administration at the fiscal year 1996 level 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 over \$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 1996 request level, for the Center for Nutrition Policy and Promotion. Due to budgetary constraints, the Committee does not provide the increased funding requested in the budget for the Center's nutrition promotion initiative. The Committee encourages the agency to maximize the use of its resources to address priority areas, including electronic benefits transfer, program error rates and fraud, and oversight of State administrative costs. The Committee acknowledges that modernizing the agency's information technology infrastructure is critical to the agency's ability to properly administer the Nation's food assistance programs with a streamlined staff. The agency is expected to use any available funds to continue its automated infrastructure initiative in fiscal year 1997.

TITLE V—FOREIGN ASSISTANCE AND RELATED PROGRAMS

FOREIGN AGRICULTURAL SERVICE AND THE GENERAL SALES MANAGER

	Appropriations	Transfers from loan accounts	Total
Appropriations, 1996	\$115,802,000	\$8,973,000	\$124,775,000
Budget estimate, 1997	132,875,000	4,266,000	137,141,000
House allowance	124,208,000	3,797,000	128,005,000
Committee recommendation	134,295,000	4,266,000	138,561,000

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 63 posts located throughout the world covering some 132 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 infor-

mation 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 1995, nonprofit private trade and producer associations have generated an estimated \$1,200,000,000 in contributions to more than match the \$683,000,000 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 \$134,295,000. This is \$18,493,000 more than the 1996 appropriation, \$1,420,000 more than the budget request, and \$10,087,000 more than the House level.

The Committee's recommendation includes the administrative efficiency savings contained in the budget request, the full amount included in the request for international cooperation and development, and \$3,000,000 of the increased funding requested for FAS to expand its counselor/attaché and trade offices overseas. In addition, the Committee also provides \$29,000,000, an increase of \$7,000,000 from the 1996 level and \$3,000,000 from the budget request, 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 has not recommended language requested in the budget and included in the House bill to require that cooperator program funds be awarded on a competitive basis. FAS indicated to the Committee that competition for funding of the cooperators was not previously incorporated into the program because funding was sufficient for all who requested financial assistance, and, due to the nature of foreign market development, it was difficult to evaluate the relative net benefits of different programs. While this proposal may have merit, the Committee withholds its approval until the FAS can present the actual procedures and established criteria to be used to implement a competitive process for the program.

Also included in the Committee's recommendation is \$2,428,000, the same as the budget request level, for the Cochran Fellowship Program.

The Committee urges USDA to fund the Dairy Export Incentive Program [DEIP] to the full extent allowed under the Uruguay round GATT agreement, and to return to the past practice of announcing a full-year program, as opposed to the recent practice of announcing quarterly allocations. Further, the Committee encourages the Secretary to make markets that are most lucrative to monopolistic State trading enterprises eligible for DEIP.

The Committee notes that the 1996 farm law does not include reauthorization of the Cottonseed Oil Assistance Program [COAP] and the Sunflower Oil Assistance Program [SOAP], two programs which have effectively assisted U.S. oilseed crushers in their efforts to compete in world markets against heavily subsidized competition. U.S. oilseed crushers provide an important source of employment in rural areas and are important to growers since cottonseed and sunflower seed product values, including oil, are directly related to the farm value of the seed. The Committee expects the Secretary to utilize funds under EEP to facilitate the export of cottonseed and sunflower oil under the same procedures and criteria employed for COAP and SOAP under the authority of section 1541 of

the Food, Agriculture, Conservation, and Trade Act of 1990. Accordingly, in determining sales on which bonuses are to be provided, the Secretary shall take into consideration solely the amount of bonuses needed to encourage the sale.

Further, as part of any agricultural training activities conducted by FAS under the emerging markets program, the Committee encourages the Secretary to give consideration to the proposal of the University of Wisconsin-River Falls to provide training for agricultural scientists from the Baltic States.

PUBLIC LAW 480

PUBLIC LAW 480 TITLE I PROGRAM ACCOUNT

	Credit level	Loan subsidy	Administrative expenses
Appropriations, 1996	\$291,342,000	\$236,162,000	\$1,750,000
Budget estimate, 1997	218,944,000	179,082,000	1,818,000
House allowance	216,400,000	177,000,000	1,750,000
Committee recommendation	218,944,000	179,082,000	1,818,000

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 1997 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 provides for repayment terms either in local currencies or U.S. dollars on credit terms of up to 30 years, with a grace period of up to 5 years.

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

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

COMMITTEE RECOMMENDATIONS

For Public Law 480, title I, the Committee recommends a program level of \$232,849,000. This amount is \$2,544,000 more than the House level, \$83,493,000 less than the 1996 level, and the same

as the budget request. The corresponding loan levels, subsidies, and administrative expenses are reflected in the table above.

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

Appropriations, 1996	\$896,100,000
Budget estimate, 1997	890,905,000
House allowance	880,405,000
Committee recommendation	890,905,000

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				
	1996 enacted	1997 budget	House allowance	Committee recommendation
Title I ocean freight differential	\$25,000,000	\$13,905,000	\$13,905,000	\$13,905,000
Title II commodities supplied in connection with dispositions abroad	821,100,000	837,000,000	837,000,000	837,000,000
Title III commodities supplied in connection with dispositions abroad	50,000,000	40,000,000	29,500,000	40,000,000
Total	896,100,000	890,905,000	880,405,000	890,905,000

CCC EXPORT LOANS PROGRAM ACCOUNT
(EXPORT CREDIT PROGRAMS, GSM-102 AND GSM-103)

	Guaranteed loan levels	Guaranteed loan subsidy	Administrative expenses
Appropriations, 1996	\$5,700,000,000	\$374,347,000	\$3,381,000
Budget estimate, 1997	5,500,000,000	¹ 390,000,000	3,854,000
House allowance	5,500,000,000	390,000,000	3,381,000
Committee recommendation	5,500,000,000	390,000,000	3,820,000

¹ In 1997, the subsidy required will be financed by funding derived from the 1996 subsidy reestimates.

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
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 fee	Mammography clinics	Total
Appropriations, 1996	\$819,971,000	\$84,723,000	\$13,000,000	\$917,694,000
Budget estimate, 1997 ¹	823,771,000	87,528,000	13,403,000	924,702,000
House allowance	819,971,000	87,528,000	13,403,000	920,902,000
Committee recommendation	819,971,000	87,528,000	13,403,000	920,902,000

¹ The President's fiscal year 1997 budget proposes legislation to authorize new medical device and import inspection user fees to allow the FDA to collect an additional \$38,740,000.

COMMITTEE RECOMMENDATIONS

For salaries and expenses, the Committee recommends \$920,902,000. This amount is \$3,208,000 more than the 1996 amount, \$3,800,000 less than the budget estimate, and the same as the House level. The recommendation includes \$87,528,000 in user fees authorized by the Prescription Drug User Fee Act, and \$13,403,000 in user fees authorized by the Mammography Quality Standards Act, as requested in the President's budget. The Committee has retained House 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.

The following table reflects the amounts provided by the Committee:

FOOD AND DRUG ADMINISTRATION SALARIES AND EXPENSES

[In thousands of dollars]

	Fiscal year 1996	Fiscal year 1997	
		House allowance	Committee rec- ommendation
Centers and related field activities:			
Foods	221,563	221,563	194,156
Human drugs	216,348	216,348	185,745
PDUFA fees	55,493	57,597	51,779
Subtotal, human drugs	271,841	273,945	237,524
Biologics	103,352	103,352	91,536
PDUFA fees	29,230	29,931	27,992
Subtotal, biologics	132,582	133,283	119,528
Animal drugs	42,185	42,185	38,022

FOOD AND DRUG ADMINISTRATION SALARIES AND EXPENSES—Continued

[In thousands of dollars]

	Fiscal year 1996	Fiscal year 1997	
		House allowance	Committee rec- ommendation
Medical and radiological devices	156,679	157,445	139,332
MQSA Fees	13,000	13,403	13,403
Subtotal, medical and radiological devices	169,679	170,858	152,735
National Center for Toxicological Research [NCTR]	38,069	38,069	36,977
Program management	41,775	41,000	¹ 6,094
Other activities:			
Office of the Commissioner	(³)	(³)	15,365
Office of Policy	(³)	(³)	2,825
Office of External Affairs	(³)	(³)	16,140
Office of Management and Systems	(³)	(³)	55,082
Orphan product grants and extramurals	(³)	(³)	² 12,868
Central services	(³)	(³)	11,548
Subtotal, other activities	(³)	(³)	113,828
Budget authority	(³)	(³)	(106,071)
PDUFA and MQUSA user fees	(³)	(³)	(7,757)
Rent and related services ⁴	(³)	(³)	22,039
Total, budget authority	819,972	819,972	819,972
Total, user fees	97,723	100,931	100,931
Total, FDA salaries and expenses ⁵	917,694	920,902	920,902

¹ Direct field management.² Includes \$12,203,000 for orphan product grants and \$665,000 for extramural services.³ Included in FDA activities shown above.⁴ Includes funds for building delegation, GSA rent and related services, and commercial rent and related services. Funds for FDA's rental payments to GSA for its leased space is included under FDA's "Rental of space" account.⁵ Totals may not add due to rounding.

The FDA has historically presented its budget by showing a distribution of its resources by program activity. Included in each amount is not only the funding associated with FDA's centers and field activities, but also a portion of the cost of FDA's central offices, central services, and leasing and other housing-related expenses. There is no way to tell from this presentation, for example, what amount is included in the request for salaries and operating expenses of the Office of the Commissioner. The funds for this office are drawn from each program activity. Similarly, there is no way to tell what amount is included in the request for the salaries and operating costs directly associated with the Center for Devices and Radiological Health, for example, since a portion of the costs of FDA's central offices and other activities also are included in the resource distribution for medical and radiological devices. This gives the agency a great degree of flexibility over the use of its funds and masks the costs of FDA's overall administrative, management and overhead expenses.

In making its recommendations, the Committee has worked with the FDA to delineate the costs of FDA's center and related field ac-

tivities, central offices, administrative management and central services, and rental and housing related expenses. The cost of central services directly attributed to each center remain in the amount reflected for the center and its related field activities; these costs are not to exceed 15 percent of each center's budget. The Committee expects, at a minimum, for the FDA to adhere to this presentation in its explanatory notes accompanying the fiscal year 1998 budget and, hopefully, to provide greater detail on the amount of funding included in the budget request for its various offices, programs, and activities. Furthermore, the Committee believes that funding for building delegation, General Services Administration [GSA] rent and related services, and commercial lease and services payments should be removed from FDA's "salaries and expenses" account. The Committee directs the FDA to restructure its "Rental of space" account in the fiscal year 1998 budget to include not only rental payments to the GSA, but all expenses to lease, operate, and maintain space occupied by the FDA. Consolidation of these costs under one account will offer a better accounting of FDA's housing-related expenses.

The Committee directs the FDA to provide advance written notification to the House and Senate Committees on Appropriations when reprogramming \$500,000 or 10 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.

The Committee concurs with the House in reallocating \$775,000 from program management to device approvals. This reallocation is reflected in the Committee's recommendations.

In its report accompanying the fiscal year 1996 appropriations act, the Committee encouraged the agency to increase resources for product approval from lower priority areas in order to make substantial progress in achieving the following objectives: (1) elimination of the 510(k) backlog; (2) elimination of the PMA overdue backlog; (3) completion of final action on at least 95 percent of the 510(k) applications within 90 days; and (4) completion of at least 90 percent of first-cycle reviews for PMA's within 180 days. The Committee directed the Commissioner of FDA to make quarterly reports to the Committee detailing the specific measures being taken, the level of resources provided, and the progress FDA is making to achieve those objectives. The Committee has received only one report to date. The Committee directs the FDA to honor the Committee's request for these reports and to make these reports to the Committee through fiscal year 1997.

The Committee expects the FDA to meet statutory review times for the review and approval of various food, drug, and device applications and petitions. Rigorous review of such applications and petitions protects American consumers from products that are unsafe or ineffective, as well as information that is false or misleading. FDA compliance with the review times established by law is not intended to diminish public health protections, but rather to provide Americans with timely access to the most safe, effective and beneficial drugs, medical devices and foods. If any application or petition is not approvable, it should be denied by FDA, with the reasons for the denial specified. As in the past, the Committee encourages the FDA to reallocate its resources in accordance with the reprogramming requirements set forth in this report to address agency priorities, including compliance with statutory review periods and timely implementation of public health protection statutes.

Extensive testimony has been presented about how the delay in approval of new drugs and medical devices has hurt American public health because U.S. patients do not have access to the latest technologies. Also, slow approval times are driving research and manufacturing jobs in these industries overseas, where earlier approvals are routinely expected.

The effect of FDA delays is felt in the foods area as well. For example, under the law, the words used to claim that a food has a desirable amount of calcium must be approved by FDA, and FDA is required by the law to approve or deny such a petition within 90 days. Last year, it took FDA 19 months to approve the use of extra as a synonym for more. This is not a complex scientific issue.

The Committee believes FDA can do its job. There is no review more complex than that of new drug applications. Commendably, in the past year FDA has approved several of those within half the statutory review time.

The problem is this agency often disregards its statutory obligation to approve or deny various applications and petitions within specified timeframes. As a result, many applications disappear into FDA for years. The Committee intends to carefully monitor the agency's compliance during the coming year.

The Committee is strongly supportive of FDA's mission to protect health and is eager for that mission to be achieved without over regulation. The development of clear scientifically based regulations developed with the benefit of public comment is critical to the effectiveness of FDA. The Committee is concerned that the Food and Drug Administration has undertaken a number of rulemakings that appear to be central to its mission in protecting public health, but have not been advanced to a timely completion. The Committee expects FDA to perform its rulemaking responsibilities without inordinate delay. In particular:

- Over 6 years ago, FDA announced the need for regulations to protect the safety of the Nation's blood supply by, among other things, requiring blood establishments to quarantine blood received from HIV-infected donors. The Committee expects FDA to complete this rulemaking no later than in fiscal year 1997.
- Over 3 years ago, FDA announced the need for regulations on the use of medical foods, which have therapeutic benefit for se-

- riously ill and elderly Americans. The Committee expects FDA to complete this rulemaking no later than in fiscal year 1997.
- Over 5 years ago, FDA proposed regulations that would require prescription drug labeling to contain important safety information for older Americans. The Committee expects FDA to complete this rulemaking no later than in fiscal year 1997.
 - Over 5 years ago, the Safer Medical Devices Act of 1990 directed FDA by regulation to require FDA to establish procedures to require manufacturers, importers, and distributors report promptly to FDA any corrections or removals of devices, which may present a risk to health. The Committee expects FDA to complete this rulemaking no later than in fiscal year 1997.
 - Over 3½ years ago, Congress passed the Mammography Quality Standards Act of 1992, which FDA has partially implemented through interim regulations. The Committee expects FDA to complete rulemakings to fully implement the Mammography Quality Standards Act of 1992 no later than in fiscal year 1997.
 - Over 2 years ago, FDA proposed regulations to prevent the sale of counterfeit drugs. The Committee expects FDA to complete this rulemaking no later than in fiscal year 1997.
 - Over 2 years ago, FDA proposed regulations to help prevent the transmission of AIDS and hepatitis through the transplantation of human tissue. The Committee expects this rulemaking to be completed no later than in fiscal year 1997.
 - Over 2 years ago, FDA proposed regulations to disqualify clinical investigators who have engaged in fraudulent activities. The Committee expects FDA to complete this rulemaking no later than in fiscal year 1997.
 - Over 2½ years ago, Congress passed the Nutritional Labeling and Education Act Amendments of 1993 to lessen the cost of nutrition labeling regulations on small business. The Committee expects FDA to complete this rulemaking no later than in fiscal year 1997.

Assuring the safety of the Nation's blood supply and blood products is another essential FDA responsibility. The FDA Commissioner has indicated his commitment to work with the hemophilia community to assure that FDA is taking all measurable steps to prevent, as well as respond rapidly and effectively to, cases of viral or pathogenic contamination of blood products regulated by the agency. The Committee directs the FDA to aggressively move forward on this front, in consultation with the Centers for Disease Control and Prevention, the National Hemophilia Foundation, hemophilia treaters, and manufacturers of food products to: (1) develop a process for FDA to respond to cases of viral or pathogenic transmission in blood products identified through the CDC active surveillance process; (2) set clear directives on how FDA will initiate and execute a product withdrawal or recall in the event of viral or pathogenic transmission in a blood product, and (3) determine how best to disseminate as rapidly as possible information of any viral transmission in blood products and resulting withdrawals or recalls to patients and prescribing physicians. The Committee ex-

pects FDA to report to it on what steps have been taken to develop and implement this program by January 31, 1996.

The Committee regrets that another 5-year extension of the moratorium on the ban of saccharin is again necessary through the appropriations process. The current saccharin ban moratorium expires on May 1, 1997. The Committee has included a 1-year extension of this date, which effectively provides another 2 years for the authorizing committees to address this matter on a permanent basis.

The Committee has deleted language included by the House prohibiting the use of funds for FDA to implement any rule finalizing the August 25, 1995, proposed rule entitled "The Prescription Drug Product Labeling, Medication Guide Requirements" (commonly referred to as the Medguide rule) except for a very limited number of drugs and products that pose a serious and significant public health risk. Instead, the Committee has included a provision in the bill which is identical to that contained in Senate bill 1477, as reported on June 20, 1996, by the Senate Committee on Labor and Human Resources. This provision would prohibit the Secretary of Health and Human Services from finalizing FDA's proposed medication guide regulation or developing any type of standard format in the form of a policy statement or guidance document specifying a uniform content for written information provided to consumers about their prescription medications. It directs the Secretary, within 30 days after enactment of the act, to request a broad-based coalition of private sector organizations to develop an action plan consistent with the goals specified in the proposed Medguide rule, namely, the distribution of patient information to 75 percent of individuals receiving new prescriptions by the year 2000 and 95 percent by the year 2006. Such action plan must contain elements necessary to ensure the transmittal of useful information to the consuming public, including assurances that the information will be scientifically accurate and consistent with the product labeling approved by the Food and Drug Administration, nonpromotional in tone and content, sufficiently specific and comprehensive so as to adequately inform consumers about the use of the product, and in an understandable, legible format that is readily comprehensible and not confusing to consumers expected to use the product. If the private sector plan is not developed and implementation of such plan has not commenced within 120 days of enactment, the prohibition on the Secretary's authority to take further action relative to this issue is lifted. This provision provides the Secretary authority to review the status of private-sector initiatives designed to achieve the goals of the action plan not later than January 1, 2001, and determine the extent to which the goals, as prescribed above, are being achieved. If the Secretary determines that the goals are not being achieved, the provision directs the Secretary to seek public comment on what other initiatives may be taken to meet such goals.

This provision is not to be construed as prohibiting the FDA from using its existing authority or regulatory authority to require as part of the manufacturer's approved product labeling the dispensing of written information inserts to consumers on a case-by-case basis with select prescription drugs to meet certain patient safety

requirements. It is also not to be construed to prohibit the FDA from conducting a voluntary, informational, nonregulatory workshop in conjunction with the review of private sector initiatives authorized under the provision.

The Committee shares the views expressed by the Senate Labor and Human Resources Committee that while it is essential for consumers to receive useful oral and written information about prescription medications, FDA's proposed regulation to centralize and mandate rigid standards for the content and format of such information fails to recognize the success of the private sector in this area. The proposed rule also has the potential to shift attention from essential health professional-patient communication to written information, add liability and costs on health care providers and the pharmaceutical industry, and to divert FDA resources away from more critical agency functions.

Further, the Committee has included a provision making technical amendments to the FDA Export Reform and Enhancement Act of 1996, legislation which was enacted as part of the Omnibus Consolidated Rescissions and Appropriations Act of 1996. Consistent with the intent of that act, these amendments provide further clarification in three areas about which there has been significant confusion. In general, drug and medical device products may be exported under two sections of the Federal Food, Drug, and Cosmetic Act [FFDCA]. Products which have been approved in the United States but which are being marketed abroad under differing conditions (for example, a different dosage) may be marketed under section 801. Products which have not been approved in the United States may be exported under certain conditions set forth in section 802 as further clarified by these amendments.

The first amendment is made to a section of the law which allows import of component parts or accessories intended to be incorporated into products which will then be exported. The amendment clarifies that products may be imported for further processing, such as sterilization, and then exported.

Another amendment makes clear that FDA-approved insulin and antibiotic drugs, and animal drugs may be exported for uses other than those approved in the United States pursuant to the four standards set forth in section 801(e)(1) of the FFDCA and do not have to meet the labeling requirements of 801(f). It also clarifies that the labeling of products which are not approved and are exported under section 802 of the FFDCA must reflect the labeling required only by the approving and importing countries.

The final change governs the labeling required for products exported subject to section 802 of FFDCA. As clarified by the amendment, the labeling as required by the approving and importing country must be displayed on the product consistent with section 201(m) of the FFDCA. Prior law governed label requirements. A persuasive argument has been made that in many cases a label would be too limited in size to accommodate the required text.

BUILDINGS AND FACILITIES

Appropriations, 1996	\$12,150,000
Budget estimate, 1997	8,350,000
House allowance	21,350,000
Committee recommendation	21,350,000

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 \$21,350,000. This amount is \$9,200,000 more than the 1996 appropriation, \$13,000,000 more than the budget request, and the same as the House level.

The Committee concurs in the House recommendation to provide an additional \$13,000,000 above the request to continue modernization of the National Center for Toxicological Research. Modernization of this laboratory is part of the FDA laboratory consolidation plan. Although the Committee is aware that FDA has adopted this plan, the administration has not yet requested the funds to proceed with its implementation. Furthermore, the General Accounting Office has raised concerns about the accuracy of the magnitude of benefits which FDA claims will be achieved by its laboratory consolidation. The Committee understands FDA is committed to reevaluating its plan on an ongoing basis to ensure the strategy continues to support the agency's public health mission in a cost-effective manner, and to provide flexibility throughout its implementation to ensure that both cost avoidance and operational efficiency are maintained and maximized.

RENTAL PAYMENTS, FDA

Appropriations, 1996	\$46,294,000
Budget estimate, 1997	46,294,000
House allowance	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, the House amount, and the 1996 level.

DEPARTMENT OF THE TREASURY

PAYMENTS TO THE FARM CREDIT SYSTEM FINANCIAL ASSISTANCE
CORPORATION

Appropriations, 1996	\$15,453,000
Budget estimate, 1997	10,290,000
House allowance	10,290,000
Committee recommendation	10,290,000

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. These payments reimburse the Corporation for interest expenses on U.S. guaranteed debt issued by the Corporation. Assistance Corporation debt proceeds were used to provide assistance to financially troubled system institutions. Beginning in fiscal 1989, Treasury will annually reimburse 100 percent of the Assistance Corporation interest expense incurred between the date of issuance of each obligation and the first 5-year period of such obligation. During each year of the second 5-year period beginning from the date of the issuance of each obligation, Treasury will reimburse an amount not to exceed 50 percent of the Assistance Corporation's interest expense, with system banks paying the balance. Thereafter all Assistance Corporation interest expense will be paid by system banks.

COMMITTEE RECOMMENDATIONS

For interest expenses incurred by the Farm Credit System Financial Assistance Corporation as authorized by the Farm Credit Assistance Board, the Committee recommends \$10,290,000. This is \$5,163,000 less than the 1996 level, and the same as the budget estimate and the House recommendation.

INDEPENDENT AGENCIES

COMMODITY FUTURES TRADING COMMISSION

Appropriations, 1996	\$53,601,000
Budget estimate, 1997	56,601,000
House allowance	55,101,000
Committee recommendation	56,601,000

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 manipu-

lation, 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 \$56,601,000. The amount provided is \$3,000,000 more than the 1996 appropriation, the same as the budget request, and \$1,500,000 more than the House level.

The Committee has recommended the full budget request to enable the Commission to continue to strengthen its enforcement and market surveillance programs. 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 REVOLVING FUND FOR ADMINISTRATIVE EXPENSES

Limitations, 1996	
Budget estimate, 1997	\$37,478,000
House allowance	37,478,000
Committee recommendation	

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 no limitation on administrative expenses of the Farm Credit Administration. The budget request and the House recommendation provide for a limitation of \$37,478,000. The fiscal year 1996 appropriations act did not include a limitation of FCA's administrative expenses.

TITLE VII—GENERAL PROVISIONS

Sections 701–704 and 706–717 of the general provisions contained in the accompanying bill are essentially the same as those included in last year’s appropriations act and continued in the House-passed bill.

The Committee retains the following House bill provisions:

Section 719 which prohibits the use of funds provided by the act to provide food stamp benefits to households whose benefits are calculated using a standard deduction greater than the standard deduction in effect for fiscal year 1995.

Section 720 which prohibits the use of funds provided by the act to carry out a market promotion/market access program that provides assistance to the U.S. Mink Export Development Council or any mink industry trade association.

Section 721 which prohibits the use of funds provided by the act from being used to enroll in excess of 130,000 acres in the fiscal year 1997 Wetlands Reserve Program.

Section 723 which prohibits the use of funds provided by the act from being used to carry out an export enhancement program in excess of \$100,000,000 in fiscal year 1997.

Section 728 which prohibits the use of funds provided by the act to extend any existing or expiring contract in the Conservation Reserve Program.

Section 730 which prohibits the use of funds provided by the act from being used to carry out section 918 of Public Law 104–127.

The Committee amends section 705 to exclude the Food Safety and Inspection Service field automation and information management project from the list of activities for which funds are made available until expended. The Committee does not recommend funding for this project.

The Committee amends section 718 which provides that not more than 5 percent of class A stock of the Rural Telephone Bank may be retired in fiscal year 1997 to also prohibit the use of funds to transfer to the Treasury or to the Federal Financing Bank any unobligated balance of the Rural Telephone Bank liquidating account in excess of current requirements and to require that such balance receive interest.

The Committee amends section 722 which places a \$1,000,000 limitation on necessary expenses of activities related to all advisory committees, panels, commissions, and task forces of the Department of Agriculture except for panels used to comply with negotiated rulemakings to also exclude panels used to evaluate competitively awarded grants.

The Committee amends section 727 to prohibit the use of funds provided by the act to pay the salaries and expenses of employees of the Department of Agriculture who make payments pursuant to a production flexibility contract under section 111 of Public Law

104–127 if the land covered by that contract is not being used for an agricultural or related activity, including conserving use, as determined by the Secretary.

The provision recommended by the Committee clarifies that in exchange for annual contract payments under the production flexibility contracts authorized by the Federal Agriculture Improvement and Reform Act of 1996 [FAIR Act], the owner or producer must use the land for an agricultural or related activity but not for a nonagricultural or industrial use, as determined by the Secretary. The Committee intends that owners and producers be provided broad flexibility in the use of land for agricultural and conserving purposes, but the Committee wishes to emphasize the importance of section 111(a) of the FAIR Act which provides that land in commercial nonagricultural or industrial uses is not eligible for a contract payment. This provision should not be interpreted in a way which results in the imposition of any new planting requirement or additional reporting or certification procedure for owners, producers or the Secretary.

The Committee makes permanent law section 732 which allows the Department of Agriculture to use appropriated funds for incidental expenses of volunteers engaged in work of the Department and for promotional items of nominal value relating to the U.S. Department of Agriculture Volunteer Program.

The Committee strikes the following House bill provisions:

Section 724 which prohibits the use of funds provided by the act from being used to pay the salaries and expenses of personnel who carry out a farmland protection program, authorized by section 388 of Public Law 104–127, in excess of \$2,000,000.

Section 725 which prohibits the use of funds provided by the act from being used to pay the salaries and expenses of personnel who carry out the wildlife habitat incentives program authorized by section 387 of Public Law 104–127.

Section 726 which prohibits the use of funds provided by the act from being used to pay the salaries and expenses of personnel who carry out a conservation farm option program, authorized by section 335 of Public Law 104–127, in excess of \$2,000,000.

Section 729 which prohibits the use of funds provided by the act to maintain the price of raw cane sugar at more than 117½ percent of the statutory loan rate under section 158 of Public Law 104–127.

Section 731 which extends the patent on a nonsteroidal antiinflammatory drug approved by the Food and Drug Administration on January 31, 1991, for a 2-year period beginning on February 28, 1997.

Section 733 which provides that it is the sense of Congress that the Secretary of Agriculture should release a detailed plan for compensating wheat farmers and handlers adversely affected by the karnal bunt quarantine in Riverside and Imperial Counties of California.

The Committee recommends the following new provisions:

Section 734 which allows not to exceed 10 percent of amounts appropriated by the act for the Rural Housing Assistance Program, the Rural Business-Cooperative Assistance Program, and the Rural Utilities Assistance Program to be transferred between these programs.

Section 735 which prohibits the use of funds provided by the act to the Department of Agriculture from being used to detail or assign an individual from an agency or office to another agency or office for a period in excess of 60 days, unless the Secretary provides notification to the House and Senate Committees on Appropriations that an employee detail or assignment of greater length is required.

Section 736 which amends section 747(e) of the Federal Agriculture Improvement and Reform Act of 1996 to make it effective October 1, 1996, to allow the expenditure of funds appropriated for rural technology and cooperative development grants under the authorization in effect prior to enactment of the FAIR Act.

Section 737 which implements a compromise related to the issue of defining when the term “fresh” can be used in labeling raw poultry. The fiscal year 1996 appropriations act (Public Law 104-37) included a limitation prohibiting the use of funds to implement or enforce the Federal regulation setting poultry labeling standards, as published on August 25, 1995, and to prohibit that rule from taking effect. Since enactment of the 1996 act, extensive discussions have been held to reach agreement on standards which meet the needs of consumers, producers, and retailers. The Committee believes that a reasonable compromise has now been reached and has included a new general provision in this bill to implement the agreement.

The compromise is based on a requirement that the Department of Agriculture issue a revised final regulation using the following principles:

- The term “fresh” will only be used for poultry products which have not been cooled below 26 degrees Fahrenheit.
- When enforcing the new standard for use of the term “fresh”, the Food Safety and Inspection Service will permit temperature tolerances of 1 degree for products within a processing establishment and 2 degrees for products in commerce.
- The term “frozen” will continue to be required for any product which has been cooled to 0 degrees Fahrenheit or below.
- Products which have been cooled to temperatures below 26 degrees but above 0 degrees Fahrenheit may not be labeled as fresh but will not be required to bear any specific alternative labeling.

The compromise also incorporates exceptions to the rule for certain products and mandates that the Food Safety and Inspection Service [FSIS] develop a compliance directive which incorporates the terms of the compromise in its enforcement procedures. The Committee directs that in implementing and enforcing the new regulation regarding use of the term “fresh”, that FSIS require official poultry establishments to develop partial quality control [PQC] programs for such purpose. Further, the Committee directs that sampling of lots be on a random basis and be consistent with guidelines of existing Food Safety and Inspection Service programs. The term “lot” should be defined as follows: a lot in a processing facility shall be defined by the facility management; a lot in distribution and in retail establishments shall be defined as like products with the same date code; and a lot in commerce shall be defined as a trailer load of product.

Finally, the compromise included by the Committee contains specific language prohibiting the original rule as issued on August 25, 1995, from taking effect during fiscal year 1997 and prohibits the agency from implementing or enforcing this original rule.

Section 738 amends the Food Stamp Act to exclude food stamp benefits delivered through any electronic benefits transfer [EBT] system from coverage under the Federal Reserve Board's regulation E, which implements consumer liability and protection provisions of the Electronic Funds Transfer Act. It also provides that regulations regarding replacement of benefits and liability for replacements under an EBT system must be similar to those in effect for a paper-based food stamp issuance system.

Many States would like to implement EBT systems for the delivery of food stamp benefits in order to reduce the administrative expense and potential for fraud associated with the use of paper coupons. However, the Federal Reserve Board's decision to apply regulation E to EBT creates a huge potential liability for States desiring to implement EBT systems and deters them from adopting this new technology. This provision would amend the Food Stamp Act to remedy this problem.

PROGRAM, PROJECT, AND ACTIVITY

During fiscal year 1996, 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, 1996, 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 1996 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 1996 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 following amendment recommended by the Committee proposes an item of appropriation which lacks authorization for fiscal year 1997:

—\$140,000,000 for the nutrition program for the elderly included in the \$141,200,000 appropriation recommended for food donations programs for selected groups.

COMPLIANCE WITH PARAGRAPH 7(C), RULE XXVI OF THE
STANDING RULES OF THE SENATE

Pursuant to paragraph 7(c) of rule XXVI, the accompanying bill was ordered reported from the Committee, subject to amendment and subject to the subcommittee allocation, by recorded vote of 28–0, a quorum being present.

Yeas

Nays

Chairman Hatfield

Mr. Stevens

Mr. Cochran

Mr. Specter

Mr. Domenici

Mr. Bond

Mr. Gorton

Mr. McConnell

Mr. Mack

Mr. Burns

Mr. Shelby

Mr. Jeffords

Mr. Gregg

Mr. Bennett

Mr. Campbell

Mr. Byrd

Mr. Inouye

Mr. Hollings

Mr. Johnston

Mr. Leahy

Mr. Bumpers

Mr. Lautenberg

Mr. Harkin

Ms. Mikulski

Mr. Reid

Mr. Kerrey

Mr. Kohl

Mrs. Murray

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.

Section 603 of the general provisions relating to the Food and Drug Administration amends the Federal Food, Drug, and Cosmetic Act (21 U.S.C. et seq.) as follows:

Sec. 2102. Export of Drugs and Devices.

(a) IMPORTS FOR EXPORT.—Section 801(21 U.S.C. 381) is amended—

(1) in subsection (d), by adding at the end of thereof the following:

“(3) No component of a drug, no component part or **[accessory of a device which is ready]** *accessory of a device, or other article of device requiring further processing which is ready* or suitable for use for health-related purposes, and no food additive, color additive, or dietary supplement, including a product in bulk form, shall be excluded from importation into the United States under subsection (a) if:

“(A) the importer of such article of a drug or device or importer of the food additive, color additive, or dietary supplement submits a statement to the Secretary, at the time of initial importation, that such an article of a drug or device, food additive, color additive, or dietary supplement **[is intended to be]** *is intended to be further processed by the initial owner or consignee, or* incorporated by the initial owner or consignee into a drug, biological product, device, food, food additive, color additive, or dietary supplement that will be exported by such owner or consignee from the United States in accordance with section 801(e) or 802 or section 351(h) of the Public Health Service Act.

“(B) the initial owner or consignee responsible for such imported article maintains records that identify the use of such imported article and upon request of the Secretary submits a report that provides an accounting of the exploration or the disposition of the imported article, including portions that have been destroyed, and the manner in which such person complied with the requirements of this paragraph; and

“(C) Any imported component, **[part,]** *part, article* or accessory of a drug or device and any food additive, color additive or dietary supplement not **[incorporated]** *incorporated or further* processed as described in subparagraph (A) is destroyed or exported by the owner or consignee.”

* * * * *

(c) LABELING OF EXPORTED DRUGS.—Section 801 (21 U.S.C. 381) is amended by adding at the end the following:

“(f)(1) **[If a drug]** *If a drug (other than insulin, an antibiotic drug, an animal drug, or a drug exported under section 802) being exported in accordance with subsection (e) is being exported to a country that has different or additional labeling requirements or conditions for use and such country requires the drug to be labeled in accordance with those requirements or uses, such drug may be labeled in accordance with such requirements and conditions for use in the country to which such drug is being exported if it is also labeled in accordance with the requirements of this Act.*

“(2) If, pursuant to paragraph (1), the labeling of an exported drug includes conditions for use that have not been approved under this Act, the labeling must state that such conditions for use have not been approved under this Act. *A drug exported under section 802 is exempt from this subsection.*”.

Section 603 of the general provisions relating to the Food and Drug Administration amends section 802(f)(5) of the Federal Food, Drug, and Cosmetic Act as follows:

“(5) **[if the drug or device is not labeled]** *if the labeling of the drug or device is not—*

“(A) in accordance with the requirements and conditions for use in—

“(i) the country in which the drug or device received valid marketing authorization under subsection (b); and

“(ii) the country to which the drug or device would be exported; and

“(B) in the language and units of measurement of the country to which the drug or device would be exported or in the language designated by such country; or

Section 736 of the bill amends section 747(e) of the Federal Agriculture Improvement and Reform Act of 1996 (Public Law 104–127) as follows:

“(e) RURAL COOPERATIVE DEVELOPMENT GRANTS.—

“(1) DEFINITIONS.—In this subsection:

“(A) NONPROFIT INSTITUTION.—The term ‘non-profit institution’ means any organization or institution, including an accredited institution of higher education, no part of the net earnings of which inures, or may lawfully inure, to the benefit of any private shareholder or individual.

“(B) UNITED STATES.—The term ‘United States’ means the several States, the District of Columbia, the Commonwealth of Puerto Rico, the Virgin Islands, Guam, American Samoa, and the other territories and possessions of the United States.

“(2) GRANTS.—The Secretary shall make grants *effective October 1, 1996*, under this subsection to non-profit institutions for the purpose of enabling the institutions to establish and operate centers for rural cooperative development.

Section 738 of the bill amends section 7 of the Food Stamp Act of 1977 (7 U.S.C. 2016) by adding at the end the following:

“(j) *ELECTRONIC BENEFIT TRANSFERS.*—

“(1) *DEFINITION OF ELECTRONIC BENEFIT TRANSFER SYSTEM.*—*In this subsection, the term ‘electronic benefit transfer system’ means a system under which a governmental entity distributes benefits pursuant to this Act by establishing an account that may be accessed electronically by a recipient of the benefits or payments.*

“(2) *APPLICABLE LAW.*—*Disclosures, protections, responsibilities, and remedies established by the Federal Reserve Board under section 904 of the Electronic Fund Transfer Act (15 U.S.C. 1692b) shall not apply to benefits under this Act delivered through any electronic benefit transfer system.*

“(3) *REPLACEMENT OF BENEFITS.*—*Regulations issued by the Secretary regarding the replacement of benefits and liability for replacement of benefits under an electronic benefit transfer system shall be similar to the regulations in effect for a paper-based food stamp issuance system.*”

COMPARATIVE STATEMENT OF NEW BUDGET (OBLIGATIONAL) AUTHORITY FOR FISCAL YEAR 1996 AND BUDGET ESTIMATES AND AMOUNTS RECOMMENDED IN THE BILL
FOR FISCAL YEAR 1997

Item	1996 appropriation	Budget estimate	House allowance	Committee recommendation	Senate Committee recommendation compared with (+ or -)		
					1996 appropriation	Budget estimate	House allowance
TITLE I—AGRICULTURAL PROGRAMS							
Production, Processing, and Marketing							
Office of the Secretary	\$10,227,000	\$10,336,000	\$2,836,000	\$2,836,000	—\$7,391,000	—\$7,500,000	.....
Executive Operations:							
Chief Economist	3,948,000	4,292,000	4,231,000	4,231,000	+283,000	—61,000	.....
National Appeals Division	11,846,000	13,363,000	11,718,000	11,718,000	—128,000	—1,645,000	.....
Office of Budget and Program Analysis	5,899,000	5,986,000	5,986,000	5,986,000	+87,000	.....	.....
Office of Small and Disadvantaged Business Utilization .....	.....	804,000	.....	.....	.....	—804,000	.....
Total, Executive Operations	21,693,000	24,445,000	21,935,000	21,935,000	+242,000	—2,510,000	.....
Chief Financial Officer	4,133,000	4,437,000	4,283,000	4,283,000	+150,000	—154,000	.....
Office of the Assistant Secretary for Administration	596,000	613,000	613,000	613,000	+17,000	.....	.....
Agriculture buildings and facilities (USDA)	135,774,000	149,635,000	125,548,000	146,135,000	+10,361,000	—3,500,000	+ \$20,587,000
Payments to GSA	(89,971,000)	(103,754,000)	(103,754,000)	(103,754,000)	(+13,783,000)	.....	.....
Building operations and maintenance	(20,216,000)	(20,294,000)	(16,794,000)	(16,794,000)	(—3,422,000)	(—3,500,000)	.....
Repairs, renovations, and construction	(25,587,000)	(25,587,000)	(5,000,000)	(25,587,000)	.....	.....	(+20,587,000)
Advisory committees (USDA)	650,000	856,000	.....	.....	—650,000	—856,000	.....
Hazardous waste management	15,700,000	15,700,000	15,700,000	15,700,000	.....	.....	.....
Departmental administration	27,986,000	29,137,000	28,304,000	30,529,000	+2,543,000	+1,392,000	+2,225,000
Office of the Assistant Secretary for Congressional Relations	3,797,000	3,842,000	3,728,000	3,668,000	—129,000	—174,000	—60,000
Office of Communications	8,198,000	8,317,000	8,138,000	8,138,000	—60,000	—179,000	.....
Office of the Inspector General	63,639,000	64,523,000	63,028,000	63,028,000	—611,000	—1,495,000	.....
Office of the General Counsel	27,860,000	29,249,000	27,749,000	27,749,000	—111,000	—1,500,000	.....
Office of the Under Secretary for Research, Education and Economics	520,000	540,000	540,000	540,000	+20,000	.....	.....
Economic Research Service	53,131,000	54,947,000	54,176,000	53,109,000	—22,000	—1,838,000	—1,067,000
National Agricultural Statistics Service	81,107,000	102,624,000	100,221,000	98,121,000	+17,014,000	—4,503,000	—2,100,000
Agricultural Research Service	710,000,000	728,853,000	702,831,000	721,758,000	+11,758,000	—7,095,000	+18,927,000

Buildings and facilities	30,200,000	80,100,000	59,600,000	59,200,000	+ 29,000,000	- 20,900,000	- 400,000
Total, Agricultural Research Service	740,200,000	808,953,000	762,431,000	780,958,000	+ 40,758,000	- 27,995,000	+ 18,527,000
Cooperative State Research, Education, and Extension Service:							
Research and education activities	421,929,000	418,572,000	411,849,000	418,358,000	- 3,571,000	- 214,000	+ 6,509,000
Native Americans Institutions Endowment Fund	(4,600,000)	(4,600,000)	(4,600,000)	(4,600,000)	.....	.....	.....
Buildings and facilities	57,838,000	.....	30,449,000	55,668,000	- 2,170,000	+ 55,668,000	+ 25,219,000
Extension Activities	427,750,000	423,488,000	409,670,000	431,072,000	+ 3,322,000	+ 7,584,000	+ 21,402,000
Total, Cooperative State Research, Education, and Extension Service	907,517,000	842,060,000	851,968,000	905,098,000	- 2,419,000	+ 63,038,000	+ 53,130,000
Office of the Assistant Secretary for Marketing and Regulatory Programs	605,000	618,000	618,000	618,000	+ 13,000	.....	.....
Animal and Plant Health Inspection Service:							
Salaries and expenses	431,921,000	439,033,000	435,428,000	432,103,000	+ 182,000	- 6,930,000	- 3,325,000
ADI user fees 1	(100,254,000)	(100,000,000)	(98,000,000)	(98,000,000)	(- 2,254,000)	(- 2,000,000)	.....
Buildings and facilities	8,757,000	3,200,000	3,200,000	3,200,000	- 5,557,000	.....	.....
Total, Animal and Plant Health Inspection Service	440,678,000	442,233,000	438,628,000	435,303,000	- 5,375,000	- 6,930,000	- 3,325,000
Agricultural Marketing Service:							
Marketing Services	46,517,000	48,311,000	37,592,000	47,829,000	+ 1,312,000	- 482,000	+ 10,237,000
New user fees	(3,887,000)	.....	(3,887,000)	(3,887,000)	.....	(+ 3,887,000)	.....
(Limitation on administrative expenses, from fees collected)	(58,461,000)	(59,012,000)	(59,012,000)	(59,012,000)	(+ 551,000)	.....	.....
Funds for strengthening markets, income, and supply (transfer from section 32)	10,451,000	10,576,000	10,576,000	10,576,000	+ 125,000	.....	.....
Payments to states and possessions	1,200,000	1,200,000	1,200,000	1,200,000	.....	.....	.....
Total, Agricultural Marketing Service	58,168,000	60,087,000	49,368,000	59,605,000	+ 1,437,000	- 482,000	+ 10,237,000
Grain Inspection, Packers and Stockyards Administration	23,058,000	24,595,000	22,728,000	22,728,000	- 330,000	- 1,867,000	.....
Inspection and Weighing Services (limitation on administrative expenses, from fees collected)	(42,784,000)	(43,207,000)	(43,207,000)	(43,207,000)	(+ 423,000)	.....	.....
Office of the Under Secretary for Food Safety	440,000	576,000	446,000	446,000	+ 6,000	- 130,000	.....
Food Safety and Inspection Service	544,906,000	574,000,000	574,000,000	557,597,000	+ 12,791,000	- 16,303,000	- 16,303,000

COMPARATIVE STATEMENT OF NEW BUDGET (OBLIGATIONAL) AUTHORITY FOR FISCAL YEAR 1996 AND BUDGET ESTIMATES AND AMOUNTS RECOMMENDED IN THE BILL
FOR FISCAL YEAR 1997—Continued

Item	1996 appropriation	Budget estimate	House allowance	Committee recommendation	Senate Committee recommendation compared with (+ or -)		
					1996 appropriation	Budget estimate	House allowance
Lab accreditation fees ²	(1,000,000)	(1,000,000)	(1,000,000)	(1,000,000)	.....	.....	.....
Total, Production, Processing, and Marketing	3,170,583,000	3,252,323,000	3,156,986,000	3,238,837,000	+ 68,254,000	- 13,486,000	+ 81,851,000
Farm Assistance Programs							
Office of the Under Secretary for Farm and Foreign Ag- ricultural Services	549,000	572,000	572,000	572,000	+ 23,000	.....	.....
Salaries and expenses	795,000,000	820,495,000	746,440,000	795,000,000	.....	- 25,495,000	+ 48,560,000
(Transfer from export loans)	(589,000)	(623,000)	(589,000)	(589,000)	.....	(- 34,000)	.....
(Transfer from Public Law 480)	(745,000)	(783,000)	(745,000)	(783,000)	(+ 38,000)	.....	(+ 38,000)
(Transfer from ACIF)	(208,446,000)	(209,485,000)	(208,446,000)	(208,446,000)	.....	(- 1,039,000)	.....
Total, salaries and expenses	(1,004,780,000)	(1,031,386,000)	(956,220,000)	(1,004,818,000)	(+ 38,000)	(- 26,568,000)	(+ 48,598,000)
State mediation grants	2,000,000	3,000,000	.....	2,000,000	.....	- 1,000,000	+ 2,000,000
Dairy indemnity program	100,000	100,000	100,000	100,000	.....	.....	.....
Outreach for socially disadvantaged farmers and ranchers	1,000,000	3,000,000	1,000,000	1,000,000	.....	- 2,000,000	.....
Total, Farm Service Agency	798,100,000	826,595,000	747,540,000	798,100,000	.....	- 28,495,000	+ 50,560,000
Agricultural Credit Insurance Fund Program Account:							
Loan authorizations:							
Farm ownership loans:							
Direct	(60,000,000)	(50,000,000)	(50,000,000)	(50,000,000)	(- 10,000,000)	.....	.....
Guaranteed	(550,000,000)	(650,000,000)	(550,000,000)	(550,000,000)	.....	(- 100,000,000)	.....
Subtotal	(610,000,000)	(700,000,000)	(600,000,000)	(600,000,000)	(- 10,000,000)	(- 100,000,000)	.....
Operating loans:							
Direct	(550,000,000)	(445,071,000)	(445,071,000)	(445,071,000)	(- 104,929,000)	.....	.....
Guaranteed unsubsidized	(1,700,000,000)	(1,750,000,000)	(1,700,000,000)	(1,700,000,000)	.....	(- 50,000,000)	.....

Guaranteed subsidized	(200,000,000)	(250,000,000)	(200,000,000)	(200,000,000)	(- 50,000,000)	.....
Subtotal	(2,450,000,000)	(2,445,071,000)	(2,345,071,000)	(- 104,929,000)	(- 100,000,000)	.....
Indian tribe land acquisition loans	(750,000)	(1,000,000)	(1,000,000)	(+ 250,000)	.....	.....
Emergency disaster loans	(100,000,000)	.....	(25,000,000)	(- 25,000,000)	(+ 75,000,000)	(+ 50,000,000)
Boil Weevil Loans .....	.....	.....	(15,384,000)	(+ 15,384,000)	(+ 15,384,000)	(+ 15,384,000)
Credit sales of acquired property .....	.....	(50,000,000)	(25,000,000)	(+ 25,000,000)	(- 25,000,000)	.....
Total, Loan authorizations	(3,160,750,000)	(3,196,071,000)	(2,996,071,000)	(- 99,295,000)	(- 134,616,000)	(+ 65,384,000)
Loan subsidies:						
Farm ownership:						
Direct	14,034,000	5,920,000	5,920,000	- 8,114,000	.....	.....
Guaranteed	20,019,000	26,065,000	22,055,000	+ 2,036,000	- 4,010,000	.....
Subtotal	34,053,000	31,985,000	27,975,000	- 6,078,000	- 4,010,000	.....
Farm operating:						
Direct	75,185,000	59,150,000	59,150,000	- 16,035,000	.....	.....
Guaranteed unsubsidized	18,360,000	19,775,000	19,210,000	+ 850,000	- 565,000	.....
Guaranteed subsidized	17,960,000	23,100,000	18,480,000	+ 520,000	- 4,620,000	.....
Subtotal	111,505,000	102,025,000	96,840,000	- 14,665,000	- 5,185,000	.....
Indian tribe land acquisition	206,000	54,000	54,000	- 152,000	.....	.....
Emergency disaster	32,080,000	.....	6,365,000	- 12,985,000	+ 19,095,000	+ 12,730,000
Boil Weevil loans subsidy .....	.....	.....	2,000,000	+ 2,000,000	+ 2,000,000	+ 2,000,000
Credit sales of acquired property .....	.....	5,060,000	2,530,000	+ 2,530,000	- 2,530,000	.....
Total, Loan subsidies	177,844,000	139,124,000	133,764,000	- 29,350,000	+ 9,370,000	+ 14,730,000
ACIF expenses:						
Salaries and expenses	208,935,000	209,485,000	208,446,000	- 489,000	- 1,039,000	.....
Administrative expenses	12,606,000	12,606,000	12,600,000	- 6,000	- 6,000	.....
Total, ACIF expenses	221,541,000	222,091,000	221,046,000	- 495,000	- 1,045,000	.....
Total, Agricultural Credit Insurance Fund	399,385,000	361,215,000	354,810,000	- 29,845,000	+ 8,325,000	+ 14,730,000
(Loan authorization)	(3,160,750,000)	(3,196,071,000)	(2,996,071,000)	(- 99,295,000)	(- 134,616,000)	(+ 65,384,000)
Office of Risk Management .....	.....	.....	62,198,000	.....	.....	- 62,198,000

COMPARATIVE STATEMENT OF NEW BUDGET (OBLIGATIONAL) AUTHORITY FOR FISCAL YEAR 1996 AND BUDGET ESTIMATES AND AMOUNTS RECOMMENDED IN THE BILL
FOR FISCAL YEAR 1997—Continued

Item	1996 appropriation	Budget estimate	House allowance	Committee recommendation	Senate Committee recommendation compared with (+ or -)		
					1996 appropriation	Budget estimate	House allowance
Total, Farm Assistance Programs	1,198,034,000	1,188,382,000	1,165,120,000	1,168,212,000	-29,822,000	-20,170,000	+3,092,000
Corporations							
Federal Crop Insurance Corporation:							
Federal crop insurance corporation fund	1,263,708,000	1,591,000,000	1,591,000,000	1,591,000,000	+327,292,000	.....	.....
Commodity Credit Corporation Fund:							
Reimbursement for net realized losses	10,400,000,000	1,500,000,000	1,500,000,000	1,500,000,000	-8,900,000,000	.....	.....
Hazardous waste (limitation on administrative ex- penses)	(5,000,000)	(15,750,000)	(5,000,000)	(5,000,000)	.....	(-10,750,000)	.....
Total, Corporations	11,663,708,000	3,091,000,000	3,091,000,000	3,091,000,000	-8,572,708,000	.....	.....
Total, title I, Agricultural Programs	16,032,325,000	7,531,705,000	7,413,106,000	7,498,049,000	-8,534,276,000	-33,656,000	+84,943,000
(By transfer)	(209,780,000)	(210,891,000)	(209,780,000)	(209,818,000)	(+38,000)	(-1,073,000)	(+38,000)
(Loan authorization)	(3,160,750,000)	(3,196,071,000)	(2,996,071,000)	(3,061,455,000)	(-99,295,000)	(-134,616,000)	(+65,384,000)
(Limitation on administrative expen- ses)	(106,245,000)	(117,969,000)	(107,219,000)	(107,219,000)	(+974,000)	(-10,750,000)	.....
TITLE II—CONSERVATION PROGRAMS							
Office of the Under Secretary for Natural Resources and Environment	677,000	693,000	693,000	693,000	+16,000	.....	.....
Natural Resources Conservation Service:							
Conservation operations	629,986,000	662,910,000	619,392,000	638,954,000	+8,968,000	-23,956,000	+19,562,000
Watershed surveys and planning	14,000,000	19,188,000	10,762,000	14,000,000	.....	-5,188,000	+3,238,000
Watershed and flood prevention operations	100,000,000	116,036,000	101,036,000	101,036,000	+1,036,000	-15,000,000	.....
Emergency appropriations (Public Law 104- 134)	80,514,000	.....	.....	.....	-80,514,000	.....	.....
Resource conservation and development	29,000,000	29,377,000	29,377,000	29,377,000	+377,000	.....	.....
Forestry incentives program	6,325,000	6,325,000	6,325,000	6,325,000	.....	.....	.....
Colorado River Basin salinity control program	2,681,000	.....	.....	.....	-2,681,000	.....	.....
Wetlands reserve program	77,000,000	188,000,000	.....	.....	-77,000,000	-188,000,000	.....

National Natural Resources Conservation Service Foundation		500,000					-500,000	
Total, National Resources Conservation Service	939,506,000	1,022,336,000	766,892,000	789,692,000		-149,814,000	-232,644,000	+22,800,000
Farm Service Agency:								
Agricultural conservation program	75,000,000	(15,000,000)				-75,000,000		
Water quality incentives program	(11,000,000)					(-11,000,000)	(-15,000,000)	
Conservation reserve program	1,781,785,000	1,924,850,000				-1,781,785,000	-1,924,850,000	
Emergency appropriations (Public Law 104-134) ..	30,000,000					-30,000,000		
Total, Farm Service Agency	1,886,785,000	1,924,850,000				-1,886,785,000	-1,924,850,000	
Total, title II, Conservation Programs	2,826,968,000	2,947,879,000	767,585,000	790,385,000		-2,036,583,000	-2,157,494,000	+22,800,000
TITLE III—RURAL ECONOMIC AND COMMUNITY DEVELOPMENT PROGRAMS								
Office of the Under Secretary for Rural Development	568,000	588,000	588,000	588,000		+20,000		
Rural Housing Service:								
Loan authorizations:								
Low-income housing (sec. 502)	(1,000,000,000)	(1,320,000,000)	(1,000,000,000)	(1,000,000,000)			(-320,000,000)	
Unsubsidized guaranteed	(1,700,000,000)	(2,300,000,000)	(2,300,000,000)	(2,300,000,000)		(+600,000,000)		
Housing repair (sec. 504)	(35,000,000)	(35,000,000)	(35,000,000)	(35,000,000)				
Farm labor (sec. 514)	(15,000,000)	(16,482,000)	(15,000,000)	(15,000,000)			(-1,482,000)	
Rental housing (sec. 515)	(150,000,000)	(58,654,000)	(58,654,000)	(58,654,000)		(-91,346,000)		
Site loans (sec. 524)	(600,000)	(600,000)	(600,000)	(600,000)				
Self-help housing land development fund	(603,000)	(600,000)	(600,000)	(600,000)		(-3,000)		
Credit sales of acquired property		(75,000,000)	(50,000,000)	(50,000,000)		(+50,000,000)	(-25,000,000)	
Emergency appropriations (Public Law 104-134)	(38,960,000)					(-38,960,000)		
Total, Loan authorizations	(2,940,163,000)	(3,806,336,000)	(3,459,854,000)	(3,459,854,000)		(+519,691,000)	(-346,482,000)	
Loan subsidies:								
Single family (sec. 502):								
Direct	145,833,000	109,560,000	83,000,000	83,000,000		-62,833,000	-26,560,000	
Unsubsidized guaranteed	2,890,000	6,210,000	6,210,000	6,210,000		+3,320,000		
Housing repair (sec. 504)	14,193,000	11,081,000	11,081,000	11,081,000		-3,112,000		

COMPARATIVE STATEMENT OF NEW BUDGET (OBLIGATIONAL) AUTHORITY FOR FISCAL YEAR 1996 AND BUDGET ESTIMATES AND AMOUNTS RECOMMENDED IN THE BILL
FOR FISCAL YEAR 1997—Continued

Item	1996 appropriation	Budget estimate	House allowance	Committee recommendation	Senate Committee recommendation compared with (+ or -)		
					1996 appropriation	Budget estimate	House allowance
Farm labor (sec. 514)	8,629,000	7,565,000	6,885,000	6,885,000	- 1,744,000	- 680,000	.....
Rental housing (sec. 515):							
Direct	82,035,000	28,987,000	28,987,000	28,987,000	- 53,048,000	.....	.....
Unsubsidized guaranteed	(1,000,000)	.....	(1,000,000)	(1,000,000)	.....	(+ 1,000,000)	.....
Self-help housing land development fund	31,000	17,000	17,000	17,000	- 14,000	.....	.....
Credit sales of acquired property .....	.....	6,098,000	4,050,000	4,050,000	+ 4,050,000	- 2,048,000	.....
Emergency appropriations (Public Law 104-134)	6,500,000	.....	.....	.....	- 6,500,000	.....	.....
Total, Loan subsidies	260,111,000	169,518,000	140,230,000	140,230,000	- 119,881,000	- 29,288,000	.....
RHF administrative expenses	385,889,000	366,205,000	366,205,000	366,205,000	- 19,684,000	.....	.....
Rental assistance program:							
(Sec. 521)	535,000,000	487,970,000	487,970,000	487,970,000	- 47,030,000	.....	.....
(Sec. 502(c)(5)(D))	5,900,000	5,900,000	5,900,000	5,900,000	.....	.....	.....
Total, Rental assistance program	540,900,000	493,870,000	493,870,000	493,870,000	- 47,030,000	.....	.....
Total, Rural Housing Insurance Fund	1,186,900,000	1,029,593,000	1,000,305,000	1,000,305,000	- 186,595,000	- 29,288,000	.....
(Loan authorization)	(2,940,163,000)	(3,806,336,000)	(3,459,854,000)	(3,459,854,000)	(+ 519,691,000)	(- 346,482,000)	.....
Community Facility Loans Program Account:							
Loan authorizations:							
Direct	(200,000,000)	.....	.....	.....	(- 200,000,000)	.....	.....
Guaranteed	(75,000,000)	.....	.....	.....	(- 75,000,000)	.....	.....
Total, Loan authorizations	(275,000,000)	.....	.....	.....	(- 275,000,000)	.....	.....

[illegible]

Item	Senate Committee recommendation compared with (+ or -)				
	1996 appropriation	Budget estimate	House allowance	Committee recommendation	1996 appropriation
Rural Economic Development Loans Program Account:					
Direct loans (limitation on obligations)	(12,865,000)	(14,000,000)	(12,865,000)	(12,865,000)	(- 1,135,000)
Direct subsidy	3,729,000	3,095,000	2,830,000	2,830,000	- 899,000
Administrative expenses	654,000	699,000	654,000	654,000	- 45,000
Alternative Agricultural Research and Commercialization Revolving Fund	6,500,000	6,975,000	6,000,000	10,000,000	+ 3,500,000
Rural business enterprise grants	45,000,000	.....	.....	.....	- 45,000,000
Appropriate technology transfer for rural areas	2,300,000	1,300,000	.....	.....	- 2,300,000
Rural business-cooperative assistance ³ .....	.....	53,750,000	51,400,000	53,750,000	+ 53,750,000
RBCS expenses:					
Salaries and expenses	9,013,000	27,068,000	25,680,000	25,680,000	+ 16,667,000
(Transfer from RBLIP)	(14,747,000)	.....	.....	.....	(- 14,747,000)
(Transfer from RDLFP)	(1,476,000)	.....	.....	.....	(- 1,476,000)
(Transfer from REDLP)	(654,000)	(699,000)	(654,000)	(654,000)	(- 45,000)
Total, RBCS expenses	(25,890,000)	(27,767,000)	(26,334,000)	(26,334,000)	(+ 444,000)
Total, Rural Business-Cooperative Service	112,372,000	129,815,000	104,964,000	110,184,000	- 2,188,000
(By transfer)	(16,877,000)	(699,000)	(654,000)	(654,000)	(- 16,223,000)
(Loan authorization)	(537,544,000)	(80,000,000)	(40,000,000)	(37,544,000)	(- 500,000,000)
Total, Rural Utilities Service:					
Rural Electrification and Telecommunications Loans Program Account:					
Loan authorizations:					
Direct loans:					
Electric 5 percent	(90,000,000)	(125,000,000)	(125,000,000)	(125,000,000)	(+ 35,000,000)
Telephone 5 percent	(70,000,000)	(75,000,000)	(75,000,000)	(75,000,000)	(+ 5,000,000)
Subtotal	(160,000,000)	(200,000,000)	(200,000,000)	(200,000,000)	(+ 40,000,000)

Treasury rate: Telephone	(300,000,000)	(300,000,000)	(300,000,000)	(300,000,000)	(300,000,000)	(-75,000,000)	.....
Muni-rate: Electric	(525,000,000)	(600,000,000)	(525,000,000)	(525,000,000)	(525,000,000)	.....	.....
FFB loans:							
Electric, regular	(300,000,000)	(400,000,000)	(300,000,000)	(300,000,000)	(300,000,000)	(-100,000,000)	.....
Telephone	(120,000,000)	(120,000,000)	(120,000,000)	(120,000,000)	(120,000,000)	.....	.....
Subtotal	(420,000,000)	(520,000,000)	(420,000,000)	(420,000,000)	(420,000,000)	(-100,000,000)	.....
Total, Loan authorizations	(1,405,000,000)	(1,620,000,000)	(1,445,000,000)	(1,445,000,000)	(1,445,000,000)	(-175,000,000)	.....
Loan subsidies:							
Direct loans:							
Electric 5 percent	21,168,000	3,625,000	3,625,000	3,625,000	3,625,000	-17,543,000	.....
Telephone 5 percent	13,958,000	1,193,000	1,193,000	1,193,000	1,193,000	-12,765,000	.....
Subtotal	35,126,000	4,818,000	4,818,000	4,818,000	4,818,000	-30,308,000	.....
Treasury rate: Telephone	60,000	60,000	60,000	60,000	60,000	.....	.....
Muni-rate, electric	56,858,000	32,280,000	28,245,000	28,245,000	28,245,000	-4,035,000	.....
FFB loans: Electric, regular	2,520,000	3,720,000	2,790,000	2,790,000	2,790,000	-930,000	.....
Total, Loan subsidies	94,564,000	40,878,000	35,913,000	35,913,000	35,913,000	-4,965,000	.....
RETLP administrative expenses	29,982,000	33,070,000	29,982,000	29,982,000	29,982,000	-3,088,000	.....
Total, Rural Electrification and Telecommunications Loans Program Account	124,546,000	73,948,000	65,895,000	65,895,000	65,895,000	-8,053,000	.....
(Loan authorization)	(1,405,000,000)	(1,620,000,000)	(1,445,000,000)	(1,445,000,000)	(1,445,000,000)	(-175,000,000)	.....
Rural Telephone Bank Program Account:							
Direct loans (limitation on obligations)	(175,000,000)	(175,000,000)	(175,000,000)	(175,000,000)	(175,000,000)	.....	.....
Direct loan subsidy	5,023,000	2,328,000	2,328,000	2,328,000	2,328,000	-2,695,000	.....
RTB administrative expenses	3,541,000	3,500,000	3,500,000	3,500,000	3,500,000	-41,000	.....
Distance learning and medical link grants and loans	7,500,000	20,261,000	7,500,000	10,000,000	10,000,000	-10,261,000	+2,500,000
Solid waste management grants, rural water and waste disposal grants, and water and waste disposal facility loans (admin. expenses)	12,740,000	.....	.....	.....	.....	-12,740,000	.....
Rural utilities assistance program ³	487,868,000	661,560,000	496,868,000	657,942,000	657,942,000	+170,074,000	+161,074,000
Emergency appropriations (Public Law 104-134)	11,000,000	.....	.....	.....	.....	-11,000,000	.....

COMPARATIVE STATEMENT OF NEW BUDGET (OBLIGATIONAL) AUTHORITY FOR FISCAL YEAR 1996 AND BUDGET ESTIMATES AND AMOUNTS RECOMMENDED IN THE BILL
FOR FISCAL YEAR 1997—Continued

Item	1996 appropriation	Budget estimate	House allowance	Committee recommendation	Senate Committee recommendation compared with (+ or -)		
					1996 appropriation	Budget estimate	House allowance
RUS expenses:							
Salaries and expenses	18,449,000	33,873,000	33,195,000	33,195,000	+ 14,746,000	- 678,000	.....
Electric and telephone loans (by transfer) ...	(29,982,000)	(33,070,000)	(29,982,000)	(29,982,000)	.....	(- 3,088,000)	.....
Rural telephone bank (by transfer)	(3,541,000)	(3,500,000)	(3,500,000)	(3,500,000)	(- 41,000)	.....	.....
Agricultural Credit Insurance Fund Program							
Account (by transfer)	(318,000)	.....	.....	.....	(- 318,000)	.....	.....
Rural partnership (by transfer)	(12,623,000)	.....	.....	.....	(- 12,623,000)	.....	.....
Total, RUS expenses	(64,913,000)	(70,443,000)	(66,677,000)	(66,677,000)	(+ 1,764,000)	(- 3,766,000)	.....
Total, Rural Utilities Service	670,667,000	795,470,000	609,286,000	772,860,000	+ 102,193,000	- 22,610,000	+ 163,574,000
(By transfer)	(46,464,000)	(36,570,000)	(33,482,000)	(33,482,000)	(- 12,982,000)	(- 3,088,000)	.....
(Loan authorization)	(1,405,000,000)	(1,620,000,000)	(1,445,000,000)	(1,445,000,000)	(+ 40,000,000)	(- 175,000,000)	.....
(Limitation on obligations)	(175,000,000)	(175,000,000)	(175,000,000)	(175,000,000)	.....	.....	.....
Total, title III, Rural Economic and Com- munity Development Programs	2,126,506,000	2,253,461,000	1,868,222,000	2,112,726,000	- 13,780,000	- 140,735,000	+ 244,504,000
(By transfer)	(449,317,000)	(403,474,000)	(400,341,000)	(400,341,000)	(- 48,976,000)	(- 3,133,000)	.....
(Loan authorization)	(5,157,707,000)	(5,506,336,000)	(4,944,854,000)	(4,942,398,000)	(- 215,309,000)	(- 563,938,000)	(- 2,456,000)
(Limitation on obligations)	(187,865,000)	(189,000,000)	(187,865,000)	(187,865,000)	.....	(- 1,135,000)	.....
TITLE IV—DOMESTIC FOOD PROGRAMS							
Office of the Under Secretary for Food, Nutrition and Consumer Services	440,000	554,000	454,000	554,000	+ 114,000	.....	+ 100,000
Food and Consumer Service:							
Child nutrition programs	2,348,166,000	3,251,215,000	3,218,844,000	3,221,044,000	+ 872,878,000	- 30,171,000	+ 2,200,000
Discretionary spending .....	.....	4,000,000	.....	.....	.....	- 4,000,000	.....
Transfer from section 32	5,597,858,000	5,413,453,000	5,433,753,000	5,433,753,000	- 164,105,000	+ 20,300,000	.....
Total, Child nutrition programs	7,946,024,000	8,668,668,000	8,652,597,000	8,654,797,000	+ 708,773,000	- 13,871,000	+ 2,200,000

COMPARATIVE STATEMENT OF NEW BUDGET (OBLIGATIONAL) AUTHORITY FOR FISCAL YEAR 1996 AND BUDGET ESTIMATES AND AMOUNTS RECOMMENDED IN THE BILL
FOR FISCAL YEAR 1997—Continued

Item	Senate Committee recommendation compared with (+ or -)						
	1996 appropriation	Budget estimate	House allowance	Committee recommendation	1996 appropriation	Budget estimate	House allowance
Title II—Commodities for disposition abroad:							
Program level	(821,100,000)	(837,000,000)	(837,000,000)	(837,000,000)	(+ 15,900,000)	.....	.....
Appropriation	821,100,000	837,000,000	837,000,000	837,000,000	+ 15,900,000	.....	.....
Title III—Commodity grants:							
Program level	(50,000,000)	(40,000,000)	(29,500,000)	(40,000,000)	(- 10,000,000)	.....	(+ 10,500,000)
Appropriation	50,000,000	40,000,000	29,500,000	40,000,000	- 10,000,000	.....	+ 10,500,000
Loan subsidies	236,162,000	179,082,000	177,000,000	179,082,000	- 57,080,000	.....	+ 2,082,000
Salaries and expenses:							
General Sales Manager	1,005,000	1,035,000	1,005,000	1,035,000	+ 30,000	.....	+ 30,000
Farm Service Agency	745,000	783,000	745,000	783,000	+ 38,000	.....	+ 38,000
Subtotal	1,750,000	1,818,000	1,750,000	1,818,000	+ 68,000	.....	+ 68,000
Total, Public Law 480:							
Program level	(1,187,442,000)	(1,109,849,000)	(1,096,805,000)	(1,109,849,000)	(- 77,593,000)	.....	(+ 13,044,000)
Appropriation	1,134,012,000	1,071,805,000	1,059,155,000	1,071,805,000	- 62,207,000	.....	+ 12,650,000
CCC Export Loans Program Account:							
Loan guarantees:							
Short-term export credit	(5,200,000,000)	(5,000,000,000)	(5,500,000,000)	(5,500,000,000)	(+ 300,000,000)	(+ 500,000,000)	.....
Intermediate-term export credit	(500,000,000)	(500,000,000)	.....	.....	(- 500,000,000)	(- 500,000,000)	.....
Loan subsidy	374,347,000	390,000,000	390,000,000	390,000,000	+ 15,653,000	.....	.....
Salaries and expenses (Export Loans):							
General Sales Manager	2,792,000	3,231,000	2,792,000	3,231,000	+ 439,000	.....	+ 439,000
ASCS	589,000	623,000	589,000	589,000	.....	- 34,000	.....
Total, CCC Export Loans Program Account	377,728,000	393,854,000	393,381,000	393,820,000	+ 16,092,000	- 34,000	+ 439,000
Total, title V, Foreign assistance and related programs							
	1,627,542,000	1,598,534,000	1,576,744,000	1,599,920,000	- 27,622,000	+ 1,386,000	+ 23,176,000

(By transfer)	(8,973,000)	(4,266,000)	(3,797,000)	(4,266,000)	(- 4,707,000)	.....	(+ 469,000)
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	823,771,000	819,971,000	819,971,000	.....	- 3,800,000	.....
Prescription drug user fee act	(84,723,000)	(87,528,000)	(87,528,000)	(87,528,000)	(+ 2,805,000)	.....	.....
Mammography clinics user fee	(13,000,000)	(13,403,000)	(13,403,000)	(13,403,000)	(+ 403,000)	.....	.....
Total, Program level	(917,694,000)	(924,702,000)	(920,902,000)	(920,902,000)	(+ 3,208,000)	(- 3,800,000)	.....
Buildings and facilities	12,150,000	8,350,000	21,350,000	21,350,000	+ 9,200,000	+ 13,000,000	.....
Rental payments	46,294,000	46,294,000	46,294,000	46,294,000	.....	.....	.....
Total, Food and Drug Administration	878,415,000	878,415,000	887,615,000	887,615,000	+ 9,200,000	+ 9,200,000	.....
DEPARTMENT OF THE TREASURY							
Financial Management Service: Payments to the Farm Credit System Financial Assistance Corporation	15,453,000	10,290,000	10,290,000	10,290,000	- 5,163,000	.....	.....
INDEPENDENT AGENCIES							
Commodity Futures Trading Commission	53,601,000	56,601,000	55,101,000	56,601,000	+ 3,000,000	.....	+ 1,500,000
Farm Credit Administration (limitation on administrative expenses) .....	.....	(37,478,000)	(37,478,000)	.....	.....	(- 37,478,000)	(- 37,478,000)
Total, title VI, Related Agencies and Food and Drug Administration	947,469,000	945,306,000	953,006,000	954,506,000	+ 7,037,000	+ 9,200,000	+ 1,500,000
Grand total:							
New budget (obligational) authority	63,323,678,000	58,317,314,000	53,052,037,000	54,276,792,000	- 9,046,886,000	- 4,040,522,000	+ 1,224,755,000
(By transfer)	(672,070,000)	(618,631,000)	(613,918,000)	(614,425,000)	(- 57,645,000)	(- 4,206,000)	(+ 507,000)
(Loan authorization)	(14,018,457,000)	(14,202,407,000)	(13,440,925,000)	(13,503,853,000)	(- 514,604,000)	(- 698,554,000)	(+ 62,928,000)
(Limitation on administrative expenses)	(106,245,000)	(155,447,000)	(144,697,000)	(107,219,000)	(+ 974,000)	(- 48,228,000)	(- 37,478,000)
(Limitation on obligations)	(187,865,000)	(189,000,000)	(187,865,000)	(187,865,000)	.....	(- 1,135,000)	.....
RECAPITULATION							
Title I—Agricultural programs	16,032,325,000	7,531,705,000	7,413,106,000	7,498,049,000	- 8,534,276,000	- 33,656,000	+ 84,943,000
Title II—Conservation programs	2,826,968,000	2,947,875,000	767,585,000	790,385,000	- 2,036,583,000	- 2,157,494,000	+ 22,800,000

COMPARATIVE STATEMENT OF NEW BUDGET (OBLIGATIONAL) AUTHORITY FOR FISCAL YEAR 1996 AND BUDGET ESTIMATES AND AMOUNTS RECOMMENDED IN THE BILL
FOR FISCAL YEAR 1997—Continued

Item	1996 appropriation	Budget estimate	House allowance	Committee recommendation	Senate Committee recommendation compared with (+ or —)		
					1996 appropriation	Budget estimate	House allowance
Title III—Rural economic and community development programs	2,126,506,000	2,253,461,000	1,868,222,000	2,112,726,000	—13,780,000	—140,735,000	+244,504,000
Title IV—Domestic food programs	39,762,868,000	43,040,429,000	40,473,374,000	41,321,206,000	+1,558,338,000	—1,719,223,000	+847,832,000
Title V—Foreign assistance and related programs	1,627,542,000	1,598,534,000	1,576,744,000	1,599,920,000	—27,622,000	+1,386,000	+23,176,000
Title VI—Related agencies and Food and Drug Administration	947,469,000	945,306,000	953,006,000	954,506,000	+7,037,000	+9,200,000	+1,500,000
Total, new budget (obligational) authority	63,323,678,000	58,317,314,000	53,052,037,000	54,276,792,000	—9,046,886,000	—4,040,522,000	+1,224,755,000

¹ Such sums as available from AQI user fee account for fiscal year 1996. In addition, \$24,857,000 is anticipated from farm bill direct appropriations.

² In addition to appropriation.

³ The Administration proposed funding for this account under the name "Rural performance partnership program".

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