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

JULY 25, 2002.—Ordered to be printed

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

REPORT

[To accompany S. 2801]

The Committee on Appropriations reports the bill (S. 2801) making appropriations for Agriculture, Rural Development, Food and Drug Administration, and Related Agencies programs for the fiscal year ending September 30, 2003, and for other purposes, reports favorably thereon and recommends that the bill do pass.

Total obligational authority, fiscal year 2003

Amount of bill as reported to the Senate	$74,330,233,000
Amount of 2002 appropriations acts to date	73,355,443,000
Amount of estimates, 2003	73,530,625,000
The bill as recommended to the Senate:	
Over the appropriations provided in 2002	974,790,000
Over the estimates for 2003	799,608,000

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BREAKDOWN BY TITLE

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

	2002 [1]	2003 Committee recommendation
Title I: Agricultural programs	$29,227,688	$25,593,038
Title II: Conservation programs	962,139	1,044,212
Title III: Rural economic and community development programs	2,581,924	2,745,988
Title IV: Domestic food programs	37,894,627	41,927,865
Title V: Foreign assistance and related programs	1,124,518	1,464,385
Title VI: Related agencies	1,456,651	1,498,249
Title VII: General provisions	107,896	56,496
Total, new budget (obligational) authority	73,355,443,000	74,330,233,000

[1] Excludes emergency supplemental appropriations.

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, education, and extension activities; natural resources conservation programs; farm income and support programs; marketing and inspection activities; domestic food assistance programs; rural economic and community development activities, and telecommunications and electrification assistance; and various export and international activities of the USDA.

The bill also provides funding for the Food and Drug Administration [FDA] and the Commodity Futures Trading Commission [CFTC], and allows the use of collected fees for administrative expenses of the Farm Credit Administration [FCA].

Given the budgetary constraints that the Committee faces, the bill as reported provides the proper amount of emphasis on agricultural and rural development programs and on other programs and activities funded by the bill. It is within the subcommittee's allocation for fiscal year 2003.

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

GOVERNMENT PERFORMANCE AND RESULTS ACT

Public Law 103–62, the Government Performance and Results Act [GPRA] of 1993, requires Federal agencies to develop succinct and precise strategic plans and annual performance plans that focus on results of funding decisions made by the Congress. Rather than simply providing details of activity levels, agencies will set outcome goals based on program activities and establish performance measures for use in management and budgeting. In an era of restricted and declining resources, it is paramount that agencies focus on the difference they make in citizens' lives.

The Committee supports the concepts of this law and intends to use the agencies' plans for funding purposes. The Committee considers GPRA to be a viable way to reduce Federal spending while achieving a more efficient and effective Government and will closely monitor compliance with this law. The Committee is fully committed to the success and outcome of GPRA requirements as envisioned by the Congress, the administration, and this Committee.

ACCRUAL FUNDING OF RETIREMENT COSTS AND POST-RETIREMENT HEALTH BENEFITS

The President's Budget includes a legislative proposal under the jurisdiction of the Senate Committee on Governmental Affairs to charge to individual agencies, starting in fiscal year 2003, the fully accrued costs related to retirement benefits of Civil Service Retirement System employees and retiree health benefits for all civilian employees. The Budget also requests an additional dollar amount in each affected discretionary account to cover these accrued costs.

The authorizing committee has not acted on this legislation, therefore the Senate Appropriations Committee has reduced the dollar amounts of the President's request shown in the "Comparative Statement of New Budget Authority Request and Amounts Recommended in the Bill," as well as in other tables in this report, to exclude the accrual funding proposal.

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

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

PAY COSTS

Unless indicated otherwise, all references in this legislation to "pay parity" refer to pay parity between Federal employees, who received a 2.6 percent increase in the budget request, and military personnel, who received a 4.1 percent increase in the budget request. The Committee provides in this Act a 4.1 percent pay increase for Federal employees.

FEDERAL EMPLOYEES COMPENSATION ACT (FECA)

The President's budget includes a legislative proposal to allow the Department of Labor (DOL) to charge agencies for administrative costs related to FECA benefits paid to employees. Currently, although DOL bills agencies for FECA benefits; it does not bill agencies for the costs of administering these benefits.

The President's budget includes the administrative costs in each agency's budget, as opposed to the DOL budget, where the funds have previously been appropriated. The Committee's recommenda-

tion, however, assumes that this proposal will not be enacted into law, and excludes these administrative costs.

RENTAL PAYMENTS TO GSA

In recent year, funding for General Services Administration (GSA) rental payments have been appropriated to the USDA Agriculture Buildings and Facilities and Rental Payments account. The budget request proposes decentralizing these expenses and appropriating the proper amounts to each separate agency and activity. The Committee does not support this request, and provides funding for rental payments in the same account as previous years. The Committee expects each agency to properly manage its rental space needs to ensure the most efficient use of limited Federal resources.

TITLE I—AGRICULTURAL PROGRAMS

PRODUCTION, PROCESSING, AND MARKETING

OFFICE OF THE SECRETARY

Appropriations, 2002 [1]	$2,992,000
Budget estimate, 2003 [2]	36,667,000
Committee recommendation	3,444,000

[1] Excludes $80,919,000 in emergency supplemental appropriations provided by Public Law 107–117.
[2] Excludes $74,000 requested for employee pension and health benefits.

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

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

COMMITTEE RECOMMENDATIONS

For the Office of the Secretary, the Committee recommends an appropriation of $3,444,000. This amount is $452,000 more than the 2002 appropriation and $33,223,000 less than the budget request.

This amount includes an increase of $107,000 for pay parity costs and benefits. This amount does not include $28,250,000 as requested in the President's budget for security improvements, as these funds were provided in the fiscal year 2002 emergency supplemental appropriations bill. This amount also does not include an increase of $5,000,000 for Service Center Agencies streamlining, or $5,000 for FECA administrative charges, as proposed in the budget.

Environmentally preferable products.—The Secretary shall work with the General Services Administration, the Department of Defense, the Environmental Protection Agency, and other appropriate agencies to maximize the purchases of environmentally preferable products, as defined by Executive Order 13101 on Federal Acquisition, Recycling and Waste Prevention. Such products are not only useful in improving the environment, but they can, when the product contains a substantial amount of agri-based content, also open considerable markets for farmers.

The Department should actively participate in joint task forces and other multiagency entities in this area. It should actively work to properly define standards for agri-based content of products and work towards the development of such environmentally preferable products.

Drought mitigation.—The Committee is concerned by the lack of a coherent national policy to combat drought. When drought strikes, it is a very serious disaster bringing economic and personal hardships to large sections of the nation. Current conditions in the Pacific Northwest, as one example, have resulted in water supplies for agriculture falling to within only 20 to 30 percent of normal supply. The report of the National Drought Commission, "Preparing for Drought in the 21st Century", recommends that Congress pass a National Drought Preparedness Act. Such an act would establish a Federal/non-Federal partnership through a National Drought Council responsible for implementing a national drought policy. The Committee expects the Secretary to carry out the recommendations of the National Drought Commission and coordinate USDA mission areas to provide a response to drought-stricken areas in as prompt and meaningful a way as possible.

Administrative convergence.—The Secretary is expected to seek the Committee's approval before implementing a merger or reduction of any administrative or information technology functions relating to the Farm Service Agency, Natural Resources Conservation Service, USDA Rural Development, or any other agency of the Department.

Lower Mississippi River Delta.—The Committee remains supportive of actions by the Department to improve economic and social conditions in the Lower Mississippi River Delta. The Committee encourages the Secretary to give consideration to utilizing locations in the Delta for Department-wide functions, such as training sessions, for USDA personnel and other activities, where practicable, in order to help bring added economic stimulus to the region. The Committee is aware that property in Helena, Arkansas, may be available through a gift to the Department for such purposes. The Committee requests the Secretary to investigate this opportunity and to provide a report to the Committee on this subject by March 1, 2003.

Federal Procurement of Biobased Products.—The Secretary, after consultation with the Administrator, the Administrator of General Services, and Secretary of Commerce (acting through the Director of the National Institute of Standards and Technology) shall prepare and from time to time revise guidelines for the use of procuring agencies in complying with the requirements of Public Law 107–171, section 9002. The Secretary shall also work to carry out all other requirements of section 9002.

The Committee is concerned that the Secretary may restrict access to funding under the Ground and Surface Water Conservation program authorized in the Farm Security and Rural Investment Act to producers in one region of the country. The Committee directs the Secretary to provide access to funds under this program to all eligible producers and in determining allocations for fiscal year 2003 to give priority to eligible producers who did not benefit from fiscal year 2002 funds.

EXECUTIVE OPERATIONS

Executive operations were established as a result of the reorganization of the Department to provide a support team for USDA policy officials and selected Departmentwide services. Activities under the executive operations include the Office of the Chief Economist, the National Appeals Division, and the Office of Budget and Program Analysis.

CHIEF ECONOMIST

Appropriations, 2002	$7,704,000
Budget estimate, 2003 [1]	12,117,000
Committee recommendation	12,085,000

[1] Excludes $391,000 requested for employee pension and health benefits.

The Office of the Chief Economist advises the Secretary of Agriculture on the economic implications of Department policies and programs. The Office serves as the single focal point for the Nation's economic intelligence and analysis, risk assessment, energy and new uses, and cost-benefit analysis related to domestic and international food and agriculture issues, 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 $12,085,000. This amount is $4,381,000 more than the 2002 appropriation and $32,000 less than the budget request.

This amount includes an increase of $239,000 for pay parity costs and benefits. This amount does not include an increase of $101,000 for rental payments to GSA, as requested in the budget.

NATIONAL APPEALS DIVISION

Appropriations, 2002	$12,869,000
Budget estimate, 2003 [1]	14,334,000
Committee recommendation	13,954,000

[1] Excludes $928,000 requested for employee pension and health benefits.

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

COMMITTEE RECOMMENDATIONS

For the National Appeals Division, the Committee recommends $13,954,000. This amount is $1,085,000 more than the 2002 appropriation and $380,000 less than the budget request.

This amount includes an increase of $585,000 for pay parity costs. This amount does not include an increase of $575,000 for rental payments to GSA, as requested in the budget.

OFFICE OF BUDGET AND PROGRAM ANALYSIS

Appropriations, 2002	$7,041,000
Budget estimate, 2003 [1]	7,358,000
Committee recommendation	7,310,000

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

The Office of Budget and Program Analysis provides direction and administration of the Department's budgetary functions including development, presentation, and execution of the budget; reviews program and legislative proposals for program, budget, and related implications; analyzes program and resource issues and alternatives, and prepares summaries of pertinent data to aid the Secretary and departmental policy officials and agency program managers in the decisionmaking process; and provides departmentwide coordination for and participation in the presentation of budget-related matters to the committees of the Congress, the media, and interested public. The Office also provides departmentwide coordination of the preparation and processing of regulations and legislative programs and reports. This amount includes on increase of $269,000 for pay parity costs and benefits.

COMMITTEE RECOMMENDATIONS

For the Office of Budget and Program Analysis, the Committee recommends $7,310,000. This amount is $269,000 more than the 2002 appropriation and $48,000 less than the budget request. This amount includes an increase of $269,000 for pay parity costs and benefits.

OFFICE OF THE CHIEF INFORMATION OFFICER

Appropriations, 2002	$10,029,000
Budget estimate, 2003 [1]	31,277,000
Committee recommendation	31,370,000

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

The Office of the Chief Information Officer was established in August 1996, pursuant to the Clinger-Cohen Act of 1996, which required the establishment of a Chief Information Officer for major Federal agencies. This office provides policy guidance, leadership, coordination, and direction to the Department's information management and information technology investment activities in support of USDA program delivery. The Office provides long-range planning guidance, implements measures to ensure that technology investments are economical and effective, coordinates interagency information resources management projects, and implements standards to promote information exchange and technical interoperability. In addition, the Office of the Chief Information Officer is responsible for certain activities financed under the Department's working capital fund (7 U.S.C. 2235). The Office also provides telecommunication and automated data processing [ADP] services to USDA agencies through the National Information Technology Center with locations in Fort Collins, CO, and Kansas City, MO. Direct ADP operational services are also provided to the Office of the General Counsel, Office of Communications, the Office of the Chief Financial Officer, and Executive Operations.

COMMITTEE RECOMMENDATIONS

The Committee recommends $31,370,000 for the Office of the Chief Information Officer. This amount is $21,341,000 more than the 2002 appropriation and $93,000 more than the budget request. This amount includes an increase of $315,000 for pay parity costs and benefits. This amount does not include an increase of $2,000 for FECA administrative charges, as requested in the budget.

COMMON COMPUTING ENVIRONMENT

Appropriations, 2002	$59,369,000
Budget estimate, 2003	133,155,000
Committee recommendation	133,155,000

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

COMMITTEE RECOMMENDATIONS

The Committee recommends $133,155,000 for the Common Computing Environment. This is $73,786,000 more than the 2002 appropriation and the same as the budget request.

OFFICE OF THE CHIEF FINANCIAL OFFICER

Appropriations, 2002	$5,384,000
Budget estimate, 2003 [1]	7,918,000
Committee recommendation	7,940,000

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

Under the Chief Financial Officers Act of 1990, the Chief Financial Officer is responsible for the continued direction and oversight of the Department's financial management operations and systems. The Office is also responsible for the management and operation of the National Finance Center. In addition, the Office provides budget, accounting, and fiscal services to the Office of the Secretary, departmental staff offices, Office of the Chief Information Officer, Office of Communications, and executive operations.

COMMITTEE RECOMMENDATIONS

For the Office of the Chief Financial Officer, the Committee recommends $7,940,000. This amount is $2,556,000 more than the 2002 appropriation and $22,000 more than the budget request. This amount includes an increase of $210,000 for pay parity costs and benefits. This amount does not include an increase of $41,000 for FECA administrative charges, as requested in the budget.

The Committee recognizes the broad range of activities carried out by the National Finance Center (NFC), and the importance of these activities to both the Department of Agriculture and the other customers it serves. In responding to a directive of this Committee, the Secretary provided a report on the Department's plans for continuing operation of the NFC. While that report included general objectives of enhanced performance and improved effectiveness, few details were included in regard to immediate plans regarding the NFC location or infrastructure. The report concluded that while the Department had every intention of continuing those NFC activities relating to its controllership function, intermediate or long-term plans focusing on other issues would be best addressed within the context of integrated Federal initiatives rather than by USDA unilaterally. The Committee is aware that the physical plant in which the NFC is located needs improvements, and certain cyber-security issues, such as "mirroring" backup systems, require immediate attention. The Committee expects the Chief Financial Officer to complete a review of NFC needs in regard to physical location and cyber security and to include in future budget requests those items necessary and proper to maintain the NFC in a safe and secure setting.

WORKING CAPITAL FUND

Appropriations, 2002	
Budget estimate, 2003	$21,000,000
Committee recommendation	21,000,000

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

COMMITTEE RECOMMENDATIONS

The Committee provides $21,000,000 to the Working Capital Fund, as requested in the budget, from which the Secretary may draw resources, as necessary, to address immediate needs of the NFC not otherwise provided for in this Act.

Previous funding for Working Capital Fund activities was provided through transfers from other agencies as reimbursement for services performed. The National Finance Center is managed through the Office of the Chief Financial Officer.

OFFICE OF THE ASSISTANT SECRETARY FOR CIVIL RIGHTS

Appropriations, 2002	
Budget Estimate, 2003	
Committee recommendation	$780,000

COMMITTEE RECOMMENDATIONS

For the Office of the Assistant Secretary for Civil Rights, the Committee recommends $780,000. This amount is $780,000 more

than the 2002 level and the budget request. The Committee believes that additional policy level oversight provided through this new Assistant Secretary will be beneficial in addressing these concerns and in establishing policies to improve civil rights performance at the Department.

OFFICE OF THE ASSISTANT SECRETARY FOR ADMINISTRATION

Appropriations, 2002	$647,000
Budget estimate, 2003 [1]	780,000
Committee recommendation	788,000

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

The Office of the Assistant Secretary for Administration directs and coordinates the work of the departmental staff in carrying out the laws enacted by the Congress relating to real and personal property management, personnel management, equal opportunity and civil rights programs, ethics, 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 $788,000. This amount is $141,000 more than the 2002 level and $8,000 more than the budget request. This amount includes an increase of $36,000 for pay parity costs and benefits.

AGRICULTURE BUILDINGS AND FACILITIES AND RENTAL PAYMENTS

Appropriations, 2002	$187,647,000
Budget estimate, 2003 [1]	70,499,000
Committee recommendation	197,753,000

[1] Excludes $493,000 requested for employee pension and health benefits, and includes no funding for rental payments.

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 by another appropriations bill.

The requirement that GSA charge commercial rent rates to agencies occupying GSA-controlled space was established by the Public Buildings Amendments of 1972. The methods used to establish commercial rent rates in GSA space follow commercial real estate appraisal practices. Appeal and rate review procedures are in place to assure that agencies have an opportunity to contest rates they feel are incorrect.

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. In fiscal year 1999, USDA began operations and maintenance of the Beltsville office facility.

Strategic space plan.—The Department's headquarters staff is presently housed in a four-building Government-owned complex in downtown Washington, DC, and in leased buildings in the Metropolitan Washington, DC, 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, DC. 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.

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

COMMITTEE RECOMMENDATIONS

For U.S. Department of Agriculture buildings and facilities and payments for the rental of space and related services, the Committee recommends $197,753,000. This amount is $10,106,000 more than the 2002 appropriation and $127,254,000 more than the budget request. The Committee does not concur with the President's proposal to fund rental payments in the accounts of USDA agencies occupying GSA controlled space and provides $130,266,000 in this account for rental payments.

The following table reflects the Committee's specific recommendations for this account as compared to the fiscal year 2002 and budget request levels:

[In thousands of dollars]

	2002 estimate	2003 budget request	Committee recommendation
Rental Payments	130,266	.....	130,266
Building Operations	31,438	36,522	33,510
Strategic Space Plan	25,943	33,977	33,977
Total	187,647	70,499	197,753

HAZARDOUS MATERIALS MANAGEMENT

Appropriations, 2002	$15,665,000
Budget estimate, 2003 [1]	15,685,000
Committee recommendation	15,694,000

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

Under the Comprehensive Environmental Response, Compensation, and Liability Act and the Resource Conservation and Recov-

ery Act, the Department has the responsibility to meet the same standards regarding the storage and disposition of hazardous materials as private businesses. The Department is required to contain, clean up, monitor, and inspect for hazardous materials in areas under the Department's jurisdiction.

COMMITTEE RECOMMENDATIONS

The Committee recommends $15,694,000 for hazardous materials management. This amount is $29,000 more than the 2002 appropriation and $9,000 more than the budget request. This amount includes an increase of $29,000 for pay parity costs and benefits.

DEPARTMENTAL ADMINISTRATION

Appropriations, 2002	$37,079,000
Budget estimate, 2003 [1]	46,398,000
Committee recommendation	42,840,000

[1] Excludes $2,144,000 requested for employee pension and health benefits.

Departmental administration is comprised of activities that provide staff support to top policy officials and overall direction and coordination of administrative functions of the Department. These activities include departmentwide programs for human resource management, management improvement, occupational safety and health management, real and personal property management, procurement, contracting, motor vehicle and aircraft management, supply management, civil rights and equal opportunity, participation of small and disadvantaged businesses and socially disadvantaged farmers and ranchers in the Department's program activities, emergency preparedness, small and disadvantaged business utilization, and the regulatory hearing and administrative proceedings conducted by the Administrative Law Judges and Judicial Officer. Departmental Administration also provides administrative support to the Board of Contract Appeals. Established as an independent entity within the Department, the Board adjudicates contract claims by and against the Department, and is funded as a reimbursable activity.

Departmental administration is also responsible for representing USDA in the development of Governmentwide policies and initiatives; and analyzing the impact of Governmentwide trends and developing appropriate USDA principles, policies, and standards. In addition, departmental administration engages in strategic planning and evaluates 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.

COMMITTEE RECOMMENDATIONS

For Departmental Administration, the Committee recommends an appropriation of $42,840,000. This amount is $5,761,000 more than the fiscal year 2002 appropriation and $3,558,000 less than the budget request.

This amount includes an increase of $1,356,000 for pay parity costs and benefits. This amount does not include an increase of

$3,898,000 for rental payments to GSA, or $21,000 for FECA administrative charges, as requested in the budget.

OUTREACH FOR SOCIALLY DISADVANTAGED FARMERS

Appropriations, 2002	$3,243,000
Budget estimate, 2003	3,243,000
Committee recommendation	3,493,000

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

The Committee directs the Secretary to transfer the administration of the 2501 program to the Cooperative State Research, Education, and Extension Service. The Outreach for Socially Disadvantaged Farmers will compliment the mission of Extension Services. The Committee recognizes that the Department has not obligated the $3,243,000 appropriated in 2002 and provides $3,493,000 for 2003. This amount is $250,000 more than the 2002 level and the budget request. The Committee encourages the Secretary to consider multi-year contracts with eligible entities to provide stability and efficiencies in this effort. The Committee also requests a report by March 1, 2003, regarding the progress of this request including guidelines that will be used to measure performance.

OFFICE OF THE ASSISTANT SECRETARY FOR CONGRESSIONAL RELATIONS

Appropriations, 2002	$3,718,000
Budget estimate, 2003 [1]	4,157,000
Committee recommendation	4,202,000

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

The Office of the Assistant Secretary for Congressional Relations maintains a 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 $4,202,000. This amount is $484,000 more than the 2002 level and $45,000 more than the budget request. This amount includes an increase of $184,000 for pay parity costs and benefits.

The Committee provides that not less than $2,605,240 may be transferred to agencies funded by this Act to support congressional relations' activities at the agency level. Within 30 days from the enactment of this Act, the Secretary shall notify the House and Sen-

ate Committees on Appropriations on the allocation of these funds by USDA agency, along with an explanation for the agency-by-agency distribution of the funds.

OFFICE OF COMMUNICATIONS

Appropriations, 2002	$8,894,000
Budget estimate, 2003 [1]	9,637,000
Committee recommendation	9,744,000

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

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

COMMITTEE RECOMMENDATIONS

For the Office of Communications, the Committee recommends an appropriation of $9,744,000. This amount is $850,000 more than the 2002 appropriation and $107,000 more than the budget request. This amount includes an increase of $353,000 for pay parity costs and benefits.

OFFICE OF THE INSPECTOR GENERAL

Appropriations, 2002	$70,839,000
Budget estimate, 2003 [1]	82,231,000
Committee recommendation	79,076,000

[1] Excludes $4,878,999 requested for employee pension and health benefits.

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 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 and control of audit and investigative activities within the Department, formulation of audit and investigative policies and procedures regarding Department programs and operations, and analysis and coordination of program-related audit and investigation activities performed by other Department agencies.

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 Inspector General, the Committee recommends an appropriation of $79,076,000. This is $8,237,000 more than the 2002 appropriation and $3,155,000 less than the budget request.

This amount includes an increase of $3,098,000 for pay parity costs and benefits. This amount does not provide an increase of $4,034,000 for rental payments to GSA, or $41,000 for FECA administrative charges, as requested in the budget.

OFFICE OF THE GENERAL COUNSEL

Appropriations, 2002	$32,627,000
Budget estimate, 2003 [1]	37,287,000
Committee recommendation	35,951,000

[1] Excludes $2,554,000 requested for employee pension and health benefits.

The Office of the General Counsel, originally known as the Office of the Solicitor, was established in 1910 as the law office of the Department of Agriculture and performs all of the legal work arising from the activities of the Department. The General Counsel represents the Department in 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. The office also 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 $35,951,000. This amount is $3,324,000 more than the 2002 appropriation and $1,336,000 less than the budget request.

This amount includes an increase of $1,365,000 for pay parity costs and benefits. This amount does not include an increase of $1,693,000 for rental payments to GSA, or $6,000 for FECA administrative charges, as requested in the budget.

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

Appropriations, 2002	$573,000
Budget estimate, 2003 [1]	780,000
Committee recommendation	786,000

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

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

COMMITTEE RECOMMENDATIONS

For the Office of the Under Secretary for Research, Education, and Economics, the Committee recommends an appropriation of $786,000. This amount is $213,000 more than the 2002 level and $6,000 more than the budget request. This amount includes an increase of $21,000 for pay parity costs and benefits.

Nutrition monitoring activities are vital to shaping policies for food safety, child nutrition, food assistance, and dietary guidance. While the Committee supports the process underway to integrate the National Health and Nutrition Examination Survey (NHANES) conducted by the Department of Health and Human Services and the Continuing Survey of Food Intakes by Individuals (CSFII) conducted by USDA, it is concerned that USDA has failed to continue to conduct the CSFII in 2000 and 2001 as the integration process continues. The Committee directs USDA to conduct the CSFII to ensure that the quality of dietary data collected is not diminished, and survey methods capture statistically valid intakes of various population groups, especially at-risk groups, and has provided a $1,000,000 increase to ARS for this purpose.

ECONOMIC RESEARCH SERVICE

Appropriations, 2002	$67,200,000
Budget estimate, 2003 [1]	79,243,000
Committee recommendation	65,736,000

[1] Excludes $2,789,000 requested for employee pension and health benefits

The Economic Research Service [ERS] provides economic and other social science information and analysis for public and private decisions on agriculture, natural resources, food, and 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 $65,736,000. This amount is $1,464,000 less than the 2002 level and $13,507,000 less than the budget request.

This amount includes an increase of $2,031,000 for pay parity costs and benefits. This amount does not include an increase of $5,914,000 for rental payments to GSA, or $11,000 for FECA administrative charges, as requested in the budget.

The Committee encourages ERS to fully fund activities relating to the improvement of retail price reporting.

The Committee provides $1,000,000 for the ERS to carry out food and nutrition studies through the Small Research Grants Program. The Committee provides funding under the Food and Nutrition Service for other studies and evaluations relating to that agency's programs and that agency's responsibilities for administering the food assistance programs within USDA. The Committee directs the ERS to work fully with the FNS to ensure that all ongoing studies and evaluations are completed to their full scope. Further, the Committee provides the Secretary with the authority to transfer up to $2,000,000 from FNS to ERS, if such a transfer is deemed necessary for ERS to complete ongoing studies, or if the Secretary de-

termines that a particular proposed study would be more effectively carried out by ERS. The Committee expects to be notified each time that such a transfer of funds occurs, including the amount of the transfer, and a summary of the study for which the transfer was deemed necessary.

NATIONAL AGRICULTURAL STATISTICS SERVICE

Appropriations, 2002	$113,786,000
Budget estimate, 2003 [1]	143,659,000
Committee recommendation	141,703,000

[1] Excludes $5,410,000 requested for employee pension and health benefits.

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 Service is also responsible for administration of the Census of Agriculture, which was transferred from the Department of Commerce to the Department of Agriculture in fiscal year 1997 to consolidate 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, market value of agricultural production sold, acreage of major crops, inventory of livestock and poultry, and farm irrigation practices. The 1997 Census of Agriculture was released on February 1, 1999. The next agricultural census will be conducted beginning in January 2003 for the calendar year 2002.

COMMITTEE RECOMMENDATIONS

For the National Agricultural Statistics Service, the Committee recommends an appropriation of $141,703,000. This amount is $27,917,000 more than the 2002 appropriation and $1,956,000 less than the budget request.

This amount includes an increase of $3,091,000 for pay parity costs and benefits. This amount does not include an increase of $2,801,000 for rental payments to GSA, or $4,000 for FECA administrative charges, as requested in the budget.

The Committee recognizes the importance of the Census of Agriculture to collect reliable, accurate data about agriculture in the United States, providing a statistical overview of U.S. farms and ranches every 5 years. This information is critical in order to make informed decisions regarding all aspects of the agricultural sector and rural America. The Committee's recommendation includes an increase of $16,084,000 over the 2002 level for Census of Agriculture activities. The Committee understands this increase is nec-

essary for NASS to carry out the majority of information gathering activities related to the 2002 Census of Agriculture.

The Committee also encourages NASS to conduct Monthly Hogs and Pigs Inventory reporting, and Barrow and Gilt Slaughter reporting.

AGRICULTURAL RESEARCH SERVICE

SALARIES AND EXPENSES

Appropriations, 2002 [1]	$979,464,000
Budget estimate, 2003 [2]	971,445,000
Committee recommendation	1,060,785,000

[1] Excludes $40,000,000 in emergency supplemental appropriations provided by Public Law 107–117.

[2] Excludes $42,641,000 requested for employee pension and health benefits.

The Agricultural Research Service [ARS] is responsible for conducting basic, applied, and developmental research on: soil, water, and air sciences; plant and animal productivity; commodity conversion and delivery; human nutrition; and the 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 Abraham Lincoln National Agricultural Library which provides agricultural information and library services through traditional library functions and modern electronic dissemination to agencies of the USDA, public and private organizations, and individuals.

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

The mission of ARS research is to develop new knowledge and technology which will ensure an abundance of high-quality agricultural commodities and products at reasonable prices to meet the increasing needs of an expanding economy and to provide for the continued improvement in the standard of living of all Americans. This mission focuses on the development of technical information and technical products which bear directly on the need to: (1) manage and use the Nation's soil, water, air, and climate resources, and improve the Nation's environment; (2) provide an adequate supply of agricultural products by observing practices that will maintain a sustainable and effective agriculture sector; (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 $1,060,785,000. This is $81,321,000

more than the 2002 level and $89,340,000 more than the budget request.

This amount includes an increase of $23,801,000 for pay parity costs and benefits. This amount does not include an increase of $2,807,000 for rental payments to GSA, or $234,000 for FECA administrative charges, as requested in the budget.

The Committee recommendation includes $4,623,000 of the savings from project terminations proposed in the budget. These savings are to be redirected to those research areas for which increased funding is provided by the Committee. The Committee does not provide funding for contingencies.

For fiscal year 2003, the Committee recommends funding increases, as specified below, for new and ongoing research activities. The remaining increase in appropriations from the fiscal year 2003 level is to be applied to mandatory pay and related cost increases to prevent the further erosion of the agency's capacity to maintain a viable research program at all research locations.

The Committee expects the agency to give attention to the prompt implementation and allocation of funds provided for the purposes identified by Congress.

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 in accordance with the reprogramming procedures specified in the Act. Unless otherwise directed, the Agricultural Research Service shall implement appropriations by programs, projects, commodities, and activities as specified by the Appropriations Committees. Unspecified reductions necessary to carry out the provisions of this Act are to be implemented in accordance with the definitions contained in the "Program, project, and activity" section of this report.

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

Aerial application research.—Aerial application is a necessary crop protection tool in farming and permits large areas to be covered rapidly, thus ensuring timely and effective applications of large farming areas. The Committee provides an increase of $120,000 from the fiscal year 2002 funding level for expanded ARS aerial application research at the College Station, TX, research station.

Agricultural genomes.—The Committee recognizes the importance of plant/crop genome sequencing and the need to identify genes that influence disease resistance, reproduction and nutrition and provides an increase of $1,175,000 from the fiscal year 2002 funding level for the proposed research as follows: Beltsville, MD, $475,000; Kerrville, TX, $350,000; and St. Paul, MN, $350,000.

Agricultural genome bioinformatics.—The Committee provides an increase of $600,000 from the fiscal year 2002 level to continue work on the Bioinformatics Institute for Model Plant Species at the National Center for Genome Resources in New Mexico, as authorized in Section 227 of the Agriculture Risk Protection Act (Public Law 106–224).

Agricultural law, Drake University.—The field of agricultural law and policy is developing rapidly, with many ramifications for agri-

cultural producers and the food and agriculture industry. Developments in food and agricultural law and policy at the State and local level, in particular, are increasingly important to future opportunities for agricultural producers and rural communities. The Committee provides an increase of $150,000 from the fiscal year 2002 level for support of a national center focusing on State and local food and agricultural law and policy. Drake University in Des Moines, Iowa, is highly qualified to serve as the location of the center. Of the funding available for this increase, $20,000 is available to the Leflar School of Law at Fayetteville, AR.

Agroforestry research.—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 fiscal year 2002 level of funding to continue agroforestry research in conjunction with work at the University of Missouri.

In addition, emerging research indicates that shiitake mushrooms and other similar agroforestry products contain important cancer defeating and cholesterol reducing chemicals. The Committee provides an increase of $50,000 from the fiscal year 2002 level to the ARS research station at Booneville, AR, for expanded cooperative research with the University of Missouri Agroforestry Center on plants, and in particular, shiitake mushrooms, which contain optimal amounts of these chemicals and to test models to substantiate health and nutrition claims.

Animal vaccines.—The U.S. food animal economy continues to be threatened by infectious diseases that can devastate the cattle, swine, and poultry industries. Increased research to investigate the adverse impacts of diseases on cattle, swine, and poultry are critically needed to avoid potential economic disasters, such as the spread of food and mouth disease. The Committee provides an increase of $150,000 from the fiscal year 2002 level to expand current collaborative research between ARS and the Universities of Connecticut and Missouri to develop more effective animal vaccines.

Appalachian Fruit Research Station.—The Committee recognizes the importance of the fruit research program carried out at the Appalachian Fruit Research Station in Kearneysville, WV, and provides an increase of $350,000 from the fiscal year 2002 level for essential staffing to support the station's ongoing research to identify new alternatives for chemical control of insects, and to develop disease-resistant trees.

Appalachian pasture-based beef systems.—The Committee is aware of the benefits to be derived from the pasture-raised beef research program currently underway at the ARS Appalachian Farming Systems Research Center located in Beaver, WV. The research partnership, which includes West Virginia University, Virginia Tech, and ARS, is targeted to Appalachian cattle farmers. The Committee provides an increase of $125,000 from the fiscal year 2002 level for this research, which will ensure the economic viability of these farmers and conserve and protect the region's environment.

Aquaculture research.—The Committee acknowledges the importance of avoiding duplication in research 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 notes the tremendous opportunities provided through advancements in research related to aquaculture species in terms of producer income, U.S. balance of trade, and healthy diets for Americans. In view of the variety of ARS aquaculture research locations, the Committee believes that adequate sharing of information will best facilitate the operations of all research locations and requests the ARS to provide a listing of specific research projects in the field of aquaculture to the Committees on Appropriations of the House and the Senate.

Aquaculture research.—The Committee provides an increase of $300,000 from the fiscal year 2002 funding level to the USDA/ARS National Small Grains and Potato Germplasm Research Laboratory, Aberdeen, ID, for support for an ARS cereal grain chemist/processing specialist assigned to the UI Hagerman Station to work on value-added processing of barley and oats to produce high-protein concentrates suitable for use in feeds for fish, and soluble fiber and starches for food and industrial uses.

Arid lands research.—The challenges for agricultural production and natural resource management in the desert Southwest and adjoining border regions are immense. Technologies for arid land agriculture are needed for the remediation of arid and semi-arid rangelands, sustainable agriculture production for growers of irrigated cotton and selected crops, and the restoration of disturbed lands. The Committee provides an increase of $300,000 from the fiscal year 2002 level for expanded research in rangeland resource management, irrigated farming technology, and environmental horticulture at the Jornada Experimental Range Station at Las Cruces, NM.

Arkansas Children's Nutrition Center, Little Rock, AR.—The Committee notes the importance of optimizing the nutrition and health of children from conception through adolescence. The Center is leading major research efforts to understand the relationship between chronic disease and diet, genetics, and lifestyle. The Committee provides an increase of $300,000 from the fiscal year 2002 level for expanded investigations on these issues.

Biobased products from agricultural commodities.—The Committee is aware of the expanded effort required to develop biobased products and bioenergy from agricultural commodities which will create new demand for U.S. crops. The Committee provides an increase of $1,800,000 over the fiscal year 2002 level for increased research on agricultural biomass feedstock and the production of biobased products from agricultural commodities. The research will be conducted at the following research locations: Madison, WI, $400,000; New Orleans, LA, $300,000; Wyndmoor, PA, $500,000; Peoria, IL, $300,000 and Albany, CA, $300,000.

Biological control research.—The Committee has been impressed by results of the various approaches which have been taken by the Jamie Whitten Delta States Research Center in the area of biological controls of cotton insect pests. The economic and environmental

benefits of this research could eventually reduce the vulnerability of crops to major insect pests and create alternatives to traditional crop protection methods. The Committee continues funding for this project at the fiscal year 2002 level.

Biomass crop production.—The Committee provides an increase of $600,000 from the fiscal year 2002 level for increased cooperative research between ARS and South Dakota State University to further investigate the applicability of using a method of fiber extrusion to dry and process wet distiller grains from ethanol production into high value feed for cattle, as well as conversion to increased ethanol production.

Biomedical materials in plants.—Increased research is needed to carry out studies on tobacco and other plants as a medium to produce vaccines and other biomedical products for the prevention of many human and animal diseases. The Committee provides an increase of $425,000 from the fiscal year 2002 level for expanded ARS cooperative research with the Biotechnology Foundation.

Biotechnology research to improve crops and livestock.—Biotechnology research has opened the path for sequencing and mapping the genes of crops and livestock, marking genes for adding precision to breeding of improved plants and animals, and identifying gene products through proteomics technology. Other technological advancements can be achieved in the livestock industry through the development of imaging at the molecular level using light, heat, and/or fluorescing signatures. These biotechnology efforts generate huge volumes of data, which must be managed, transmitted electronically, and analyzed. The Committee provides an increase of $1,500,000 from the fiscal year 2002 level to ARS at Stoneville, MS, to support cooperative research in genomics and bioinformatics and in the use of biophotonics for the imaging of animal physiological processes at the cellular level.

Biotechnology risk assessment.—The National Academy of Sciences in a report of April, 2000, "Genetically Modified Pest-Protected Plants," affirms that genetically engineered organisms are not inherently more dangerous then similar organisms derived from conventional selection and breeding. It did, however, identify areas that needed further study. The Committee provides an increase of $1,100,000 for fiscal year 2003 for research proposed in the President's budget as follows: Corvallis, OR; Ames, IA; Phoenix, AZ; $300,000 each and Wapato, WA, $200,000.

Broiler production in the Mid South.—Reduced broiler production costs are essential for the industry to increase net profit and remain competitive internationally. The Committee recognizes the importance of the cooperation between the ARS Poultry Research Unit and the Mississippi Agricultural and Forestry Experiment Station at Mississippi State. This cooperation has resulted in improved bird nutrition, control of mycoplasma disease with vaccines, and overall health, vigor, and growth of the birds through improved housing environmental controls. The Committee provides an increase of $1,000,000 from the fiscal year 2002 level to expand cooperative research on reducing ammonia levels in poultry litter, improving environmental controls, and reducing mortality in broiler flocks.

Canal Point sugarcane research.—The ARS sugarcane research laboratory at Canal Point, FL, has successfully contributed to the needs of sugarcane growers for 80 years, providing breed stock to the growers in Texas, Florida, Louisiana and Hawaii. The Committee provides an increase of $750,000 from the fiscal year 2002 funding level to improve the utilization and application of ongoing research that will enhance this sugarcane variety program.

Catfish Health.—Disease-causing bacteria, viruses, and parasites threaten the economic viability of the Nation's billion dollar catfish industry. Rapid expansion of the U.S. channel catfish industry increases the vulnerability of the industry to outbreaks of diseases and parasites. Research urgently is needed to identify disease vectors, modes of transmission, life cycles and methods for controlling catfish diseases caused by parasites, fungi, bacteria, and viruses. A thorough understanding of the impact of environmental factors on disease will lead to improved management practices for conventional catfish culture in earthen ponds. The Committee provides an increase of $550,000 from the fiscal year 2002 level for the comprehensive catfish health research program based at the Stoneville, MS, National Warmwater Aquaculture Center. This Center is strategically located in the mid-delta, proximal to the vast majority of the U.S. commercial catfish farming acreage and already has a critical mass of scientists, facilities, and instrumentation addressing the disease issue. Ongoing research in genomics and breeding can be expanded to select for fish with disease and parasite resistance, but additional scientists, including a parasitologist and virologist, are required for a comprehensive disease and parasite genetic resistance research program.

Center for Food Safety and Postharvest Technology.—The Committee is aware of the significance of the research currently underway relating to catfish and other food products at the Mississippi Center for Food Safety and Postharvest Technology and continues funding at the fiscal year 2002 level for research on shellfish safety and methods of decreasing risks to consumers.

Central Great Plains Research Station.—This is the only ARS station conducting research aimed at solving dryland production problems in Coloradon, NE, Kansas, and Wyoming. The Committee provides an increase of $600,000 from the fiscal year 2002 funding level to the Central Great Plains Research Station at Akron, CO, for research on extensive crop rotation strategies. Increased research will focus on biological diversity to reduce weed, disease, and insects inherent in single crop rotation and utilize a complete systems approach to quantify comparative yield benefits under various rotation schemes.

Cereal disease research.—The Committee provides an increase of $300,000 from the fiscal year 2002 level to support the core group of scientists currently performing research at the Cereal Disease Research Laboratory, St. Paul, Minnesota. The Committee directs that the current number of scientists be maintained to effectively tackle the rust and fusarium head blight (FHB) disease which caused $3,000,000,000 in losses to wheat and barley farmers over the last several years.

Children's Nutrition Research Center.—The Children's Nutrition Research Center at the Baylor College of Medicine, Houston, TX,

has helped define the role of nutrition in children's health, growth, and development; contributed to nutritional guidelines used by physicians, parents, and others responsible for the care and feeding of children, and is unique in it's ability to address a broad array of children's nutritional issues. The Committee provides an increase of $600,000 from the fiscal year 2002 level for increased investigation of the nutritional needs of pregnant and nursing women, and children from conception to adolescence, at the Children's Nutrition Research Center, Houston, TX.

Chronic Wasting Disease (CWD).—In order to reduce livestock losses and to improve efficiency of production, it is important to eradicate transmissable spongiform encephalopathies (TSE) in domestic animals. Scrapie of sheep and goats, bovine spongiform encephalopathies (BSE) and chronic wasting disease (CWD) of deer and elk are classes of TSE's of ruminant animals and are fatal diseases that can affect both animals and humans. The Committee provides an increase of $1,000,000 from the fiscal year 2002 funding level to the Animal Disease Laboratory, Pullman, WA, and the National Animal Disease Laboratory, Ames, IA, for urgent research on CWD.

Coffee and cocoa.—The disease resistance and alternative crop research program for coffee and cocoa has important economic benefits and implications for foreign policy goals in South Central America and West Africa. As a globally marketable cash crop, cocoa can provide an alternative, environmentally beneficial choice for small farmers and an incentive to Andean farmers to abandon illegal crops for those that can provide stable long-term economic benefit. Cocoa is produced primarily by small farmers in the tropics of South Central America and West Africa that is also under severe disease pressure which threatens the stability of world supply of cocoa and the economies of other cocoa-producing nations. The Committee provides an increase of $900,000 from the fiscal year 2002 funding level to fully realize the research potential of coffee and cocoa as alternatives to illegal crops.

Conservation research.—The Committee provides an increase of $250,000 from the fiscal year 2002 funding level to expand important non-irrigated dryland research conducted at the ARS Soil Conservation Laboratory, Pendleton, OR. The research is directed toward developing better management practices and techniques required for sound natural resource conservation in the Columbia River Plateau and regional resource areas for sustainable crop production.

Cotton genomics, breeding, variety development, and pest resistance.—The Committee recognizes the progress that has been made through the cooperative efforts of the ARS and the Mississippi Agricultural and Forestry Experiment Station at Stoneville, MS, in the research, development, and transfer of improved cotton germplasm to the cotton industry. This cooperative research must be accelerated to incorporate new genetic material into agronomically-acceptable varieties and to transfer reniform nematode and other pest resistance into improved cotton lines. An increase of $700,000 is provided from the fiscal year 2002 funding level to enhance the public cotton breeding program conducted by ARS at Stoneville, MS.

Corn germplasm.—Corn is a key resource in Iowa and throughout the world, providing food, industrial uses, livestock feed and export. It is important to broaden the germplasm base of corn hybrids grown by American farmers to establish genetic diversity and stability in corn production. The Committee provides an increase of $600,000 from the fiscal year 2002 level for the ARS Corn Germplasm Research Laboratory at Ames, Iowa for expanded research to increase the productivity and genetic diversity of maize grown in the United States.

Cotton ginning laboratory.—The Committee continues funding at the fiscal year 2002 level for ginning research at the Stoneville, MS, laboratory.

Cotton genetics research.—Global competition in the textile industry has caused domestic textile manufacturers to adopt more efficient cotton farm spinning technologies. These new technologies require higher fiber strength to operate resistance to nematodes and insect pests that annually inflict significant losses to the cotton industry. There is a need to broaden the genetic base of cotton germplasm with fiber properties that will meet today's more efficient yarn spinning machines, as well as cotton varieties with improved host resistance to insects and pathogens. The Committee provides an increase of $300,000 from the fiscal year 2002 level for support of a cotton geneticist position at the ARS Cotton Breeding laboratory, Florence, SC.

Crop Production and Food Processing.—The Committee provides the fiscal year 2002 level to ARS to continue collaborative research with Purdue University on a genomics project to continue in the identification and execution of critical steps in the development of pest resistance in wheat.

Dairy forage research.—The Committee recognizes the important research on dairy forage carried out by ARS at the U.S. Dairy Forage Research Center in Madison, WI. The Committee provides an increase of $1,150,000 from the fiscal year 2002 level for expanded dairy forage research at the center. Of the total increase, $150,000 is provided for increased support of the Wisconsin Integrated Cropping Systems (WICTS) program.

Delta nutrition intervention initiative.—The Lower Mississippi Delta Nutrition Intervention Research Initiative is a research consortium consisting of ARS and six universities located in Louisiana, Mississippi and Arkansas. Current appropriations have allowed the consortium to develop important research on the health and nutrition status, food security and diet intake of people who live in the Delta regions of Louisiana, Mississippi, and Arkansas. The Committee provides an increase of $1,000,000 from the fiscal year 2002 level for nutrition intervention activities that cannot be carried out within currently available funding. Increased funding will allow the consortium to initiate community involved planning, implement interventions, and initiate research to assess the effects on health and nutrition status in a number of counties in each of the three States over the next 5 years.

Emerging diseases of plants and animals.—The Committee recognizes the importance of research in support of new prevention and control strategies for emerging, reemerging and exotic diseases of plants and animals. The Committee provides an increase of

$1,350,000 from the fiscal year 2002 level for exotic plant disease research at the following locations: Beltsville, MD, $300,000; Frederick, MD, $300,000; Prosser, WA, $200,000; Raleigh, NC, $350,000; and Prosser, WA, $250,000. The Committee provides an additional $3,100,000 for exotic animal disease research as follows: Marek's disease, East Lansing, MI, $500,000; Porcine Respiratory disease, Ames, IA, $250,000; Foot and Mouth disease, Greenport, NY, $500,000; Newcastle disease, Athens, GA, $300,000; BSE/TSE at Albany, CA; Ames, IA; and Pullman, WA; $500,000 each.

Fish disease research.—The development of safe and effective vaccines for prevention of disease in catfish is essential to the growth of the catfish industry. There are currently only a number of approved therapeutic compounds available for farmers to heal diseases of fish. Vaccinations, successful in other animals, appear to be the best means of preventing diseases. The Committee provides an increase of $600,000 from the fiscal year 2002 funding level to the ARS Fish Disease and Parasitic Research Laboratory at Auburn, AL, for increased research on the development of commercially approved vaccines for catfish.

Floriculture and nursery research.—Nursery and greenhouse products rank third in production in the Nation. As the public demands more plants and trees to help clean the air, prevent water runoff and soil erosion, and improve water conservation and quality, the nursery industry is playing an expanding and significant role in enhancing environmental quality. The Committee provides an increase of $750,000 from the fiscal year 2002 level for expanded ARS floriculture and nursery research aimed at reducing chemical use, improved post-harvest life of flowers and plants, disease and pest resistant flowers and plants, control of root diseases, robotics research, and control of run-off from greenhouse and nursery operations.

Food Safety and Engineering.—The Committee provides an additional $600,000 from the fiscal year 2002 level for increased collaborative research with Purdue University in the area of food safety and engineering.

Forage-Livestock Systems.—The Committee provides an increase of $1,000,000 from the fiscal year 2002 funding level to ARS to continue a cooperative project with the University of Kentucky on tall fescue breeding and improvement efforts to develop an enhanced national forage base.

Forage and range research.—The Committee recognizes the important research being carried out by ARS at the Forage and Range Research Laboratory, Logan, UT. The research program seeks to develop and improve range and pasture plants, reinvigorate disturbed and over-used rangelands, effect revegetation following wild fires, combat invasive weeds, and provide improved forages for livestock. The Committee provides an increase of $300,000 from the fiscal year 2002 level for additional research required to develop range and pasture plant varieties.

Formosan Subterranean Termite.—The management of this termite is essential to Louisiana economic well-being. This termite has infested 32 parishes in Louisiana, with the most severe infestations occurring in the New Orleans and Lake Charles areas. This insect has caused millions of dollars worth of damage with an astonishing

$300,000,000 impact in New Orleans alone. The Committee provides an increase of $300,000 from the fiscal year 2002 level to the Southern Regional Research Center at New Orleans, LA, for expanded research efforts focusing on improved termite detection systems, evaluation of wood products for protecting building materials, and enhancement of bait technology.

Fort Keogh Livestock and Range Research Laboratory.—The Committee recognizes the threat to long-term sustainability of the Northern Great Plains range livestock industry from infestations of noxious weeds such as leafy spurge and spotted knapweed. The objective of the Fort Keogh, MT, station is to develop low-input rangeland management strategies that impede or control the spread of noxious weeds into native rangelands and planted pastures. The Committee provides an increase of $600,000 for this research for the fiscal year 2002 level.

Glassy-winged sharpshooter.—The Committee continues to be concerned about the serious costs that the Glassy-winged sharpshooter (GWSS) and Pierce's disease (PD) inflict on U.S. vineyards. Citrus and nursery stock growers now have costly new shipping requirements to inspect and treat plants and crops to curb the spread of GWSS–PD. The Committee provides an increase of $750,000 from the fiscal year 2002 level to the ARS Parlier, CA, laboratory to continue its research efforts and collaborations to control and eradicate this devastating carrier and disease.

Grain sorghum.—The Committee provides an increase of $200,000 from the fiscal year 2002 funding level to the ARS Energy, Soil, and Animal Waste Resources Research Unit in Bushland, TX, to evaluate the feed value of distillers dried grain (DDG). More sorghum is being used for ethanol as farmers look to add value to locally produced crops and to provide oxygenates for gasoline and DDG for livestock feed. Research is needed to determine the relative feeding values of sorghum distillers grains so that it can be nutritionally and economically evaluated for the cattle feeding industry.

Grapefruit juice/drug interaction research.—With the consumption of grapefruit juice dramatically declining, there is a need to examine and attain more precise data on the effect of grapefruit juice on the absorption rates of certain medications. The Committee provides an increase of $300,000 from the fiscal year 2002 level to the ARS Citrus Research Laboratory at Winterhaven, FL, for research to identify and characterize the components of grapefruit juice responsible for enzyme suppression, understand the dosage affected, and determine the rate of consumption for safety and efficacy.

Grand Forks Human Nutrition Laboratory.—Research is needed to study rural health problems related to diet in the Northern Great Plains. Particular emphasis will be given to the diets of Native Americans and the rural elderly. The Committee provides $300,000 from the fiscal year 2002 level for this program to be carried out by the ARS Grand Forks Human Nutrition Center in cooperation with the University of North Dakota School of Medicine and Health Sciences.

Harbor Branch aquaculture initiative.—The Committee recognizes that continued expansion of aquaculture enterprises in the U.S. would increase domestic competitiveness in seafood markets,

ease harvest pressures on wild fish stocks, as well as help in offsetting existing trade deficits. The Committee provides an increase of $300,000 from the fiscal year 2002 level for expanded ARS collaborative research with the Harbor Branch Oceanographic Institute and the Florida State University (FSU) on sustainable marine aquaculture systems. The objectives are to design and operate low-cost, energy efficient, zero discharge aquaculture production systems to produce warm water fish species year round; to expand use of inland agricultural land through aquaculture of salt water species that are adaptable to fresh water; and to generate new aquaculture enterprises.

Harry Dupree National Aquaculture Research Center.—Arkansas leads the Nation in raising hybrid striped bass, as well as in producing 80 percent of the Nation's baitfish and other food fishes. The Committee understands that this Center plays a significant role in meeting the needs of the U.S. aquaculture industry by conducting research aimed at improving yields, food quality, disease control, and stress tolerance. The Committee provides an increase of $300,000 from the fiscal year 2002 funding level for increased research on the genetic improvement of hybrid striped bass.

Hawaii Agriculture Research Center.—The Committee provides the fiscal year 2002 level for the Hawaii Agriculture Research Center to enhance the competitiveness of U.S. sugarcane producers and to continue to support the expansion of new crops and products, including those from agroforestry, to complement sugarcane production in Hawaii.

Hides and leather research.—The USDA's only hides and leather research is carried out at the Eastern Regional Research Center in Wyndmoor, PA. The research provides the hides and leather industry with cost-effective and environmentally safe tanning processes which will enhance U.S. producers' competitiveness in world markets. The Committee provides an increase of $100,000 from the fiscal year 2002 funding level for this research.

Horticulture research.—The Committee recognizes the importance of the cooperation between the ARS Small Fruits Research Unit and the Mississippi Agricultural and Forestry Experiment Station at Poplarville, MS. This cooperation catalyzed and now undergirds the Gulf Coast blueberry and other small fruit industries. This cooperation has expanded into the development of vegetable, melon, and ornamental industries and can revitalize small farms in the south. The Committee provides an increase of $500,000 from the fiscal year 2002 funding level to expand the cooperative research and development efforts on ornamentals, vegetables, and melons at Poplarville, MS.

In addition, Tennessee has a vibrant nursery industry and a growing floricultural and ornamental horticulture industry. The Agricultural Research Service is establishing a research laboratory at the University of Tennessee to jointly conduct and collaborate in plant pathology, entomology, horticulture, germplasm, and biotechnology research to improve rural and suburban economies, and enhance international quality. The Committee supports this ARS/UT collaborative initiative to establish the Appalachian Horticulture Research Institute at Knoxville, TN, and provides an in-

crease of $1,000,000 for staffing at this location from the fiscal year 2003 level.

Human Nutrition Research Center on Aging (HNRCA).—The HNRCA at Tufts University is one of six USDA research centers that study the effects of human nutrition on health. The program at HNRCA requires additional resources to maintain existing scientists and staff as well as to offset inflation and spiraling energy costs. The Committee provides an increase of $625,000 to ARS from the fiscal year 2002 level to meet these resource needs.

Hyperspectral Imaging Technology for Protection of the Food Supply and Agricultural Production.—Through a cooperative agreement with the ARS, the Institute for Technology Development at the Stennis Space Center has successfully applied its hyperspectral imaging capabilities to detect fecal contamination on poultry, furthering efforts to increase the safety of the Nation's food supply. The Committee is aware that this technology could be applied to detection of crop diseases such as karnal bunt and rusts, animal diseases such as bovine spongiform encephalopathy, and mold/toxins found in food and feed. The Committee provides fiscal year 2003 funding of $700,000, which is to be redirected from the current hyperspectral poultry project, to explore hyperspectral imaging as a possible tool for finding, identifying, and quantifying diseases and infestations that have economic impact and health risks either naturally or as a terrorist act.

Integrated farming systems.—The Committee understands that Integrated Farming Systems represents the agriculture operation in its entirety, including finances, natural resources and off-farm environmental impacts. The National Soil Tilth Laboratory in Ames, IA, conducts this research with special emphasis on nutrient management. The Committee provides an additional $300,000 for this work from the fiscal year 2002 level.

IPM strategies for northern climate.—Insect pests, plant pathogens, and weed pests are serious threats to Alaska's economic viability. The Committee recognizes the importance of agricultural research to enhance productivity and profitability of Alaska's farming industry, including the preservation and management of its valuable natural resources utilizing IPM strategies. The Committee provides an increase of $700,000 from the fiscal year 2002 funding level for expanded research to develop IPM application approaches suitable to northern latitudes that support viable crop and nursery production systems and the sustainability of natural resources.

Invasive species.—The Committee understands the serious impact that invasive species have on production agriculture. Invasive species are second only to loss of habitat in causing negative impacts on environmental areas and loss of biological diversity. The Committee provides an increase of $1,800,000 from the fiscal year 2002 level for the continued development of biological control programs as follows: Beltsville, MD; Davis, CA; Wooster, OH; and Ft. Collins, CO; $300,000 each. The Committee provides $300,000 for expanded research on the Asian Longhorned Beetle. The Committee also provides $300,000 for systematics of invasive insects and weeds at Beltsville, MD.

Johne's Disease (Bovine Paratuberculosis).—Johne's is a contagious disease that causes chronic wasting or debilitating enteritis

and eventual death in cattle, sheep, goats, deer and other wild and domestic ruminants. Infected animals intermittently shed the microorganisms into milk and feces. Infection is difficult to diagnose because of the fastidious, slow growth of the microorganisms and the poor reliability of the sero-diagnostic tools. Additional research is needed to develop improved diagnostics and vaccines, and better understanding of the pathogenicity of the organism. The Committee provides an increase of $1,200,000 from the funding level available in fiscal year 2002 for expanded research to control this devastating disease affecting this Nation's beef and dairy industries.

Karnal Bunt.—The Committee is aware of the significant threat karnal bunt poses to the U.S. wheat industry and U.S. wheat exports. To aid in development of karnal bunt resistance and control methods, the Committee provides $300,000 from the fiscal year 2002 level for research in this area. The Committee expects ARS to work with Kansas State University to establish a consortium in Manhattan, KS, that will work with other land grant universities in this research area.

Livestock genome sequencing.—The Committee provides an increase of $300,000 in fiscal year 2003 for the U.S. Meat Animal Research Center at Clay Center, NE, for expanded genomics research to identify the genes that influence disease resistance, reproduction, nutrition, and other economically important traits in livestock. This research is to be performed in collaboration with the University of Illinois.

Malignant Catarrhal Fever (MCF) Virus.—The Committee acknowledges the importance of research for the sheep-associated virus, Malignant Catarrhal Fever (MCF), infecting small ruminants. The Committee continues the fiscal year 2002 funding level for research on the development of vaccines critical to the systematic eradication of MCF virus in small ruminants at the ARS laboratory at Pullman, WA, in cooperation with the ARS sheep, station at Dubois, ID, and Washington State University.

Michael Fields Agricultural Institute.—The Committee provides an increase of $500,000 from the fiscal year 2002 level for ARS to initiate collaborative research with the Michael Fields Agricultural Institute. This research will develop high-quality corn in Wisconsin and other Mid-Western States for increased nutritional value and adaptation to sustainable farming systems. Collaborative research will be directed at corn breeding, analysis, corn quality, on-farm research and information dissemination.

Microbial Genomics.—The Committee recognizes the importance and significance of the joint microbial genomics initiative between the ARS Animal Disease Research Unit at Pullman, WA, and the ARS Tick Research Unit at Kerrville, TX, and continues the fiscal year 2002 level of funding.

National Agricultural Library.—The Committee provides an increase of $400,000 from the fiscal year 2002 level for the National Agricultural Library for the continued development of information technology including new software, telecommunications and networking capabilities. These resources are recommended in the President's fiscal year 2003 budget.

National Cold Water Marine Aquaculture Center.—The Committee notes the importance of aquaculture research to the State of Maine, which leads the Nation in Atlantic salmon cultivation. Other important aquaculture species in Maine include shellfish and trout. Research on marine finfish is vitally important to Maine's aquaculture program. Finfish, including haddock, halibut, and cod, are primary candidates for future diversity of Maine's aquaculture industry. The Committee provides an increase of $300,000 from the fiscal year 2002 funding level for this research, which will be undertaken at the Franklin, Maine, research location.

National Corn to Ethanol Research Pilot Plant.—The National Corn to Ethanol Research Pilot Plant at Edwardsville, IL, was constructed to avail researchers and commercial producers with a state-of-the-art facility to develop more efficient production of ethanol. The plant is scheduled to begin operations in early 2003 and will operate on a time-share basis to Federal and State agencies, universities, and commercial producers. The plant has the near-term potential to improve the efficiency and decrease the cost of corn conversion for ethanol production. The Committee provides an increase of $750,000 from the fiscal year 2002 level to fund ARS scientists stationed at the pilot plant. The research will utilize both wet milled and dry milled projects and will focus on processing efficiencies that can be adapted commercially in the near term.

National nutrition monitoring system.—Health and dietary information gathered from a combined U.S. Department of Agriculture/Department of Health and Human Services is critical to the Nation and plays a key role in shaping national food policies and programs including food safety, food labeling, child nutrition, food assistance and dietary guidance. The Committee provides an increase of $1,000,000 from the fiscal year 2002 level for the combined national nutrition monitoring program.

National Peanut Research Laboratory, Dawson, GA.—The Committee concurs with the authority to purchase land for research at the National Peanut Laboratory at Dawson, GA, as provided under Section 7506, Title VII of the Farm Security and Rural Investment Act of 2002. The Dawson laboratory, which has been conducting research on this property, has entered a lease with an option to purchase this land. The Agency will utilize available funds and will not require additional appropriations to purchase this property.

National Soil Erosion Laboratory.—The Committee provides an increase of $300,000 from the fiscal year 2002 level for salaries and related research expenses for a water quality researcher stationed at the USDA–ARS National Soil Erosion Laboratory at West Lafayette, Indiana.

National sclerotinia initiative.—The Committee recognizes the importance of controlling this disease which affects sunflowers, soybeans, canola, edible beans, peas and lentils. The Committee provides an increase of $600,000 from the fiscal year 2002 level for this research initiative which is centered at the ARS research station at Fargo, ND.

Natural products.—The Committee provides an increase of $400,000 from the fiscal year 2002 level for the ARS to continue and accelerate its cooperative research with the National Center

for Natural Products Research to discover and develop natural product chemicals for use in agriculture.

Northern Grains Insect Research Laboratory.—Diverse economic and environmental pressures have impacted agriculture in the Northern Plains. The Northern Grains Insect Research Laboratory in Brookings, South Dakota focuses on production agriculture problems for the Northern Plains. This laboratory is working on research that directly benefits farmers, such as new cropping systems and innovative crop rotations that minimize use of chemicals and tillage. The Committee provides an increase of $600,000 from the fiscal year 2002 level for support of two additional scientist positions required by the laboratory to assemble a team of scientists to address the diverse economic and environmental problems in the Northern Plains.

Northern Great Plains Ecosystem.—The Committee is aware of the research and outreach programs conducted by the ARS Biological Control and Soil Conservation Laboratory at Sidney, Montana. A major focus of research at the station is targeted to biocontrol of invasive and noxious weeds and enhancing the long-term sustainability of range, irrigated and dryland agriculture. Invasive weeds alter ecosystem structure and function, reduces biodiversity, displaces native plants and requires widespread use of herbicides. The Committee provides an increase of $1,000,000 from the fiscal year 2002 level to strengthen this program.

Noxious weeds in the desert southwest.—Invasive and noxious weeds are expected to infest 140 million acres in the United States by the year 2010. Rangeland and pastures will be the primary land types invaded by these species. The Committee supports the biocontrol research on invasive non-native and tree species carried out by ARS at the Jornada Experimental Range in Las Cruces and provides an increase of $300,000 from the fiscal year 2002 funding level for this research.

Ogallala Aquifer.—Surface water in the Central High Plains region is severely limited and the Ogallala Aquifer, which underlies this area, has provided water for the development of a highly significant agricultural economy. However, the Ogallala Aquifer is a finite resource. The Committee provides the Agricultural Research Service an increase of $900,000 from the fiscal year 2002 level for research into the complex nature of water availability, potential uses, and costs which will help determine future water policy in this region. This research is to be based in Texas but coordinated with other affected States, including Kansas.

Ornamental and horticulture research.—The Committee recognizes the collaborative research program between ARS and the University of Vermont (UVM). Research currently underway at UVM includes Pear thrips and the Asian Long-horned Beetle. UVM research is critical to the protection of the ornamental and horticulture industries throughout New England. The Committee provides an increase of $150,000 for Pear thrips research from the fiscal year 2002 level.

Papaya Ringspot Virus.—The Committee provides the fiscal year 2002 level to the University of Hawaii College of Tropical Agriculture and Human Resources to monitor and refine control of the papaya ringspot virus and to expand the techniques and knowledge

obtained from this program to other diseases and pests; and to coordinate a program to induce nematode resistance, flowering control, and mealy bug wilt disease resistance in commercial pineapple varieties and to seek funds from the private sector to complement Federal funds. The Committee views the nematode and ringspot virus activities as supportive of a national agricultural research agency and that of Hawaii.

Phytoestrogens research.—The Committee is aware of the increased consumption of soy products and controversies surrounding the health claims from those products. Phytoestrogens, plant-derived products that can mimic or block estrogen, remain a priority issue for USDA researchers. Research studies have suggested that phytoestrogens have a range of human health benefits that can prevent certain diseases. However, extensive studies on their long-term benefits and side effects are lacking. The Committee provides an increase of $900,000 for this research from the fiscal year 2002 level. Current research is carried out at the Southern Regional Research Center in New Orleans in collaboration with other universities. The Committee directs $300,000 of these resources be used in collaboration with the University of Toledo to fingerprint and isolate novel products in stressed and unstressed soy.

Plant and animal pathogen research.—The Committee provides an increase of $500,000 from the fiscal year 2002 level for expanded plant pathogen research to be carried out at Frederick, MD. The Committee also provides $500,000 for rapid detection of poultry diseases at the ARS Poultry Disease Laboratory at Athens, GA. New technologies will enhance U.S. food security and strengthen the Nation's competitiveness in global markets.

Potato Production.—The Committee recognizes the important contributions made by the USDA–ARS research units at Prosser and Yakima, Washington, but encourages closer cooperation between the units in conducting research and solving problems in potato production.

Potato research.—The Committee is concerned that funding levels and lack of personnel resources limit ARS' ability to address some aspects of potato variety research. The Committee provides an additional $30,000 from the fiscal year 2002 level to meet research staffing needs at the Aberdeen, ID, research laboratory.

Precision agriculture research.—The Committee provides a $750,000 increase from the fiscal year 2002 level for the Mandan Northern Great Plains Research Laboratory for a precision agriculture research project and global climate change research recommended in the budget request at $135,000. The precision agriculture research should be conducted in cooperation with the Upper Midwest Aerospace Consortium and DigitalGlobe. In addition, the Committee has restored the funding provided last year for the Hettinger Extension Service Southwest Feeders Program. ARS researchers can contribute significantly to the knowledge base UMAC can transfer to producers.

Program continuations.—The Committee directs the Agricultural Research Service to continue to fund the following areas of research in fiscal year 2003 at the same funding level provided in fiscal year 2002: Conservation Research, Pendleton, OR; Dryland Production Research, Akron, CO; Improved Animal Waste Manage-

ment, Florence, SC; Improved Crop Production Practices, Auburn, AL; Irrigated Cropping Systems in the Mid South, Stoneville, MS; Manure Mangement Research, Ames, IA; Mid-West/Mid-South Irrigation, Columbia, MO; National Sedimentation Lab, Yazoo/TMDL's, Oxford, MS; National Sedimentation Lab, Acoustics, Oxford, MS; National Sedimentation Lab, Yazoo Basin, Oxford, MS; National Soil Dynamics Laboratory, Auburn, AL; New England Plant, Soil, and Water Laboratory, Orono, ME; Northern Great Plains Research Laboratory, Mandan, ND; Pasture Systems and Watershed Management, University Park, PA; Soil, Plant Nutrient Research, Ft. Collins, CO; Seismic and Acoustic Technologies in Soils, Oxford, MS; Soil Tilth Research, Ames, IA; Source Water Protection Initiatives, Columbus, OH/West Lafayette, IN; Waste Management Research, Starkville, MS; Watershed Research, Colombia, MO; Western Grazinglands, Burns, OR; Aerial Application Research, College Station, TX; Alternative Crops and Value Added Products, Stoneville, MS; Appalachian Fruit Research Station, Kearneysville, WV; Appalachian Pasture Based Beef Systems, Beaver, WV; Arctic Germplasm, Palmer, AK; Bee Research, Logan, UT/Weslaco, TX; Binational Agricultural Research and Development Program (BARD); Bioinformatics Institute for Model Plant Species at the National Center for Genome Resources, Santa Fe, NM; Biomedical Materials in Plants, Beltsville, MD; Cereal Crops Research, Fargo, ND; Cereal Crops Research, Madison, WI; Citrus and Horticulture Research, Ft. Pierce, FL; Coffee and Cocoa Research, Miami, FL/Beltsville, MD; Corn Germplasm, Starkville, MS; Cotton Genomics, Breeding, and Variety Development, Stoneville, MS; Corn Resistant to Aflatoxin for the Mid-South, Starkville, MS; Crop Production and Food Processing, Peoria, IL; Ecology of Tamarix, Reno, NV; Endophyte Research, Boooneville, AR; Floriculture/Nursery Crops Research; Ft. Pierce horticultural Research Lab, Ft. Pierce, FL; Golden Nematode, Ithaca, NY; Grain Legume, Pullman, WA; Grain Research, Manhattan, KS; Grape Rootstock, Geneva, NY; Great Basin Rangelands, Boise ID/Reno, NV; Greenhouse and Hydroponics Research, Wooster, OH; Honey Bee Research, Baton Rouge, LA; Hops Research, Corvallis, OR; Improved Forage Livestock Production, Lexington, KY; Integrated Farming Systems/Dairy Forage, Madison, WI; IPM for Northern Climate Crops, Fairbanks, AK; Jornada Experimental Range, Las Cruces, NM; Late Blight Fungus, Orono, ME; Medicinal Botanical Production and Processing, Beaver, WV; Microbial Genomics, Pullman, WA/Kerrville, TX; Minor Use Pesticides (IR–4); National Germplasm Resources Program; National Sclerotinia Initiative, Fargo, ND; National Wheat and Barley Scab Initiative (Fusarium Head Blight), various locations; Northern Grain Insect Laboratory, Brookings, SD; Northwest Small Fruits Research, Corvallis, OR; Oat Virus, West Lafayette, IN; Olive Fruit Fly, Parlier, CA/Montpellier, France; Pecan Scab Research, Byron, GA; Pierce's Disease, Parlier, CA/Ft. Pierce, FL; Plant Stress and Water Conservation, Lubbock, TX; Potato Breeding, Aberdeen, ID; Potato Research Enhancement, Prosser, WA; Rangeland Resources Research, Cheyenne, WY; Rangeland Resource Management, Las Cruces, NM; Red Imported Fire Ants, Stoneville, MS; Residue Management in Sugarcane, Houma, LA; Rice Research, Stuttgart, AR; Risk Assessment

for Bt. Corn, Ames, IA; Root Diseases in Wheat and Barley, Pullman, WA; Small Farms, Booneville, AR; Small Fruits Research, Poplarville, MS; Sorghum Research, Manhattan, KS/Bushland, TX/Stillwater, OK/Lubbock, TX; Southwest Pecan Research, College Station, TX; Soybean and Nitrogen Fixation, Raleigh, NC; Soybean Cyst Nematode, Stoneville, MS; Soybean Genetics, Columbia, MO; Soybean Research in the South, Stoneville, MS; Sudden Oak Disease, Ft. Detrick, MD; Sugarbeet Research, Kimberly, ID; Sugarcane Variety Research, Canal Point, FL; Sweet Potato, Stoneville, MS; Temperate Fruit Flies, Yakima, WA; Turfgrass Research, Washington, DC; U.S. Pacific Basin Agricultural Research Center, Hilo, HI; Vegetable Crops Research, Madison, WI; Virus-free Potato Germplasm, Palmer, AK; Viticulture Research, Corvallis, OR; Wheat Quality Research, Pullman, WA/Wooster, OH/Manhattan, KS/Fargo, ND; Wild Rice, St. Paul MN; Woody Genomics and Breeding for the Southeast, Poplarville, MS; Animal Vaccines, Greenport, NY; Aquaculture Initiative, Harbor Branch Oceanographic Institute, Stuttgart, AR; Aquaculture Initiative for Mid-Atlantic Highlands, Leetown, WV; Aquaculture Fisheries Center, Pine Bluff, AR; Aquaculture Systems (Rainbow Trout), Leetown, WV; Asian Bird Influenza, Athens, GA; Avian Pneumovirus, Athens, GA; Bovine Genetics, Beltsville, MD; Broiler Production in the Mid South, Starkville, MS; Catfish Genome, Auburn, AL; Catfish Health, Stoneville, MS; Dairy Forage, Madison, WI; Dairy Genetics Research, Beltsville, MD; Formosan Subterranean Termite, New Orleans, LA; Livestock and Range Research, Miles City, MT; Livestock Genome Mapping Initiative, Clay Center, NE (including the cooperative agreement carried out at Urbana-Champaign, IL); National Center for Cool and Coldwater Aquaculture, Leetown, WV; Aquaculture Systems (Freshwater Institute), Leetown, WV; Malignant Catarrhal Fever (MCF), Pullman, WA; National Warmwater Aquaculture Center, Stoneville, MS; Poult Enterititis-Mortality Syndrome (PEMS), Athens, GA; Poultry Diseases, Beltsville, MD/Athens,GA; Seafood Waste, Fairbanks, AK; Shellfish Genetics, Newport, OR; Stuttgart National Aquaculture Research Center, Stuttgart, AR; Trout Genome Mapping, Leetown, WV; Vaccines and Microbe Control for Fish Health, Auburn, AL; Aflatoxin in Cotton, Phoenix, AZ; Biomass Crop Production, Brookings, SD; Biotechnology Research and Development Corporation, Peoria, IL; Cotton Ginning Research, Las Cruces, NM; Food Safety for Listeria and E.coli; Natural Products, Oxford, MS; Barley Food Health Benefits Research, Beltsville, MD; Diet and Immune Function, Little Rock, AR; Nutritional Requirements Research, Houston, TX; Animal Welfare Information Center (NAL), Beltsville, MD; National Center for Agriculture Law (NAL); Honey Bee Research Laboratory, Tuscon, AZ; Bee Research Laboratory, Beltsville, MD; Wild Rice, St. Paul, MN; National Sedimentation Laboratory/Seismic and Acoustics Technologies in Soils, Oxford, MS; Midwest/Mid-South Irrigation, Columbia, MO; Soft Wheat Research Laboratory, Wooster, OH; Wheat Quality Research, Wooster, OH; and Minor Use Pesticides, Corvallis, OR.

Proposed closure and consolidation of laboratories and programs.—The President's budget recommends a number of location closures, consolidations and reductions of ongoing research. The

Committee does not concur with proposals to close selected research laboratories and consolidate and terminate related ongoing research programs. The Committee directs the Agency to maintain these important research programs and laboratories and maintains funding which was eliminated under the President's budget. The research laboratories and ongoing base programs to be continued and restored by this Committee are as follows: the Avian Disease and Oncology Laboratory, East Lansing, MI; Water Management Research Laboratory, Brawley, CA; new England Plant, Soil, and Water Research Laboratory, Orono, ME; the Honey Bee Research Laboratories located at Beltsville, MD; Baton Rouge, LA; and Tucson, AZ; the Cereal Crops Quality Research Laboratories located at Fargo, ND; Madison, WI; and Wooster, OH; Biotechnology Research and Development Corporation, Peoria, IL; Animal Health Consortium, Peoria, IL; and the research and laboratories impacted at the Western Regional Research Center, Albany, CA.

Regional grains genotyping research.—Current regional ARS laboratories characterize germplasm and improve resistance to rusts, blights and insect pests. Regional genotyping centers will overcome the barriers to practical use through DNA extraction and high-throughout marker screening procedures. The Committee strongly supports this regional research program and provides an increase of $300,000 from the fiscal year 2002 level for this research to be carried out at the ARS research laboratory at Raleigh, NC.

Resistance Management and Risk Assessment in Bt Cotton and Other Plant Incorporated Protectants.—Transgenic Bt cottons have provided outstanding control of insecticide-resistant tobacco budworms and suppressed other cotton caterpillar pests. However, potential evolution of resistance in caterpillar pests to the Bt protein(s) in transgenic cotton threaten the viability of the Bt plant protectant technology. The Environmental Protection Agency has imposed strategies for managing the evolution of resistance to preserve the Bt technology, but it is important to develop data to validate these strategies. The Committee provides an increase of $1,100,000 from the fiscal year 2002 level to ARS at Stoneville, MS, to coordinate a national program for devising the most effective and economically sustainable production systems for ensuring the long-term integrity of Bt crop protection and resistance management.

Seafood waste.—The disposal of seafood waste continues to be a national and international problem. Additional research is needed to determine alternative uses of discarded fish as a possible source of additional income for seafood producers. The Committee supports the existing ARS/University of Alaska collaborative research project on feedstuff that can be generated from materials usually wasted during processing of seafoods. The Committee provides an increase of $200,000 from the level of funding available in fiscal year 2002 for expanded research to address this problem.

Sedimentation issues in flood-control dam rehabilitation.—Nearly 11,000 flood control dams have been constructed by the United States Department of Agriculture nationwide in 2,000 watersheds since 1944. These watershed projects represent a $14,000,000,000 infrastructure, providing flood control, municipal water supply, recreation, and wildlife habitat enhancement. The life expectancy

of these dams is projected to be 50 years. Sedimentation has reduced water-holing capacity, structural components have deteriorated, and safety regulations have become more strict. The Committee provides an increase of $500,000 from the fiscal year 2002 funding level to ARS at Oxford, MS, for assessing the efficiency of these structures in regulating floodwater, including the use of acoustics techniques, and hazards that the sediments may pose if introduced into the environment.

Shellfish genetics.—The West Coast has become the largest regional producer of oysters in the United States with an annual value of $69,000,000. Domestic production does not meet national demands. ARS has established a shellfish genetics research program that focuses on genetics, ecology and food quality. The Committee recognizes the importance of this multi-State research program and provides an additional $300,000 from the fiscal year 2002 funding level for shellfish genetics research at the Oregon State University Hatfield Marine Science Center in Newport, OR.

Silverleaf Whitefly.—The silverleaf whitefly, also known as the sweetpotato whitefly, causes 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.

Small fruits research.—The Committee supports the ongoing research conducted by the Small Fruit Genetics and Pathology Research unit at Corvallis, OR. The demand for fresh and processed berries and grapes in both domestic and international markets continues to grow at a rapid rate. The Committee provides an increase of $300,000 from the fiscal year 2002 level of funding for this research which involves cooperation between industry, State and Federal research.

Soil dynamics research.—The extent of soil degradation in the South not only impairs soil and water quality but also reduces profitability and economic sustainability of farms in the region. Improving profitability of farms in the South is critical to rural economies as farm numbers continue to decline. The Committee provides an increase of $300,000 from the fiscal year 2002 funding level to the ARS Soil Dynamics Laboratory at Auburn, AL, for expanded research to develop technologies and strategies for managing soils to increase farm profitability, and preserve the soil resource for future generations.

Soil, plant, nutrient research.—The Committee understands the important contributions made by the ARS Ft. Collins Soil, Plant, Nutrient Laboratory and provides an additional $120,000 from the fiscal year 2002 funding level to support the cropping systems and nitrogen management research program carried out at this laboratory.

Sorghum research.—Sorghum is fourth on the list of economically important grains, behind corn, soybeans, and wheat. However, very little is known about the alternative uses of this major U.S. cash crop with an estimated value of over $2,100,000,000 in 1999. The Committee provides an increase of $150,000 from the fiscal year 2002 funding level for expanded research at the ARS Grain Sorghum Research Laboratory, Manhattan, KS, on the measurement

of sorghum quality and the development of alternative uses of this important crop.

Sudden oak disease syndrome.—This is a fungus that has afflicted wood and nursery products in California and Oregon in the last several years. Very little is known on how the fungus is spread, which species are vulnerable, and how afflicted species can be treated. The Committee is concerned about the potential spread of the fungus to other parts of the country without the appropriate treatment and management of the disease. The Committee provides an increase of $150,000 from the fiscal year 2002 level to the ARS Ft. Detrick, MD, research laboratory for research critical in stemming the spread of this disease.

Sugarbeet research.—There are 230,000 acres of sugarbeets grown in Idaho and eastern Oregon requiring research technologies to maintain and enhance production and profitability. The Committee provides an increase of $150,000 from the fiscal year 2002 funding level to support research to reduce irrigation and energy costs essential to sugarbeet production. This research is carried out at the ARS Kimberly, ID, research station.

Sugarcane research.—The Committee is aware of the urgent need for ARS research to provide viable, cost-effective "green cane" harvesting methods that will provide alternatives to burning cane in the field. The Committee provides an increase of $300,000 from the fiscal year 2002 funding level for this research to be carried out at the Houma, LA, research station.

Sweet Potato Research.—Sweet potato is a high value, nutritious, alternative crop for the Mid South. Improved production practices, including timing of planting, agronomic practices, and pest control, have the potential for doubling the level of production per acre, further increasing the profitability of this small farm crop. The Committee provides an increase of $350,000 from the fiscal year 2002 funding level for ARS, Stoneville, MS, to conduct research on sweet potato production in cooperation with the Alcorn State University Demonstration Farm at Mound Bayou, MS.

Swine lagoon alternatives research.—The Committee is aware of the research carried out at the ARS Florence, SC, laboratory to treat the waste on small swine farms at a reasonable cost while meeting stringent environmental regulations. The Committee provides an increase of $600,000 for this research from the fiscal year 2002 funding level.

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

Trout genome mapping.—The Committee recognizes the important tools of molecular genetics and biotechnology, and their application to solve problems facing the cool and cold water aquaculture industry, which has had a flat growth profile nationally, but is an emerging industry in the Appalachian region. The Committee provides an increase of $600,000 from the fiscal year 2002 funding level for research on cool and cold water species at the National Center for Cool and Cold Water Aquaculture, in collaboration with West Virginia University.

Tomato Spotted Wilt Virus.—The Committee is aware of the widespread losses caused by the tomato spotted wilt virus in Hawaii and encourages the agency to collaborate with a fund as appropriate University of Hawaii scientists to transfer generic resistance to tomato spotted wilt virus into University of Hawaii breeding lines for the impacted vegetable crops.

USDA–ARS New England Plant, Soil, and Water Laboratory.—The USDA–ARS New England Plant, Soil, and Water Laboratory, Orono, ME, performs a critical function that benefits not only the Maine economy, but the agriculture industry as a whole. The research performed at this laboratory—including cropping systems and management practices, efficient use of nutrients and water, and control of pathogens, insects and weeds—benefits numerous agricultural interests, most notably the potato and livestock industries.

It is especially vital to New England potato growers that this lab continue and even increase its important research. The laboratory conducts experiments to address unique challenges that face potato growers both in the region and across the Nation. Research at the Orono facility, for example, has included tracking late blight disease, a devastating epidemic that costs potato growers approximately $3,000,000,000 annually. Of the nation-wide locations of USDA–ARS laboratories, this is the only laboratory located in New England and it should be noted that 95 percent of the potato acreage in the six New England States are in Maine where the laboratory has the benefit of being in close proximity to the grower's fields.

The Committee provides funding at no less than the fiscal year 2002 level to maintain the New England Plant, Soil, and Water Laboratory and research programs.

U.S. National Plant Germplasm System.—The Committee recognizes the need to collect, identify, characterize and incorporate plant germplasm into centralized gene banks. The value of the U.S. germplasm collections is increasingly clear with the discovery of new genomics tools that can rapidly identify scientifically and commercially useful genes. The Committee provides an increase of $2,650,000 from the fiscal year 2002 level for this program as requested in the budget for the following locations: Beltsville, MD, $300,000; Riverside, CA, Parlier, CA, Fort Collins, CO, Corvallis, OR, Davis, CA, Raleigh, NC, Madison, WI, Hilo, HI, and Mayaguez, PR, $250,000 each; and Pullman, WA, $100,000.

Pacific Basin Agricultural Research Center.—The Committee restores base funding not included in the Administration's budget request, and provides an increase of $300,000 from the fiscal year 2002 level for operating the U.S. Pacific Basin Agricultural Re-

search Center. Of the amount restored for fiscal year 2002 and the added amount provided for fiscal year 2003, one-third is for the Center to continue the recruitment and hiring of scientists and technicians at rates consistent with construction of the Center and its mission; one-third is for the University of Hawaii Hilo to increase its capacity to complement the research of the Center; and one-third is for the University of Hawaii Manoa for improving its statewide capacity to transfer research results and to communicate industry-identified needs and issues to the research community.

U.S. Vegetable Laboratory.—The Committee is aware of the important scientific staffing requirements of the newly completed U.S. Vegetable Laboratory located at Charleston, SC. Additional scientists are necessary to conduct priority research and to maximize use of the facility. An increase of $600,000 is provided from the fiscal year 2002 level for plant virologist and pathologist positions.

Virus free fruit tree cultivars.—The Committee recognizes the need for rapid foreign and domestic exchange of varieties to sustain economic vitality of the U.S. tree fruit and nursery industries. The Committee provides an increase of $300,000 for fiscal year 2003 to implement new technologies for more rapid and dependable methods of pathogen detection and to provide secure production and maintenance of virus-free fruit tree cultivars. The collaborative research is to be carried out at the Prosser, WA research station with the Irrigated Agriculture Research and Extension Center.

Viticulture research.—With the emerging importance of the grape and wine industry in the Pacific Northwest, the Committee provides an increase of $300,000 from the fiscal year 2002 funding level for the viticulture research position at the University of Idaho Parma Research and Extension Center, for research at the Center, and for cooperative research agreements with University of Idaho researchers for viticulture research. It also provides an additional $400,000 from the fiscal year 2002 funding level to enhance viticulture research at the Northwest Center for Small Fruit Research (NWCSFR). Of this funding increase, $200,000 is to support additional research at the USDA/ARS NWCSFR, and $200,000 is to be awarded competitively for collaborative research between the University of Idaho, Washington State University and Oregon State University. In addition, the Committee supports research carried out at ARS' Prosser, Washington laboratory and provides an increase of $150,000 from the fiscal year 2002 level for collaborative work with Washington State University on winegrape plant virus research.

Waste management research.—The Committee provides an increase of $1,000,000 from the fiscal year 2002 level to the ARS to continue an expanded joint research project with Western Kentucky University to examine the use of chicken litter as a fertilizer source for fescue pasture, as a nutrient source for cattle, and other agricultural applications such as mushroom culturing.

Water quality/water use research.—Agricultural producers in the Southeast are seeking solutions to meet reduced irrigation requirements while maintaining or enhancing their net returns. The National Peanut Research Laboratory at Dawson, GA, is conducting research to find solutions to a more restrictive water supply that impacts agriculture and rural economies in Southwest, Georgia.

The Committee provides an increase of $300,000 from the fiscal year 2002 level for these investigations at the Dawson laboratory.

Watershed research, Columbia, MO.—The Committee continues the fiscal year 2002 level of funding to ARS for laboratory analysis of water samples collected during implementation of, and in accordance with, the Missouri Watershed Research, Assessment, and Stewardship Project.

Western grazinglands research.—The Committee is aware of the important rangeland research program conducted at the Burns, OR, laboratory to control invasive weeds which affect the Great Basin. Research is targeted to management of rangelands, conservation, and sustainable practices. The Committee provides an increase of $750,000 from the fiscal year 2002 level for this research.

Western Wheat Quality Laboratory.—The Committee recognizes the important contributions made by the Western Wheat Quality Laboratory in Pullman, Washington. The Committee provides an additional $150,000 from the fiscal year 2002 level to enhance its ability to handle more samples, modernize equipment, and develop new predictive quality tests.

Wind erosion research.—The Committee provides funding for the Wind Erosion Unit in Manhattan, KS, at the fiscal year 2002 level. The Committee directs the ARS to avoid reprogramming or routing any of the provided funds to or through other wind erosion facilities in the ARS system during fiscal year 2003.

Wheat and barley scab initiative.—The Committee recognizes the importance of the research carried out through the ARS National Wheat and Barley Scab Initiative. Fusarium head blight is a major threat to agriculture, inflicting heavy losses to yield and quality on farms in 18 States. The Committee provides an additional $600,000 from the fiscal year 2002 level of funding for this research.

BUILDINGS AND FACILITIES

Appropriations, 2002 [1]	$118,987,000
Budget estimate, 2003	[1] 16,580,000
Committee recommendation	100,955,000

[1] Excludes emergency supplemental appropriations of $73,000,000 for provided by Public Law 107–117.

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

COMMITTEE RECOMMENDATIONS

For Agricultural Research Service, Buildings and Facilities, the Committee recommends an appropriation of $100,955,000. This is $18,032,000 less than the 2002 appropriation and $84,375,000 more than the budget request. The Committee's specific recommendations are indicated in the following table:

ARS BUILDINGS AND FACILITIES

[In thousands of dollars]

State and facility	Fiscal year—		Committee recommendation
	2002 enacted	2003 budget estimate	
Arizona: Water Conservation and Western Cotton Laboratory, Maricopa	8,400	.....	.....
California:			
Western Human Nutrition Research Center, Davis	5,000	.....	.....
Western Regional Research Center, Albany	3,800	.....	.....
District of Columbia: U.S. National Arboretum	4,600	3,000	3,000
Hawaii: U.S. Pacific Basin Agricultural Research Center, Hilo	3,000	.....	3,000
Idaho: Advanced Genetics Laboratory, Aberdeen	500	.....	4,600
Illinois:			
National Center for Agricultural Utilization Research, Peoria	6,500	.....	.....
Iowa: National Animal Disease Center, Ames	40,000	.....	20,000
Kansas: U.S. Grain Marketing and Production Research Center, Manhattan	3,000	.....	4,280
Maine: Northeast Marine Cold Water Aquaculture Research Center, Orono/Franklin	3,000	.....	9,150
Maryland:			
Abraham Lincoln National Agricultural Library, Beltsville	1,800	7,400	.....
Beltsville Agricultural Research Center, Beltsville	3,000	4,180	7,180
Minnesota: Cereal Disease Laboratory, St. Paul	300	.....	3,200
Mississippi:			
Southern Horticultural Laboratory, Poplarville	800	.....	9,200
National Biological Control Laboratory, Stoneville	8,400	.....	.....
Plant Propagation Facility, Oxford	.....	.....	2,000
New Mexico: Jornado Experimental Range Management Research Laboratory, Las Cruces	475	.....	.....
New York: Plum Island Animal Disease Center, Greenport	3,762	2,000	2,000
Oklahoma: Southern Plains Range Research Station, Woodward	1,500	.....	8,000
Pennsylvania: Eastern Regional Research Center, Wyndmoor	5,000	.....	.....
South Carolina: U.S. Vegetable Laboratory, Charleston	4,500	.....	1,400
South Dakota: Northern Grain Insects Research Laboratory, Brookings	850	.....	8,600
Utah: Poisonous Plant Laboratory, Logan	5,600	.....	1,495
West Virginia:			
National Center for Cool and Cold Water Aquaculture, Leetown	2,200	.....	.....
Appalachian Fruit Laboratory, Kearnysville	.....	.....	475
Wisconsin:			
Cereal Crops Research Unit, Madison	3,000	.....	8,400
Nutrient Management Laboratory, Marshfield	.....	.....	5,000
Total	118,987	16,580	100,955

The Committee provides funds for the design of the U.S. Vegetable Laboratory. Funds are provided for design and construction of the Nutrient Management Research Laboratory. Funds are also provided to complete construction of the Cereal Disease Laboratory, the Cereal Crops Laboratory, Phases III and IV of the U.S. Grain Marketing Research Laboratory, the Franklin location of the Northeast Marine Cold Water Aquaculture Research Center, the Southern Horticultural Laboratory, the Northern Grain Insects Research Laboratory, the Plant Propagation Facility, Phase I of the Southern Plains Research Center, and greenhouse facilities in conjunction with the Poisonous Plant Laboratory. The funds provided for the Beltsville Agricultural Research Center are for the construction of the poultry facility and to complete the restoration effort of the damaged and destroyed facilities as a result of the deadly tornado strike on September 24, 2001. Additional funds are provided toward modernization and construction of the U.S. Pacific Basin Agricultural Research Center, Advanced Genetics Laboratory, Na-

tional Animal Disease Center, the Plum Island Animal Disease Center, the Appalachian Fruit Research Station, and the U.S. National Arboretum. Due to budgetary constraints, the Committee is unable to provide the full amount required to complete construction of all projects.

Columbia, MO.—The Committee directs the ARS to provide a report on the requirements, feasibility, and scope for construction of a new facility to accommodate space needs for personnel located at the ARS Plant Genetics Research laboratory in Columbia, MO. The report should detail building size, cost, associated facilities, scientific capacity, and other requirements required in collaboration with the University of Missouri. The report should detail existing and planned program and resource requirements for this location. The report is to be submitted to the Committee on Appropriations of the House and Senate by March 1, 2003.

Jamie Whitten Delta States Research Center.—The Jamie Whitten Delta States Research Center is strategically located in the agriculturally important Yazoo-Mississippi River Delta. Millions of acres of cotton, soybean, rice, and corn are located in this Delta area of Mississippi and millions more are in the Mississippi Floodplain of Louisiana, Arkansas, and Tennessee. The Delta leads the world in channel catfish production with approximately 100,000 acres of ponds. Approximately 200 ARS personnel are located at the Whitten Center, of which 65 are scientists conducting research to increase the efficiency of food and fiber production. The ARS Mid South Area Office is located in the Whitten Center along with the Area Information Technology Office.

The Committee is aware that the main buildings of the Whitten Center were constructed in 1968 and that present design of these facilities is obsolete and the laboratories do not efficiently accommodate modern biotechnology research. A fiscal year 1999 facility condition survey revealed the need to replace all HVAC and utility support systems and stripping of all laboratories and offices to the concrete walls and rebuilding to meet all current codes and standards for safety, fire protection, accessibility, and air quality. The Committee directs the ARS to report to the Committees on Appropriations of the House and Senate by March 1, 2003, on its plan for facilities modernization at this location, including building requirements, costs and schedule for completion of this work, and urges the Administration to request funding for this modernization project in its fiscal year 2004 budget.

National Agricultural Library.—The Committee notes that the Abraham Lincoln National Agricultural Library completed a facility condition study in 1991. The estimate to correct identified deficiencies at that time was $18,000,000. Because of escalating costs, funds required to correct these deficiencies are now estimated to be $32,000,000, a 78 percent increase over the original estimate. The Committee directs the Agency to review the costs and deficiencies identified 12 years ago; reassess those requirements; and compare current requirements and costs in light of new program technologies and needs. Detail infrastructure needs and phase requirements and options, related costs, and detail appropriated funds already committed to this project.

Pullman, WA.—The Committee is aware of the need for facilities to accommodate scientists at Pullman, WA and directs the ARS to conduct a feasibility study on the location's facility requirements including scientific capacity, size, and cost including greenhouse and other support facility space requirements. The report is to be submitted to Committee on Appropriations of the House and Senate by March 1, 2003.

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

RESEARCH AND EDUCATION ACTIVITIES

Appropriations, 2002	$542,062,000
Budget estimate, 2003 [1]	552,549,000
Committee recommendation	611,729,000

[1] Excludes $1,084,000 requested for employee pension and health benefits.

The research and education programs administered by the Cooperative State Research, Education, and Extension Service [CSREES] are the U.S. Department of Agriculture's principal entree to the university system of the United States to support higher education in food and agricultural sciences and to conduct agricultural research as authorized by the Hatch Act of 1887 (7 U.S.C. 361a–361i); the Cooperative Forestry Research Act of 1962 (16 U.S.C. 582a–7); Public Law 89–106, section (2) (7 U.S.C. 450i); the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3101 et seq.); the Equity in Educational Land-Grant Status Act of 1994 (7 U.S.C. 301); the Agricultural Research, Extension and Education Reform Act of 1998; and the Farm Security and Rural Investment Act of 2002. Through these authorities, the U.S. Department of Agriculture participates with State and other cooperators to encourage and assist the State institutions to conduct agricultural research and education 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 $611,729,000. This amount is $69,667,000 more than the 2002 appropriation and $59,180,000 more than the budget request. This includes an increase of $645,000 for pay parity costs and benefits. This does not include an increase of $51,000 for FECA administrative charges, as requested in the budget.

The following table summarizes the Committee's recommendations for research and education activities of the Cooperative State Research, Education, and Extension Service, as compared to the fiscal year 2002 and budget request levels:

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

[In thousands of dollars]

	2002 appropriation	2003 budget	Committee recommendation
Payments under Hatch act	180,148	180,148	185,553
Cooperative forestry research (McIntire-Stennis)	21,884	21,884	22,541
Payments to 1890 colleges and Tuskegee University	34,604	34,604	35,643
Special research grants (Public Law 89–106):			
Advanced genetic technologies (KY)	600		750
Advanced spatial technologies (MS)	978		1,000
Aegilops cylindricum/jointed goatgrass (WA)	367		367
Agricultural diversification (HI)	128		128
Agricultural diversity—Red River Trade Corridor (MN, ND)	400		400
Agriculture-based industrial lubricants (IA)	360		
Agriculture science (OH)			1,000
Agriculture water usage (GA)	293		293
Agroecology (MD)	400		400
Air quality (TX)	640		750
Alliance for food protection (GA, NE)	293		299
Alternative crops (ND)			400
Alternative crops for arid lands (TX)	100		
Alternative nutrient management (VT)	186		190
Alternative salmon products (AK)	631		631
Alternative uses for tobacco (MD)	360		360
Animal disease research (WY)			500
Animal science food safety consortium (AR, IA, KS)	1,598		1,598
Apple Fire Blight (MI, NY)	489		489
Aquaculture (AR)	232		232
Aquaculture (FL)	490		
Aquaculture (LA)	322		400
Aquaculture (MS)	579		592
Aquaculture (NC)	293		293
Aquaculture (VA)	100		150
Aquaculture (ID, WA)	600		800
Aquaculture product and marketing development (WV)	733		750
Armillaria root rot (MI)	160		160
Asparagus technology and production (WA)	260		260
Babcock Institute (WI)	588		600
Beef technology transfer (MO)	294		294
Berry research (AK)			200
Bi-National agriculture & development (BARD)	400		400
Biomass-based energy reserach (OK, MS)	960		1,250
Biotechnology (NC)	306		306
Biotechnology Test Production (IA)			500
Blocking anhydrous methamphetamine production (IA)	242		242
Bovine tuberculosis (MI)	318		400
Brucellosis vaccine (MT)	485		485
Carbon sequestration (CO)			250

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

[In thousands of dollars]

	2002 appropriation	2003 budget	Committee recommendation
Center for food quality (UT)			250
Center for Rural Studies (VT)	240		500
Chesapeake Bay agroecology/pfiesteria initiative (MD)	280		500
Childhood obesity & nutrition (VT)			250
Citrus canker (FL)	490		
Citrus tristeza	725		
Competitiveness of agriculture products (WA)	665		665
Cool season legume research (ID, WA)	321		321
Cotton fiber quality (GA)	400		
Cranberry/blueberry (MA)	172		172
Cranberry/blueberry disease and breeding (NJ)	216		216
Crop integration and production (SD)	200		350
Crop diversification (MO)	800		800
Crop pathogens (NC)			400
Dairy and meat goat research (TX)	63		63
Dairy farm profitability (PA)	294		500
Delta rural revitalization (MS)	201		205
Designing foods for health (TX)	690		750
Diaprepes/root weevil (FL)	400		
Drought mitigation (NE)	196		200
Ecosystems (AL)	489		
Efficient irrigation (NM, TX)	1,176		1,450
Environmental biotechnology (RI)	400		750
Environmental horticulture (FL)	400		
Environmental research (NY)	391		
Environmental risk factors/cancer (NY)	222		
Environmentally-safe products (VT)	240		250
Exotic pest diseases (CA)	1,600		1,800
Expanded wheat pasture (OK)	286		286
Farm injuries and illnesses (NC)	278		278
Feed barley for rangeland cattle (MT)	833		833
Feedstock conversion (SD)	560		560
Fish & shellfish technologies (VA)	465		465
Floriculture (HI)	400		400
Food Chain Economic Analysis (IA)			100
Food & Agriculture Policy Research Institute (IA, MO)	1,000		1,800
Food irradiation (IA)	245		245
Food Marketing Policy Center (CT)	484		484
Food processing center (NE)	42		42
Food quality (AK)	342		350
Food safety (AL)	608		1,600
Food safety (OK, ME)	400		800
Food safety (TX)			250
Food safety research consortium (NY)	800		
Food safety risk assesment (ND)	800		1,500
Food security (WA)	400		
Food Systems Research Group (WI)	490		500
Forages for advancing livestock production (KY)	367		500
Forestry (AR)	512		512
Genetic commodity promotions, research & evaluation (NY)	194		
Genomics (MS)	640		800
Global change/ultraviolet radiation	1,402	2,500	2,500
Grain sorghum (KS)	104		175
Grass seed cropping systems for sustainable agriculture (ID, OR, WA)	414		414
Greenhouse nurseries (OH)			300
Hoop barns (IA)	200		225
Human nutrition (IA)	463		463
Human nutrition (LA)	800		800
Human nutrition (NY)	609		
Hydroponic tomato production (OH)	100		

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

[In thousands of dollars]

	2002 appropriation	2003 budget	Committee recommendation
Illinois/Missouri Alliance for Biotechnology	1,214		1,214
Improved dairy management practices (PA)	389		400
Improved early detection of crop disease (NC)	194		194
Improved fruit practices (MI)	239		239
Increasing shelf life of agricultural commodities (ID)	640		950
Infectious disease research (CO)	640		800
Institute for biobased products & food science (MT)			1,000
Institute for Food Science and Engineering (AR)	1,222		1,222
Integrated production systems (OK)	176		176
Intelligent quality sensor for food safety (ND)	360		360
International arid lands consortium	484		484
Iowa Biotechnology Consortium	1,530		1,530
Livestock and dairy policy (NY, TX)	558		558
Livestock genome sequencing (IL)	400		
Lowbush blueberry research (ME)	254		265
Maple research (VT)	120		300
Meadowfoam (OR)	293		293
Michigan biotechnology consortium	481		481
Midwest Advanced Food Manufacturing Alliance	452		461
Midwest agricultural products (IA)	632		632
Midwest poultry consortium	400		
Milk safety (PA)	600		750
Minor use animal drugs (IR–4)	588	588	
Molluscan shellfish (OR)	391		391
Montana sheep institute (MT)	400		675
Multi-commodity research (OR)	356		356
Multi-cropping strategies for aquaculture (HI)	124		124
National beef cattle genetic evaluation consortium (NY)	343		343
National biological impact assessment program	248	253	253
Nematode resistance genetic engineering (NM)	147		147
Nevada arid rangelands initiative (NV)	400		600
New crop opportunities (AK)	485		500
New crop opportunities (KY)	735		750
Non-food uses of agricultural products (NE)	64		64
Nursery, greenhouse and turf specialities (AL)	320		320
Organic Cropping (WA)			300
Organic waste utilization (NM)	100		100
Oyster post harvest treatment (FL)	400		
Ozone air quality (CA)	400		400
Pasture and forage research (UT)	244		250
Peach tree short life (SC)	175		225
Pest control alternatives (SC)	280		280
Phytophthora root rot (NM)	135		135
Phytoremediation Plant Research (OH)	280		
Pierce's disease (CA)	1,960		2,500
Plant, drought, and disease resistance gene cataloging (NM)	244		244
Potato research	1,568		1,568
Precision agriculture (KY)	733		750
Preharvest food safety (KS)	208		208
Preservation and processing research (OK)	221		221
Protein utilization (IA)	186		1,000
Rangeland ecosystems (NM)	320		320
Red snapper research (AL)	960		
Regional barley gene mapping project	760		760
Regionalized implications of farm programs (MO, TX)	287		287
Renewable Oil Resources from desert plants (NM)	196		196
Ruminant nutrition consortium (MT, ND, SD, WY)	400		500
Rural development centers (LA, ND)			177
Rural obesity (NY)			500
Rural Policies Research Institute (NE, IA, MO)	1,040		1,040
Russian wheat aphid (CO)	320		320

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

[In thousands of dollars]

	2002 appropriation	2003 budget	Committee recommendation
Satsuma mandarin orange research (AL)	800		800
Seafood and aquaculture harvesting, processing, & marketing (MS)	298		305
Seafood harvesting, processing, and marketing (AK)	1,142		1,200
Seafood safety (MA)	400		400
Seed research (AK)			350
Small fruit research (OR, WA, ID)	392		400
Soil and environmental quality (DE)	120		150
Southwest consortium for plant genetics & water resources	392		392
Soybean cyst nematode (MO)	686		686
Soybean research (IL)	800		800
STEEP III—water quality in Pacific Northwest	588		588
Sudden oak death (CA)			150
Sustainable agriculture (CA)	400		400
Sustainable agriculture (MI)	435		435
Sustainable agriculture and natural resources (PA)	123		123
Sustainable agriculture systems (NE)	59		59
Sustainable beef supply (MT)	1,000		1,000
Sustainable engineered materials from renewable resources (VA)	400		775
Sustainable pest management for dryland wheat (MT)	452		452
Sustainable swine producing & marketing (MN)			275
Synthetic gene technology (OH)	168		
Swine waste management (NC)	489		489
Technological development of renewable resources (MO)	294		
Tick borne disease prevention (RI)			150
Tillage, silviculture, waste management (LA)	400		400
Tomato wilt virus (GA)	244		
Tropical aquaculture (FL)	194		
Tropical and subtropical research/T STAR	8,000		5,781
Tri-State joint peanut research (AL)	600		600
Uniform farm management program (MN)			300
Value-added product development from agricultural resources (MT)	324		500
Value-added products (IL)	120		
Viticulture consortium (NY, CA, PA)	1,600		1,600
Water conservation (KS)	79		79
Water treatment (RI)			300
Water use efficiency and water quality enhancement (GA)	480		480
Weed control (ND)	426		435
West Nile virus (IL)			750
Wetland plants (LA)	587		600
Wheat genetic research (KS)	255		255
Wheat sawfly research (MT)	505		505
Wood utilization (AK, OR, MS, MN, NC, ME, MI, ID, TN)	5,670		6,170
Wool research (TX, MT, WY)	294		294
Total, special research grants	97,206	3,341	104,234
Improved pest control:			
Emerging pests/critical issues [1]	200		
Expert IPM decision support system	177	177	177
Integrated pest management	2,725	2,725	2,725
IR–4 minor crop pest management	10,485	10,485	10,485
Pest management alternatives	1,619	1,619	1,619
Total, Improved pest control	15,206	15,006	15,006
National research initiative	120,452	240,000	163,986
Animal health and disease (sec. 1433)	5,098	5,098	5,251

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

[In thousands of dollars]

	2002 appropriation	2003 budget	Committee recommendation
Alternative crops	924		1,000
Critical Agricultural Materials Act	720		1,500
1994 Institutions research program	998	998	1,000
Institution challenge grants	4,340	5,500	4,340
Graduate fellowships grants	2,993	3,500	2,993
Multicultural scholars program	998	998	998
Hispanic education partnership grants	3,492	3,492	3,500
Capacity building grants (1890 Institutions)	9,479	9,479	11,479
Payments to the 1994 Institutions	1,549	1,549	1,700
Alaska Native-Serving & Native Hawaiian-Serving Institutions Education Grants	2,997	2,997	3,500
Secondary agriculture education	1,000	1,000	1,000
Sustainable agriculture research and education/SARE	12,500	9,230	15,000
Aquaculture centers (sec. 1475)	3,996	3,996	5,000
Federal administration:			
Agriculture-based industrial lubricants (IA)			400
Agriculture development in the American Pacific	552		552
Agriculture waste utilization (WV)	600		750
Agriculture water policy (GA)	600		675
Alternative fuels characterization laboratory (ND)	294		310
Animal waste management (OK)	320		320
Aquaculture (OH)	400		400
Aquaculture (PA)			450
Biotechnology (MS)	680		800
Botanical research (UT)	640		640
Center for Agricultural and Rural Development (IA)	600		600
Center for innovative food technology (OH)	765		765
Center for North American studies (TX)	200		200
Cotton research (TX)	880		880
Feed efficiency (WV)	160		160
Fruit and vegetable market analysis (AZ, MO)	340		
Geographic information system	1,199		1,600
Germplasm development in forage grasses (OH)	100		
Government Paperwork Elimination Act		2,250	2,250
Livestock marketing information center (CO)	196		196
Mariculture (NC)	360		360
Mississippi Valley State University	633		1,200
National Center for Peanut Competitiveness (GA)	391		
Office of Extramural Programs	439	448	448
Pay costs and FERS	1,385	2,044	2,044
Peer panels	342	349	349
Phytoremediation plant research (OH)			280
Plant life science (MO)			200
PM–10 air quality study (WA)	426		426
Precision agriculture/Tennessee Valley Research & Extension Center (AL)	480		480
Produce pricing (AZ)	76		
REE information system	2,078	2,750	2,750
Rural systems (MS)			500
Salmon quality standards (AK)	120		150
Shrimp aquaculture (AZ, HI, MA, MS, SC,TX)	4,214		4,214
Sustainable agriculture development (OH)	490		
Urban silviculture (NY)	232		
Water quality (IL)	341		
Water quality (ND)	417		450
Water pollutants (WV)	206		706
Wetland plants (WV)	160		
Total, federal administration	21,110	7,841	27,149

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

[In thousands of dollars]

	2002 appropriation	2003 budget	Committee recommendation
TOTAL, CSREES R & E	541,694	550,661	611,729

[1] Critical issue is now reflected in Integrated Activities.

Hatch Act.—The Committee acknowledges the beneficial impact Hatch Act funding has on land-grant universities. Hatch Act provides the base funds necessary for higher education and research involving agriculture. The Committee recommends maintaining Hatch Act funding at the fiscal year 2002 level.

Special research grants under Public Law 89–106.—The Committee recommends a total of $119,471,000. Specifics of individual grant allowances are included in the table above. Special items are discussed below.

The Committee is aware of the need for special research grants in order to conduct research to facilitate or expand promising breakthroughs in areas of food and agricultural sciences that are awarded on a discretionary basis. In addition to these grants, the Committee believes research should be supplemented by additional funding that is obtained on a competitive basis.

The Committee directs the Cooperative State Research, Education, and Extension Service to report to the Committees on Appropriations of the House and Senate on the feasibility of a competitive grants program that would be limited to current special research grant participants.

Special Research Grants.—The Committee continues to support the objectives of the Special Research Grants program and recognizes the need to provide highly focused research on a timely basis. The Committee notes that many special research grants have continued to receive funding beyond the period of the originally proposed request and believes that long-term research activities should also seek opportunities from competitive sources in order to provide limited resources for new research priorities within the category of Special Research Grants. Accordingly, the Committee includes a provision that diverts a portion of funds for Special Research Grants that have received funding for a period or years and places that amount in an account to increase the sums available for research activities pursuant to the Initiative for Future Agriculture and Food Systems. The Committee encourages all recipients of Special Research Grants to prepare proposals and seek funding through this and other competitive research programs.

Alternative milk policies.—The Committee that directs that of funds made available to the Food and Agriculture Policy Research Institute, $250,000 shall be provided for collaborative work between the University of Missouri and the University of Wisconsin/Madison, for an analysis of dairy policy changes, including trade related matters, and assist Congress in making policy decisions. This project will be a one-stop shop for Congressional requests for analysis of alternative dairy policies.

Aquaculture centers.—The Committee recommends $5,000,000, an increase of $1,004,000 from the fiscal year 2002 level. Of the in-

crease provided, the Committee recommends $575,000 for aquaculture research efforts at the University of Wisconsin-Milwaukee Great Lakes Wisconsin Aquatic Technology and Environmental Research Institute.

Technology transfer.—The Committee directs CSREES to continue to support at the fiscal year 2002 level the cotton technology transfer coordinator at Stoneville, MS.

Aquaculture (LA).—Of the amount provided for Aquaculture (LA), the Committee expects that $70,000 shall be used to initiate a multi-year program to conduct clinical epidemiologic research on diseases associated with intensive reptile disease research in Louisiana.

Aquaculture (Stoneville).—Of the $592,000 provided for this grant, the Committee recommends at least $90,000 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 Agricultural and Forestry Experiment Station [MAFES] and the Delta Research and Extension Center in Stoneville.

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

Wood utilization research.—The Committee recommends $6,170,000 for wood utilization research. Of the increase provided, an additional $500,000 is made available for the Mississippi Forest and Wildlife Research Center to conduct forest inventories.

Competitive research grants.—The Committee supports the National Research Initiative Competitive Grants Program [NRI] and provides funding of $163,986,000 for the program, an increase of $43,534,000 from the fiscal year 2002 level and $76,014,000 less than the budget request.

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 not less than 10 percent of the competitive research grant funds be used for USDA's agricultural research enhancement awards program (including USDA-EPSCoR), in accordance with 7 U.S.C. 450i.

Alternative crops.—The Committee recommends $1,000,000 for alternative crop research to continue and strengthen research efforts on canola, an increase of $76,000 from the fiscal year 2002 level.

Sustainable agriculture.—The Committee recommends $15,000,000 for sustainable agriculture, an increase of $2,500,000 from the fiscal year 2002 level.

Increased funds provided for sustainable agriculture research and education should include, but in no way be limited to, projects on organic agriculture. While organic production practices are included under the umbrella of sustainable agriculture, it is critical that funding increases be directed also to research on broader sustainable agriculture production systems and practices. The Com-

mittee also directs the Department to allocate a portion of funding increases to on-farm demonstration and producer-research projects.

Higher education.—The Committee recommends $15,331,000 for higher education. The Committee provides $2,993,000 for graduate fellowships; $4,340,000 for challenge grants; $998,000 for multicultural scholarships; $3,500,000 for grants for Hispanic education partnership grants; and $3,500,000 for Alaska native-serving and native Hawaiian-serving institutions.

The Committee notes that the Department's higher education multicultural scholars program enhances the mentoring of scholars from under-represented groups. The Committee directs the Department to ensure that Alaska Natives participate fully in this program.

Alaska Native-serving and Native Hawaiian-serving Institutions education grants.—The Committee provides $3,500,000 for noncompetitive grants to individual eligible institutions or consortia of eligible institutions in Alaska and in Hawaii, with grant funds to be awarded equally between Alaska and Hawaii to carry out the programs authorized in 7 U.S.C. 3242 (Section 759 of Public Law 106–78). The Committee directs the agency to fully comply with the use of grant funds as authorized.

Federal administration.—The Committee provides $27,069,000 for Federal administration. The Committee's specific recommendations are reflected in the table above.

Geographic information system program.—The Committee recommends $1,600,000, an increase of $401,000 from the fiscal year 2002 level, for the Geographic Information System Program. The Committee recommends the amount provided shall be made available for program activities of entities in the same areas as in 2001 on a proportional basis. In addition, it is expected that program management costs will be kept at a minimum and any remaining funds will be distributed to the sites.

NATIVE AMERICAN INSTITUTIONS ENDOWMENT FUND

Appropriations, 2002	$7,100,000
Budget estimate, 2003	7,100,000
Committee recommendation	7,100,000

The Native American Institutions Endowment Fund authorized by Public Law 103–382 provides an endowment for the 1994 land-grant institutions (31 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. Beginning with 2001, income funds are also available for facility renovation, repair, construction, and maintenance. On the termination of each fiscal year, the Secretary shall withdraw the income from the endowment fund for the fiscal year, and after making adjustments for the cost of administering the endowment fund, distribute the adjusted income as follows: 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 $7,100,000. This is the same as the 2002 level and the budget request.

EXTENSION ACTIVITIES

Appropriations, 2002	$439,473,000
Budget estimate, 2003 [1]	419,989,000
Committee recommendation	452,943,000

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

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

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

COMMITTEE RECOMMENDATIONS

For extension activities of the Cooperative State Research, Education, and Extension Service, the Committee recommends an appropriation of $452,943,000. This amount is $13,470,000 more than the 2002 appropriation and $32,954,000 more than the budget request. This amount includes an increase of $583,000 for pay parity costs and benefits. This amount does not include an increase of $46,000 for FECA administrative charges, as requested in the budget.

The following table summarizes the Committee's recommendations for extension activities, as compared to the fiscal year 2002 and budget request levels:

COOPERATIVE STATE RESEARCH, EDUCATION, AND EXTENSION SERVICE (CSREES)—EXTENSION ACTIVITIES

[In thousands of dollars]

	Fiscal year 2002 enacted	Fiscal year 2003 budget	Committee recommendation
Smith Lever 3(b) and 3(c)	275,940	275,940	284,218
Smith Lever 3(d):			
Farm safety	5,250	5,250	5,250
Food and nutrition education (EFNEP)	58,566	58,566	58,566
Indian reservation agents	1,996	1,996	1,996

COOPERATIVE STATE RESEARCH, EDUCATION, AND EXTENSION SERVICE (CSREES)—EXTENSION ACTIVITIES—Continued

[In thousands of dollars]

	Fiscal year 2002 enacted	Fiscal year 2003 budget	Committee recommendation
Pest management	10,759	10,759	10,759
Rural development center	953	.....	.....
Sustainable agriculture	4,750	3,792	5,000
Youth at risk	8,481	8,481	8,481
Youth farm safety education and certification	499	499	499
Renewable resources extension act	4,093	4,093	4,093
1890s colleges and Tuskegee University	31,181	3,181	32,117
1890s facilities grants	13,500	13,500	15,000
Rural health and safety education	2,622	.....	2,622
Extension services at 1994 institutions	3,273	3,273	3,500
Subtotal	421,863	389,330	432,101
Federal administration and special grants:			
General administration and pay	6,291	7,309	7,309
Ag in the classroom	600	600	700
Agricultural & entrepreneurship education (WI)	.....	.....	260
Agricultural telecommunications (NY)	339	.....	.....
Alabama beef connection	.....	.....	200
Avian conservation (PA)	320	.....	.....
Beef producers improvement (AR)	193	.....	197
Botanical garden initiative (IL)	237	.....	.....
Conservation technology transfer (WI)	490	.....	500
Dairy education (IA)	232	.....	237
Dairy industry revitalization (WI)	.....	.....	375
Diabetes detection, prevention (WA)	906	.....	924
E–Commerce (MS)	.....	.....	750
Efficient irrigation (NM, TX)	1,960	.....	1,960
Extension specialist (MS)	100	.....	175
Family farm beef industry network (OH)	1,372	.....	.....
Food animal residue avoidance database/FARAD	800	.....	800
Food preparation & marketing (AK)	.....	.....	300
Food product development (AK)	280	.....	500
Health education leadership (KY)	800	.....	1,000
Income enhancement demonstration (OH)	241	.....	.....
Integrated cow/calf management (IA)	292	.....	.....
Iowa vitality center (IA)	280	.....	280
National Center for Agriculture Safety (IA)	196	.....	198
Pilot technology transfer (OK, MS)	319	.....	325
Pilot technology transfer (WI)	160	.....	.....
Potato pest management (WI)	396	.....	400
Range improvement (NM)	240	.....	249
Rural development (AK)	637	.....	750
Rural development (NM)	363	.....	395
Rural Development (ND)	.....	.....	183
Rural rehabilitation (GA)	240	.....	.....
Rural technologies (HI, WI)	.....	.....	1,000
Urban horticulture (WI)	200	.....	875
Wood biomass as alternative farm product (NY)	193	.....	.....
Subtotal, federal administration	18,697	7,909	20,842
Total, Extension activities	440,542	397,239	452,943

Ag in the Classroom.—The Committee recommends $700,000 for the Ag in the Classroom program. The Committee is aware of interest in expansion of the Illinois program in cooperation with the Illinois Farm Bureau.

Farm safety.—Of the funds recommended for farm safety, the Committee recommends a funding level of $4,050,000 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 2002 level for potato late blight control, including $400,000 for early disease identification, comprehensive composting for cull disposal, and late blight research activities in Maine.

Rural health and safety.—The Committee recommends $2,622,000, the same as the fiscal year 2002 level, for rural health and safety education. Included in this amount is $2,190,000 for the ongoing rural health program in Mississippi to train health care professionals to serve in rural areas, and $432,000 for the ongoing rural health and outreach initiative in Louisiana.

Urban Horticulture.—The Committee provides $875,000 for urban horticulture activities in Wisconsin. Of this total, $600,000 is directed to the University of Wisconsin Extension, and $275,000 is directed to Growing Power of Milwaukee for community food systems.

World Food and Health Center.—The Committee is aware of an effort to establish a World Food and Health Center at the University of Illinois, Urbana-Champaign. The Center will conduct and coordinate research, technology and information transfer, and educational programs related to malnutrition, food insecurity, and food safety. The Committee encourages the Department to provide appropriate technical assistance in the development of the Center.

INTEGRATED ACTIVITIES

Appropriations, 2002	$42,853,000
Budget estimate, 2003	44,865,000
Committee recommendation	108,218,000

Section 406 of the Agricultural Research, Extension, and Education Reform Act of 1998 authorizes an integrated research, education, and extension competitive grants program. Water Quality, Food Safety, and Regional Pest Management Centers programs previously funded under Research and Education and/or Extension Activities are included under this account, as well as new programs that support integrated or multifunctional projects.

COMMITTEE RECOMMENDATIONS

For integrated activities of the Cooperative State Research, Education, and Extension Service, the Committee recommends $108,218,000. This amount is $65,365,000 more than the 2002 level and $63,353,000 more than the budget request.

The following table summarizes the Committee's recommendations for integrated activities:

COOPERATIVE STATE RESEARCH, EDUCATION, AND EXTENSION SERVICE (CSREES)—INTEGRATED ACTIVITIES

[In thousands of dollars]

	Fiscal year 2002 enacted	Fiscal year 2003 budget	Committee recommendation
Critical Issues—Plant & Animal Diseases [1]	200	500	500
Rural Development Centers [1]	1,513	1,513	1,513
Water Quality	12,971	12,971	12,971
Food Safety	14,967	14,967	14,967
Pesticide Impact Assessment	4,531	4,531	4,531
International Science & Education Grants	.....	1,000	.....
Crops at Risk from FQPA: Implementation	1,497	1,497	1,497
FQPA Risk Mitigation Program for Major Food Crop Systems	4,889	4,889	4,889
Methyl Bromide Transition Program	2,498	2,498	3,000
Organic Transition Program	1,500	499	1,750
Agriculture Technologies	.....	.....	2,600
Section 401 Activities	.....	.....	60,000
Total	44,566	44,865	108,218

[1] Critical Issue SRGs and Rural Development Centers SRG and Smith-Lever 3(d) programs, previously shown under Research & Education Activities and/or Extension Activities, are now reflected in Integrated Activities.

Organic transition program.—The organic transition program shall be administered by the Cooperative State, Research, Education, and Extension Service (CSREES) in order to address all issues that are applicable to the transition process to certified organic production, including soil and crop fertility; marketing; weed, insect, and other pest management; and other issues.

OFFICE OF THE UNDER SECRETARY FOR MARKETING AND REGULATORY PROGRAMS

Appropriations, 2002	$654,000
Budget estimate, 2003 [1]	780,000
Committee recommendation	788,000

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

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

COMMITTEE RECOMMENDATIONS

For the Office of the Under Secretary for Marketing and Regulatory Programs, the Committee recommends an appropriation of $788,000. This is $134,000 more than the 2002 level and $8,000 more than the budget request. This amount includes $26,000 for pay parity costs and benefits.

The Committee is aware of the nutritional and economic benefits of farmers' market programs such as the WIC and Senior Farmers' Market Nutrition Programs, currently funded through the Food and Nutrition Service. These programs improve nutrition among

low-income mothers, children and senior citizens by giving them access to locally grown fresh fruits and vegetables, as well as benefit the farmers who participate. The Committee directs the Under Secretary to work with the Under Secretary for Food, Nutrition and Consumer Services to study the potential for a broad Farmers' Market Program within the Agricultural Marketing Service, which would provide funding for the WIC Farmers' Market Nutrition Program, the Senior Farmers' Market Nutrition Program, and the recently authorized Farmers' Market Promotion Program. The Committee requests a report on the the Department's analysis for program recommendations, including cost estimates, by March 1, 2003.

ANIMAL AND PLANT HEALTH INSPECTION SERVICE

SALARIES AND EXPENSES

	Appropriations	User fees [1]	Total, APHIS appropriations
Appropriations, 2002 [2]	$535,677,000	$84,813,000	$620,490,000
Budget estimate, 2003 [3]	767,119,000		767,119,000
Committee recommendation	735,673,000		735,673,000

[1] Excludes additional resources from the Federal Agriculture Improvement and Reform [FAIR] Act of 1996 direct appropriation.
[2] Excludes $105,000,000 emergency supplemental appropriations provided by Public Law 107–117.
[3] Excludes $15,108,000 requested for employee pension and health benefits.

The Secretary of Agriculture established the Animal and Plant Health Inspection Service [APHIS] 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 (AQI).—The agency collects user fees to cover the cost of inspection and quarantine activities at U.S. ports of entry to prevent the introduction of exotic animal and plant diseases and pests. The Federal Agriculture Improvement and Reform [FAIR] Act of 1996 (Public Law 104–127) provides that beginning in 2003, all AQI user fee collections will become available without the need for annual appropriations, and the program will operate like a typical user fee program, with spending determined by the demand for AQI services.

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 that ensure the humane care and treatment of animals and horses as the Animal Welfare and Horse Protection Acts require. These activities include inspection of certain establishments that handle animals intended for research, exhibition, and as pets, and monitoring 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 to support the control and eradication programs in other functional components; applied research to reduce 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 $735,673,000. This is $115,183,000 more than the 2002 appropriation and $31,446,000 less than the budget request.

This amount includes an increase of $16,564,000 for pay parity costs and benefits. This amount does not include an increase of $26,709,000 for rental payments to GSA, or $277,000 for FECA administrative charges, as requested in the budget.

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 2002 enacted	Fiscal year 2003 budget request	Committee recommendation
Pest and disease exclusion:			
Agricultural quarantine inspection	47,254	69,591	64,188
User fees	[1] 84,813	([2])	
Subtotal, agricultural quarantine inspection	132,067	69,591	64,188
Cattle ticks	6,232	6,498	6,354
Foot-and-mouth disease/emerging foreign animal diseases	3,839	8,010	7,989
Import/export	8,132	10,379	9,556
Trade issues resolution and management	11,367	11,605	11,527
Fruit fly exclusion and detection	36,818	62,963	64,924
Screwworm	30,557	30,795	30,679
Tropical bunt tick	415	424	422
Total, pest and disease exclusion	229,427	200,265	195,639
Plant and animal health monitoring:			
Animal health monitoring and surveillance	70,931	93,786	93,526
Animal and plant health regulatory enforcement	8,101	8,479	8,538
Emergency Management System	4,044	11,133	11,043
Pest detection	6,844	26,933	26,880
Total, plant and animal health monitoring	89,920	140,331	139,987
Pest and disease management programs:			
Aquaculture	1,130	970	1,397
Biocontrol	8,759	9,430	9,118
Boll weevil	77,355	36,860	62,000

ANIMAL AND PLANT HEALTH INSPECTION SERVICE—Continued

[In thousands of dollars]

	Fiscal year 2002 enacted	Fiscal year 2003 budget request	Committee recommendation
Brucellosis eradication	9,800	8,855	10,358
Chronic wasting disease	.....	7,233	14,900
Emerging plant pests	[3] 39,515	129,483	69,415
Golden nematode	810	658	630
Grasshopper	[3] 3,615	4,219	4,369
Gypsy moth	4,559	4,838	4,677
Imported fire ant	2,868	2,232	3,000
Johne's disease	3,000	3,122	21,000
Noxious weeds	1,255	1,182	1,611
Pink bollworm	1,866	1,732	1,666
Plum pox	.....	5,551	5,551
Pseudorabies	4,151	4,379	4,286
Scrapie eradication	3,119	22,543	8,178
Tuberculosis	8,694	19,816	14,895
Wildlife services operations	49,071	67,487	67,144
Witchweed	1,520	1,583	1,530
Total, pest and disease management	221,087	332,173	305,725
Animal care:			
Animal welfare	15,167	14,580	16,408
Horse protection	415	499	493
Total, animal care	15,582	15,079	16,901
Scientific and technical services:			
Biotechnology/environmental protection	10,516	11,273	10,997
Information technology infrastructure	1,748	4,602	4,602
Plant methods development laboratories	5,118	5,607	5,373
Veterinary biologics	11,763	13,436	13,167
Veterinary diagnostics	18,278	24,336	23,921
Wildlife services methods development	12,955	15,914	15,258
Total, scientific and technical services	60,378	75,168	73,318
Contingency fund	4,096	4,103	4,103
Total, salaries and expenses	620,490	767,119	735,743
Recap (salaries and expenses):			
Appropriated	535,677	767,119	735,743
Agricultural quarantine inspection user fees	84,813	.....	.....
Total, salaries and expenses	620,490	767,119	735,673

[1] Does not include additional AQI resources provided in the Federal Agricultural Improvement and Reform (FAIR) Act of 1996 direct appropriation.
[2] Does not require a direct appropriation in fiscal year 2003 by operation of the FAIR Act of 1996.
[3] Includes a transfer of $3,615,000 from the emerging plants pest account to the grasshopper account.

The Committee is unable to provide the full increases requested in the President's budget for the Animal and Plant Health Inspection Services. However, the Committee does provide increases for a number of specific animal and plant health programs. The Committee does not concur with the President's request to amend the Agriculture Risk Protection Act to prevent the Secretary of Agriculture from transferring funds from the Commodity Credit Corporation to combat emergencies for plant pest or noxious weed infestations that the Commodity Credit Corporation funded the previous year. The Committee directs the Secretary to continue use of contingency funding from Commodity Credit Corporation monies,

as in past fiscal years, to cover needs as identified in the President's budget and any additional emergencies as the Secretary determines necessary.

Pest and Disease Exclusion

AQI.—For fiscal year 2003, the Committee provides an appropriation of $64,188,000 for the AQI appropriated account. The Committee provides an increase of $3,000,000 above the budget request to conduct preclearance quarantine inspections of persons, baggage, cargo, and other articles destined for movement from the State of Hawaii to the continental United States, Guam, Puerto Rico, or the United States Virgin Islands.

The Committee urges the Department to establish protocols that allow shipment of untreated fruits and vegetables grown in Hawaii to cold-weather States during winter months while maintaining reasonable assurances that potential transshipment of such produce will not jeopardize the phytosanitary standards of warm weather States.

The Committee continues its interest in more efficient and less disruptive inspection of passengers and cargo at Hawaii airports and, from within available funds, directs APHIS to provide not less than the number of inspectors and inspection equipment required in the APHIS-Hawaii staffing plan for fiscal year 2002. The Committee also encourages the agency to aggressively identify and evaluate flexible hiring and staff deployment arrangements, such as the Senior Environmental Employment Program, to minimize overtime rates charged to agricultural shippers. The Committee further encourages APHIS to acquire and deploy commercially available, state-of-the art inspection technology and equipment for key ports of entry, such as Hawaii, to screen passenger luggage for banned agricultural products to reduce the introduction of dangerous agricultural pests and diseases in the United States.

The Committee urges APHIS to continue working closely with U.S. avocado growers to implement procedures for the importation of Mexican avocados. The Committee directs APHIS to report on the status of Mexican avocado imports, including problems in pest surveys, oversight by APHIS personnel, and the diversion of Mexican avocados to other than approved destinations. The Committee directs APHIS to include independent, third party scientists in the development of any pest risk assessment for Mexican avocados, prior to the publication of any such pest risk assessment in the Federal Register. The Committee also directs APHIS to report to Congress prior to publishing any rules expanding the approved areas or lengthening time periods for the importation of Mexican avocados.

Fruit fly exclusion and detection.—The Committee provides $64,924,000 for the fruit fly exclusion and detection program, which includes an increase of $23,258,000 to enhance international activities to prevent Medflies from moving into the United States, and an increase of $3,182,000 to enhance activities at U.S. borders.

Plant and animal health monitoring

Animal health monitoring and surveillance.—The Committee provides $93,526,000 for the Animal Health Monitoring and Surveil-

lance account. The Committee provides continued funding of $750,000 for a cooperative agreement with the Wisconsin Animal Health Consortium for ongoing activities related to animal and animal-based product tracking and database management. The Committee also provides continued funding of $500,000 for the National Farm Animal Identification and Records Project, and an increase of $300,000 for the New Mexico Rapid Syndrome Validation Program to develop an early detection and reporting system for infectious animal diseases. The Committee encourages APHIS to work with the Wisconsin Animal Health Consortium, the National Farm Animal Identification and Records Project, and the Rapid Syndrome Validation Program to ensure that program duplication does not occur, and to develop a coordinated, comprehensive plan for future activities. The Committee requests a report on the progress on the development of this plan by April 1, 2003.

The Committee provides $100,000, an increase of $50,000 above the fiscal year 2002 level, to continue the cooperative agreement with the Murray State University, Breathitt Veterinary Center, Hopkinsville, KY, to determine the impact on animal health from common agricultural chemical usage.

The Committee provides an increase of $1,000,000 toward the placement of alkaline digesters for destroying and disposing of animal carcasses suspected of transmissible spongiform encephalopathy infection and other animal diseases. Of this amount, the Committee provides $750,000 for Auburn University College of Veterinary Medicine at the J.B. Taylor Diagnostic Laboratory in Elba, AL, and $250,000 for the Mississippi Animal Disease and Research Diagnostic Laboratory in Jackson, MS.

The Committee is concerned about the recent avian influenza outbreak that has resulted in the destruction of poultry flocks in order to contain the disease. The Committee recommends that the Department implement a program to control and eradicate this disease, with inclusion of such a program in the President's fiscal year 2004 budget request.

Animal and plant health regulatory enforcement.—The Committee provides an increase of $160,000 for the animal and plant health regulatory enforcement account for additional activities in support of increased Animal Welfare Act compliance inspections.

The Committee is very concerned about reports of illegal dog fighting activities and directs the Secretary to work with relevant agencies on the most effective and proper means for investigating and enforcing laws and regulations regarding these activities. The Committee requests that the Secretary provide a report by March 1, 2003, on actions taken to address this matter.

Emergency management systems.—The Committee provides $11,043,000 for the emergency management systems program. The Committee encourages APHIS to work with the North Carolina Department of Agriculture's Emergency Programs Division to establish a viable and effective disease surveillance and detection program for the prevention or rapid control of potential foreign animal diseases, plant pests, or similarly dangerous pathogens, toxins, and hazardous substances.

Pest detection.—The Committee provides an increase of $175,000 above the budget request for the pest detection program for a base-

line survey of pinewood nematode in Alaska to comply with phytosanitary export requirements necessary to export timber.

Pest and disease management

Aquaculture.—The Committee provides $1,397,000 for the aquaculture program, an increase of $247,000 above the fiscal year 2002 level. The Committee provides an increase of $100,000 from the fiscal year 2002 level to expand telemetry and population dynamics studies to develop environmentally and economically sustainable methods to help catfish farmers manage cormorant and pelican populations. The Committee also provides an increase of $150,000 to create, manage, and operate an Invasive Aquatic Species Program with the Florida Department of Agriculture and Consumer Services.

Boll weevil.—The Committee provides $62,000,000 for fiscal year 2003 to continue the Boll Weevil Eradication Program. This funding will provide the active eradication zone areas with a 30 percent cost share and possible exceptions to address special funding requirements arising from extraordinary circumstances in some States.

Brucellosis eradication.—The Committee provides $558,000 above the fiscal year 2002 level for the bruccellosis program. This amount continues funding of $750,000 for the State of Montana to protect the State's brucellosis-free status and for the operation of the bison quarantine facility and the testing of bison that surround Yellowstone National Park.

The Committee provides $900,000, an increase of $300,000 above the fiscal year 2002 level, for the Greater Yellowstone Interagency Brucellosis Committee, and encourages the coordination of Federal, State, and private actions to eliminate brucellosis from wildlife in the Greater Yellowstone area. This amount shall be equally divided between the States of Idaho, Montana, and Wyoming.

The Committee provides an increase of $100,000 for the Arkansas Livestock and Poultry Commission Brucellosis Program.

Chronic wasting disease.—The Committee is very concerned about the escalating number of deer and elk in different regions of the U.S. testing positive for chronic wasting disease and provides $14,900,000, which is $7,667,000 above the budget request, to expand the chronic wasting disease certification and control program to include additional surveillance and disease control activities with free-ranging cervids, and to increase State testing capacity for the timely identification of the presence of this disease.

The Committee is aware of the development of a rapid prion assay that would more effectively test for BSE in meat processing facilities and for Chronic Wasting Disease in the field for evaluating wild game. The Committee directs the Department to undertake a review of this testing technology and, if warranted, to move forward with a pilot program using this technology.

Emerging plant pests.—The Committee provides an increase of $29,900,000 above the fiscal year 2002 level for emerging plant pests. Within this total, the Committee provides $9,000,000 for Pierce's disease; $8,000,000 for the Asian long-horned beetle program in Illinois and New York, of which no less than $1,500,000 shall be for activities in the area of Chicago, IL; $10,000,000 for cit-

rus canker; and $2,000,000 for sudden oak death syndrome. The Committee expects the Secretary to make funds available from the Commodity Credit Corporation for activities related to these and other plant pests in fiscal year 2003, as necessary.

The Committee is aware that APHIS has a compensation program in place for wheat producers, grain handlers, and facilities that Karnal Bunt impacts. However, the compensation provided for handlers and facilities does not adequately represent the costs these facilities incur when they receive deliveries of Karnal Bunt-infected wheat. This inadequate compensation has led to many facilities refusing to participate in activities to prevent the spread of Karnal Bunt in the United States. Due to the serious threat that Karnal Bunt poses to U.S. wheat production and exports, the Committee expects APHIS to work with the grain handling industry to develop an adequate compensation plan, and to report back to the Committee on its recommendations and actions no later than March 1, 2003.

The Committee notes that APHIS signed a cooperative agreement with the Washington State Department of Agriculture to survey and eradicate the citrus longhorned beetle. The Committee recognizes that the citrus longhorned beetle presents a severe threat to hardwood trees and tree fruit crops, and urges APHIS to direct the resources necessary to eradicate the citrus longhorned beetle.

Grasshopper.—The Committee provides $4,369,000 for the grasshopper account, an increase of $150,000 above the budget request. Of this amount, no less than $650,000 shall be for grasshopper and Mormon cricket activities in the State of Utah: $150,000 to prepare necessary environmental documents, and $500,000 to continue control measures; and no less than $300,000 shall be for grasshopper and Mormon cricket activities in the State of Nevada, including survey, control, and eradication of crickets.

Imported fire ant.—The Committee provides $3,000,000 for the imported fire ant account, $868,000 above the budget request, to continue sharing responsibility with the States to conduct detection and nursery surveys; compliance monitoring; enforcement for quarantine of nursery stock; and production, field release, and evaluation of promising control agents. This amount includes an increase of $260,000 to the State of Tennessee for additional control activities.

Johne's disease.—The Committee provides $21,000,000 for Johne's disease, which is $17,946,000 above the budget request, to expand the agency's efforts to coordinate State certification programs for herd-testing, and to provide additional assistance to States to develop herd management plans that comply with APHIS's national standards for certification. The Committee expects APHIS to work with the Agricultural Research Service to coordinate activities to research and develop an effective diagnostic test for Johne's disease with appropriate field validation and methods development.

Noxious weeds.—The Committee provides $1,611,000 for the noxious weeds account, which is an increase of $356,000 above the fiscal year 2002 level. This amount includes an increase of $100,000 for the Nez Perce Bio-Control Center to increase the availability and distribution of biological control organisms used in an inte-

grated weed management system. The Committee provides an increase of $250,000 for implementation of an invasive species program to prevent the spread of cogongrass in Mississippi, and requests that the agency take necessary steps to address this invasive weed as a regional infestation problem, and provide a report on those activities by March 1, 2003.

The Committee continues its concern for the serious threat to pastures and watersheds resulting from the introduction of alien weed pests, such as gorse and miconia, into Hawaii, and directs APHIS to work with the Hawaii Department of Agriculture and the Natural Resources Conservation Service to develop an integrated approach, including environmentally safe biological controls, for eradicating these pests, and to provide funds as necessary.

Scrapie eradication.—The Committee provides $8,178,000, an increase of $5,059,000 above the fiscal year 2002 level, for the scrapie eradication program, and directs the Secretary to use funds from the CCC, as necessary, for additional eradication activities in fiscal year 2003.

Tuberculosis.—The Committee provides $14,895,000 for the tuberculosis program. Of this amount, no less than $5,000,000 shall be for activities in Michigan. The Committee is concerned about the potential threats that wildlife poses for transmitting tuberculosis to domestic livestock and directs the agency to increase technical and operational assistance to Michigan producers to prevent or reduce the transmission of tuberculosis between wildlife and cattle. The Committee also encourages the agency to continue its research for developing methods to minimize the interaction between wildlife and livestock. The Committee directs the Secretary to use funds from the CCC, as necessary, for additional surveillance and eradication activities in fiscal year 2003.

Wildlife services operations.—The Committee does not concur with the President's request to reduce funding in the wildlife services operations account to allow cooperators to assume a larger share of the costs associated with preventing and reducing wildlife damage. The Committee restores fiscal year 2002 funding to continue cooperating with States to conduct wildlife management programs such as livestock protection, migratory bird damage to crops, invasive species damage, property damage, human health and safety, and threatened and endangered species protection.

The Committee is pleased with the success of the oral rabies vaccination program and provides an increase of $6,600,000 for rabies control activities in fiscal year 2003. The Committee directs the Secretary to use funds from the CCC, as necessary, for additional control activities in fiscal year 2003. Of the amount provided, no less than $350,000 shall be for operations in Maryland.

The Committee provides an increase of $1,636,000 to fully implement the recommendations of the Aviation Safety Review Committee.

The Committee provides an increase of $6,225,000 to conduct wildlife monitoring and surveillance activities to prevent the spread of foreign animal diseases in the United States. Of this amount, $2,000,000 is for remote diagnostic and wildlife disease surveillance activities with North Dakota State University and Dickinson State University.

The Committee is concerned about the growing number of livestock that are killed or injured by preying animals, especially wolves, in the Western Great Lakes and Southwest regions of the United States. The Committee provides an increase of $1,400,000 for integrated predation management activities in Minnesota, Wisconsin, Michigan, Arizona, and New Mexico. Of this amount, no less than $1,200,000 shall be available for activities in the Western Great Lakes States.

The Committee provides continued funding of $1,300,000 for the Tri-state predator control program for livestock operators in Montana, Idaho, and Wyoming. Due to the increase in federally listed endangered species, the States' operations accounts for wildlife services have suffered financially.

The Committee provides continued funding of $625,000 for a cooperative agreement with the University of Georgia, Auburn University, and the Wildlife Services Operations in the State of Georgia to address the fluctuations in game bird and predator species resulting from recent changes in land use throughout the southeastern United States.

The Committee provides continued funding of $300,000 for the operation of the State Wildlife Services office in Hawaii to provide on-site coordination of prevention and control activities in Hawaii and the American Pacific. The Committee also continues funding of $500,000 for the Hawaii Department of Agriculture to coordinate and operate a comprehensive brown tree snake prevention and detection program for Hawaii and to initiate eradication and control of coqui frogs.

The Committee provides $750,000, an increase of $150,000 above the fiscal year 2002 funding level, for wildlife service operations with the South Dakota Department of Game, Fish, and Parks to meet the growing demands of controlling predatory, nuisance, and diseased animals.

The Committee provides $550,000, an increase of $100,000 from the fiscal year 2002 level, for the management of beavers in Mississippi. The Committee commends the agency's assistance in cooperative relationships with local and Federal partners to reduce beaver damage to cropland and forests.

The Committee provides an increase of $200,000 to support the establishment of a USDA, APHIS, Wildlife Services State Office in Pennsylvania to address escalating wildlife-related nuisance and property damage complaints in rural and urban Pennsylvania.

The Committee provided $240,000 in fiscal year 2002 for the agency to conduct an environmental impact study for cattail management and blackbird control activities. The Committee provides continued funding at the fiscal year 2002 level of $240,000 to implement control measures for minimizing blackbird damage to sunflowers in North Dakota and South Dakota. The Committee continues the fiscal year 2002 funding level of $150,000 for blackbird management efforts in Louisiana.

The Committee provides an increase of $500,000 to assist the Nevada Division of Wildlife with returning displaced wildlife back to its natural habitat. This rescue initiative shall be a cooperative effort between Federal, State, local, and private sources.

The Committee provides an increase of $300,000 for a cooperative agreement with the Eastern Idaho Sandhill Crane Lure Crop Project for integrated predator management activities to reduce sandhill crane depredations and grain crop damage in Eastern Idaho.

Animal Care

Animal welfare.—The Committee provides an increase of $800,000 from the fiscal year 2002 funding level for the Animal Care Unit for enforcement of the Animal Welfare Act.

The Committee does not assume collections from unauthorized animal welfare inspection user fees, as proposed in the President's budget.

Scientific and Technical Services

Veterinary diagnostics.—The Committee provides $23,921,000 for the veterinary diagnostics account for fiscal year 2003. The Committee notes that the Secretary is utilizing $10,000,000 from Public Law 107–117 to coordinate a comprehensive, modernized national animal health laboratory network for addressing emergent biological and chemical threats to animal agriculture and the U.S. food supply, and encourages the department to continue efforts for this activity.

Wildlife services methods development.—The Committee provides $15,258,000 for wildlife services methods development, which is $1,836,000 above the budget request. Of this amount, the Committee provides an increase of $300,000 from the fiscal year 2002 level to enhance existing research efforts at the National Wildlife Research Center field station in Starkville, MS, for resolving problems regarding bird damage to aquaculture farms in the Southeast. The Committee also provides an increase of $700,000 from the fiscal year 2002 level to expand the existing program at the Jack Berryman Institute for addressing wildlife disease threats and wildlife economics, and facilitating a cooperative relationship with the Mississippi Agricultural and Forestry Experiment Station. The remaining increase, beyond pay costs, is for maintenance and operations necessary to support wildlife methods development at the National Wildlife Research Center in Fort Collins, CO.

The Committee provides continued funding of $240,000 for the cooperative agreement with the Hawaii Agriculture Research Center for rodent control only in active agricultural areas.

Projects identified in Senate Report 107–41 and Conference Report 107–275 that the Committee directed to be funded for fiscal year 2002 are not funded for fiscal year 2003 unless specifically mentioned herein.

In complying with the Committee's directives, the Committee expects APHIS not to redirect support for programs and activities without prior notification to and approval by the House and Senate Committees on Appropriations in accordance with the reprogramming procedures specified in the Act. Unless otherwise directed, the Animal and Plant Health Inspection Service shall implement appropriations by programs, projects, and activities as specified by the Appropriations Committees. Unspecified reductions necessary to carry out the provisions of this Act are to be implemented in ac-

cordance with the definitions contained in the "Program, project, and activity" section of this report.

BUILDINGS AND FACILITIES

Appropriations, 2002 [1]	$7,189,000
Budget estimate, 2003	13,189,000
Committee recommendation	13,189,000

[1] Excludes $14,081,000 in emergency supplemental appropriations provided by Public Law 107–117.

The APHIS appropriation for "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.

The following table represents the Committee's specific recommendation for this account as compared to the fiscal year 2002 and budget request levels:

ANIMAL AND PLANT HEALTH INSPECTION SERVICE

[In thousands of dollars]

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

COMMITTEE RECOMMENDATIONS

For buildings and facilities of the Animal and Plant Health Inspection Service, the Committee recommends an appropriation of $13,189,000. This amount is $6,000,000 more than the 2002 level and the same as the budget request.

AGRICULTURAL MARKETING SERVICE

MARKETING SERVICES

Appropriations, 2002	$71,430,000
Budget estimate, 2003 [1]	75,411,000
Committee recommendation	75,824,000

[1] Excludes $2,278,000 requested for employee pension and health benefits.

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 $75,824,000. This amount is $4,394,000 more than the 2002 appropriation and $413,000 more than the budget request.

This amount includes an increase of $1,546,000 for pay parity costs and benefits. This amount does not include an increase of $709,000 for rental payments to GSA, or $167,000 for FECA administrative charges, as requested in the budget.

The Committee provides $14,843,000 for the Pesticide Data Program, as requested in the budget. The Committee recognizes the importance of the Pesticide Data Program (PDP) to collect reliable, scientific-based pesticide residue data that benefits consumers, food processors, crop protection, pesticide producers, and farmers. The PDP is of particular importance since the passage of the Food Quality Protection Act, which requires thorough re-evaluation of agricultural pesticides and tolerances for uses on individual crops. The PDP is an effective tool to maintain the availability of critical products which allow the production of safe and affordable foods.

The Committee encourages the Department to make grants to the Kenai Peninsula Borough and Alaska regional marketing organizations to promote wild salmon.

The Committee provides $6,000,000 for costs associated with implementing the Livestock Mandatory Price Reporting Act of 1999.

The State of Alaska has developed the Alaska Grown Program to promote the sale of Alaskan products in both military and civilian markets. The Committee fully supports this program and expects the Department again to give full consideration to funding applications submitted for the Alaska Grown Program, which includes Alaska agricultural products and seafood harvested in the State. The Alaska Grown Program should coordinate with other regional marketing entities such as the Alaska Fisheries Development Foundation and the Lower Kuskokwim Economic Development Council.

The amount provided also includes $6,256,000 for the microbiological data program so that baselines may be established for the incidence, number and types of food-borne microorganisms. The Committee expects AMS to coordinate with other agencies of USDA, other public health agencies of the government, and industry to avoid duplication of effort and to ensure that the data collected can be used by all interested parties.

The Committee is aware of the unique factors that affect dairy production in Alaska. Because of these factors, only 51 percent of Alaska's dairy needs can be produced in-State. Further, because of the perishable nature of milk and the cost to ship it, alternatives to increase milk production at Alaska's existing State-owned facility, Matanuska Maid Dairy, must be sought. Therefore, the Committee expects AMS, working with other USDA agencies, to continue its assistance to the State of Alaska in addressing this unique problem.

The Committee requests a report on the treatment of organic agricultural products under Federal marketing order regulations.

The Committee is concerned with the allocation of independent voting members on the Cranberry Marketing Committee and encourages the Secretary, beginning with the 2003 nominations, to allocate independent voting members seats on the Cranberry Marketing Committee in manner that provides for representation by District to the total Independent Cranberry crop. Districts may be combined in order to obtain this result. Allocation of Alternate Voting members should be utilized to guarantee that each District will have at a minimum an Alternate Member as a representative of the Committee.

LIMITATION ON ADMINISTRATIVE EXPENSES

Limitation, 2002	($60,596,000)
Budget limitation, 2003 [1]	(61,619,000)
Committee recommendation	(61,619,000)

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

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 $61,619,000. This amount is $1,023,000 more than the 2002 funding level and the same as the budget request.

FUNDS FOR STRENGTHENING MARKETS, INCOME, AND SUPPLY

(SECTION 32)

MARKETING AGREEMENTS AND ORDERS

Appropriations, 2002	$13,995,000
Budget estimate, 2003	[1] 14,910,000
Committee recommendation	14,910,000

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

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 Nutrition Service have been provided in recent appropriations Acts.

The following table reflects the status of this fund for fiscal years 2001–2003:

SECTION 32 ESTIMATED TOTAL FUNDS AVAILABLE AND BALANCE CARRIED FORWARD—FISCAL YEARS 2001–2003

	Fiscal year—		
	2001 actual	2002 estimate	2003 estimate
Appropriation (30 percent of Customs Receipts)	$5,738,448,921	$6,139,942,369	$5,798,093,321
Agricultural Risk Protection Act (Public Law 106–224)	200,000,000		
Less Rescission			
Less Transfers:			
Food and Nutrition Service	−5,127,579,000	−5,172,458,000	−4,745,663,000
Commerce Department	−72,827,819	−79,126,813	−75,223,977
Total, Transfers	−5,200,406,819	−5,251,584,813	−4,820,886,977
Budget Authority	738,042,102	888,357,556	977,206,344
Unobligated Balance Available, Start of Year	241,269,708	107,824,527	164,011,656
Recoveries of Prior Year Obligations	3,254,060		
Available for Obligation	982,565,870	996,182,083	1,141,218,000
Less Obligations:			
Commodity Procurement:			
Child Nutrition Purchases	400,000,000	400,000,000	400,000,000
State Option Contract		5,000,000	
Removal of Defective Commodities		1,000,000	
Emergency Surplus Removal	200,234,102	78,201,437	
Diversion Payments	11,900,000		
Direct Payments	39,700,000	17,867,307	
Lamb Grading and Certification Support	957,317	1,542,683	
Disaster Relief			
Specialty Crop Purchases	199,990,628		
Estimated Future Purchases		168,661,656	415,575,000
Total, Commodity Procurement	852,782,047	672,273,083	815,575,000
Administrative Funds:			
Commodity Purchase Service	8,964,131	9,914,000	10,733,000
Marketing Agreements & Orders	12,995,165	13,995,000	14,910,000
Total, Administrative Funds	21,959,296	23,909,000	25,643,000
Total, Obligations	874,741,343	696,182,083	841,218,000
Carryout	107,824,527	300,000,000	300,000,000
Unobligated Balance Available, End Of Year	107,824,527	300,000,000	300,000,000

COMMITTEE RECOMMENDATIONS

The Committee recommends a transfer from section 32 funds of $14,910,000 for the formulation and administration of marketing agreements and orders. This amount is $915,000 more than the 2002 level and the same as the budget estimate.

In previous fiscal years, section 32 funds have been spent to purchase and distribute salmon for donation to schools, institutions, and other domestic feeding programs. The Committee expects the Agricultural Marketing Service [AMS] to continue to assess the existing inventories of pink salmon, salmon nuggets, and pouched salmon and determine whether or not there is a surplus and continued low prices in fiscal year 2003. The Committee also expects the AMS to assess existing inventories of surplus Alaska grown potatoes. If there is a surplus of potatoes or a surplus of salmon and

continued low prices in fiscal year 2003, the Committee expects the Department to purchase surplus salmon for use in the aforementioned feeding programs or for humanitarian food aid.

PAYMENTS TO STATES AND POSSESSIONS

Appropriations, 2002	$1,347,000
Budget estimate, 2003	1,347,000
Committee recommendation	1,347,000

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 $1,347,000. This amount is the same as the 2002 appropriation and the budget request.

GRAIN INSPECTION, PACKERS AND STOCKYARDS ADMINISTRATION

SALARIES AND EXPENSES

Appropriations, 2002	$33,117,000
Budget estimate, 2003 [1]	41,164,000
Committee recommendation	44,746,000

[1] Excludes $1,744,000 requested for employee pension and health benefits.

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 $44,746,000. This amount is $11,629,000 more than the 2002 appropriation and $3,582,000 more than the budget request.

This amount includes an increase of $1,004,000 for pay parity costs and benefits. This amount does not include an increase of $1,418,000 for rental payments to GSA, or $41,000 for FECA administrative charges, as requested in the budget.

The Committee provides $400,000 for market contract catalog reporting activities. Additional increases are provided to enhance concentration and other anti-competitve investigative activities.

The Committee does not assume the $28,848,000 in net savings from collections from new user fees proposed in the budget.

The Committee expects the Department to continue the market catalog reporting.

The Committee provides an increase to GIPSA of $2,311,000 for fiscal year 2003 and includes funds for the agency to work with the Iowa Corn Growers Association and the Iowa Department of Agriculture to further develop a pilot process verification program. The program will establish agricultural interpretation of ISO standards, so that the principles can be used on-farm as well as train farmers to participate in quality assurance program based on ISO 9000 principles during the planning, planting, harvest, and handling of feed grains. The program could also be used to assist with the orderly handling of new biotech varieties.

LIMITATION ON INSPECTION AND WEIGHING SERVICES EXPENSES

Limitation, 2002	($42,463,000)
Budget limitation, 2003	(42,463,000)
Committee recommendation	(42,463,000)

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 $42,463,000 limitation on inspection and weighing services expenses. This amount is the same as the 2002 level and the budget request.

OFFICE OF THE UNDER SECRETARY FOR FOOD SAFETY

Appropriations, 2002	$476,000
Budget estimate, 2003 [1]	780,000
Committee recommendation	785,000

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

The Office of the Under Secretary for Food Safety provides direction and coordination in carrying out the laws enacted by the 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 $785,000. This amount is $309,000 more than the 2002 level and $5,000 more than the budget request. This amount includes an increase of $18,000 for pay parity costs and benefits.

The Committee is encouraged by the progress FDA and USDA have made in evaluating the risk of listeriosis in ready to eat products and in developing a plan for the reduction of risk through science-based policy. The Committee strongly urges the FDA and USDA to complete the listeria risk assessment and begin work on revising the listeria action plan. The Committee directs the FDA and USDA to rely on public health principles and the best available science in their policy development process.

FOOD SAFETY AND INSPECTION SERVICE

Appropriations, 2002 [1]	$715,642,000
Budget estimate, 2003 [2]	763,049,000
Committee recommendation	766,608,000

[1] Excludes $15,000,000 in emergency supplemental appropriations provided by Public Law 107–117.

[2] Excludes $40,549,000 requested for employee pension and health benefits.

The major objectives of the Food Safety and Inspection Service are to assure that meat and poultry products are wholesome, unadulterated, and properly labeled and packaged, as required by the Federal Meat Inspection Act and the Poultry Products Inspection Act; and to 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 $766,608,000. This amount is $50,966,000 more than the 2002 level and $3,559,000 more than the budget request.

This amount includes an increase of $2,031,000 for pay parity costs and benefits. This amount does not include an increase of $7,256,000 for rental payments to GSA, or $1,035,000 for FECA administrative charges, as requested in the budget.

The Committee has provided an increase of $97,000 from the fiscal year 2002 funding level for activities related to the Codex Alimentarius.

The Committee provides an increase of $5,000,000 for FSIS to hire inspection personnel to work solely on enforcement of the Humane Methods of Slaughter Act (HMSA). The Committee is extremely concerned that although the HMSA requires that livestock be rendered unconscious before they are slaughtered, FSIS does not have adequate inspection personnel dedicated to checking for or reporting violations of the HMSA. The Committee recognizes that all inspectors are instructed to stop the production line as soon as an HMSA violation is observed. However, the Committee does not believe this is the most effective and efficient tool to prevent these violations. The Committee strongly believes that stronger HMSA enforcement will not only reduce animal suffering, but also decrease the chances that plant workers and inspection personnel will be injured by an animal conscious and reacting to pain. Therefore, the Committee directs that these funds be used to hire at least 50 additional inspection personnel to work solely on HMSA enforcement through full-time ante-mortem inspection, particularly unloading, handling, stunning and killing of animals at slaughter plants. The Committee further expects that the 17 District Veterinary Medical Specialist positions created in fiscal year 2001 will continue in fiscal year 2003.

The Committee is aware that FSIS uses two methods to determine whether the inspection systems of foreign countries that sell meat and poultry to the United States meet the same standards as our domestic meat inspection system. These methods include USDA audits of foreign plants and laboratories, and USDA inspection of foreign meat and poultry at the U.S. border. While all meat and poultry items which cross the border are subject to inspection, the Committee understands that less than 1 percent of all such food items are currently inspected. The Committee believes that both of these activities need to be enhanced in order to protect consumers from intentionally or unintentionally contaminated foreign meat and poultry, and supplemental funds were provided in fiscal year 2002 to enhance these activities. Accordingly, when a significant number of plants initially audited in a particular country fail to meet U.S. safety standards, the Committee expects the Department to exercise all authorities to appropriately limit imports from all plants in that country that have not been audited in the previous 12 months, as well as imports from those plants that failed initial audits until subsequent findings establish that proper inspection systems are in place.

The Committee is extremely concerned with recent reports of food safety violations and the quantity of product recalls necessary to ensure public safety and consumer confidence. As the Federal agency charged with ensuring the safety of meat and poultry in this country, the Committee fully expects FSIS to stringently enforce its safety standards, and to work with industry to diligently fulfill its responsibilities to American consumers. The Committee notes that the General Accounting Office (GAO) is preparing to release a report regarding FSIS and its inspection services, and strongly encourages FSIS to promptly and fully respond to recommendations made in that report. The Committee directs FSIS to provide a detailed report to the Committee within 60 days of the

publication of the GAO report on the FSIS response, and all activities FSIS is undertaking to correct any problems identified.

The Committee directs FSIS to submit a report on the status of its regulatory effort to establish science-based performance standards for on-line antimicrobial reprocessing of pre-chill poultry carcasses, including a timeline for completion, within 60 days of enactment of this Act.

The following table represents the Committee's specific recommendations for the Food Safety and Inspection Service as compared to the fiscal year 2002 and budget request levels:

FOOD SAFETY AND INSPECTION SERVICE SALARIES AND EXPENSES

[In thousands of dollars]

	Fiscal year 2002 enacted [1]	Fiscal year 2003 budget request [2]	Committee recommendation
Federal food inspection	608,730	651,816	655,017
Import/export inspection	12,127	12,907	12,873
Laboratory services	36,548	38,829	38,735
Field automation	8,005	8,005	8,005
Grants to States	42,517	43,672	44,166
Special assistance for State programs	5,220	5,220	5,220
Codex Alimentarius	2,495	2,600	2,592
Total	715,642	763,049	766,608
Food safety inspection:			
Federal	638,513	682,624	685,650
State	47,418	49,702	50,251
International	15,344	16,251	16,243
Codex	2,495	2,600	2,592
FAIM	11,872	11,872	11,872
Total	715,642	763,049	766,608

[1] Excludes $15,000,000 in emergency supplemental appropriations provided by Public Law 107–117.
[2] Excludes $40,549,000 requested for employee pension and health benefits.

OFFICE OF THE UNDER SECRETARY FOR FARM AND FOREIGN AGRICULTURAL SERVICES

Appropriations, 2002	$606,000
Budget estimate, 2003 [1]	899,000
Committee recommendation	906,000

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

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

COMMITTEE RECOMMENDATIONS

For the Office of the Under Secretary for Farm and Foreign Agricultural Services, the Committee recommends an appropriation of $906,000. This amount is $300,000 more than the 2002 appropria-

tion and $7,000 more than the budget request. This amount includes an increase of $23,000 for pay parity costs and benefits.

The Committee is concerned that allocation of section 416 funds for humanitarian assistance programs may disadvantage certain private voluntary organizations in regard to the amount of those funds allowable for administrative costs. In addition, the Committee continues to urge the Secretary to work with representatives of the dairy industry and appropriate non-governmental organizations to increase the amount of fortified dry milk exported under humanitarian assistance programs.

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

FARM SERVICE AGENCY

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

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

Marketing assistance loan program, price support programs, and other loan and related programs.—The 1996 act provides for marketing assistance loans to producers of contract commodities, extra long staple [ELS] cotton, and oilseeds for the 1996 through 2002 crops. With the exception of ELS cotton, these nonrecourse loans are characterized by loan repayment rates that may be determined to be less than the principal plus accrued interest per unit of the commodity. However, with respect to cotton and rice, the Secretary must allow repayment of marketing loans at the adjusted world price. And, specifically with respect to the cotton marketing assistance loan, the program continues to provide for redemption at the

lower of the loan principal plus accrued storage and interest, or the adjusted world price. The three-step competitiveness provisions are unchanged.

The 1996 act also provides for a loan program for sugar for the 1996 through 2002 crops of sugar beets and sugarcane. The Fiscal Year 2001 Agriculture Appropriations Act eliminated the recourse feature. 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. The milk price support program is extended through May 31, 2002. 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 (MLG's) and loan deficiency payments (LDP's) 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.

For combined MLG's plus LDP's received for the 1999, 2000, and 2001 crops, the payment limit was increased to $150,000 per person in separate pieces of legislation. Moreover, Congress enacted discretionary authority in 1999 for the Secretary of Agriculture to offer commodity certificate exchanges for loan repayment purposes. Indirect gains received by producers due to a certificate exchange are not subject to the MLG and LDP payment limitation.

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.

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

Foreign assistance programs and other special activities.—Various surplus disposal programs and other special activities are con-

ducted 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.—FSA administers the noninsured Crop Disaster Assistance Program [NAP] which provides crop loss protection for growers of many crops for which crop insurance is not available.

SALARIES AND EXPENSES

[In thousands of dollars]

	Appropriations	Transfers from program accounts	Total, FSA, salaries and expenses
Appropriations, 2002	939,030	(274,357)	(1,213,387)
Budget estimate, 2003 [1]	993,620	(281,036)	(1,274,656)
Committee recommendation	997,378	(281,036)	(1,278,414)

[1] Excludes $69,092,000 requested for employee pension and health benefits.

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

COMMITTEE RECOMMENDATIONS

For salaries and expenses of the Farm Service Agency [FSA], including funds transferred from other program accounts, the Committee recommends $1,278,414,000. This is $65,027,000 more than the 2002 level and $3,758,000 more than the budget request.

This amount includes an increase of $39,193,000 for pay parity costs and benefits. This amount does not include an increase of $16,882,000 for rental payments to GSA, or $110,000 for FECA administrative charges, as requested in the budget. The Committee includes funds to assist agency implementation of the newly enacted farm bill.

The Committee recognizes the pressures FSA has been under to downsize staff levels. However, concerns have been raised about the criteria being used for further staff reductions and the potential impact these reductions will have on farm services in all States. Until these concerns have been addressed, States in compliance

with the original Espy reorganization plan should not be required to undertake further staff reductions.

The Committee is concerned that FSA should allocate more staff resources to the farm loan programs in both the field and in the St. Louis Information Technology and Finance Center. Without more farm loan staff in the field, FSA cannot adequately perform the supervised credit functions which ensure the success of the program, including but not limited to such functions as real estate appraisals, chattel appraisals, and year-end farm analysis. The Committee directs the Department to report on the numbers of staff positions, by type and location, and to provide a detailed explanation by object class, of funds obligated from the Salaries & Expenses Account, to support the farm loan programs by April 1, 2003.

The Committee supports farmer participation in the Conservation Reserve Enhancement Program (CREP) as a means to coordinate conservation and producer objectives of natural resource stewardship. The Committee encourages the Department, acting through the Farm Service Agency, to improve outreach and technical assistance for CREP in States where enrollment and participation is not commensurate with enrollment expectations.

The Committee is concerned with the reluctancy on the part of the Agency to grant producers relief from farm program fines or penalties who unintentionally violated program rules. The Committee expects the Department to exercise the authorities granted in current law to provide appropriate relief in determining penalties in cases involving unintentional violations.

In addition, the Committee notes the difficulty of States with high land values competing for enrollment in CREP. The Committee urges the agency to evaluate the conservation of benefits of CREP enrollment in all States and not give undue consideration to enrollment opportunities based on land values or rental rates.

The Committee is concerned that many county governments are given the responsibility of implementing the Conservation Reserve Enhancement Program. The Committee encourages the Farm Service Agency to work with participating States that use counties as the local administering unit to ensure counties are fairly reimbursed for the costs associated with CREP implementation.

The Committee encourages for Agency to examine the possibility to cost-sharing through existing conservation program types of cover (including plastic mulch) that would promote the successful establishment of tree shrub and other prescribed plantings used for wind erosion practices.

STATE MEDIATION GRANTS

Appropriations, 2002	$3,493,000
Budget estimate, 2003	4,000,000
Committee recommendation	4,000,000

This program is authorized under title V of the Agricultural Credit Act of 1987. Originally designed to address agricultural credit disputes, the program was expanded by the Federal Crop Insurance Reform and Department of Agriculture Reorganization Act of 1994 to include other agricultural issues such as wetland determinations, conservation compliance, rural water loan programs, grazing on National Forest System lands, and pesticides. Grants

are made to States whose mediation programs have been certified by the Farm Service Agency [FSA]. Grants will be solely for operation and administration of the State's agricultural mediation program.

COMMITTEE RECOMMENDATIONS

The Committee recommends $4,000,000 for State mediation grants. This is $507,000 more than the 2002 level and the same as the budget request.

DAIRY INDEMNITY PROGRAM

Appropriations, 2002	$100,000
Budget estimate, 2003	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 2002 level and the same as the budget request.

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

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

The following programs are financed through this fund:

Farm ownership loans.—Made to borrowers who cannot obtain credit elsewhere to restructure their debts, improve or purchase farms, refinance nonfarm enterprises which supplement but do not supplant farm income, or make additions to farms. Total indebtedness to FSA may not exceed $200,000 for direct loans and $759,000 for guaranteed loans. 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. Total indebtedness to FSA may not exceed $200,000 for direct loans and $759,000 for guaranteed loans. The term of the loan varies from 1 to 7 years.

Emergency disaster loans.—Made available in designated areas (counties) and in contiguous counties where property damage and/

or severe production losses have occurred as a direct result of a natural disaster. Areas may be declared by the President or designated for emergency loan assistance by the Secretary of Agriculture. The loan may be up to $500,000.

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

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

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

COMMITTEE RECOMMENDATIONS

The Committee recommends a total level for farm loans of $4,065,725,000. This is $175,000,000 more than the 2002 level and $263,725,000 more than the budget request.

The following table reflects the program levels for farm credit programs administered by the Farm Service Agency recommended by the Committee, as compared to the fiscal year 2002 and the budget request levels:

AGRICULTURAL CREDIT PROGRAMS—LOAN LEVELS

[In thousands of dollars]

	Fiscal year 2002 enacted	Fiscal year 2003 budget	Committee recommendation
Farm ownership:			
Direct	(146,996)	(100,000)	(146,996)
Guaranteed	(1,000,000)	(1,000,000)	(1,000,000)
Farm operating:			
Direct	(611,198)	(600,000)	(611,198)
Guaranteed unsubsidized	(1,500,000)	(1,700,000)	(1,700,000)
Guaranteed subsidized	(505,531)	(300,000)	(505,531)
Indian tribe land acquisition	(2,000)	(2,000)	(2,000)
Emergency disaster	(25,000)	.....	.....
Boll weevil eradication loans	(100,000)	(100,000)	(100,000)
Total, farm loans	(3,890,725)	(3,802,000)	(4,065,725)

LOAN SUBSIDIES AND ADMINISTRATIVE EXPENSES LEVELS

[In thousands of dollars]

	Subsidies			Administrative expenses		
	Insured loan	Guaranteed loan	Total	Appropriations	Transfer to FSA	Total ACIF
Appropriations, 2002	61,927	125,700	187,627	8,000	272,595	468,222
Budget estimate, 2003	115,349	96,790	212,139	8,000	279,176	499,315
Committee recommendation	117,993	108,769	243,781	8,000	279,176	513,938

The Federal Credit Reform Act of 1990 established the program account. Appropriations to this account are used to cover the life-

time 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]

	2002 enacted	2003 budget	Committee recommendation
Loan subsidies:			
Farm ownership:			
Direct	3,866	11,610	17,066
Guaranteed	4,500	7,500	7,500
Farm operating:			
Direct	54,580	103,560	105,493
Guaranteed unsubsidized	52,650	53,890	53,890
Guaranteed subsidized	68,550	35,400	59,653
Indian tribe land acquisition	118	179	179
Emergency disaster	3,363		
Boll weevil eradication loans [1]			
Total, loan subsidies	187,627	212,139	243,781
ACIF expenses	280,595	287,176	287,176

[1] No cost since subsidy rate is negative.

RISK MANAGEMENT AGENCY

Appropriations, 2002	$74,752,000
Budget estimate, 2003 [1]	72,771,000
Committee recommendation	71,228,000

[1] Excludes $3,291,000 requested for employee pension and health benefits.

The Risk Management Agency performs administrative functions relative to the Federal crop insurance program that is authorized by the Federal Crop Insurance Act (7 U.S.C. 1508), as amended by the Agricultural Risk Protection Act of 2000 (ARPA), Public Law 106–224, and the Farm Security and Rural Investment Act of 2002 (2002 Act), Public Law 107–171.

ARPA authorized significant changes in the crop insurance program. This Act provides higher government subsidies for producer premiums to make coverage more affordable; expands research and development for new insurance products and under-served areas through contracts with the private sector; and tightens compliance. Functional areas of risk management are: research and development; insurance services; and compliance, whose functions include policy formulation and procedures and regulations development.

The 2002 Act maintains the basic crop insurance program largely without change. This Act also requires the continuation of the Adjusted Gross Revenue (AGR) pilot program, which provides insurance coverage for crops for which traditional crop insurance is not available. However, the 2002 Act eliminates the ARPA provision that allowed selection of continuous coverage levels, rather than coverage levels at fixed intervals.

COMMITTEE RECOMMENDATIONS

For administrative and operating expenses for the Risk Management Agency, the Committee recommends an appropriation of

$71,228,000. This is $3,524,000 less than the 2002 level and $1,543,000 less than the budget request.

This amount includes an increase of $1,952,000 for pay parity costs and benefits. This amount does not include an increase of $2,045,000 for rental payments to GSA, or $18,000 for FECA administrative charges, as requested in the budget.

The Committee does not agree with the President's legislative proposal to cap the underwriting gain on crop insurance at 12.5 percent. As opposed to an arbitrary change in legislation, the Committee feels that the Administration should follow the procedures set forth in the current Standard Reinsurance Agreement. Notice of intent to cancel the current agreement should be given by December 13, 2002, and all interested parties should then be allowed to negotiate a new agreement.

The Risk Management Agency is currently developing a Cost of Production (COP) crop insurance pilot program that includes 12 crops: almonds, apricots, cotton, corn, cranberries, nectarines, onions, peaches, soybeans, sugarcane, rice, and wheat. The Committee instructs RMA to include hard, soft, and durum sub-classes of wheat when implementing the COP pilot program for wheat.

The Committee is aware of the benefits to producers of risk management programs like the Dairy Options Pilot Program. The program introduces dairy farmers to the futures and options markets and gives producers first-hand experience in buying put options contracts to ensure a minimum price for their milk. The Committee encourages the Agency to continue funding this important risk management program.

CORPORATIONS

FEDERAL CROP INSURANCE CORPORATION FUND

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

Producers of insurable crops are eligible to receive a basic level of protection against catastrophic losses, which cover 50 percent of the normal yield at 55 percent of the expected price. The only cost to the producer is an administrative fee of $100 per crop per policy. At least catastrophic [CAT] coverage was required for producers who participate in the commodity support, farm credit, and certain other farm programs. Under the Federal Agriculture Improvement and Reform [FAIR] Act of 1996, producers are offered the option of waiving their eligibility for emergency crop loss assistance instead of obtaining CAT coverage to meet program requirements. Emergency loss assistance does not include emergency loans or payment under the Noninsured Assistance Program [NAP]. Beginning with the 1997 crop, the Secretary began phasing out delivery of CAT coverage through the FSA offices, and in 1998 designated the private insurance providers as the sole source provider of CAT coverage.

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 protec-

tion coverage 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 yield indemnified at 75 percent of the expected market price.

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.

The Agricultural Risk Protection Act of 2000 (ARPA) amended the Federal Crop Insurance Act to strengthen the safety net for agricultural producers by providing greater access to more affordable risk management tools and improved protection from production and income loss, and to improve the efficiency and integrity of the Federal crop insurance program. ARPA allows for the improvement of basic crop insurance products by implementing higher premium subsidies to make buy-up coverage more affordable for producers; make adjustments in actual production history guarantees; and revise the administrative fees for catastrophic (CAT) coverage. More crops and commodities have become insurable through pilot programs effective with the 2001 crop year. ARPA provides for an investment for over $8.2 billion in five years to further improve Federal crop insurance.

FEDERAL CROP INSURANCE CORPORATION FUND

Appropriations, 2002 [1]	$2,900,000,000
Budget estimate, 2003 [1 2]	2,886,000,000
Committee recommendation [1]	2,886,165,000

[1] Current estimate. Such sums as may be necessary, to remain available until expended, are provided.

[2] Does not include a reduction of $115,154,000 to reflect the impact of proposed Section 722.

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

All program costs, 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 $2,886,165,000. This is $13,885,000 less than the current fiscal year 2002 estimate and $165,000 more than the budget request.

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 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.

Corporation activities are primarily governed by the following statutes: the Commodity Credit Corporation Charter Act, as amended; the Agricultural Act of 1949, as amended (1949 Act); the Agricultural Adjustment Act of 1938, as amended (the 1938 Act); the Food Security Act of 1985, as amended (1985 Act); and the Farm Security and Rural Investment Act of 2002 (2002 Act), enacted May 13, 2002.

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

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

In the conservation area, the 2002 Act extends and expands the conservation reserve program (CRP), the wetlands reserve program (WRP), the environmental quality incentives program (EQIP), the farmland protection program (FPP), and the wildlife habitat incen-

tives program (WHIP). Each of these programs is funded through the CCC.

The 2002 Act also authorizes and provides CCC funding for other conservation programs, including the conservation security program and the grassland reserve 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 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 aspects 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, 2002 [1]	$20,279,000,000
Budget estimate, 2003 [1]	16,285,000,000
Committee recommendation [1]	16,285,000,000

[1] Current estimate. Such sums as may be necessary are provided.

COMMITTEE RECOMMENDATIONS

For the payment to reimburse the Commodity Credit Corporation (CCC) for net realized losses, the Committee recommends an appropriation of such sums as may be necessary, estimated in fiscal year 2003 to be $16,285,000,000. This is $3,994,000,000 less than the current estimated level and the same as the budget request.

HAZARDOUS WASTE MANAGEMENT

Limitation, 2002	$5,000,000
Budget estimate, 2003	5,000,000
Committee recommendation	5,000,000

The Commodity Credit Corporation's [CCC] hazardous waste management program is intended to ensure compliance with the

Comprehensive Environmental Response, Compensation, and Liability Act and the Resource Conservation and Recovery Act. The CCC funds operations and maintenance costs as well as site investigation and cleanup expenses. Investigative and cleanup costs associated with the management of CCC hazardous waste are also paid from USDA's hazardous waste management appropriation.

COMMITTEE RECOMMENDATIONS

For Commodity Credit Corporation hazardous waste management, the Committee provides a limitation of $5,000,000. This amount is the same as the 2002 level and the budget request.

TITLE II—CONSERVATION PROGRAMS

OFFICE OF THE UNDER SECRETARY FOR NATURAL RESOURCES AND ENVIRONMENT

Appropriations, 2002	$730,000
Budget estimate, 2003 [1]	902,000
Committee recommendation	911,000

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

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

COMMITTEE RECOMMENDATIONS

For the Office of the Under Secretary for Natural Resources and Environment, the Committee recommends an appropriation of $911,000. This amount is $181,000 more than the 2002 appropriation and $9,000 more than the budget request. This amount includes an increase of $29,000 for pay parity costs and benefits.

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 reducing pollution. The Natural Resources Conservation Service works with conservation districts, watershed groups, and the Federal and State agencies having related responsibilities to bring 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 minimize pollution than any other activity. These programs and water sewage systems in rural areas tend to minimize pollution in 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, 2002	$779,000,000
Budget estimate, 2003 [1]	840,963,000
Committee recommendation	846,963,000

[1] Excludes $56,227,000 requested for employee pension and health benefits.

Conservation operations are 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; environmental quality protection; and for the 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 $846,963,000. This amount is $69,963,000 more than the 2002 level and $6,000,000 more than the budget request.

This amount includes an increase of $25,825,000 for pay parity costs and benefits. This amount does not include an increase of $18,289,000 for rental payments to GSA or $189,000 for FECA administrative charges, as requested in the budget.

For fiscal year 2003, the Committee recommends funding increases, as specified below, for new and ongoing conservation activities. Amounts provided by the Committee for specific conservation measures shall be in addition to levels otherwise made available to States.

Projects identified in Senate Report 107–41 and Conference Report 107–275 that were directed to be funded by the Committee for fiscal year 2002 are not funded for fiscal year 2003, unless specifically mentioned herein.

The Committee is aware of the severe water problems occurring in the State of Georgia, especially in the Flint River watershed in Southwest Georgia and the coastal watershed in Southeast Georgia. Surface and ground water are being severely depleted by drought and further exacerbated by salt water intrusion into coastal agriculture areas. The Committee provides $1,500,000 in fiscal year 2003 funding for the Georgia Agricultural Water Conservation Initiative.

The Committee directs the agency to maintain a national priority area pilot program under the guidelines of the Environmental Quality Incentives Program (EQIP) in the delta of the State of Mississippi.

The Committee provides $800,000 for fiscal year 2003 for a study to characterize the on-site consequences, estimate off-site impacts, and develop strategies to facilitate land use change while preserving critical natural resources. The agency is directed to work in cooperation with Clemson University in conducting this study.

The Committee provides the fiscal year 2002 level of funding to expand the cooperative efforts with the Claude E. Phillips Herbarium, Delaware.

The Committee provides the fiscal year 2002 level of funding to maintain a partnership between USDA and the National Fish and Wildlife Foundation.

The Committee provides $2,500,000 to continue work on the Great Lakes Basin Program for soil and erosion sediment control.

The Committee provides $23,500,000 for fiscal year 2003 level for the grazing lands conservation assistance program, of which no less than $250,000 shall be for grazing land conservation activities in Wisconsin.

The Committee provides the fiscal year 2002 level of funding for the National Water Management Center in Arkansas.

The Comittee provides the fiscal year 2002 level for the Chesapeake Bay Program.

The Committee continues its concern for the serious threat to pastures and watersheds resulting from the introduction of alien weed pests into Hawaii. The Committee directs the agency to work with the Hawaii Department of Agriculture and the Animal Plant and Health Inspection Service to develop an integrated approach, including environmentally-safe biological controls, for eradicating these pests.

The Committee provides $350,000 to obtain and evaluate materials and seeds of plants indigenous to regions north of 52 degrees North Latitude and equivalent vegetated regions in the Southern Hemisphere (south of 52 degrees South Latitude). The Committee directs the agency to continue working in conjunction with the Alaska Division of Agriculture in this effort.

The Committee continues funding at the fiscal year 2002 level of funding for plant material centers and continued development of warm season grasses for use in the Conservation Reserve Program (CRP) and the Wildlife Habitat Initiatives Program (WHIP).

The Committee encourages the agency to provide $300,000 to support the emerging alternative technology to reduce phosphorous loading into Lake Champlain.

The Committee provides the fiscal year 2002 level of funding to continue support of agricultural development and resource conservation on the Island of Molokai and the transition from small-scale conservation projects to those that benefit the community through sustainable economic impact.

The Committee provides the fiscal year 2002 level for the Kenai streambank restoration water project for fiscal year 2003.

The Committee recognizes the need for a special outreach effort so that USDA can serve small-scale Appalachian farmers in sustaining agriculture production while protecting natural resources. The Committee provides the fiscal year 2002 level of funding for the Appalachian Small Farmer Outreach Program. Sound economic grazing systems, marketing strategies, and uniformity of production quality will ensure the competitiveness of livestock operations and help maintain small farm enterprises. This initiative will provide livestock producers access to the needed one-on-one assistance.

The Committee provides the fiscal year 2002 level of funding for technical assistance for Franklin County Lake, MS.

The Committee continues the fiscal year 2002 level of funding for existing NRCS offices in Alaska and includes funding for new offices in Kodiak and Dillingham at a level of $250,000 each in fiscal year 2003. Also, the Committee provides funding necessary to support at least one staff position for each soil and water conservation district, a public information program, and assistance in rural Alaska.

The Committee provides the fiscal year 2002 level of funding to complete the Squirrel Branch Drainage Project, Mississippi.

The Committee continues funding for the implementation of the Delta Study at the fiscal year 2002 level. Local sponsors are to work cooperatively with the NRCS so that water conservation, water supply evaluations, and environmental planning can proceed.

The Committee directs the agency to work with soil scientists at regional land-grant universities to continue the pilot project in Washington, Sharkey and Yazoo Counties, Mississippi, to determine the proper classification and taxonomic characteristics of Sharkey soils.

The Committee provides $1,200,000 to address the erosion in the Loess Hills/Hungry Canyon area in western Iowa. The Committee is aware that the Eastern Red Cedar and other invasive species of woody plants are having a very negative effect on prairies in the Loess Hills, a unique soil important to many rare animals and

plants. The Committee encourages the Department to support efforts to reduce this problem.

The Committee provides the fiscal year 2002 level of funding to conduct nitrogen soil tests and plant-available nitrogen tests, and to demonstrate poultry litter and wood composting in an effort to improve farmers' economic returns and minimize potential water quality conditions resulting from excess application of nutrients from manure and fertilizers on West Virginia's cropland.

The Committee provides an increase of $125,000 from the fiscal year 2002 funding level for the Delta Conservation Demonstration Center, Washington County, MS.

The Committee provides $200,000 for fiscal year 2003 for the Idaho One-Plan, a test of the prototype Conservation Planning Module in the field with farmers and ranchers in Canyon County, ID.

The Committee provides funding to continue the expansion of the Potomac and Ohio River Basins Soil Nutrient Project to include Jefferson, Berkeley, and Greenbrier Counties. This funding will enable the NRCS, in cooperation with West Virginia University and the Appalachian Small Farming Research Center, to identify and characterize phosphorous movement in soils to determine appropriate transportation, the holding capacity, and the management of phosphorous. This information is critical in helping Appalachian farmers deal with nutrient loading issues and in protecting the Chesapeake Bay from eutrophication and the Ohio River, Mississippi River, and Gulf of Mexico from depletion of life-sustaining oxygen.

The Committee provides the fiscal year 2002 level of funding for evaluating and increasing native plant materials in Alaska.

The Committee provides $1,000,000 for technical assistance for the Seward/Resurrection River watershed project, Alaska.

The Committee provides $800,000 for the continued development of a geographic information system (GIS)-based model in South Carolina to integrate commodity and conservation program data at the field level for watershed analysis purposes.

The Committee provides $8,707,000 for Snow Survey and Water Supply Forecasting, which includes full funding for activities related to SNOwpack TELemetry (SNOTEL).

The Committee provides $1,750,000 for the Little Wood River Irrigation District Gravity Pressure Delivery System in Idaho.

The Committee provides $400,000 for the Backyard Conservation Program as part of the National Cooperative Soil Program. This funding is to be used to provide technical assistance on grazing lands and backyard containment of water runoff in order to improve nutrient management and protect water resources in the Lake Tahoe Basin.

The Committee provides $375,000 for the Little Red River Irrigation Project in Arkansas.

Recurring floods along the Red River in recent years have resulted in tremendous loss of property and have endangered residents throughout the basin. A number of methods, such as enhanced water storage capacity, more efficient drainage, and shifts in agricultural land use, may be employed to retard the flow of flood waters and reduce downstream flooding. It is important that

these improvements be pursued in a manner beneficial to agriculture and result in minimal loss of productive farm land. Accordingly, the Committee provides $1,500,000 for the Red River Basin Flood Prevention Project in North Dakota in cooperation with the Energy and Environmental Research Center.

The Committee provides $3,000,000 to provide technical assistance for the Kentucky Soil Erosion Control/Soil Survey Program.

The Committee provides an increase above the fiscal year 2002 level of $525,000 for cattle and nutrient management in stream crossings in cooperation with Mississippi conservation districts.

The Committee provides $300,000 to implement the Certified Environmental Management Systems for Agriculture (CEMSA) in cooperation with the Iowa Soybean Association. CEMSA will be designed to assist producers to voluntarily adopt certifiable conservation plans, with additional funds to be provided from non-Federal sources.

The Committee provides $300,000 for planning and design associated with the Walnut Bayou Irrigation Project, Arkansas.

The Committee directs the NRCS to develop a plan to establish a Geographic Information Systems Center of Excellence in cooperation with West Virginia University that will provide expertise to design, field, and support new applications for capturing, managing, analyzing, and delivering soil survey information in an easily accessible manner.

The Committee encourages the agency to support watershed management and demonstration projects in cooperation with the National Pork Producers Council.

The Committee provides the fiscal year 2002 level for a cooperative agreement between NRCS and Alcorn State University to analyze soil erosion and water quality by using demonstration sites.

The Committee provides an increase of $850,000 from the fiscal year 2002 level of funding for the Wildlife Habitat Management Institute (WHMI) for developing and transferring fish and wildlife technology to States and field offices. Of the funds made available for the WHMI, the Committee expects WHMI to develop a pilot program to provide technical assistance to landowners to enhance the natural habitats' of bobwhite quail.

The Committee provides $1,000,000 to assist in the conversion to sprinkler irrigation in the vicinity of Minidoka, ID, in order to reduce water quality impairments resulting from the return of water runoff to the aquifer by way of agricultural drain wells.

The Committee provides $100,000 for fiscal year 2003 to perform a feasibility study for a surface impoundment in Choctaw County, MS.

The Committee is aware of the additional demands for conservation technical assistance resulting from the New Jersey State Conservation Cost Share Program and provides an additional $900,000 for assistance in cooperation with that program.

The Committee encourages NRCS to continue assistance for conservation programs related to cranberry production in the States of Massachusetts and Wisconsin.

The Committee provides $150,000 for the Upper Petit Jean Watershed Project, Arkansas.

The Committee expects the National Resource Conservation Service (NRCS) to continue to support the work of the Southwest Strategy and its coordinated effort to help address the natural resource, cultural resource, and economic issues facing the people of New Mexico and Arizona.

The Committee encourages the Agency to examine the possibility of cost-sharing through existing conservation program types of cover (including plastic mulch) that would promote the successful establishment of tree shrub and other prescribed plantings used for wind erosion practices.

The Committee provides $900,000 to proceed with the Bayou Meto project in Arkansas.

The Committee provides $500,000 to provide expedited conservation planning of the Lake Okeechobee Watershed project in Florida. It is expected the agency will work in cooperation with the Florida Department of Agriculture and Consumer Services.

The Committee provides $400,000 to provide assistance to the Waynewood Drainage project in Illinois.

The Committee provides $50,000 to provide assistance for the Native Seed Program which has been developed in cooperation with Oregon State University and the Native Plant Society of Oregon.

The Committee provides $250,000 for fiscal year 2003 for repair of Askalmore Watershed Dam Y–17a–11, Tallahatchie County, MS.

The Committee expects the NRCS to provide $150,000 for the State of Rhode Island to address drought-related issues, including ways in which producers can minimize their risks, diversify their operations, and expand into alternative practices such as organic farming.

The Committee provides $400,000 for fiscal year 2003 for flood protection around the Humphreys County Hospital and the City of Belzoni, Humphreys County, MS.

The Committee provides $325,000 for reach at the Oregon Garden, including studying of wetland plant mateials for non-point source run-off, point-source treatment of drainage from parking lots, sewage waste treatment, carbon storage crediting, reestablishment of wetlands, and for other environmental sustainability purposes.

The Committee provides $250,000 for the Utah CAFO/AFO pilot project.

The Committee provides $150,000 to continue implementation of pilot projects designed for nutrient reducing waste treatment systems for dairy operations in Florida. The Committee provides $500,000 for fiscal year 2003 for drainage improvements in the City of Petal, MS.

The Committee provides and increase of $1,000,000 above the fiscal year 2002 level for increased technical assistance in the State of Oregon.

The Committee provides $300,000 for assistance to the Dry Creek/Neff's Grove project in the State of Utah. The Committee provides $100,000 for fiscal year 2003 for drainage improvements on Watkins Drive in the City of Jackson, MS.

The Committee provides $650,000 to assist the Lincoln Parish in the development of a stormwater and conservation management program.

The Committee encourages NRCS to provide assistance for activities in the following counties in Kentucky: Knott County for technical assistance relating to water and sewer disposal for $250,000; Boone County for conservation projects in the amount of $300,000; and Kenton County relating to flood prevention in the amount of $250,000.

The Committee provides $300,000 for fiscal year 2003 for drainage improvements in the City of Port Gibson, MS.

The Committee provides $400,000 for assistance regarding the Jefferson River Watershed in Montana.

The Committee provides $200,000 in regard to an Environmental Impact Statement for Leslie County, KY.

The Committee encourages the Secretary to promulgate rules and regulations pursuant to section 1001D of Farm Security and Rural Investment Act of 2002 on payment eligibility based on adjusted gross income in a manner that allows non-profit entities to continue to receive a payment, including through direct participation, cooperative agreements, or as providers of technical assistance in conservation programs under Title XII of the Food Security Act of 1985 or Title II of the Farm Security and Rural Investment Act of 2002.

The Committee provides $450,000 for assistance regarding the St. John the Baptist Parish Lakes Bank Retention project in Louisiana.

The Committee provides $500,000 for a study to examine the environmental benefits of using vegetative buffers along waterways. The agency is directed to work in cooperation with the University of Wisconsin-Madison.

The Committee provides $150,000 for fiscal year 2003 for drainage improvements in the City of Mount Olive, MS.

The Committee provides $500,000 to conduct a Great Lakes pilot in Michigan for conservation program decision support capability to better evaluate and implement conservation programs in the Great Lakes Watershed. The Committee provides $500,000 for fiscal year 2003 for drainage improvements in the City of Meridian, MS.

The Committee expects the NRCS to work in conjunction with the ARS Dairy Forage Laboratory in Madison, WI, regarding dairy waste management and in the development of a working arrangement regarding planned expansion of the Dairy Forage Laboratory activities at Marshfield, WI and the possible establishment of a NRCS Waste Management Institute at that location.

The Committee provides $150,000 to assist in the False River Sedimentation Reduction project in Louisiana.

The Committee provides $1,500,000 to assist in the Montana Watershed Planning project.

The Committee provides $1,000,000 to implement the Source Water Protection Program and encourages that these funds be used in the State with the greatest need.

The Committee provides $300,000 to assist in the Wyoming Soil Survey Mapping project.

The Committee provides $120,000 for the Conservation Land Internship Program in Wisconsin to help students learn about resource conservation.

The Committee provides $500,000 for a study to examine the environmental benefits of using nutrient management plans for phosphorus and related conservation practices. The agency is directed to work in cooperation with the University of Wisconsin-Madison.

The Committee provides $500,000 for fiscal year 2003 for technical assistance in North Carolina to address concerns with the application of phosphorous on agricultural lands.

The Committee provides $500,000 for assistance to the Walla Walla Watershed Alliance in Washington.

The Committee provides $800,000 to provide additional Conservation Technical Assistance funding for NRCS in Kentucky to provide grants to Kentucky Soil Conservation Districts.

The Committee encourages the Secretary to enter into a stewardship agreement with the Iowa Department of Agriculture and Land Stewardship and the Iowa Corn Growers Association to initiate a stewardship program focusing on nutrient best management practices to reduce the environmental impact of nitrogen in the State of Iowa pursuant to the authority under Partnerships and Cooperation [subsection (f) of Section 1243 of the Food Security Act of 1985 (16 U.S.C. 3843)].

Plant Materials Centers.—The Committee provides no less than the same level available in fiscal year 2002 to support NRCS Plant Materials Centers.

The Committee provides the fiscal year 2002 level for improvements to the existing building and facilities at the Jamie Whitten Plant Materials Center.

WATERSHED SURVEYS AND PLANNING

Appropriations, 2002	$10,960,000
Budget estimate, 2003	.....
Committee recommendation	10,960,000

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, de-

velopment, 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 $10,960,000. This amount is the same as the 2002 appropriation and $10,960,000 more than the budget request.

WATERSHED AND FLOOD PREVENTION OPERATIONS

Appropriations, 2002	$106,590,000
Budget estimate, 2003	
Committee recommendation	105,000,000

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

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

COMMITTEE RECOMMENDATIONS

For watershed and flood prevention operations, the Committee recommends an appropriation of $105,000,000. This amount is $1,590,000 less than the 2002 appropriation and $105,000,000 above the budget request.

The Committee continues the fiscal year 2002 level of funding for the Little Sioux Watershed and Mosquito Creek Watershed projects, Iowa.

The Committee encourages the agency to provide assistance for the Seward Resurrection River Flood Mitigation Project and the Matanuska River, AK erosion control project.

The Committee encourages the agency to support the increased demands for project completions dedicated to increasing water storage capacity, improving the efficiency of delivery systems, and con-

serving water through flood control projects, Hawaii. In particular, the Committee recommends that the agency provide funding to complete design and construction for the following approved watershed projects: Lower Hamakua Ditch Watershed, Upcountry Maui Watershed, Lahaina Watershed, and the Wailuku-Alenaio Watershed. In addition, the Committee recommends providing sufficient staff to complete the planning and design of these projects. The Committee also urges the agency to continue to provide leadership to coordinate water use and conservation activities of agencies of government and the private sector in Hawaii.

The Committee expects the agency to provide funds for continuing work in connection with the Big Creek/Hurricane Creek, Grassy Creek, Moniteau Creek, East Locust Creek, West Fork of Big Creek, East Yellow Creek, McKenzie Creek, Hickory Creek, East Fork of Grand River, Troublesome Creek and the Upper Locust Creek projects, all located in Missouri.

The agency is encouraged to fund completion of construction of the Bayou Bourbeaux Watershed Project in Opelousas, LA.

The Committee urges the agency to complete design and initiate construction of the Upper Tygart Valley Watershed project in West Virginia. In addition, the agency is provided funds to proceed with Phase III of the Little Whitestick Creek Channel Improvements in Raleigh County, WV. Also, the agency should continue to provide assistance to carry out the Potomac Headwaters Land Treatment Watershed project in West Virginia at no less than the fiscal year 2002 level.

The Committee provides funds for NRCS to provide assistance for bank stabilization and channel improvement work in Mississippi in the Tillatoba Creek Watershed, Yalobusha County; Oaklimeter Creek Watershed; and the Skuna River Watershed.

The Committee provides funds for the completion of Phase II of the Kuhn Bayou (Point Remove) project, Arkansas.

The Committee continues to be aware of flooding in the Devils Lake basin in North Dakota, and notes that the lake has risen more than 25 feet since 1993. The Committee encourages the agency, with the cooperation of the Farm Service Agency, to assist in the locally coordinated flood response and water management activities. 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 urges NRCS to proceed with construction of Phase II of the watershed flood control project in the vicinity of Truth or Consequences, NM.

The Committee encourages the NRCS to continue assistance for watershed projects in Iowa for which funds were provided in fiscal year 2002 in addition to the following projects: Fox River, Upper Locust, Turkey Creek, Indian Creek, Mill-Picayune Creek, Hacklebarney, and A&T Longbranch.

The Committee continues funding in order to complete the Pocasset River watershed project, Rhode Island.

The Committee provides funds to provide assistance to construct grade control structures in the Piney Creek Watershed, Yazoo County, MS, and to provide assistance for construction of Town Creek Floodwater Retarding Structure #8, Lee County, MS.

The Committee provides funding for the assistance for the Square Butte project in North Dakota.

WATERSHED REHABILITATION PROGRAM

Appropriations, 2002	$10,000,000
Budget estimate, 2003	.....
Committee recommendation	30,000,000

The Committee recommends a new watershed rehabilitation program account for technical and financial assistance to carry out rehabilitation of structural measures, in accordance with Section 14 of the Watershed Protection and Flood Prevention Act, approved August 4, 1954 (U.S.C. 1001 et seq.), as amended by Section 313 of Public Law 106–472, November 9, 2000 (16 U.S.C. 1012), and by section 2505 of the Farm Security and Rural Investment Act of 2002 (Public Law 107–171).

COMMITTEE RECOMMENDATIONS

For the watershed rehabilitation program, the Committee recommends $30,000,000. This amount is $20,000,000 more than the fiscal year 2002 level and $30,000,000 above the budget request.

The Committee directs that funding under this program be provided for rehabilitation of structures determined to be of high priority need in order to protect property and ensure public safety.

RESOURCE CONSERVATION AND DEVELOPMENT

Appropriations, 2002	$48,048,000
Budget estimate, 2003	49,079,000
Committee recommendation	50,378,000

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

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

COMMITTEE RECOMMENDATIONS

For resource conservation and development, the Committee recommends an appropriation of $50,378,000. This amount is $2,330,000 more than the 2002 level and $1,299,000 more than the budget request. This amount includes an increase of $1,409,000 for pay parity costs and benefits. The full increase is intended to provide additional support for existing resource conservation and development councils and to allow for consideration of newly authorized areas in states.

The Committee is aware of applications for the establishment of new RC&D areas and encourages the Secretary to give consideration to those requests.

FORESTRY INCENTIVES PROGRAM

Appropriations, 2002	$6,811,000
Budget estimate, 2003	.....
Committee recommendation	.....

The Forestry Incentives Program is authorized by the Cooperative Forest 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

The Committee does not provide funding for the Forestry Incentive Program. The authorization for this program was repealed by section 8001 of Public Law 107–171. Section 8002 of that Act established the Forest Land Enhancement Program which provides assistance to owners of non-industrial private forest lands in a manner similar to the Forestry Incentives Program. Public Law 107–171 makes available $100,000,000 from funds of the Commodity Credit Corporation during the period 2002 through 2007.

TITLE III—RURAL DEVELOPMENT PROGRAMS

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

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

OFFICE OF THE UNDER SECRETARY FOR RURAL DEVELOPMENT

Appropriations, 2002	$623,000
Budget estimate, 2003 [1]	898,000
Committee recommendation	906,000

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

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

COMMITTEE RECOMMENDATIONS

For the Office of the Under Secretary for Rural Development, the Committee recommends an appropriation of $906,000. This amount is $283,000 more than the 2002 level and $8,000 more than the budget request. This amount includes an increase of $25,000 for pay parity costs and benefits.

Among renewable energy systems, combined operational aerobic methane digester technology is particularly promising, but is not currently in use in the United States, even though it is being employed successfully in other nations. This process utilizes converted animal waste energy to integrate adjacent green house facilities to produce specialty agricultural crops. In order to facilitate this self-sustainable technology, the Committee encourages the Secretary, in

implementing and designating regulations for making loans, loan guarantees, and grants under (SEC.) 9006 (for renewable energy systems and energy efficiency improvements) of Title IX of the FSRIA, to clarify that such types of combined operational anaerobic digesters are eligible for this assistance.

The Committee is aware the Department has previously provided funding for the National Rural Development Partnership (NRDP). The NRDP, and its associated State Rural Development Councils, provide technical support and guidance for rural development at the State and local level. The Committee recognizes the support for the continuation of this activity and understands the fiscal restraints imposed on the Department to continue adequate program funding for critical rural development programs as a result of significant subsidy increases. The Committee encourages the Secretary to review the impact of increased or an equal non-Federal match to preserve limited program resources and provide for the continuation of the NRDP.

The Committee rejects the Departments request for $2,000,000 to fund an independent housing study for cost efficiencies in the delivery of multi-family housing. The Committee provides the Department $1,000,000 to conduct a capital needs assessment as outlined in the GAO report, GAO–02–397. The Committee expects the Department to document the need for additional affordable housing in rural areas. The Committee also expects the Department to compare the costs associated with the Section 515 program with other Federal programs and incentives serving the same eligible rural population.

The Committee is aware of a proposal for a Rural Economic Area Partnership (REAP) Zone designation for 17 southern Illinois counties. The proposal was drafted by a coalition of regional planning and development organizations in Southern Illinois. The Committee encourages the Department to give the proposal serious review and to provide appropriate funding and technical assistance.

The Committee is aware of and supports the ongoing efforts and activities of the Farm Worker Institute for Education and Leadership Development (FIELD). The Committee encourages the Secretary to work with FIELD through ongoing outreach and technical assistance programs to enhance ongoing research, skill set and workforce development.

RURAL COMMUNITY ADVANCEMENT PROGRAM

Appropriations, 2002	$806,557,000
Budget estimate, 2003	791,499,000
Committee recommendation	867,176,000

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

culture Improvement and Reform Act of 1996, Public Law 104–127. Consolidating funding for these 12 rural development loan and grant programs under RCAP provides greater flexibility to tailor financial assistance to applicant needs.

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

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

The Community Facility Grant Program authorized in the Federal Agriculture Improvement and Reform Act of 1996 (Public Law 104–127), is used in conjunction with the existing direct and guaranteed loan programs for the development of community facilities, such as hospitals, fire stations, and community centers. Grants are targeted to the lowest income communities. Communities that have lower population and income levels receive a higher cost-share contribution through these grants, to a maximum contribution of 75 percent of the cost of developing the facility.

The Rural Business and Industry Loans Program was created by the Rural Development Act of 1972, and finances a variety of rural industrial development loans. Loans are made for rural industrialization and rural community facilities under Rural Development Act amendments to the Consolidated Farm and Rural Development Act authorities. Business and industrial loans are made to public, private, or cooperative organizations organized for profit, to certain Indian tribes, or to individuals for the purpose of improving, developing or financing business, industry, and employment or improving the economic and environmental climate in rural areas. Such purposes include financing business and industrial acquisition, construction, enlargement, repair or modernization, financing the purchase and development of land, easements, rights-of-way, buildings, payment of startup costs, and supplying working capital. Industrial development loans may be made in any area that is not within the outer boundary of any city having a population of 50,000 or more and its immediately adjacent urbanized and urbanizing areas with a population density of more than 100 persons per

square mile. Special consideration for such loans is given to rural areas and cities having a population of less than 25,000.

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

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

The water and waste disposal program is authorized by sections 306, 306A, 309A, 306C, 306D, and 310B of the Consolidated Farm and Rural Development Act (7 U.S.C. 1921 et seq., as amended). This program makes loans for water and waste development costs. Development loans are made to associations, including corporations operating on a nonprofit basis, municipalities and similar organizations, generally designated as public or quasipublic agencies, that propose projects for the development, storage, treatment, purification, and distribution of domestic water or the collection, treatment, or disposal of waste in rural areas. Such grants may not exceed 75 percent of the development cost of the projects and can supplement other funds borrowed or furnished by applicants to pay development costs.

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

COMMITTEE RECOMMENDATIONS

For the Rural Community Advancement Program [RCAP], the Committee recommends $867,176,000. This amount is $60,619,000 more than the fiscal year 2002 level and $75,677,000 more than the budget request.

The following table provides the Committee's recommendations, as compared to the fiscal year 2002 and budget request levels:

RURAL COMMUNITY ADVANCEMENT PROGRAM

[Budget authority in thousands of dollars]

	Fiscal year—		Committee recommendation
	2002 appropriation	2003 budget request	
Community:			
Community facility direct loan subsidies	13,545	15,600	15,600
Community facility grants	20,000	17,000	17,000
Economic impact initiative grants	25,000	.....	25,000
High energy costs grants	30,000	.....	30,000
Rural community development initiative	.....	.....	10,000
Subtotal, community	83,545	32,600	97,600
Business:			
Business and industry loan subsidies:			
Direct	.....	.....	.....
Guaranteed	27,400	29,085	35,730
Rural business enterprise grants	41,000	44,000	47,032
Rural business opportunity grants	5,100	3,000	4,000
Department of Energy matching grants	3,000	.....	.....
Subtotal, business	76,500	76,085	86,762
Utilities:			
Water and waste disposal loan subsidies: Direct	60,497	92,302	92,302
Water and waste disposal grants	582,515	587,012	587,012
Solid waste management grants	3,500	3,500	3,500
Subtotal, utilities	646,512	682,814	682,814
Total, loan subsidies and grants	806,557	791,499	867,176

Rural Community Advancement Program.—The Committee provides the fiscal year 2002 level of funding for transportation technical assistance.

The Committee directs the Department to continue the Rural Economic Area Partnership [REAP] initiative.

The Committee directs that of the $24,000,000 provided for loans and grants to benefit Federally Recognized Native American Tribes, $250,000 be used to implement an American Indian and Alaska Native passenger transportation development and assistance initiative.

Community facility loans and grants.—The Committee is aware of and encourages the Department to give consideration to applications relating to community facilities for structural and other essential needs of the following: the City of Craig's Marine Industrial Park, AK; City of Park Falls, WI; Town of Sunset, LA; Dillingham Dock, AK; Cave City Agricultural Center, Barren County, KY; Rosebud Sioux Tribe Headquarters Facility, South Dakota; USC Salkehatchie Leadership Center, South Carolina; West Baton Rouge Paris Agriculture Facility, Louisiana; Fort Peck Interpretative Center, Montana; Casey County Agricultural Center, Kentucky; Union and Wallowa Counties Rail Line, Oregon; Mashantucket Pequot Tribe, Connecticut; and the Freewoods Farm, South Carolina.

Economic impact initiative grants.—The Committee includes bill language to provide $25,000,000 for the Rural Community Facili-

ties Grant Program for areas of extreme unemployment or severe economic depression.

High energy cost grants.—The Committee includes bill language to provide $30,000,000 for the Rural Community Advancement Program for communities with extremely high energy costs which is to be administered by the Rural Utilities Service.

Business and Industry Loan Program.—The Committee encourages the Department to give consideration to applications for rural business opportunity grants (RBOG) from the following: The Menomiee Tribal Enterprises, Rural Technical Assistance Program, Iowa; Wisconsin; Missouri Regional Councils; and the Quinebaug-Shetucket Corridor, Connecticut.

Rural business enterprise grants.—The Committee is also aware of and encourages the Department to give consideration to applications for rural business enterprise grants (RBEG) from the following: Agricultural Heritage & Resources, Inc., Wisconsin; The City of Crandon Industrial Park, WI; Louisiana Biobased Technology Development and Commercialization Initiative; Cumberland Valley Milling Cooperative, Kentucky; Value-Added Pork Products, Springfield, KY; Boone-Sang Cooperative Association, Kentucky; Sustainable Woods Cooperative, Wisconsin; Walla Walla Community College, Washington; Cheyenne River Sioux Tribe Buffalo Jerky Processing Plant, South Dakota; Salem County Storage Facililty, New Jersey; Shorebank Enterprise Pacific, Washington; Forest Enterprises Technology Center, Wisconsin; Mission Valley Market, Montana; Grants to Public Broadcasting Systems Programs; Hibbins Technology Business Center, Minnesota; University of Montana Business Incubators; City of Park Hills, MO; South Dakota Public Broadcasting; Business and Technology Extension Program, Oregon; Dairy Value-Added Cheese Manufacturing, Kentucky; Vermont Maple Industry Council; Cape Fox Native Corporation, Alaska; Chesterfield County Industrial Park, South Carolina; Old North State Winegrowers Cooperative Association, North Carolina; and the Power Applications Resource Center at Montana State University-Northern.

The Committee 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.

Water and waste disposal loans and grants.—The Committee is aware of and encourages the Department to consider applications for water and waste disposal loans and grants relating to the following projects: The Chimayo, Bloomfield, Truth or Consequences and Carnuel communities in New Mexico; Tell City Branchville Sewer Line Project, IN; Nashville, AR; Fort Belknap Reservation, MT; Neuse North Carolina Regional Water System; Abbeville County Development Board, South Carolina; South Kona, HI; La Pine County Waste System, Oregon; Connect Peculiar and Raymore Water Systems, Missouri; Lake County Wastewater, Illinois; Port Orford Drinking Water and Sewer District, Oregon; and the Belknap Heights Community Water System, New Hampshire.

The Committee also includes language in the bill to make up to $30,000,000 in water and waste disposal loans and grants available for village safe water for the development of water systems for

rural communities and native villages in Alaska. In addition, the Committee is aware of and encourages the Department to consider applications to the national program from small, regional hub villages in Alaska with a populations less than 5,000 which are not able to compete for village safe water funding; $20,000,000 for water and waste systems for the colonias along the United States-Mexico border; and $18,000,000 for water and waste disposal systems for Federally Recognized Native American Tribes. In addition, the Committee makes up to $12,100,000 available for the circuit rider program of which the $1,100,000 increase from fiscal year 2002 shall be provided to those States that have the most water and waste needs including coverage of their existing systems.

The Committee encourages the Department to continue working with the city of Blaine, Washington, on water and infrastructure needs and to use existing funds to help with environmental remediation of Semiahmah.

Water and waste technical assistance training grants.—The Committee encourages the Rural Utilities Service to consider an increase in the grant request from the National Drinking Water of Clearinghouse, for which an increase in this account is provided. The Committee is aware of and encourages the Department to consider applications from the Alaska Village Safe Water Program to provide statewide training in water and waste systems operation and maintenance.

The Committee encourages the Department to consider a pilot program within available funds to offer inspector training and certification program that would include proper well construction, maintenance, sampling, treatment and ensuring the overall safety of private wells in rural areas.

Solid Waste Management Grants.—The Committee is aware of the need for landfill improvements for Fort Barrow, Alaska, and urges the Department to give priority consideration for an application for a solid waste management grant.

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

RURAL DEVELOPMENT SALARIES AND EXPENSES

[In thousands of dollars]

	Fiscal year—		Committee recommendation
	2002 appropriation	2003 budget request	
Appropriations	133,722	[1] 145,736	133,956
Transfer from:			
Rural Housing Insurance Fund Loan Program Account	(422,241)	(455,630)	(455,630)
Rural Electrification and Telecommunications Loans Program Account	(36,000)	(38,035)	(38,035)
Rural Telephone Bank Program Account	(3,082)	(3,082)	(3,082)
Rural Local Television Program Account	(2,000)	.....	.....
Rural Development Loan Fund Program Account	(3,733)	(4,290)	(4,290)
Total, RD salaries and expenses	600,778	646,773	634,993

[1] Excludes $38,603,000 requested for employee pension and health benefits.

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

Rural Business-Cooperative Service, including reviewing applications, making and collecting loans and providing technical assistance and guidance to borrowers; and to assist in extending other Federal programs to people in rural areas.

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

COMMITTEE RECOMMENDATIONS

The Committee recommends $634,993,000 for salaries and expenses for the Rural Economic and Community Development Programs. This amount is $34,215,000 more than the fiscal year 2002 level and $11,780,000 less than the budget request.

Of this amount, $2,000,000 shall be made available for the continuation of the Rural Development Partnership and the Secretary may provide additional funds as deemed appropriate.

This amount includes an increase of $20,811,000 for pay parity costs and benefits. This amount does not include an increase of $17,065,000 for rental payments to GSA or $169,000 for FECA administrative charges, as requested in the budget.

The Committee expects that none of the funds provided for Rural Development, Salaries and Expenses should be used to enter into or renew a contract for any activity that is best suited as an inherent function of Government, without prior approval from the Committees on Appropriations of the House and Senate. Such activities may include, but are not limited to, any function that affects eligibility determination, disbursement, collection or accounting for Government subsidies provided under any of the direct or guaranteed loan programs of the Rural Development mission area or the Farm Service Agency.

RURAL HOUSING SERVICE

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

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

COMMITTEE RECOMMENDATIONS

The Committee recommends total appropriations of $1,589,766,000 for the Rural Housing Service. This is $115,289,000 more than the 2002 level and $61,249,000 more than the budget request.

The Committee encourages the Department to continue to set-aside of funds within rural housing programs to support self-help housing, home ownership partnerships, housing preservation and State rental assistance, and other related activities that facilitate the development of housing in rural areas.

The Committee rejects the Administration's omission of new construction of section 515 loans. The Committee agrees with the Administration that significant resources are needed for repair, rehabilitation and preservation of the existing portfolio. Of the funds appropriated for section 515, the Committee recommends $50,000,000 be made available for new construction, $50,000,000 for servicing and rehabilitation, with $20,000,000 to be used for equity loans. This is a significant increase for equity loans.

The following table presents loan and grant program levels recommended by the Committee, as compared to the fiscal year 2002 levels and the 2003 budget request:

LOAN AND GRANT LEVELS

[In thousands of dollars]

	Fiscal year—		Committee recommendation
	2002	2003 request	
Rural Housing Insurance Fund Program Account loan levels:			
Single family housing (sec. 502):			
Direct	(1,079,848)	(957,300)	(1,005,162)
Unsubsidized guaranteed	(3,137,969)	(2,750,000)	(2,750,000)
Housing repair (sec. 504)	(32,325)	(35,000)	(35,000)
Multifamily housing guarantees (sec. 538)	(99,771)	(100,000)	.....
Rental housing (sec. 515)	(114,069)	(60,000)	(120,000)
Site loans (sec. 524)	(5,091)	(5,011)	(5,011)
Credit sales of acquired property	(11,778)	(12,000)	(12,000)
Self-help housing land development fund	(5,000)	(5,000)	(5,000)
Total, RHIF	(4,485,851)	(3,924,300)	(3,932,173)
Farm Labor Program:			
Farm labor housing loan level	(28,459)	(36,000)	(36,000)
Farm labor housing grants	17,967	16,968	16,968
Total, Farm Labor Program	(46,426)	(52,968)	(52,968)
Grants and payments:			
Mutual and self-help housing	35,000	34,000	35,000
Rental assistance	701,004	712,000	730,000
Rural housing assistance grants [RHAG]	38,914	42,498	47,498
Total, rural housing grants and payments	774,918	788,498	812,498
Total, RHS loans and grants	(5,307,195)	(4,765,766)	(4,897,628)

RURAL HOUSING INSURANCE FUND PROGRAM ACCOUNT

This fund was established in 1965 (Public Law 89–117) pursuant to section 517 of title V of the Housing Act of 1949, as amended.

This fund may be used to insure or guarantee rural housing loans for single-family homes, rental and cooperative housing, and rural housing sites. Rural housing loans are made to construct, improve, alter, repair, or replace dwellings and essential farm service buildings that are modest in size, design, and cost. Rental housing insured loans are made to individuals, corporations, associations, trusts, or partnerships to provide moderate-cost rental housing and related facilities for elderly persons in rural areas. These loans are repayable in not to exceed 30 years. Loan programs are limited to rural areas, which include towns, villages, and other places of not more than 10,000 population, which are not part of an urban area. Loans may also be made in areas with a population in excess of 10,000, but less than 20,000, if the area is not included in a standard metropolitan statistical area and has a serious lack of mortgage credit for low- and moderate-income borrowers.

An increased priority should be placed on long term rehabilitation needs within the existing multi-family housing portfolio including increased equity loan activity and financial and technical assistance support for acquisition of existing projects.

The Committee urges the Department to consider decreasing the guarantee fee in the single family unsubsidized guaranteed program consistent with other Federal housing programs including fees charged for refinancing existing loans.

LOAN SUBSIDY AND ADMINISTRATIVE EXPENSES LEVELS

The Federal Credit Reform Act of 1990 established the program account. Appropriations to this account will be used to cover the lifetime subsidy costs associated with the direct loans obligated and loan guarantees committed in 2002, as well as for administrative expenses. The following table presents the loan subsidy levels as compared to the 2002 levels and the 2003 budget request:

[In thousands of dollars]

	Fiscal year—		Committee recommendation
	2002 level	2003 request	
Loan subsidies:			
Single family (sec. 502):			
Direct	142,108	185,429	194,700
Unsubsidized guaranteed	40,166	19,800	19,800
Housing repair (sec. 504)	10,386	10,857	10,857
Multifamily housing guarantees (sec. 538)	3,921	4,500	.....
Rental housing (sec. 515)	48,274	27,978	55,956
Site loans (sec. 524)	28	55	55
Credit sales of acquired property	750	934	934
Self-help housing land development fund	254	221	221
Total, loan subsidies	245,887	249,774	282,523
Administrative expenses	422,241	455,630	455,630

RENTAL ASSISTANCE PROGRAM

Appropriations, 2002	$701,004,000
Budget estimate, 2003	712,000,000
Committee recommendation	730,000,000

The Housing and Community Development Act of 1974 established a rural rental assistance program to be administered

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

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

The program is administered in tandem with Rural Housing Service section 515 rural rental and cooperative housing programs and the farm labor loan and grant programs. Priority is given to existing projects for units occupied by rent over burdened low-income families and projects experiencing financial difficulties beyond the control of the owner; any remaining authority will be used for projects receiving new construction commitments under sections 514, 515, or 516 for very low-income families with certain limitations.

COMMITTEE RECOMMENDATIONS

For rural rental assistance payments, the Committee recommends an appropriation of $730,000,000. This amount is $28,996,000 more than the 2002 level and $18,000,000 more than the budget request.

The Committee provides an increase in this account and expects the Department to provide rental assistance for new construction, servicing and debt forgiveness including offering assistance to units that are occupied by tenants that are rent overburdened and projects experiencing financial difficulties beyond the control of the owner.

MUTUAL AND SELF-HELP HOUSING GRANTS

Appropriations, 2002	$35,000,000
Budget estimate, 2003	34,000,000
Committee recommendation	35,000,000

This grant program is authorized by title V of the Housing Act of 1949. Grants are made to local organizations to promote the development of mutual or self-help programs under which groups of usually 6 to 10 families build their own homes by mutually exchanging labor. Funds may be used to pay the cost of construction supervisors who will work with families in the construction of their homes and for administrative expenses of the organizations providing the self-help assistance.

COMMITTEE RECOMMENDATIONS

The Committee recommends $35,000,000 for mutual and self-help housing grants. This is the same as the 2002 level and $1,000,000 more than the budget request.

RURAL HOUSING ASSISTANCE GRANTS

Appropriations, 2002	$38,914,000
Budget estimate, 2003	42,498,000
Committee recommendation	47,498,000

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

Very low-income housing repair grants.—The Very Low-Income Housing Repair Grants Program is authorized under section 504 of title V of the Housing Act of 1949. The rural housing repair grant program is carried out by making grants to very low-income families to make necessary repairs to their homes in order to make such dwellings safe and sanitary, and remove hazards to the health of the occupants, their families, or the community.

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

No assistance can be extended to any one individual in the form of a loan, grant, or combined loans and grants in excess of $27,500, and grant assistance is limited to persons, or families headed by persons who are 62 years of age or older.

Supervisory and technical assistance grants.—Supervisory and technical assistance grants are made to public and private nonprofit organizations for packaging loan applications for housing assistance under sections 502, 504, 514/516, 515, and 533 of the Housing Act of 1949. The assistance is directed to very low-income families in underserved areas where at least 20 percent of the population is below the poverty level and at least 10 percent or more of the population resides in substandard housing. In fiscal year 1994 a Homebuyer Education Program was implemented under this authority. This program provides low-income individuals and families education and counseling on obtaining and/or maintaining occupancy of adequate housing and supervised credit assistance to become successful homeowners.

Compensation for construction defects.—Compensation for construction defects provides funds for grants to eligible section 502 borrowers to correct structural defects, or to pay claims of owners arising from such defects on a newly constructed dwelling purchased with RHS financial assistance. Claims are not paid until provisions under the builder's warranty have been fully pursued. Requests for compensation for construction defects must be made by the owner of the property within 18 months after the date financial assistance was granted.

Rural housing preservation grants.—Rural housing preservation grants (section 522) of the Housing and Urban-Rural Recovery Act of 1983 authorizes the Rural Housing Service to administer a program of home repair directed at low- and very low-income people.

The purpose of the preservation program is to improve the delivery of rehabilitation assistance by employing the expertise of housing organizations at the local level. Eligible applicants will compete on a State-by-State basis for grants funds. These funds may be administered as loans, loan write-downs, or grants to finance home repair. The program will be administered by local grantees.

The Committee is also aware of and encourages the Department to give consideration to applications for rural housing preservation grants from the following. The Campbellsville University of Kentucky Heartland Outreach.

COMMITTEE RECOMMENDATIONS

For the Rural Housing Assistance Grants Program the Committee recommends $47,498,000. This is $8,584,000 more than the 2002 level and $5,000,000 more than the budget request.

The Committee encourages the Secretary to administer the Demonstration Housing Grants for Agriculture Processing Workers through non-profits community based organizations, including cooperatives, and allow grant funding up to 75 percent total development costs for each project awarded. The Department should also require on-site tenant services in the selection criteria. The Committee provided funding for this purpose in fiscal year 2001 and requests that the Department make necessary changes in any notice for available funds from lessons learned.

The following table compares the grant program levels recommended by the Committee to the fiscal year 2002 levels and the budget request:

RURAL HOUSING ASSISTANCE GRANTS

[In thousands of dollars]

	Fiscal year—		Committee recommendation
	2002 level	2003 request	
Very low-income housing repair grants	29,934	31,500	31,500
Supervisory and technical assistance	998	998	998
Rural housing preservation grants	7,982	10,000	10,000
Demonstration housing grants for agriculture processing workers	.....	.....	5,000
Total	38,914	42,498	47,498

FARM LABOR PROGRAM ACCOUNT

[In thousands of dollars]

	Loan level	Subsidy level	Grants
Appropriations, 2002	(28,459)	13,464	17,967
Budget estimate, 2003	(36,000)	17,647	16,968
Committee recommendation	(36,000)	17,647	16,968

The direct farm labor housing loan program is authorized under section 514 and the rural housing for domestic farm labor housing grant program is authorized under section 516 of the Housing Act of 1949, as amended. The loans, grants, and contracts are made to public and private nonprofit organizations for low-rent housing and related facilities for domestic farm labor. Grant assistance may not exceed 90 percent of the cost of a project. Loans and grants may

be used for construction of new structures, site acquisition and development, rehabilitation of existing structures, and purchase of furnishings and equipment for dwellings, dining halls, community rooms, and infirmaries.

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

COMMITTEE RECOMMENDATIONS

For direct farm labor housing loans, the Committee recommends a total level of $36,000,000. This is $7,541,000 more than the 2002 level and the same as the budget request.

RURAL BUSINESS-COOPERATIVE SERVICE

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

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

RURAL DEVELOPMENT LOAN FUND PROGRAM ACCOUNT

[In thousands of dollars]

	Fiscal year—		Committee recommendation
	2002 level	2003 request	
Estimated loan level	(38,171)	(40,000)	(40,000)
Direct loan subsidy	16,494	19,304	19,304
Administrative expenses	3,733	4,290	4,290

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

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

The Federal Credit Reform Act of 1990 established the program account. Appropriations to this account will be used to cover the lifetime subsidy costs associated with the direct loans obligated in 2003, as well as for administrative expenses.

COMMITTEE RECOMMENDATIONS

For rural development (intermediary relending) loans, the Committee recommends a total loan level of $40,000,000. This is $1,829,000 more than the 2002 loan level and the same as the budget request.

The Committee encourages the agency to consider the following for intermediary relending loans: The Menominee Tribal Enterprises, Wisconsin; Impact Seven, Inc., Wisconsin; Northern Economic Initiatives Corporation, Michigan; Southern Financial Partners, Arkansas; and the Southwestern Pennsylvania Progress Fund.

RURAL ECONOMIC DEVELOPMENT LOANS PROGRAM ACCOUNT

[In thousands of dollars]

	Fiscal year—		Committee recommendation
	2002 level	2003 request	
Estimated loan level	(14,966)	(14,967)	(14,967)
Direct loan subsidy [1]	3,616	3,197	3,197

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

The rural economic development loans program was established by the Reconciliation Act of December 1987 (Public Law 100–203), which amended the Rural Electrification Act of 1936, by establishing a new section 313. This section of the Rural Electrification Act (7 U.S.C. 901) established a cushion of credits payment program and created the rural economic development subaccount. The Administrator of RUS is authorized under the act to utilize funds in this program to provide zero interest loans to electric 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 RECOMMENDATION

The Committee recommends a direct loan subsidy appropriation for rural economic development loans of $40,000,000. This amount is $1,829,000 more than the 2002 level and the same as the budget request. As proposed in the budget, the $3,197,000 provided is derived by transfer from interest on the cushion of credit payments.

RURAL COOPERATIVE DEVELOPMENT GRANTS

Appropriations, 2002	$7,750,000
Budget estimate, 2003	9,000,000
Committee recommendation	9,000,000

Rural cooperative development grants are authorized under section 310B(e) of the Consolidated Farm and Rural Development Act, as amended. Grants are made to fund the establishment and operation centers for rural cooperative development with their primary

purpose being the improvement of economic conditions in rural areas. Grants may be made to nonprofit institutions or institutions of higher education. Grants may be used to pay up to 75 percent of the cost of the project and associated administrative costs. The applicant must contribute at least 25 percent from non-Federal sources, except 1994 institutions, which only need to provide 5 percent. Grants are competitive and are awarded based on specific selection criteria.

Cooperative research agreements are authorized by 7 U.S.C. 2204b. The funds are used for cooperative research agreements, primarily with colleges and universities, on critical operational, organizational, and structural issues facing cooperatives.

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

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

COMMITTEE RECOMMENDATIONS

The Committee recommends $9,000,000 for rural cooperative development grants. This is $1,250,000 more than the 2002 level and the same as the budget request.

The Committee is aware of and encourages the Department to consider the following applications for cooperative development grants: the Alaska Network Systems for Internet Facilities Mission Valley, Montana; Montana State University-Northern Cooperative Development Center; Mississippi Association of Cooperatives; and a rural cooperative located in Elko, Pershing, and Humboldt Counties, Nevada.

Of the funds provided, $2,500,000 is provided for the Appropriate Technology Transfer for Rural Areas program through a cooperative agreement with the National Center for Appropriate Technology.

The Committee has included language in the bill that not more than $1,500,000 shall be made available to cooperatives or associations of cooperatives whose primary focus is to provide assistance to small, minority producers.

RURAL EMPOWERMENT ZONES AND ENTERPRISE COMMUNITIES GRANTS

Appropriations, 2002	$14,967,000
Budget estimate, 2003	
Committee recommendation	14,967,000

COMMITTEE RECOMMENDATIONS

The Committee recommends $14,967,000 for Rural Empowerment Zones and Enterprise Communities Grants. This amount is the same as the 2002 level and $14,967,000 more than the budget request.

The Committee rejects the Administration's omission of direct funding to Rural Empowerment Zones and Enterprise Communities and the position that most of the support for these designated areas is in the form of tax incentives to businesses in the zones.

RURAL UTILITIES SERVICE

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

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

RURAL ELECTRIFICATION AND TELECOMMUNICATIONS LOANS PROGRAM ACCOUNT

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

The Federal Credit Reform Act of 1990 established the program account. An appropriation to this account will be used to cover the lifetime subsidy costs associated with the direct loans obligated and loan guarantees committed in 2003, as well as for administrative expenses.

COMMITTEE RECOMMENDATIONS

The following table reflects the Committee's recommendation for the "Rural electrification and telecommunications loans program" account, the loan subsidy and administrative expenses, as compared to the fiscal year 2002 and budget request levels:

[In thousands of dollars]

	Fiscal year—		Committee recommendation
	2002 level	2003 request	
Loan authorizations:			
Electric:			
Direct, 5 percent	(121,107)	(121,103)	(121,103)
Direct, Muni	(500,000)	(100,000)	(100,000)
Direct, FFB	(2,600,000)	(1,600,000)	(2,600,000)
Direct, Treasury rate	(750,000)	(700,000)	(1,150,000)
Guaranteed	(100,000)	(100,000)	(100,000)
Guaranteed, Underwriting	.....	.....	(1,000,000)

[In thousands of dollars]

	Fiscal year—		Committee recommendation
	2002 level	2003 request	
Subtotal	(4,071,107)	(2,621,103)	(5,071,103)
Telecommunications:			
Direct, 5 percent	(74,827)	(75,029)	(75,029)
Direct, Treasury rate	(300,000)	(300,000)	(300,000)
Direct, FFB	(120,000)	(120,000)	(120,000)
Subtotal	(494,827)	(495,029)	(495,029)
Total, loan authorizations	(4,565,934)	(3,116,132)	(5,566,132)
Loan Subsidies:			
Electric:			
Direct, 5 percent	3,609	6,915	6,915
Direct, Muni [1]	.....	4,030	4,030
Direct, FFB [2]	.....	.....	.....
Direct, Treasury rate [2]	.....	.....	.....
Guaranteed	80	80	80
Guaranteed, Underwriting [3]	.....	.....	.....
Subtotal	3,689	11,025	11,025
Telecommunications:			
Direct, 5 percent	1,736	1,283	1,283
Direct, Treasury rate	300	150	150
Direct, FFB [2]	.....	.....	.....
Subtotal	2,036	1,433	1,433
Total, loan subsidies	5,725	12,458	12,458
Administrative expenses	36,000	38,035	38,035
Total, Rural Electrification and Telecommunications Loans Programs Account	41,725	50,493	50,493
(Loan authorization)	(4,565,934)	(3,116,132)	(4,566,132)

[1] Negative subsidy rate for fiscal year 2002 is calculated for this program.
[2] Negative subsidy rates for fiscal years 2002 and 2003 are calculated for these programs.
[3] Negative subsidy rate for fiscal year 2003 is calculated for this program.

RURAL TELEPHONE BANK PROGRAM ACCOUNT

[In thousands of dollars]

	Loan level	Direct loan subsidy	Administrative expenses
Appropriations, 2002	(174,615)	3,737	3,082
Budget estimate, 2003	.....	.....	3,082
Committee recommendation	(174,615)	2,410	3,082

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

The Rural Telephone Bank is managed by a 13-member board of directors. The Administrator of RUS serves as Governor of the Bank until conversion to private ownership, control, and operation. This will take place when 51 percent of the class A stock issued to the United States and outstanding at any time after September

30, 1996, has been fully redeemed and retired. Activities of the Bank are carried out by RUS employees and the Office of the General Counsel of the U.S. Department of Agriculture.

The Federal Credit Reform Act of 1990 established the program account. Appropriations to this account will be used to cover the lifetime subsidy costs associated with the direct loans obligated in 2003, as well as for administrative expenses.

COMMITTEE RECOMMENDATIONS

The Committee recommends $2,410,000 which supports a loan level of $174,615,000. This amount is $1,327,000 less than the 2002 level and $2,410,000 more than the budget request.

DISTANCE LEARNING AND TELEMEDICINE PROGRAM

LOANS AND GRANTS

[In thousands of dollars]

	Fiscal year—		Committee recommendation
	2002 level	2003 request	
Distance learning and telemedicine direct loan	(300,000)	(50,000)	(50,000)
Broadband telecommunications direct loans	(80,000)	(79,535)	(79,535)
Direct loan subsidy [1]	.....	4,104	4,104
Grants	49,441	26,945	47,837
Total Budget Authority	49,441	31,049	51,941

[1] Negative subsidy rate for fiscal year 2002 is calculated for this program.

The Distance Learning and Telemedicine Program is authorized by the Food, Agriculture, Conservation and Trade Act of 1990 (104 Stat. 4017, 7 U.S.C. 950aaa et seq.), as amended by the Federal Agriculture Improvement and Reform Act of 1996. This program provides incentives to improve the quality of phone services, to provide access to advanced telecommunications services and computer networks, and to improve rural opportunities.

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

COMMITTEE RECOMMENDATIONS

For the Distance Learning and Telemedicine Program, the Committee recommends $51,941,000. This amount is $2,500,000 more than the 2002 level and $20,892,000 more than the budget request. The Committee is aware that the public television stations are facing a deadline of May 2003 to meet the Federal Communication's mandate to broadcast digital television signals. The Committee understands that many of those stations will have considerable financial difficulty in meeting that deadline.

Of the funds provided for Distance Learning and Telemedicine, the Committee has provided $15,000,000 in grants for pubic broadcasting systems to meet this goal. In addition, of the funds provided, $10,000,000 in grants shall be made available to support broadband transmission and local dial-up Internet services for rural areas. The Department should continue to provide financial

support in addition to the Distance Learning and Telemedicine grant and loan accounts.

The Committee is aware of and encourages the Department to give consideration to the following applications for grants and loans: The Lakeshore Technical College, Wisconsin; Alaska Federal Health Care Access Network; South Dakota Community Healthcare Association's Integrated Management Information System; Kentucky Telehealth Network; Maui Community College Sky Bridge Interactive Television Network, Hawaii; Farm Resource Center, Illinois; Montana Agriculture Knowledge Network; Lane County, OR; Fresno Community Medical Centers, California; City of Jackson, TN; Troy State Alabama Technology Network; Huntington College, Alabama; and the Educational Services District 105, Washington.

The Committee encourages the Department to fund a demonstration project to build upon existing resources and to further the use of advanced telecommunications by rural communities.

TITLE IV—DOMESTIC FOOD PROGRAMS

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

Appropriations, 2002	$587,000
Budget estimate, 2003 [1]	774,000
Committee recommendation	781,000

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

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

COMMITTEE RECOMMENDATIONS

For the Office of the Under Secretary for Food, Nutrition and Consumer Services, the Committee recommends an appropriation of $781,000. This amount is $194,000 more than the 2002 level and $7,000 more than the budget request. This amount includes an increase of $23,000 for pay parity costs and benefits.

The Committee remains aware of innovative work in Wisconsin and Iowa making milk available through school vending machines as an alternative to other beverages. In 2002, the Under Secretary was directed to examine the merits of these experiments and their potential to improve child health and nutrition. Based upon that information, the Under Secretary is now directed to expand these efforts as pilot programs in these States.

The Committee is aware of the benefits of programs such as the WIC and Senior Farmers' Market Nutrition Programs, which improve nutrition among low-income mothers, children and senior citizens by giving them access to locally grown fresh fruits and vegetables. The Committee also recognizes the benefits these and all farmers' markets provide for local farmers. Therefore, the Committee directs the Under Secretary to work with the Under Secretary for Marketing and Regulatory Programs to study the potential for a broad Farmers' Market Program within the Agricultural Marketing Service, which would provide funding for the WIC Farmers' Market Nutrition Program, the Senior Farmers' Market Nutrition Program, and the recently authorized Farmers' Market Promotion Program. The Committee requests a report on the potential of such a program, including cost estimates, by March 1, 2003.

The Committee is alarmed at the level of obesity in this country, and the health-related problems this causes. It has been recently reported that over 300,000 Americans die each year from obesity-related causes, and the economic costs of these illnesses is significant. The FNS mission area is directed to help Americans follow

the Dietary Guidelines, including guidelines urging Americans to "aim for a healthy weight" and "be physically active." The Committee is pleased that FNS is currently planning specific program directions and activities for "Breaking the Barriers: Practical Approaches to Improve Americans' Eating Behaviors," an initiative that will focus on changing Americans' eating behaviors and exercise patterns, and encourages FNS to continue these activities.

Further, the Committee is aware that the administration is developing its Healthier U.S. Initative, promoting nutritious diets, physical activity, preventative screenings, and healthy lifestyles as means to combat increasing obesity and diabetes rates, particularly among children. The Committee is encouraged by this approach, and believes that a media component, including in-school educational networks, would be an effective part of this initiative.

FOOD AND NUTRITION SERVICE

The Food and Nutrition Service represents an organizational effort to eliminate hunger and malnutrition in this country. Nutrition 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.

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 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.

Food Stamp Program.—This program seeks to improve nutritional standards of needy persons and families. Assistance is provided to eligible households to enable them to obtain a better diet by increasing their food purchasing capability, usually by furnishing benefits in the form of electronic access to funds. The program also includes Nutrition Assistance to Puerto Rico. The Farm Security and Rural Investment Act of 2002 (Public Law 107–171) authorizes block grants for Nutrition Assistance to Puerto Rico and American Samoa, which provide broad flexibility in establishing

nutrition assistance programs specifically tailored to the needs of their low-income households.

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

The Farm Security and Rural Investment Act of 2002, Public Law 107–171, enacted May 13, 2002, provides that $140,000,000 from funds appropriated in the Food Stamp account be used to purchase commodities for The Emergency Food Assistance Program.

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

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

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

Food Donations Programs.—Nutritious agricultural commodities are provided to residents of the Federated States of Micronesia and the Marshall Islands. Cash assistance is provided to distributing agencies to assist them in meeting administrative expenses incurred. It also provides funding for use in non-Presidentially declared disasters, and for FNS' administrative costs in connection with relief for all disasters. Funds for this program are provided by direct appropriation.

Food Program Administration.—Most salaries and Federal operating expenses of the Food and Nutrition 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, 2001, there were 1,504 full-time permanent and 72 part-time and temporary employees in the agency. FNS's headquarters staff, which is located in Alexandria, VA, totals 555, and 1,021 FNS employees are located in the field. There are 7 regional offices employing 637 employees, and the balance of the agency is located in 4 food stamp compliance offices, 1 computer support center in Minneapolis, MN, 1 administrative review office, and 69 field offices. Funds for this program are provided by direct appropriation.

CHILD NUTRITION PROGRAMS

[In thousands of dollars]

	Appropriation	Section 32 transfers	Total
Appropriations, 2002	4,914,788	5,172,458	10,087,246
Budget estimate, 2003 [1]	5,382,179	5,193,990	10,576,169
Committee recommendation	5,834,506	4,745,663	10,580,169

[1] Excludes $553,000 requested for employee pension and health benefits.

The Child Nutrition Programs, authorized by the Richard B. Russell 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 these programs 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. FNS 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 William F. Goodling Child Nutrition Reauthorization Act of 1998, Public Law 105–336, contains a number of child nutrition provisions. These include:

Summer Food Service Program [SFSP].—Reauthorizes the program through 2003 and relaxes the site limitations for private nonprofit sponsors in SFSP.

Child and Adult Care Food Program [CACFP].—Permanently authorizes payments for snacks provided to children through age 18 in after-school programs, and provides funds for demonstration projects to expand services to homeless children and family day care homes in low-income areas. On July 1, 1999, the Homeless Child Nutrition Program and the Homeless Summer Food Service Program was transferred into the CACFP.

National School Lunch Program [NSLP].—(1) Significantly expands reimbursement for snacks for children up to age 18 in after-school care programs; (2) provides for free snacks in needy areas; and (3) requires participating schools to obtain a food safety inspection conducted by a State or local agency.

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 apply 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 reimburse-

ment 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 2003, the School Lunch Program will provide assistance for serving an estimated 4.8 billion school lunches including 2.0 billion for children from upper-income families and 2.8 billion for children from lower and low-income families. An estimated 28.4 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 2003, under current law, the program will provide assistance for about 2.8 billion lunches, of which 2.4 billion will be served free of charge and 0.4 billion at reduced price. About 17 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. These schools receive higher rates of reimbursement in both the free and reduced-price categories. In fiscal year 2003, the program will serve an estimated 1.4 billion breakfasts to a daily average of 8.3 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 2003, $133,583,000 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 2003, approximately 153.3 million meals will be served.

(f) Child and Adult Care Food Program.—Preschool children receive year-round food assistance in nonprofit child care centers and family and group day care homes under this program. Public Law 97–35 permits profitmaking child care centers receiving compensation under title XX of the Social Security Act to participate in the program if 25 percent of the children served are title XX participants. Certain adult day care centers are also eligible for participation in this program, providing subsidized meals to nonimpaired individuals age 60 years or older. The Child and Adult Care Food Program reimburses

State agencies at varying rates for breakfasts, lunches, suppers, and meal supplements and for program-related State audit expenses. In fiscal year 2003, approximately 1.8 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.*—The National 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 2003, approximately 116.1 million half-pints will be served in the Special Milk Program. These include about 111.2 million half-pints served to children whose family income is above 130 percent of poverty. During fiscal year 2003, the average full cost reimbursement for milk served to needy children is expected to be 18.1 cents for each half-pint. Milk served to nonneedy children is expected to be reimbursed at 14.0 cents for each half-pint.

COMMITTEE RECOMMENDATIONS

For the child nutrition programs, the Committee recommends an appropriation of $5,834,506,000, plus transfers from section 32 of $4,745,663,000, for a total program of $10,580,169,000. This amount is $492,923,000 more than the 2002 level and $4,000,000 more 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 [1]	2002 estimate	2003 budget	Committee recommendation
School Lunch Program	5,842,358	6,074,648	6,074,648
School Breakfast Program	1,574,654	1,660,870	1,660,870
State administrative expenses	126,853	133,583	133,583
Summer Food Service Program	311,897	334,686	334,686
Child and Adult Care Food Program	1,799,735	1,904,494	1,904,494
Special Milk Program	16,891	16,449	16,449
Commodity procurement, processing, and computer support	398,362	435,334	435,334
Coordinated review system	4,507	5,080	5,080
Team nutrition	9,991	10,025	10,025
Food safety education	1,998	1,000	1,000
School Breakfast Grant Startup Program	500	.....	3,300
Common Roots Program	.....	.....	200
Child Nutrition Archive Resource Center	.....	.....	500

[1] Includes studies and evaluations.

The Committee provides $10,025,000 for TEAM nutrition. Included in this amount is $4,000,000 for food service training grants to States; $1,600,000 for technical assistance materials; $800,000

for National Food Service Management Institute cooperative agreements; $400,000 for print and electronic food service resource systems; and $3,225,000 for other activities.

Of the amount provided, no more than $3,195,000 is available for studies and evaluations. Of these funds, no more than $500,000 may be transferred to the Economic Research Service if determined by the Secretary. The Committee expects to be notified each time that such a transfer of funds occurs, including the amount of the transfer, and a summary of the study for which the transfer was deemed necessary. The Committee also requests a report within 60 days of the enactment of this Act summarizing all studies and evaluations planned by FNS for fiscal year 2003.

The Committee expects FNS to utilize the National Food Service Management Institute to carry out the food safety education program.

The Committee is aware of a survey taken in Wisconsin studying the effects of the School Breakfast Program startup grants. In schools that have received a startup grant, approximately 66 percent of teachers indicated they have observed positive benefits of instituting a school breakfast program. Benefits included "increased learning readiness," "increased socialization," and "improved student behavior." Therefore, the Committee provides $3,300,000 to continue the School Breakfast Startup Grant Program in order to help cover appropriate costs associated with the program and to expand the availability of school breakfasts for children. Of these funds, no less than $1,000,000 is to be directed to the State of Wisconsin, up to $175,000 of which shall be available for administrative costs related to program outreach and expansion. The balance of funds is to be directed to no less than five States that have had a significantly lower percentage of participation in the School Breakfast Program than the national average over the past 3 years.

The Committee provides $200,000 to Food Works of Vermont for the Common Roots program. This program integrates school gardens into the curriculum in order to encourage students to learn about and appreciate our agrarian and cultural heritage, and to provide interesting, hands-on instruction in a variety of classes including math, biology, science and social studies. The program also coordinates with other programs that are offered as a way to increase community involvement in the free summer lunch program and integrate fresh foods into the lunches served through this program.

The Committee provides $500,000, available for 2 years, to establish a Child Nutrition Archive Resource Center at the National Food Service Management Institute.

The Committee continues a general provision in the bill to expand the number of low-income children in child care centers that receive nutritious meals through the Child and Adult Care Food Program. This language eliminates the outdated requirement that eligible children receive Title 20 funds in order to receive the CACFP meal subsidy. This would allow proprietary centers to participate in CACFP if at least 25 percent of the children they serve are eligible for a free or reduced price meal.

The Committee also encourages States to conduct outreach to recruit new providers into the CACFP program through the 25 percent free or reduced price meal eligibility criteria option. The Committee recognizes the value that pooling has played in increasing participation in the CACFP program. Under current law, which provides two options of participation, States are encouraged to use this flexibility to maximize participation until the 25 percent free or reduced-price meal eligibility criteria is made permanent.

The Committee believes that while there are many beneficial programs to feed low-income children throughout the school year, such as the National School Lunch Program and the School Breakfast Program, there are significantly fewer opportunities for low-income children to receive balanced meals during the summer months. One such opportunity exists as part of the Federal Summer Food Service Program (SFSP). This program provides free, nutritious meals and snacks to help children in low-income areas receive the nutrition they need throughout the summer months. The benefits of SFSP are multiple: not only does SFSP provide children with a healthy meal, many of the approved SFSP sponsors include schools districts, local government agencies, or camps that provide programming for recreational and educational opportunities that foster learning throughout the summer months while parents are working. However, SFSP is currently underutilized. According to a recent report, for every 100 children who receive a free or reduced-price lunch during the regular school year, only 21.1 children receive meals during the summer.

The Committee is aware that in 2000, a pilot program was introduced that allowed 13 states to improve their use of SFSP by simplifying cost accounting requirements for some sponsors, reducing paperwork, and allowing for a modestly higher reimbursement for meals and snacks provided under SFSP. In these pilot states, SFSP participation increased by 8.9 percent between July 2000 and July 2001. Therefore, the Committee believes it will be beneficial, and provides sufficient funding through a general provision, for expansion of this pilot program to all 50 states in fiscal year 2003. It is the Committee's expectation that this program will be incorporated into the Child Nutrition Act, which is scheduled for reauthorization, in fiscal year 2003.

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

Appropriations, 2002 [1]	$4,348,000,000
Budget estimate, 2003	4,751,000,000
Committee recommendation	4,751,000,000

[1] Excludes $39,000,000 in emergency supplemental appropriations provided by Public Law 107–117.

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 7.8 million participants at an average food cost of $35.86 per person per month in fiscal year 2003.

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

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

The William F. Goodling Child Nutrition Reauthorization Act of 1998, Public Law 105–336, reauthorizes the program through 2003 and adds several provisions to the program. For example, the Act requires that an individual seeking certification or recertification in the program must provide documentation of family income. In addition, the Act permits State agencies to award infant formula rebate contracts to the bidder offering the lowest net wholesale price, unless the State agency demonstrates to the satisfaction of the Secretary that the weighted average retail price for different brands of formula in that State does not vary by more than 5 percent.

Public Law 105–336 also includes many provisions to improve retailer integrity and help to prevent fraud, waste and abuse in the program.

The WIC Farmers' Market Nutrition Program [FMNP] is also funded from the WIC appropriation, and in fiscal year 2002 will receive Commodity Credit Corporation funds as authorized by the Farm Security and Rural Investment Act of 2002. 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 $4,751,000,000. This amount is $403,000,000 more than the 2002 appropriation and the same as the budget request.

The Committee is aware that in recent years, the WIC Program has increasingly been in need of supplemental appropriations throughout the fiscal year due to unexpected economic changes that have resulted in higher participation, higher food costs, and other increased needs. The Committee realizes the difficulty in providing the highest level of service to WIC recipients when there is uncertainty whether or not the necessary amount of funding will be available throughout the entire fiscal year, and this uncertainty could potentially result in low-income mothers and children being turned away from this extraordinarily successful and beneficial program. Therefore, the Committee provides a WIC funding reserve

of $125,000,000, to become available when the Secretary deems necessary.

The Committee is aware that the WIC Farmers' Market Program provides fresh fruits and vegetables to low income mothers and children, benefiting not only WIC participants, but local farmers as well. Therefore, the Committee provides $25,000,000 for the WIC Farmers' Market Nutrition Program, and directs the Secretary to obligate these funds within 45 days.

The Committee also provides $14,000,000 for infrastructure funding, and $2,000,000 for a study of WIC vendor practices.

The Committee is concerned that the proposed rules to revise the regulations governing the WIC food packages have not yet been published. The Committee notes that the WIC food package has changed little since 1974. In the past decade, USDA has twice solicited comments, in 1994 and 1998, on a draft policy on food substitutions to accommodate food preferences and ethnic cultural eating patterns. However, the Department has not moved forward with the development of a WIC food package that responds to the needs of the culturally sensitive populations WIC serves and with comprehensive revisions in the overall food package rule to ensure consistency with the Dietary Guidelines for Americans and USDA's Food Guide Pyramid. The Committee expects the Department to immediately publish for public comment a proposed food package rule responding to these needs and to report quarterly to the Committee regarding the status of the proposal's publication and the review of comments until a final rule is published.

The Committee notes that Federal regulations set a maximum amount for infant formula to be issued to WIC participants each month at a rate of 8 lbs. of powdered formula, or 403 fluid ounces of concentrated liquid formula. Infant formula manufacturers offer powdered formula in a variety of can sizes, which they change periodically. Because the maximum amount can't be exceeded and because the powdered can size variations rarely exactly match the authorized amount, WIC clients may be provided less formula than they are authorized to receive. The Committee strongly encourages the Department to change WIC regulations to allow State WIC agencies to round up to the next whole can size of infant formula to ensure that all infants receive at least 8 lbs. or 128 ounces of powdered infant formula, or 944 reconstituted fluid ounces, at standard dilution, per month.

While the Committee continues to support and encourage State and local agency efforts to utilize WIC as an important means of participation referral to other health care services, it also continues to recognize the constraints that WIC programs are experiencing as a result of expanding health care priorities and continuing demand for core WIC program activities. The Committee wishes to clarify that while WIC plays an important role in screening and referral to other health care services, it was never the Committee's intention that WIC should perform aggressive screening, referral and assessment functions in such a manner that supplants the responsibilities of other programs, nor was it the Committee's intention that WIC State and local agencies should assume the burden of entering into and negotiating appropriate cost sharing agreements. The Committee again includes language in the bill to preserve WIC

funding for WIC services authorized by law to ensure that WIC funds are not used to pay the expenses or to coordinate operations or activities other than those allowable pursuant to section 17 of the Child Nutrition Act of 1996, unless fully reimbursed by the appropriate Federal agency. Within the context of authorized activities, the Committee notes an Executive Memorandum issued by the President on December 11, 2000, on the subject of improving immunization rates for children at risk. The Committee supports the goal of the Executive Memorandum, but remains concerned that the delivery of core WIC objectives may suffer without properly shared responsibilities and resources from other agencies.

FOOD STAMP PROGRAM

[In thousands of dollars]

	Expenses [1]	Amount in reserve	Puerto Rico	TEFAP commodity purchases	Total
Appropriations, 2002	19,556,436	2,000,000	1,335,550	100,000	22,991,986
Budget estimate, 2003 [2]	22,772,692	2,000,000	1,377,000	100,000	26,249,692
Committee recommendation	22,772,692	2,000,000	1,377,000	[3] 140,000	26,289,692

[1] Including studies and evaluations.
[2] Excludes $281,000 requested for employee pension and health benefits.
[3] Includes an additional $40,000,000 provided by the Farm Security and Rural Investment Act of 2002.

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 stamp benefits 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 Farm Security and Rural Investment Act of 2002, Public Law 107–171, enacted May 13, 2002, reauthorizes the Food Stamp Program through fiscal year 2007.

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 benefits, the value of which is determined by household size and income. The cost of the benefits is paid by the Federal Government. As required by law, the Food and Nutrition Service annually revises household stamp allotments to reflect changes in the cost of the thrifty food plan. The last revision was made on October 1, 2001.

At the authorized retail store, the recipient presents his/her card and enters a unique personal identification number into a terminal that debits the household's account for the amount of purchases. Federal funds are shifted from the Federal Reserve to the EBT processor's financial institution so that it may reimburse the grocer's account for the amount of purchases. The grocer's account at a designated bank is credited for the amount of purchases. The associated benefit cost is accounted for in the same manner as those benefit costs that result from issuance of coupons.

As of September 30, 2001, 40 EBT projects were operating Statewide in: Alabama, Alaska, Arizona, Arkansas, Colorado, Connecticut, District of Columbia, Florida, Georgia, Hawaii, Idaho, Illinois, Kansas, Kentucky, Louisiana, Maryland, Massachusetts, Michigan, Minnesota, Missouri, New Hampshire, New Jersey, New Mexico, New York, North Carolina, North Dakota, Ohio, Oklahoma,

Oregon, Pennsylvania, Rhode Island, South Carolina, South Dakota, Tennessee, Texas, Utah, Vermont, Washington, Wisconsin and Wyoming. EBT is also operating in part of California, Indiana, and Iowa. All other States are in some stage of planning EBT implementation. Puerto Rico has implemented an EBT system that operates island-wide. Welfare reform mandates EBT for all States by October 2002. Under this system, each recipient household is issued a plastic benefit card with a magnetic strip or computer chip to make food purchases. Neither cash nor food coupons are involved.

Nutrition Assistance to Puerto Rico.—The Farm Security and Rural Investment Act of 2002, Public Law 107–171, authorized block grants for Nutrition Assistance to Puerto Rico and American Samoa which gives the Commonwealth broad flexibility to establish a nutrition 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 Farm Security and Rural Investment Act of 2002, Public Law 107–171, enacted May 13, 2002, reauthorizes appropriations through fiscal year 2007. In addition to the provision of direct benefits to the needy, a portion of the grant may be used to fund up to 50 percent of the cost of administering the program. The grant may also be used to fund projects to improve agriculture and food distribution in Puerto Rico.

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

Effective October 1, 2001, The Farm Security and Rural Investment Act of 2002, Public Law, 107–171, enacted May 13, 2002, provides that $140,000,000 be used to purchase commodities for the Emergency Food Assistance Program.

Administrative costs.—All direct and indirect administrative costs incurred for certification of households, issuance of food coupons, quality control, outreach, and fair hearing efforts are shared by the Federal Government and the States on a 50–50 basis. The Farm Security and Rural Investment Act of 2002, (Public Law 107–171), substantially revised the performance requirements for States under the Quality Control (QC) System. States with poor performance over 2 years will face sanctions. States that demonstrate a high degree of accuracy or substantial improvement in their degree of accuracy under the QC system will be eligible to share in a $48,000,000 "bonus fund" established by Congress to reward States for good performance. The new system begins in fiscal year 2003 for measuring performance, and in fiscal year 2004 the new funding begins.

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 grant program to States to assist them in providing employment and training services.

COMMITTEE RECOMMENDATIONS

For the Food Stamp Program, the Committee recommends $26,289,692,000. This is $3,297,706,000 more than the 2002 appropriation level and $40,000,000 more than the budget request. Of the amount provided, $2,000,000,000 is made available as a contingency reserve. This is the same as the 2002 contingency reserve level and the budget request.

Of the amount provided, no more than $5,000,000 may be used for studies and evaluations. Of these funds, no more than $1,500,000 may be transferred to the Economic Research Service if determined by the Secretary. The Committee expects to be notified each time that such a transfer of funds occurs, including the amount of the transfer, and a summary of the study for which the transfer was deemed necessary. The Committee also requests a report within 60 days of the enactment of this Act summarizing all studies and evaluations planned by FNS for fiscal year 2003.

Included in this amount is up to $4,000,000 to purchase bison for the Food Distribution Program on Indian Reservations from Native American producers and Cooperative Organizations without competition.

The Committee is aware that there continues to be a pressing need for infrastructure development in the Food Distribution Program on Indian Reservations (FDPIR). Warehousing facilities on some reservations do not allow for the proper and efficient storage and distribution of commodities, and Indian Tribal Organization must be able to replace and upgrade equipment such as tractor trailers and fork lifts. Facilities have not always been able to keep pace with improvements in the food package, including the addition of fresh produce and more frozen foods as program options, which generates the need for cooler and freezer equipment.

Pursuant to 7 U.S.C. 2028, the Commonwealth of Puerto Rico must submit for the Secretary's approval a yearly plan that contains information regarding how food and assistance benefits under the Nutrition Assistance Program (NAP) for Puerto Rico are provided during the following fiscal year. While the Committee notes the program flexibility normally afforded to Puerto Rico, the Committee encourages the Secretary not to approve any NAP plan that does not require at least 75 percent of NAP funds to be spent on food at certain stores with point-of-sales devices.

The Committee notes the Secretary's recent waiver of Section 11(e)(6)(B) of the Food Stamp Act. The Committee believes it is important to study any potential risks it may pose to State and Federal oversight of the Food Stamp Program, as well as to families in need of food assistance. The Committee directs that no additional waivers of this provision be granted until a thorough and independent evaluation of the current waiver is complete. This evaluation should assess costs to the Federal Government; the private entity's compliance with all requirements of the Food Stamp Act, particularly program integrity and the Privacy Act; and access

to benefits as measured by food stamp participation rates and service to the most disadvantaged households. The evaluation should also compare the hiring and personnel policies of the contractor with the merit systems standards of the State, and provide an analysis of the issues associated with shifting governmental responsibilities to a private contractor, including potential disruption, cost, and the State's capacity to reassume program administration. The Committee requests a report on the evaluation findings on this waiver, including the previously listed items, prior to the Secretary granting any further waivers of Section 11(e)(6)(B) of the Food Stamp Act.

The Committee urges the Secretary of Agriculture to work with States to reduce Food Stamp error rates. The Congress recently simplified the Food Stamp program and reformed the quality control system, including the methodology for calculating error rate penalties in recognition of the difficulty in administering the Food Stamp program. The Committee encourages the Department to continue to negotiate with States that were sanctioned in fiscal year 2001.

COMMODITY ASSISTANCE PROGRAM

Appropriations, 2002 [1]	$152,813,000
Budget estimate, 2003	144,991,000
Committee recommendation	167,000,000

[1] Does not reflect $3,300,000 rescission of available prior year apropriations.

The Commodity Assistance Program includes funding for the Commodity Supplemental Food Program and funding to pay expenses associated with the storage and distribution of commodities through The Emergency Food Assistance Program.

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

In fiscal year 2003 approximately 76,700 women, infants, and young children and 369,381 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 Farm Security and Rural Investment Act of 2002 (2002 Farm Bill), reauthorizes the program through fiscal year 2007 and establishes a specific administrative funding level for each caseload slot assigned, adjusted each year for inflation.

The Emergency Food Assistance Program (TEFAP).—Authorized by the Emergency Food Assistance Act of 1983, as amended, the program provides nutrition assistance to low-income people

through prepared meals served on site and through the distribution of commodities to low-income households for home consumption. The commodities are provided by USDA to State agencies for distribution through State-established networks. State agencies make the commodities available to local organizations, such as soup kitchens, food pantries, food banks, and community action agencies, for their use in providing nutrition assistance to those in need.

Funds are administered by FNS 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 2001, $329,000,000 worth of surplus commodities were distributed to assist needy individuals. Donations will continue in fiscal year 2002. Precise levels depend upon the availability of surplus commodities and requirements regarding displacement. In fiscal year 2002, $20,820,000 will be used to help State and local authorities with the storage and distribution costs of providing surplus commodities to needy individuals. Although the $20,820,000 was allocated to each State in the form of administrative funds, each State is authorized to redirect funding for the purchase of additional commodities.

The Farm Security and Rural Investment Act of 2002 reauthorizes funding to support the storage and distribution of commodities through fiscal year 2007, and increases the amount authorized to be appropriated from $50,000,000 to $60,000,000. The law permits State and local agencies to use these funds to pay costs associated with the storage and distribution of USDA commodities and commodities secured from other sources. At the request of the State, these funds can be used by USDA to purchase additional commodities. The Farm Security and Rural Investment Act of 2002 also reauthorizes funding for the purchase of TEFAP commodities and increases the amount of funds available from $100,000,000 to $140,000,000. In addition to the commodities purchased specifically for TEFAP, commodities obtained under agriculture support programs are donated to States for distribution through TEFAP.

COMMITTEE RECOMMENDATIONS

For the Commodity Assistance Program, the Committee recommends an appropriation of $167,000,000. This amount is $14,187,000 more than the 2002 funding level and $22,009,000 more than the budget request.

The Committee continues to encourage the Department to distribute Commodity Assistance Program 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 programs funded under this account.

The Committee is aware that since 1997, commodities provided through TEFAP have increased by approximately 400 percent, with most of the increase coming through surplus or bonus commodities purchased by USDA. The Committee is further aware that during difficult economic times, the number of Americans in need of assistance through State and local food banks increases. The Farm Security and Rural Investment Act of 2002 provides an additional

$40,000,000 for TEFAP commodities to be purchased with food stamp funds, even further increasing the need for additional administrative funding. Therefore, the Committee provides an increase of $5,000,000 for TEFAP administrative funding over the fiscal year 2002 level, for a total of $55,000,000. In addition, the Committee provides the Secretary authority to transfer up to an additional $5,000,000 from TEFAP commodities for this purpose.

The Committee is aware that a significant quantity of food products are made available by hunters and other game harvesting operations which are approved through USDA or State inspected facilities, and present an additional source of donated commodities. The Department should give consideration to this opportunity as a means to supplement and provide variety to food assistance programs, and allow the use of TEFAP administrative funds for this purpose.

The Committee provides $107,000,000 for the Commodity Supplemental Food Program. This is an increase of $4,187,000 above the fiscal year 2002 level, and $12,810,000 above the President's request. This funding level is adequate to continue funding for five States added in fiscal year 2002, and will allow CSFP to expand to Alaska, Indiana, Nevada and South Carolina. Of this amount, no less than $24,000,000 shall be available for administrative funding.

The Committee recognizes the success of the Seniors Farmers' Market Nutrition Program, which provided fresh fruits and vegetables to more than 400,000 low-income senior citizens and benefited more than 14,000 farmers in fiscal year 2001. The Committee notes that $15,000,000 in funding was provided in the Farm Security and Rural Investment Act of 2002 for this program, and provides an additional $5,000,000 for the Seniors Farmers' Market Nutrition Program for fiscal year 2003.

FOOD DONATIONS PROGRAMS

Appropriations, 2002	$150,749,000
Budget estimate, 2003 [1]	1,081,000
Committee recommendation	1,081,000

[1] The fiscal year 2003 budget recommends moving commodity support for the Nutrition Service Incentive Program to the Department of Health and Human Services Administration on Aging.

Nutrition Services Incentive Program.—Commodity support for the Nutrition Service Incentive Program 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. 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 Services Incentive Program are generally the same as those provided to schools under the Child Nutrition Programs. In previous years, the State agencies that elected to receive cash in lieu of commodities were funded on a pay-

ment per meal basis. The Older Americans Act of 2000, Public Law 106–501, enacted November 13, 2000, revised the funding formula. The Act requires that each State or grantee receive a proportion of available funds equal to the proportion of meals served by that State or grantee in the preceding fiscal year. The Act reauthorizes the program through 2005.

Pacific Island assistance.—This program provides funding for assistance to the nuclear-affected islands in the form of commodities and administrative funds. It also provides funding for use in non-Presidentially declared disasters and for FNS' administrative costs in connection with relief for all disasters.

COMMITTEE RECOMMENDATIONS

For the food donations programs for selected groups, the Committee recommends $1,081,000. This amount is $149,668,000 less than the 2002 appropriation and the same as the budget request. The full amount recommended by the Committee is for the needy family program.

The Committee agrees with the Administration's request to shift funding for the Nutrition Services Incentive Program (NSIP) from the Food and Nutrition Service within USDA to the Administration on Aging within the Department of Health and Human Services (DHHS). It is the Committee's belief, however, that it is critically important for several aspects of NSIP to remain intact, as the program is shifted into DHHS. This includes the allocation of NSIP funds on the basis of the number of meals served in a State in the previous year, as opposed to the number of seniors that reside in that State. Further, NSIP funds are not currently, and should not become, subject to transfer or administrative match requirements, and States should continue to have the option of receiving benefits in the form of cash or commodities. The Committee directs the Under Secretary to work with the Assistant Secretary for Aging within DHHS to ensure this transfer of funding and responsibilities is carried out in a manner that in no way disrupts the delivery of services provided by NSIP.

FOOD PROGRAM ADMINISTRATION

Appropriations, 2002 [1]	$127,546,000
Budget estimate, 2003 [2]	147,944,000
Committee recommendation	138,142,000

[1] Does not reflect $2,496,000 made available to the Congressional Hunger Center Foundation as provided by Public Law 107–76.
[2] Excludes $7,911,000 requested for employee pension and health benefits.

The Food Program Administration appropriation provides for most of the Federal operating expenses of the Food and Nutrition Service, which includes the Child Nutrition Programs; Special Milk Program; Special Supplemental Nutrition Program for Women, Infants, and Children [WIC], including the Farmers' Market Nutrition Program; Food Stamp Program; Nutrition Assistance for Puerto Rico; the Commodity Assistance Program, including the Commodity Supplemental Food Program, and the Emergency Food Assistance Program; and the Food Donations Programs, including Pacific Island Assistance.

The major objective of Food Program Administration is to efficiently and effectively carry out the nutrition assistance programs mandated by law. This is to be accomplished by the following: (1) giving clear and consistent guidance and supervision to State agencies and other cooperators; (2) assisting the States and other cooperators by providing program, managerial, financial, and other advice and expertise; (3) measuring, reviewing, and analyzing 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 $138,142,000. This amount is $10,596,000 more than the 2002 level and $9,802,000 less than the budget request. Included in this amount is an increase of $4,500,000 for activities to enhance program integrity in the Food Stamp and Child Nutrition Programs, and an increase of $4,796,000 for pay parity costs and benefits. This amount does not include an increase of $11,047,000 for rental payments to GSA or $32,000 for FECA administrative charges, as requested in the budget.

TITLE V—FOREIGN ASSISTANCE AND RELATED PROGRAMS

FOREIGN AGRICULTURAL SERVICE

SALARIES AND EXPENSES

[In thousands of dollars]

	Appropriations	Transfers from loan accounts	Total
Appropriations, 2002	121,813	(4,257)	(126,070)
Budget estimate, 2003 [1]	131,668	(4,257)	(135,925)
Committee recommendation	131,938	(4,257)	(136,195)

[1] Excludes $3,902,000 requested for employee pension and health benefits.

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 130 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 80 offices around the world where they provide expertise in agricultural economics and marketing, as well as provide attaché services.

The Foreign Agricultural Service works in conjunction with market development cooperators, trade associations, State departments of agriculture and their affiliates, and U.S. sales teams to develop foreign markets for U.S. farm products. FAS sponsors overseas

trade exhibits to promote U.S. agricultural products, provides information about foreign importers, and performs a wide range of market development activities.

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

These programs are supplemented by the Cooperator Program, a joint FAS-nonprofit private trade and producer association partnership program developing strategies for U.S. agriculture export expansion. Through 2001, nonprofit private trade and producer associations have generated an estimated $1,391,000,000 in contributions to more than match the $854,000,000 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, 16 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 $131,938,000. This is $10,125,000 more than the 2002 appropriation and $270,000 less than the budget request.

This amount includes an increase of $2,826,000 for pay parity costs and benefits. This amount does not include an increase of $454,000 for rental payments to GSA or $16,000 for FECA administrative charges, as requested in the budget.

The Committee expects the FAS to fund the Foreign Market Development Cooperator Program at no less than the fiscal year 2002 level.

The Committee provides the fiscal year 2003 budget request level of $5,000,000 for the Cochran Fellowship Program. The Committee encourages the Secretary to continue to provide additional support for the program through the Commodity Credit Corporation Emerging Markets Program.

The Committee continues to include language in a general provision in the bill, as requested in the budget, to allow up to $2,000,000 of the amount appropriated to the FAS to remain available until expended solely for the purpose of offsetting fluctuations in international currency exchange rates, subject to documentation.

The Committee expects the Secretary to use the fully-authorized levels of the Dairy Export Incentive Program (DEIP), consistent with GATT Uruguay commitments, in order to ensure U.S. producers have fair access to foreign markets.

The Committee is concerned that the Dairy Export Incentive Program (DEIP) loses a substantial percentage of its tonnage every year due to cancellation or nullification of DEIP awards by foreign buyers or for other reasons beyond the control of U.S. dairy producers. Because the permitted DEIP tonnage is strictly limited each year under United States commitments made to the World Trade Organization (WTO), it is vital that this lost tonnage be reallocated during the applicable export year under WTO rules so that it can be used, not wasted.

The Committee encourages the Foreign Agricultural Service to assist the Alaska Seafood Marketing Institute and the Alaska Fisheries Development Foundation in marketing Alaska salmon and other seafood to overseas markets.

To promote the export of domestic farm products and improve world agriculture trade conditions, the Foreign Agricultural Service must increase its efforts to improve the understanding among trading partners of the safety of biotechnology and the thoroughness of the U.S. regulatory oversight of biotechnology. As trading partners construct regulatory systems for biotechnology and commodity trade, FAS is frequently requested to provide experts for the purpose of educating foreign government officials on the U.S. regulatory system. If the U.S. fails to participate in such discussions, those attempting to limit the access to foreign markets by U.S. producers will be presented an opportunity to undermine confidence in

the benefits and safety of the technology while reducing trade opportunities for American producers. The Committee directs FAS to allocate adequate funding to meet the needs of our trading partners so that officials from the Department of Agriculture may, when requested, educate foreign regulators on the safety of the technology and the thoroughness of the U.S. regulatory process.

In addition, the Committee continues to urge the Secretary to work with representatives of the dairy industry and appropriate non-governmental organizations to increase the amount of fortified dry milk exported under humanitarian assistance programs.

The Committee is aware of the continuing buildup of surplus non-fat dry milk acquired by the CCC through the dairy price support program. The Committee is concerned with increasing storage costs associated with this buildup and encourages the agency to utilize all existing food donation programs to reduce this growing surplus.

The Committee encourages FAS to support the Central Asia/Krasnodar, Turkey and China Initiative project for the development of biotechnological and conservation activities and to develop services modeled on the Cooperative Extension Service. The Committee also recommends FAS support for the "Good Neighbor Partnership—Azores" initiative by the Azores Collaborative Research and Education Group (ACREG).

PUBLIC LAW 480 TITLE I PROGRAM ACCOUNT

[In thousands of dollars]

	Credit level	Loan subsidy	Administrative expenses
Appropriations, 2002	(154,664)	126,409	2,005
Budget estimate, 2003	(131,676)	98,904	2,059
Committee recommendation	(154,664)	116,171	2,059

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 2003 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 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 total appropriations of $118,230,000. This amount is $10,184,000 less than the 2002 level and $17,267,000 more than the budget request. This appropriation will support a Public Law 480, title I, credit level of $154,664,000 for fiscal year 2003, the same as the 2002 level and $22,988,000 more than the budget request. The corresponding loan levels, loan subsidy amounts, and administrative expenses are reflected in the table above, as compared to the fiscal year 2002 and budget request levels.

PUBLIC LAW 480 TITLE I OCEAN FREIGHT DIFFERENTIAL GRANTS

Appropriations, 2002	$20,277,000
Budget estimate, 2003	28,000,000
Committee recommendation	25,159,000

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.

COMMITTEE RECOMMENDATIONS

For Public Law 480 ocean freight differential costs, the Committee recommends $25,159,000. This is $4,882,000 more than the fiscal year 2002 level and $2,841,000 less than the budget request.

PUBLIC LAW 480 TITLE II GRANTS

Appropriations, 2002	$850,000,000
Budget estimate, 2003	1,185,000,000
Committee recommendation	1,185,000,000

The Committee recognizes the important mission of the Public Law 480 Program to combat hunger and malnutrition; promote broad-based equitable and sustainable development; expand international trade; develop and expand export markets for U.S. agricultural commodities; and to foster and encourage the development of private enterprise and democratic participation in developing countries. The Committee strongly supports the continued efficient operation of this important program.

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

For Title II, the Committee recommends a program level of $1,185,000,000. This is $335,000,000 more than the fiscal year 2002 level and the same as the budget request.

The Committee strongly supports programs, including title II, that provide humanitarian food assistance throughout the world. Commodities and assistance provided through title II are one weapon in the U.S. arsenal against world hunger, and the Committee believes that a program level of $1,185,000,000 is a proper level of support in view of other subcommittee priorities for limited direct appropriations. The Committee wants to make clear that providing the President's request does not overcome a strong disagreement with policies suggested by this administration that certain other authorities provided by the Agricultural Trade Development and Assistance Act of 1954, notably section 416(b) of said Act, shall not be actively pursued toward relieving world hunger, and thereby result in a net decrease in U.S. contributions for world food aid. America is a land rich in natural resources, the richest among nations, and one to which the world's hungry look for relief from malnutrition and starvation. Over the past several years, employment of the section 416(b) authority has resulted in the channeling of substantial surplus commodities to areas of intense need. Today, the United States has on hand substantial levels of surplus commodities commonly used for humanitarian food assistance, and the Committee strongly urges the Department to use all available authorities to apply these surpluses toward levels necessary to meet targeted world needs.

The Committee is aware that the administration has recently drawn from the Bill Emerson Humanitarian Trust to supplement food assistance needs. While use of this Trust is appropriate in the event of emergency conditions for which no alternative is available, it is the Committee's belief that the Trust was never intended to serve as a substitute for other food assistance programs, such as 416(b), and is concerned that subsequent transfers of title II funds to replenish the Trust will effectively further reduce food assistance resources in fiscal year 2003. Accordingly, the Committee expects the Secretary to utilize resources of the Commodity Credit Corporation to maintain the Bill Emerson Humanitarian Trust.

At this point in history, the U.S.'s world leadership role is more important, and under more scrutiny than ever, and the Committee firmly believes that this is not the time for this country to retreat

from its dominant humanitarian role and relating contributions toward world stabilization and peace.

COMMITTEE RECOMMENDATIONS

The Committee expects the administration to allocate no less than 1,875,000 metric tons of the commodities provided under Title II to non-emergency programs. Unanticipated emergency needs, such as the famine in southern Africa, should be met primarily through the section 416b program, the Bill Emerson Humanitarian Trust, or emergency appropriations.

The Committee directs the administration not to place arbitrary limits on monetization under the Public Law 480 title II program. In food-deficit, import-reliant countries, monetization stimulates the economy and allows needed commodities to be provided in the marketplace. Food aid proposals should be approved based on the merits of the program plan to promote food security and improve people's lives, not on the level of monetization.

The Committee supports the use of title II funds in fiscal year 2003 to continue the fiscal year 2002 level of funding for the orphan feeding program in Haiti.

The Committee notes the extraordinary effort made by the people of Alaska through Rotary International, the Interfaith Council, the Municipality of Anchorage, and other groups to collect and distribute food and other assistance to people living in the Russian Far East. The Committee urges the Administration to work with these entities to take advantage of their volunteer efforts in feeding people in the Russian Far East, particularly abandoned children living in orphanages and hospitals.

As proposed in the budget, the Committee provides no new funding for title III grants. Authority is provided by law (7 U.S.C. 1736f) to transfer up to 15 percent of the funds available for any fiscal year for carrying out any title of Public Law 480 to any other title of the program. This authority may be used to transfer funds to title III should a transfer be deemed appropriate.

COMMODITY CREDIT CORPORATION EXPORT LOANS PROGRAM ACCOUNT

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

[In thousands of dollars]

	Guaranteed loan levels	Guaranteed loan subsidy	Administrative expenses
Appropriations, 2002	[1] 3,926,000	[1] 265,063	4,014
Budget estimate, 2003	[1] 4,225,000	[1] 293,927	4,058

[1] No appropriation required since export credit authorizations are permanent authority.

In 1980, the Commodity Credit Corporation [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. Other credit activities may also be financed under the Export Credit Guarantee programs including supplier credit guarantee, under which CCC guarantees payments due to importers under short term financing (up to 180 days) that exporters extend directly to importers for the purchase of U.S. agricultural products. CCC also provides facilities financing guarantees.

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

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

TITLE VI—RELATED AGENCIES AND FOOD AND DRUG ADMINISTRATION

DEPARTMENT OF HEALTH AND HUMAN SERVICES

FOOD AND DRUG ADMINISTRATION

The Food and Drug Administration (FDA) is a scientific regulatory agency whose mission is to promote and protect the public health and safety of Americans. FDA's work is a blending of science and law. The Food and Drug Administration Modernization Act of 1997 (FDAMA) reaffirmed the responsibilities of the FDA: to ensure safe and effective products reach the market to a timely way, and to monitor products for continued safety after they are in use. In addition, FDA is entrusted with two critical functions in the Nation's war on terrorism: preventing willful contamination of all regulated products, including food, and improving the availability of medications to prevent or treat injuries caused by biological, chemical or nuclear agents.

The FDA Foods program has the primary responsibility for assuring that the food supply, quality of foods, food ingredients and dietary supplements are safe, sanitary, nutritious, wholesome, and honestly labeled, and that cosmetic products are safe and properly labeled. The variety and complexity of the food supply has grown dramatically while new and more complex safety issues, such as emerging microbial pathogens, natural toxins, and technological innovations in production and processing, have developed. This program plays a major role in keeping the United States food supply among the safest in the world.

The FDA Drugs programs are comprised of three separate areas, Human Drugs, Animal Drugs and Biologics. FDA is responsible for the life cycle of the product, including premarket review and postmarket surveillance of human, animal and biological products to ensure their safety and efficacy. For Human Drugs this includes assuring that all drug products used for the prevention, diagnosis and treatment of disease are safe and effective. Additional procedures include the review of investigational new drug applications; evaluation of market applications for new and generic drugs, labeling and composition of prescription and over-the-counter drugs; monitoring the quality and safety of products manufactured in, or imported into, the United States; and, regulating the advertising and promotion of prescription drugs. The Animal Drugs and Feeds Program ensures only safe and beneficial veterinary drugs, intended for the treatment and/or prevention of diseases in animals and the improved production of food-producing animals, are approved for marketing.

The FDA Biologics program assures that blood and blood products, blood test kits, vaccines, and therapeutics are pure, potent,

safe, effective, and properly labeled. The program inspects blood banks and blood processors, licenses and inspects firms collecting human source plasma, evaluates and licenses biologics manufacturing firms and products; lot releases licensed products; and monitors adverse events associated with vaccine immunization.

The FDA Devices and Radiological program ensures the safety and effectiveness of medical devices and eliminates unnecessary human exposure to manmade radiation from medical, occupational, and consumer products. In addition, the program enforces quality standards under the Mammography Quality Standards Act. Medical devices include thousands of products from thermometers and contact lenses to heart pacemakers, hearing aids, MRIs, microwave ovens, and video display terminals.

FDA's National Center for Toxicological Research in Jefferson, Arkansas, serves as a specialized resource, conducting peer-review scientific research that provides the basis for FDA to make sound science-based regulatory decisions through its premarket review and postmarket surveillance. The research is designed to define and understand the biological mechanisms of action underlying the toxicity of products and developing methods to improve assessment of human exposure, susceptibility and risk of those products regulated by FDA.

SALARIES AND EXPENSES

[In thousands of dollars]

	Appropriation	Prescription drug user fees	Mammography clinics inspection fees	Export and certification fees	Total
Appropriations, 2002	1,183,670	161,716	15,590	6,181	1,367,157
Budget estimate, 2003	[1 2] 1,369,385	[3] 222,900	16,112	6,378	[1 2 3] 1,614,775
Committee recommendation	1,392,814	222,900	16,112	6,378	1,638,204

[1] Excludes $62,569 requested for employee pension and health benefits.
[2] Includes proposed consolidation of Public Affairs and Legislation offices to HHS and other proposed management efficiencies.
[3] PDUFA total reflects reauthorization of the Prescription Drug User Fee Act as part of Public Law 107–180.

COMMITTEE RECOMMENDATIONS

For salaries and expenses, the Committee recommends an appropriation of $1,392,814,000. This amount is $209,144,000 more than the 2002 level and $23,429,000 more than the budget request. The Committee also recommends $222,900,000 in Prescription Drug User Fee Act user fee collections, $16,112,000 in Mammography Quality Standards Act fee collections, and $6,378,000 in export and certification fees, as assumed in the President's budget. These amounts are $61,184,000, $522,000, and $197,000 more than the 2002 levels, respectively. The Committee includes bill language which prohibits FDA from developing, establishing, or operating any program of user fees authorized by 31 U.S.C. 9701.

The following table reflects the Committee's recommendations, as compared to the fiscal year 2002 and budget request levels:

FOOD AND DRUG ADMINISTRATION SALARIES AND EXPENSES

[In thousands of dollars]

	Fiscal year—		Committee recommendation
	2002 enacted [1]	2003 request [2 3]	
Centers and related field activities:			
Foods	309,853	412,097	415,861
Center for Food Safety and Applied Nutrition [CFSAN]	135,988	148,112	149,312
Field activities	173,865	263,985	266,549
(Food safety initiatives)	204,679	394,929	397,432
Human drugs	245,270	277,317	279,557
Center for Drug Evaluation and Research [CDER]	155,754	176,321	179,176
Orphan product grants	13,357	14,207	13,357
Field activities	76,159	86,789	87,024
(Food safety initiatives)	.....	518	518
Biologics	119,949	146,849	147,376
Center for Biologics Evaluation and Research [CBER]	94,000	118,414	118,855
Field activities	25,949	28,435	28,521
(Food safety initiatives)	.....	2,826	2,826
Animal drugs	82,337	88,972	88,919
Center for Veterinary Medicine [CVM]	55,541	57,875	57,677
Field activities	26,796	31,097	31,242
(Food safety initiatives)	17,379	84,141	84,141
Medical and radiological devices	178,655	190,720	199,212
Center for Devices and Radiological Health [CDRH]	130,577	137,420	145,764
Field activities	48,078	53,300	53,448
(Food safety initiatives)	.....	736	736
National Center for Toxicological Research [NCTR]	36,903	40,688	40,777
(Food safety initiatives)	3,485	4,688	4,688
Other activities	82,029	77,688	85,738
Office of the Commissioner	12,900	13,466	14,500
Office of Management and Systems	34,002	40,621	35,358
Office of Senior Associate Commissioner	8,088	4,040	8,322
Office of International and Constituent Relations	7,207	7,410	7,462
Office of Policy, Legislation, and Planning	7,906	5,659	8,170
Central services	11,926	6,492	11,926
(Food safety initiatives)	9,264	14,424	14,424
Rent and related activities	29,798	36,498	36,498
Rental payments to GSA	98,876	98,876	98,876
Total, FDA salaries and expenses, new budget authority	1,183,670	1,369,385	1,392,814

[1] Reflects approved reprogramming of fiscal year 2002 funds for UFMS and other management initiatives.
[2] Excludes $62,569 requested for employee pension and health benefits.
[3] Includes proposed consolidation of public affairs and legislation offices to DHHS and other proposed management efficiencies.

The Committee recommends the following increases in budget authority requested in the budget for FDA salaries and expenses activities, as follows: $5,000,000 to enhance the identification of risks associated with the use of medical products and to reduce the occurrence of adverse events; $4,582,000 for improvements to the

generic drug review program; and $152,276,000 to maintain counter terrorism activities funded in the fiscal year 2002 emergency supplemental appropriations bill relating to food safety, safe and effective medical products, and physical security, including an increase of $1,176,000, as requested in the budget. The Committee also recommends a decrease in budget authority requested in the budget of $2,578,000 associated with efficiency improvements and consolidations of administrative functions.

The Committee does not recommend a decrease of $7,317,000 in budget authority to consolidate the FDA Office of Public Affairs and the FDA Office of Legislation into the DHHS Office of the Secretary. However, the Committee does support the Secretary's efforts to streamline and coordinate the activities of DHHS agencies to ensure the ability of DHHS to provide clear, consistent messages to Congress and the American public.

The Committee also does not recommend an increase in budget authority of $5,200,000 for the DHHS Unified Financial Management System. These funds were provided through a reprogramming of fiscal year 2002 funds, and are no longer necessary as an increase in fiscal year 2003.

The Committee recommends an increase of $37,861,000 for pay parity costs and benefits.

Rent payments.—The Committee recommends $98,876,000 for FDA rental payments to the General Services Administration [GSA], the same as the 2002 level.

Food safety.—An increase of $21,561,000 from the fiscal year 2002 level is recommended by the Committee for FDA food safety activities, bringing total funding for food safety to $504,765,000.

The Committee notes that in recent years, FDA has expanded the types of activities it classifies as relating to food safety. Prior to fiscal year 2002, the Food Safety Initiative definition was limited to activities relating to the microbiological safety of foods. This definition was applied from the inception of FSI through fiscal year 2001. In fiscal year 2002, the definition was expanded to include chemical safety of foods and pesticides, premarket review activities, activities relating to Bovine Spongiform Encephalopathy, and activities related to counter-terrorism. In fiscal year 2003, FDA has further expanded the definition to include activities relating to the safety of dietary supplements.

Within the total funding available, at least $2,100,000 is for FDA activities in support of *Codex Alimentarius*.

The Committee provides $2,000,000, an increase of $503,000 over the fiscal year 2002 level, for FDA to continue its contract with New Mexico State University's Physical Science Laboratory to operate the Agricultural Products Food Safety Laboratory, and to conduct evaluation and development of rapid-screening methodologies, technologies, instrumentation, and data analysis for food safety and product surety to facilitate FDA's regulation of food safety, bioterrorism, and other initiatives.

The Committee expects the FDA to continue its support for the Waste Management Education and Research Consortium (WERC) and its work in food safety technology verification and education at no less than the fiscal year 2002 level.

With the growing threat of foodborne illness to the public health, the Committee believes that collaborative research in food safety should continue among Government, academia, and private industry. The national model for that collaboration has been the National Center for Food Safety and Technology (NCFST) in Summit-Argo, Illinois. The Committee expects the FDA to maintain sufficient funding for the National Center to continue the important work done there.

In addition, the funding provided for food safety will ensure the continuation of food contract inspections in the State of Alaska. Specifically, it will allow the FDA to renew its contract with the State of Alaska for inspections of food and seafood processors operating in Alaska. The current contract became effective on May 23, 2002. It will fund at least 300 inspections, approximately 281 seafood/HACCP inspections and 19 other food inspections, at a cost of approximately $250,776. The establishments to be inspected will be mutually agreed upon by FDA and the State of Alaska.

Seafood Safety.—Two recent General Accounting Office (GAO) reports on the safety of seafood have documented the inadequacy of the FDA efforts to address foodborne hazards in seafood, including shellfish. Both reports found FDA's seafood inspection system provides consumers with inadequate protection for seafood-related foodborne illness. The Committee urges FDA to promote the development of new food safety technologies such as irradiation, flash freezing, high-pressure processing, or others that can cost-effectively reduce the incidence of pathogens, and technologies that can ensure constant safe temperatures of seafood throughout the food chain.

The Committee supports the ongoing work of the Interstate Shellfish Sanitation Conference and its joint efforts with the FDA and the shellfish industry to formulate shellfish safety regulations through the National Shellfish Sanitation Program. The Committee recommends no less than the fiscal year 2002 level be directed through the Office of Seafood Inspection to continue these activities, and directs that $200,000 be directed to the Interstate Shellfish Sanitation Conference for the *Vibrio Vulnificus* Education Program.

The Committee is concerned that FDA has not taken effective action to address foodborne illness risks from the consumption of raw shellfish. In particular, the Committee is concerned that Interstate Shellfish Sanitation Commission's (ISSC) proposed steps to reduce the rates of death and illness due to consumption of *Vibrio vulnificus*-contaminated raw shellfish may not effectively address public health concerns.

The Committee also continues its concern with the agency's failure to bring FDA-regulated seafood into compliance with HACCP. However, the Committee is aware that special or unique circumstances may exist for particular seafood processors. While ultimate HAACP compliance is not in question, the Committee is aware of Hawaii's lengthy and culturally important history of hook-and-line fisheries, auction markets, and the high consumption of raw tuna and other pelagic fish in Hawaii, and believes the agency should take into account both the history and the industry's prac-

tical experience in approving a plan that is consistent with healthy seafood products and national standards for seafood safety.

Omega 3.—The Committee has become aware of new and continued research in Circulation (April 9, 2002), the Journal of the American Medical Association (April 10, 2002) and the New England Journal of Medicine (April 11, 2002) that indicates potential positive health benefits of Omega 3 fatty acids in the diet. In a previous report to the Committee, the FDA concluded that there was no evidence of the value of salmon, which is a source of Omega 3 fatty acids, in the diet. Taking current research into consideration, the Committee believes the FDA should reconsider the health claim that "Consumption of Omega 3 fatty acids in salmon can prevent and reverse heart disease" and report back to the Committee by April 15, 2003.

Latex Allergies.—The Committee remains concerned about the increasing prevalence of latex allergies, which can, in some instances, be deadly. The Committee understands that FDA is currently studying the incidence of latex allergies related to food handling, and will report back to the Committee in August on the agency's plan to eliminate exposure to latex from food handling, if data currently being reviewed warrants such a decision. The Committee looks forward to receiving this report, and encourages FDA to take all necessary steps to eliminate unnecessary exposure to natural rubber latex.

The Committee is also aware that DHHS is currently working to ensure that health care providers and first responders are vaccinated in the event of a public health emergency. The Committee applauds this effort. Taking into consideration the NIOSH Alert in DHHS Publication No. 97–135, "Preventing Allergic Reactions to Natural Rubber Latex in the Workplace," which indicates that between 8 percent and 12 percent of the exposed health care workforce is allergic to natural rubber latex, the Committee encourages the Secretary to ensure that all products utilized in these efforts are latex free.

The Committee is aware that FDA proposed regulations in 1999 to reclassify all surgeon's and patient examination gloves as Class II medical devices. The Committee is further aware that the use of some surgeon's and patient examination gloves has been associated with a number of adverse health effects, including allergic reactions, in patients and users. Therefore, the Committee encourages FDA to finalize these proposed regulations.

National Antimicrobial Resistance Monitoring Service.—The Committee supports the work of the National Antimicrobial Resistance Monitoring Service (NARMS) and its collaborative relationship between FDA, the Department of Agriculture, and the Centers for Disease Control and Prevention. The Committee expects the coordination of activities among these three areas of Government to result in the most unbiased presentation of timely, accurate data in the best interest of public health.

Orphan Products Grants.—Included in the Center for Drug Evaluation and Research is $13,357,000 for the Orphan Products Grants Program. This is the same as the fiscal year 2002 level.

Dietary Supplements.—The Committee believes that the potential for dietary supplements to have positive health benefits has been

realized in many cases. However, it is essential that FDA continue its efforts to ensure their safety, and to fully enforce the prohibition of false, misleading or unsubstantiated claims regarding dietary supplements implemented in the Dietary Supplement and Health Education Act (DSHEA) of 1994. The budget request includes total funding of $5,600,000 for the CFSAN Adverse Events Reporting System (CAERS), of which approximately $1,500,000 is for dietary supplements. The Committee provides an increase of $2,000,000 for CAERS, bringing total funding to $7,600,000. These funds are to be used to ensure prompt identification of and response to adverse health events related to foods, including dietary supplements.

FDA has indicated that the ability to identify and analyze specific components in ingredients, including botanical ingredients, is an essential component of research and regulatory programs directed at ensuring the safety and effectiveness of dietary supplements. The Committee provides $2,000,000 in new budget authority for fiscal year 2003 to continue the review of botanicals in dietary supplements. This work is being carried out by FDA in collaboration with the National Center for Natural Products Research, Oxford, MS.

Biotechnology.—The Committee understands that the FDA frequently receives requests from foreign governments for FDA regulators to visit foreign countries to educate regulators on the evaluation of the safety of biotechnology. Providing information on the soundness of the U.S. regulatory process will promote the understanding of the benefits of biotechnology to human health and the environment and improve the climate for acceptance of U.S. agricultural products abroad. The Committee directs the FDA to allocate adequate funding so that agency representatives may perform this service.

Blood product safety.—The Committee remains concerned FDA has not moved forward in finalizing its proposed rule to require manufacturer tracking of blood-derived products and prompt patient notification of adverse events. The Committee urges FDA to complete implementation of this important blood product safety mechanism and requests quarterly reports on its progress.

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

The Committee believes that maintaining an adequate blood supply is critical for the Nation's public health and is essential for national preparedness in the event of public health emergencies. The Committee urges that FDA and the Department of Health and Human Services to address this issue and consider the potential

need for modification of donor deferral criteria or other measures if serious blood shortages continue.

Generic Drugs.—The Committee is deeply concerned about the high cost of prescription drugs, and believes that generic drugs play an important role in the reduction of these costs. Prompt approval of generic drug applications is imperative to making generic drugs available at the earliest possible date to American consumers. Latest statistics, however, indicate that it currently takes 18.4 months, on average, for a generic drug application to be reviewed by FDA. Therefore, the Committee is providing $45,282,000 for the generic drugs program, an increase of $6,082,000 over the fiscal year 2002 level, and $1,500,000 more than the budget request. The Committee expects that this increase will result in more than 75 percent of generic drug applications being reviewed within 6 months of submission.

Standards of Identity.—The Committee is aware of the ongoing debate surrounding increased importation and use of milk protein concentrate. A recent General Accounting Office investigation highlighted a dramatic increase in milk protein concentrate imports. The Committee is concerned with FDA's current lack of enforcement of standards of identity as it relates to the potential illegal use of milk protein concentrate in standardized cheese.

Office of Women's Health.—The Committee believes that it is imperative for FDA to pay sufficient attention to gender-based research, ensuring that products approved by the FDA are safe and effective for women as well as men. The Committee notes that in the budget request, the Office of Women's Health at FDA is funded at approximately $3,000,000 for program operation and oversight. The Committee encourages FDA to ensure that the Office of Women's Health is sufficiently funded to carry out its activities, and to enhance its funding if necessary.

Orange Book.—The Committee is aware of the contributions of pharmaceutical products to public health and the high cost of product development, but is extremely concerned about the high cost of prescription drugs to American consumers, and is aware that generic drugs, once they reach the marketplace, are available to consumers at a significantly lower cost than the original drug. The FDA maintains a listing of "Approved Drug Products with Therapeutic Equivalence Evaluations," also known as the "Orange Book." Patent information for approved drugs submitted to the FDA are listed and published in this book. FDA has indicated to the Committee that FDA intends to commence a process of providing guidance in the near future on patents which it believes should and should not be listed in the Orange Book. The Committee is supportive, and encourages the Secretary to work with the pharmaceutical and generic industries in this effort. The Committee requests a report on these activities by January 15, 2003.

Medical Device Application Review.—The Committee is aware that for the last several years, premarket approval applications for breakthrough medical technologies have taken more than a year, despite the 180-day statutory maximum for approval or denial of such applications. Specifically, it is the Committee's understanding that the average length of time for medical device premarket reviews is currently over 400 days. Moreover, the medical technology

industry has doubled the investment in research and development in the last decade, and FDA has stated that device technology advances and global impact will continue to affect review performance. In addition, FDA has stated that submissions are becoming increasingly more complex, also contributing to review performance. Therefore, the Committee provides an increase of $8,000,000 from the fiscal year 2002 level for activities relating to premarket reviews of medical devices. These funds are to be used solely for premarket review activities, with the intention of decreasing review times. The Committee directs the FDA to provide a report within 90 days of the enactment of this Act on how these funds will be obligated, including the number of employees that will be hired, a description of their duties, and the effect these funds will have on premarket review times for medical devices.

Reused Medical Devices.—The Committee recognizes the important role that FDA plays in ensuring that every medical device used on a patient in the United States is both safe and effective for its intended use. Adhering to this principle, the FDA has issued new guidance for the reprocessing of single-use medical devices. The Committee is concerned that the FDA may consider allowing a single premarket submission for reprocessing of multiple models of a certain medical devices. FDA's own research indicates that minor modifications to a device can substantially alter the device's properties with regard to sterilization and reprocessing. This was stated by FDA's own scientists at the 1999 AAMI/FDA Conference entitled "The reuse of single-use devices." Therefore, the Committee urges the FDA to require a premarket submission for every model that is to be reprocessed, if an application was required for the original manufactured device.

Implanted Medical Devices.—The Committee acknowledges the FDA's final rule to improve post-market surveillance for medical devices, and strongly encourages FDA to devote the necessary resources to require registries and monitor well-designed long-term safety studies for implanted devices, including but not limited to jaw implants. As the aging U.S. population becomes more dependent on implanted devices, the Committee believes it is essential that the FDA allocate adequate resources to patient safety activities related to these devices, such as registries, post-market surveillance, and long-term phase IV trials.

Adverse Events Reporting System.—The Committee is concerned about the lack of oversight over reprocessed medical devices when they fail. The General Accounting Office reported that the incidence of failure was unknown. This may be in part due to the fact that FDA's adverse reporting system used by health professionals does not capture data on whether a defective device has been reprocessed. The MEDWATCH system includes on its mandatory reporting form a box for the identification of whether a defective device was or was not reprocessed. The voluntary reporting form, however, does not allow for such reporting. The Committee strongly encourages the agency to update the voluntary reporting form to allow for the identification of whether a defective device has been reprocessed, and if it has been reprocessed, information on how many times the device has been reused.

Tissue Safety.—The Committee remains concerned about the safety of tissue processing. FDA first initiated oversight of tissue by regulation in 1993. Since then, additional safety concerns have led FDA to publish the "Proposed Approach to the Regulation of Cellular and Tissue-Based Products" on February 28, 1997. Since 1997, FDA has proposed three new regulations to deal with registration of tissue processors and the listing of their products, donor suitability and good manufacturing practice. Only one of these three proposed rules, relating to registration and listing, has been finalized. The Committee is concerned that FDA still has not finalized the donor suitability and good manufacturing practices rules. The urgency of establishing new safety rules has been highlighted by the unfortunate death of one young person due to contaminated tissue. Therefore, the Committee directs the agency to finalize the tissue safety rules within 9 months of the enactment of this Act.

BUILDINGS AND FACILITIES

Appropriations, 2002	$34,281,000
Budget estimate, 2003	8,000,000
Committee recommendation	11,000,000

In addition to Washington, DC, area laboratories which are in six separate locations, FDA has 16 laboratories at other locations around the country, including regular field laboratories and specialized facilities, as well as the National Center for Toxicological Research complex. Repairs, modifications, improvements and construction 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 $11,000,000. This amount is $23,281,000 less than the 2002 appropriation and $3,000,000 more than the budget request.

Included in the amount provided is $8,000,000 for repair and improvement projects, and $3,000,000 to complete renovation of the National Center for Toxicology Research.

INDEPENDENT AGENCIES

COMMODITY FUTURES TRADING COMMISSION

Appropriations, 2002	$70,700,000
Budget estimate, 2003 [1]	79,884,000
Committee recommendation	94,435,000

[1] Excludes $2,916,000 requested for employee pension and health benefits.

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 in-

terests; 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 and commodity options markets by encouraging their efficiency, assuring their integrity, and protecting participants against manipulation, abusive trade practices, fraud, and deceit. The objective is to enable the markets to better serve their designated functions of providing a price discovery mechanism and providing price risk insurance. In properly serving these functions, the futures and commodity options 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; two regional offices located in Chicago and New York; and smaller offices in Kansas City, Los Angeles, and Minneapolis.

COMMITTEE RECOMMENDATIONS

For the Commodity Futures Trading Commission, the Committee recommends $94,435,000. The amount provided is $23,735,000 more than the 2002 appropriation and $14,551,000 more than the budget request. This amount includes $6,611,000 for pay parity costs and benefits.

The Committee is aware that the Farm Security and Rural Investment Act of 2002 exempted CFTC from the salary restrictions imposed by Title V of the United States Code. The Committee is also aware that Title V pay restrictions have historically been a significant factor in CFTC's high turnover rate, nearly triple the government average, among attorneys and economists, which are the Commission's two largest occupational series. The Committee has been informed that this high attrition rate impedes the Commission's ability to develop and sustain a cadre of legal and financial professionals necessary to detect, prosecute, and deter fraud in the expanding and complex financial markets. Therefore, the Committee is providing $15,915,000 for CFTC to provide compensation and benefits comparable to other Federal financial regulators, or other program costs, if necessary. It is the Committee's understanding that CFTC is currently developing a plan to implement pay comparability with other Federal financial regulators, and the Committee requests a full report on these activities, including their effect on the CFTC attrition rate, quarterly.

FARM CREDIT ADMINISTRATION

LIMITATION ON ADMINISTRATIVE EXPENSES

Limitation, 2002	$36,700,000
Budget estimate, 2003 [1]	36,700,000
Committee recommendation	38,404,000

[1] Excludes $1,796,000 requested for employee pension and health benefits.

The Farm Credit Administration [FCA] is the independent agency in the executive branch of the Government responsible for the examination and regulation of the banks, associations, and other institutions of the Farm Credit System.

Activities of the Farm Credit Administration include the planning and execution of examinations of Farm Credit System institutions and the preparation of examination reports. FCA also establishes standards, enforces rules and regulations, and approves certain actions of the institutions.

The administration and the institutions under its jurisdiction now operate under authorities contained in the Farm Credit Act of 1971, Public Law 92–181, effective December 10, 1971. Public Law 99–205, effective December 23, 1985, restructured FCA and gave the agency regulatory authorities and enforcement powers.

The act provides for the farmer-owned cooperative system to make sound, adequate, and constructive credit available to farmers and ranchers and their cooperatives, rural residences, and associations and other entities upon which farming operations are dependent, and to modernize existing farm credit law to meet current and future rural credit needs.

The Agricultural Credit Act of 1987 authorized the formation of the Federal Agricultural Mortgage Corporation [FAMC] to operate a secondary market for agricultural and rural housing mortgages. The Farm Credit Administration, under section 8.11 of the Farm Credit Act of 1971, as amended, is assigned the responsibility of regulating this entity and assuring its safe and sound operation.

Expenses of the Farm Credit Administration are paid by assessments collected from the Farm Credit System institutions and by assessments to the Federal Agricultural Mortgage Corporation.

COMMITTEE RECOMMENDATIONS

The Committee recommends a limitation of $38,404,000 on administrative expenses of the Farm Credit Administration [FCA]. This is $1,704,000 more than the fiscal year 2002 level and the budget request.

The Committee recommends an increase in the limitation of FCA's administrative expenses for two reasons. First, it is the Committee's understanding that pending a study scheduled to be completed this summer, the FCA may be unable to comply with a statute requiring it to provide employees with comparable compensation to other Federal financial regulatory agencies. Second, the FCA is facing the potential loss of many seasoned examiners and other employees through retirement. There is a need to hire up to an additional 13 examiners to prevent a loss that could significantly strain FCA's ability to effectively carry out its financial safety and soundness examination and enforcement functions. It is

the Committee's understanding that this increase in FCA's limitation on administrative expenses will not result in an increase in the amount of the assessments on system institutions. The Committee requests a report on the outcome of studies currently underway related to this increase, including the actual limitation amount necessary, the amount of carryover funds in FCA's reserve, and the change, if any, in the amount of the assessments on system institutions.

TITLE VII—GENERAL PROVISIONS

Sections 701–731 of the general provisions are essentially the same as those included in the fiscal year 2002 and previous years' appropriations acts.

In addition, the Committee recommends the following provisions:

Section 732 to provide eligibility for rural development programs to certain communities.

Section 733 to provide assistance through the Rural Housing Assistance Grants program for agriculture processing workers in the State of Wisconsin.

Section 734 to provide eligibility for conservation projects in the State of Illinois.

Section 735 to establish an assessment on certain research grant awards which will provide additional for funding for activities carried out pursuant to section 401 of the Agriculture Research, Extension, and Education Reform Act of 1998 (7 U.S.C. 7621).

Section 736 to provide eligibility for a conservation program in the State of West Virginia.

Section 737 to allow a reimbursement to the USDA Office of General Counsel from salaries and expenses accounts of agencies for which the General Counsel will provide certain services, subject to prior approval of the Committees on Appropriations of the House and the Senate.

Section 738 to provide a limitation of funds to carry out section 2505 of Public Law 107–171.

Section 739 to provide a limitation of funds to carry out section 6030 of Public Law 107–171.

Section 740 to provide a limitation of funds to carry out section 6405 of Public Law 107–171.

Section 741 to provide a limitation of funds to carry out section 9010 of Public Law 107–171.

Section 742 to provide eligibility for a conservation program in the State of Arkansas.

Section 743 to provide eligibility for a conservation program in the State of Alaska.

Section 744 to provide direction in the implementation of the Food for Progress program.

Section 745 to provide $6,000,000 for grants made available in accordance with section 7412 of Public Law 107–171.

Section 746 to place a limitation on funds in regard to the Maritime Administration and programs authorized under 7 U.S.C. 1736f–1.

Section 747 to extend and expand participation in the Summer Food Pilot projects.

Section 748 to establish certain authorities regarding the Denali Commission.

Section 749 to rescind funds to carry out the Rural Clean Water program.

Section 750 to establish a program for loans and grants related to the dairy industry in the State of Alaska.

Section 751 to allow the Secretary to transfer up to $2,000,000 from the Food and Nutrition Service to the Economic Research Service for studies and evaluations on behalf of the Food and Nutrition Service.

Section 752 to complete the project regarding the John Ogonowski farm in a manner consistent with the rules and regulations of the Farmland Protection Program. Because of the strong national demand for Farmland Protection Program funds and the need to provide full access to Program funds nationally, the Committee directs the Secretary to carry out the project without providing additional funding under the Program for projects in the State of Massachusetts.

Section 753 to authorize Department of Agriculture employees to carry firearms for personal protection in remote locations that may be populated by bears and other dangerous wildlife.

Section 754 to provide funds made available under section 6022 of Public Law 107–171 for the Northeast Higher Education District, Albert Lea, Crookston and Granite Falls, MN.

PROGRAM, PROJECT, AND ACTIVITY

During fiscal year 2003, for purposes of the Balanced Budget and Emergency Deficit Control Act of 1985 (Public Law 99–177) 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, 2003, the House and Senate Committee reports, and the conference report and accompanying joint explanatory statement of the managers of the committee of conference.

If a sequestration order is necessary, in implementing the Presidential order, departments and agencies shall apply any percentage reduction required for fiscal year 2003 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 2003 budget estimates, as amended, for such departments and agencies, as modified by congressional action, and in addition:

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

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

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

COMPLIANCE WITH PARAGRAPH 7, RULE XVI OF THE STANDING RULES OF THE SENATE

Paragraph 7 of rule XVI requires that Committee reports accompanying general appropriations bills identify each recommended amendment which proposes an item of appropriation which is not made to carry out the provisions of an existing law, a treaty stipulation, or an act or resolution previously passed by the Senate during that session.

The Committee recommends funding for the following programs or activities which currently lack authorization for fiscal year 2003:

Compact of Free Association Act of 1985.

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

Pursuant to paragraph 7(c) of rule XXVI, on July 25, 2002, the Committee ordered reported en bloc, S. 2801, an original Agriculture, Rural Development, Food and Drug Administration, and Related Agencies Programs Appropriations bill, 2003; an original District of Columbia Appropriations bill, 2003; an original Transportation and Related Agencies Appropriations bill, 2003; and S. 2797, an original Veterans Affairs and Housing and Urban Development, and Independent Agencies Appropriations bill, 2003, each subject to amendment and each subject to the budget allocations, by a recorded vote of 29–0, a quorum being present. The vote was as follows:

Yeas	Nays
Chairman Byrd	
Mr. Inouye	
Mr. Hollings	
Mr. Leahy	
Mr. Harkin	
Ms. Mikulski	
Mr. Reid	
Mr. Kohl	
Mrs. Murray	
Mr. Dorgan	
Mrs. Feinstein	
Mr. Durbin	
Mr. Johnson	
Mrs. Landrieu	
Mr. Reed	
Mr. Stevens	
Mr. Cochran	
Mr. Specter	
Mr. Domenici	
Mr. Bond	
Mr. McConnell	
Mr. Burns	
Mr. Shelby	
Mr. Gregg	

Mr. Bennett
Mr. Campbell
Mr. Craig
Mrs. Hutchison

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.

With respect to this bill, it is the opinion of the Committee that it is necessary to dispense with these requirements in order to expedite the business of the Senate.

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 [1]	Amount of bill	Committee allocation [1]	Amount of bill
Comparison of amounts in the bill with Committee allocations to its subcommittees, fiscal year 2003: Subcommittee on Agriculture, Rural Development, and Related Agencies:				
Discretionary	17,980	17,980	18,273	[2] 18,013
Mandatory	NA	56,681	NA	38,389
Projections of outlays associated with the recommendation:				
2003				[3] 47,474
2004				5,795
2005				928
2006				482
2007 and future years				608
Financial assistance to State and local governments for 2003	NA	21,602	NA	17,884

[1] Levels approved by the Committee on June 27, as modified on July 25, 2002.
[2] Includes outlays from prior-year budget authority.
[3] Excludes outlays from prior-year budget authority.

NA: Not applicable.

COMPARATIVE STATEMENT OF NEW BUDGET (OBLIGATIONAL) AUTHORITY FOR FISCAL YEAR 2002 AND BUDGET ESTIMATES AND AMOUNTS RECOMMENDED IN THE BILL FOR FISCAL YEAR 2003

[In thousands of dollars]

Item	2002 appropriation	Budget estimate	Committee recommendation	Senate Committee recommendation compared with (+ or −)	
				2002 appropriation	Budget estimate
TITLE I—AGRICULTURAL PROGRAMS					
Production, Processing, and Marketing					
Office of the Secretary	2,992	36,667	3,444	+452	−33,223
Emergency appropriations (Public Law 107–117)	80,919	.....	.....	−80,919	.....
Total, Office of the Secretary	83,911	36,667	3,444	−80,467	−33,223
Executive Operations:					
Chief Economist	7,704	12,117	12,085	+4,381	−32
National Appeals Division	12,869	14,334	13,954	+1,085	−380
Office of Budget and Program Analysis	7,041	7,358	7,310	+269	−48
Office of the Chief Information Officer	10,029	31,277	31,370	+21,341	+93
Common computing environment	59,369	133,155	133,155	+73,786	.....
Office of the Chief Financial Officer	5,384	7,918	7,940	+2,556	+22
Working capital fund	.....	21,000	21,000	+21,000	.....
Total, Executive Operations	102,396	227,159	226,814	+124,418	−345
Office of the Assistant Secretary for Administration	647	780	788	+141	+8
Office of the Assistant Secretary for Civil Rights	.....	.....	780	+780	+780
Agriculture buildings and facilities and rental payments	(187,647)	(70,499)	(197,753)	(+10,106)	(+127,254)
Payments to GSA	130,266	.....	130,266	.....	+130,266
Building operations and maintenance	31,438	36,522	33,510	+2,072	−3,012
Repairs, renovations, and construction	25,943	33,977	33,977	+8,034	.....
Hazardous materials management	15,665	15,685	15,694	+29	+9
Departmental administration	37,079	46,398	42,840	+5,761	−3,558
Outreach for socially disadvantaged farmers	3,243	3,243	3,493	+250	+250
Office of the Assistant Secretary for Congressional Relations	3,718	4,157	4,202	+484	+45
Office of Communications	8,894	9,637	9,744	+850	+107
Office of the Inspector General	70,839	82,231	79,076	+8,237	−3,155
Office of the General Counsel	32,627	37,287	35,951	+3,324	−1,336

Office of the Under Secretary for Research, Education and Economics	573	780	786	+213	+6
Economic Research Service	67,200	79,243	65,736	−1,464	−13,507
National Agricultural Statistics Service	113,786	143,659	141,703	+27,917	−1,956
Census of Agriculture	(25,350)	(41,578)	(41,434)	(+16,084)	(−144)
Agricultural Research Service:					
Salaries and expenses	979,464	971,445	1,060,785	+81,321	+89,340
Emergency appropriations (Public Law 107–117)	40,000	.....	.....	−40,000	.....
Buildings and facilities	118,987	16,580	100,955	−18,032	+84,375
Emergency appropriations (Public Law 107–117)	73,000	.....	.....	−73,000	.....
Total, Agricultural Research Service	1,211,451	988,025	1,161,740	−49,711	+173,715
Cooperative State Research, Education, and Extension Service:					
Research and education activities	542,062	552,549	611,729	+69,667	+59,180
Native American Institutions Endowment Fund	(7,100)	(7,100)	(7,100)	.....	.....
Extension activities	439,473	419,989	452,943	+13,470	+32,954
Integrated activities	42,853	44,865	108,218	+65,365	+63,353
Total, Cooperative State Research, Education, and Extension Service	1,024,388	1,017,403	1,172,890	+148,502	+155,487
Office of the Under Secretary for Marketing and Regulatory Programs	654	780	788	+134	+8
Animal and Plant Health Inspection Service:					
Salaries and expenses	620,490	767,119	735,673	+115,183	−31,446
Emergency appropriations (Public Law 107–117)	105,000	.....	.....	−105,000	.....
AQI user fees	(84,813)	.....	.....	(−84,813)	.....
Animal welfare user fees (proposed)	.....	−5,000	.....	.....	+5,000
Buildings and facilities	7,189	13,189	13,189	+6,000	.....
Emergency appropriations (Public Law 107–117)	14,081	.....	.....	−14,081	.....
Total, Animal and Plant Health Inspection Service	746,760	775,308	748,862	+2,102	−26,446
Agricultural Marketing Service:					
Marketing Services	71,430	75,411	75,824	+4,394	+413
Standardization user fees	(5,000)	(5,000)	(5,000)	.....	.....
(Limitation on administrative expenses, from fees collected)	(60,596)	(61,619)	(61,619)	(+1,023)	.....
Funds for strengthening markets, income, and supply (transfer from section 32)	13,995	14,910	14,910	+915	.....
Payments to states and possessions	1,347	1,347	1,347	.....	.....
Total, Agricultural Marketing Service	86,772	91,668	92,081	+5,309	+413

COMPARATIVE STATEMENT OF NEW BUDGET (OBLIGATIONAL) AUTHORITY FOR FISCAL YEAR 2002 AND BUDGET ESTIMATES AND AMOUNTS RECOMMENDED IN THE BILL FOR FISCAL YEAR 2003—Continued

[In thousands of dollars]

Item	2002 appropriation	Budget estimate	Committee recommendation	Senate Committee recommendation compared with (+ or −)	
				2002 appropriation	Budget estimate
Grain Inspection, Packers and Stockyards Administration:					
Salaries and expenses	33,117	41,164	44,746	+11,629	+3,582
Limitation on inspection and weighing services	(42,463)	(42,463)	(42,463)	.....	.....
Inspection and licensing user fees (proposed)	.....	−29,000	.....	.....	+29,000
Total, Grain Inspection, Packers and Stockyards	33,117	12,164	44,746	+11,629	+32,582
Office of the Under Secretary for Food Safety	476	780	785	+309	+5
Food Safety and Inspection Service	715,642	763,049	766,608	+50,966	+3,559
Emergency appropriations (Public Law 107–117)	15,000	.....	.....	−15,000	.....
Lab accreditation fees [1]	(1,000)	(1,000)	(1,000)	.....	.....
Total, Production, Processing, and Marketing	4,562,485	4,406,602	4,817,304	+254,819	+410,702
Farm Assistance Programs					
Office of the Under Secretary for Farm and Foreign Agricultural Services	606	899	906	+300	+7
Farm Service Agency:					
Salaries and expenses	939,030	993,620	997,378	+58,348	+3,758
(Transfer from export loans)	(790)	(834)	(834)	(+44)	.....
(Transfer from Public Law 480)	(972)	(1,026)	(1,026)	(+54)	.....
(Transfer from ACIF)	(272,595)	(279,176)	(279,176)	(+6,581)	.....
Subtotal, transfers from program accounts	(274,357)	(281,036)	(281,036)	(+6,679)	.....
Total, Salaries and expenses	(1,213,387)	(1,274,656)	(1,278,414)	(+65,027)	(+3,758)
Emergency conservation program	.....	48,700	.....	.....	−48,700
State mediation grants	3,493	4,000	4,000	+507	.....

Dairy indemnity program	100	100	100	.....	.....
Subtotal, Farm Service Agency	942,623	1,046,420	1,001,478	+58,855	−44,942
Agricultural Credit Insurance Fund Program Account:					
Loan authorizations:					
Farm ownership loans:					
Direct	(146,996)	(100,000)	(146,996)	.....	(+46,996)
Guaranteed	(1,000,000)	(1,000,000)	(1,000,000)	.....	.....
Subtotal	(1,146,996)	(1,100,000)	(1,146,996)	.....	(+46,996)
Farm operating loans:					
Direct	(611,198)	(600,000)	(611,198)	.....	(+11,198)
Unsubsidized guaranteed	(1,500,000)	(1,700,000)	(1,700,000)	(+200,000)	.....
Subsidized guaranteed	(505,531)	(300,000)	(505,531)	.....	(+205,531)
Subtotal	(2,616,729)	(2,600,000)	(2,816,729)	(+200,000)	(+216,729)
Indian tribe land acquisition loans	(2,000)	(2,000)	(2,000)	.....	.....
Emergency disaster loans	(25,000)	.....	.....	(−25,000)	.....
Boll weevil eradication loans	(100,000)	(100,000)	(100,000)	.....	.....
Total, Loan authorizations	(3,890,725)	(3,802,000)	(4,065,725)	(+175,000)	(+263,725)
Loan subsidies:					
Farm ownership loans:					
Direct	3,866	11,610	17,066	+13,200	+5,456
Guaranteed	4,500	7,500	7,500	+3,000	.....
Subtotal	8,366	19,110	24,566	+16,200	+5,456
Farm operating loans:					
Direct	54,580	103,560	105,493	+50,913	+1,933
Unsubsidized guaranteed	52,650	53,890	53,890	+1,240	.....
Subsidized guaranteed	68,550	35,400	59,653	−8,897	+24,253
Subtotal	175,780	192,850	219,036	+43,256	+26,186
Indian tribe land acquisition	118	179	179	+61	.....
Emergency disaster loans	3,363	.....	.....	−3,363	.....
Total, Loan subsidies	187,627	212,139	243,781	+56,154	+31,642

COMPARATIVE STATEMENT OF NEW BUDGET (OBLIGATIONAL) AUTHORITY FOR FISCAL YEAR 2002 AND BUDGET ESTIMATES AND AMOUNTS RECOMMENDED IN THE BILL FOR FISCAL YEAR 2003—Continued

[In thousands of dollars]

Item	2002 appropriation	Budget estimate	Committee recommendation	Senate Committee recommendation compared with (+ or −)	
				2002 appropriation	Budget estimate
ACIF expenses:					
Salaries and expense (transfer to FSA)	272,595	279,176	279,176	+6,581	.....
Administrative expenses	8,000	8,000	8,000	.....	.....
Total, ACIF expenses	280,595	287,176	287,176	+6,581	.....
Total, Agricultural Credit Insurance Fund	468,222	499,315	530,957	+62,735	+31,642
(Loan authorization)	(3,890,725)	(3,802,000)	(4,065,725)	(+175,000)	(+263,725)
Total, Farm Service Agency	1,410,845	1,545,735	1,532,435	+121,590	−13,300
Risk Management Agency	74,752	72,771	71,228	−3,524	−1,543
Total, Farm Assistance Programs	1,486,203	1,619,405	1,604,569	+118,366	−14,836
Corporations					
Federal Crop Insurance Corporation:					
Federal crop insurance corporation fund	2,900,000	2,886,000	2,886,165	−13,835	+165
Commodity Credit Corporation Fund:					
Reimbursement for net realized losses	20,279,000	16,285,000	16,285,000	−3,994,000	.....
Hazardous waste management (limitation on administrative expenses)	(5,000)	(5,000)	(5,000)	.....	.....
Total, Corporations	23,179,000	19,171,000	19,171,165	−4,007,835	+165
Total, title I, Agricultural Programs	29,227,688	25,197,007	25,593,038	−3,634,650	+396,031
(By transfer)	(274,357)	(281,036)	(281,036)	(+6,679)	.....
(Loan authorization)	(3,890,725)	(3,802,000)	(4,065,725)	(+175,000)	(+263,725)
(Limitation on administrative expenses)	(108,059)	(109,082)	(109,082)	(+1,023)	.....

TITLE II—CONSERVATION PROGRAMS					
Office of the Under Secretary for Natural Resources and Environment	730	902	911	+181	+9
Natural Resources Conservation Service:					
Conservation operations	779,000	840,963	846,963	+67,963	+6,000
Watershed surveys and planning	10,960	.....	10,960	.....	+10,960
Watershed and flood prevention operations	106,590	.....	105,000	−1,590	+105,000
Emergency watershed protection	.....	110,000	.....	.....	−110,000
Watershed rehabilitation program	10,000	.....	30,000	+20,000	+30,000
Resource conservation and development	48,048	49,079	50,378	+2,330	+1,299
Forestry incentives program	6,811	.....	.....	−6,811	.....
Total, Natural Resources Conservation Service	961,409	1,000,042	1,043,301	+81,892	+43,259
Total, title II, Conservation Programs	962,139	1,000,944	1,044,212	+82,073	+43,268
TITLE III—RURAL DEVELOPMENT PROGRAMS					
Office of the Under Secretary for Rural Development	623	898	906	+283	+8
Rural Development:					
Rural community advancement program	806,557	791,499	867,176	+60,619	+75,677
(Transfer out)	(−24,000)	.....	(−30,000)	(−6,000)	(−30,000)
RD expenses:					
Salaries and expenses	133,722	145,736	133,956	+234	−11,780
(Transfer from RHIF)	(422,241)	(455,630)	(455,630)	(+33,389)	.....
(Transfer from RDLFP)	(3,733)	(4,290)	(4,290)	(+557)	.....
(Transfer from RETLP)	(36,000)	(38,035)	(38,035)	(+2,035)	.....
(Transfer from RTB)	(3,082)	(3,082)	(3,082)	.....	.....
(Transfer from TLP)	(2,000)	.....	.....	(−2,000)	.....
Subtotal, Transfers from program accounts	(467,056)	(501,037)	(501,037)	(+33,981)	.....
Total, RD expenses	(600,778)	(646,773)	(634,993)	(+34,215)	(−11,780)
Total, Rural Development	940,279	937,235	1,001,132	+60,853	+63,897

COMPARATIVE STATEMENT OF NEW BUDGET (OBLIGATIONAL) AUTHORITY FOR FISCAL YEAR 2002 AND BUDGET ESTIMATES AND AMOUNTS RECOMMENDED IN THE BILL FOR FISCAL YEAR 2003—Continued

[In thousands of dollars]

Item	2002 appropriation	Budget estimate	Committee recommendation	Senate Committee recommendation compared with (+ or −)	
				2002 appropriation	Budget estimate
Rural Housing Service:					
Rural Housing Insurance Fund Program Account:					
Loan authorizations:					
Single family (sec. 502)	(1,079,848)	(957,300)	(1,005,162)	(−74,686)	(+47,862)
Unsubsidized guaranteed	(3,137,968)	(2,750,000)	(2,750,000)	(−387,968)	.....
Subtotal, Single family	(4,217,816)	(3,707,300)	(3,755,162)	(−462,654)	(+47,862)
Housing repair (sec. 504)	(32,324)	(35,000)	(35,000)	(+2,676)	.....
Rental housing (sec. 515)	(114,068)	(60,000)	(120,000)	(+5,932)	(+60,000)
Site loans (sec. 524)	(5,090)	(5,000)	(5,000)	(−90)	.....
Multi-family housing guarantees (sec. 538)	(99,770)	(100,000)	.....	(−99,770)	(−100,000)
Multi-family housing credit sales	(1,778)	(2,000)	(2,000)	(+222)	.....
Single family housing credit sales	(10,000)	(10,000)	(10,000)	.....	.....
Self-help housing land development fund	(5,000)	(5,011)	(5,011)	(+11)	.....
Total, Loan authorizations	(4,485,846)	(3,924,311)	(3,932,173)	(−553,673)	(+7,862)
Loan subsidies:					
Single family (sec. 502)	142,108	185,429	194,700	+52,592	+9,271
Unsubsidized guaranteed	40,166	19,800	19,800	−20,366	.....
Subtotal, Single family	182,274	205,229	214,500	+32,226	+9,271
Housing repair (sec. 504)	10,386	10,857	10,857	+471	.....
Rental housing (sec. 515)	48,274	27,978	55,956	+7,682	+27,978
Site loans (sec. 524)	28	55	55	+27	.....
Multi-family housing guarantees (sec. 538)	3,921	4,500	.....	−3,921	−4,500
Multi-family housing credit sales	750	934	934	+184	.....
Single family housing credit sales	.....	.....	.....	.....	.....
Self-help housing land development fund	254	221	221	−33	.....

Total, Loan subsidies	245,887	249,774	282,523	+36,636	+32,749
RHIF administrative expenses (transfer to RD)	422,241	455,630	455,630	+33,389	.....
Rental assistance program:					
(Sec. 521)	695,104	706,100	718,000	+22,896	+11,900
(Sec. 502(c)(5)(D))	5,900	5,900	12,000	+6,100	+6,100
Total, Rental assistance program	701,004	712,000	730,000	+28,996	+18,000
Total, Rural Housing Insurance Fund	1,369,132	1,417,404	1,468,153	+99,021	+50,749
(Loan authorization)	(4,485,846)	(3,924,311)	(3,932,173)	(−553,673)	(+7,862)
Mutual and self-help housing grants	35,000	34,000	35,000	.....	+1,000
Rural housing assistance grants	38,914	42,498	47,498	+8,584	+5,000
Farm labor program account	31,431	34,615	34,615	+3,184	.....
Subtotal, grants and payments	105,345	111,113	117,113	+11,768	+6,000
Total, Rural Housing Service	1,474,477	1,528,517	1,585,266	+110,789	+56,749
(Loan authorization)	(4,485,846)	(3,924,311)	(3,932,173)	(−553,673)	(+7,862)
Rural Business-Cooperative Service:					
Rural Development Loan Fund Program Account:					
(Loan authorization)	(38,171)	(40,000)	(40,000)	(+1,829)	.....
Loan subsidy	16,494	19,304	19,304	+2,810	.....
Administrative expenses (transfer to RD)	3,733	4,290	4,290	+557	.....
Total, Rural Development Loan Fund	20,227	23,594	23,594	+3,367	.....
Rural Economic Development Loans Program Account:					
(Loan authorization)	(14,966)	(14,967)	(14,967)	(+1)	.....
Direct subsidy	3,616	3,197	3,197	−419	.....
Rural cooperative development grants	7,750	9,000	9,000	+1,250	.....
Rural empowerment zones and enterprise communities grants	14,967	.....	14,967	.....	+14,967
Total, Rural Business-Cooperative Service	46,560	35,791	50,758	+4,198	+14,967
(Loan authorization)	(53,137)	(54,967)	(54,967)	(+1,830)	.....

COMPARATIVE STATEMENT OF NEW BUDGET (OBLIGATIONAL) AUTHORITY FOR FISCAL YEAR 2002 AND BUDGET ESTIMATES AND AMOUNTS RECOMMENDED IN THE BILL FOR FISCAL YEAR 2003—Continued

[In thousands of dollars]

Item	2002 appropriation	Budget estimate	Committee recommendation	Senate Committee recommendation compared with (+ or −)	
				2002 appropriation	Budget estimate
Rural Utilities Service:					
Rural Electrification and Telecommunications Loans Program Account:					
Loan authorizations:					
Electric:					
Direct, 5 percent	(121,107)	(121,103)	(121,103)	(−4)	.....
Direct, Municipal rate	(500,000)	(100,000)	(100,000)	(−400,000)	.....
Direct, FFB	(2,600,000)	(1,600,000)	(2,600,000)	.....	(+1,000,000)
Direct, Treasury rate	(750,000)	(700,000)	(1,150,000)	(+400,000)	(+450,000)
Guaranteed electric	(100,000)	(100,000)	(100,000)	.....	.....
Guaranteed underwriting	.....	.....	(1,000,000)	(+1,000,000)	(+1,000,000)
Subtotal, Electric	(4,071,107)	(2,621,103)	(5,071,103)	(+999,996)	(+2,450,000)
Telecommunications:					
Direct, 5 percent	(74,827)	(75,029)	(75,029)	(+202)	.....
Direct, Treasury rate	(300,000)	(300,000)	(300,000)	.....	.....
Direct, FFB	(120,000)	(120,000)	(120,000)	.....	.....
Subtotal, Telecommunications	(494,827)	(495,029)	(495,029)	(+202)	.....
Total, Loan authorizations	(4,565,934)	(3,116,132)	(5,566,132)	(+1,000,198)	(+2,450,000)
Loan subsidies:					
Electric:					
Direct, 5 percent	3,609	6,915	6,915	+3,306	.....
Direct, Municipal rate	.....	4,030	4,030	+4,030	.....
Guaranteed electric	80	80	80	.....	.....
Subtotal, Electric	3,689	11,025	11,025	+7,336	.....

Telecommunications:					
Direct, 5 percent	1,736	1,283	1,283	−453	.....
Direct, Treasury rate	300	150	150	−150	.....
Subtotal, Telecommunications	2,036	1,433	1,433	−603	.....
Total, Loan subsidies	5,725	12,458	12,458	+6,733	.....
RETLP administrative expenses (transfer to RD)	36,000	38,035	38,035	+2,035	.....
Total, Rural Electrification and Telecommunications Loans Program Account	41,725	50,493	50,493	+8,768	.....
(Loan authorization)	(4,565,934)	(3,116,132)	(5,566,132)	(+1,000,198)	(+2,450,000)
Rural Telephone Bank Program Account:					
(Loan authorization)	(174,615)	.....	(174,615)	.....	(+174,615)
Direct loan subsidy	3,737	.....	2,410	−1,327	+2,410
RTB administrative expenses (transfer to RD)	3,082	3,082	3,082	.....	.....
Total, Rural Telephone Bank Program Account	6,819	3,082	5,492	−1,327	+2,410
High energy costs grants (by transfer)	(24,000)	.....	(30,000)	(+6,000)	(+30,000)
Distance learning and telemedicine program:					
(Loan authorization)	(380,000)	(129,535)	(129,535)	(−250,465)	.....
Grants/loans subsidy costs	49,441	31,049	51,941	+2,500	+20,892
Local Television Loan Guarantee Program Account:					
(Loan authorization)	(258,065)	.....	.....	(−258,065)	.....
Direct loan subsidy	20,000	.....	.....	−20,000	.....
LTLP administration expenses (transfer to RD)	2,000	.....	.....	−2,000	.....
Total, Local Television Loan Program Account	22,000	.....	.....	−22,000	.....
Total, Rural Utilities Service	119,985	84,624	107,926	−12,059	+23,302
(Loan authorization)	(5,378,614)	(3,245,667)	(5,870,282)	(+491,668)	(+2,624,615)
Total, title III, Rural Economic and Community Development Programs	2,581,924	2,587,065	2,745,988	+164,064	+158,923
(By transfer)	(491,056)	(501,037)	(531,037)	(+39,981)	(+30,000)
(Loan authorization)	(9,917,597)	(7,224,945)	(9,857,422)	(−60,175)	(+2,632,477)

COMPARATIVE STATEMENT OF NEW BUDGET (OBLIGATIONAL) AUTHORITY FOR FISCAL YEAR 2002 AND BUDGET ESTIMATES AND AMOUNTS RECOMMENDED IN THE BILL FOR FISCAL YEAR 2003—Continued

[In thousands of dollars]

Item	2002 appropriation	Budget estimate	Committee recommendation	Senate Committee recommendation compared with (+ or −)	
				2002 appropriation	Budget estimate
TITLE IV—DOMESTIC FOOD PROGRAMS					
Office of the Under Secretary for Food, Nutrition and Consumer Services	587	774	781	+194	+7
Food and Nutrition Service:					
Child nutrition programs	4,914,288	5,382,179	5,830,506	+916,218	+448,327
Transfer from section 32	5,172,458	5,193,990	4,745,663	−426,795	−448,327
Discretionary spending	500	.....	4,000	+3,500	+4,000
Total, Child nutrition programs	10,087,246	10,576,169	10,580,169	+492,923	+4,000
Special supplemental nutrition program for women, infants, and children (WIC)	4,348,000	4,751,000	4,751,000	+403,000	.....
Emergency appropriations (Public Law 107–117)	39,000	.....	.....	−39,000	.....
Food stamp program:					
Expenses	19,556,436	22,772,692	22,772,692	+3,216,256	.....
Reserve	2,000,000	2,000,000	2,000,000	.....	.....
Nutrition assistance for Puerto Rico	1,335,550	1,377,000	1,377,000	+41,450	.....
The emergency food assistance program	100,000	100,000	140,000	+40,000	+40,000
Total, Food stamp program	22,991,986	26,249,692	26,289,692	+3,297,706	+40,000
Commodity assistance program	152,813	144,991	167,000	+14,187	+22,009
Rescission	−3,300	.....	.....	+3,300	.....
Total, Commodity assistance program	149,513	144,991	167,000	+17,487	+22,009
Food donations programs:					
Needy family program	1,081	1,081	1,081	.....	.....
Elderly feeding program	149,668	.....	.....	−149,668	.....
Total, Food donations programs	150,749	1,081	1,081	−149,668	.....

Food program administration	127,546	147,944	138,142	+10,596	−9,802
Total, Food and Nutrition Service	37,894,040	41,870,877	41,927,084	+4,033,044	+56,207
Total, title IV, Domestic Food Programs	37,894,627	41,871,651	41,927,865	+4,033,238	+56,214
TITLE V—FOREIGN ASSISTANCE AND RELATED PROGRAMS					
Foreign Agricultural Service:					
Salaries and expenses, direct appropriation	121,813	131,668	131,938	+10,125	+270
(Transfer from export loans)	(3,224)	(3,224)	(3,224)	.....	.....
(Transfer from Public Law 480)	(1,033)	(1,033)	(1,033)	.....	.....
Total, Program level	(126,070)	(135,925)	(136,195)	(+10,125)	(+270)
Public Law 480 Program and Grant Accounts:					
Program account:					
Loan authorization, direct	(154,664)	(131,676)	(154,664)	.....	(+22,988)
Loan subsidies	126,409	98,904	116,171	−10,238	+17,267
Ocean freight differential grants	20,277	28,000	25,159	+4,882	−2,841
Title II—Commodities for disposition abroad:					
Program level	(850,000)	(1,185,000)	(1,185,000)	(+335,000)	.....
Appropriation	850,000	1,185,000	1,185,000	+335,000	.....
Salaries and expenses:					
Foreign Agricultural Service (transfer to FAS)	1,033	1,033	1,033	.....	.....
Farm Service Agency (transfer to FSA)	972	1,026	1,026	+54	.....
Subtotal	2,005	2,059	2,059	+54	.....
Total, Public Law 480:					
Program level	(850,000)	(1,185,000)	(1,185,000)	(+335,000)	.....
Appropriation	998,691	1,313,963	1,328,389	+329,698	+14,426
CCC Export Loans Program Account (administrative expenses):					
Salaries and expenses (Export Loans):					
General Sales Manager (transfer to FAS)	3,224	3,224	3,224	.....	.....
Farm Service Agency (transfer to FSA)	790	834	834	+44	.....

COMPARATIVE STATEMENT OF NEW BUDGET (OBLIGATIONAL) AUTHORITY FOR FISCAL YEAR 2002 AND BUDGET ESTIMATES AND AMOUNTS RECOMMENDED IN THE BILL FOR FISCAL YEAR 2003—Continued

[In thousands of dollars]

Item	2002 appropriation	Budget estimate	Committee recommendation	Senate Committee recommendation compared with (+ or −)	
				2002 appropriation	Budget estimate
Total, CCC Export Loans Program Account	4,014	4,058	4,058	+44	.....
Total, title V, Foreign Assistance and Related Programs	1,124,518	1,449,689	1,464,385	+339,867	+14,696
(By transfer)	(4,257)	(4,257)	(4,257)	.....	.....
TITLE VI—RELATED AGENCIES AND FOOD AND DRUG ADMINISTRATION					
DEPARTMENT OF HEALTH AND HUMAN SERVICES					
Food and Drug Administration					
Salaries and expenses, direct appropriation	1,183,670	1,369,385	1,392,814	+209,144	+23,429
Emergency appropriations (Public Law 107–117)	151,100	.....	.....	−151,100	.....
Prescription drug user fee act	(161,716)	(264,220)	(222,900)	(+61,184)	(−41,320)
Subtotal	(1,496,486)	(1,633,605)	(1,615,714)	(+119,228)	(−17,891)
Mammography clinics user fee (outlay savings)	(15,590)	(16,112)	(16,112)	(+522)	.....
Export certification	(6,181)	(6,378)	(6,378)	(+197)	.....
Payments to GSA	(105,116)	(98,556)	(98,556)	(−6,560)	.....
Buildings and facilities	34,281	8,000	11,000	−23,281	+3,000
Total, Food and Drug Administration	1,369,051	1,377,385	1,403,814	+34,763	+26,429
INDEPENDENT AGENCIES					
Commodity Futures Trading Commission	70,700	79,884	94,435	+23,735	+14,551
Emergency appropriations (Public Law 107–117)	16,900	.....	.....	−16,900	.....
Transaction fee (proposed)	.....	−33,000	.....	.....	+33,000
Total, Commodity Futures Trading Commission	87,600	46,884	94,435	+6,835	+47,551

Farm Credit Administration (limitation on administrative expenses)	(36,700)	(36,700)	(38,404)	(+1,704)	(+1,704)
Total, title VI, Related Agencies and Food and Drug Administration	1,456,651	1,424,269	1,498,249	+41,598	+73,980
TITLE VII—GENERAL PROVISIONS					
Hunger fellowships	2,496		2,496		+2,496
National Sheep Industry Improvement Center revolving fund	1,000			−1,000	
Limit crop insurance education	−6,000			+6,000	
Mallard Pointe conservation	150			−150	
Jamestown conservation	250			−250	
Child and adult care feeding program	10,000		22,000	+12,000	+22,000
CCC Apple market loss	75,000			−75,000	
Dairy price support extension	15,000			−15,000	
Sugar beets	5,000			−5,000	
Tobacco	5,000			−5,000	
Summer Food Service program			24,000	+24,000	+24,000
Youth organizations			6,000	+6,000	+6,000
Telework			2,000	+2,000	+2,000
Total, title VII, General provisions	107,896		56,496	−51,400	+56,496
Grand total:					
New budget (obligational) authority	73,355,443	73,530,625	74,330,233	+974,790	+799,608
Appropriations	(72,823,743)	(73,530,625)	(74,330,233)	(+1,506,490)	(+799,608)
Rescission	(−3,300)			(+3,300)	
Emergency appropriations	535,000			−535,000	
(By transfer)	(769,670)	(786,330)	(816,330)	(+46,660)	(+30,000)
(Loan authorization)	(13,962,986)	(11,158,621)	(14,077,811)	(+114,825)	(+2,919,190)
(Limitation on administrative expenses)	(144,759)	(145,782)	(147,486)	(+2,727)	(+1,704)
RECAPITULATION					
Title I—Agricultural programs	29,227,688	25,197,007	25,593,038	−3,634,650	+396,031
Mandatory	(23,193,095)	(19,186,010)	(19,186,175)	(−4,006,920)	(+165)
Discretionary	(6,034,593)	(6,010,997)	(6,406,863)	(+372,270)	(+395,866)
Title II—Conservation programs (discretionary)	962,139	1,000,944	1,044,212	+82,073	+43,268
Title III—Rural economic and community development programs (discretionary)	2,581,924	2,587,065	2,745,988	+164,064	+158,923
Title IV—Domestic food programs (discretionary)	37,894,627	41,871,651	41,927,865	+4,033,238	+56,214
Mandatory	(33,078,732)	(36,825,861)	(36,865,861)	(+3,787,129)	(+40,000)
Discretionary	(4,815,895)	(5,045,790)	(5,062,004)	(+246,109)	(+16,214)

COMPARATIVE STATEMENT OF NEW BUDGET (OBLIGATIONAL) AUTHORITY FOR FISCAL YEAR 2002 AND BUDGET ESTIMATES AND AMOUNTS RECOMMENDED IN THE BILL FOR FISCAL YEAR 2003—Continued

[In thousands of dollars]

Item	2002 appropriation	Budget estimate	Committee recommendation	Senate Committee recommendation compared with (+ or −)	
				2002 appropriation	Budget estimate
Title V—Foreign assistance and related programs (discretionary)	1,124,518	1,449,689	1,464,385	+339,867	+14,696
Title VI—Related agencies and Food and Drug Administration (discretionary)	1,456,651	1,424,269	1,498,249	+41,598	+73,980
Title VII—General provisions (discretionary)	107,896	.....	56,496	−51,400	+56,496
Total, new budget (obligational) authority	73,355,443	73,530,625	74,330,233	+974,790	+799,608

[1] In addition to appropriation.

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