



**FY 2009**

**BUDGET SUMMARY  
AND  
ANNUAL PERFORMANCE PLAN**

**U.S. DEPARTMENT OF AGRICULTURE**

# TABLE OF CONTENTS

ITEM	PAGE
<b>INTRODUCTION</b> .....	iii
<b>FUNDING OVERVIEW</b> .....	1
<b>HIGHLIGHTS BY GOAL</b> .....	6
<b>FOOD AND AGRICULTURE DEFENSE INITIATIVE</b> .....	13
<b>MISSION AREA/AGENCY DETAILS:</b>	
<b>FARM AND FOREIGN AGRICULTURAL SERVICES:</b>	
Farm Service Agency .....	15
Risk Management Agency .....	24
Foreign Agricultural Service.....	27
<b>RURAL DEVELOPMENT:</b>	
Rural Development .....	36
Rural Utilities Service .....	38
Rural Housing Service .....	40
Rural Business-Cooperative Service.....	43
<b>FOOD, NUTRITION, AND CONSUMER SERVICES:</b>	
Food and Nutrition Service .....	45
<b>FOOD SAFETY:</b>	
Food Safety and Inspection Service .....	52
<b>NATURAL RESOURCES AND ENVIRONMENT:</b>	
Natural Resources Conservation Service .....	56
Forest Service.....	60
<b>MARKETING AND REGULATORY PROGRAMS:</b>	
Animal and Plant Health Inspection Service .....	65
Agricultural Marketing Service.....	69
Grain Inspection, Packers and Stockyards Administration.....	72
<b>RESEARCH, EDUCATION, AND ECONOMICS:</b>	
Agricultural Research Service.....	75
Cooperative State Research, Education, and Extension Service.....	78
Economic Research Service .....	81
National Agricultural Statistics Service .....	82

## TABLE OF CONTENTS

---

ITEM	PAGE
DEPARTMENTAL ACTIVITIES .....	83
OFFICE OF CIVIL RIGHTS .....	87
OFFICE OF INSPECTOR GENERAL .....	88
<b>APPENDIX:</b>	
Budget Authority by Agency, 2007-2009 .....	89
Discretionary Budget Authority by Agency, 2007-2009 .....	90
Outlays by Agency, 2007-2009.....	91
Discretionary Budget Outlays by Agency, 2007-2009 .....	92
Staff Years by Agency, 2007-2009 .....	93
Funding by Strategic Goals and Objectives .....	94
User Fee Proposals .....	101
Proposed Budget-Related Legislation.....	103

# INTRODUCTION

---

This Budget Summary and Annual Performance Plan describes the fiscal year (FY) 2009 budget for the U.S. Department of Agriculture (USDA). All references to years refer to fiscal year, except where specifically noted. The funding estimates presented for FY 2008 are based on the Agriculture, Rural Development, Food and Drug Administration, and Related Agencies Appropriations Act, 2008, Division A and the Department of the Interior, Environment, and Related Agencies Appropriations Act, Division F of P.L. 110-161. Throughout the Summary, “2002 Farm Bill” and “The Act” are used to refer to the Farm Security and Rural Investment Act of 2002.

The Budget Summary is organized into four sections:

- **Funding Overview** - highlights USDA’s strategic goals, its budget and performance integration process, and provides a brief summary of the most significant 2009 budget proposals for the Department of Agriculture.
- **Highlights by Goal** - identifies key proposals by strategic goal and demonstrates how USDA programs and funding align with strategic goals and objectives.
- **Food and Agriculture Defense Initiative** - describes USDA’s continued efforts in support of the President’s Homeland Security Presidential Directive (HSPD)-9 goal of providing the best protection possible against a successful attack on the U.S. agriculture and food system.
- **Mission Area/Agency Details** - summarizes agency funding and program highlights and performance goals.

## **Budget and Performance Plan Terms:**

- **Strategic Plan** is a document that provides the mission statement, strategies, goals, objectives, and performance measures that the Department will use to guide its major functions and operations and measure the progress in achieving desired performance levels in those programs.
- **Strategic Goals** express the Department’s overarching purposes and are used to group multiple strategic objectives. They define how the Department or an agency will carry out a major segment of its mission over a period of time.
- **Strategic Objectives** represent statements of aim or purpose included in a strategic plan that relate to and in the aggregate are sufficient to achieve strategic goals.
- **Performance Goal** is the target level of performance at a specified time or period expressed as a tangible, measurable outcome, against which actual achievement can be compared, including a goal expressed as a quantitative standard, value, or rate. A performance goal comprises a performance measure with targets and timeframes. The performance goals used in this document are provided in the Department’s Strategic Plan.

## INTRODUCTION

---

- **Performance Measures** are indicators, statistics, or metrics used to gauge program performance. Program performance measures include outcome, output, and efficiency measures.
- **Program Assessment Rating Tool (PART)** is an evaluation process used to assess the effectiveness of Federal programs and to inform management actions, budget requests, and legislative proposals directed at achieving results. The PART includes a set of questions that evaluates program performance based on: program purpose and design; strategic planning; program management; and program results. Each program receives a numerical score and a qualitative rating. The qualitative ratings include: Effective; Moderately Effective; Adequate; Ineffective; and Results Not Demonstrated. A rating of Results Not Demonstrated means that a program does not have sufficient performance measures or performance information to show results, and therefore it is not possible to assess whether it has achieved its goals.
- **Budget Authority** is the authority to commit funds of the Federal Treasury. Congress provides this authority through annual appropriations acts and substantive legislation which authorizes direct spending. The President's budget requests the Congress to appropriate or otherwise provide an amount of budget authority sufficient to carry out recommended government programs.
- **Obligations** are commitments of Government funds. In order for USDA to make a valid obligation, it must have a sufficient amount of budget authority to cover the obligation.
- **Outlays** are cash disbursements from the Federal Treasury to satisfy a valid obligation.
- **Program Level** represents the gross value of all financial assistance USDA provides to the public. This assistance may be in the form of grants, guaranteed or direct loans, cost-sharing, professional services such as research or technical assistance activities, or in-kind benefits such as commodities.

The budget is described in program level measures in most instances. However, there are some cases when other measures are used and the reader should take care to note which measure is being used.

Questions may be directed to the Office of Budget and Program Analysis via e-mail at [bca@obpa.usda.gov](mailto:bca@obpa.usda.gov) or telephone at (202) 720-6176.

## FUNDING OVERVIEW

---

### Mission Statement of the United States Department of Agriculture

USDA provides leadership on food, agriculture, natural resources, and related issues based on sound public policy, the best available science, and efficient management.

### Strategic Plan Framework

USDA's Strategic Plan contains six strategic goals that describe the Department's major programmatic policies and objectives:

- Strategic Goal 1: Enhance International Competitiveness of American Agriculture
- Strategic Goal 2: Enhance the Competitiveness and Sustainability of Rural and Farm Economies
- Strategic Goal 3: Support Increased Economic Opportunities and Improved Quality of Life in Rural America
- Strategic Goal 4: Enhance Protection and Safety of the Nation's Agriculture and Food Supply
- Strategic Goal 5: Improve the Nation's Nutrition and Health
- Strategic Goal 6: Protect and Enhance the Nation's Natural Resource Base and Environment

The Department's Strategic Plan identifies key policy and management objectives that have been integrated into USDA's 2009 budget request. Central to the budget and planning process is effective management of the Department's limited resources in an effort to effectively deliver its multifaceted programs.

### Budget and Performance Integration

USDA developed and implemented a comprehensive budget and performance integration process for the 2009 budget that aligns funding and performance with the Department's strategic goals. The process involved an in-depth review of agency goals, objectives and performance measures as they relate to the Department's strategic goals and objectives. The results of this review, along with information from reviews conducted using the Program Assessment Rating Tool and other analyses formed the basis for development of specific budget proposals. The result of this year's budget process is a budget that aligns the Department's strategic goals, program outcomes and performance with budget decisions.

### Farm Bill Reauthorization

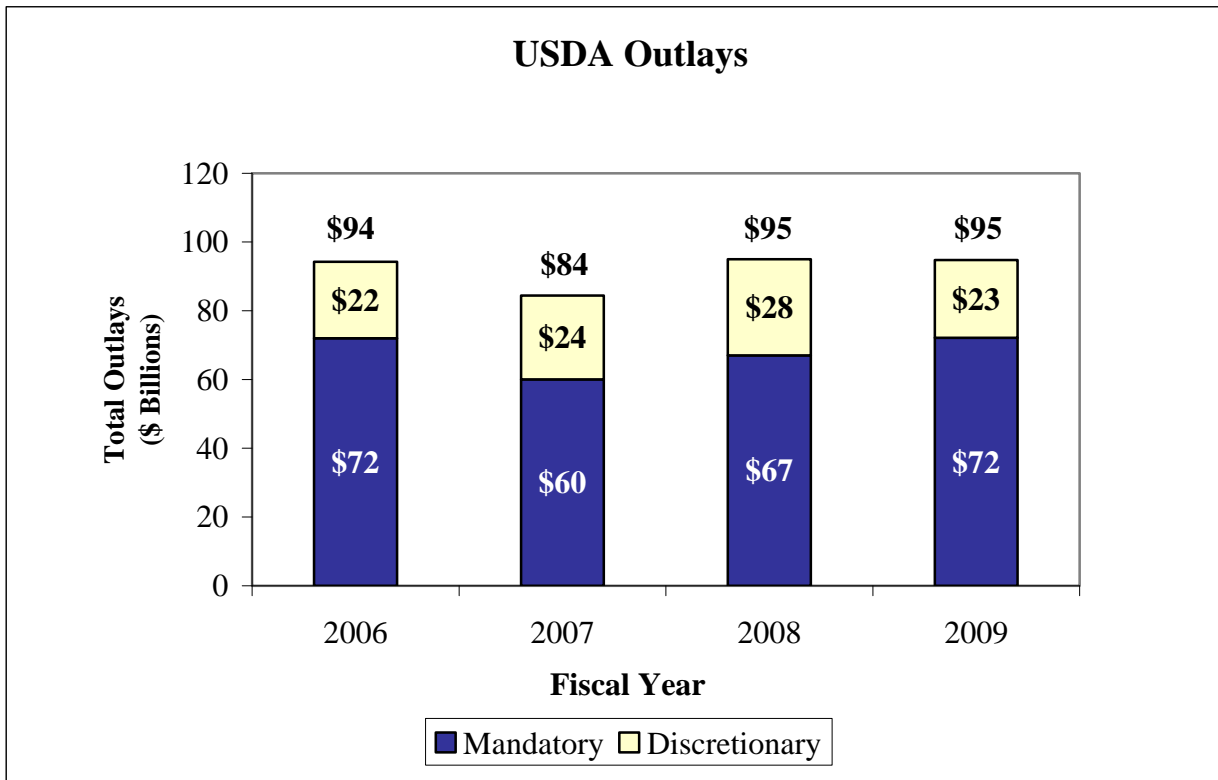
The Administration has proposed changes to the 2002 Farm Bill that will ensure the continuation of a strong farm economy and conservation programs that protect our natural resources. The proposed changes will also provide support to programs that assist in the creation, expansion and maintenance of foreign markets for U.S. agricultural products. In addition, the proposal encourages future growth in agriculture by reducing barriers for the next generation of farmers and ranchers.

## FUNDING OVERVIEW

### 2009 Funding Overview

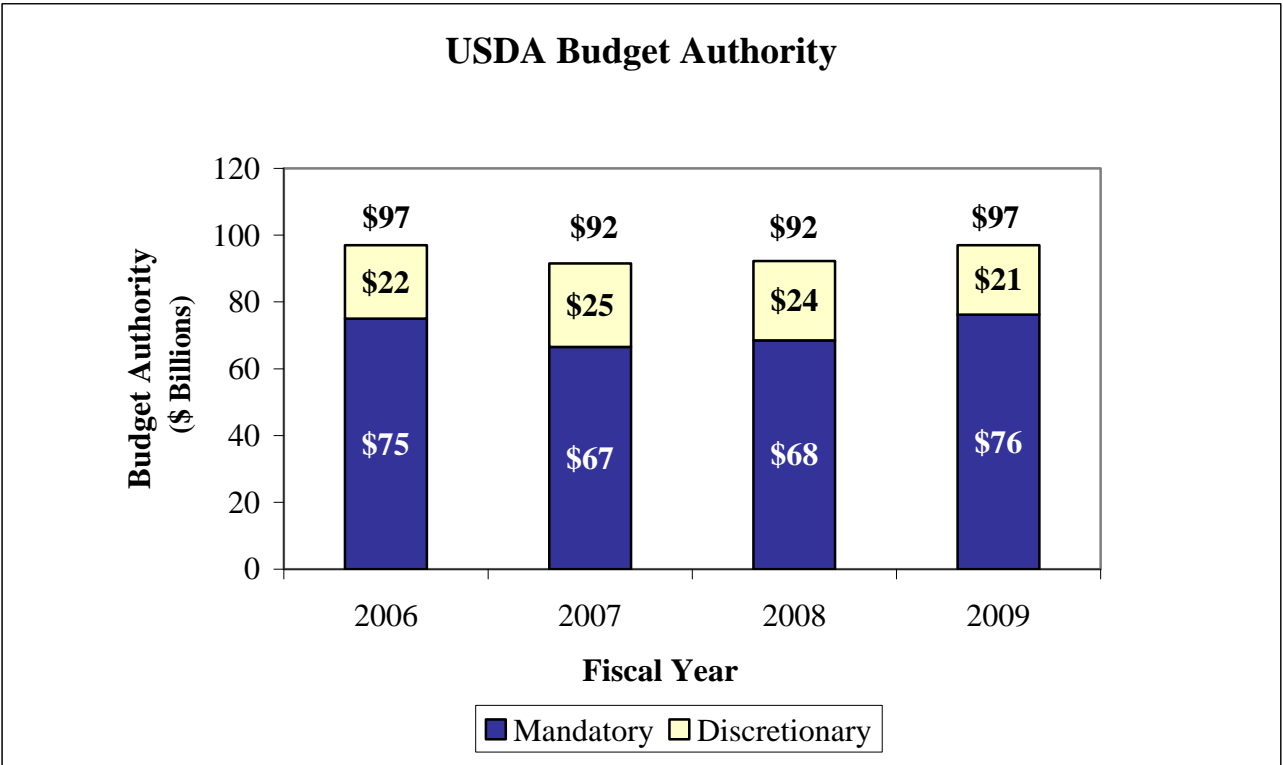
The 2009 USDA budget focuses on: growing the farm and rural economy; providing nutrition assistance to those who need it; safeguarding America's food supply and agriculture; and supporting sound land management practices and natural resources conservation. USDA's total outlays for 2009 are estimated at \$95 billion.

Roughly 76 percent of outlays, about \$72 billion in 2009, are associated with mandatory programs that provide services as required by law and include the majority of the nutrition assistance programs, farm commodity programs, export promotion programs and a number of conservation programs. The remaining 24 percent of outlays, estimated at \$23 billion in 2009, are associated with discretionary programs to address pest and disease threats; funds for the Special Supplemental Nutrition Program for Women, Infants and Children (WIC); rural development loans and grants; research and education; soil and water conservation technical assistance; management of National Forests and other Forest Service activities; and domestic and international marketing assistance. Mandatory outlays in 2009 are above 2008 largely due to food stamp and crop insurance outlays. Discretionary outlays in 2009 are down from 2008 largely due to a reduction of outlays resulting from disaster supplementals in 2007 and 2008.



## FUNDING OVERVIEW

USDA's budget authority totals \$97 billion in 2009. The 2009 discretionary level is about \$3 billion below the 2008 level, and funds the Administration's most important priorities. Discretionary budget authority in 2009 is below 2008 largely due to the elimination of disaster supplemental funding and reduced funding for rural development, forest service, conservation and research activities. At the same time added focus has been placed on additional funding for nutrition assistance programs. The mandatory budget authority increases above 2008 primarily due to higher food stamp and crop insurance funding.





# FUNDING OVERVIEW

## UNITED STATES DEPARTMENT OF AGRICULTURE (Dollars in Millions)

AGENCY/PROGRAM	Program Level				Outlays			
	2007 Actual	2008 Estimate	2009 Budget	Change 2008 to 2009	2007 Actual	2008 Estimate	2009 Budget	Change 2008 to 2009
<b>FARM AND FOREIGN AGRICULTURAL SERVICES</b>								
<b>Farm Service Agency (p. 15):</b>								
Farm Loan and Grant Programs.....	\$3,143	\$3,477	\$3,445	-\$32	\$259	\$308	\$166	-\$142
Conservation and Other Programs.....	1,976	2,024	1,975	-49	2,045	2,118	2,020	-98
USDA Disaster Assistance.....	2,800	602	0	-602	0	3,402	0	-3,402
Commodity Programs.....	21,576	17,546	16,832	-714	8,778	7,885	7,394	-491
Commodity Credit Corporation Programs.....	(25,362)	(22,388)	(22,051)	(-337)	(11,041)	(10,138)	(9,851)	(-287)
Salaries and Expenses.....	1,337	1,430	1,522	92	1,349	1,410	1,527	117
Total, Farm Service Agency.....	30,832	25,079	23,774	-1,305	12,431	15,123	11,107	-4,016
<b>Risk Management Agency (p. 24):</b>								
Administrative and Operating Expenses.....	75	76	77	1	79	70	77	7
Crop Insurance Fund.....	5,579	8,561	9,254	693	3,471	4,385	5,221	836
Total, Risk Management Agency.....	5,654	8,637	9,331	694	3,550	4,455	5,298	843
<b>Foreign Agricultural Service (p. 27):</b>								
Export Credit Guarantees.....	1,445	2,274	2,675	401	126	92	39	-53
Market Development Programs.....	240	248	202	-46	231	212	203	-9
Export Subsidy Programs.....	0	0	3	3	0	0	0	0
Trade Adjustment Assistance for Farmers.....	1	0	0	0	2	0	0	0
Foreign Food Assistance.....	2,033	1,697	1,806	109	2,849	1,670	1,446	-224
Salaries and Expenses.....	268	265	279	14	186	181	195	14
Total, Foreign Agricultural Service.....	3,987	4,484	4,965	481	3,394	2,155	1,883	-272
Total, Farm and Foreign Agricultural Services.....	40,473	38,200	38,070	-130	19,375	21,733	18,288	-3,445
<b>RURAL DEVELOPMENT</b>								
<b>Rural Utilities Service (p. 38):</b>								
Loans and Grants.....	6,206	9,717	6,707	-3,010	937	1,023	770	-253
<b>Rural Housing Service (p. 40):</b>								
Loans and Grants.....	6,513	6,737	6,741	4	1,058	1,635	1,522	-113
<b>Rural Business - Cooperative Service (p. 43):</b>								
Loans and Grants.....	1,086	1,342	738	-604	139	170	141	-29
Salaries and Expenses.....	668	662	700	38	155	145	253	108
Total, Rural Development.....	14,473	18,458	14,886	-3,572	2,289	2,973	2,686	-287
<b>FOOD, NUTRITION, AND CONSUMER SERVICES</b>								
<b>Food and Nutrition Service (p. 45)</b>								
Food Stamp Program.....	34,826	38,419	40,279	1,860	34,885	38,780	40,394	1,614
Child Nutrition Programs.....	14,093	14,709	15,380	671	13,710	15,067	15,294	227
Women, Infants and Children (WIC).....	5,548	6,205	6,251	46	5,309	5,974	5,955	-19
All Other.....	477	514	381	-133	330	369	243	-126
Total, Food, Nutrition, and Consumer Services.....	54,944	59,847	62,291	2,444	54,234	60,190	61,886	1,696
<b>FOOD SAFETY</b>								
Food Safety and Inspection Service (p. 52).....	1,017	1,071	1,092	21	826	845	956	111
<b>NATURAL RESOURCES AND ENVIRONMENT</b>								
<b>Natural Resources Conservation Service (p. 56):</b>								
Conservation Operations.....	763	834	795	-39	844	867	803	-64
Watershed Programs.....	57	50	6	-44	349	205	95	-110
Resource Conservation and Development.....	51	51	0	-51	52	57	3	-54
Farm Security and Rural Investment Programs.....	1,746	2,552	2,588	36	1,492	1,785	2,441	656
Other Programs.....	2	2	0	-2	2	8	1	-7
Total, Natural Resources Conservation Service.....	2,619	3,489	3,389	-100	2,739	2,922	3,343	421

# FUNDING OVERVIEW

## UNITED STATES DEPARTMENT OF AGRICULTURE (Dollars in Millions)

AGENCY/PROGRAM	Program Level				Outlays			
	2007 Actual	2008 Estimate	2009 Budget	Change 2008 to 2009	2007 Actual	2008 Estimate	2009 Budget	Change 2008 to 2009
<b>Forest Service (p. 60):</b>								
National Forest System.....	1,453	1,470	1,350	-120	1,398	1,476	1,468	-8
Forest and Rangeland Research.....	280	286	263	-23	295	298	300	2
State and Private Forestry.....	280	263	110	-153	403	487	220	-267
Wildland Fire Activities.....	1,824	1,943	1,976	33	2,438	2,451	1,916	-535
Capital Improvement and Maintenance.....	436	474	406	-68	442	532	450	-82
Land Acquisition.....	47	43	6	-37	70	96	83	-13
All Other.....	8	9	4	-5	9	13	11	-2
Total, Discretionary Accounts.....	4,328	4,488	4,115	-373	5,055	5,353	4,448	-905
Repayments for Fire Borrowing/Emergency Funding.....	370	551	0	-551	a/	a/	a/	a/
Mandatory.....	798	895	544	-351	777	862	368	-494
Total, Forest Service.....	5,496	5,934	4,659	-1,275	5,832	6,215	4,816	-1,399
Total, Natural Resources and Environment.....	8,115	9,423	8,048	-1,375	8,571	9,137	8,159	-978
<b>MARKETING AND REGULATORY PROGRAMS</b>								
<b>Animal and Plant Health Inspection Service (p. 65):</b>								
Salaries and Expenses.....	1,036	1,084	1,146	62	876	1,170	1,138	-32
Emergency Funding.....	194	0	0	0	241	23	0	-23
Other APHIS Programs.....	18	14	21	7	17	16	16	0
Total, Animal and Plant Health Inspection Service.....	1,248	1,098	1,167	69	1,134	1,209	1,154	-55
<b>Agricultural Marketing Service (p. 69).....</b>	226	230	222	-8	228	232	245	13
Section 32 Funds.....	219	427	457	30	74	-74	446	520
<b>Grain Inspection, Packers and Stockyards</b>								
<b>Administration (p. 72).....</b>	77	81	86	5	40	38	43	5
Total, Marketing and Regulatory Programs.....	1,770	1,836	1,932	96	1,476	1,405	1,888	483
<b>RESEARCH, EDUCATION, AND ECONOMICS</b>								
<b>Agricultural Research Service (p. 75).....</b>	1,158	1,185	1,067	-118	1,310	1,251	1,103	-148
<b>Cooperative State Research, Education, and</b>								
<b>Extension Service (p. 78).....</b>	1,206	1,202	1,010	-192	1,126	1,193	1,242	49
<b>Economic Research Service (p. 81).....</b>	75	77	82	5	73	77	81	4
<b>National Agricultural Statistics Service (p. 82).....</b>	147	162	153	-9	143	162	153	-9
Total, Research, Education, and Economics.....	2,586	2,626	2,312	-314	2,652	2,683	2,579	-104
<b>OTHER ACTIVITIES</b>								
Departmental Activities (p. 83).....	139	139	161	22	152	142	182	40
Centralized Activities.....	311	205	262	57	273	283	261	-22
Office of Civil Rights (p. 87).....	20	20	22	2	17	24	22	-2
Office of Inspector General (p. 88).....	80	79	86	7	77	79	85	6
Receipts and Loan Repayments and Other Adjustments.....	0	915	321	-594	-5,507	-4,734	-2,244	2,490
<b>USDA TOTAL.....</b>	<b>\$123,928</b>	<b>\$132,818</b>	<b>\$129,483</b>	<b>-\$3,335</b>	<b>\$84,435</b>	<b>\$94,760</b>	<b>\$94,748</b>	<b>-\$12</b>

a/ Outlays are reflected in the above Forest Service accounts after the repayments were made.

## HIGHLIGHTS BY GOAL

The Department’s 2009 budget supports achievement of the six USDA strategic goals. These goals contain 17 strategic objectives that account for all program mission areas within USDA’s responsibilities.

### STRATEGIC GOAL 1: ENHANCE INTERNATIONAL COMPETITIVENESS OF AMERICAN AGRICULTURE.

Expanding global markets for agricultural products is critical to the long-term economic health and prosperity of the food and agricultural sector. USDA has three key objectives which support the achievement of this strategic goal: (1) expand and maintain international export opportunities; (2) support international economic development and trade capacity building; and (3) improve the global sanitary and phytosanitary (SPS) system to facilitate agricultural trade. The following table displays funding within Strategic Goal 1:

**Enhance International Competitiveness of American Agriculture  
(Dollars in Millions)**

Program	2007 Actual	2008 Estimate	2009 Budget
Farm and Foreign Agricultural Services.....	\$3,987	\$4,484	\$4,965
Food Safety Programs.....	4	4	4
Marketing and Regulatory Programs.....	60	63	70
Research, Education and Economics.....	19	20	19
Total, Strategic Goal 1.....	\$4,070	\$4,571	\$5,058

#### Key Proposals for the 2009 Budget:

- Expand and maintain international export opportunities through negotiation, compliance monitoring, and enforcement of trade agreements.** In order to expand access to overseas markets, the Department works to lower tariffs, remove non-tariff barriers, and reduce trade-distorting subsidies. Compliance monitoring and enforcement of existing trade agreements are also important components of these efforts. Each year, Foreign Agricultural Service (FAS) personnel monitor compliance and, when necessary, intervene with foreign governments on behalf of U.S. exporters who face market access difficulties as a result of unfair and illegal trade barriers. Increasingly in recent years, these barriers have involved the improper application of SPS measures adopted by foreign governments designed to protect human, animal, and plant health that are not science-based and consistent with international standards. FAS works in collaboration with other USDA agencies, such as the Animal and Plant Health Inspection Service (APHIS), to address and resolve such SPS issues. The budget provides a \$10 million increase in funding for FAS to ensure the agency’s representation and advocacy activities on behalf of American agriculture can continue. Funding is also provided for APHIS for its work to resolve or avoid SPS related issues. The value of trade to be expanded or preserved in 2009 through trade negotiation, compliance monitoring, and enforcement activities for both SPS and non-SPS issues and SPS issue resolution is estimated to be \$3.1 billion. (See page 33.)

## HIGHLIGHTS BY GOAL

### STRATEGIC GOAL 2: ENHANCE THE COMPETITIVENESS AND SUSTAINABILITY OF RURAL AND FARM ECONOMIES.

An economically prosperous agricultural production sector contributes to the Nation’s economic vitality and standard of living. The sector’s success depends on the ability to expand into new markets, gain adequate capital, protect itself against financial risk and adjust to changing market conditions. Success also depends on the economic well being of producers and their ability to increase production potential through increased farm acreage and/or other methods, maintain their farms and equipment, and utilize tools to mitigate risks associated with various aspects of production. USDA provides income stability to keep producers economically viable through economic safety net programs in the form of crop insurance, direct and guaranteed farm ownership and farm operating loans, direct payments, marketing assistance loans and commodity support programs. USDA also facilitates the efficient marketing of agricultural commodities while ensuring fair trading practices. When natural disasters strike, USDA reacts quickly to help affected producers recover from their losses and restore their lands to prior productivity levels. USDA supports research, economic analysis, and baseline information to identify new uses and more efficient technology for producing and marketing agricultural products. USDA has three key objectives which support the achievement of this strategic goal. The three key objectives are: (1) expand domestic market opportunities; (2) increase the efficiency of domestic agricultural production and marketing systems; and (3) provide risk management and financial tools to farmers and ranchers. The following table displays funding within Strategic Goal 2:

**Enhance the Competitiveness and Sustainability of Rural and Farm Economies**  
(Dollars in Millions)

Program	2007 Actual	2008 Estimate	2009 Budget
Farm and Foreign Agricultural Services.....	\$34,310	\$31,459	\$30,881
Marketing and Regulatory Programs.....	475	687	714
Research, Education and Economics.....	985	989	877
Total, Strategic Goal 2.....	\$35,770	\$33,135	\$32,472

#### Key Proposals for the 2009 Budget:

- **Support on-going operational needs for the current delivery system which will enable the delivery of an estimated \$17 billion in commodity program benefits.** The 2009 budget proposes a level of \$1.5 billion for Farm Service Agency (FSA) salaries and expenses, a \$92 million increase above the 2008 level. The budget provides for the delivery of ongoing farm commodity program benefits under the provisions of the 2002 Farm Bill which were extended through March 15, 2008. Commodity program benefits available in 2009 will depend upon terms of new Farm Bill provisions. (See page 15.)
- **Advance research on renewable energy resources.** Through their vast research, education, and extension network, ARS and the Cooperative State Research, Education, and Extension Service will expand their ongoing research on renewable energy resources to enable the production of new, large volume energy commodities from agricultural materials. A

## HIGHLIGHTS BY GOAL

\$25 million increase through the National Research Initiative and ARS intramural research will focus on modification of the plant cell wall of energy crops and crop residues to increase the efficiency of conversion to biofuels. This work will correspondingly serve to increase farm income and create significant opportunities for employment growth in rural America. (See pages 75 and 80.)

### STRATEGIC GOAL 3: SUPPORT INCREASED ECONOMIC OPPORTUNITIES AND IMPROVED QUALITY OF LIFE IN RURAL AMERICA.

Rural America encompasses a diversity of economic and quality of life conditions, including many areas with high levels of poverty, limited employment and business opportunities, and a lack of basic amenities and services. USDA’s rural development programs have been instrumental in improving conditions in rural America by providing technical and financial support for electric, telecommunication, water and waste disposal services, community facilities, homeownership, rental housing, and business ventures. These programs fill gaps that are not adequately served by private lenders and make the cost of financing more affordable for program participants. USDA has two key objectives which support the achievement of this strategic goal. The two key objectives are: (1) expand economic opportunities by using USDA financial resources to leverage private sector resources and create opportunities for growth; and (2) improve the quality of life through USDA financing of quality housing, modern utilities, and needed community facilities. The following table displays funding within Strategic Goal 3.

**Support Increased Economic Opportunities and Improved  
Quality of Life in Rural America  
(Dollars in Millions)**

Program	2007 Actual	2008 Estimate	2009 Budget
Rural Development.....	\$14,472	\$18,458	\$14,885
Research, Education and Economics.....	227	255	212
Total, Strategic Goal 3.....	\$14,699	\$18,713	\$15,097

#### Key Proposals for the 2009 Budget:

- **Support home ownership in rural America.** The budget request includes \$4.8 billion in unsubsidized guaranteed single family loans, an increase of over \$600 million above the 2008 level to support approximately 43,000 home ownership opportunities. (See page 40.)
- **Reflect the Administration’s commitment to protect rural renters.** The 2009 budget includes \$997 million, an increase of \$518 million, for rental assistance and voucher assistance for residents of USDA’s rural rental housing projects. Within the last few years, the period to renew expiring rental assistance contracts has been reduced from five years to one year. This change provided initial budget savings, but increased the number of expiring contracts in 2009 and beyond. Hence, additional funding is needed in 2009 to ensure the renewal of 230,000 expiring contracts. Of the \$997 million, \$100 million is for a pilot program to provide for a transition of rental assistance payment recipients to vouchers that

## HIGHLIGHTS BY GOAL

---

would allow recipients the opportunity to find other housing if they choose to leave their existing unit in a USDA financed project. (See page 41.)

- **Provide over 1.4 million rural households with new or improved water and waste disposal facilities.** The proposed \$1.6 billion funding level includes almost \$1.4 billion in loans and loan guarantees and \$220 million in grants. The proposal maintains the current interest rate structure, but reflects a substantial reduction in costs to the Government because of current economic assumptions. Further, loans are expected to be within the repayment ability of more rural communities because interest rates are expected to remain low. (See page 39.)
- **Save or create in excess of 34,715 jobs in Rural America.** This will be achieved by providing \$738 million in financial and technical assistance through Rural Development’s business programs, primarily the business and industry guaranteed loan program and the intermediary relending loan program. (See page 43.)

### STRATEGIC GOAL 4: ENHANCE PROTECTION AND SAFETY OF THE NATION’S AGRICULTURE AND FOOD SUPPLY.

USDA has unique and critical responsibilities to help ensure the safety of the U.S. food and fiber supply chain and the security of the U.S. agricultural production system. USDA has two key objectives which support the achievement of this strategic goal. The two key objectives are: (1) reduce the incidence of foodborne illnesses related to meat, poultry, and egg products in the United States; and (2) reduce the number and severity of agricultural pest and disease outbreaks. The following table displays funding within Strategic Goal 4:

**Enhance Protection and Safety of the Nation's Agriculture and Food Supply  
(Dollars in Millions)**

Program	2007 Actual	2008 Estimate	2009 Budget
Food Safety Programs.....	\$1,013	\$1,067	\$1,088
Marketing and Regulatory Programs.....	1,235	1,086	1,148
Research, Education and Economics.....	639	648	577
Total, Strategic Goal 4.....	\$2,887	\$2,801	\$2,813

#### Key Proposals for the 2009 Budget:

- **Continue protection of the Nation’s supply of meat, poultry and egg products while investing in staff and inspection systems modernization.** The 2009 budget includes a program level of \$1.1 billion for the Food Safety and Inspection Service (FSIS), composed of \$952 million in appropriations and \$140 million in existing user fees. This is an increase of \$22 million over the 2008 level. This program level will cover the costs of Federal inspection and Federal support for State inspection programs, meet FSIS responsibilities under the Food and Agriculture Defense Initiative and support continued development of a

## HIGHLIGHTS BY GOAL

---

stronger, science-based inspection system. Legislation to expand user fees in 2009 will also be sought, with the proceeds to be used to offset program costs in 2010. (See page 52.)

- **Prevent the introduction or spread of foreign agricultural diseases or pests that cause severe economic or environmental damage.** USDA plays a critical role in protecting the Nation from the deliberate or unintentional introduction of an agricultural health threat. The budget request includes a \$47 million increase for efforts to rapidly detect and respond to such threats. Increased funding would improve plant pest and wildlife disease surveillance, continue National Animal Identification System efforts, and enhance the National Veterinary Stockpile (See page 13 and 66.)
- **Protect agriculture from emerging diseases of livestock and crops.** Because of its size, complexity, and integration, U.S. agriculture must aggressively guard against highly infectious diseases and pests, particularly foreign diseases. An increase of \$9 million is sought for ARS research on controlling exotic and emerging diseases of livestock and crops. Additionally, \$13.2 million is requested to complete the planning and design of the Biocontainment Laboratory and Consolidated Poultry Health Research Facility, in Athens, Georgia. (See page 77).
- **Ensure the safety of the Nation's food supply and agriculture as part of the President's Food and Agriculture Defense Initiative.** The request for FSIS includes funds to maintain laboratory capacity needed to support the Food Emergency Response Network and implement the Electronic Laboratory Exchange Network. In addition, ARS is requesting an increase of \$14 million to enhance research to safeguard the Nation's food supply from foodborne pathogens, and pathogens of biosecurity concerns. CSREES seeks \$2.3 million for the Asian Soybean Rust (ASBR) Information Platform for Education and Extension which will be used to maintain and enhance the pest risk management tools for ASBR and other legume pathogens. An additional \$2.2 million will be utilized by the National Animal and Plant Diagnostic Laboratory Networks to assist in the effective diagnosis and response to pest and pathogen threats. (See pages 52, 75, and 80.)

### STRATEGIC GOAL 5: IMPROVE THE NATION'S NUTRITION AND HEALTH.

USDA promotes America's health through nutrition assistance for low-income people and nutrition education to the general public and to target groups, as well as through research on human nutrition and healthy diets. USDA programs teach and motivate Americans to use the *Dietary Guidelines for Americans*, MyPyramid and other evidence-based information to improve their diets and physical activity patterns. USDA has three key objectives which support the achievement of this strategic goal. The three key objectives are: (1) ensure access to nutritious food; (2) promote healthier eating habits and lifestyles; and (3) improve nutrition assistance program management and customer service. The following table displays funding within Strategic Goal 5:

## HIGHLIGHTS BY GOAL

### Improve the Nation's Nutrition and Health (Dollars in Millions)

Program	2007 Actual	2008 Estimate	2009 Budget
Food, Nutrition and Consumer Services.....	\$54,944	\$59,847	\$62,291
Research, Education and Economics.....	259	258	241
Total, Strategic Goal 5.....	\$55,203	\$60,105	\$62,532

#### Key Proposals for the 2009 Budget:

- **Support an estimated monthly average of 28 million food stamp participants.** The 2009 budget for the Food Stamp Program is \$40.3 billion, an increase of \$1.9 billion over 2008. The budget projects a modest increase for food price inflation and anticipates a 0.2 million increase in average monthly participation. In addition, the budget includes a \$3 billion contingency fund to cover unanticipated increases in participation. Food Stamp Program funding provides for nutrition education which is critical for achieving the key performance measures of improving dietary quality, which is measured through the Department's Healthy Eating Index (HEI), and reducing and preventing hunger. Funding is provided for efforts to improve participation rates among eligible applicants and to improve program accuracy rates. (See page 47.)
- **Support balanced meals for school children via the School Lunch Program serving an average of 32.1 million children each day, and the School Breakfast Program serving 11.2 million children each day.** The 2009 budget funds the Child Nutrition Programs at a program level of \$15.4 billion, an increase of approximately \$670 million above 2008. This level provides an increase to meet projected participation growth and food cost inflation. The School Lunch Program projects about 5.3 billion reimbursable lunches in 2009, an increase of 1.6 percent over the 2008 level. The proposed funding will help achieve the key performance measures of improving dietary quality as measured by HEI scores, reducing obesity and hunger, improving participation rates, ensuring that all free and reduced price meal recipients are correctly certified, and improving the appeal and nutritional quality of meals. (See page 48.)
- **Support a monthly average of 8.6 million low-income, nutritionally at-risk WIC participants.** The President's budget provides a total WIC program level of \$6.3 billion, an increase from the 2008 program level. Language is proposed that would cap the national average grant per participant (AGP) for State administrative expenses at \$14.97, the 2007 AGP level, which will reduce overall financial requirements by about \$145 million in 2009. (See page 49.)
- **Produce new scientific information which will assist in promoting health and preventing obesity.** The ARS budget proposes an additional \$12.2 million for nutrition survey research. ARS will assess the efficacy of the healthful eating and physical activity patterns set forth in the *Dietary Guidelines* in preventing obesity in the U.S. population. (See page 77.)



## HIGHLIGHTS BY GOAL

### STRATEGIC GOAL 6: PROTECT AND ENHANCE THE NATION'S NATURAL RESOURCE BASE AND ENVIRONMENT.

In addressing this goal, the Department employs a portfolio approach that incorporates various conservation management tools including technical assistance, cost-share, incentive, land retirement and easement programs. USDA has four key objectives which support the achievement of strategic goal 6: (1) protect watershed health to ensure clean and abundant water; (2) enhance soil quality to maintain productive working cropland; (3) protect forests and grazing lands; and (4) protect and enhance wildlife habitat to benefit desired, at-risk and declining species. The following table displays funding within Strategic Goal 6:

**Protect and Enhance the Nation's Natural Resource Base and Environment**  
(Dollars in Millions)

Program	2007 Actual	2008 Estimate	2009 Budget
Farm and Foreign Agricultural Services.....	\$2,176	\$2,257	\$2,224
Natural Resources and Environment.....	8,115	9,423	8,048
Research, Education and Economics.....	445	444	374
Total, Strategic Goal 6.....	\$10,736	\$12,124	\$10,646

#### Key Proposals for the 2009 Budget:

- **Maintain and expand funding for financial and technical assistance to support the farm bill conservation programs.** The 2009 budget includes about \$4.6 billion for mandatory conservation programs. This includes funding for the Conservation Security Program at a level of \$360 million. The budget also includes \$181 million to enroll approximately 100,000 acres in the Wetlands Reserve Program (WRP) in 2009 to reach the program cap of 2,275,000 acres (further WRP funding is proposed in the Administration's Farm Bill). WRP is one of the principal programs supporting the President's Wetlands initiative. Finally, the budget continues the President's commitments to preserve environmental benefits through the Conservation Reserve Program. (See pages 21 and 58.)
- **Reduce the risk from catastrophic fire.** The 2009 budget provides nearly \$2 billion to adequately fund fighting wildfires and reducing the risk of fire, by treating approximately 2.5 million acres of land. This includes \$148 million above the 2008 level for the Fire Suppression program, to fund suppression at the ten-year average cost. It also includes preparedness funding at a level of readiness needed to maintain firefighter and public safety. (See page 62.)
- **Provide for the National Forest System (NFS) to meet multiple demands.** Approximately \$1.4 billion is provided for management of the NFS. The 2009 budget reflects full funding of the Northwest Forest Plan and allows for the offer of 800 million board feet of timber volume under the Plan. (See page 62.)

# FOOD AND AGRICULTURE DEFENSE INITIATIVE

## UNITED STATES DEPARTMENT OF AGRICULTURE Food and Agriculture Defense Initiative (Dollars in Millions)

		2007	2008	2009
	Agency	Actual	Estimate	Budget
<b>Food Defense:</b>				
Surveillance and Monitoring.....	FSIS	\$3	\$3	\$3
Food Emergency Response Network (FERN).....	FSIS	4	14	14
FSIS Enhanced Inspections.....	FSIS	2	2	2
Laboratory Upgrades and Physical Security.....	FSIS	3	6	6
Education/Training.....	FSIS	3	2	2
Other FSIS Activities.....	FSIS	5	5	5
Research.....	ARS	9	9	23
<b>Total, Food Defense.....</b>		<b>29</b>	<b>41</b>	<b>55</b>
<b>Agriculture Defense:</b>				
Research.....	ARS	25	25	39
National Plant Disease Recovery System.....	ARS	2	2	2
Regional Diagnostic Network.....	CSREES	10	10	14
Higher Education Agrosecurity Program.....	CSREES	0	0	2
Pest Detection/Animal Health Monitoring:				
Enhanced Surveillance.....	APHIS	82	63	98
Biosurveillance.....	APHIS	2	2	3
Plant Safeguarding Activities.....	APHIS	16	18	19
Select Agents - Plants and Animals.....	APHIS	3	4	6
National Veterinary Stockpile .....	APHIS	3	4	8
Other APHIS Activities.....	APHIS	14	14	18
<b>Total, Agriculture Defense (Excluding Athens).....</b>		<b>157</b>	<b>142</b>	<b>209</b>
<b>Subtotal, Food and Agriculture Defense Initiative (Ongoing Activities).....</b>		<b>186</b>	<b>183</b>	<b>264</b>
Athens, GA, Biocontainment Laboratory and Consolidated Poultry				
Research Facility.....	ARS	0	3	13
<b>Total, Food and Agriculture Defense Initiative.....</b>		<b>\$186</b>	<b>\$186</b>	<b>\$277</b>

The Food and Agriculture Defense Initiative budget request for 2009 continues efforts to safeguard America's food supply and agriculture under Homeland Security Presidential Directive (HSPD) 9, Defense of U.S. Agriculture and Food. HSPD-9 established a national policy to defend the agriculture and food system against terrorist attacks, major disasters, and other emergencies. Building upon existing expertise and infrastructure, under the Initiative USDA, along with the Department of Health and Human Services, continues preparedness efforts to increase the government's ability to detect, respond to, and recover from incidents of

## **FOOD AND AGRICULTURE DEFENSE INITIATIVE**

---

disease, pests, or other harmful agents either naturally occurring in, or intentionally or unintentionally introduced into the United States.

Food and Agriculture Defense activities are supported by research and other activities conducted by the Agricultural Research Service and the Cooperative State Research, Education and Extension Service. The Food Safety and Inspection Service leads the Department's efforts to ensure that the Nation's commercial supply of meat, poultry, and egg products is safe. The Animal and Plant Health Inspection Service helps protect and promote U.S. agricultural health. Overall, the budget requests \$277 million to protect America's food supply and agriculture, an increase of \$91 million over the 2008 level.

Specific highlights of the 2009 request for Food and Agriculture Defense activities include:

**Enhancing food defense by:**

- researching the epidemiology, genomic characteristics, and transfer of multi-drug resistance among both foodborne pathogens and pathogens of biosecurity concern.

**Enhancing agriculture defense by:**

- strengthening and developing delivery systems to advance the discovery of diagnostics and vaccines of emerging diseases;
- developing and validating new diagnostic tests for the Regional Diagnostic Networks;
- establishing a Higher Education Agrosecurity Program for capacity building grants to universities that provide interdisciplinary degree programs to train food defense professionals;
- augmenting international information gathering about potential threats abroad;
- enhancing the monitoring and surveillance of pests and diseases in plants and animals, including national wildlife monitoring and surveillance;
- strengthening the National Animal Identification System;
- improving laboratory capabilities;
- increasing activities to safeguard plants from intentional threats to spread pests and diseases;
- strengthening the ability to safeguard and track biological disease agents;
- improving USDA's ability to respond to a disease outbreak, including provision of needed supplies in the National Veterinary Stockpile; and
- proceeding with plans for the Biocontainment Laboratory and Consolidated Poultry Research Facility in Athens, Georgia to improve research on poultry health threats.

# FARM AND FOREIGN AGRICULTURAL SERVICES

## MISSION AND RELATIONSHIP TO STRATEGIC GOALS

The Farm and Foreign Agricultural Services (FFAS) mission area has responsibility for the delivery of most programs and services that support USDA Strategic Goals 1 and 2, which focus on enhancing the international competitiveness of American agriculture and enhancing the competitiveness and sustainability of rural and farm economies. Under USDA Strategic Goal 1, the mission area supports three key USDA objectives, including: (1) expand and maintain international export opportunities; (2) support international economic development and trade capacity building; and (3) improve the global sanitary and phytosanitary (SPS) system to facilitate agricultural trade. Under USDA Strategic Goal 2, the mission area supports two key USDA objectives, including: (1) expand domestic market opportunities; and (2) provide risk management and financial tools to farmers and ranchers.

FFAS also plays an important role in support of USDA Strategic Goal 6, which is to protect and enhance the Nation’s natural resource base and environment. FFAS administers and provides support for programs that contribute to Strategic Objective 6.1, protect watershed health to ensure clean and abundant water and Strategic Objective 6.2, enhance soil quality to maintain productive working cropland.

The work of the FFAS mission area is carried out by its three agencies, the Farm Service Agency (FSA), Risk Management Agency (RMA), and Foreign Agricultural Service (FAS).

## FARM SERVICE AGENCY (FSA)

FSA supports USDA Strategic Goal 2 through the delivery of farm credit, disaster assistance, and commodity and related programs. FSA also administers some of the USDA conservation programs that support Strategic Goal 6. FSA provides administrative support for the Commodity Credit Corporation (CCC) which funds most of the commodity, export, and some of the conservation programs of USDA. To deliver its programs, FSA operates an extensive network of local Service Center-based offices.

**Program Level  
(Dollars in Millions)**

<b>Program</b>	<b>2007 Actual</b>	<b>2008 Estimate</b>	<b>2009 Budget</b>
Farm Loan and Grant Programs.....	\$3,143	\$3,477	\$3,445
Commodity Programs.....	21,576	17,546	16,832
Conservation and Other Programs.....	1,976	2,024	1,975
USDA Disaster Assistance.....	2,800	602	0
Salaries and Expenses.....	1,337	1,430	1,522
Total, FSA.....	\$30,832	\$25,079	\$23,774

## FARM AND FOREIGN AGRICULTURAL SERVICES

### Farm Loan and Grant Programs Program Level (P.L.) and Budget Authority (B.A.) (Dollars in Millions)

Program	2007		2008		2009	
	<u>Actual</u>		<u>Estimate</u>		<u>Budget</u>	
	P.L.	B.A.	P.L.	B.A.	P.L.	B.A.
Farm Operating Loans:						
Guaranteed Unsubsidized.....	\$918	\$23	\$1,017	\$25	\$1,012	\$25
Guaranteed Subsidized.....	272	27	270	36	261	36
Direct.....	600	70	575	73	628	74
Total, Operating Loans.....	1,790	120	1,862	134	1,901	135
Farm Ownership Loans:						
Guaranteed Unsubsidized.....	965	6	1,239	5	1,224	4
Direct.....	303	13	222	10	253	14
Total, Ownership Loans.....	1,268	19	1,461	15	1,477	18
Indian Land Acquisition Loans.....	0	0	4	<u>a/</u>	4	<u>a/</u>
Boll Weevil Eradication.....	6	<u>a/</u>	100	0	59	0
Subtotal, Farm Loan Programs.....	3,064	139	3,427	149	3,441	153
State Mediation Grants.....	4	4	4	4	4	4
Emergency Loans <u>b/</u> .....	75	9	46	5	0	0
Total, Farm Loan and Grant Programs...	<u>\$3,143</u>	<u>\$152</u>	<u>\$3,477</u>	<u>\$158</u>	<u>\$3,445</u>	<u>\$157</u>

a/ Less than \$0.5 million.

b/ From funds carried over from prior years.

**Farm Loan and Grant Programs.** The farm credit programs provide an important safety net for America's farmers by providing a source of credit when they are temporarily unable to obtain credit from commercial sources. The 2009 budget supports about \$3.4 billion in direct and guaranteed farm loans, about the same level as estimated for 2008. These programs support USDA Strategic Objective 2.3: provide risk management and financial tools to farmers and ranchers.

A portion of both direct and guaranteed farm operating and ownership loan funds is targeted to socially disadvantaged borrowers based on county level demographic data. Although targets vary by loan program and county, on average about 14 percent of loan funds are targeted to socially disadvantaged borrowers. The 2009 budget proposes loan levels that generally reflect actual usage in recent years. For farm operating loans, the 2009 budget provides \$628 million for direct loans and about \$1.3 billion for guaranteed loans. These loan levels will serve an estimated 21,800 farmers, about 15,000 of whom will receive direct loans and 6,800 will receive guarantees. The availability of farm operating loans provides farmers with short term credit to finance the costs of continuing or improving their farming operations, such as purchasing seed, fertilizer, livestock, feed, equipment, and other supplies. For farm ownership loans, the 2009 budget provides \$253 million in direct loans and \$1.2 billion for guaranteed loans. The 2009

## FARM AND FOREIGN AGRICULTURAL SERVICES

---

levels will provide almost 5,700 people with the opportunity to either acquire their own farm or keep an existing one. About 1,900 borrowers will receive direct loans and 3,800 will receive guaranteed loans.

The 2009 budget requests no funding for emergency loans, the need for which is difficult to predict in advance. The 2009 budget maintains program level funding for Indian land acquisition loans at \$4 million. Program level funding for the boll weevil eradication loan program would be reduced to \$59 million, compared to \$100 million in 2008. Demand for boll weevil eradication loans has declined in recent years due to the successful completion of eradication efforts in several areas. In 2007, only \$6 million was obligated under this program.

Funding for State mediation grants would be maintained at \$4 million. These grants are made to States to help support certified programs that provide alternative dispute resolution on a wide variety of agricultural issues. Mediation benefits family farmers, including many low-income and socially disadvantaged farmers, who, because of mediation, are often able to resolve credit and other issues and remain on the farm.

**Commodity Programs.** The Commodity Credit Corporation (CCC) provides funding for commodity programs administered by FSA, selected conservation programs administered by FSA and the Natural Resources Conservation Service (NRCS), and export programs administered by FAS. CCC borrows funds needed to finance these programs from the U.S. Treasury and repays the borrowings, with interest, from receipts and from appropriations provided by Congress. The commodity programs provide a critical means of support for USDA Strategic Objective 2.1: expand domestic market opportunities; and USDA Strategic Objective 2.3: provide risk management and financial tools to farmers and ranchers.

Changes over the last decade in commodity, disaster, and conservation programs due to policy, weather, and market conditions have dramatically changed the level, mix, and variability of CCC outlays. CCC net outlays have declined from a record high of \$32.3 billion in 2000 to \$11.0 billion in 2007, reflecting higher prices for most commodities resulting from increased demand for bioenergy production and strong export demand. Outlays in 2008 will reflect the provisions of the 2002 Farm Bill with some adjustments due to a new Farm Bill. If the 2002 Farm Bill is extended without change, projected outlays in 2008 would total \$10.2 billion. Direct payments of \$4.1 billion and other payments for the 2007 crop under the 2002 Farm Bill will be made in 2008. Outlays in FY 2009 would be about \$10.5 billion under provisions of the 2002 Farm Bill. A new Farm Bill to be enacted in 2008 will determine the actual outlays in 2008 and beyond. The Administration's proposals for the new Farm Bill would reduce commodity program outlays in 2008 by \$102 million and in 2009 by \$612 million.

## FARM AND FOREIGN AGRICULTURAL SERVICES

**Farm Service Agency  
Commodity Credit Corporation  
(Dollars in Millions)**

Program	<u>Program Levels</u>			<u>Net Outlays</u>		
	2007	2008	2009	2007	2008	2009
<b>Commodity Programs:</b>						
Price Support and Marketing						
Assistance Loans.....	\$11,286	\$9,339	\$8,786	\$4,129	\$2,755	\$1,861
Direct Payments.....	3,957	5,233	5,182	3,957	5,233	5,182
Countercyclical Payments.....	3,159	659	834	3,159	653	834
Loan Deficiency Payments.....	174	9	20	174	9	20
Milk Income Loss Contract Payments.....	157	0	0	157	0	0
Noninsured Assistance Payments.....	127	325	325	127	325	325
Farm Storage Facility Loans.....	174	153	153	1	63	14
Tobacco Payments.....	955	960	960	955	960	960
Other Direct Payments.....	26	43	0	26	44	0
Purchases and Sales.....	652	492	644	-3,750	-2,536	-1,807
Processing, Storage and Transportation...	85	19	13	85	19	13
Disaster Assistance.....	61	4	0	61	4	0
Interest Expenditures.....	721	172	227	513	48	88
Other.....	42	240	300	-816	410	516
Total, Commodity Programs Baseline..	21,576	17,648	17,444	8,778	7,987	8,006
<b>Conservation Programs:</b>						
Conservation Reserve Program.....	1,948	1,995	1,950	1,963	2,009	1,950
Other Conservation Programs.....	6	24	25	16	30	25
Total, Conservation Programs.....	1,954	2,019	1,975	1,979	2,039	1,975
<b>Export Programs:</b>						
Export Credit.....	1,445	2,274	2,675	126	92	39
Market Access Program (MAP).....	200	200	200	184	191	199
Foreign Market Development						
(Cooperator) Program.....	34	34	a/	36	14	a/
Emerging Markets Program.....	4	10	a/	9	5	2 a/
Technical Assistance for Specialty						
Crops Program.....	1	2	a/	1	0	a/
Quality Samples Program.....	1	2	2	1	2	2

## FARM AND FOREIGN AGRICULTURAL SERVICES

**Farm Service Agency  
Commodity Credit Corporation  
(Dollars in Millions)**

Program	<u>Program Levels</u>			<u>Net Outlays</u>		
	2007	2008	2009	2007	2008	2009
Dairy Export Incentive Program.....	0	0	3	0	0	0
Food for Progress Program.....	147	277	340	120	198	213
Other.....	0	24	24	4	23	26
Total, Export Programs.....	1,832	2,823	3,244	481	525	481
Subtotal, CCC.....	25,362	22,490	22,663	11,238	10,551	10,462
Pre-credit Reform Loan Repayments.....	0	0	0	-197	-311	1
CCC Baseline.....	25,362	22,490	22,663	11,041	10,240	10,463
Farm Bill Proposals.....	0	-102	-612	0	-102	-612
Total, CCC.....	<u>\$25,362</u>	<u>\$22,388</u>	<u>\$22,051</u>	<u>\$11,041</u>	<u>\$10,138</u>	<u>\$9,851</u>

a/ 2009 level expected to be established in the new Farm Bill.

### Objective 2.3: Provide Risk Management and Financial Tools to Farmers and Ranchers.

Key Performance Measure	2004	2005	2006	2007	2008	2009
Percentage of eligible crops with NAP coverage.	11.1	12.8	12.7	11.8	11.8	12.0

Commodity loan and income support programs constitute the majority of CCC outlays. The commodity programs are mandated by provisions of the Farm Bill. The programs include direct payments to producers of feed grains, wheat, upland cotton, rice, soybeans, other oilseeds, and peanuts. The direct payments, based on historical program acreage and yields, are set by law and do not vary with market prices or current plantings. The 2002 Farm Bill also provided counter-cyclical payments for producers of the above crops when market prices decline below specified target prices. Nearly 1.9 million farms were enrolled in the direct and counter-cyclical payment programs.

The CCC marketing assistance loan program is available to producers of commodities eligible for direct and counter-cyclical payments as well as for wool, mohair, honey, and pulses. CCC marketing assistance loans provide interim financing to eligible producers allowing them to delay selling their crop at harvest when prices are typically at their lowest. The CCC marketing assistance loan program was reassessed with a PART review in 2007. The program received a score of “adequate.” Recommendations for program improvements include standardizing the delivery of services to producers; making more frequent external audits of program effectiveness and accounting; taking steps to address payment limit loopholes with regulations; and permitting Congress to examine the issue of payment limits for marketing loans and loan deficiency payment (LDP) gains.



## FARM AND FOREIGN AGRICULTURAL SERVICES

### Farm Service Agency Commodity Program Outlays (Dollars in Millions)

Program	2007 Actual	2008 Estimate	2009 Budget
Commodity:			
Feed Grains.....	\$3,404	\$2,461	\$2,389
Wheat.....	729	1,296	1,193
Rice.....	337	460	443
Upland and ELS Cotton.....	2,601	1,540	1,370
Tobacco.....	30	7	5
Dairy.....	159	4	245
Soybeans and Products.....	345	538	604
Minor Oilseeds.....	6	24	22
Peanuts.....	336	121	84
Sugar.....	25	-28	96
Honey.....	-3	a/	a/
Wool and Mohair.....	7	8	8
Vegetable Oil Products.....	21	34	54
Other Commodities.....	29	4	9
Subtotal.....	8,026	6,469	6,522
Disaster Assistance.....	61	4	0
Subtotal, Assistance To Farmers.....	8,087	6,473	6,522
Other b/.....	691	1,514	1,484
Commodity Programs Baseline.....	8,778	7,987	8,006
Farm Bill Proposals.....	0	-102	-612
Total, Commodity Programs.....	\$8,778	\$7,885	\$7,394

a/ Less than \$0.5 million.

b/ Includes working capital, interest, operating expenses, reimbursable agreements, and an adjustment for Food for Progress commodity purchases.

**Disaster Assistance.** While ad hoc emergency crop and livestock disaster assistance has been frequently provided through the CCC, including some expenditures made in 2007, emergency assistance of \$2.8 billion was authorized in 2007 using non-CCC funds for losses incurred from 2005 through February 2007. An additional \$602 million was provided in 2008 to cover losses through December 2007. The estimated total of \$3.4 billion in appropriated assistance will be outlayed in 2008. This will supplement CCC-funded assistance and is not included in the CCC estimates.

## FARM AND FOREIGN AGRICULTURAL SERVICES

**Farm Service Agency  
Conservation and Other Programs  
Program Level  
(Dollars in Millions)**

Program	2007 Actual	2008 Estimate	2009 Budget
Conservation Reserve Program.....	\$1,948	\$1,995	\$1,950
Emergency Forestry Conservation Reserve Program.....	6	24	25
Emergency Conservation Program.....	18	0	0
Grassroots Source Water Protection Program.....	4	4	0
Reforestation Pilot Program.....	0	1	0
Total, Conservation and Other Programs.....	\$1,976	\$2,024	\$1,975

**Conservation Programs.** The Farm Bill also provides authority for conservation programs. The focus of USDA conservation programs administered by NRCS and FSA is to use environmentally sound management systems for agricultural production to meet food and fiber needs of the Nation. FSA administers the Conservation Reserve Program (CRP) and the Emergency Forestry Conservation Reserve Program (EFCRP), which are CCC programs, in addition to the Emergency Conservation Program (ECP). All other USDA cost-share and easement conservation programs such as the Environmental Quality Incentives Program, Wetlands Reserve Program, and the Conservation Security Program are administered by NRCS. These programs are described on page 58.

The purpose of CRP is to assist farm owners and operators in conserving and improving soil, water, air, and wildlife resources by retiring environmentally sensitive land from agricultural production and keeping it under long-term, resource-conserving cover. CRP participants enroll acreage for periods of 10 to 15 years in return for annual rental payments along with cost-share and technical assistance for installing approved conservation practices.

Acreage that counts toward CRP's total enrollment cap includes acres enrolled through scheduled general signups and those enrolled through a continuous, non-competitive signup that has been under way since September 1996 with the purpose of enrolling land in filter strips, riparian buffers, and other high priority conservation and environmental enhancement practices. Continuous signup acreage also includes enrollment under the Conservation Reserve Enhancement Program (CREP) that is designed to target program benefits to address specific local and regional conservation problems. At this time, 31 States have approved CREP agreements.

CRP enrollment totaled 36.8 million acres at the end of 2007 with over 90 percent of the acreage having been enrolled under scheduled general signups. A general signup of 1.0 million acres was held in 2006; however, no general signup was held in 2007 and the budget assumes up to 250,000 acres would be enrolled via general signup in 2008 and 2.4 million acres in 2009. However, due to expiring contracts and high returns expected from returning land to crop production, the budget projects that CRP acreage will drop from 36.8 million acres in 2007 to a

## FARM AND FOREIGN AGRICULTURAL SERVICES

total of 34.8 million acres in 2008. The budget projects a further decline to about 34.2 million acres in 2009, with further modest declines for at least two years before rising again. As a result, CRP is not projected to reach the maximum of 39.2 million acres until 2017 if the current program is extended.

The Emergency Supplemental Appropriations to Address Hurricanes in the Gulf of Mexico and Pandemic Influenza Act, 2006, provided for the EFCRP. This new program permitted certain hurricane damaged timberland to be placed in environmentally beneficial long-term contracts to restore timber stands. Trees planted through EFCRP will help reduce flood effects, protect water sources, decrease soil erosion, and improve wildlife habitat. A signup for the EFCRP was conducted in 2006 resulting in the enrollment of over 180,000 acres into the program. The majority, over 143,000 acres, was enrolled in the State of Mississippi.

Under ECP, the Department shares the cost of carrying out practices to assist and encourage farmers to rehabilitate farmland damaged by natural disasters. In particular, it addresses those problems which if left untreated would: (1) impair or endanger the land; (2) materially affect the productive capacity of the land; (3) be so costly to rehabilitate that Federal assistance would be required to return the land to productive agricultural use; and (4) represent damage that is unusual and would not recur frequently in the same area. For the past several years, this program has been funded through emergency supplemental appropriations. The budget is proposing no new funding for the ECP in 2009 since funding needs are difficult to predict in advance.

### Farm Service Agency Staff Years

Program	2007 Actual	2008 Estimate	2009 Budget
Federal.....	5,142	5,253	5,253
Non-Federal:			
Permanent Full-Time.....	8,663	8,775	8,775
Temporary.....	824	650	650
Total, Non-Federal.....	9,487	9,425	9,425
Total, FSA Staff Years.....	14,629	14,678	14,678

**Salaries and Expenses.** The 2009 budget proposes a level of \$1.5 billion to support 5,253 Federal staff years and 9,425 non-Federal staff years. Total estimated staff years will be maintained at the 2008 level. Staff levels have been reallocated among FSA's key goals to reflect the decreased workload associated with farm income program support and other areas while accommodating rising workload needs for conservation and other programs. The budget includes funding to support ongoing operational needs based on current programs and the current delivery system. The 2009 request for funding staff and other administrative expenses is based on current workload projections which could be altered depending on the provisions of a new Farm Bill.

## **FARM AND FOREIGN AGRICULTURAL SERVICES**

---

In order to improve program delivery efficiency, FSA has reviewed its county office structure consistent with Congressional guidance to obtain local input and perform a thorough analysis to determine appropriate restructuring of its county offices. While FSA identified 230 offices for closure through this process, 75 offices were actually consolidated as of early 2008. Further restructuring of the additional county offices has been postponed in compliance with Congressional direction in the 2008 Agriculture Appropriations Act. National and other headquarters operations of FSA are being reviewed in order to seek additional improvements in operational efficiency and effectiveness.

## FARM AND FOREIGN AGRICULTURAL SERVICES

### RISK MANAGEMENT AGENCY (RMA)

#### Crop Insurance Program Program Level (Dollars in Millions)

Program	2007 Actual	2008 Estimate	2009 Budget
<b>SUMMARY OF GOVERNMENT COSTS:</b>			
Delivery and Other Administrative Expenses <u>a/</u> .....	\$1,376	\$1,549	\$1,542
Gross Indemnities.....	3,369	5,530	7,280
Underwriting Gains <u>b/</u> .....	834	1,482	709
Subtotal, Crop Insurance Program Level.....	5,579	8,561	9,531
Administrative and Operating Expenses.....	75	76	77
Farm Bill Proposals.....	0	0	-277 <u>c/</u>
Total, Program Level.....	5,654	8,637	9,331
Less: Producer Premium and Administration Fees.....	-2,197	-2,797	-2,952
Total, Government Costs.....	\$3,457	\$5,840	\$6,379

a/ Includes reimbursements to private companies and certain costs for research, development and other activities.

b/ Payments to private insurance companies.

c/ 2009 level expected to be established in the new Farm Bill.

The Federal Crop Insurance Program provides an important safety net that protects producers from a wide range of risks caused by natural disasters, as well as the risk of price fluctuations. In recent years, an increasing proportion of risk protection has been provided by revenue insurance which protects against both a loss of yield and price declines. The Federal Crop Insurance Program provides a critical means of support for USDA Strategic Goal 2.

### **Objective 2.3: Provide Risk Management and Financial Tools to Farmers and Ranchers.**

Key Performance Measure	2004	2005	2006	2007	2008	2009
Normalized <sup>1</sup> value of FCIC risk protection coverage provided through FCIC sponsored insurance (billions)	\$41.5	\$44.7	\$48.1	\$50.7	\$53.7	\$54.8

<sup>1</sup> Nominal value of risk protection is estimated to be \$71.8 billion in 2009. Figures above have been normalized to show "constant commodity price" changes in performance.

The program is expected to provide about \$71.8 billion in risk protection (\$54.8 billion in risk protection when normalized to reflect constant commodity prices) on about 288 million acres in 2009. This represents about 80 percent of the Nation's acres planted to principal crops. In 2007, about 55 percent of the policies sold were revenue products which provide protection against

## FARM AND FOREIGN AGRICULTURAL SERVICES

---

both a loss of yield and a decline in commodity prices. Commodity prices are a key external factor which can significantly affect performance measurements for the crop insurance program. Participation in the Federal Crop Insurance Program by producers is voluntary; however, participation is encouraged through premium subsidies. Crop insurance is delivered to producers through private insurance companies that share in the risk of loss and opportunity for gain. The companies are reimbursed for their delivery expenses and receive underwriting gains in years of favorable loss experience. The costs associated with the Federal Crop Insurance Program include premium subsidies, indemnity payments (in excess of premiums), underwriting gains paid to private companies, reimbursements to private companies for delivery expenses and other authorized expenditures.

The performance for the crop insurance program is tracked on a crop year basis which spans multiple fiscal years. As a result, the table above reflects certain assumptions about which fiscal year the crop year costs and/or revenues will fall into. Furthermore, the size of the crop insurance program is strongly influenced by the rising commodity prices which are pulling all program indicators to higher levels.

Actual indemnities for fiscal year 2007 reflects crop year 2006 losses which were paid out in fiscal year 2007 plus crop year 2007 losses which were paid out in fiscal year 2007. The relatively low actual indemnities for fiscal year 2007 reflect the very low loss ratios experienced for crop years 2006 and 2007. The actual loss ratio for crop year 2006 was 0.77. Losses for crop year 2007 are not yet finalized; however, we are on pace to have a record low loss ratio.

Estimated indemnities for fiscal year 2008 reflects about 65 percent of the estimated losses for crop year 2007 plus 35 percent of the estimated losses for crop year 2008. Losses for crop years 2008 and 2009 reflect an estimated loss ratio of 1.04. Estimated indemnities for fiscal year 2009 are calculated in the same manner to 2008.

There is a one year lag between crop year underwriting gains and the fiscal year in which they are paid out. Consequently, the estimated underwriting gains for fiscal year 2008 reflect the extremely low loss ratio anticipated for crop year 2007. The lower underwriting gain total for fiscal year 2009 reflects the assumption that the loss ratio in 2008 will be 1.04.

Discretionary costs for the Federal Crop Insurance Program cover Federal salaries and related expenses to manage the program. The 2009 budget includes about \$77.2 million for these costs, compared to about \$76.1 million for 2008. This level of funding is sufficient to maintain current services. The increase includes \$1 million for pay costs. The budget also reflects the impact of the Administration's Farm Bill proposals which are expected to reduce the mandatory costs of the crop insurance program by about \$277 million beginning in 2009.

In recent years, RMA has experienced increased program down-time due to computer outages and increased maintenance costs necessary to keep the outdated information technology (IT) system operating. The 2009 President's budget includes two proposals for RMA IT modernization. A modern IT system will provide a Web-based entry point for companies participating in the Federal Crop Insurance Program that will, among other advantages, eliminate the need to maintain multiple databases, streamlining data collection and reporting and will

## **FARM AND FOREIGN AGRICULTURAL SERVICES**

---

facilitate the detection of fraud, waste and abuse in the Crop Insurance Program by improving the efficiency and effectiveness of RMA data mining activities.

First, the 2009 budget assumes a reproposal of legislation to establish a user fee to be paid by companies participating in the Federal Crop Insurance Program. The participation fee would supplement the existing appropriations to finance the build-out of a modern IT system. When build-out is complete the funds will be used for ongoing maintenance costs and will reduce the level of appropriations required. The fee is expected to generate up to \$15 million annually and would be based on the amount of premium sales generated by each company participating in the program. This level of fees could be supported with an assessment of about one-quarter cent per premium dollar. The participating insurance companies are being asked to support this funding since they will be a primary beneficiary of the modern IT system.

Second, the 2009 budget includes appropriations language that would allow USDA to fund RMA IT modernization through existing mandatory funding. In 2008, Congress authorized RMA to fund data mining and the Common Information Management System using mandatory funding currently available under the Federal Crop Insurance Act. This proposal would expand on the 2008 appropriations legislation by making those functions authorized purposes under the same mandatory funding along with IT modernization.

# FARM AND FOREIGN AGRICULTURAL SERVICES

## FOREIGN AGRICULTURAL SERVICE (FAS)

### International Programs and Activities

#### Program Level (Dollars in Millions)

Program	2007 Actual	2008 Estimate	2009 Budget
CCC Export Credit Guarantees:			
Short-term Guarantees (GSM-102).....	\$1,445	\$2,214	\$2,600
Facilities Financing Guarantees.....	0	60	75
Total, Export Credit Guarantees.....	1,445	2,274	2,675
Foreign Market Development Programs:			
Market Access Program.....	200	200	200
Foreign Market Development (Cooperator) Program.....	34	34	<u>a/</u>
Emerging Markets Program.....	4	10	<u>a/</u>
Technical Assistance for Specialty Crops Program.....	1	2	<u>a/</u>
Quality Samples Program.....	1	2	2
Total, Market Development Programs.....	240	248	202
Dairy Export Incentive Program.....	0	0	3
Trade Adjustment Assistance for Farmers.....	1	0	0
Foreign Food Assistance:			
P.L. 480 Title I Credit and Food for Progress Grants.....	17	0	0
P.L. 480 Title II Donations .....	1,770	1,316 <u>b/</u>	1,358
Bill Emerson Humanitarian Trust.....	0	<u>c/</u>	<u>c/</u>
Food for Progress - CCC Funded .....	147	277	340
McGovern-Dole International Food for Education Program....	99	104	108
Total, Foreign Food Assistance .....	2,033	1,697	1,806
FAS Salaries and Expenses <u>d/</u> .....	268	265	279
Total, International Programs.....	\$3,987	\$4,484	\$4,965

a/ 2009 level expected to be established in the new Farm Bill.

b/ In addition, a supplemental of \$350 million has been requested for the Title II program.

c/ Up to 500,000 tons are available annually for unanticipated emergency food assistance and any unused authorized amount may be made available in the following year, for a maximum of 1,000,000 metric tons available in any given year.

d/ Includes administrative reimbursement for managing GSM export credit guarantee program and other reimbursable agreements.

FAS is the lead agency for the Department's international activities. Operating on a global basis, FAS supports three of the Department's Strategic Objectives: (1) expand and maintain international export opportunities; (2) support international economic development and trade capacity building; and (3) improve the global sanitary and phytosanitary (SPS) system to facilitate agricultural trade.

FAS' international activities play a critical role in helping to open new markets and in facilitating U.S. competitiveness, and by doing so, help to secure a more prosperous future for American



## FARM AND FOREIGN AGRICULTURAL SERVICES

---

agriculture. Working bilaterally and with international organizations, FAS encourages the development of transparent and science-based regulatory systems that take the least restrictive measures needed to protect animal and plant health. Support for economic development and trade capacity building reinforces these efforts by helping developing countries to become economically stable and improve their prospects to participate in and benefit from expanding global trade in agricultural products.

**CCC Export Credit Guarantee Programs.** The CCC export credit guarantee programs, administered by FAS in conjunction with FSA, provide payment guarantees for the commercial financing of U.S. agricultural exports. These programs facilitate exports to buyers in countries where credit is necessary to maintain or increase U.S. sales.

The budget includes an overall program level of \$2.7 billion for CCC export credit guarantees in 2009. This estimate reflects the level of sales expected to be registered under the export credit guarantee programs. However, the actual level of programming is likely to vary from this estimate, depending upon program demand, market conditions, and other relevant factors during the course of the year.

Of the total program level for export credit guarantees expected to be issued by CCC in 2009, \$2.6 billion will be made available under the GSM-102 program, which provides guarantees on commercial export credit extended with short-term repayment terms (up to 3 years).

The budget also includes an estimated program level of \$75 million for facility financing guarantees in 2009. Under this activity, CCC provides guarantees to facilitate the financing of goods and services exported from the United States to improve or establish agriculture-related facilities in emerging markets. By supporting such facilities, these guarantees enhance sales of U.S. agricultural products to countries where demand is constricted due to inadequate storage, processing, or handling capabilities.

**Foreign Market Development Programs.** FAS administers a number of programs, in partnership with private sector cooperator organizations, that support the development, maintenance, and expansion of commercial export markets for U.S. agricultural commodities and products. Under the Market Access Program (MAP), CCC funds are used to reimburse participating organizations for a portion of the costs of carrying out overseas marketing and promotional activities, such as direct consumer promotions. Historically, more than 80 percent of MAP funding has been devoted to building export markets for high-value products. MAP participants include nonprofit agricultural trade organizations, State-regional trade groups, cooperatives, and private companies which qualify as small businesses. The CCC budget baseline provides funding of \$200 million for MAP in 2009, although this level could change as a result of Congressional action on the new Farm Bill.

Under the Foreign Market Development (Cooperator) Program, cost-share assistance is provided to nonprofit commodity and agricultural trade associations to support overseas market development activities that are designed to remove long-term impediments to increased U.S. trade. These activities include technical assistance, trade servicing, and market research. Unlike

## FARM AND FOREIGN AGRICULTURAL SERVICES

---

MAP, Cooperator Program activities are carried out on a generic commodity basis and do not include brand-name or consumer promotions. The 2009 budget baseline provides no funding for the Cooperator Program due to expiration of the 2002 Farm Bill and because program outlays do not meet minimum levels necessary to assume continuation. The program level for 2009 is expected to be established once Congressional action on the new Farm Bill has been completed.

The Emerging Markets Program authorizes CCC funding to be made available to carry out technical assistance activities that promote the export of U.S. agricultural products and address technical barriers to trade in emerging markets. Many types of technical assistance activities are eligible for funding, including feasibility studies, market research, industry sector assessments, specialized training, and business workshops. Similar to the Cooperator program, the CCC budget baseline includes no funding for the Emerging Markets Program, but funding is likely to be made available under the new Farm Bill.

The Technical Assistance for Specialty Crops (TASC) Program is designed to address unique barriers that prohibit or threaten the export of U.S. specialty crops. Under the program, grants are provided to assist U.S. organizations in activities designed to overcome phytosanitary and related technical barriers to trade. Funding for TASC is not included in the CCC baseline budget estimates, but a level of funding is expected to be established by provisions of the new Farm Bill.

Under the Quality Samples Program, CCC provides funding to assist private entities to furnish samples of U.S. agricultural products to foreign importers in order to overcome trade and marketing obstacles. The program provides foreign importers with a better understanding and appreciation of the characteristics of U.S. agricultural products. The program is carried out under the authority of the CCC Charter Act and is not subject to reauthorization under the Farm Bill. For 2009, the budget includes \$2.5 million of CCC funding for program.

**Dairy Export Incentive Program.** Under the Dairy Export Incentive Program (DEIP), CCC funds are used to make bonus payments to exporters of U.S. agricultural commodities to enable them to be price competitive and, thereby, make sales in targeted overseas markets where competitor countries are making subsidized sales.

U.S. dairy products were competitive in overseas markets during 2007 due to favorable world market conditions, and no bonuses were awarded under DEIP. This situation is expected to continue relatively unchanged during 2008 and 2009; however, as a contingency the budget includes an estimated DEIP program level of \$3 million for 2009. The program level may increase or decrease from the projected level depending upon the relationship between U.S. and world market prices during the course of the programming year.

A PART review of DEIP was conducted as part of the 2008 budget process. The review resulted in an overall rating of “moderately effective” and found that the program was helpful in advancing U.S. trade policy objectives to counter and eliminate export subsidies through multilateral negotiations. At the same time, however, the review found that the program has not demonstrated an ability to expand exports or build U.S. market share permanently in all targeted markets.

## FARM AND FOREIGN AGRICULTURAL SERVICES

---

**Trade Adjustment Assistance for Farmers.** The Trade Act of 2002 established the Trade Adjustment Assistance (TAA) Program for Farmers. Under the program, USDA was authorized to make payments to eligible producer groups when the current year's price of an agricultural commodity is less than 80 percent of the national average price for the 5 marketing years preceding the most recent marketing year, and the Secretary determines that imports have contributed importantly to the decline in price. Procedures for determining rates and amounts of payments to eligible producers were set forth in the statute. The statute authorized USDA to use not more than \$90 million annually to carry out the program through September 30, 2007. In September, that authorization was extended through December 31, 2007, and \$9 million was provided to continue the program.

Assistance provided under TAA has been limited since inception of the program. During 2007, no petitions for TAA were approved, and none was approved during the first quarter of 2008. With the expiration of the statutory authority and in view of the limited assistance provided under the program to date, the budget does not include funding for the program during 2009.

A PART review of TAA was carried out in conjunction with the 2008 budget process, which resulted in a rating of "Results Not Demonstrated." The review found that the program has not demonstrated effectiveness in assisting producers to improve their market competitiveness and is costly to administer.

**Foreign Food Assistance.** The United States plays a leading role in global efforts to alleviate hunger and malnutrition and enhance world food security through international food aid activities. USDA contributes to these efforts by carrying out a variety of food aid programs which support economic growth and development in recipient countries. These activities are administered by FAS working in close cooperation with FSA and other agencies.

**Public Law 480 (P.L. 480).** Assistance provided under the authority of the Agricultural Trade Development and Assistance Act of 1954 (Public Law 83-480) is a primary means by which the United States provides foreign food assistance. In recent years, P.L. 480 assistance has been provided through two program authorities.

- **Title I** provides for sales of U.S. agricultural commodities to developing country governments and private entities through concessional financing agreements and for donations through Food for Progress grant agreements. The Title I program is administered by FAS.
- **Title II** provides for donations of humanitarian food assistance to needy people in foreign countries in response to malnutrition, famine, and other extraordinary relief requirements, and to meet economic development needs that address food security. The assistance is provided primarily through private voluntary organizations, cooperatives, or international organizations, mainly the World Food Program of the United Nations. The Title II program is administered by the Agency for International Development (AID).

## FARM AND FOREIGN AGRICULTURAL SERVICES

---

For 2009, the budget supports an overall program level for P.L. 480 food assistance of \$1.4 billion. This includes appropriated funding of \$1.2 billion requested in the budget, plus projected reimbursements to be received from the Maritime Administration for prior year cargo preference related expenses.

As in recent years, the budget proposes that all P.L. 480 food assistance will be provided through the Title II donations program in 2009. Accordingly, no funding is requested for Title I credit sales and grants. This proposal reflects several recent developments, including the fact that since 2000 an increasing share of U.S. food assistance has been directed to emergency situations in which food aid is critical to prevent famine and save lives. At the same time, demand for food assistance provided through concessional credit has declined significantly.

The budget proposes that the Administrator of AID have the authority to use up to 25 percent of Title II funding to purchase commodities in locations closer to where they are needed, such as neighboring countries. This authority will increase the timeliness and effectiveness of the U.S. response to overseas food aid needs by eliminating the need to transport the commodities by ocean carriers. Further, savings achieved in transportation and distribution costs will be available for additional commodity purchases, thereby increasing the overall level of the U.S. response.

**Bill Emerson Humanitarian Trust.** The Bill Emerson Humanitarian Trust (the Trust) is a commodity reserve designed to ensure that the United States can meet its international food assistance commitments. Up to 4 million metric tons of wheat, corn, sorghum, and rice can be held in the Trust. The authorizing statute also allows the Trust's assets to be held as cash in lieu of commodities. The Secretary of Agriculture is authorized to release commodities from the Trust for programming under P.L. 480 under two conditions: (a) when U.S. domestic supplies are insufficient to meet the annual P.L. 480 commodity availability criteria, and (b) to provide commodities for Title II donations in response to unanticipated needs for emergency assistance.

During 2007, there was no release of commodities from the Trust. At the beginning of 2008, the Trust held approximately 915,000 metric tons of wheat and \$117 million in cash.

**Food for Progress.** The Food for Progress Act of 1985 authorizes U.S. agricultural commodities to be provided to developing countries and emerging democracies that have made commitments to introduce and expand free enterprise in their agricultural economies. Food for Progress agreements can be entered into with foreign governments, private voluntary organizations, nonprofit agricultural organizations, cooperatives, or intergovernmental organizations. Agreements currently provide for the commodities to be supplied on grant terms. The Food for Progress authorizing statute provides for the use of CCC funding for commodity procurement, transportation, and associated non-commodity costs for the program.

The 2009 budget assumes a program level for the CCC-funded portion of Food for Progress programming of \$340 million, which is expected to support approximately 400,000 metric tons of commodity assistance.

## **FARM AND FOREIGN AGRICULTURAL SERVICES**

---

**McGovern-Dole International Food for Education and Child Nutrition Program.** The McGovern-Dole International Food for Education and Child Nutrition Program provides for the donation of U.S. agricultural commodities and associated financial and technical assistance to carry out preschool and school feeding programs in foreign countries. Maternal, infant, and child nutrition programs also are authorized under the program. Its purpose is to reduce the incidence of hunger and malnutrition and improve literacy and primary education. These measures contribute to a healthy, literate workforce that can support a more prosperous, sustainable economy and ensure long-term food security.

For 2009, the budget requests appropriated funding of \$100 million for the program. This will be supplemented by an additional \$8 million of anticipated cargo preference reimbursements from the Maritime Administration. Together, these funds are expected to provide for the donation of about 70,000 metric tons of commodities which will assist an estimated 2 million women and children.

In conjunction with a PART review of USDA foreign food assistance programs that was carried out as part of the 2004 budget process and updated for the 2006 budget, FAS has developed a long-term performance measure that is intended to gauge the effectiveness of USDA food aid programs in improving food security in low income countries. The “food aid targeting effectiveness ratio” measures how effective the targeting of USDA food aid programs is in addressing the food distribution gap in the most food insecure countries. The Economic Research Service calculates the ratio using its Food Security Assessment Model which measures food security based on estimations of food gaps in 71 of the world’s poorest countries. Food gaps represent the difference between projected food availability and targeted food consumption.

**Objective 1.2: Support International Economic Development and Trade Capacity Building.**

<b>Key Performance Measure</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>
Food Aid Targeting Effectiveness Ratio	40-44%	30-35%	30-35%	38%	35%	36%

---

## FARM AND FOREIGN AGRICULTURAL SERVICES

### Foreign Agricultural Service Salaries and Expenses (Dollars in Millions)

Program	2007 Actual	2008 Estimate	2009 Budget
Market Access.....	\$55	\$56	\$59
Trade Development.....	52	52	54
Trade Related Technical Assistance.....	31	31	33
SPS Issues Resolution.....	23	24	27
Total, Appropriated Programs.....	161	163	173
CCC Computer Facility and Other IRM Costs			
Funded by CCC.....	17	18	20
Development Assistance Programs Funded by			
AID and Other Organizations.....	59	59	59
Other Reimbursable Agreements.....	31	25	27
Total, Reimbursable Program Activity.....	107	102	106
Total, FAS Program Level.....	\$268	\$265	\$279

In support of its efforts to enhance the international competitiveness of American agriculture, FAS conducts its activities and programs through offices in Washington, D.C. and at 101 overseas locations. The overseas offices represent and advocate for U.S. agricultural interests; provide reporting on agricultural policies, production, and trade for about 130 countries; and assist U.S. exporters, trade groups, and State export marketing officials in their trade promotion efforts.

An important component of FAS' work to expand and maintain international export opportunities is compliance monitoring and enforcement of existing trade agreements to ensure full and fair access to overseas markets for American producers and exporters. Each year, FAS personnel in Washington and at overseas posts monitor compliance and, when necessary, intervene with foreign governments on behalf of U.S. exporters who face market access difficulties as a result of unfair and illegal trade barriers. Increasingly, in recent years these barriers have involved SPS measures. As tariffs have come down globally, SPS measures to protect human, animal, and plant health have become more prominent barriers to trade and have required significantly enhanced efforts by FAS, in collaboration with other USDA agencies, to address and resolve.

These monitoring and intervention activities are documented and incorporated in the following performance measures. For 2009, a performance target of \$3.1 billion has been established for the value of trade to be expanded or preserved through trade agreement negotiation, monitoring, and compliance activities for both SPS and non-SPS issues.

## FARM AND FOREIGN AGRICULTURAL SERVICES

---

**Objective 1.1: Expand and Maintain International Export Opportunities.**

**Objective 1.3: Improved Sanitary and Phytosanitary (SPS) System to Facilitate Agricultural Trade. (Dollars in billions)**

Key Performance Measure	2004	2005	2006	2007	2008	2009
Dollar value of agriculture trade preserved through trade agreement negotiation, monitoring, and enforcement (billions)						
Non-SPS Activities	N/A	\$0.8	<u>a/</u>	\$0.7	\$0.9	\$0.9
Value of trade preserved annually through USDA staff interventions leading to resolution of barriers created by SPS or Technical Barrier to Trade (TBT) measures						
SPS-Related Activities	<u>N/A</u> \$3.9	<u>2.0</u> \$2.8	<u>2.6</u> \$2.6	<u>2.5</u> \$3.2	<u>2.0</u> \$2.9	<u>2.2</u> \$3.1

a/ Less than \$50 million.

---

FAS also carries out trade capacity building activities that enhance the ability of developing countries to participate in the global trading system through the adoption of appropriate policies and regulatory frameworks. This assistance is focused on the capacity of these countries to implement open, market-based trade policies and to regulate trade in agricultural and food products on the basis of transparent, science-based requirements. The effectiveness of these activities can be gauged by various outcomes such as the establishment of new institutions, modifications of policies, or improved regulatory structures. The number of countries that demonstrate these outcomes based on trade capacity building activities is incorporated in the following performance measure.

**Objective 1.2: Support International Economic Development and Trade Capacity Building.**

Key Performance Measure	2004	2005	2006	2007	2008	2009
Number of countries in which substantive improvements are made in national trade policy and regulatory frameworks that increase market access	N/A	N/A	6	13	8	8

---

## FARM AND FOREIGN AGRICULTURAL SERVICES

---

The budget provides a program level of \$173 million for FAS activities in 2009, an increase of about \$10 million above the 2008 level. The budget has been developed to ensure the agency's continued ability to conduct its activities and provide services to U.S. agriculture. Particular emphasis has been placed on maintaining FAS' overseas presence so that its representation and advocacy activities on behalf of U.S. agriculture can continue. Included in the budget is funding to cover pay cost increases and an increase of \$5 million to meet higher operating costs at FAS' overseas offices, including increased payments to the Department of State for administrative services provided at overseas posts. Recent declines in the value of the dollar, coupled with overseas inflation and rising wage rates, have led to sharply higher operating costs that must be accommodated if FAS is to maintain its overseas presence.

The budget also requests an increase of \$2.5 million to meet FAS' contribution to the Capital Security Cost Sharing Program. Under this program, which was implemented in 2005, agencies with an overseas presence will contribute a proportionate share of the costs of accelerated construction of new, safe U.S. diplomatic facilities over a 14-year period.

Additional funding in support of FAS efforts to address market access constraints related to biotechnology will be made available from funds requested for the Office of the Secretary for USDA cross-cutting trade negotiation and biotechnology activities.

In addition, the budget includes an estimated \$106 million in funding to be made available to FAS through reimbursable agreements. The largest component of this is funding for technical assistance, training, and research activities that FAS carries out overseas on behalf of AID, foreign governments, and international organizations. Although funded by other agencies, these activities are an important component of the Department's efforts to support economic development and trade capacity building in developing countries.

During 2009, FAS will continue to coordinate the Department's efforts to assist in agricultural reconstruction activities in Afghanistan and Iraq. USDA is providing technical advisors assigned to Government Ministries in Iraq and on the Provincial Reconstruction Teams (PRTs) that are operating in the rural provinces of Afghanistan and Iraq. The PRTs promote economic development and stability in rural areas by addressing a wide range of problems brought on by years of neglect and mismanagement. USDA advisors, who serve in temporary assignments on the PRTs, provide a variety of technical expertise in support of agricultural reconstruction and rural development activities, offer advice to non-governmental organizations, and assist local authorities in setting agricultural priorities. The 2009 budget includes \$12.5 million in the Office of the Secretary to help support the costs of participating in these activities.



## **RURAL DEVELOPMENT**

### **MISSION AND RELATIONSHIP TO STRATEGIC GOAL**

All funds for the Rural Development (RD) mission area support USDA Strategic Goal 3, which includes two key objectives: (1) expand economic opportunities by using USDA financial resources to leverage private sector resources and create opportunities for growth; and (2) improve the quality of life through USDA financing of quality housing, modern utilities, and needed community facilities.

### **RURAL DEVELOPMENT**

**Program Level (P.L.) and Budget Authority (B.A.)  
(Dollars in Millions)**

<b>Program</b>	<b>2007</b>		<b>2008</b>		<b>2009</b>	
	<b>Actual</b>		<b>Estimate</b>		<b>Budget</b>	
	<b>P.L.</b>	<b>B.A.</b>	<b>P.L.</b>	<b>B.A.</b>	<b>P.L.</b>	<b>B.A.</b>
Ongoing Rural Development Programs:						
Rural Utilities Service.....	\$6,206	\$650	\$9,717	\$617	\$6,707	\$301
Rural Housing Service.....	6,513	1,074	6,737	881	6,741	1,085
Rural Business - Cooperative Service.....	1,086	186	1,342	173	738	49
Salaries and Expenses.....	668	668	662	662	700	700
Total, Rural Development.....	\$14,473	\$2,578	\$18,458	\$2,333	\$14,886	\$2,135

RD programs support these objectives by providing financial and technical assistance to rural residents, businesses, and private and public entities for a variety of purposes including infrastructure for meeting basic needs such as safe drinking water, electricity and telecommunication, decent housing, and business enterprise. These programs have also served as a source of direct loans for borrowers who could not obtain credit elsewhere, or could not afford to pay commercial rates of interest.

Significant changes in several of these programs have occurred and others are evolving. For example, there has been substantial growth in programs that guarantee loans made by private lenders, particularly for homeownership purposes. Financing for businesses has also been done primarily through guaranteed loans and increasingly in conjunction with leveraged financing from other sources. The direct loan programs for electric and telecommunication facilities have grown, although these programs operate at virtually no cost to the Government.

Over the past few years, the multi-family housing programs have come to the forefront of challenges that RD now faces. The Administration has maintained a policy of on-going support for a portfolio of projects that were financed in the past. Close to half a million rural households live in these projects, of which about 280,000 receive rental assistance payments. Beginning in 2004, the terms of the contracts for making these payments were reduced from five years to one year. This action allowed contracts to be renewed with less budget authority in the short run, but now requires substantially more budget authority to continue renewing all expiring contracts.

## **RURAL DEVELOPMENT**

---

The 2009 budget includes almost \$15 billion in loans, grants, salaries and expenses, and related assistance in ongoing programs for rural residents and communities. This level of support requires over \$2.1 billion in budget authority. The budget maintains those programs most essential for meeting USDA's Strategic Goal 3 and related objectives, including \$4.8 billion in loan guarantees for home ownership, \$1.6 billion for water and waste disposal projects, \$4.8 billion for electric and telecommunications projects, and over \$700 million for the business programs. Rental assistance payments increase from \$479 million available for 2008 to \$997 million for 2009. Of the \$997 million for rental assistance, \$100 million is for a new rural housing voucher program to provide a transition from rental assistance payments.

The budget proposes \$700 million for RD salaries and expenses. This amount reflects an increase of \$27 million for Information Technology and funding to support about 6,100 staff years.

RD consists of three agencies that function as a single unit in the delivery of its programs through a network of local offices, state offices, a centralized servicing center and finance office in St. Louis, Missouri, and a national office.

## RURAL DEVELOPMENT

### RURAL UTILITIES SERVICE (RUS)

**Program Level (P.L.) and Budget Authority (B.A.)**  
(Dollars in Millions)

Program	2007 Actual		2008 Estimate		2009 Budget	
	P.L.	B.A.	P.L.	B.A.	P.L.	B.A.
Electric Programs:						
Direct Loans.....	\$3,890	\$4	\$6,599	a/	\$4,100	0
Guaranteed Loans .....	0	0	500	0	0	0
Telecommunications Programs:						
Direct Loans.....	377	a/	686	\$4	690	\$1
Distance Learning and Telemedicine Programs:						
Direct Loans.....	32	a/	0	0	0	0
Grants.....	32	32	35	35	20	20
Broadband Programs:						
Direct Loans.....	251	6	298	6	298	11
Grants.....	10	10	13	13	0	0
High Energy Costs Grants .....	20	20	20	20	0	0
Water and Waste Disposal Programs:						
Direct Loans.....	1,097	109	1,022	70	1,304	49
Guaranteed Loans .....	28	0	75	0	75	0
Grants .....	455	455	469	469	220	220
Total, RUS Loans and Grants.....	6,192	636	9,717	617	6,707	301
Emergency Supplemental.....	14	14	0	0	0	0
Total .....	\$6,206	\$650	\$9,717	\$617	\$6,707	\$301

a/ Less than \$0.5 million.

The electric and telecommunications programs administered by RUS provide loans to establish, expand, and modernize vital components of the infrastructure of rural America. They are long-standing programs that brought electric and telecommunication services to rural America, and ensured universal service for the Nation. While most borrowers have some access to private credit markets, the programs help to leverage private sector investments as well as fill credit gaps that still exist for some rural areas and borrowers. In addition, the programs facilitate the financing of improvements to facilities that RUS financed in the past and still hold a lien.

The 2009 budget provides \$4.1 billion in electric loans and \$690 million in telecommunications loans; levels considered to be adequate to meet the expected demand except for new baseload power generation. A new program will replace direct loans made through the Federal Financing Bank with loans made directly by Treasury. This change would not affect subsidy rates or the interest rates paid by borrowers. If legislation to authorize a fee to cover all subsidy costs is enacted, additional loan funding for financing new baseload generation will be considered. No financing will be provided for nuclear power generation by USDA. The Department of Energy can provide financing for nuclear power generation.

## RURAL DEVELOPMENT

---

The 2009 budget also includes \$20 million in grants for the distance learning and telemedicine program. This program is designed to provide rural communities that would otherwise be without access to learning and medical services over the internet, with a total system of telecommunication linkages for obtaining such access.

### **Objective 3.2: Improve the Quality of Life Through USDA Financing of Quality Housing, Modern Utilities, and Needed Community Facilities.**

Key Performance Measure	2004	2005	2006	2007	2008	2009
Number of borrowers/subscribers receiving new and/or improved electric facilities (millions)	4.33	2.36	8.18	5.83	7.13	6.13
Number of borrowers/subscribers receiving new or improved telecommunication services (Broadband) (millions)	0.37	0.23	0.30	0.32	0.39	0.23
Number of borrowers/subscribers receiving new or improved service from agency funded water facility (millions)	0.97	1.33	1.64	1.33	1.38	1.42

In addition, the 2009 budget provides \$298 million in loans for broadband and internet services. The funding is sufficient to meet expected demand. Regulations are being changed to correct certain weaknesses that have become apparent since the program was established. The new regulations will ensure that program funds are focused on rural areas that are lacking existing providers, and that applicants meet high enough standards to ensure long term success.

The water and waste disposal program provides financing for rural communities to establish, expand or modernize water treatment and waste disposal facilities. Eligibility is limited to communities of 10,000 or less in population that are unable to obtain credit elsewhere. In addition, they are available only to those communities with low median household income levels. Grants are limited to a maximum of 75 percent of project costs. The funding level for direct loans and grants is approximately the same as 2008. Program regulations stipulate that the grant amount should only be as much as necessary to bring the user rates down to a reasonable level for the area. Water and waste disposal grant and loan funds are usually combined, based on the income levels of users and user costs.

The 2009 budget includes over \$1.3 billion in direct loans, \$75 million in guaranteed loans and \$220 million in grants for water and waste disposal projects for a total program level of \$1.6 billion. The subsidy rate for direct loans is based on the current interest rate structure, rather than the revision for reduced interest rates proposed in the budget but rejected by Congress in the last two years. The Administration has included \$500 million in its Farm Bill proposal to reduce the backlog of applications for water and waste disposal financing. The relatively low

## RURAL DEVELOPMENT

interest rates currently available to potential borrowers should make it easier for local communities to support water and waste disposal projects financed by loans.

### RURAL HOUSING SERVICE (RHS)

**Program Level (P.L.) and Budget Authority (B.A.)**  
(Dollars in Millions)

Program	2007		2008		2009	
	Actual		Estimate		Budget	
	P.L.	B.A.	P.L.	B.A.	P.L.	B.A.
Single Family Housing:						
Direct Loans (Sec. 502).....	\$1,129	\$113	\$1,121	\$105	0	0
Guaranteed Loans (Sec. 502).....	3,341	41	4,191	50	\$4,849	\$13
Multi Family Housing:						
Direct Loans (Sec. 515).....	99	45	70	29	0	0
Guaranteed Loans (Sec. 538).....	90	7	129	12	300	2
Very Low-Income Repair (Sec. 504):						
Direct Loans .....	33	10	34	10	18	5
Grants .....	29	29	30	30	30	30
All Other Direct Loans.....	5	1	21	1	21	1
Grants and Payments:						
Rental Assistance (Sec. 502 and 521).....	616	616	479	479	997	997
Mutual and Self-Help (Sec. 523).....	35	35	39	39	0	0
Multi-Family Housing Revitalization .....	10	13	31	27	0	0
All Other Grant and Loan programs.....	14	13	9	9	14	14
Farm Labor Housing Program:						
Direct Loans (Sec. 514).....	34	16	28	11	0	0
Grants (Sec. 516).....	17	17	10	10	0	0
Community Facility Programs:						
Direct Loans.....	333	21	294	16	302	17
Guaranteed Loans.....	228	8	206	8	210	6
Grants .....	48	48	45	45	0	0
Total, RHS Loans and Grants.....	6,061	1,033	6,737	881	6,741	1,085
Emergency Supplemental.....	452	41	0	0	0	0
Total .....	\$6,513	\$1,074	\$6,737	\$881	\$6,741	\$1,085

The 2009 budget includes substantial support for both home ownership and multi-family rental units. It proposes significant changes in both types of housing. These changes are needed to meet the challenges and opportunities that exist in today's housing market.

RHS single family housing direct loans are subsidized down to 1 percent interest in order to reach applicants with very low incomes. The program stabilized at a level of about \$1 billion in the 1990's. Guaranteed loans, which are unsubsidized, reached the \$1 billion level in 1995 and have accounted for almost all of the growth in RHS' homeownership assistance since then. Fees have been used to pay most of the Government's costs for guaranteed loans, similar to administration of housing programs operated by the Department of Housing and Urban

## RURAL DEVELOPMENT

---

Development and the Department of Veterans Affairs. The 2008 budget proposed that RHS also offer only guaranteed loans for single family housing support. The 2009 budget repeats this proposal and does not include funding for single family housing direct loans. Consequently, no funding is provided for self help housing grants because demand for that program hinges on funding for single family direct loans.

The 2009 budget supports \$4.8 billion in unsubsidized guaranteed loans for single family housing. This level is estimated to provide about 43,000 homeownership opportunities. The 2009 budget also re-proposes that the fee for guaranteeing loans that is used for new purchases be increased from 2 percent to 3 percent. This fee can be financed as part of the loan amount so that it does not impose an up-front cost that some borrowers may not be able to pay. The fee for refinancing would remain at 0.5 percent.

RHS' multi-family housing program provides financing for rental housing projects and rental assistance payments for low-income tenants of those projects. The portfolio of previously financed projects currently includes about 16,500 projects that provide housing for about 460,000 low-income tenants, many of whom are elderly. The average annual income of tenants is about \$8,000. As part of an effort to help preserve and revitalize the RHS multi-family housing portfolio, the 2006 budget included a proposal that focused on using existing authority to provide rural housing vouchers to protect tenants adversely affected by loan prepayments. The budget also proposed legislation that would authorize debt restructuring and other incentives for project sponsors to keep their projects in the program. However, the legislation has not been enacted. Accordingly, no new funding is requested for the rural multifamily housing revitalization account. While no funding is included in the 2009 budget for the revitalization pilot program, RHS will continue to work with its multi-family housing project sponsors to ensure that projects are properly maintained.

Rental assistance payments are another way that RHS sustains the multifamily housing portfolio. Providing funding for the renewal of expiring rental assistance payment contracts is essential to RHS' efforts to protect the Government's investment and ensure the projects are revitalized and remain in the program. In recent years, the renewal period for rental assistance contracts has been reduced from five years to one year. This change initially produced budget savings due to the reduced cost for renewing units over a shorter time frame. However, it also accelerated the rate at which units needed to be renewed. Prior to 2006, about 56,000 units (one-fifth of 280,000 units receiving rental assistance) were renewed annually with five year contracts. From 2006 to 2008, the amount appropriated for the renewal of expiring contracts went from \$653 million to \$479 million. For 2009, an estimated 230,000 units are up for renewal, at an estimated cost of \$997 million.

To meet this need, the budget includes \$897 million for rental assistance payments and \$100 million for a new rental assistance pilot program for vouchers that would provide a transition from rental assistance. Providing vouchers in a few select properties will allow RHS to target the rental subsidy to the low-income tenants rather than the developers and their projects. The 2009 budget also proposes that recipients of the rental assistance payments and vouchers contribute a minimum of \$50 toward their monthly rent.

## RURAL DEVELOPMENT

---

The 2009 budget does not include funding for multi-family housing direct loans, nor farm labor housing; however, it does include \$300 million, more than double the amount available for 2008 – for the multi-family housing loan guarantees. This level is being provided at almost no cost because the 2009 budget includes appropriations language to block the subsidized interest requirement for this program.

RHS also administers a community facility program that provides funding for a wide range of essential community facilities. Priority is given to health facilities. The 2009 budget includes \$302 million in direct loans and \$210 million in loan guarantees under this program. No funding is included for grants as most projects can be funded by loans and loan guarantees.

### **Objective 3.2: Improve the Quality of Life Through USDA Financing of Quality Housing, Modern Utilities, and Needed Community Facilities.**

<b>Key Performance Measure</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>
Homeownership opportunities provided	46,394	45,995	42,172	43,532	46,853	42,362
Percentage of customers who are provided access to new and/or improved essential community facilities –						
Health facilities	5.4	3.5	3.8	7.2	5.7	6.0
Safety facilities	2.9	4.1	3.8	6.2	3.0	1.5

---

## RURAL DEVELOPMENT

### RURAL BUSINESS - COOPERATIVE SERVICE (RBS)

**Program Level (P.L.) and Budget Authority (B.A.)**  
(Dollars in Millions)

Program	2007		2008		2009	
	Actual		Estimate		Budget	
	P.L.	B.A.	P.L.	B.A.	P.L.	B.A.
Business and Industry Guaranteed Loans .....	\$834	\$36	\$993	\$43	\$700	\$30
Intermediary Relending Program.....	34	15	34	14	33	14
Rural Economic Development:						
Direct Loans.....	26	6	33	0	0	0
Grants.....	10	0	a/	0	0	0
Renewable Energy (Section 9006 - Discretionary):						
Guaranteed Loans.....	57	4	184	18	0	0
Grants.....	19	19	18	18	0	0
Rural Cooperative Development Grants.....	6	6	9	9	5	5
Value-added Ag. Product Market Devel. (Discretionary)...	23	23	19	19	0	0
EZ/EC, National Sheep Industry Impr. Center.....	12	12	8	8	0	0
All Other Grants .....	65	65	44	44	0	0
Total, RBS Loans and Grants.....	<u>\$1,086</u>	<u>\$186</u>	<u>\$1,342</u>	<u>\$173</u>	<u>\$738</u>	<u>\$49</u>

a/ Less than \$0.5 million.

RBS administers USDA's rural business and cooperative services programs. The primary purpose of these programs is to create and maintain employment and improve the economic climate in rural communities. Many rural entrepreneurs lack credit history or sufficient collateral to qualify for traditional lending. Financial assistance supports economic and community development projects, new business and/or expansion of existing businesses. RBS is developing a new analytical tool for measuring the performance of its programs in generating local, state and national income. Data collection is already underway and results will be available for use in developing the 2010 budget particularly for the business and industry program.

The Business and Industry (B&I) loan guarantee program, the largest of the RBS programs, provides protection against loan losses so that lenders are willing to extend credit to establish, expand, or modernize rural businesses. Based on recent trends in applications and the potential availability of carryover for the B&I program, the 2009 funding level is \$700 million. This level of support is expected to save or create 25,836 jobs.

The Intermediary Relending program provides one-percent interest direct loans to entities that relend to rural businesses at a higher interest rate and use their interest earnings to pay for their administrative expenses and develop capital reserves. The 2009 budget supports \$33 million in direct loans under this program. This level of support is expected to save or create 8,879 jobs.

The 2009 budget also includes about \$5 million in cooperative development grants, of which \$1.5 million is for grants to assist socially disadvantaged producers.



## RURAL DEVELOPMENT

---

### **Objective 3.1: Expand Economic Opportunities By Using USDA Financial Resources To Leverage Private Sector Resources and Create Opportunities For Growth.**

<b>Key Performance Measure</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>
Number of jobs created or saved through USDA financing of businesses	80,619	73,328	71,715	72,710	72,373	34,715

---

As a result of the elimination or reduction of several RBS programs, the performance target for jobs created and saved for 2009 is reduced.

Several RBS programs are not included in the 2009 budget because they serve limited purposes for which financing and other assistance is available through other USDA and Federal sources. These programs include: value-added producer grants; rural business enterprise grants; rural business opportunity grants; EZ/EC grants; Delta Regional Authority grants; grants for appropriate technology transfer; and rural economic development loans and grants. While discretionary funding is not being requested, the Administration's Farm Bill proposal includes funding for renewable energy/energy efficiency loans and grants, and biomass research and development grants.

## FOOD, NUTRITION, AND CONSUMER SERVICES

### MISSION AND RELATIONSHIP TO STRATEGIC GOAL

The activities and funding of Food, Nutrition, and Consumer Services, including the Food and Nutrition Service (FNS) and the Center for Nutrition Policy and Promotion (CNPP), support USDA Strategic Goal 5, improve the Nation's nutrition and health. USDA has three objectives which support achievement of this strategic goal. These objectives are to: (1) ensure access to nutritious food; (2) promote healthier eating habits and lifestyles; and (3) improve nutrition assistance program management and customer service. Key performance measures for 2009 continue to focus on increasing the proportion of eligible persons who participate in the major nutrition assistance programs; improving dietary quality as measured by the Healthy Eating Index (HEI) for low-income persons; and increasing the food stamp payment accuracy rate.

#### Food and Nutrition Service Program Level (Dollars in Millions)

Program	2007 Actual	2008 Estimate	2009 Budget
Food Stamp Program.....	\$33,275	\$36,796	\$38,601
Nutrition Assistance for Puerto Rico.....	1,551	1,623	1,678
Total, Food Stamp Program.....	34,826	38,419	40,279
Child Nutrition Programs.....	14,093	14,709	15,380
Special Supplemental Nutrition Program (WIC) .....	5,548	6,205	6,251
Commodity Assistance Program:			
Commodity Supplemental Food Program.....	108	140	0
The Emergency Food Assistance Program (TEFAP), Soup Kitchens, Food Banks.....	190	190	190
Seniors Farmers' Market Nutrition Program.....	16	16	16 <sup>a/</sup>
Farmers' Market Nutrition Program.....	22	24	24
Pacific Island Assistance and Disaster Assistance.....	1	2	1
Total, Commodity Assistance Program.....	337	372	231
Nutrition Programs Administration.....	140	142	150
Total, FNS.....	\$54,944	\$59,847	\$62,291
Farm Bill Proposals.....	(0)	(\$110)	(\$118)

<sup>a/</sup> Funds provided in 2007 and 2008 by transfer from the Commodity Credit Corporation. Funding for 2009 depends on enactment of a new Farm Bill.

FNS administers the Department's domestic nutrition assistance programs. The mission of FNS is to increase food security and reduce hunger in partnership with cooperating organizations by providing children and low-income people access to food, a healthful diet, and nutrition education. The Federal staff leverage their efforts by working with hundreds of thousands of

## FOOD, NUTRITION, AND CONSUMER SERVICES

---

State and local partners to deliver nutrition assistance through the Food Stamp Program; the Child Nutrition Programs - National School Lunch Program, National School Breakfast Program, and the Child and Adult Care Food Program; and the Special Supplemental Nutrition Program for Women, Infants and Children (WIC); and a number of other programs serving specialized needs. The Food Stamp Program is the cornerstone of the Department's commitment to helping low-income people secure an adequate diet. The other programs target specific categories of the population. Improving dietary outcomes for all Americans by promoting healthier eating habits and lifestyles is a major Departmental objective fostered by the nutrition assistance programs.

The 2009 budget provides funds for anticipated changes in participation and food cost inflation for the major programs. The emphasis will remain on improving access and operations in 2009 and improving the nutritional status of recipients. Both FNS and CNPP will continue efforts to promote healthy eating and active lifestyle behaviors, in part by the continued use and promotion of MyPyramid.gov and the *Dietary Guidelines for Americans* released in 2005.

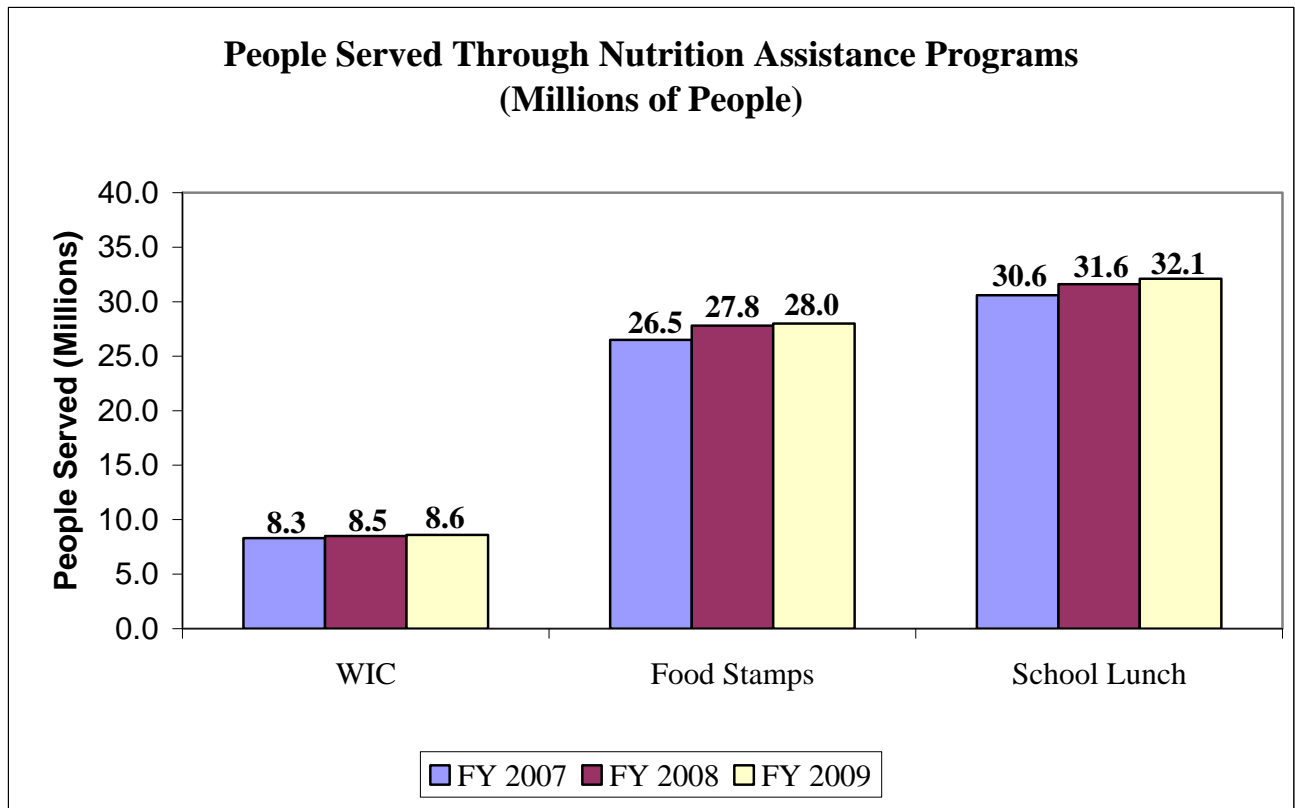
The nutrition assistance programs work in concert to improve scores on cross-cutting performance measures of improved diet.

### **Objective 5.2: Promote Healthier Eating Habits and Lifestyles.**

<b>Key Performance Measure</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>
Application and usage level of nutrition guidance tools (billions of pieces of nutrition guidance distributed) Baseline: 2006 = 1.5	N/A	N/A	1.5	2.6	2.7	2.7

---

## FOOD, NUTRITION, AND CONSUMER SERVICES



**Food Stamp Program.** The 2009 budget anticipates a slight increase in participation of about 0.2 million recipients per month and assumes food price inflation. State administrative expenses are expected to increase. Food stamps will continue to provide focus on encouraging all eligible persons to take advantage of program benefits, with particular emphasis on reaching underserved populations such as the elderly, Hispanics, and the working poor. Nutrition education also continues to be a key part of the Food Stamp Program to help low-income households improve their nutrition levels.

### Objective 5.1: Ensure Access to Nutritious Food.

Key Performance Measure	2004	2005	2006	2007	2008	2009
Participation levels for the major Federal nutrition assistance programs (millions per month):						
Food Stamp Program	23.9	25.7	26.7	26.5	27.8	28.0

The Department is continuing its efforts to improve payment accuracy, seeking to reach a payment accuracy rate of 94.4 percent in 2009. This will be achieved through working with stakeholders to implement best practices, focusing particularly on error prone areas.

## FOOD, NUTRITION, AND CONSUMER SERVICES

---

### Objective 5.3: Improve Nutrition Assistance Program Management and Customer Service.

Key Performance Measure	2004	2005	2006	2007	2008	2009
Improve Food Stamp payment accuracy rate						
Baseline: 2001 = 91.3%	94.1%	94.2%	94.0%	94.2%	94.3%	94.4%

---

The budget includes an increase of \$9 million to aid program evaluation and modernization. Of that, \$2.5 million is needed to test and assess alternative strategies to increase participation among low-income elderly and working poor; \$4.5 million is included for a demonstration and evaluation of alternative strategies to modernize the application and re-determination process; and \$2.0 million is sought to evaluate promising Food Stamp Nutrition Education activities.

The Administration is committed to ensuring an uninterrupted flow of food stamp benefits to program participants. Since Food Stamp Program costs are not fully predictable, in a changing economic environment or in unexpected emergencies such as Hurricane Katrina, the 2009 budget includes a \$3 billion contingency reserve, the same as in recent years, to be used in the event that program needs exceed current estimates. The budget also proposes indefinite funding authority which would make funds available in the last four months of the fiscal year if program needs exceed the anticipated level.

**Child Nutrition Programs.** Ensuring access to food for children and improving their eating habits continues to be a priority. The National School Lunch, School Breakfast, Summer Food Service, Special Milk, and Child and Adult Care Food Programs play a significant role in achieving this goal by assisting State and local governments in serving healthful, nutritious meals to children in various settings, with greatest emphasis on helping low-income children. These programs assist pre-school and school-aged children by subsidizing quality meals in participating schools and child care settings. While children from all income levels are eligible to receive some assistance from these programs, most of the funding supports meals served to low-income children for free or at a greatly reduced price. Child Nutrition Programs subsidies for meals at child care centers and family daycare homes help support child care, a critical need for working families.

For 2009, the Child Nutrition Programs are funded at a level that will support anticipated participation and food costs. An additional \$2 million is requested for the fourth School Nutrition and Dietary Assessment (SNDA) data collection and analysis. The SNDA studies are the only source of national data on the nutritional quality of school meals, and thus are critical in measuring program performance, demonstrating program effectiveness, and targeting program improvements. Also requested is \$1 million to estimate Child and Adult Care Food Program payment errors. The project would provide estimates for the two greatest potential causes of reimbursement error: (1) mistakes in reimbursement category decisions by the organizations that sponsor family day-care homes and (2) mistaken or erroneous claims for meal reimbursement submitted by family day-care home providers.

## FOOD, NUTRITION, AND CONSUMER SERVICES

---

### Objective 5.1: Ensure Access to Nutritious Food.

Key Performance Measure	2004	2005	2006	2007	2008	2009
Participation levels for the major Federal nutrition assistance programs (millions per day):						
National School Lunch Program	28.9	29.6	30.0	30.6	31.6	32.1
School Breakfast Program	8.9	9.3	9.8	10.1	10.8	11.2

---

**WIC.** The WIC Program helps improve the health and nutritional intake of low-income pregnant, breast-feeding and postpartum women, infants and children up to their fifth birthday. WIC works by providing participants with vouchers redeemable for foods dense in nutrients known to be lacking in their diets and providing nutrition education and referrals to other important health and social services. Nearly half of all infants born in the United States receive WIC benefits.

The President's budget request supports a program level of \$6.3 billion for the WIC Program, an increase of \$46 million above the 2008 program level. The funding for the WIC Program will support a monthly average of 8.6 million participants. In keeping with the Administration's promotion of childhood wellness and fitness, the updated WIC food packages will be fully implemented by the end of 2009.

### Objective 5.1: Ensure Access to Nutritious Food.

Key Performance Measure	2004	2005	2006	2007	2008	2009
Participation levels for the major Federal nutrition assistance programs (millions per month):						
WIC Program (average)	7.9	8.0	8.1	8.3	8.5	8.6

---

Language is repropose that would cap the national average grant per participant (AGP) for State administrative expenses at \$14.97, the 2007 AGP level, which will reduce overall financial requirements by about \$145 million in 2009. This reduction will encourage States to seek ways to be more efficient without affecting core services. In addition, the budget is repropose to limit automatic WIC income eligibility to Medicaid participants with household incomes that fall below 250 percent of the Federal poverty guidelines. The standard WIC income threshold is 185 percent of poverty.

**Commodity Assistance Program (CAP).** CAP distributes USDA commodities through several programs. The Emergency Food Assistance Program (TEFAP) provides support to a network of food banks and other programs that assist households in need of immediate, short-term food assistance. TEFAP includes components of both discretionary and mandatory funding. For program administration, \$49.5 million in discretionary funding is requested, part of which, at

## FOOD, NUTRITION, AND CONSUMER SERVICES

---

State discretion, may be used to purchase additional commodities. Under the Food Stamp Act, mandatory funding of \$140 million is available to be used to purchase commodities.

Another program under CAP is the Commodity Supplemental Food Program (CSFP). The budget proposes the elimination of the program, since the program is only available in limited areas, and overlaps with two of the largest nationwide Federal nutrition assistance programs – Food Stamps and WIC. USDA intends to pursue a transitional strategy to encourage those women, infants and children that are eligible for WIC to apply for that program, and to encourage elderly CSFP recipients to apply for the Food Stamp Program. As part of this strategy, the budget provides resources for outreach and temporary transitional food stamp benefits to CSFP participants 60 years of age or older. These benefits would equal \$20 per month for the lesser of six months or until the recipient starts participating in the Food Stamp Program.

In 2009, funding is requested for the Farmers' Market Nutrition Program (FMNP) for women, infants and children. The FMNP provides WIC participants with vouchers to purchase fresh, local fruits, vegetables and herbs directly from farmers, farmers' markets and roadside stands. In 2006, the FMNP provided coupons to 2.5 million WIC participants. The participants redeemed their coupons at 5,032 authorized farmers' markets and roadside stands, providing revenue to 14,259 small family farmers. Also, the Seniors FMNP, funded by CCC, provided similar benefits to 826,000 low-income seniors.

**Nutrition Programs Administration (NPA).** Funding of \$150 million is requested for NPA, the account that supports Federal management and oversight of USDA's investment in nutrition assistance programs. The budget includes an increase of \$5.7 million to support financial and program oversight activities as well as an increase of \$2 million to continue the development of an evidence-based system for the *2010 Dietary Guidelines for Americans* and for enhancements to MyPyramid, interactive applications and information technology services. All of the nutrition assistance programs, nutrition education and promotion programs government wide, as well as private sector nutrition education and promotion use the *Dietary Guidelines* and MyPyramid as their focal point and primary tool for communicating nutrition education. USDA's ability to simplify and improve the programs, increase program efforts to improve nutritional outcomes, encourage healthy and nutritious diets and expand an obesity prevention campaign, is fostered by the Federal administrative efforts supported by these funds.

## FOOD, NUTRITION, AND CONSUMER SERVICES

### Food and Nutrition Service Key Indicators

	2007	2008	2009
	Actual	Estimate	Budget
<b>Average Participation, Millions:</b>			
Food Stamps (per month).....	26.5	27.8	28.0
Free School Lunch.....	14.9	15.5	15.7
Total School Lunch (per day).....	30.6	31.6	32.1
Free School Breakfast.....	7.2	7.6	7.9
Total School Breakfast (per day).....	10.1	10.8	11.2
WIC (per month).....	8.3	8.5	8.6
Commodity Supplemental Food Program (CSFP):			
WIC (per month).....	0.03	0.03	0.00
Elderly (per month).....	0.43	0.43	0.00
Food Distribution Program on Indian			
Reservations (FDPIR) (per month).....	0.09	0.09	0.09
<b>Unemployment Rate</b> (percent).....	4.5	4.9	4.9
<b>Average/Person/Month Food Benefit in \$:</b>			
Food Stamps.....	\$95.64	\$100.79	\$104.88
WIC.....	39.15	42.56	43.55
CSFP: WIC (FNS Funded) <u>a/</u> .....	21.92	24.27	0.00
CSFP: Elderly (FNS Funded) <u>a/</u> .....	16.64	18.15	0.00
FDPIR (FNS Funded) <u>a/</u> .....	44.40	49.02	51.13
<b>Per Meal Subsidies Including Commodities in \$: <u>b/</u></b>			
<b>School Lunch:</b>			
Free .....	\$2.58	\$2.67	\$2.74
Reduced Price .....	2.18	2.27	2.34
Paid .....	0.40	0.42	0.43
<b>School Breakfast:</b>			
Free .....	1.32	1.36	1.39
Paid .....	0.24	0.24	0.25

a/ Excludes bonus commodities. In 2007, an average of \$3.30, \$3.10 and \$2.54 per month was added in bonus commodities for each participant monthly for CSFP/WIC, CSFP/elderly and FDPIR respectively.

b/ Excludes bonus commodities.



## FOOD SAFETY

### MISSION AND RELATIONSHIP TO STRATEGIC GOAL

Nearly all funds for the Food Safety mission area support USDA Strategic Goal 4, which is to enhance protection and safety of the Nation’s agriculture and food supply. This mission area contributes to the accomplishment of one key objective under this goal: to reduce the incidence of foodborne illnesses related to meat, poultry, and egg products in the United States. The Food Safety mission area is the public health mission area of USDA that is responsible for meat, poultry and egg products inspection – completing necessary inspection, using scientific expertise to refine and develop the current inspection systems towards one using stronger science, and addressing the important public health and safety issues related to meat, poultry, and egg products. Food Safety coordinates the development of its policies with other USDA agencies, the Food and Drug Administration, the Environmental Protection Agency, the Centers for Disease Control and Prevention, as well as international organizations, to ensure an integrated farm-to-table approach to food safety. Of the total Food Safety funds, USDA also expends approximately \$4 million in support of the Codex Alimentarius Commission (Codex) to support USDA Strategic Goal 1, Strategic Objective 1.3 – Improved Sanitary and Phytosanitary (SPS) System to Facilitate Agricultural Trade.

**Program Level  
(Dollars in Millions)**

<b>Program</b>	<b>2007 Actual</b>	<b>2008 Estimate</b>	<b>2009 Budget</b>
Federal Food Safety and Inspection.....	\$910	\$966	\$983
State Food Safety and Inspection.....	62	63	66
International Food Safety and Inspection.....	26	25	26
Public Health Data Communication Infrastructure System (formerly FAIM).....	15	13	13
Codex Alimentarius.....	4	4	4
Total, FSIS Program Level.....	1,017	1,071	1,092
Existing User Fees and Trust Funds.....	-125	-141	-140
Total, FSIS Appropriations.....	\$892	\$930	\$952

The Food Safety mission area includes the Food Safety and Inspection Service (FSIS) and the general oversight of the Office of the U.S. Manager of Codex. FSIS provides in-plant inspection to all domestic establishments preparing meat, poultry, and processed egg products for sale or distribution into interstate or international commerce, and also reviews and approves foreign inspection systems and plants exporting these products to the United States. FSIS also provides technical and cost-sharing assistance to, and review of, States that maintain inspection programs equal to the Federal inspection program.

To accomplish these functions, FSIS employees are stationed in approximately 6,200 establishments, including about 121 import stations. Headquarters personnel are responsible for overseeing administration of the program and ensuring that the scientific and technological developments are incorporated into inspection procedures. For Codex, FSIS

## FOOD SAFETY

---

coordinates U.S. participation in and informs the public of the sanitary and phytosanitary standard setting activities of the Commission. Codex is the major international mechanism for encouraging fair international trade in food while promoting the health and economic interests of consumers.

To ensure that FSIS can support its approximately 7,800 Federal meat, poultry, and egg inspectors; the Federal share of State inspection programs; and continue to improve the science basis for the food safety system as described in the USDA Strategic Plan, the 2009 budget proposes a program level of \$1.1 billion, an increase of \$22 million over 2008. This includes \$952 million in appropriated funding and \$140 million in user fees under existing authorities. The budget provides for the full amount necessary to meet demand for inspection and includes pay cost and other necessary supporting cost increases.

In 2009, FSIS estimates it will collect \$140 million through existing user fee activities for providing overtime, holiday, and voluntary inspection services. Separately, FSIS will submit a legislative proposal that will permit expansion of user fee charges for certain additional activities in 2009, with total collections estimated at \$96 million. The proposal would generate fees that will reduce appropriation needs in future years. A total of about \$92 million would be collected through a licensing fee from all inspected establishments. An additional \$4 million would be collected from plants that require additional inspection activities for performance failures such as retesting, recalls, or inspection activities linked to an outbreak.

Pathogen reduction relates directly to USDA's strategic objective of reducing the level of foodborne illness by targeting common and dangerous pathogens for control. Although the presence of safe and wholesome food products may decrease the likelihood of foodborne illness, it does not guarantee that after purchase, food will be properly stored, handled, and prepared so as to maintain safety. For this reason, FSIS conducts public education campaigns to inform the public about safe food handling methods. The 2009 budget provides the resources necessary for FSIS to maintain its level of performance in ensuring the safety of the meat, poultry, and egg products supply as indicated by the following performance measures:

## FOOD SAFETY

---

### Objective 4.1: Reduce the Incidence of Foodborne Illnesses Related to Meat, Poultry, And Egg Products in the U.S.

Key Performance Measure	2004	2005	2006	2007	2008	2009
Reduce overall public exposure to generic <i>Salmonella</i> from broiler carcasses using existing scientific standards *	N/A	N/A	45%	71%	80%	85%
Decrease the overall percent positive rate for <i>Listeria monocytogenes</i> in ready-to-eat products	0.89%	0.70%	0.60%	0.31%	0.29%	0.28%
Reduce the prevalence of <i>E. coli</i> 0157:H7 on ground beef	0.19%	0.17%	0.16%	0.23%	0.24%	0.20%

\* The figures are the proportion of establishments whose two most recent *Salmonella* test results are equal to or less than 50 percent of the FSIS performance standard for the product class. These are the Category 1 establishments considered to have consistent process control. As more establishments reach Category 1 status, fewer people will be exposed to *Salmonella* from raw classes of products regulated by FSIS.

## **NATURAL RESOURCES AND ENVIRONMENT**

---

### **MISSION AND RELATIONSHIP TO STRATEGIC GOALS**

The mission of the Natural Resources and Environment area is to promote the conservation and sustainable use of natural resources on the Nation's private lands and to sustain production of all the goods and services that the public demands of the national forests. This mission supports USDA Strategic Goal 6, which is to protect and enhance the Nation's natural resource base and environment. The mission area includes two agencies, the Natural Resources Conservation Service (NRCS) and the Forest Service (FS).

Both NRCS and FS contribute to achieving Strategic Goal 6 through a variety of programs aimed at preserving natural resources on public and private lands. The goal has four objectives: (1) protect watershed health to ensure clean and abundant water; (2) enhance soil quality to maintain productive, working cropland; (3) protect forests and grazing lands; and (4) protect and enhance wildlife habitat to benefit desired, at-risk and declining species.

Key performance measures for NRCS include: comprehensive nutrient management plans applied; cropland with conservation applied to improve soil quality; grazing land and forest land with conservation applied to protect and improve the resource base; and wetlands created, restored or enhanced. FS' key performance measures include treatment of hazardous fuel in and outside of the wildland urban interface and other acres treated.

## NATURAL RESOURCES AND ENVIRONMENT

### NATURAL RESOURCES CONSERVATION SERVICE (NRCS)

Program Level (Dollars in Millions)			
Program	2007 Actual	2008 Estimate	2009 Budget
Conservation Operations:			
Conservation Technical Assistance.....	\$627	\$712	\$681
All Other Conservation Operations Programs.....	136	122	114
Total, Conservation Operations.....	763	834	795
Watershed and Flood Prevention Operations.....	9	30	0
Watershed Surveys and Planning.....	6	0	0
Watershed Rehabilitation Program.....	31	20	6
Resource Conservation and Development.....	51	51	0
Healthy Forests Reserve Program.....	2	2	0 <u>a/</u>
Farm Bill Programs (Funded from CCC):			
Total Budget Authority:			
Environmental Quality Incentives Program.....	993	1,000	1,050 <u>a/</u>
Wetlands Reserve Program.....	248	455	181 <u>a/</u>
Conservation Security Program.....	294	382	360 <u>a/</u>
Watershed Rehabilitation Program .....	0	0	65
Ground and Surface Water Conservation.....	70	60	60 <u>a/</u>
Farm and Ranch Lands Protection Program.....	73	97	97 <u>a/</u>
Klamath Basin.....	8	0	<u>a/</u>
Wildlife Habitat Incentives Program.....	42	85	<u>a/</u>
Grassland Reserve Program.....	13	0	<u>a/</u>
Agricultural Management Assistance.....	5	10	<u>a/</u>
Conservation Reserve Program Tech. Assist. (Reimb.).....	(81)	(60)	(84)
Total, Farm Bill Programs.....	1,746	2,089	1,813
Farm Bill Proposal.....	0	463	775
Subtotal, Farm Bill Programs.....	1,746	2,552	2,588
Subtotal, NRCS Programs.....	2,608	3,489	3,389
Emergency Watershed Protection.....	11	0	0
Total, NRCS Programs.....	\$2,619	\$3,489	\$3,389
<b>RECAP:</b>			
Ongoing Appropriations.....	\$862	\$937	\$801
Emergency Watershed Protection.....	11	0	0
Funded from CCC.....	1,746	2,552	2,588
Total, NRCS Programs.....	\$2,619	\$3,489	\$3,389

a/ The 2009 program level is expected to be established in the new Farm Bill.

## NATURAL RESOURCES AND ENVIRONMENT

---

The President's 2009 budget for NRCS continues to focus on working with local partners in efficiently implementing authorized conservation programs. NRCS directs its financial and technical assistance programs to land users through the USDA Service Centers and through local conservation districts, which are units of State or local governments organized for the purpose of developing and carrying out local conservation programs. USDA has entered into a Memorandum of Understanding with each conservation district, and these formal agreements provide a basis for the Department's working relationship with the district. In addition, the Department is increasingly relying on technical assistance provided to producers by third parties, as authorized in the Farm Bill, called technical service providers (TSP's). These TSP's are non-USDA technical specialists who are certified to deliver conservation technical assistance and help farmers and ranchers reach their conservation goals.

**Conservation Operations (CO).** The 2009 budget proposes \$795 million for CO, which includes \$681 million for conservation technical assistance (CTA) as well as \$114 million for three other CO activities including Soil Surveys, Snow Surveys, and Plant Materials Centers. At this level, the agency's activities will continue to support locally led, cooperative conservation through the unique partnership that has been developed over the years with each conservation district and local stakeholders. This partnership provides the foundation on which the Department addresses many of the Nation's critical natural resource issues and leverages additional investment from local governments, private groups and individual sources.

The 2009 request for CTA includes an increase of \$14 million for pay costs. Funding for the Grazing Lands Conservation Initiative is eliminated due to the program's overlap with other programs that provide technical assistance on grazing lands. The 2009 budget also includes a decrease of \$43 million in CTA funds to continue the Administration's efforts to reduce or eliminate Congressional earmarks.

**Watershed and Flood Prevention Operations.** NRCS provides technical and financial assistance to local communities and sponsoring organizations to construct flood protection, water supply, and water quality improvement projects. The 2009 budget provides no funding for this activity. Because benefits from this program are highly localized, local sponsoring organizations as well as State and local governments are expected to assume a greater role in identifying and addressing water resource problems.

**Watershed Rehabilitation Program.** This program provides financial and technical assistance to communities for planning and financing the rehabilitation of Federally constructed flood prevention dams that have reached the end of their design lives. The budget includes \$6 million in discretionary funds for technical assistance to help local governments and private landowners plan the rehabilitation of those dams with the greatest potential for damage.

**Resource Conservation and Development (RC&D).** The RC&D program provides technical assistance to local communities to develop and implement strategic plans that address their locally identified natural resource and economic development concerns. A PART review was conducted on the RC&D program in 2005 and found that it is duplicative of other USDA and Federal resource conservation and rural development programs and that the program does not

## NATURAL RESOURCES AND ENVIRONMENT

---

prioritize or target funding effectively. The 2009 budget proposes to eliminate funding for this lower priority program.

**Environmental Quality Incentives Program (EQIP).** The purpose of EQIP is to provide assistance to landowners who face serious natural resource challenges that impact soil, water and related natural resources, including grazing lands, wetlands, and wildlife habitat management. The 2009 budget proposes \$1.05 billion for EQIP, enabling nearly 43,000 producers to participate in the program, covering nearly 17.5 million acres. The program will continue to emphasize land management practices such as the application of comprehensive nutrient management plans.

**Wetlands Reserve Program (WRP).** WRP is a voluntary program in which landowners are paid to retire cropland from agricultural production if those lands are restored to wetlands and protected, in most cases, with a long-term or permanent easement. Landowners receive fair market value for the land and are provided with cost-share assistance to cover the restoration expenses. The 2002 Farm Bill authorized the program to enroll up to 2,275,000 acres through the end of calendar year 2007. This authority was extended to March 15, 2008, by the Agriculture, Rural Development, Food and Drug Administration, and Related Agencies Appropriations Act of 2008. WRP enrollment through 2007 is 1,922,400 acres. Assuming an estimated enrollment of 250,000 acres in 2008, the 2009 budget request includes \$181 million to reach the current program cap. This funding will also allow WRP to continue to be a principal supporter of the President's wetlands policy to restore, protect and enhance three million acres of wetlands by 2009.

**Conservation Security Program (CSP).** CSP is a voluntary program that provides financial and technical assistance on Tribal and private agricultural working lands to support ongoing conservation stewardship. The program provides payments to producers who maintain and enhance the condition of natural resources. Through the end of 2008, the Department expects nearly 25,400 participants in the program. The budget includes \$360 million for CSP in 2009.

**Other Farm Bill Conservation Programs.** The Administration's 2007 Farm Bill proposal recommends improving and increasing funding by \$775 million to USDA conservation programs to better serve farmers, the environment, and all U.S. citizens. The changes recommended by the Administration would streamline, consolidate, and simplify conservation programs while reducing redundancies and increasing targeted funding where needed. As a result, 2009 funding for other Farm Bill conservation programs is contingent upon the outcome of a new farm bill.

**Conservation Reserve Program Technical Assistance.** NRCS provides technical support including land eligibility determinations, conservation planning and practice implementation for the Conservation Reserve Program (CRP). The 2009 budget includes \$84 million, an increase of \$24 million, for CRP technical assistance. CRP is administered by FSA. The program status for 2009 is described on page 21.

## NATURAL RESOURCES AND ENVIRONMENT

---

### Objective 6.1: Protect Watershed Health to Ensure Clean and Abundant Water.

Key Performance Measure	2004	2005	2006	2007	2008	2009
Comprehensive nutrient management plans applied (number of plans)						
CTA	2,372	2,421	2,269	1,911	1,550	1,400
EQIP	1,055	2,032	2,774	2,490	2,300	2,300

### Objective 6.2: Enhance Soil Quality to Maintain a Productive Cropland Base.

Key Performance Measures	2004	2005	2006	2007	2008	2009
Cropland with conservation applied to improve soil quality (millions of acres)						
CTA	N/A	6.0	6.4	6.0	7.0	6.5
EQIP	1.5	2.2	3.4	5.3	5.5	5.7
CSP	1.3	6.9	1.4	0	1.4	1.4

### Objective 6.3: Protect Forests and Grazing Lands.

Key Performance Measures	2004	2005	2006	2007	2008	2009
Grazing land and forest land with conservation applied to protect and improve the resource base (millions of acres)						
CTA	9.7	9.9	11.7	13.5	12.0	11.0
EQIP	5.1	8.0	12.2	16.5	12.3	13.0

### Objective 6.4: Protect and Enhance Wildlife Habitat to Benefit Desired, At-Risk and Declining Species.

Key Performance Measure	2004	2005	2006	2007	2008	2009
Wetlands created, restored or enhanced (acres)						
CTA	59,293	53,498	65,345	62,093	51,300	51,300
WRP	123,363	180,358	181,979	149,326	100,000	125,000

---



## NATURAL RESOURCES AND ENVIRONMENT

### FOREST SERVICE (FS)

**Program Level  
(Dollars in Millions)**

Program	2007 Actual	2008 Estimate	2009 Budget
Discretionary Accounts:			
Forest and Rangeland Research.....	\$280	\$286	\$263
State and Private Forestry.....	280	263	110
National Forest System:			
Land Management Planning.....	58	49	53
Recreation, Heritage and Wilderness.....	259	263	237
Wildlife and Fisheries Habitat Management.....	132	132	118
Grazing Management.....	48	48	47
Inventory and Monitoring.....	166	167	146
Forest Products.....	319	323	323
Vegetation and Watershed Management.....	177	177	165
Minerals and Geology Management.....	84	84	71
Land Ownership Management.....	91	91	75
Law Enforcement Operations.....	115	132	115
Valles Caldera National Preserve.....	4	4	0
Total, NFS.....	1,453	1,470	1,350
Wildland Fire Activities:			
Preparedness.....	665	666	588
Suppression.....	742	846	994
Hazardous Fuels Reduction.....	301	310	297
Other Fire Operations.....	116	121	97
Total, Wildland Fire Activities.....	1,824	1,943	1,976
Capital Improvement and Maintenance.....	436	474	406
Land Acquisition.....	47	43	6
Other Accounts.....	8	9	4
Subtotal, Discretionary Accounts.....	4,328	4,488	4,115
Emergency Supplemental Funding and Fire Repayments.....	370	551	0
Total, Discretionary Accounts.....	4,698	5,039	4,115

## NATURAL RESOURCES AND ENVIRONMENT

<b>Program Level</b>			
<b>(Dollars in Millions)</b>			
<b>Program</b>	<b>2007 Actual</b>	<b>2008 Estimate</b>	<b>2009 Budget</b>
<b>Mandatory Programs:</b>			
Permanent Appropriations.....	201	283	295
Secure Rural Schools.....	377	428	88 <sup>a/</sup>
Trust Funds.....	220	184	161
Total, Mandatory Accounts.....	798	895	544
Total, Forest Service Program Level.....	\$5,496	\$5,934	\$4,659
<b>RECAP:</b>			
Ongoing Appropriations.....	\$5,126	\$5,383	\$4,659
Emergency Fire Funding and Repayments.....	370	551	0
Total, Forest Service Program Level.....	\$5,496	\$5,934	\$4,659

<sup>a/</sup> The Secure Rural Schools and Community Self-Determination Act of 2000 expired in FY 2006 and was extended under P.L. 110-28 for one year with a final payment made in FY 2008. The FY 2009 President's Budget proposes a fully offset four-year extension of the program with payments adjusted downward each year and eventually phased out. (See below for additional detail)

The Forest Service (FS), with over 30,000 staff years in 2009, is the largest employer in USDA. For 2009, the total request for FS discretionary activities is \$4.1 billion. The work of the FS supports Strategic Goal 6: Protect and enhance the Nation's natural resource base and environment. Brief discussions of the major FS program areas follow.

**Forest and Rangeland Research.** For 2009, \$263 million is proposed for Forest and Rangeland Research. FS maintains the world's largest forest research organization. While its broad mission is to develop knowledge and technology needed to enhance the economic and environmental values of all of the Nation's forests, it also supports the specific research needs that arise from managing the National Forest System (NFS). For example, during the last fire season, tools developed by this program were used to evaluate potential fire growth, values at risk, and cost-efficiency of firefighting on over 100 large wildland fire events. The \$23 million decrease in funding from 2008 reflects a re-direction of research funding toward higher priority work within the Forest Service.

**State and Private Forestry.** For 2009, total funding for State and Private Forestry programs is proposed at \$110 million, a reduction of \$153 million below the 2008 level. Through these programs, FS makes grants and provides technical assistance to State forestry agencies and other cooperators for protecting forest resources and improving sustainable forest management on non-industrial private forest lands. At the reduced 2009 budget level, emphasis will be placed on two priority areas—Cooperative Fire Protection and Forest Health Management on Federal lands. Cooperative Fire programs provide technical and financial support for State and local wildland firefighting organizations. The budget request will enable FS to provide matching funds for fire assistance in 6,900 communities. The Federal Lands Forest Health Management

## NATURAL RESOURCES AND ENVIRONMENT

---

program conducts insect and disease prevention and suppression on federally owned lands. FS will focus its efforts on the suppression of bark beetles and the hemlock wooly adelgid. The \$153 million decrease in funding from 2008 reflects a reduction in lower priority programs such as Forest Legacy and International Forestry.

**National Forest System (NFS).** For 2009, total funding for NFS is proposed at approximately \$1.4 billion, a reduction of \$120 million below the 2008 level. FS manages over 193 million acres of public land in 44 States, Puerto Rico, and the Virgin Islands. These lands, known collectively as the NFS, are managed for multiple uses on a sustained-yield basis to meet the needs of people today while maintaining or improving the productivity, health, and resilience of forest resources for future generations. National forests produce diverse benefits for the American people ranging from outdoor recreation, wildlife, fish and watershed protection, to timber, forage and minerals. NFS programs reflect increased efficiencies, and the 2009 budget maintains the current level of funding for the Forest Products program, which supports the Northwest Forest Plan's goal of offering 800 million board feet of timber. The budget also includes an additional \$4 million above the 2008 level for the Land Management Planning program to complete more forest plan revisions, capitalizing on the program efficiencies gained from the new 2008 Forest Planning Rule. The 2009 budget includes language to authorize FS to accept up to \$10 million from partnering organizations to complete projects through an ecosystem services pilot that restores, enhances, and protects ecosystem function on National Forest System and adjacent lands.

**Wildland Fire Activities.** For 2009, total funding for Wildland Fire Activities is proposed at nearly \$2 billion, which represents an increase of \$33 million above the 2008 level excluding emergency funding. Through these activities, FS protects life, property and natural resources on NFS land and an additional 20 million acres on adjacent state and private lands through fee or reciprocal protection agreements. These funds also support implementation of the President's Healthy Forests Initiative and the National Fire Plan. The budget includes an additional \$148 million above the 2008 level for the Fire Suppression program, to fund suppression at the inflation adjusted ten-year average cost. Adequate funds are provided in fire preparedness to fund a minimum of 10,480 firefighters.

**Capital Improvement and Maintenance.** For 2009, total funding for Capital Improvement and Maintenance programs is proposed at nearly \$406 million, which represents a decrease of \$68 million. This program funds the maintenance and decommissioning of buildings, recreation sites, facilities, roads, and trails. Within the funds for Capital Improvement and Maintenance, funding is shifted from facilities and trails to fund road maintenance. The budget includes a \$10 million funding increase to the Roads program to maintain an additional 8,000 miles of roads.

**Land Acquisition.** For 2009, total funding for Land Acquisition programs is proposed at about \$6 million, which represents a decrease of \$37 million from 2008. This program provides for the acquisition of lands in the NFS, in an effort to protect resources or increase visitor access. In 2009 the agency will focus on completing the acquisition of lands begun in prior years and proposes no new projects.

## NATURAL RESOURCES AND ENVIRONMENT

---

**Secure Rural Schools.** The Secure Rural Schools and Community Self-Determination Act of 2000 (P.L. 106-393) provided temporary payments to counties impacted by the reduction of shared receipts associated with lower levels of timber harvesting on Federal lands. The Act expired in 2006, but Congress provided for an additional year of payments under Public Law 110-28. For 2008, States will revert to the funding provided by the Twenty-Five Percent Fund Act. Although Secure Rural Schools payments were designed to be temporary, the President recognizes that some additional time is necessary, so the budget includes an extension with the final three years of payments. These payments would be targeted to the most affected areas, adjusted downward each year, and phased out after the fourth year. For the 2008 payment to be made in 2009, the Administration continues to be prepared to work with Congress to identify mutually agreeable offsets.

### Objective 6.3: Protect Forests and Grazing Lands.

Key Performance Measures (in thousands)	2004	2005	2006	2007	2008	2009
Number of acres of hazardous fuels treated that are in the wildland-urban interface.	1,311	1,094	1,045	1,139	1,120	995
Number of acres of hazardous fuel treated that are in condition Classes 2 or 3 in Fire Regimes 1, 2, or 3 outside the wildland-urban interface.	492	470	409	528	515	426
Number of acres in condition classes 2 or 3 in Fire Regimes 1, 2 or 3 treated by all land management activities that improve condition class.	758	1,058	1,093	1,301	1,268	1,050

A PART evaluation was conducted on the Capital Improvement and Maintenance program during the 2009 budget process. The Capital Improvement and Maintenance program received a rating of “Results Not Demonstrated.” The improvement plan includes developing long-term outcome-based performance measures to prioritize road, facility, and trail improvements in the construction, use, and disposal of assets.

## **MARKETING AND REGULATORY PROGRAMS**

---

### **MISSION AND RELATIONSHIP TO STRATEGIC GOALS**

The mission of Marketing and Regulatory Programs (MRP) is to facilitate and expand the domestic and international marketing of U.S. agricultural products, to help protect the agricultural sector from plant and animal health threats, and to ensure humane care and treatment of certain animals. These programs provide the basic infrastructure to improve agricultural market competitiveness for the overall benefit of both consumers and producers of American agriculture. MRP supports three USDA Strategic Goals: Strategic Goal 1: Enhance International Competitiveness of American Agriculture; Strategic Goal 2: Enhance the Competitiveness and Sustainability of Rural and Farm Economies; and Strategic Goal 4: Enhance Protection and Safety of the Nation's Agriculture and Food Supply. By enhancing protection of the Nation's agriculture, USDA will also help enhance the competitiveness of the agricultural sector. In particular, USDA has a target of allowing zero significant introductions of foreign animal diseases or pests that spread beyond the original area of introduction and cause severe economic or environmental damage, or damage to the health of animals or humans. In addition, USDA will increase the efficiency of production and marketing systems by providing an increasing number of standards for market-identified quality attributes for a variety of agricultural products.

The Marketing and Regulatory Programs are administered by three agencies: the Animal and Plant Health Inspection Service (APHIS); the Agricultural Marketing Service (AMS); and the Grain Inspection, Packers and Stockyards Administration (GIPSA).

## MARKETING AND REGULATORY PROGRAMS

### ANIMAL AND PLANT HEALTH INSPECTION SERVICE (APHIS)

Program Level (Dollars in Millions)			
Program	2007 Actual	2008 Estimate	2009 Budget
Pest and Disease Exclusion:			
Agricultural Quarantine Inspection (AQI):			
Appropriated (discretionary).....	\$28	\$27	\$27
User Fees (mandatory) <u>a/</u> .....	179	216	227
Total, Agricultural Quarantine Inspection.....	207	243	254
Fruit Fly Exclusion and Detection.....	60	60	67
Trade Issues Resolution and Management/			
Overseas Technical and Trade Operations.....	13	12	19
All Other Pest and Disease Exclusion.....	53	56	58
Total, Pest and Disease Exclusion.....	333	371	398
Plant and Animal Health Monitoring:			
Animal Health Monitoring and Surveillance.....	155	123	144
Animal and Plant Health Regulatory			
Enforcement.....	10	12	14
Avian Influenza .....	(58)	(67)	60 <u>b/</u>
Emergency Management Systems.....	13	15	18
High Pathogen Avian Influenza .....	41	51	0
National Veterinary Stockpile .....	<u>c/</u>	<u>c/</u>	8
Pest Detection.....	26	28	31
All Other Plant and Animal Health Monitoring.....	7	6	8
Total, Plant and Animal Health Monitoring.....	252	235	283
Pest and Disease Management:			
Emerging Plant Pests.....	103	127	145
Low Pathogen Avian Influenza .....	17	16	0
Wildlife Services Operations.....	74	75	73
All Other Pest and Disease Management.....	153	147	112
Total, Pest and Disease Management.....	347	365	330
Animal Care.....	18	21	22
Biotechnology Regulatory Services.....	11	12	16
Veterinary Biologics and Diagnostics.....	38	40	53
Other Scientific and Technical Services.....	29	32	33
Physical/Operational Security.....	4	4	7
All Other.....	4	4	4
Total, APHIS Salaries and Expenses.....	1,036	1,084	1,146

## MARKETING AND REGULATORY PROGRAMS

### Program Level (Dollars in Millions)

Program	2007 Actual	2008 Estimate	2009 Budget
Emergency Funding (CCC).....	55	0	0
Emergency Funding (Section 32).....	107	0	0
Emergency Supplemental Funding for Avian Influenza.....	32	0	0
Trust Funds.....	15	14	14
Buildings and Facilities.....	3	0	7
Total, APHIS Programs.....	\$1,248	\$1,098	\$1,167
<b>RECAP:</b>			
Ongoing Appropriations.....	\$860	\$868	\$926
Existing User Fees.....	179	216	227
Emergency Funding.....	194	0	0
Trust Funds.....	15	14	14
Total, APHIS Programs.....	\$1,248	\$1,098	\$1,167

a/ Total collections are \$472 million in 2007, \$537 million in 2008 and \$560 million in 2009. Of the total, \$286 million, \$321 million and \$333 million are transferred to the Department of Homeland Security in 2007, 2008 and 2009 respectively.

b/ The budget proposes a single line item to fund Avian Influenza activities.

c/ Formerly part of Emergency Management Systems, funded at \$3 million in 2007 and \$4 million in 2008.

APHIS helps achieve two USDA strategic goals: Enhance protection and safety of the Nation's agriculture and food supply; and enhance international competitiveness of American agriculture. Much of the agency's work is conducted in cooperation with state and local agencies, private groups, and foreign governments.

The 2009 budget proposes an appropriation of about \$926 million for salaries and expenses (\$919 million), and buildings and facilities (\$7 million). This is an increase of \$52 million for salaries and expenses and \$7 million for buildings and facilities above the 2008 level. Notable increases stem from proposals to further enhance the security of the agriculture sector from plant and animal health threats.

APHIS plays a critical role in protecting the Nation from deliberate or unintentional introduction of agricultural health threats, and the budget request for APHIS includes a \$47 million increase for Food and Agriculture Defense efforts above the 2008 level. These include: enhanced international information gathering about potential threats abroad; greater plant pest detection and safeguarding; increased national wildlife and animal health surveillance; improved ability to respond to a plant or animal disease outbreak; more timely approval of veterinary biologics; and vaccines and supplies for the National Veterinary Stockpile.

## MARKETING AND REGULATORY PROGRAMS

---

Other increases would deal with emerging plant pests, notably light brown apple moth and sirex woodwasp. The budget assumes cost-sharing on the part of cooperators for specific pest and disease efforts. Funding for physical and operational security efforts would also be increased.

### **Objective 4.2: Reduce the Number and Severity of Agricultural Pest and Disease Outbreaks.**

Key Performance Measure	2004	2005	2006	2007	2008	2009
Number of significant introductions of foreign animal diseases or pests that spread beyond the original area of introduction and cause severe economic or environmental damage, or damage to the health of animals or humans	0	0	0	0	0	0

---

**Pest and Disease Exclusion.** The 2009 budget includes \$398 million for pest and disease exclusion including user fees of \$227 million. USDA ensures that passengers and cargoes traveling from Hawaii and Puerto Rico comply with regulations to protect the health of the agricultural sector on the Mainland. Such services previously provided by APHIS at the Canadian and Mexican borders and at ports of entry are now conducted by the Department of Homeland Security. USDA has the responsibility of promulgating regulations related to the entry of passengers and commodities into the United States. Increases in the budget include an increase of \$2 million above the 2008 level to combat cattle fever tick along the Mexican border, and \$7 million to enhance the Fruit Fly Exclusion and Detection.

**Plant and Animal Health Monitoring.** The budget requests \$283 million for plant and animal health monitoring and surveillance. This is a \$21 million increase over the 2008 level for animal health monitoring and surveillance programs. The increase includes \$14 million for the National Animal Identification System to restore funding to levels sufficient to carry out essential activities. Funding for a combined highly pathogenic and low pathogenic avian influenza program would be reduced by \$7 million based on one-time costs and efficiencies resulting from combining the programs. The National Veterinary Stockpile will be listed on a separate budgetary line and funding for the program will be increased by \$4 million for a total of \$8 million to provide necessary vaccines, equipment, and other supplies to address animal disease outbreaks. The budget also requests nearly \$4 million for improved plant pest detection and \$2 million for select agent programs.

**Pest and Disease Management Programs.** APHIS provides technical and financial support to help control or eradicate a variety of agricultural health threats. The 2009 budget requests \$330 million for pest and disease management efforts. The budget proposes increased funding for efforts against emerging plant pests (emerald ash borer, light brown apple moth, and sirex woodwasp). Successes in boll weevil and John’s disease eradication efforts allow a reduction in those programs, while funding has been increased for other, higher priority program needs. Decreased funding is also proposed for aquaculture, grasshopper control, chronic wasting disease and other efforts. The budget requests an increase for contingency funding to restore APHIS’



## MARKETING AND REGULATORY PROGRAMS

---

ability to respond promptly to pest and disease outbreaks. In addition, the Secretary retains authority to transfer funds from the CCC or other USDA accounts to combat any sudden, urgent and unforeseen pest and disease outbreaks.

**Animal Care.** The 2009 budget proposes \$21.5 million for Animal Welfare Act activities and \$0.5 million for Horse Protection Act activities. This maintains the 2008 level for activities to enforce the Animal Welfare Act. The PART review of the Animal Welfare program conducted as part of the 2009 budget process rated the program moderately effective. The program has a clear purpose and regulations are supported by appropriate analysis. However, the program will collect baseline data for new performance measures, and adjust targets if appropriate. It will customize outreach activities provided to licensees and registrants to support the goal of ensuring the humane care and use of animals protected by the Animal Welfare Act. Finally, APHIS will submit legislative proposals which will permit collection of about \$9 million in user fees for Animal Welfare activities.

**Scientific and Technical Services.** Within USDA, APHIS has chief regulatory oversight of genetically modified organisms. To help meet the needs of this rapidly evolving sector, the budget includes a \$4 million increase to enhance domestic program activities such as fully implementing the Biotechnology Quality Management System. This program will improve regulated entities' ability to manage the safe introduction of genetically engineered organisms into the environment. This program represents a shift from enforcing compliance to educating the regulated entities on the best practices to achieve compliance. APHIS also develops methods and provides diagnostic support to prevent, detect, control, and eradicate agricultural health threats. In addition, APHIS works to prevent ineffective or harmful animal biologics (e.g., vaccines) from being marketed. The PART review of these services resulted in an effective rating. Finally, APHIS will submit legislative proposals which will permit collection of about \$4 million in user fees for Biotechnology Regulatory Services activities and about \$7 million in user fees for Veterinary Biologics activities.

**Buildings and Facilities.** Funding of \$7 million for general repairs and maintenance of APHIS buildings is requested in 2009. This amount will be used for critical repairs at APHIS facilities.

## MARKETING AND REGULATORY PROGRAMS

### AGRICULTURAL MARKETING SERVICE (AMS)

Program Level (Dollars in Millions)			
Program	2007 Actual	2008 Estimate	2009 Budget
Marketing Services:			
Market News.....	\$32	\$33	\$34
Egg Surveillance and Standardization.....	7	8	8
Market Protection and Promotion.....	28	30	27
Wholesale Market Development.....	4	4	4
Transportation Services.....	3	2	3
Total, Marketing Services.....	74	77	76
Payments to States.....	7	12	1
Funds for Strengthening Markets, Income, and Supply (Section 32):			
Commodity Program Expenses.....	172	388	408
Section 32 Administrative Funds:			
Marketing Agreements and Orders (MA&O).....	15	17	17
Web-based Supply Chain Management.....	20	10	20
Commodity Purchase Services.....	12	12	12
Total, Section 32 Administrative Funds.....	47	39	49
Total, Section 32 Funds.....	219	427	457
User Fees:			
Perishable Agricultural Commodities Act.....	7	7	7
Commodity Grading Services.....	138	134	138
Total, User Fee Funded Programs.....	145	141	145
Total, AMS Programs.....	\$445	\$657	\$679
<b>RECAP:</b>			
Ongoing Appropriations.....	81	89	77
Section 32 Funds.....	219	427	457
Existing User Fees.....	145	141	145
Total, AMS Programs.....	\$445	\$657	\$679

The mission of AMS is to facilitate the marketing of agricultural products in domestic and international markets, while ensuring fair trading practices and promoting a competitive and efficient marketplace, to the benefit of producers, traders, and consumers of U.S. food and fiber products. All AMS activities support USDA's Strategic Goal 2, which is to enhance the competitiveness and sustainability of rural and farm economies. AMS programs promote a strategic marketing perspective that adapts product and marketing decisions to consumer demands, changing domestic and international marketing practices, and new technology.

## MARKETING AND REGULATORY PROGRAMS

---

For 2009, the budget proposes a program level of about \$679 million for AMS, of which \$145 million will be funded by user fees, \$457 million by Section 32 funds and \$77 million by appropriations.

**Marketing Services.** AMS administers a variety of programs that enhance the marketing and distribution of agricultural products. Activities include the dissemination of market information; surveillance of shell egg handling operations; development of commodity grade standards; protection of producers from unfair marketing practices; statistical sampling of commodities for pesticide residues; development of organic standards; research and technical assistance aimed at improving efficiency of food marketing and distribution; and pesticide recordkeeping.

An increase of \$0.8 million is requested to expand market news reporting on specialty crops, including organic fruit and vegetables. Product and price information reported through this program enhances marketing efficiency, which ultimately benefits consumers.

The 2009 budget includes an increase of \$0.8 million above the 2008 level to ensure that the National Organic Program can meet the needs of the rapidly growing organic industry. The increase will support, among other efforts, development of standards requested by the industry and regulatory enforcement to maintain labeling credibility.

The 2009 budget also includes an increase of \$0.8 million for resources necessary to provide pesticide residue data needed for EPA's dietary risk assessments. Data provided by the Pesticide Data Program will allow EPA to make regulatory decisions for pesticides based on sound science. The Pesticide Data Program was evaluated using the PART as part of the 2009 budget process and received an adequate rating. AMS is evaluating the methodology used to establish program performance targets for long-term and annual measures. AMS is also developing additional annual and long-term performance measures to more effectively assess progress toward a long-term programmatic outcome.

An increase of \$0.5 million is included in the 2009 budget to strengthen compliance with the Federal Seed Act. The increase will reduce occurrences of seed mislabeling in States without seed inspection programs.

As part of the 2009 budget request, AMS will propose an amendment to the authorizing legislation for Country of Origin Labeling (COOL) that will allow the program to collect, retain, and invest user fees to fund random compliance reviews. The estimated user fee collections for COOL compliance monitoring and enforcement, is approximately \$10 million. In FY 2009, COOL will be mandatory for a wider range of commodities than fish and shellfish that are currently subject to COOL requirements.

Finally, the budget includes a decrease of \$4.8 million for the termination of the Microbiological Data Program (MDP). The PART review of the MDP program indicated it is difficult to determine to what extent the data is used to support risk assessments. Furthermore, consistent with a Congressional directive, sample origin data is not collected. This limits the use of the data in epidemiological investigations aimed at determining the source of outbreaks of foodborne

## MARKETING AND REGULATORY PROGRAMS

---

illness. In response to these findings and the need to limit Federal spending, the program is proposed for termination.

### **Objective 2.1: Enhance the Competitiveness and Sustainability of Rural and Farm Communities**

<b>Key Performance Measure</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>
Percent of market-identified quality attributes for which AMS has provided standardization	96%	96%	97%	97%	98%	98%

---

**Payments to States and Possessions.** Under this program, AMS provides matching funds to State Departments of Agriculture for projects aimed at improving marketing efficiency, reducing marketing costs for producers, and lowering food costs for consumers. The 2009 budget requests \$1.3 million for the program. No funds are requested in 2009 for the Specialty Crop Block Grant Program, which is funded at \$8.5 million in 2008.

**Section 32 Funds.** Section 32 of the Act of August 24, 1935, authorizes the appropriation for each fiscal year of an amount equal to 30 percent of the gross receipts from duties collected under customs laws of the United States during the preceding calendar year. These funds are used to encourage domestic consumption of non-price supported perishable commodities and re-establish farmers' purchasing power through a variety of activities, including: purchases of such commodities and removal of surplus commodities from the marketplace for distribution to Federal nutrition assistance programs such as the National School Lunch Program; diversion programs that bring production in line with demand; and disaster assistance for producers. Section 32 funds are also used to finance the administrative costs associated with the purchase of commodities and developing the specifications used for food procurement throughout the Federal government.

The 2009 budget request includes an increase of \$10 million within Section 32 Administrative funding for the Commodity Purchase Services Program to continue implementation of the Web-based Supply Chain Management System (WBSCM). This improved information technology system is intended to improve management and control of commodity orders, purchases, and delivery.

Marketing agreements and orders help stabilize market prices and the supply of milk, fruit, vegetables, and certain specialty crops. The orders are administered locally by marketing order committees and market administrators. Local activities are funded through assessments on regulated handlers. Section 32 funds are used to finance Federal oversight activities for marketing agreements and orders at the national level. The 2009 budget proposes to use about \$29 million in Section 32 funds for Marketing Agreements and Orders and Commodity Purchase Services.

## **MARKETING AND REGULATORY PROGRAMS**

**User Fee Programs.** AMS operates programs funded through license or user fees. The Commodity Grading Services program provides voluntary commodity grading and classing services for dairy products, fresh and processed fruits and vegetables, meat and meat products, poultry, eggs, tobacco, and cotton. In addition, AMS enforces the Perishable Agriculture Commodities Act (PACA) which prohibits unfair and fraudulent practices in the marketing of perishable agricultural commodities by regulating shippers, distributors, and retailers. Full and prompt payment for fresh fruits and vegetables is a key objective of the program.

### **GRAIN INSPECTION, PACKERS AND STOCKYARDS ADMINISTRATION (GIPSA)**

<b>Program Level</b>			
<b>(Dollars in Millions)</b>			
<b>Program</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>
	<b>Actual</b>	<b>Estimate</b>	<b>Budget</b>
Salaries and Expenses:			
Grain Inspection Activities.....	\$18	\$18	\$19
Packers and Stockyards Program.....	20	21	25
Total, Salaries and Expenses.....	38	39	44
Inspection and Weighing User Fees.....	39	42	42
Total, GIPSA Program Level.....	77	81	86
Existing User Fees.....	-39	-42	-42
Total, GIPSA Appropriations.....	\$38	\$39	\$44

GIPSA establishes the official U.S. standards for grain, conducts official weighing and grain inspection activities, and grades rice, dry beans and peas, processed grain products, and hops. The agency regulates and monitors the activities of dealers, market agencies, stockyard owners, live poultry dealers, packer buyers, packers, and swine contractors in order to detect prohibited unfair, unjust, discriminatory or deceptive, and anti-competitive practices in the livestock, meat and poultry industries. The agency also reviews the financial records of these entities to promote the financial integrity of the livestock, meat, and poultry industries. As such, its efforts help USDA enhance international competitiveness of American agriculture and the competitiveness and sustainability of rural and farm economies, two of USDA's strategic goals.

For 2009, the budget proposes a program level for salaries and expenses of about \$86 million, of which \$42 million is from existing inspection and weighing user fees. Of the appropriations request of \$44 million, about \$19 million is devoted to the grain inspection activities including standardization, compliance, and methods development activities and about \$25 million to the Packers and Stockyards Program. Separately, GIPSA will submit a legislative proposal to collect fees for the development of grain standards and to amend the Packers and Stockyards Act to provide authority to collect license fees to cover the cost of the program. Converting to license fees is consistent with the overall effort to shift funding for the program, which benefits

## MARKETING AND REGULATORY PROGRAMS

---

identifiable groups, to user fees. In FY 2009 fees are proposed that, upon enactment, will reduce appropriations needs in future years.

The 2009 budget includes several program changes from the 2008 level. An increase of \$2.2 million would be used to strengthen enforcement of the Packers and Stockyards Act. GIPSA would bolster direct enforcement and promote greater voluntary compliance with the Act.

The 2009 budget also includes an increase of \$0.8 million to help facilitate the marketing of wheat, soybeans, grains used for ethanol, and ethanol co-products by developing new quality-test measures. Especially in export markets, suppliers who can provide information on specific quality attributes may have an edge over suppliers who can only compete on price. GIPSA would develop new testing methods to measure key quality attributes.

The budget also requests an additional \$0.4 million to support U.S. grain trade to Asia by increased GIPSA presence to resolve issues that arise over U.S. grain shipments.

In addition, the budget requests an increase of \$1.4 million to further development of Web-based applications. The agency's eGovernment initiatives would facilitate the electronic transfer of information to and from stakeholders and streamline internal data collection, analysis, and management. This would improve current business operations and service delivery, as well as facilitate compliance with GIPSA regulations by regulated entities.

### **Objective 2.2: Increase the Efficiency of Domestic Agricultural Production and Marketing Systems**

Key Performance Measure	2004	2005	2006	2007	2008	2009
Percent of market-identified quality attributes for which GIPSA has provided standardization.	N/A	96.7	94.0	95.7	97.1	98.6

---

## **RESEARCH, EDUCATION, AND ECONOMICS**

---

### **MISSION AND RELATIONSHIP TO STRATEGIC GOALS**

The Research, Education, and Economics (REE) mission area provides Federal leadership for the discovery, application, and dissemination of information and technologies spanning the biological, physical, and social sciences through agricultural research, education, and extension activities and economic and statistical analysis. The 2009 REE budget, which serves to ensure a safe, sustainable, competitive U.S. food and fiber system and strong, healthy families and communities, supports all six of the Department's strategic goals.

REE will focus resources on three key objectives, Strategic Objective 2.1: expand domestic market opportunities; Strategic Objective 4.2: reduce the number and severity of agricultural pest and disease outbreaks; and Strategic Objective 5.2: promote healthier eating habits and lifestyles.

REE responsibilities are carried out by four agencies: the Agricultural Research Service conducts intramural research in the area of natural and biological sciences; the Cooperative State Research, Education, and Extension Service partners with land grant and non-land grant colleges and universities in carrying out extramural research, higher education, and extension activities; the Economic Research Service performs intramural economic and social science research; and the National Agricultural Statistics Service which conducts the Census of Agriculture and provides the official current statistics on agricultural production and indicators of the economic and environmental welfare of the farm sector.

## RESEARCH, EDUCATION, AND ECONOMICS

### AGRICULTURAL RESEARCH SERVICE (ARS)

**Program Level**  
**(Dollars in Millions)**

Program	2007 Actual	2008 Estimate	2009 Budget
Research and Information:			
Product Quality/Value Added.....	\$105	\$99	\$98
Livestock Production.....	85	79	70
Crop Production.....	201	199	191
Food Safety.....	105	104	106
Livestock Protection.....	86	74	69
Crop Protection.....	197	194	189
Human Nutrition.....	86	79	79
Environmental Stewardship.....	223	213	200
National Agricultural Library.....	24	21	18
Repair and Maintenance of Facilities.....	18	18	17
Collaborative Research Program.....	3	0	0
Miscellaneous Fees.....	9	0	0
Subtotal, Ongoing Programs.....	1,142	1,080	1,037
Earmarked Projects.....	0	41	0
Total, Research and Information.....	1,142	1,121	1,037
Buildings and Facilities.....	0	47	13
Trust Funds.....	16	17	17
Total, ARS.....	<u>\$1,158</u>	<u>\$1,185</u>	<u>\$1,067</u>

ARS conducts research to develop new scientific knowledge, transfer technology to the private sector to solve technical agricultural problems of broad scope and high national priority, and provide access to scientific data. ARS has over 100 research facilities throughout the U.S. and abroad. Beltsville, Maryland, is the site of the world's largest multi-disciplinary agricultural research facility. The agency also includes the National Agricultural Library, the Nation's major information resource in the food, agricultural and natural resource sciences.

The 2009 budget requests approximately \$1.1 billion for ARS. Program increases totaling \$47 million are proposed to fund critical research priorities and are offset by the discontinuation and redirection of \$105 million in lower priority programs as well as the elimination of \$41 million in Congressional earmarks. Examples of high priority activities in the 2009 budget include the following:

- **New Products/Product Quality/Value Added.** ARS research enhances the economic viability and competitiveness of U.S. agriculture by (1) maintaining the quality of harvested agricultural commodities or enhancing their marketability; and (2) expanding domestic and global market opportunities through the development of value-added food and non-food



## RESEARCH, EDUCATION, AND ECONOMICS

---

products and processes. The 2009 budget includes an additional \$5.9 million for renewable energy research to more effectively develop and use energy crops and crop residues and to maximize their conversion to biofuels. This would improve the Nation's energy security, enhance the environment, and benefit the rural economy.

- **Livestock Production.** ARS conducts research that develops biotechnological methods to use animal germplasm and associated genetic and genomic repositories and databases to ensure an abundant and safe food supply. Research also provides the knowledge to assess farm animal well-being, reduce animal stress, increase animal health and improve the international competitiveness and sustainability of U.S. aquaculture. With major progress being made to sequence the bovine and porcine genomes, it becomes more feasible to develop rapid and efficient methods to characterize, identify, and manipulate the useful properties of genes. The 2009 budget includes approximately \$1.8 million to support functional genomics to increase the feed efficiency in cattle and swine production.
- **Crop Production.** ARS safeguards and utilizes plant, microbial, and insect germplasm, associated genetic and genomic databases, and bioinformatic tools to ensure an abundant, high quality, safe, and inexpensive supply of food, feed, fiber, ornamentals, and industrial products. The 2009 budget provides a \$1.7 million increase to improve plant genetic resources by enhancing the pest resistance and water utilization efficiency in specialty crops. Additionally, research will be expanded on the systematics of invasive and emerging plant pathogenic fungi. The budget also includes \$0.8 million for research to determine the role of pathogens and other stress factors in Colony Collapse Disorder of honey bees and mitigating their effects.
- **Food Safety.** ARS research helps to ensure that the food supply is safe for consumers and that food and feed meet foreign and domestic regulatory requirements. This research also focuses on the reduction of the hazards of both introduced and naturally occurring toxins in foods and feed, including pathogenic bacteria, viruses, parasites, chemical contaminants, mycotoxins, and naturally occurring toxins produced by plants. The 2009 budget includes an additional \$14 million to enhance research to safeguard the Nation's food supply from foodborne pathogens, and pathogens of biosecurity concerns. This includes research on the development and validation of management practices to prevent pre-harvest pathogen contamination of produce and post-harvest strategies to eliminate pathogen contamination. ARS will continue to work with other USDA and Federal agencies to implement a comprehensive Food and Agriculture Defense Initiative. (See page 13.)
- **Livestock Protection.** ARS conducts research to reduce economic losses from infectious, genetic, and metabolic diseases of livestock and poultry and to eliminate the losses to animal production and products caused by arthropod diseases and arthropod borne trauma. This research also reduces the risk to humans from arthropod borne zoonotic diseases and enhances the safety of animal products. Recent breakthroughs in fields of immunology and genomics have provided revolutionary potential for vaccine discovery and the elimination of some of the most devastating diseases affecting animals and people. Therefore, the 2009 budget seeks to exploit this knowledge by including an additional \$4.6 million for livestock

## RESEARCH, EDUCATION, AND ECONOMICS

---

protection research targeted towards delivering highly efficacious novel vaccines to emerging, zoonotic, and foreign animal diseases.

- **Crop Protection.** ARS provides the knowledge to reduce losses caused by plant diseases by defining practices that are effective and affordable and that maintain environmental quality. Research also provides the technology to manage pest populations below economic damage thresholds by the integration of environmentally compatible strategies that are based on an increased understanding of the pest's biology and ecology. The 2009 budget includes an additional \$4.3 million to develop predictive and diagnostic technology to control emerging plant diseases as well as developing taxonomic knowledge to control invasive species affecting plants.
- **Human Nutrition.** ARS centers conduct basic and applied research to identify and understand how nutrients and other bioactive food components affect the health of diverse populations, including children, the elderly, pregnant and lactating women, and healthy adults. The ultimate goal of this food-based agricultural research is to identify foods and diets, coupled with genetics and physical activity that will sustain and promote health throughout life. The 2009 budget includes an additional \$12.2 million to undertake health and obesity prevention research to address the efficacy of the healthful eating and physical activity patterns set forth in the *Dietary Guidelines* in preventing obesity in the U.S. population. The research will focus on preventing obesity in children and understanding the dietary patterns that contribute to obesity in low socioeconomic and minority populations. This will not only benefit USDA's nutrition assistance programs, but also the U.S. economy, which is burdened with the direct and indirect costs of obesity.
- **Environmental Stewardship.** This broad area of research emphasizes the development of technology and scientific knowledge that will allow producers to manage, conserve, and protect the Nation's soil, water, and air resources while optimizing agricultural productivity. The 2009 budget proposes an additional \$7.8 million to conduct research on extending the use of water for agricultural production while also improving the health of the Nation's streams, rivers, and lakes.
- **National Agricultural Library.** The National Agricultural Library, one of four national libraries in the United States, provides access to scientific agricultural data. To a large extent this information is provided electronically. The budget requests an increase of \$1 million to expand its efforts to catalog, manage, and disseminate agriculture-related data through the Internet.
- **Buildings and Facilities.** The 2009 budget requests \$13.2 million to complete funding for the planning and design of the Biocontainment Laboratory and Consolidated Poultry Research Facility in Athens, Georgia. The new research facility will conduct essential research on exotic and emerging avian diseases, such as Avian Influenza, Newcastle disease, and West Nile virus that could have devastating effects on the U.S. poultry industry, international trade of poultry, and animal and human health.

## RESEARCH, EDUCATION, AND ECONOMICS

---

### COOPERATIVE STATE RESEARCH, EDUCATION, AND EXTENSION SERVICE (CSREES)

**Program Level  
(Dollars in Millions)**

<b>Program</b>	<b>2007 Actual</b>	<b>2008 Estimate</b>	<b>2009 Budget</b>
Research and Education Activities.....	\$672	\$669	\$535
Extension Activities.....	450	453	432
Integrated Activities.....	55	56	20
Native American Endowment Fund and Interest.....	15	15	16
Outreach for Socially Disadvantaged Farmers.....	6	6	7
Subtotal, Programs.....	1,198	1,199	1,010
Community Food Projects.....	5	a/	a/
Organic Agriculture Research and Education Initiative.....	3	3	0
Total, CSREES.....	\$1,206	\$1,202	\$1,010

a/ 2008 and 2009 levels expected to be established in the new Farm Bill.

---

CSREES has the primary responsibility for providing linkages between the Federal and State components of a broad-based, national agricultural research, extension, and higher education system. CSREES provides funding for projects conducted in partnership with the State Agricultural Experiment Stations, State Cooperative Extension System, land grant universities, colleges, and other research and education institutions. Federal funds are distributed to universities and institutions by statutory formula funding, competitive awards, and grants. CSREES is responsible for administering USDA's primary competitive research grants program, the National Research Initiative (NRI), which supports investigator-initiated research with strong potential to contribute to major breakthroughs in agricultural science.

## RESEARCH, EDUCATION, AND ECONOMICS

### Cooperative State Research, Education, and Extension Service

#### Program Level (Dollars in Millions)

Program	2007 Actual	2008 Estimate	2009 Budget
Formula Grants:			
Smith-Lever 3 (b&c).....	\$286	\$275	\$273
Hatch Act.....	323	196	139
1890 Research and Extension.....	76	77	72
McIntire-Stennis Cooperative Forestry.....	30	25	19
Animal Health and Disease Research.....	5	5	0
Total, Formula Grants.....	720	578	503
National Research Initiative Competitive Grants (NRI).....	190	191	257
Selected Integrated Activities:			
Water Quality.....	13	13	a/
Food Safety.....	15	14	a/
All Other Section 406 Programs.....	15	15	a/
Rural Development Centers.....	1	1	1
International Science and Education Grants.....	1	2	2
Critical Issues.....	1	1	2
Pest Control/Management Activities.....	29	29	25
Sustainable Agriculture Research and Extension.....	16	19	13
Higher Education Programs.....	36	38	37
Native American Endowment Fund and Interest.....	15	15	16
Federally-Recognized Tribes Extension Program.....	3	3	3
1890 Facilities.....	17	17	17
Extension Services at 1994 Institutions.....	3	3	3
Expanded Food and Nutrition Education Program (EFNEP).....	64	66	62
Federal Administration.....	17	17	20
Food and Agriculture Defense Initiative:			
Regional Diagnostic Network b/.....	10	10	14
Higher Education Agrosecurity.....	0	0	2
Other Research, Extension and Integrated Programs.....	26	17	27
Outreach for Socially Disadvantaged Farmers.....	6	6	7
Subtotal, Ongoing Programs.....	1,198	1,055	1,010
Earmarked Projects and Grants.....	0	144	0
Subtotal, Programs.....	1,198	1,199	1,010
Community Food Projects.....	5	c/	c/
Organic Agriculture Research and Education Initiative.....	3	3	c/
Total, CSREES.....	\$1,206	\$1,202	\$1,010

a/ In FY 2009, amounts are requested within NRI.

b/ Regional Diagnostic Network is an Integrated Activities program.

c/ 2008 and 2009 levels expected to be established in the new Farm Bill.

## RESEARCH, EDUCATION, AND ECONOMICS

The 2009 budget requests over \$1 billion for CSREES. The budget includes program initiatives totaling more than \$43 million. These increases are offset by the reduction of \$88 million in lower priority programs and the elimination of \$144 million in Congressional earmarks. Highlights of the proposals follow:

- **Formula Grants.** The 2009 budget again proposes to modify the Hatch formula program by expanding the multi-State research programs to approximately 70 percent from the current base of 25 percent. A portion of these funds, 42 percent, will be redirected to nationally, competitively awarded, multi-State/multi-institutional projects in the first year with the remaining multi-State funds being phased into competitive grants from formula funding over a four year period as existing multi-State projects are completed. This approach will sustain the matching requirement and the use of Federal funds to leverage non-Federal resources. Additionally, the proposal will modify the McIntire-Stennis formula program by creating a multi-State research program supported by about 67 percent of the total funding. All McIntire-Stennis multi-State funds will be distributed through competitively awarded grants in 2009.
- **National Research Initiative (NRI).** The NRI is the Nation’s premier competitive, peer-reviewed research program for fundamental and applied sciences in agriculture. It is broad in scope with programs ranging from fundamental science to farm management and community issues. The 2009 budget proposes \$257 million for the NRI. Included in this amount is an increase of \$19 million for the Department’s bioenergy and biobased fuels research initiative. Additionally, \$42 million which formerly supported integrated activities will be transferred and administered through the NRI to focus on water quality, food safety, organic transition, and pest management initiatives.
- **Food and Agriculture Defense Initiative.** The 2009 budget proposes \$2 million for a Higher Education Agrosecurity Program as a component of the Food and Agriculture Defense Initiative. The funds will provide capacity building grants to universities for interdisciplinary degree programs targeted toward supplying educational and professional development for food defense personnel. This program will help secure the Nation’s agriculture and food supply by focusing on educational activities that address biosecurity issues. Additionally, an increase of \$4.5 million will be utilized for the Asian Soybean Rust Information Platform for Education and Extension and the National Animal and Plant Diagnostic Laboratory Networks to assist in the effective diagnosis and response to pest and pathogen threats.

### Objective 4.2: Reduce the Number and Severity of Agricultural Pest and Disease Outbreaks.

Key Performance Measure	2004	2005	2006	2007	2008	2009
The cumulative number of specific plant diseases labs are prepared to detect	3	5	6	7	8	9
The cumulative number of specific animal diseases labs are prepared to detect	6	7	8	8	9	9

# RESEARCH, EDUCATION, AND ECONOMICS

## ECONOMIC RESEARCH SERVICE (ERS)

Program Level (Dollars in Millions)			
Program	2007 Actual	2008 Estimate	2009 Budget
Economic Research Service.....	\$75	\$77	\$82

ERS provides economic and other social science information and analysis on agriculture, food, the environment, and rural development. ERS produces such information and analyses to inform policy and program decisions made across the spectrum of USDA missions, and supplies them in outlets that are also accessible to USDA stakeholders and the general public.

**Market Analysis and Outlook.** A strong market analysis capability is central to understanding both current and future markets under alternative policies. The 2009 budget proposes a \$3.5 million increase above the 2008 level to strengthen the market analysis and outlook program to ensure the continuity and quality of current market analysis and enhance coverage of increasingly complex global markets for an expanding array of agricultural products.

**Bioenergy Research and Modeling.** Given the continuing importance of corn as a feedstock, bioenergy development will have major ramifications on agricultural markets. The 2009 budget includes an additional \$0.4 million to strengthen ERS' ability to analyze the regional impacts of bioenergy production and evaluate issues related to transportation networks, feedstock storage, marketing channels, and shifts in commodity production.

## RESEARCH, EDUCATION, AND ECONOMICS

### NATIONAL AGRICULTURAL STATISTICS SERVICE (NASS)

Program Level (Dollars in Millions)			
Program	2007 Actual	2008 Estimate	2009 Budget
Agricultural Estimates.....	\$111	\$110	\$114
Census of Agriculture.....	36	52	39
Total, NASS.....	\$147	\$162	\$153

The mission of NASS is to provide timely, accurate, and useful statistics in service to U.S. agriculture. NASS statistics provide the information necessary to keep agricultural markets stable and efficient, and to help maintain a “level playing field” for all users of agricultural statistics.

**Bioenergy Statistics.** The agricultural estimation program, which provides a comprehensive set of unbiased data covering most agricultural commodities as well as economic, environmental, and rural demographic data, includes an increase of \$1.8 million to establish a data series on key elements of bioenergy production and utilization. Specific areas to be researched include: data on the production and utilization of biomass materials; stocks and prices of distillers’ grains; and annual maps of county-level crop production with overlays of major transportation corridors, as well as current and proposed ethanol plants. This data will provide the necessary information for future bioenergy program development.

**Census of Agriculture.** The Census of Agriculture has historically operated on a 5-year funding cycle. The 2009 budget proposes to fully fund the final year of the 2007 Census which will complete the most recent cycle and funds the Census at a level to reduce the need for significant cyclical increases in the future. In addition, the budget supports efforts to conduct a survey to measure energy production and use on farms.

#### **Objective 2.2: Increase the Efficiency of Domestic Agricultural Production and Marketing Systems.**

Key Performance Measure	2004	2005	2006	2007	2008	2009
Timeliness – Percent of time official reports are released on the date and time pre-specified to data users	99.4%	99.8%	100%	100%	100%	100%

## DEPARTMENTAL ACTIVITIES

### DEPARTMENTAL OFFICES AND CENTRALIZED MANAGEMENT ACTIVITIES

Program Level (Dollars in Millions)			
Program	2007 Actual	2008 Estimate	2009 Budget
<b>Departmental Offices:</b>			
Office of the Secretary.....	\$13	\$13	\$15
Departmental Administration Staff Offices.....	23	23	29
Office of the Chief Financial Officer.....	6	6	6
Office of the Chief Information Officer.....	16	16	18
Office of the General Counsel.....	39	39	43
Office of Communications.....	9	9	10
Executive Operations:			
Office of the Chief Economist.....	10	10	13
National Appeals Division.....	14	14	15
Office of Budget and Program Analysis.....	8	8	9
Homeland Security Staff.....	1	1	3
Total, Department Offices.....	139	139	161
<b>Centralized Activities:</b>			
Funding to Address Trade and Biotechnology Issues.....	2	2	2
Provincial Reconstruction Teams.....	0	0	13
Foreign Service Performance Pay.....	0	0	1
Agriculture Buildings and Facilities.....	186	195	231
Hazardous Materials Management.....	12	5	12
Common Computing Environment.....	108	a/	a/
Trust Funds/Other.....	3	3	3
Total, Centralized Activities.....	311	205	262
Total, Departmental Offices and Centralized Activities....	\$450	\$344	\$423

a/ Funded in the Service Center Agencies.

The Departmental Offices provide leadership, coordination and support for all administrative and policy functions of the Department, including the Centrally-Financed Activities. These offices are vital to USDA's success in providing effective customer service and efficient program delivery. The 2009 budget proposes funding to ensure that these offices maintain the staffing levels needed to provide management leadership, oversight, and coordination. The budget also supports the Department's efforts to continue implementation of the President's Management Agenda and other reform activities. These efforts are critical to making the Department an efficient, effective, and discrimination-free organization that delivers the best return on taxpayers' investments.



## DEPARTMENTAL ACTIVITIES

---

The **Office of the Secretary (OSEC)**, assisted by the Deputy Secretary, Under Secretaries and Assistant Secretaries, and members of their immediate staffs, directs and coordinates the work of the Department. This involves providing policy direction for all areas of the Department and maintaining liaisons with the Executive Office of the President, members of Congress and the public. The 2009 budget requests \$15 million for OSEC to fund on-going activities and \$2 million for cross-cutting trade and biotechnology activities. In addition, the budget requests \$12.5 million to support the Department's development and outreach activities in Afghanistan and Iraq. The funding will be used to continue work with the Provincial Reconstruction Teams by providing policy guidance, technical assistance and related support for reconstruction efforts underway in rural areas and will support USDA efforts to provide guidance and support in the Ministry of Agriculture in Iraq. These efforts are aimed at helping to rebuild the agricultural infrastructure in these countries to expand economic opportunities for rural populations. The budget also includes a request for \$1 million to provide the necessary funding for the Foreign Service Performance Pay of USDA's overseas employees.

**Departmental Administration (DA) Staff Offices** provide overall direction, leadership and coordination for the Department's management of human resources, ethics, property, procurement, emergency preparedness and physical security, hazardous materials management, facilities management, small and disadvantaged business utilization programs and the regulatory hearing and administrative proceedings conducted by the Administrative Law Judges, and the Judicial Officer. The 2009 budget requests \$29 million for DA offices, including increases for Human Resources and Asset Management Programs and pay costs of DA personnel. The total amount also includes an increase of \$3.4 million to consolidate all ethics activities under the Office of Ethics in DA. This consolidation will ensure that ethics oversight and the delivery of ethics services to the agencies is carried out in a consistent manner with clear accountability.

The request for **Agriculture Buildings and Facilities and Rental Payments** for 2009 is \$231 million. The program provides funding for the rental payments to the General Services Administration (GSA) and security services payments to the Department of Homeland Security (DHS). This program is also responsible for all maintenance, utilities and administration of the more than 2.5 million square feet in the two USDA headquarters buildings. The 2009 request includes \$169 million for payments to GSA for rent and \$13.5 million to DHS for building security. The budget also includes increases to support the current staff and to continue the operations and maintenance of the USDA headquarters' complex to ensure that the Department can continue to deliver its services. These increases include: \$2 million for minor repairs and maintenance of the South Building; \$2.4 million for increased utilities costs for steam and electricity; \$1.9 million to support the mandatory contract increases due to the Fair Labor Standards Act and collective bargaining; \$1.7 million for life safety equipment and security support; and \$1 million for the Continuity of Operations Planning.

The **Hazardous Materials Management (HMM) Program** provides for the efficient management and cleanup of hazardous materials on facilities and lands under the jurisdiction, custody, and control of the Department and the prevention of releases of hazardous substances from USDA facilities. The 2009 budget restores the HMM Program to \$12.3 million, a \$7.3 million increase over the 2008 level. The increase will allow USDA to continue the clean

## DEPARTMENTAL ACTIVITIES

---

up of approximately 10 to 12 hazardous materials contaminated sites annually and assist the Department in meeting Federal contamination laws.

The **Office of the Chief Financial Officer (OCFO)** provides overall direction and leadership in the development of financial management policies and systems and produces the Department's consolidated financial statements and Strategic Plan. OCFO also oversees the provision of administrative accounting, payroll, and related systems for USDA and other agencies through operation of the National Finance Center (NFC). The 2009 budget requests \$6 million for OCFO to continue its leadership and oversight of the Department's financial management process and the implementation of the Competitive Sourcing, Improved Financial Management, Eliminating Improper Payments, and Improved Credit Program Management initiatives of the President's Management Agenda.

The **Office of the Chief Information Officer (OCIO)** provides policy guidance, leadership and coordination for the Department's information management, technology investment and cyber security activities in support of USDA program delivery. The 2009 budget requests \$18 million for OCIO to fund on-going activities and to increase critical management support of eGovernment services and cyber security. Increases in the budget include \$0.7 million to support USDA migration efforts for several eGovernment initiatives and \$1 million for cyber security education and compliance enforcement.

In addition, OCIO is responsible for the management of the **Common Computing Environment (CCE)** for the Service Center agencies (Farm Service Agency, Natural Resources Conservation Service, and Rural Development). The CCE is the information technology infrastructure that supports business delivery for these agencies. Through the Service Center Modernization Initiative, CCE was created to ensure appropriate support and coordination for the information technology (IT) needs of the Service Center Agencies. OCIO, through IT Services, coordinates the management of CCE through service level agreements with the agencies. The agencies will continue to coordinate with OCIO to fill their needs for telecommunications, hosting and data services, geographic information systems, and other IT needs.

The **Office of the General Counsel (OGC)** provides legal oversight, counsel, and support to the Department's agencies. The 2009 budget requests \$43 million for OGC, including an increase of \$1.2 million for 10 additional staff years to meet increasing demands for legal support in the areas of international trade, regulations, the farm programs, and general law.

The Department's **Office of Communications (OC)** provides leadership and coordination for the development of communications strategies for the Department and plays a critical role in disseminating information about USDA's programs to the general public. The 2009 budget requests \$10 million to fund on-going activities.

The **Office of the Chief Economist (OCE)** advises the Secretary and Department officials on the economic implications of Department policies, programs and proposed legislation; and serves as the focal point for the Department's economic intelligence, analysis and review related to domestic and international food and agriculture markets. OCE also provides advice and analysis on bioenergy, new uses of agricultural products, agricultural labor, and global climate change.

## DEPARTMENTAL ACTIVITIES

---

The 2009 budget requests \$13 million for OCE, including an increase of \$1.5 million to provide appropriated funding for the Climate Change Program Office to support staff involvement in domestic and international discussions on climate change and to conduct studies of the impact of climate change on agricultural, forestry, and land use practices in the U.S.

### Objective 2.1: Expand Domestic Market Opportunities.

Key Performance Measure	2004	2005	2006	2007	2008	2009
Increase the number of products designated under the BioPreferred Program (FB4P) (total number of items)	N/A	N/A	6	6	26	36

---

The **National Appeals Division (NAD)** conducts evidentiary administrative appeal hearings and reviews arising from program operations of the Rural Development mission area, the Farm Service Agency, the Risk Management Agency, and the Natural Resources Conservation Service. The 2009 budget requests \$15 million for NAD to fund on-going activities.

The **Office of Budget and Program Analysis (OBPA)** provides analyses and information to the Secretary and other senior policy officials to support informed decision-making regarding the Department's programs and policies, and budget, legislative, and regulatory actions. The 2009 budget requests \$9 million for OBPA, including an increase of \$0.6 million for four additional staff years to support the analytical capacity of the office. Such an increase in staffing is necessary to ensure the quality of the Department's regulatory, legislative, and budgetary proposals and to meet the demands associated with implementing a new Farm Bill.

The **Homeland Security Staff (HSS)** was created with emergency supplemental funding in 2002 for the purpose of establishing a central homeland security oversight and assistance capability within USDA. The 2009 budget requests \$3 million for HSS which includes an increase of \$1.3 million to assume the Secretary's protective services responsibilities. In addition, an increase of \$0.3 million is requested to create two positions in HSS: a Food Defense Biosecurity Policy Coordinator and a Plant Biosecurity Policy Coordinator. Creation of these positions will ensure that the Department has a consistent voice in plant and food biosecurity matters when dealing with external partners at the Federal, State, local, Tribal, and industry levels.

**OFFICE OF CIVIL RIGHTS**

---

**OFFICE OF CIVIL RIGHTS**

Program Level (Dollars in Millions)			
Program	2007 Actual	2008 Estimate	2009 Budget
Office of Civil Rights.....	\$20	\$20	\$22

---

The **Office of Civil Rights (OCR)** provides policy guidance, leadership and outreach, coordination and training, and complaint prevention and processing for the Department and the agencies. OCR’s mission is to facilitate the fair and equitable treatment of USDA customers and employees and ensure the delivery and enforcement of civil rights programs and activities. Through its efforts, OCR strives to: 1) foster a positive civil rights climate at USDA; 2) process Equal Employment Opportunity (EEO) and program complaints in a timely, efficient and cost effective manner; 3) reduce and prevent EEO and program complaints through training and guidance; 4) offer alternative dispute resolution services; and 5) provide effective outreach programs to ensure equal and timely access to USDA programs and services for all customers. The 2009 budget requests \$22 million for OCR to maintain current services. An increase of \$0.5 million is requested to conduct mandatory compliance reviews of agency programs as well as an increase of \$0.2 million to reduce the average number of days needed to process EEO complaints.

**OFFICE OF INSPECTOR GENERAL**

---

**OFFICE OF INSPECTOR GENERAL**

**Program Level  
(Dollars in Millions)**

<b>Program</b>	<b>2007 Actual</b>	<b>2008 Estimate</b>	<b>2009 Budget</b>
Office of Inspector General.....	\$80	\$79	\$86

---

The **Office of Inspector General (OIG)** conducts and supervises audits to prevent and detect fraud, waste, and abuse and to improve the effectiveness of USDA programs and operations. As the law enforcement arm of USDA, OIG also investigates significant criminal activity involving the Department's programs and personnel. The 2009 budget requests \$86 million for OIG for audit and investigation review of the Department's programs. This funding also includes an increase of \$3.7 million to maintain and improve the effectiveness of current staff in conducting audits and investigations related to avian influenza, farm program delivery, information technology security, and other high priority areas. The budget also requests \$0.5 million to replace crucial information technology components that house documents and information for OIG's audit and investigatory work.

# APPENDIX

UNITED STATES DEPARTMENT OF AGRICULTURE  
Budget Authority  
(Dollars in Millions)

AGENCY	2007 Actual	2008 Estimate	2009 Budget
<b>FARM AND FOREIGN AGRICULTURAL SERVICES</b>			
Farm Service Agency.....	\$4,105	\$2,038	\$1,374
Commodity Credit Corporation Programs.....	12,159	10,964	10,056
Risk Management Agency.....	4,451	4,221	6,378
Foreign Agricultural Service.....	353	267	269
P.L. 480.....	1,261	1,227	873
<b>RURAL DEVELOPMENT</b>			
Rural Community Advancement Program.....	826	0	0
Salaries and Expenses.....	169	169	258
Rural Utilities Service.....	-2,068	-357	-367
Rural Housing Service.....	417	546	559
Rural Business - Cooperative Service.....	-71	162	10
Rural Empowerment Zones/Enterprise Communities.....	11	8	0
<b>FOOD, NUTRITION, AND CONSUMER SERVICES</b>			
Food and Nutrition Service.....	57,054	60,210	64,262
<b>NATURAL RESOURCES AND ENVIRONMENT</b>			
Natural Resources Conservation Service.....	2,620	3,489	3,388
Forest Service.....	5,719	5,447	4,515
<b>FOOD SAFETY</b>			
Food Safety and Inspection Service.....	898	937	959
<b>RESEARCH, EDUCATION, AND ECONOMICS</b>			
Agricultural Research Service.....	1,151	1,188	1,003
Cooperative State Research, Education, and Extension Service.....	1,193	1,195	1,003
Economic Research Service.....	75	77	82
National Agricultural Statistics Service.....	147	162	153
<b>MARKETING AND REGULATORY PROGRAMS</b>			
Animal and Plant Health Inspection Service.....	1,105	1,098	1,167
Agricultural Marketing Service.....	234	232	236
Section 32 Funds.....	1,177	541	1,071
Grain Inspection, Packers and Stockyards Administration.....	38	39	44
<b>DEPARTMENTAL ACTIVITIES</b>			
Office of the Secretary.....	25	15	30
Common Computing Environment.....	108	0	0
Office of Civil Rights.....	20	20	22
Departmental Administration.....	23	23	28
Agriculture Buildings and Facilities.....	186	195	231
Hazardous Waste Management.....	12	5	12
Office of the Chief Financial Officer.....	6	6	6
Office of the Chief Information Officer.....	16	16	18
Office of the General Counsel.....	39	39	43
Office of Inspector General.....	80	79	86
Office of Communications.....	9	9	10
Executive Operations:			
Office of the Chief Economist.....	13	11	13
National Appeals Division.....	14	14	15
Office of Budget and Program Analysis.....	8	8	9
Homeland Security Support Staff.....	1	1	3
Working Capital Fund.....	5	0	0
Gifts and Bequests.....	1	1	1
Subtotal.....	93,590	94,302	97,820
Offsetting Receipts.....	-1,761	-2,064	-840
<b>TOTAL, U.S. DEPARTMENT OF AGRICULTURE.....</b>	<b>\$91,829</b>	<b>\$92,238</b>	<b>\$96,980</b>

# APPENDIX

UNITED STATES DEPARTMENT OF AGRICULTURE  
Discretionary Budget Authority  
(Dollars in Millions)

AGENCY	2007 Actual	2008 Estimate	2009 Budget
<b>FARM AND FOREIGN AGRICULTURAL SERVICES</b>			
Farm Service Agency.....	\$4,377	\$2,215	\$1,679
Commodity Credit Corporation Programs.....	5	5	10
Risk Management Agency.....	77	76	77
Foreign Agricultural Service.....	263	257	268
P.L. 480.....	1,698	1,563	1,229
<b>RURAL DEVELOPMENT</b>			
Rural Community Advancement Program.....	719	0	0
Salaries and Expenses.....	169	169	258
Rural Utilities Service.....	78	656	334
Rural Housing Service.....	1,442	1,332	1,466
Rural Business - Cooperative Service.....	75	170	14
Rural Empowerment Zones/Enterprise Communities.....	11	8	0
<b>FOOD, NUTRITION, AND CONSUMER SERVICES</b>			
Food and Nutrition Service.....	5,536	6,413	6,392
<b>NATURAL RESOURCES AND ENVIRONMENT</b>			
Natural Resources Conservation Service.....	873	937	490
Forest Service.....	5,023	5,039	4,111
<b>FOOD SAFETY</b>			
Food Safety and Inspection Service.....	890	930	952
<b>RESEARCH, EDUCATION, AND ECONOMICS</b>			
Agricultural Research Service.....	1,132	1,168	983
Cooperative State Research, Education, and Extension Service.....	1,185	1,187	998
Economic Research Service.....	75	77	82
National Agricultural Statistics Service.....	147	162	153
<b>MARKETING AND REGULATORY PROGRAMS</b>			
Animal and Plant Health Inspection Service.....	900	868	926
Agricultural Marketing Service.....	83	88	-167
Grain Inspection, Packers and Stockyards Administration.....	38	39	44
<b>DEPARTMENTAL ACTIVITIES</b>			
Office of the Secretary.....	25	15	30
Common Computing Environment.....	108	0	0
Office of Civil Rights.....	20	20	22
Departmental Administration.....	23	23	28
Agriculture Buildings and Facilities.....	186	195	231
Hazardous Waste Management.....	12	5	12
Office of the Chief Financial Officer.....	6	6	6
Office of the Chief Information Officer.....	16	16	18
Office of the General Counsel.....	39	39	43
Office of Inspector General.....	80	79	86
Office of Communications.....	9	9	10
<b>Executive Operations:</b>			
Office of the Chief Economist.....	11	11	13
National Appeals Division.....	14	14	15
Office of Budget and Program Analysis.....	8	8	9
Homeland Security Staff.....	1	1	3
Working Capital Fund.....	5	0	0
Subtotal.....	25,359	23,800	20,825
Offsetting Receipts.....	-52	-40	-45
<b>TOTAL, U.S. DEPARTMENT OF AGRICULTURE.....</b>	<b>\$25,307</b>	<b>\$23,760</b>	<b>\$20,780</b>

# APPENDIX

UNITED STATES DEPARTMENT OF AGRICULTURE  
Outlays  
(Dollars in Millions)

AGENCY	2007 Actual	2008 Estimate	2009 Budget
<b>FARM AND FOREIGN AGRICULTURAL SERVICES</b>			
Farm Service Agency.....	\$1,295	\$4,881	\$1,433
Commodity Credit Corporation Programs.....	11,041	10,302	10,227
Risk Management Agency.....	3,550	4,455	5,298
Foreign Agricultural Service.....	287	257	269
P.L. 480.....	2,101	935	777
<b>RURAL DEVELOPMENT</b>			
Rural Community Advancement Program.....	863	0	0
Salaries and Expenses.....	155	145	253
Rural Utilities Service.....	-2,076	-449	59
Rural Housing Service.....	686	1,350	1,117
Rural Business - Cooperative Service.....	15	150	127
Rural Empowerment Zones/Enterprise Communities.....	11	16	10
<b>FOOD, NUTRITION, AND CONSUMER SERVICES</b>			
Food and Nutrition Service.....	53,569	59,575	61,271
<b>NATURAL RESOURCES AND ENVIRONMENT</b>			
Natural Resources Conservation Service.....	2,729	2,916	3,343
Forest Service.....	5,832	6,215	4,816
<b>FOOD SAFETY</b>			
Food Safety and Inspection Service.....	826	845	956
<b>RESEARCH, EDUCATION, AND ECONOMICS</b>			
Agricultural Research Service.....	1,310	1,251	1,103
Cooperative State Research, Education, and Extension Service.....	1,126	1,193	1,242
Economic Research Service.....	73	77	81
National Agricultural Statistics Service.....	143	162	153
<b>MARKETING AND REGULATORY PROGRAMS</b>			
Animal and Plant Health Inspection Service.....	1,134	1,209	1,154
Agricultural Marketing Service.....	228	232	245
Section 32 Funds.....	739	541	1,061
Grain Inspection, Packers and Stockyards Administration.....	40	38	43
<b>DEPARTMENTAL ACTIVITIES</b>			
Office of the Secretary.....	20	18	29
Common Computing Environment.....	75	78	0
Office of Civil Rights.....	17	24	22
Departmental Administration.....	24	23	28
Agriculture Buildings and Facilities.....	185	195	231
Hazardous Waste Management.....	10	7	13
Office of the Chief Financial Officer.....	5	6	6
Office of the Chief Information Officer.....	9	16	18
Office of the General Counsel.....	40	39	43
Office of Inspector General.....	77	79	85
Office of Communications.....	9	9	10
Executive Operations:			
Office of the Chief Economist.....	13	12	13
National Appeals Division.....	13	14	14
Office of Budget and Program Analysis.....	8	8	9
Homeland Security Staff.....	1	1	3
Working Capital Fund.....	12	-2	25
Gifts and Bequests.....	1	1	1
Subtotal.....	86,196	96,824	95,588
Offsetting Receipts.....	-1,761	-2,064	-840
<b>TOTAL, U.S. DEPARTMENT OF AGRICULTURE.....</b>	<b>\$84,435</b>	<b>\$94,760</b>	<b>\$94,748</b>



# APPENDIX

UNITED STATES DEPARTMENT OF AGRICULTURE  
Discretionary Outlays  
(Dollars in Millions)

AGENCY	2007 Actual	2008 Estimate	2009 Budget
<b>FARM AND FOREIGN AGRICULTURAL SERVICES</b>			
Farm Service Agency.....	\$1,581	\$5,058	\$1,738
Commodity Credit Corporation Programs.....	5	5	10
Risk Management Agency.....	79	70	77
Foreign Agricultural Service.....	285	256	268
P.L. 480.....	2,744	1,257	1,126
<b>RURAL DEVELOPMENT</b>			
Rural Community Advancement Program.....	756	0	0
Salaries and Expenses.....	155	145	253
Rural Utilities Service.....	127	925	770
Rural Housing Service.....	1,687	2,136	2,024
Rural Business - Cooperative Service.....	72	159	131
Rural Empowerment Zones/Enterprise Communities.....	11	16	10
<b>FOOD, NUTRITION, AND CONSUMER SERVICES</b>			
Food and Nutrition Service.....	5,645	6,362	6,249
<b>NATURAL RESOURCES AND ENVIRONMENT</b>			
Natural Resources Conservation Service.....	1,245	1,131	797
Forest Service.....	5,041	5,658	4,396
<b>FOOD SAFETY</b>			
Food Safety and Inspection Service.....	818	838	949
<b>RESEARCH, EDUCATION, AND ECONOMICS</b>			
Agricultural Research Service.....	1,294	1,234	1,083
Cooperative State Research, Education, and Extension Service.....	1,115	1,184	1,235
Economic Research Service.....	73	77	81
National Agricultural Statistics Service.....	143	162	153
<b>MARKETING AND REGULATORY PROGRAMS</b>			
Animal and Plant Health Inspection Service.....	940	981	913
Agricultural Marketing Service.....	78	88	-167
Grain Inspection, Packers and Stockyards Administration.....	40	38	43
<b>DEPARTMENTAL ACTIVITIES</b>			
Office of the Secretary.....	20	18	29
Common Computing Environment.....	75	78	0
Office of Civil Rights.....	17	24	22
Departmental Administration.....	24	23	28
Agriculture Buildings and Facilities.....	185	195	231
Hazardous Waste Management.....	10	7	13
Office of the Chief Financial Officer.....	5	6	6
Office of the Chief Information Officer.....	9	16	18
Office of the General Counsel.....	40	39	43
Office of Inspector General.....	77	79	85
Office of Communications.....	9	9	10
Executive Operations:			
Office of the Chief Economist.....	11	12	13
National Appeals Division.....	13	14	14
Office of Budget and Program Analysis.....	8	8	9
Homeland Security Staff.....	1	1	3
Working Capital Fund.....	12	-2	25
Subtotal.....	24,450	28,307	22,688
Offsetting Receipts.....	-52	-40	-45
<b>TOTAL, U.S. DEPARTMENT OF AGRICULTURE.....</b>	<b>\$24,398</b>	<b>\$28,267</b>	<b>\$22,643</b>

# APPENDIX

## UNITED STATES DEPARTMENT OF AGRICULTURE Staff Years

Agency	2007	2008 Estimate	2009 Budget
<b>FARM AND FOREIGN AGRICULTURAL SERVICES</b>			
Farm Service Agency.....	5,142	5,253	5,253
Risk Management Agency.....	488	553	553
Foreign Agricultural Service.....	955	1,004	1,004
Total, FFAS.....	6,585	6,810	6,810
<b>RURAL DEVELOPMENT</b>			
Rural Development.....	6,281	6,200	6,100
<b>FOOD, NUTRITION, AND CONSUMER SERVICES</b>			
Food and Nutrition Service.....	1,317	1,312	1,347
<b>NATURAL RESOURCES AND ENVIRONMENT</b>			
Natural Resources Conservation Service.....	11,779	12,233	10,787
Forest Service.....	33,912	33,180	30,473
Total, NRE.....	45,691	45,413	41,260
<b>FOOD SAFETY</b>			
Food Safety and Inspection Service.....	9,276	9,515	9,515
<b>RESEARCH, EDUCATION, AND ECONOMICS</b>			
Agricultural Research Service.....	8,511	8,511	8,300
Cooperative State Research, Education & Extension Service.....	402	440	440
Economic Research Service.....	380	408	410
National Agricultural Statistics Service.....	1,116	1,116	1,107
Total, REE.....	10,409	10,475	10,257
<b>MARKETING AND REGULATORY PROGRAMS</b>			
Animal and Plant Health Inspection Service.....	7,463	7,227	7,429
Agricultural Marketing Service.....	3,048	3,075	3,087
Grain Inspection, Packers & Stockyards Administration.....	631	676	695
Total, MRP.....	11,142	10,978	11,211
<b>DEPARTMENTAL ACTIVITIES</b>			
Office of the Secretary.....	81	87	87
Office of the Chief Economist.....	57	57	57
National Appeals Division.....	99	108	108
Homeland Security Staff.....	10	16	18
Office of Budget and Program Analysis.....	58	58	62
Office of the General Counsel.....	319	320	330
Office of the Inspector General.....	588	600	600
Office of the Chief Information Officer.....	949	1,011	1,019
Office of the Chief Financial Officer.....	1,251	1,406	1,395
Departmental Administration.....	487	629	627
Office of Civil Rights.....	129	154	154
Office of Communications.....	89	108	108
Total, Staff Offices.....	4,117	4,554	4,565
<b>Total, USDA Federal Staffing.....</b>	<b>94,818</b>	<b>95,257</b>	<b>91,065</b>
FSA, Non-Federal Staffing.....	9,487	9,425	9,425
<b>Total, USDA Staffing.....</b>	<b>104,305</b>	<b>104,682</b>	<b>100,490</b>

# APPENDIX

**Strategic Goal 1**  
**Enhance International Competitiveness of American Agriculture**  
(Dollars in Millions)

Program	2007 Actual	2008 Estimate	2009 Budget
<b>Objective 1.1: Expand and Maintain International Export Opportunities:</b>			
Foreign Agricultural Service.....	\$55	\$56	\$59
Animal and Plant Health Inspection Service.....	13	12	19
Grain Inspection, Packers and Stockyards Administration.....	47	51	51
Economic Research Service.....	14	14	14
Total, Objective 1.1.....	129	133	143
<b>Objective 1.2: Support International Economic Development and Trade Capacity Building:</b>			
Foreign Agricultural Service.....	3,909	4,404	4,879
Cooperative State Research, Education and Extension Service.....	5	6	5
Total, Objective 1.2.....	3,914	4,410	4,884
<b>Objective 1.3: Improved Sanitary and Phytosanitary (SPS) System to Facilitate Agricultural Trade:</b>			
Foreign Agricultural Service.....	23	24	27
Food Safety and Inspection Service.....	4	4	4
Total, Objective 1.3.....	27	28	31
Total, Strategic Goal 1.....	\$4,070	\$4,571	\$5,058

## APPENDIX

**Strategic Goal 2**  
**Enhance the Competitiveness and Sustainability of Rural and Farm Economies**  
(Dollars in Millions)

Program	2007 Actual	2008 Estimate	2009 Budget
<b>Objective 2.1: Expand Domestic Market Opportunities:</b>			
Agricultural Research Service.....	112	115	104
Cooperative State Research, Education and Extension Service.....	113	121	94
Economic Research Service.....	7	8	9
Total, Objective 2.1.....	232	244	207
<b>Objective 2.2: Increase the Efficiency of Domestic Agricultural Production and Marketing</b>			
<b>Systems:</b>			
Agricultural Marketing Service.....	445	657	679
Grain Inspection, Packers and Stockyards Administration.....	30	30	35
Agricultural Research Service.....	304	314	278
Cooperative State Research, Education and Extension Service.....	277	259	216
Economic Research Service.....	18	18	21
National Agricultural Statistics Service.....	104	103	108
Total, Objective 2.2.....	1,178	1,381	1,337
<b>Objective 2.3: Provide Risk Management and Financial Tools to Farmers and Ranchers:</b>			
Farm Service Agency.....	28,656	22,822	21,550
Risk Management Agency.....	5,654	8,637	9,331
Cooperative State Research, Education and Extension Service.....	42	42	38
Economic Research Service.....	2	3	3
National Agricultural Statistics Service.....	6	6	6
Total, Objective 2.3.....	34,360	31,510	30,928
Total, Strategic Goal 2.....	\$35,770	\$33,135	\$32,472

## APPENDIX

**Strategic Goal 3  
Support Increased Economic Opportunities and Improved  
Quality of Life in Rural America  
(Dollars in Millions)**

Program	2007 Actual	2008 Estimate	2009 Budget
<b>Objective 3.1: Expand Economic Opportunities By Using USDA Financial Resources to Leverage Private Sector Resources and Create Opportunities for Growth:</b>			
Rural Business - Cooperative Service.....	\$1,093	\$1,348	\$746
Cooperative State Research, Education and Extension Service.	87	99	78
National Agricultural Statistics Service.....	36	52	36
Total, Objective 3.1.....	1,216	1,499	860
<b>Objective 3.2: Improve the Quality of Life Through USDA Financing of Quality Housing, Modern Utilities, and Needed Community Facilities:</b>			
Rural Utilities Service.....	6,258	9,769	6,767
Rural Housing Service.....	7,122	7,341	7,373
Cooperative State Research, Education and Extension Service.	98	98	91
Economic Research Service.....	6	6	7
Total, Objective 3.2.....	13,484	17,214	14,238
Total, Strategic Goal 3.....	\$14,700	\$18,713	\$15,098

## APPENDIX

**Strategic Goal 4**  
**Enhance Protection and Safety of the Nation's Agriculture and Food Supply**  
(Dollars in Millions)

Program	2007 Actual	2008 Estimate	2009 Budget
<b>Objective 4.1: Reduce the Incidence of Foodborne Illnesses Related to Meat, Poultry, and Egg Products in the U.S.:</b>			
Food Safety and Inspection Service.....	\$1,013	\$1,067	\$1,088
Agricultural Research Service.....	112	114	112
Cooperative State Research, Education and Extension Service.....	53	60	48
Economic Research Service.....	2	2	2
Total, Objective 4.1.....	1,180	1,243	1,250
<b>Objective 4.2: Reduce the Number and Severity of Agricultural Pest and Disease Outbreaks:</b>			
Animal and Plant Health Inspection Service.....	1,235	1,086	1,148
Agricultural Research Service.....	301	306	275
Cooperative State Research, Education and Extension Service.....	169	164	138
Economic Research Service.....	2	2	2
Total, Objective 4.2.....	1,707	1,558	1,563
Total, Strategic Goal 4.....	\$2,887	\$2,801	\$2,813

## APPENDIX

### Strategic Goal 5 Improve the Nation's Nutrition and Health (Dollars in Millions)

Program	2007 Actual	2008 Estimate	2009 Budget
<b>Objective 5.1: Ensure Access to Nutritious Food:</b>			
Food and Nutrition Service.....	\$54,236	\$59,079	\$61,491
Agricultural Research Service.....	92	93	85
Cooperative State Research, Education and Extension Service.	37	38	36
Economic Research Service.....	3	3	3
Total, Objective 5.1.....	54,368	59,213	61,615
<b>Objective 5.2: Promote Healthier Eating Habits and Lifestyles:</b>			
Food and Nutrition Service.....	557	604	629
Cooperative State Research, Education and Extension Service.	114	111	104
Economic Research Service.....	6	6	6
Total, Objective 5.2.....	677	721	739
<b>Objective 5.3: Improve Nutrition Assistance Program Management and Customer Service:</b>			
Food and Nutrition Service.....	151	164	171
Economic Research Service.....	7	7	7
Total, Objective 5.3.....	158	171	178
Total, Strategic Goal 5.....	\$55,203	\$60,105	\$62,532

## APPENDIX

**Strategic Goal 6**  
**Protect and Enhance the Nation's Natural Resource Base and Environment**  
(Dollars in Millions)

Program	2007 Actual	2008 Estimate	2009 Budget
<b>Objective 6.1: Protect Watershed Health to Ensure Clean and Abundant Water:</b>			
Farm Service Agency.....	\$1,088	\$1,128	\$1,112
Natural Resources Conservation Service.....	1,256	1,611	1,508
Forest Service.....	771	816	731
Agricultural Research Service.....	70	71	63
Cooperative State Research, Education and Extension Service.	48	49	39
Economic Research Service.....	4	4	4
Total, Objective 6.1.....	3,237	3,679	3,457
<b>Objective 6.2: Enhance Soil Quality to Maintain Productive Working Cropland:</b>			
Farm Service Agency.....	1,088	1,129	1,112
Natural Resources Conservation Service.....	556	696	666
Agricultural Research Service.....	92	95	81
Cooperative State Research, Education and Extension Service.	41	36	32
Economic Research Service.....	4	4	4
National Agricultural Statistics Service.....	1	1	3
Total, Objective 6.2.....	1,782	1,961	1,898
<b>Objective 6.3: Protect Forests and Grazing Lands:</b>			
Natural Resources Conservation Service.....	366	459	436
Forest Service.....	4,121	4,521	3,396
Agricultural Research Service.....	75	77	69
Cooperative State Research, Education and Extension Service.	68	67	50
Total, Objective 6.3.....	4,630	5,124	3,951
<b>Objective 6.4: Protect and Enhance Wildlife Habitat to Benefit Desired, At-Risk and Declining Species:</b>			
Natural Resources Conservation Service.....	441	723	779
Forest Service.....	604	597	532
Cooperative State Research, Education and Extension Service.	42	40	29
Total, Objective 6.4.....	1,087	1,360	1,340
Total, Strategic Goal 6.....	\$10,736	\$12,124	\$10,646



## APPENDIX

---

### Management Activities (Dollars in Millions)

Program	2007 Actual	2008 Estimate	2009 Budget
Departmental Activities.....	\$550	\$443	\$531
Total, Management Activities.....	<u>\$550</u>	<u>\$443</u>	<u>\$531</u>

---

**APPENDIX**

---

**User Fee Proposals**  
(Dollars in Millions)

Agency and Program	2009 Budget Authority
<b>Food Safety</b>	
Food Safety and Inspection Service:	
Licensing Fee .....	0
<ul style="list-style-type: none"><li>• This proposal would provide the authority to collect a licensing fee from establishments that would help cover salaries and expenses of inspection. The proposal would generate \$92 million in fees that will reduce appropriation needs in future years.</li></ul>	
Performance Fee .....	0
<ul style="list-style-type: none"><li>• This proposal would provide the authority to collect user fees from plants that require additional inspection activities because of performance failures, such as retesting, recalls, or inspection activities linked to an outbreak. The proposal would generate \$4 million in fees that will reduce appropriation needs in future years.</li></ul>	
<b>Marketing and Regulatory Programs</b>	
Animal and Plant Health Inspection Service:	
Salaries and Expenses .....	0
<ul style="list-style-type: none"><li>• This proposal would provide the authority to collect and retain fees for animal welfare activities. The proposal would generate \$9 million in fees that will reduce appropriation needs in future years.</li><li>• This proposal would provide the authority to collect and retain fees for biotechnology regulatory services and veterinary biologics activities. The proposal would generate \$11 million in fees that will reduce appropriation needs in future years.</li></ul>	
Agricultural Marketing Service	
Country of Origin Labeling.....	\$10
<ul style="list-style-type: none"><li>• AMS is proposing that the auditing portion of the Country of Origin Labeling program be funded by \$10 million in fees.</li></ul>	

**APPENDIX**

---

Grain Inspection, Packers and Stockyards Administration:

Salaries and Expenses ..... 0

- This proposal would establish a fee for grain standardization and a Packers and Stockyards license fee. The proposal would generate \$27 million in fees that will reduce appropriation needs in future years.

**Farm and Foreign Agricultural Services**

Risk Management Agency:

Crop Insurance Program. .... 0

- Proposed legislation would authorize implementation of a participation fee which would be paid by the private sector insurance companies participating in the crop insurance program. The fee would be used to offset administrative costs for information technology modernization and maintenance necessary to operate the program. The participation fee would be capped at \$15 million, annually. The funds would be available beginning in 2010.

Total, Fee Related Proposed Legislation ..... \$10

**APPENDIX**

---

**Proposed Budget-Related Legislation**  
(Dollars in Millions)

Agency and Program	2009 Budget Authority
<b>Food, Nutrition, and Consumer Services</b>	
Food and Nutrition Service:	
USDA Farm Bill Proposals.....	\$118
• The Administration’s Farm Bill proposals include:	
- Simplifying and modernizing the Food Stamp program while maintaining program integrity, promoting healthy eating, and improving administrative efficiencies for other nutrition assistance programs, and reauthorizing the community food project. (\$66 million).	
- Limiting Food Stamp categorical eligibility of households receiving Supplemental Security Income or Temporary Assistance for Needy Families cash assistance, increasing fresh fruit and vegetable purchases in the National School Lunch Program, and conducting a school food purchase study every five years (\$37 million).	
- Funding the Senior Farmers’ Market Nutrition Program (\$15 million).	
<b>Natural Resources and Environment</b>	
Natural Resources Conservation Service:	
USDA Farm Bill Proposals.....	775
• The Administration’s Farm Bill proposal will increase funding and streamline, consolidate, and simplify the conservation programs.	
<b>Farm and Foreign Agricultural Services</b>	
Commodity Credit Corporation	
USDA Farm Bill Proposals.....	-613
• The Administration’s Farm Bill proposals include:	
- Tightening eligibility for payments and related payment limitations to eliminate payments to wealthy individuals.	

## APPENDIX

- Reforming for countercyclical and marketing loan programs.
- Reforming farm programs to make them consistent with WTO requirements; supporting beginning farmers; and making programs cost effective as well as market responsive.

Research, Energy, Trade, Forestry, Misc. Titles	
USDA Farm Bill Proposals.....	322
• The Administration’s Farm Bill proposal includes :	
- Funding research and energy programs.	
- Increasing support for trade, forestry and other programs.	

Risk Management Agency	
USDA Farm Bill Proposals.....	-277
• The Administration’s Farm Bill proposals include:	
- Allowing farmers to purchase supplemental insurance that would cover their deductible in the event of a county wide loss.	
- Reducing the expected loss ratio from 1.075 to 1.00.	
- A series of crop insurance reforms that have been previously proposed which will increase program participation, while also controlling program costs.	

Total, USDA Farm Bill Proposals.....	\$325
--------------------------------------	-------

### Natural Resources and Environment

#### Forest Service:

Payments to States (The Secure Rural Schools and Community Self-Determination Act) .....	0
• Proposed legislation would provide a 4-year extension of payments to States, as well as funds for land acquisition, habitat improvement, conservation education, and other services. The proposal assumes that payments would be adjusted downward each year, and phased out after the fourth year. Offsets for the Administration's proposal are provided within the topline of the President's Budget throughout the Department of Agriculture and elsewhere. For the 2008 payment (to be made in 2009), the Administration continues to be prepared to work with Congress to identify mutually agreeable offsets.	

## APPENDIX

---

Ecosystems Services Demonstration Projects .....	0
• Proposed legislation would provide the Secretary of Agriculture with the authority to implement up to five demonstration projects that restore, enhance, and protect ecosystem functions on National Forest System lands, including projects that rehabilitate watersheds damaged by fire or other natural catastrophic events. Partnering entities could carry out the project for the Secretary, provide funds for project implementation up to a total of \$10 million for all projects, or provide a combination of funds and services.	